بنك دبي التجاري
CBD

# Banking Designed for the Future

CBD Integrated Report 2025



www.cbd.ae

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# Chairman's Message

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the annual report and audited financial statements of the Commercial Bank of Dubai (CBD) for the financial year ended 31 December 2025. CBD delivered exceptional results in 2025, achieving record pre-tax profit growth of 15.6 per cent to AED 3,844 million. The Bank reached AED 160 billion in assets whilst total shareholders' equity increased by 11.5 per cent to AED 19.4 billion. Operating income rose by 7.8 per cent to AED 5,919 million, driven by strong loan growth, higher revenues, and significantly improved asset quality. Our cost-to-income ratio remained best-in-class at 26.3 per cent.

These outstanding results underscore our consistent delivery on strategy across all business segments, in a dynamic and challenging financial environment. Looking ahead, the UAE's economic outlook for 2026 remains strong, supported by diversification initiatives and continued robust performance of non-oil activities. The Central Bank of the UAE expects the real Gross Domestic Product (GDP) to have grown by 5.0 per cent in 2025 and to grow by 5.2 per cent in 2026. Non-hydrocarbon GDP is expected to expand by 4.9 per cent in 2025 and to grow by 4.7 per cent in 2026. The UAE's economic prospects continue to strengthen, supported by the government's strategic policies aimed at attracting foreign investment and accelerating economic diversification.

CBD maintained its prudent approach towards credit risk, strengthening credit provisions through an additional impairment allowance of AED 521 million. The Bank's liquidity and adequacy position remained strong with the advances-to-stable-resources ratio at 83.14 per cent as of 31 December 2025, the Capital Adequacy Ratio (CAR) at 15.52 per cent, Tier 1 ratio at 14.39 per cent and the Common Equity Tier 1 (CET1) ratio at 12.54 per cent.

Our disciplined strategy of deepening customer relationships, increasing share of wallet and broadening product penetration continued to deliver strong results, driving growth in fee income, transactional banking, trade finance, mortgages and credit cards. In 2025, we crossed a significant milestone, surpassing AED 100 billion in net loans for the first time, reaffirming our commitment to supporting growth of UAE individuals and businesses. We also strengthened our funding profile by expanding our diversified deposit base, with growth in Current and Savings Accounts (CASA) balances.

CBD accelerated the digital transformation agenda through innovation and partnerships, launching modern banking solutions to enhance customer experience. Our efforts earned multiple industry accolades, including "Best in Lending" and "Best in Transformation" in the UAE 2025 by Global Finance 2025 World's Best Consumer Digital Bank Awards, "High Yield Debt Deal of the Year - Alephya" and "Project Finance Deal of the Year – Hafeet Rail" by GBM Bonds, Loans & Sukuk Middle East 2025.

The Bank further supported national initiatives such as the Instant Payment Platform, Aani, Open Finance, UAE Central Bank Digital Currency, the Financial Infrastructure Transformation Program and the 'Xport Xponential' programme by Etihad Credit Insurance, reinforcing its alignment with the UAE's vision for financial innovation and inclusion. The bank also continued to focus its investments on core digital infrastructure transformation, which has made us market leaders in service reliability for our digital channels. I am also pleased to note substantial progress in digital trust, ensuring that our cybersecurity posture stays up to date in an ever-evolving landscape.

In 2025, CBD strengthened its unwavering commitment to the UAE's Emiratization vision, embedding it as a core pillar of our growth strategy. We continued to prioritize the recruitment, development, and retention of UAE National talent, ensuring our workforce reflects the nation's aspirations and diversity. Our initiatives this year focused on expanding leadership development programs, enhancing specialized training, and creating clear career progression pathways for Emirati professionals. These efforts not only strengthen our talent pipeline but also empower UAE Nationals to drive innovation and excellence across all areas of our business. By investing in local talent, CBD remains aligned with the national agenda and is well-positioned to deliver sustainable value for our stakeholders and contribute to the UAE's long-term economic vision

The President, His Highness Sheikh Mohamed bin Zayed Al Nahyan, announced 2026 as the "Year of the Family" reinforcing that strong family units are fundamental to the nation's identity, continuity, and security. At CBD, we share this vision by fostering trust, stability, and long-term prosperity for our customers and communities.

CBD is ready to shape the future of banking through innovation, sustainability, and excellence. In 2026 and beyond, we will drive strategies that enhance customer experience, maximize shareholder value, and contribute to the UAE's vision for a thriving economy. I am confident that through the efforts of our board, management team, and staff, we will continue to exceed our goals and move CBD forward in the years ahead.

In conclusion, on behalf of the Board, I would like to offer our appreciation and gratitude to the UAE's leadership for their vision, guidance, and support. I would also thank our shareholders, management team, employees, and valued customers for their trust, and continued support throughout 2025.

Best Regards,

**H.E. Ahmad Abdulkarim Mohammad Julfar**
Chairman

# Message from the CEO

Dear Shareholders,

I extend my sincere appreciation for your continued trust and support. Your confidence in CBD enabled us to set new milestones in 2025, achieving record performance and creating long-term value for our stakeholders.

CBD delivered record net profit before tax of AED 3,844 million, an increase of 15.6% over 2024. This result marks 22 consecutive quarters of net profit growth – a track record unmatched by any UAE bank over the same period and reflects the strength of our strategy and disciplined execution. We achieved another significant milestone: for the first time in our history, net loans surpassed AED 100 billion, underscoring our sustained momentum and the success of our corporate strategy.

This progress was achieved against a complex global environment. While global growth remained steady but modest, inflation eased and monetary policy began to normalise. In 2025, the US Federal Reserve executed three 25-basis-point rate cuts, reducing the federal funds rate to 3.50%–3.75% by year-end. Amid this, the UAE continued to reinforce business confidence and economic diversification under its visionary leadership.

CBD navigated the dynamics with strength and agility. We outperformed across all key financial indicators such as revenue, operating profit, return on equity, and overall business growth.

Reflecting our strong performance and robust capital position, the Board of Directors is proposing a record cash dividend of AED 58.62 fils per share, representing a 15.5% increase year-on-year. This balanced distribution rewards shareholders while preserving capacity to fund our 2026 growth agenda. Let me provide you with an overview of the milestones in 2025:

**Strong Financial Results**

Our total revenue grew by 7.8% while operating profit increased by 6.8%, and we delivered a record pre-tax ROE of 24.32%. Notably, we achieved a significant multi-decade improvement in asset quality, reducing the Non-Performing-Loan (NPL) ratio from 4.35% at the end of 2024 to 3.58% while the coverage ratio reached 102.92%.

Our strong performance was broad-based across Personal Banking and Corporate and Institutional Banking, supported by growth in mortgages, credit cards, and strategic participation in major national infrastructure projects aligned with ‘We the UAE 2031’ vision and Dubai’s D33 Economic Agenda.

**Investing in People and Digital Technology**

Talent has always been at the core of CBD’s growth, and our people continue to drive our digital transformation. In 2025, we advanced our ambition to be an employer of choice by strengthening emiratization, investing in leadership development, and equipping our teams with the skills needed for a digital and AI-driven future.

We embedded a customer-first mindset via Programme ‘STREAM’ and advanced our Default Digital strategy with a bank-wide rollout of Microsoft 365 Copilot and a Data Literacy Programme, bringing AI into everyday workflows to boost productivity and innovation.



**Strengthening Customer Relationships**

Customer centricity is at the core of our strategy. STREAM is already resulting in improved Net Promoter Scores across all segments, while our Digital Factory continues to redefine how we innovate, simplify, and serve. The evolution of our digital platforms has delivered greater choice, speed, transparency, and customisation for our clients.

Our Personal Banking app set new benchmarks with personalised dashboards and over 40 new self-service features; 73% of service interactions are now processed and tracked digitally. A unified onboarding channel streamlined credit card, quick loan, and mortgage applications.

In Wholesale Banking, the next-generation iBusiness online platform delivered over 60 features across financial and self-service transactions and a fully digital trade proposition; 96% of wholesale customers transact digitally.

We also enhanced our community engagement, supporting initiatives such as the Dubai Club for People of Determination, the Dubai Festivals and Retail Establishment, Dubai Fitness Challenge, the UAE Sustainability Fellowship, and the Dubai FinTech Summit, all highlighting our commitment to wellbeing, sustainable finance, and innovation.

**Advancing Digital Leadership**

In 2025, we cemented our position as a 'Default Digital' bank. We were the first UAE bank to activate the Central Bank of the UAE's Open Finance at scale, setting a new benchmark for the sector.

We were the first in the region to integrate Kinexys Liink 'Confirm' into our corporate portal and app, and we strengthened instant payments through Aani and enriched transaction data via Lune. We also embedded Microsoft 365 Copilot across the Bank to enhance productivity and collaboration, and expanded partnerships, including MoUs with Dubai Founders HQ, Tata Consultancy Services, Nexthink, and CODE81, to empower startups, strengthen core technology, enhance employee experience, and accelerate analytics.

We earned multiple regional awards: We were named Best Digital Bank for Trade Finance Services in the UAE and Middle East by Global Finance; won the Best Hybrid Cloud Implementation Award from MEA Finance and Excellence in Digital Banking at Finnovex Middle East. These reflect the industry's acknowledgement of our leadership in digital banking and financial innovation.

**Looking Ahead**

Our 2025 performance was underpinned by customer focus, operational discipline, innovation, and prudent risk management. In 2026, we will remain committed to empowering our customers with seamless, secure, and personalised digital financial experiences, while contributing to the UAE's economic transformation and global ambition.

As we enter the year with a strong balance sheet, clear strategic priorities and a refreshed sense of purpose, I am confident in our team's ability to sustain growth, differentiate CBD in a competitive landscape, and continue creating long-term value for our shareholders.

I thank our Board for their guidance, our employees for their dedication, our clients for their trust, and our shareholders for their continued support.

**Dr. Bernd van Linder**
Chief Executive Officer

# Our History

## A Legacy of Trusted Banking

Commercial Bank of Dubai (CBD) was established in 1969 by an Emiri Decree issued by His Highness the late Sheikh Rashid bin Saeed Al Maktoum. It opened its doors as a joint venture among Commerzbank, Chase Manhattan Bank, and the Commercial Bank of Kuwait, with a minority stake held by UAE businessmen.

A pivotal chapter followed in 1982, when CBD became a national shareholding company. That shift came with major operational restructuring and a stronger capital base, marking a turning point that witnessed the Government of Dubai becoming a major shareholder.

Today, after more than 50 years in the UAE, CBD is one of the country's leading banks built for a fast-moving economy and the ambitions behind it. Through state-of-the-art digital channels and an extensive branch and ATM network, the Bank delivers innovative and bespoke personal and business banking services.

CBD supports the financial requirements of some of the UAE's largest corporates and businesses, helping to enable investment, trade, and enterprise, while offering a wide range of retail and commercial products and services.

**Our Purpose**
Backing your growth

**Our Vision**
To be the best bank for our customers



# Awards
## A Year of Recognition

Over the past year, CBD has received several prestigious awards, reflecting the Bank's commitment to excellence. These accolades stand as a testament to the sustained efforts of the entire CBD team in enhancing banking standards and delivering value to clients and stakeholders.

**Best Corporate Governance in the UAE**
World Finance Corporate Governance Awards 2025

**Majra Gold Impact Seal**
2025 Majra Awards Ceremony

**Environmental, Social, and Governance (ESG) Label**
Dubai Chamber of Commerce

**Best in Lending in the UAE**
Global Finance 2025 World's Best Consumer Digital Bank Awards

**Best in  Transformation in the UAE**
Global Finance 2025 World's Best Consumer Digital Bank Awards

**Best Digital Bank for Trade Finance Services in the UAE and Middle East 2025**
Global Finance 2025 World's Best Corporate/ Institutional Digital Bank Awards

**High Yield Debt Deal of the Year - Alephya**
GBM Bonds, Loans & Sukuk Middle East 2025

**Best Hybrid Cloud Implementation Award**
MEA Finance Banking Technology Summit & Awards 2025

**Project Finance Deal of the Year – Hafeet Rail**
GBM Bonds, Loans & Sukuk Middle East 2025

**Structured Finance Deal of the Year – Aster DM Healthcare**
GBM Bonds, Loans & Sukuk Middle East 2025

**Transport Finance Deal of the Year – Airlease**
GBM Bonds, Loans & Sukuk Middle East 2025

**Loan Currency Deal of the Year - Trade and Development**
GBM Bonds, Loans & Sukuk Middle East 2025

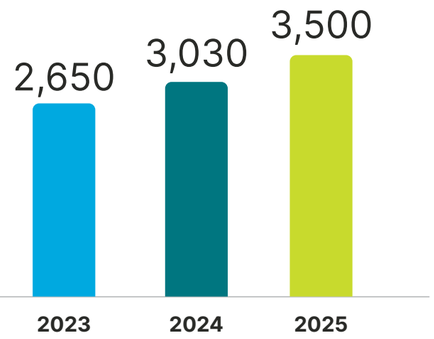
**Excellence in Digital Banking**
Finnovex Middle East 2025

# Key Financials

## A Year of Solid Results

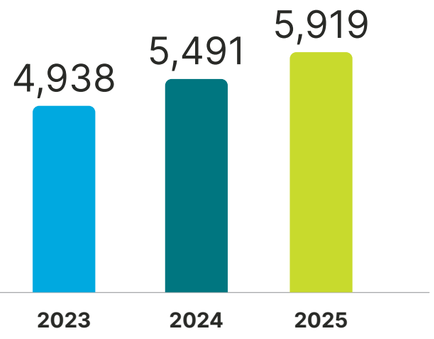
**Net Profit (after tax)**

৳3,500 Mn



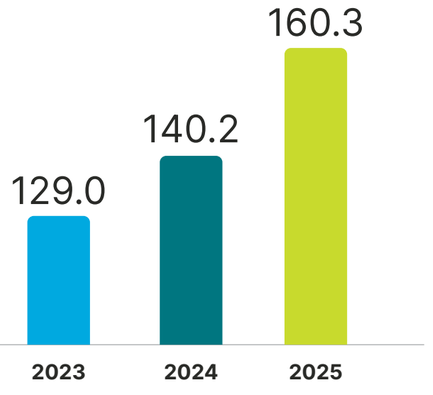

**Operating Income**

৳5,919 Mn




**Total Assets**

৳160.3 Bn




**Return on Assets (before tax)**

2.56%

- 2025 - 2.56%
- 2024 - 2.47%
- 2023 - 2.16%



**Return on Equity (before tax)**

24.32%

- 2025 - 24.32%
- 2024 - 23.48%
- 2023 - 21.23%



# 01
# Board of Directors' Report


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# Board of Directors' Report

Dear Shareholders,

On behalf of Commercial Bank of Dubai (CBD), we have the pleasure of presenting our report together with the audited consolidated financial statements for the year ended 31 December 2025.

The audited financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with relevant laws of the United Arab Emirates.

# Financial Highlights
## Achieving Profitable Growth

CBD reported net profit before tax of AED 3,844 million, representing a 15.6% increase compared to the prior comparative year. CBD's strong growth was further underpinned by its net loans exceeding AED 100 billion supporting growth of UAE individuals and businesses. This performance has been driven by solid customer engagement, strong lending activity, and a strong domestic economy supported by public sector investments and robust business activity.

**Net profit** before tax was AED 3,844 million, up 15.6% versus the prior year on account of strong loan growth with higher revenues at outstanding returns and with significantly improved asset quality.

**Operating income** for the year ended 31 December 2025 was AED 5,919 million, up 7.8%, attributable to an increase in net interest income (NII) by 9.3% on strong loan and CASA growth, and non-funded income (NFI) up 4.5%.

**Operating expenses** were AED 1,554 million, with the increase primarily driven by investments in digitisation, technology, business growth, governance and regulatory compliance. The cost-to-income ratio remains strong at 26.25%.

**Operating Profit** grew by 6.8% to AED 4,365 million.

| Income Statement (AED Million) | 2025 | 2024 | YoY Var |
|---|---|---|---|
| Net interest income | 4,151 | 3,799 | 9.3% |
| Other operating income | 1,768 | 1,692 | 4.5% |
| **Total income** | **5,919** | **5,491** | **7.8%** |
| Operating expenses | 1,554 | 1,403 | 10.8% |
| **Operating profit** | **4,365** | **4,087** | **6.8%** |
| Expected credit losses | 521 | 762 | (31.6%) |
| **Net profit before tax** | **3,844** | **3,325** | **15.6%** |
| Corporate tax expense | 344 | 295 | 16.6% |
| **Net profit** | **3,500** | **3,030** | **15.5%** |

# Financial Highlights

## Asset quality

The non-performing loan (NPL) ratio decreased to 3.58%, down from 4.35% at the end of 2024. The net impairment charge totalled AED 521 million for the year 2025. The coverage ratio was 102.92% (December 2024: 104.23%) and was 143.09% inclusive of collateral for Stage 3 loans (31 December 2024: 138.75%). As at 31 December 2025, total allowances for impairment (covering loans and advances, due from banks and unfunded exposures) amounted to AED 4,604 million (31 December 2024: AED 5,567 million).

**Total assets** were AED 160.3 billion as at 31 December 2025, an increase of 14.4% compared to AED 140.2 billion as at 31 December 2024.

**Net loans and advances** were AED 101.0 billion, registering an increase of 8.6% compared to AED 93.0 billion as at 31 December 2024.

**Customers' deposits** were AED 111.4 billion as at 31 December 2025, representing an increase of 14.1% compared to AED 97.6 billion as at 31 December 2024. Low-cost CASA constituted 49% of the total customer deposit base, while the loan-to-deposit ratio stood at 90.75%.

| Balance Sheet (AED Million) | 2025 | 2024 | YoY Var |
|---|---|---|---|
| Gross loans and advances | 105,380 | 98,294 | 7.2% |
| Allowances for impairment | 4,331 | 5,245 | (17.4%) |
| **Net loans and advances** | **101,049** | **93,049** | **8.6%** |
| Total assets | 160,308 | 140,175 | 14.4% |
| Customer deposits | 111,353 | 97,563 | 14.1% |
| **Total equity** | **19,422** | **17,425** | **11.5%** |

**The Bank's liquidity** position remained robust with the advances to stable resources ratio at 83.14% as at 31 December 2025 (31 December 2024: 86.58%), compared to the UAE Central Bank maximum of 100%.

**CBD's capital ratios** were strong with the capital adequacy ratio (CAR) at 15.52%, Tier 1 ratio at 14.39% and Common Equity Tier 1 (CET1) ratio at 12.54%. All capital ratios were well above the minimum regulatory thresholds mandated by the UAE Central Bank.

| Key ratios (%) | 2025 | 2024 | YoY Var (bps) |
|---|---|---|---|
| Return on equity (after tax) | 22.15% | 21.40% | 75 |
| Return on assets (after tax) | 2.33% | 2.25% | 8 |
| Cost-to-income ratio | 26.25% | 25.56% | 69 |
| Non-performing loans (NPL) | 3.58% | 4.35% | (77) |
| Provision coverage | 102.92% | 104.23% | (131) |
| Loan-to-deposit ratio | 90.75% | 95.37% | (462) |
| Advances to stable resources | 83.14% | 86.58% | (344) |
| Capital adequacy ratio | 15.52% | 15.57% | (5) |
| Tier 1 ratio | 14.39% | 14.43% | (4) |
| CET 1 ratio | 12.54% | 12.41% | 13 |

The Board of Directors has proposed a cash dividend of 58.62 fils per share for the year. The total proposed dividend is 50% of net profit.

* The dividends are subject to the shareholders' approval at the Annual General Meeting.

# Strategy

## Enabling Purpose-driven Performance

CBD's vision is driven by our purpose 'Backing your growth'.

In 2025, the Bank's total assets increased to over AED 160 billion recording growth of 14% over 2024. Gross lending reached record levels, with net loans exceeding AED 100 billion for the first time in the bank's history and were higher by 9%, underlining commitment to backing our customers' growth. The Bank's loan growth was particularly strong in retail mortgages and credit cards. Net profit before tax was higher at AED 3.84 billion and closed 2025 by delivering a record AED 1 billion quarterly net profit for the first time.

During the year, the Bank deepened relationships with its franchise customers, ensuring the Bank provides customers with all their banking needs. A key strategic focus in 2025 was driving growth in Current and Savings Accounts (CASA) balances and achieving sustained loan expansion. As at 31 December 2025, CASA balances accounted for 49% of total deposits. The Bank expanded the Asset Backed Lending and Supply Chain Financing portfolio, which have grown impressively since their launch in 2021. Additionally, the Bank strengthened instant payments through 'Aani', launched the prestigious Jaywan card for customers, and championed the Central Bank Digital Currency (CBDC) initiative, aligning its strategic vision with support for the digital economy. Furthermore, the Bank reaffirmed its commitments to sustainable finance solutions that back the UAE's Net Zero 2050 goals.

In 2025, the Bank further delivered on its Default Digital agenda, one of the core strategic pillars with the launch of several digital solutions whilst also supporting existing customers to better leverage the Bank's digital channels. Notably, CBD became the first bank in the UAE to completely activate Open Finance at scale, establishing CBD as a market leader in this initiative and reinforcing our role as an early adopter of next-generation financial infrastructure. For the year ended 31 December 2025, 96% of customers were registered for digital banking, with 96% actively transacting digitally. CBD received several high-profile industry recognitions, including the "Best in Transformation in UAE" from the Global Finance 2025 World's Best Consumer Digital Bank Awards and "Best Hybrid Cloud Implementation Award" from MEA Finance Magazine Banking Technology Awards 2025 and "Excellence in Digital Banking Award" from Finnovex Middle East 2025, which affirmed the Bank's position as the Bank of choice for all customer segments.

The Bank invested significantly in people during 2025, focusing on emiratization and enabling a high-performance culture. During the year, the Bank strengthened emiratization by building a future-ready talent pipeline and empowering UAE Nationals with expertise in leadership, customer experience, and Fintech. The Bank also launched a service culture mindset programme and reinforced our position as a 'default-digital' Bank by equipping employees with advanced skills in data and AI. Additionally, several initiatives were introduced to support employees' physical, social and emotional well-being.

In 2026, the Bank's focus on a clear digital-first strategy remains, with continued emphasis on sustainable growth within its core business segments and selected markets. The Bank forecasts to increase the number of customers and depth of activity with existing customers, through continued prioritisation on mortgages, credit cards and investment solutions.

CBD's strong set of core values, Collaboration, Ownership, Delivery and Excellence (CODE) is embedded in its culture and will guide the Bank now and in the years ahead.



# Market Overview
## Seizing Growth Opportunities

The global economy remained resilient and achieved steady growth in 2025 despite persistent concerns over inflation, policy uncertainty and geopolitical tensions. Central banks adopted varied interest rate policies to manage inflation and support growth and employment. The UAE stood out globally with a strong economic performance, setting a positive tone for 2026.

Looking ahead, according to the International Monetary Fund's (IMF) latest World Economic Outlook, global GDP growth is projected to be 3.1 percent in 2026 and 3.2 percent in 2027, pointing to an easing in labour markets with fiscal challenges for developed markets. Where inflation is proving more sticky, central banks are moving more cautiously in the easing cycle while keeping a close eye on business activity and labour market indicators as well as the impact from material policy developments. Monetary policy rates of major central banks are expected to continue to decline moderately with the potential for nuance between the US and other economies, at varying paces, reflecting differences in growth and inflation outlooks. For another year macro-economic events could create extenuating circumstances in 2026, impacting current forecasts. Global inflation is expected to continue a broad cooling trend through 2026 at approximately 3.7 percent and stabilise near central bank targets by 2027, driven by lagged effects of restrictive monetary policies implemented in 2022 and 2023 and softening labour markets. GDP growth in advanced economies is generally forecast to moderate but remain positive through 2026 and 2027, with projections of 1.6 percent in 2026 and 1.7 percent in 2027. In contrast, GDP growth in emerging markets is forecast to be 4.0 percent to 4.2 percent for both 2026 and 2027, while the GCC's real GDP growth is forecast to remain strong, including for the UAE.

Overall, despite moderately restrictive interest rate settings and potentially slowing global growth rates, 2026 is likely to support solid business activity and economic growth. The United Arab Emirates is expected to be one of the strongest countries of growth in the coming year.

More specifically, the UAE is expected to continue to maintain strong broad-based growth, with the CBUAE forecasting 5.2% GDP growth in 2026. Growth forecasts are driven by significant expansion in both non-oil sectors like financial and insurance services, manufacturing, construction, real estate activities, wholesale and retail, tourism and related services and the hydrocarbon sector. These forecasts are underpinned by continued population growth, strong domestic business activity and confidence, and a strong fiscal and trade position. Inflationary pressures are expected to moderate gradually. The UAE's prospects continue to be supported by start-ups, entrepreneurs, wealth management, fin techs and investor activity as businesses continue to expand in a country considered stable and one in which it is easy to headquarter businesses. As of November 2025, Dubai's population grew to over 4 million for the first time, while the Dubai Chamber of Commerce registered over 53,000 new businesses during the first nine months of 2025, marking year-on-year growth of 4 percent. These trends have also helped lift the UAE's real estate market.

Dubai's economy continued to maintain its strong upward momentum in the first half of 2025, with GDP growing by 4.4 percent, driven by exceptional results across key sectors including health and social work, construction, real estate, finance and insurance, tourism and trade according to figures released by the Government of Dubai.

The domestic economy appears well positioned for the year ahead. Strong trading conditions, economic activity, successful implementation of reforms, including diversification and faster-than-expected interest cuts in major advanced economies, could boost economic performance.



**5.2%**
**UAE GDP growth forecast for 2026**

**3.1%**
**Global GDP projected growth for 2026**

# Wholesale Banking Group (WBG)

## Strategic Partnerships, Integrated Solutions

The Wholesale Banking Group (WBG) incorporates specialised segments with sector, products and geographical focused teams to serve a diverse customer base, including small, mid-sized, and large corporates, financial institutions, global financial sponsors, and family offices. WBG plays a pivotal role in driving the Bank's growth by delivering integrated advisory and financing solutions, deepening customer relationships, and supporting strategic sectors across the UAE and beyond.

Our relationship management teams are responsible for servicing customers in these segments with all their banking requirements by leveraging the Bank's diverse suite of products and cutting-edge digital capabilities.

The WBG team, in alignment with the Bank's strategy of Backing your growth, excelled across all performance parameters in 2025. This success was driven by extensive collaboration and deepening of our engagements with both existing and new-to-Bank customers. CBD's advanced structured trade finance solutions and next-generation digital platforms paired with mobile app compatibility, enabled frictionless customer transactions, driving record adoption rates and operational efficiency. Trade Finance achieved remarkable progress in supporting the Bank's overarching strategy by building a robust and diverse portfolio of imports, exports, guarantees and structured trade business across multiple key segments. CBD's trade finance franchise further strengthened its reputation through enhanced structuring and advisory capabilities, particularly by expanding Master Risk Participation Agreements (MRPA) with partner banks and successfully closing several structured Pre-Export Finance (PXF) deals. These achievements have positioned CBD as the core operating bank for strategic customers and secured a market-leading role within the UAE. We also strengthened our Environment, Social and Governance (ESG) credentials by surpassing sustainable finance milestones, reinforcing our role as a trusted partner in the UAE's transition agenda. The Bank witnessed enhanced cross-border payment capabilities, unlocking new revenue streams and deepening customer relationships. This growth trajectory reflects our unwavering commitment to innovation, resilience, and customer-centricity as we shape the future of Wholesale Banking.

This year, CBD's Investment Banking division demonstrated strong execution and leadership across syndicated lending and capital market issuances. We reinforced our position as a trusted partner to customers by delivering comprehensive solutions and maintaining delivery excellence in execution. The Loan Capital Markets team successfully managed complex financing structures, taking prominent roles as Coordinator, Documentation Bank, and Underwriter, ensuring seamless execution, effective distribution and customer confidence. The Debt Market team jointly led several issuances in Sukuk and Eurobond markets. The portfolio also expanded beyond the GCC, aligning with global trends and customer priorities. These achievements underscore our ability to lead, innovate, and deliver value in a dynamic market environment, positioning CBD for continued growth and success with a value-added proposition.

The Financial Institutions Business achieved sustained growth through a deliberate strategy of diversification and market expansion across key emerging markets. This approach has enabled us to further support customer ambitions and deliver innovative, integrated financial solutions across trade finance, term loans, cash management, and treasury products tailored to the evolving needs of both financial institutions and sovereign customers. Furthermore, strategic partnerships with multilateral development banks and key industry leaders have expanded our capabilities and access to markets, strengthening our resilience and reinforcing our commitment to long-term value creation for our customers.

### The Group won several awards in 2025, a testament to the Bank's strategic focus.

**Best Digital Bank for Trade Finance Services in the UAE and Middle East 2025** – Global Finance 2025 World's Best Corporate/Institutional Digital Bank Awards

**Structured Finance Deal of the Year – Aster DM Healthcare** – GBM Bonds, Loans & Sukuk Middle East 2025

**High Yield Debt Deal of the Year – Alephya** – GBM Bonds, Loans & Sukuk Middle East 2025

**Project Finance Deal of the Year – Hafeet Rail** – GBM Bonds, Loans & Sukuk Middle East 2025

**Loan Currency Deal of the Year – Trade and Development** - GBM Bonds, Loans & Sukuk Middle East 2025

**Transport Finance Deal of the Year – Airlease** - GBM Bonds, Loans & Sukuk Middle East 2025

CBD's strategy is centred on delivering outstanding service and fostering innovation through digital transformation, while prioritising customers' interests and maintaining strict compliance with regulatory and risk frameworks. As a progressive bank supporting our customers' goals in the UAE and globally, we aim to leverage our expertise to create customised, forward-looking solutions.

# Personal Banking (PBG)

## Transforming the Retail Experience

The Personal Banking Group (PBG) delivered a strong and consistent contribution to the Bank's net profit in 2025. This notable achievement was driven by a robust strategy centred on income growth, enhanced non-funded income, bolstered further by higher market interest rates, increased Current Account and Savings Account (CASA) balances, and loan growth. Deepened customer relationships and continuous digitisation initiatives further reinforced operating profit momentum.

The growth in non-funded income was predominantly driven by account maintenance fees, foreign exchange (FX) transactions, and credit card spending. The balanced growth across both funded and non-funded income underscores PBG's capability to capture market opportunities and sustain its role as a key driver of the Bank's overall profitability.

PBG's loan growth accelerated, led by market-leading performance on home finance, credit cards and commercial loans (BAF loans). Notably, the Bank achieved its highest-ever mortgage market share of 6.7%, while liabilities have shown consistent growth across individual and SME segments.

PBG has maintained its position as a leading digital retail bank in the UAE, anchored by a digital-first sales and service model. Digital adoption remains strong, with 96% of customers actively transacting through digital channels. In alignment with CBD's transformation agenda, retail digital channels delivered major enhancements, introducing over 50 new self-service features and enabling 74% of service interactions to be completed digitally.

The launch of Open Finance and Soft Token ensured full compliance with CBUAE directives, while streamlined onboarding for credit cards, loans, and mortgages, delivered speed and simplicity across all touchpoints. Integration with UAE Pass strengthened KYC verification and authentication processes, further improving security and operational efficiency. The Bank's unwavering commitment to driving digital innovation and delivering excellence in customer service, is evident in our continuous efforts to enhance our digital platforms, making banking more accessible, efficient, and secure.

**The Group won several awards in 2025, a testament to the Bank's strategic focus:**

**Best in Lending in the UAE 2025**
Global Finance 2025
World's Best Consumer Digital Bank Awards

**Best in Transformation in the UAE 2025**
Global Finance 2025
World's Best Consumer Digital Bank Awards





# CBD Al Islami
## Leading Ethical Solutions

In 2025, CBD Al Islami continued to strengthen its position as a key provider of Shari'ah-compliant financial products and services, with Shari'ah-compliant net financial assets and customer deposits forming part of the Bank's overall asset and deposit base.

The Islamic window operates under a robust governance framework, ensuring full compliance with the provisions outlined in Part VI of Book III of the Commercial Transactions Law; the regulations, standards, rules, Shari'ah controls, resolutions, and Shari'ah pronouncements issued or adopted by the Higher Shari'ah Authority (HSA), as well as the resolutions and pronouncements of the Bank's Internal Shari'ah Supervision Committee (ISSC) governing Shari'ah-compliant business and activities.

During the year, several new Shari'ah-compliant products were launched, expanding the Bank's Islamic corporate offering and enhancing the customer experience. The Islamic window's product suite was further refined to address evolving market needs while maintaining strict adherence to Shari'ah principles.

Following a successful financial year in 2025, CBD Al Islami's Islamic window is well- positioned for sustained growth in 2026 and beyond. The Bank remains committed to innovation, operational excellence, and the highest standards of Shari'ah compliance, ensuring continued value creation for customers and stakeholders.

# Digital and Information Technology
## Advancing Digital Integration

During 2025, the Bank advanced its digital transformation journey, delivering measurable impact across customer-facing channels and core banking applications. This year marked a significant milestone in modernising infrastructure and enhancing operational resilience, positioning CBD as a leader in the UAE banking sector.

As part of this transformation, several strategic programmes were implemented to further strengthen the Bank's digital platforms. First launched in 2024, the digital platform was enhanced with over 75 new features to improve customer experience and self-service, complemented by a unified onboarding journey that ensures a seamless experience across all channels and platforms.

In line with the Bank's commitment to support the CBUAE Financial Infrastructure Transformation (FIT) programme, enhancements were made to the Instant Payment Platform in alignment with CBUAE's vision, and a new Open Finance platform was launched to foster collaboration with Third Party Providers in the region. Notably, CBD became the first bank in the UAE to completely activate Open Finance at scale, establishing CBD as a market leader in this initiative and reinforcing our role as an early adopter of next-generation financial infrastructure. CBD also took a leading position in launching the prestigious Jaywan card to customers and continued to champion the Central Bank Digital Currency (CBDC) journey.

CBD stood out as one of the very first banks in the region to complete ISO 20022 migration, enabling the Bank to leverage SWIFT's global initiative and adopt a future-ready payment infrastructure based on ISO standards.

To maximise service reliability for customers, the Data Centre Colocation programme was completed in a record 15 months, transitioning data centres to a dual-site, Tier III–certified private cloud. The migration enhanced resilience, compliance, cybersecurity, and operational efficiency. The Core Banking upgrade ensures long-term stability and enhanced performance, delivering improved reliability, functionality, and future readiness. Following the upgrade of the integration layer to MuleSoft 4.9, these initiatives have driven industry-leading application availability, flawless disaster recovery, significant performance gains, and substantial operational savings.

As part of the Bank's vision to become a data-driven bank, data platforms have been modernised to improve processing and functional capabilities, incorporating advanced features to ensure superior data quality and governance. Combined with the Enterprise Resource Planning (ERP) transformation, reconciliation platform modernisation and smart operations automation, these initiatives have improved efficiency and strengthened compliance, while transforming operational resilience and the overall employee experience.

CBD has retained its position as the number one cybersecurity bank in the region, achieving an outstanding top score of 99 from SecurityScorecard. Strengthened by enhanced technology infrastructure and the adoption of a zero-trust policy, the Bank has fortified security for both customers and operations. The implementation of a new Identity and Access Management platform in 2025 has streamlined access control, while delivering robust authentication and authorisation measures, significantly improving risk management and reinforcing operational resilience.

As we look forward to 2026 and beyond, the Technology team remains committed to accelerating CBD's digital transformation journey and maintaining our leadership in the UAE's finance sector.

**The Group's achievements have continued to be widely recognised by multiple industry accolades.**

Best Hybrid Cloud Implementation Award – MEA Finance Banking Technology Summit & Awards 2025

Best Digital Bank for Trade Finance Services in the UAE and Middle East 2025 – Global Finance 2025 World's Best Corporate/Institutional Digital Bank Awards

Excellence in Digital Banking Award – Finnovex Middle East 2025

**These awards are the result of our relentless focus on enhancing the experience of our customers.**

# People
## Empowering Our Workforce

CBD continued to drive a high-performance culture and back our people by attracting the best talent and developing capabilities in line with the growth objectives of the Bank. Our people were supported by several ongoing business and digital transformation initiatives, bringing about positive organisational change.

Emiratization efforts have continued as a strategic priority for the Bank, investing in UAE Nationals (UAEN) at all levels from graduate entry level and upwards, helping us to create a talent pipeline for the future, as well as appointing UAE Nationals in leadership and management positions.

The development of UAE Nationals has continued to be a focal point for the Bank year-on-year, in line with the ambitions of the UAE leadership and the directives of the CBD Management and Board. The Bank launched a third Technology Graduate Programme (Tech TUMOO7) to further support the development of our future UAEN Tech leaders, in addition to its TUMOO7 Programme, which welcomes graduate trainees to various business and support units across the organisation. The Bank has invested in professional certifications and higher education sponsorship for the UAE National population as well as flagship development programmes to develop targeted capabilities, such as presentation skills and public speaking, Customer Experience (CX) and Fintech expertise. CBD proudly sponsored one UAE National employee to represent the Bank at the prestigious Dubai Financial Expert Programme.

The Bank continued to utilise our employee engagement score to better gauge employee feedback and to develop the Bank's high- performing culture. Feedback received from employees helps inform programmes that the Bank will undertake to assist employees to perform their duties more effectively.

Employee wellbeing continues to be a top priority, with initiatives designed to support employees emotionally, financially, socially, and physically. 2025 has seen the introduction of a plan that allows employees to buy up to 5 additional days of annual leave to enjoy during 2026 and a 12-month interest free loan. CBD is proud to partner with the Dubai Fitness Challenge 2025, we invited all employees to join at the CBD Wellness Studio, where a series of fitness sessions, health workshops, and wellness activities were hosted throughout the challenge. Employees are also encouraged to participate in volunteering activities, reinforcing social wellbeing and community engagement.

Learning and Development remained at the heart of our people priorities with a focus on professional certifications and strategic alignment to the Bank's business priorities. The Bank launched its Service Culture Mindset Programme, to support CBD's customer-centric transformation agenda, utilising a blend of self-paced development, workshop-style modules as well as developing and launching its flagship programme through various modalities. These blended learning journeys foster increased customer-centricity across all units and embed CBD's new Service Excellence Ecosystem.

To enable the Bank's Default Digital strategic priority, CBD implemented two large-scale development programmes. The Data Literacy Programme develops Artificial Intelligence and data proficiency capabilities at various levels of complexity, while the Microsoft Copilot programme enables the Bank's employees to embed the Generative AI solution into everyday workflows to increase efficiency and productivity and improve employee experience.

The Bank continues to drive a high-performance culture by recognising individuals, teams, and line managers who embody CODE values and deliver exceptional service excellence. A total 98 employees were recognised in 2025 through initiatives such as CODE and Spot Awards, reinforcing the importance of celebrating excellence.





# Corporate Social Responsibility (CSR)

## Responsible Citizenship

CBD remains committed to its role in the community as a responsible corporate citizen, guided by our belief that businesses must operate ethically and with integrity. Our CSR efforts continued to focus on contributing meaningfully to society, particularly within our core pillars of health and education.

On Zayed Humanitarian Day, which honours the legacy of the late Sheikh Zayed bin Sultan Al Nahyan, CBD extended its support to 20 charitable, educational, and rehabilitation organisation across the UAE, reaffirming our longstanding commitment to community welfare and sustainable social impact.

During the Holy Month of Ramadan, and in collaboration with the UAE Red Crescent, CBD Volunteers participated in the distribution of Iftar meal boxes to fasting people. This initiative was carried out twice throughout the month, enabling employees and their families to embrace the spirit of giving and contribute meaningfully to the community. CBD's dedication to humanitarian efforts was recognised by multiple charitable organisations for its continued positive contributions.

CBD also supported the "Saifna Helow" summer programme at the Dubai Club for People of Determination, a developmental initiative designed to entertain, educate, and empower participants through creative workshops and enrichment activities. In addition to funding the programme, CBD Volunteers actively engaged in its sessions, enhancing participant experiences and reinforcing our commitment to inclusion. The Bank was formally recognised by the Dubai Club for its ongoing support and partnership.

Furthermore, under the CSR volunteering framework, CBD continued to encourage employee participation in activities that strengthen inclusion, compassion, and community engagement. Volunteering initiatives included a visit to the Seniors' Happiness Centre, as well as regular engagement sessions and recreational activities for People of Determination. As part of this collaboration, a basketball game was organised between CBD employees and club athletes, promoting mutual understanding, sportsmanship, and meaningful interaction.

Additionally, CBD visited and continued its long-term support for the Emirates Down Syndrome Association, where the Bank sponsored and named a dedicated educational classroom in recognition of its ongoing contributions to the Association's programmes and students.

Remarkably, the CBD Volunteers Club achieved a total of 819 volunteering hours, contributed by 62 enthusiastic volunteers from across the Bank. Volunteers participated in a variety of initiatives aimed at giving back to the community and supporting meaningful social engagement.

CBD continued its 29-year-old partnership with Jebel Ali Racecourse, sponsoring eight races in the season 2024–2025 as part of CBD's support to UAE's Culture and Sports Heritage.

# 02
# Financial Statements & Notes


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## INDEPENDENT AUDITOR'S REPORT

**The Shareholders**
**Commercial Bank of Dubai PSC**
**Dubai**
**United Arab Emirates**

### Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of **Commercial Bank of Dubai PSC** (the "Bank") **and its subsidiaries** (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows and for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

### Basis for Opinion

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

### Key Audit Matters

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





**Key Audit Matters** (continued)

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Impairment of loans and advances and Islamic financing*** | |
| As described in note 10 to the financial statements, the Group had loans and advances, which comprise loans and advances to customers and Islamic financing, net, of AED 101,049 million as at 31 December 2025, representing 63% of total assets. The expected credit loss ( "ECL" ) allowance was AED 4,331 million as at this date, which comprises of an allowance of AED 1,371 million against Stage 1 and 2 exposures and an allowance of AED 2,960 million against exposures classified under Stage 3.<br><br>The determination of the Group's expected credit losses for loans and advances to customers and Islamic financing measured at amortised cost is considered a key audit matter as it is a quantitatively significant estimate which requires significant management judgement to be applied in the evaluation of the credit quality and the estimation of inherent credit losses in the portfolio, and consequently requires significant audit effort.<br><br>The financial statement risk arises from several aspects requiring substantial judgement of management for corporate portfolios, such as the estimation of probabilities of default and loss given defaults for various stages, such as the determination of a significant increase in credit risk (SICR) and credit-impairment status (default), the use of different modelling techniques and management judgement applied in staging overrides.<br><br>The measurement of ECL for exposures classified as Stage 1 and Stage 2 is carried out collectively by the ECL models with limited manual intervention or overrides. It is important that these ECL models and their parameters (Probability of Default ("PD"), Loss Given Default ("LGD"), Exposure At Default ("EAD") and macroeconomic adjustments) are valid throughout the reporting period and are subject to a validation/monitoring process by an independent reviewer. However, the accuracy of the results produced from these ECL models is dependent on using reasonable parameters and up to date inputs (to PD, LGD, EAD and macroeconomic adjustments), which are relevant for the reporting period and subject to a timely validation process. | We performed the following audit procedures on the computation and reasonableness/ appropriateness of the ECL included in the Group's consolidated financial statements for the year ended 31 December 2025:<br><br>We obtained detailed business process understanding of the Group's loans and advances measured at amortised cost including a review of the post model adjustments and management overlays in order to assess these adjustments.<br><br>We have assessed the relevant controls in the abovementioned business process understanding to determine if they were appropriately designed and implemented.<br><br>We understood and evaluated the theoretical soundness of the ECL model by involving our subject matter experts to assess its compliance with the requirements of IFRS Accounting Standards, and we have challenged the reasonableness of the post model adjustments and management overlays. We tested the mathematical integrity of the ECL model by performing recalculations on a sample basis. We assessed the various inputs and assumptions used by management to determine ECL.<br><br>For allowances against exposures classified as Stage 1 and Stage 2, we obtained an understanding of the Group's methodology to determine the allowance and assessed underlying assumptions and the Group's determination of significant increase in credit risk and the resultant basis for the classification of exposures into various stages. For a sample of exposures, we assessed the Group's application of the staging criteria, including the basis for movement between stages. We also challenged key assumptions, evaluated the calculation methodology and traced a sample of inputs back to source data.<br><br>We performed an independent credit assessment for a sample of non-retail customers, by assessing quantitative and qualitative factors, including assessments of the financial performance of the customers, the source of their repayments and their history and other relevant risk factors. We also assessed the accuracy of the EAD, the appropriateness of the Probability of Default ("PD") and the calculation of the Loss Given Default ("LGD") used by management in their ECL calculations. |

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**INDEPENDENT AUDITOR'S REPORT**
**To the Shareholders of Commercial Bank of Dubai PSC** (continued)

**Key Audit Matters** (continued)

| ***Allowance for expected credit losses relating to loans and advances and Islamic financing*** | |
|---|---|
| The exposures are classified as impaired as soon as there is doubt about the borrower's ability to meet payment obligations to the Group in accordance with the original contractual terms.<br><br>Impaired loans and advances at amortised cost for corporate portfolio are measured on the basis of the present value of estimated future cash flows (which in the case of stage 3 exposures also includes an assessment of the fair value and recoverability of the collateral). The impairment loss is calculated based on the shortfall between the carrying value of loans and advances at amortised cost compared to the net present value of future estimated cash flows discounted using the original effective interest rate. The factors considered when determining impairment losses on individually assessed impaired accounts include the borrower's aggregate borrowings, risk rating, value of the collateral and probability of successful repossession and costs involved to recover the debts.<br><br>For further information on this key audit matter, refer to notes 3 and 10 to the consolidated financial statements. | We assessed, on a sample basis, that reported exceptions to policies and procedures as outlined in the Board risk appetite statement were approved by the Board / Board Committee and the approval process was formally documented.<br><br>For a sample of new / renewed corporate credit facilities, we checked that reported exceptions to limits, as set out in the Board approved delegation of authority matrix, were approved by the Board / Board Credit Committee or its approved delegate and the approval process was formally documented.<br><br>For a sample of individually assessed stage 3 customers, we assessed:<br>• the estimated future discounted cash flows used in the measurement of ECL, including the discount rates used and the probable scenario analysis; and<br>• the valuation and enforceability of collateral, including the underlying key assumptions.<br><br>We also assessed disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards. |
| ***IT systems and controls over financial reporting*** | |
| We identified IT systems and controls over the Group's financial reporting as an area of focus due to the extensive volume and variety of transactions that are processed daily by the Bank and rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and are not operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of changes to an application or underlying data. | Our audit approach relies on automated controls, and therefore, the following procedures were designed to test access and control over the relevant IT systems:<br><br>We obtained an understanding of the applications relevant to the financial reporting business process and the IT infrastructure supporting those applications.<br><br>We tested the general IT controls relevant to the identified automated controls and the Information Produced by the Entity (IPE) by covering access security, program changes, data centre and network operations.<br><br>We examined certain Information Produced by the Entity (IPE) used in the financial reporting process from relevant applications and key controls over their report logics.<br><br>We performed testing on the relevant automated controls for key IT applications relevant to the financial reporting business processes. |



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**INDEPENDENT AUDITOR'S REPORT**
**To the Shareholders of Commercial Bank of Dubai PSC** (continued)

**Other Information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report of the Group but does not include the consolidated financial statements and our auditor's report thereon. We obtained the Board of Directors' report prior to the date of this auditor's report, and the remaining sections of the annual report are 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 express any form of assurance or conclusion thereon.

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

If, based on the work we have performed, 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 remaining sections of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

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

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

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with ISAs, we exercise professional judgment 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal controls.

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**INDEPENDENT AUDITOR'S REPORT**
**To the Shareholders of Commercial Bank of Dubai PSC** (continued)

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

- Obtain an understanding of internal controls 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 internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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**INDEPENDENT AUDITOR'S REPORT**
**To the Shareholders of Commercial Bank of Dubai PSC** (continued)

**Report on Other Legal and Regulatory Requirements**

As required by the UAE Federal Law No. (32) of 2021, as amended, we report that for the year ended 31 December 2025:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021, as amended;
- The Group has maintained proper books of account;
- The financial information included in the Directors' report is consistent with the books of account and records of the Group;
- Note 9 to the consolidated financial statements discloses the Group's purchases or investments in shares during the year ended 31 December 2025;
- Note 33 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted and principles of managing conflict of interest;
- 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 Law No. (32) of 2021, as amended or, in respect of the Bank, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2025; and
- Note 24 to the consolidated financial statements of the Group discloses social contributions made during the year ended 31 December 2025.

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

**Deloitte & Touche (M.E.)**

Musa Ramahi
Registration No. 872
21 January 2026
Dubai
United Arab Emirates

# Group consolidated statement of financial position

As at 31 December 2025

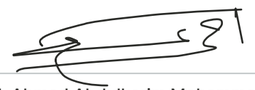
| | Notes | 2025 AED'000 | 2024 AED'000 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and balances with Central Bank | 7 | **22,360,931** | 16,937,638 |
| Due from banks, net | 8 | **4,700,070** | 5,162,042 |
| Investment securities, net | 9 | **20,359,144** | 14,590,424 |
| Loans and advances and Islamic financing, net | 10 | **101,048,972** | 93,048,595 |
| Positive mark to market value of derivatives | 31 | **360,697** | 584,760 |
| Bankers acceptances | | **8,020,566** | 6,930,361 |
| Investment in an associate | 11 | **126,113** | 118,278 |
| Investment properties | 12 | **173,700** | 241,124 |
| Property and equipment | 13 | **940,634** | 589,765 |
| Other assets, net | 14 | **2,217,174** | 1,972,331 |
| **TOTAL ASSETS** | | **160,308,001** | 140,175,318 |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| Due to banks | 15 | **8,760,512** | 7,542,023 |
| Customer deposits and Islamic customer deposits | 16 | **111,353,040** | 97,563,467 |
| Notes and medium term borrowings | 17 | **8,982,724** | 6,918,163 |
| Negative mark to market value of derivatives | 31 | **345,537** | 521,395 |
| Due for trade acceptances | | **8,020,566** | 6,930,361 |
| Other liabilities | 18 | **3,423,154** | 3,275,300 |
| **TOTAL LIABILITIES** | | **140,885,533** | 122,750,709 |
| **EQUITY** | | | |
| Share capital | 19.1 | **2,985,192** | 2,985,192 |
| Tier 1 capital notes | 19.2 | **2,203,800** | 2,203,800 |
| Legal and statutory reserve | 19.3 | **1,492,596** | 1,492,596 |
| General reserve | 19.4 | **1,328,025** | 1,328,025 |
| Capital reserve | 19.5 | **38,638** | 38,638 |
| Fair value reserve | 19.6 | **(298,333)** | (450,832) |
| Retained earnings | | **11,672,550** | 9,827,190 |
| **TOTAL EQUITY** | | **19,422,468** | 17,424,609 |
| **TOTAL LIABILITIES AND EQUITY** | | **160,308,001** | 140,175,318 |

To the best of our knowledge, the Group's consolidated financial information present fairly in all material respects the financial position, results of operation and cash flows of the Group as of, and for, the years presented herein.

The Group's consolidated financial statements were approved and authorised for issue by the Board of Directors on 21 January 2026.

The attached notes from 1 to 39 form part of the Group consolidated financial statements.

The independent auditor's report on the Group consolidated financial statements is set out on pages 19 to 21.



H.E. Ahmad Abdulkarim Mohammad Julfar
Chairman



Dr. Bernd van Linder
Chief Executive Officer



# Group consolidated statement of profit or loss

For the year ended 31 December 2025

| | Notes | 2025 AED'000 | 2024 AED'000 |
|---|---|---|---|
| Interest income | 20 | **6,854,240** | 6,622,018 |
| Interest expense | 21 | **(2,932,070)** | (3,097,365) |
| **Net interest income** | | **3,922,170** | 3,524,653 |
| Income from Islamic financing | 20 | **802,295** | 921,895 |
| Distribution on Islamic deposits | 21 | **(573,209)** | (647,581) |
| **Net income from Islamic financing** | | **229,086** | 274,314 |
| **Total net interest income and net income from Islamic financing** | | **4,151,256** | 3,798,967 |
| Fees and commission income | 22 | **1,683,946** | 1,471,889 |
| Fees and commission expense | 22 | **(512,547)** | (356,979) |
| **Net fees and commission income** | 22 | **1,171,399** | 1,114,910 |
| Other operating income | 23 | **596,645** | 576,931 |
| **Total operating income** | | **5,919,300** | 5,490,808 |
| Operating expenses | 24 | **(1,554,048)** | (1,403,478) |
| **Operating profit before impairment** | | **4,365,252** | 4,087,330 |
| Net impairment loss | 25 | **(521,103)** | (762,182) |
| **Profit for the year before income tax expense** | | **3,844,149** | 3,325,148 |
| Income tax expense | 37 | **(344,047)** | (295,367) |
| **Net profit for the year** | | **3,500,102** | 3,029,781 |
| **Basic and diluted earnings per share** | 27 | **AED 1.13** | AED 0.97 |

The attached notes from 1 to 39 form part of the Group consolidated financial statements.

The independent auditor's report on review of the Group consolidated financial statements is set out on pages 19 to 21.

# Group consolidated statement of comprehensive income

For the year ended 31 December 2025

| | Notes | 2025 AED'000 | 2024 AED'000 |
|---|---|---|---|
| **Net profit for the year** | | **3,500,102** | 3,029,781 |
| **Items that will not be reclassified to profit or loss:** | | | |
| Realised loss on sale of equity investments held at fair value through other comprehensive income | | **(7,828)** | (5,176) |
| Net change in fair value of equity investments (or instruments) at fair value through other comprehensive income | | **3,153** | 9,621 |
| Actuarial gain on retirement benefits obligations | 18 | **1,671** | 2,537 |
| Tax related | 37 | **270** | (628) |
| **Items that may be subsequently reclassified to profit or loss:** | | | |
| Changes in fair value reserve of property | 19.6 | **(27,030)** | (28,285) |
| Changes in fair value reserve of an associate | | **(1,383)** | 1,235 |
| Net amount transferred (or reclassified) to profit or loss on debt investments (or instruments) at fair value through other comprehensive income | | **(58,787)** | (951) |
| Net change in fair value of debt investments (or instruments) at fair value through other comprehensive income | | **257,367**<br>**(22,762)** | 117,964<br>- |
| Tax related | | **147,405** | 89,963 |
| **Other comprehensive income for the year, net of tax** | | **144,671** | 96,317 |
| **Total comprehensive income for the year** | | **3,644,773** | 3,126,098 |

The attached notes from 1 to 39 form part of the Group consolidated financial statements.

The independent auditor's report on review of the Group consolidated financial statements is set out on pages 19 to 21.

# Group consolidated statement of changes in equity

For the year ended 31 December 2025

| | Share capital AED'000 | Tier 1 capital notes AED'000 | Legal and statutory reserve AED'000 | General reserve AED'000 | Capital reserve AED'000 | Fair value reserve AED'000 | Retained earnings AED'000 | Total AED'000 |
|---|---|---|---|---|---|---|---|---|
| **Balances as at 1 January 2025** | **2,985,192** | **2,203,800** | **1,492,596** | **1,328,025** | **38,638** | **(450,832)** | **9,827,190** | **17,424,609** |
| Net profit for the year | - | - | - | - | - | - | **3,500,102** | **3,500,102** |
| Other comprehensive income for the year, net of tax | - | - | - | - | - | **152,499** | **(7,828)** | **144,671** |
| ***Transactions recorded directly in equity*** | | | | | | | | |
| Interest on Tier 1 capital notes | - | - | - | - | - | - | **(132,228)** | **(132,228)** |
| Cash dividend paid for 2024 (50.74%) | - | - | - | - | - | - | **(1,514,686)** | **(1,514,686)** |
| **Balances as at 31 December 2025** | **2,985,192** | **2,203,800** | **1,492,596** | **1,328,025** | **38,638** | **(298,333)** | **11,672,550** | **19,422,468** |
| Balances as at 1 January 2024 | 2,985,192 | 2,203,800 | 1,492,596 | 1,328,025 | 38,638 | (552,325) | 8,285,431 | 15,781,357 |
| Net profit for the year | - | - | - | - | - | - | 3,029,781 | 3,029,781 |
| Other comprehensive income for the year, net of tax | - | - | - | - | - | 101,493 | (5,176) | 96,317 |
| ***Transactions recorded directly in equity*** | | | | | | | | |
| Interest on Tier 1 capital notes | - | - | - | - | - | - | (132,228) | (132,228) |
| Cash dividend paid for 2023 (44.38%) | - | - | - | - | - | - | (1,324,828) | (1,324,828) |
| Directors' remuneration paid for 2023 | - | - | - | - | - | - | (23,000) | (23,000) |
| Share of Directors' remuneration of an associate | - | - | - | - | - | - | (1,212) | (1,212) |
| Other reserves | - | - | - | - | - | - | (1,578) | (1,578) |
| Balances as at 31 December 2024 | 2,985,192 | 2,203,800 | 1,492,596 | 1,328,025 | 38,638 | (450,832) | 9,827,190 | 17,424,609 |

The attached notes from 1 to 39 form part of the Group consolidated financial statements.

The independent auditor's report on review of the Group consolidated financial statements is set out on pages 19 to 21.

# Group consolidated statement of cash flows

For the year ended 31 December 2025

| | Notes | 2025 AED'000 | 2024 AED'000 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Profit for the year before income tax expense | | **3,844,149** | 3,325,148 |
| **Adjustments for non-cash and other items:** | | | |
| Depreciation and amortisation | 24 | **94,608** | 61,014 |
| Amortisation of discount on investments | | **(275,352)** | (336,921) |
| Amortisation of transaction cost on notes and medium term borrowings | 17 | **-** | 617 |
| (Gain) / loss on foreign exchange translation | | **(29,476)** | 13,952 |
| Realised gains on sale of investments | | **(145,344)** | (951) |
| Net unrealised losses / (gains) on derivatives | | **48,204** | (200) |
| Revaluation (gain) / loss on investment properties | | **(5,225)** | 4,926 |
| Other operating income | | **(22,391)** | (22,518) |
| Dividend income | 23 | **(10,107)** | (9,758) |
| (Reversal) / impairment allowance on investment securities | 25 | **(725)** | 6 |
| Impairment allowance on loans and advances and Islamic financing | 25 | **698,723** | 875,046 |
| Impairment allowance on due from banks | 25 | **7,881** | 1,295 |
| Impairment allowance on other assets | 25 | **718** | 29,682 |
| Impairment allowance on financial guarantees and other commitments | 25 | **3,957** | 113,343 |
| Loss on disposal of property and equipment | | **-** | 894 |
| | | **4,209,620** | 4,055,575 |
| Increase in negotiable Central Bank UAE certificate of deposits with original maturity of more than three months | | **-** | (300,000) |
| Increase in due from banks with original maturity of more than three months | | **(327,405)** | (655,923) |
| Increase in loans and advances and Islamic financing | | **(8,699,100)** | (10,610,335) |
| (Increase) / decrease in other assets | | **(271,247)** | 351,552 |
| Increase / (decrease) in due to banks | | **1,218,489** | (291,366) |
| Increase in customer deposits and Islamic customer deposits | | **13,789,573** | 9,274,744 |
| Increase in other liabilities | | **75,043** | 54,770 |
| Directors' remuneration paid | | **-** | (23,000) |
| Taxes Paid | | **(296,014)** | (191) |
| **Net cash flow generated from operating activities** | | **9,698,959** | 1,855,826 |



# Group consolidated statement of cash flows

For the year ended 31 December 2025

| | Notes | 2025 AED'000 | 2024 AED'000 |
|---|---|---|---|
| **INVESTING ACTIVITIES** | | | |
| Purchase of investments | | **(24,770,168)** | (13,095,416) |
| Proceeds from sale and matured investments | | **19,644,906** | 14,050,716 |
| Purchase of property and equipment | 13 | **(372,828)** | (221,226) |
| Proceeds from sale of property and equipment | | **-** | 1,396 |
| Dividend income received | | **23,280** | 16,411 |
| **Net cash flow (used in) / generated from investing activities** | | **(5,474,810)** | 751,881 |
| **FINANCING ACTIVITIES** | | | |
| Issuance of notes and medium term borrowings | 17 | **2,064,561** | 1,212,090 |
| Interest on Tier 1 capital notes | | **(132,228)** | (132,228) |
| Dividend paid | | **(1,514,686)** | (1,324,828) |
| **Net cash flow generated from / (used in) financing activities** | | **417,647** | (244,966) |
| **Net increase in cash and cash equivalents** | | **4,641,796** | 2,362,741 |
| Cash and cash equivalents at 1 January | | **17,779,657** | 15,416,916 |
| **Cash and cash equivalents at end of the year** | 28 | **22,421,453** | 17,779,657 |
| Supplemental disclosure: | | | |
| Interest income and income from Islamic financing received | | **7,488,839** | 7,582,561 |
| Interest expense and distributions to Islamic depositors paid | | **3,524,206** | 3,683,280 |

The attached notes from 1 to 39 form part of the Group consolidated financial statements.

The independent auditor's report on review of the Group consolidated financial statements is set out on pages 19 to 21.

# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 1. Legal status and activities

Commercial Bank of Dubai PSC ("the Bank") was incorporated in Dubai, United Arab Emirates (UAE) in 1969 and is registered as a Public Joint Stock Company (PJSC) in accordance with Federal Law No. 32 of 2021. The Bank is listed on the Dubai Financial Market. The Bank's principal activity is commercial and retail banking. The registered address of the Bank is CBD Head Office, Al Ittihad Street, P. O Box 2668, Dubai, United Arab Emirates.

On 8 September 2025, the UAE Federal Decree Law No. (6) of 2025 regarding the Central Bank, Regulation of Financial Institutions and Activities, and Insurance Business was issued and came into effect on 16 September 2025 which repealed the UAE Federal Law No. 14 of 2018. The Company/ Bank/Group must within a period not exceeding (1) one year from the date of the enforcement of its provisions from 16 September 2025 ("the transitional period") comply with the provisions of the UAE Federal Decree Law No. (6) of 2025.

The consolidated financial statements for the year ended 31 December 2025 comprise the results of the Bank, its wholly-owned subsidiaries (together referred to as "the Group") and the Group's interest in an associate.

Details about subsidiaries, special purpose entities and an associate:

| Name of Subsidiary | Ownership Interest | | County of Incorporation | Principle activities |
|---|---|---|---|---|
| | 31 Dec 2025 | 31 Dec 2024 | | |
| ***Subsidiary***<br>CBD Financial Services LLC | 100% | 100% | UAE | Providing brokerage facilities for local shares and bonds. |
| Attijari Properties LLC | 100% | 100% | UAE | Self-owned property management services as well as buying and selling of real estate. |
| CBD Digital Lab Limited | 100% | 100% | UAE | Technology research and development. |
| ***Special Purpose Entity***<br>CBD (Cayman) Limited | 100% | 100% | Cayman Islands | Issuance of debt securities. |
| CBD (Cayman II) Limited | 100% | 100% | Cayman Islands | Transact and negotiate derivative agreements. |
| VS 1897 (Cayman) Limited | 100% | 100% | Cayman Islands | Manage investment acquired in the settlement of debt. |
| Hortin Holding Limited [Subsidiary of VS 1897 (Cayman) Limited] | 100% | 100% | British Virgin Islands | Manage real estate related investment acquired in the settlement of debt. |
| Lodge Hill Limited [Subsidiary of VS 1897 (Cayman) Limited] | 100% | 100% | British Virgin Islands | Manage real estate related investment acquired in the settlement of debt. |
| Westdene Investment Limited [Subsidiary of VS 1897 (Cayman) Limited] | 100% | 100% | British Virgin Islands | Manage real estate related investment acquired in the settlement of debt. |
| ***Associate***<br>National General Insurance Co. (PJSC) | 17.8% | 17.8% | UAE | Life and general insurance business as well as certain reinsurance business. |



# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 2. Basis of preparation

### 2.1 Statement of compliance

These Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with relevant laws of the UAE.

As required by the UAE Securities and Commodities Authority (SCA) notification number 85/2009 dated January 6, 2009, the Group's exposure in cash and balances with Central Bank of the UAE, Due from Banks and Investment Securities outside the UAE have been presented under the respective notes.

### 2.2 Functional and presentation currency

These Group's consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Bank's functional and presentation currency, rounded to the nearest thousand unless otherwise stated.

### 2.3 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity are disclosed in note 4.

### 2.4 Basis of measurement

These Group's consolidated financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value through profit or loss (FVPL);
- financial instruments classified as fair value through profit or loss;
- financial assets at fair value through other comprehensive income;
- recognised financial assets and financial liabilities that are hedged items in a fair value hedge transaction are measured at fair value in respect of the risk that is hedged. Amortised cost is adjusted for hedging gain or loss;
- investment properties;
- end of service benefits that are measured at the present value of the defined benefit obligation;
- granted land, which is stated at the market value at the date of grant.

### 2.5 Basis of consolidation

These Group's consolidated financial statements comprise the financial statements of the Bank and its subsidiaries. Subsidiaries are entities controlled by the Group.

**i. Business combination**

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

**ii. Subsidiary**

The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interest (NCI). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

## 2. Basis of preparation (Cont'd)

### 2.5 Basis of consolidation (Cont'd)

**ii. Subsidiary (Cont'd)**

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the cumulative translation differences recorded in equity;
- Derecognises the carrying amount of any non-controlling interest;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any gain or loss in the consolidated statement of profit or loss; and
- Reclassifies the parent's share of components previously recognised in consolidated OCI to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

When the Group loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest, and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary, and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

**iii. Associate**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit or loss of an associate'.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of profit or loss.



Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 2. Basis of preparation (Cont'd)

### 2.5 Basis of consolidation (Cont'd)

**iii. Associate (Cont'd)**

Management reviews its share of investments in associates to assess impairment on a regular basis. In determining the assessment, management compares the recoverable amount with the carrying value of the investment. Estimating recoverable amount using value in use requires the Group to make an estimate of the expected future cash flows from the associates and choosing a suitable discount rate in order to calculate the present value of those cash flows.

**iv. Transactions eliminated on consolidation**

Intra-group balances and income and expenses (except for foreign currency translation gains or losses) arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## 3. Material accounting policies

The accounting policies set out below have been applied consistently to all the years presented in these consolidated financial statements, except for the accounting standards mentioned in note 5.1 which are applied for the first time.

### 3.1 Financial Instruments

**a) Recognition and initial measurement**

A financial instrument is any contract that gives rise to both a financial asset for the Group and a financial liability or equity instrument for another party or vice versa.

The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis, which is the date on which the Group becomes a party to the contractual provisions of the instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVPL) are added to or deducted from the fair value of the financial assets or financial liabilities respectively, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets are amortised over the expected life of the financial instrument or a shorter period if it relates to the expected period of the costs. Transaction costs related to financial liabilities are recognised immediately in the consolidated statement of profit or loss.

If the transaction price differs from fair value at initial recognition, the Group accounts for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in consolidated statement of profit or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value is adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss is deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss is released to consolidated statement of profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

**b) Fair Value measurement**

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction 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 one is 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 maximise the use of relevant observable inputs and minimise 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.

## 3. Material accounting policies (Cont'd)

### 3.1 Financial Instruments (Cont'd)

**b) Fair Value measurement (Cont'd)**

The best evidence of the fair value of a financial instrument on 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 on 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 for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in 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 the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – 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 financial liability with a demand feature (e.g. 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 fair value of investments in mutual funds, private equity funds or similar investment vehicles are based on the last net asset value published by the fund manager. For other investments, a reasonable estimate of the fair value is determined by reference to the price of recent market transactions involving similar investments, are based on the expected discounted cash flows.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**c) Fair value hierarchy**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, which reflects the significance of inputs used in making the measurements:

**Level 1:** Quoted market price (unadjusted) in an active market for an identical instrument. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, group, pricing service or regulatory agency, and those prices represent actual and regularly recurring market transactions on an arm's length basis.

**Level 2:** Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

**Level 3:** Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs based on unobservable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The hierarchy used by the Group is set out in note 6.2.



Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 3. Material accounting policies (Cont'd)

### 3.1 Financial Instruments (Cont'd)

**c) Fair value hierarchy (Cont'd)**

The fair value of a financial instrument is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction in the principal market at the measurement date under current market conditions (i.e., an exit price). Unadjusted quoted prices in active markets provide the best evidence of fair value. When there is no quoted price in an active market, the Group applies other valuation techniques that maximise the use of relevant observable inputs and that minimise the use of unobservable inputs. Such valuation techniques include the following: using information available from recent market transactions, referring to the current fair value of a comparable financial instrument, applying discounted cash flow analysis, applying option pricing models, or relying on any other valuation technique that is commonly used by market participants and has proven to yield reliable estimates.

For over-the-counter (OTC) derivative financial instruments, fair value is determined using well established valuation techniques that incorporate assumptions based primarily on observable market inputs such as current market prices and the contractual prices of the underlying instruments, the time value of money, interest rate yield curves, credit curves, currency rates as well as price and rate volatility factors.

As at 31 December 2025, the fair value of investment properties is based on the valuations performed by third party valuers and all are level 3 under fair value hierarchy. The valuations are carried out by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued. The valuations were based on income (investment) and a market-based method of valuation. To value the investment properties, the existing rental income and estimated market rental income are used. Any significant movement in the assumptions used for the fair valuation of investment properties such as yield, rental growth, vacancy rate is expected to result in significantly lower / higher fair value of these assets.

The Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### 3.1.1 Financial assets

**a) Classification**

The Group classifies financial assets on initial recognition in the following categories:

i. Amortised cost;

ii. Fair value through other comprehensive income (FVOCI); and

iii. Fair value through profit or loss (FVPL).

**Business model assessment**

The Group makes an assessment of the objective of a business model in which a financial asset is held at portfolio level, because this reflects the way the business is managed and information is provided to the management. The assessment is not determined by a single factor or activity. Instead, the entity considers all relevant information available at the date of the assessment. The information considered includes:

- the stated policies and objectives for the business and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio and the financial asset held within the portfolio is evaluated and reported to the management;
- the risks that affect the performance of the portfolio and, in particular, the way in which those risks are managed;
- how the managers of the business are compensated; and

## 3. Material accounting policies (Cont'd)

### 3.1 Financial Instruments (Cont'd)

### 3.1.1 Financial assets (Cont'd)

**a) Classification (Cont'd)**

**Business model assessment (Cont'd)**

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

**Assessment whether contractual cash flows is solely payments of principal and interest**

In assessing whether the contractual cash flows are solely payments of principal and interest (SPPI), the Group considers the contractual terms of the instrument.

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash from specified assets; and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Group holds a portfolio of long-term fixed-rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Non-recourse

In some cases, loans made by the Group that are secured by collateral of the borrower's limit the Group's claim to cash flows of the underlying collateral (non-recourse loans). The Group applies judgement in assessing whether the non-recourse loans meet the SPPI criterion. The Group typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Group's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Group will benefit from any upside from the underlying assets.

**i. Financial assets at amortised cost**

A debt instrument, including loans and advances and Islamic financing asset is classified as being measured at amortised cost if it meets both of the following conditions and is not designated as FVPL:

- the asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.



Notes to the Group consolidated financial statements

For the year ended 31 December 2025

3. Material accounting policies (Cont'd)

3.1 Financial Instruments (Cont'd)

3.1.1 Financial assets (Cont'd)

a) Classification (Cont'd)

**Assessment whether contractual cash flows is solely payments of principal and interest (Cont'd)**

**ii. Financial assets at fair value through other comprehensive income (FVOCI)**

A debt instrument is classified as being measured at FVOCI if it meets the following two conditions and the debt instrument is not designated at FVPL:

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

The Group measures all equity investments at FVPL, 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 FVOCI when those investments are not held for trading. This election is made on an investment-by-investment basis.

**iii. Financial assets at fair value through profit or loss (FVPL)**

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL.

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

**b) Subsequent measurement**

The Group measures financial instruments, such as derivatives and investments in equity and certain fixed income instruments, at fair value at each reporting date.

Financial asset classified as at FVOCI or FVPL are subsequently measured at fair value. Financial assets not carried at fair value are subsequently measured at amortised cost using the effective interest method, less expected credit allowances.

**c) Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition except in the period after the Group changes its business model for managing financial assets. If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current and previous financial year there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on 'Modification of financial assets' and 'Derecognition of financial assets' described in note 3.1.1 (g) and 3.1.1 (h) respectively.

**d) Foreign exchange gains and losses**

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in consolidated statement of profit or loss in the 'other operating income / (loss)' line item;
- for debt instruments measured at FVOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in the consolidated statement of profit or loss in the 'other operating income / (loss)' line item. Other exchange differences are recognised in OCI in the investments revaluation reserve;
- for financial assets measured at FVPL that are not part of a designated hedge accounting relationship, exchange differences are recognised in consolidated statement of profit or loss in 'other operating income / (loss)';
- for equity instruments measured at FVOCI, exchange differences are recognised in OCI in the investments revaluation reserve; and
- Non-monetary assets and liabilities denominated in foreign currencies that are measured at FVPL are retranslated into the functional currency (AED) at the foreign exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

## 3. Material accounting policies (Cont'd)

### 3.1 Financial Instruments (Cont'd)

### 3.1.1 Financial assets (Cont'd)

**e) Impairment of financial assets**

The Group recognises, where applicable, loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are not measured at FVPL:

- balances with central banks;
- due from banks;
- debt investment securities;
- loans and advances, Islamic financing and other financial assets;
- loan commitments; and
- financial guarantee contracts.

No impairment loss is recognised on equity investments.

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

**Stage 1:** When financial instruments are first recognised, the Group recognises an allowance based on 12 months ECLs. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

**Stage 2:** When a financial instruments has shown a significant increase in credit risk since origination, the Group records an allowance for the life time expected credit losses (LTECL). LTECL are the ECL that result from all possible default events over the expected life of the financial instrument.

**Stage 3:** Financial instruments considered credit-impaired. The Group records an allowance for the LTECLs.

ECLs are an unbiased probability-weighted estimate of the present value of credit losses that is determined by evaluating a range of possible outcomes. For funded exposures, ECL is measured as follows:

- for financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive); and
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

However, for unfunded exposures, ECL is measured as follows:

- for undrawn loan commitments, as the present value of the difference between the contractual cash flows that are due to the Group if the holder of the commitment draws down the loan and the cash flows that the Group expects to receive if the loan is drawn down; and
- for financial guarantee contracts, the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic and credit risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original Effective Interest Rate (EIR), regardless of whether it is measured on an individual basis or a collective basis.

The key inputs into the measurement of ECL are the term structures of the following variables:

- probability of default (PD);
- exposure at default (EAD); and
- loss given default (LGD)

These parameters are generally derived from internally developed statistical models, other historical data and are adjusted to reflect forward-looking information.

Details of these statistical parameters / inputs are as follows:

- PD – PD is the estimate of likelihood of default over a given time horizon, which is calculated based on statistical rating models currently used by the Group, and assessed using rating tools tailored to the various categories of counterparties and exposures.



Notes to the Group consolidated financial statements

For the year ended 31 December 2025

3. Material accounting policies (Cont'd)

3.1 Financial Instruments (Cont'd)

3.1.1 Financial assets (Cont'd)

**e) Impairment of financial assets (Cont'd)**

- EAD – EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.
- LGD – LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross-collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, history of recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan. Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:
    - instrument type;
    - credit risk grading;
    - collateral type;
    - loan to value ratio for retail exposure;
    - date of initial recognition;
    - remaining term of maturity;
    - industry; and
    - geography location of the borrower.

The groupings are subject to regular review to ensure that exposure within a particular group remain appropriately homogenous.

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

**Restructured financial assets**

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities carried at FVOCI are credit-impaired.

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

## 3. Material accounting policies (Cont'd)

### 3.1 Financial Instruments (Cont'd)

### 3.1.1 Financial assets (Cont'd)

**e) Impairment of financial assets (Cont'd)**

**Restructured financial assets (Cont'd)**

It may not be possible to identify a single discrete event - instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers the following factors:

- the market's assessment of creditworthiness as reflected in the bond yields;
- the rating agencies' assessments of creditworthiness;
- the country's ability to access the capital markets for new debt issuance; and
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment.

For financial assets where concessions are contemplated but not granted, the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikeliness to pay indicators or a backstop if amounts are overdue for 90 days or more.

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

POCI financial assets are assets that are credit-impaired on initial recognition. For POCI assets, lifetime ECL are incorporated into the calculation of the effective interest rate on initial recognition. Consequently, POCI assets do not carry an impairment allowance on initial recognition. The amount recognised as a loss allowance subsequent to initial recognition is equal to the changes in lifetime ECL since initial recognition of the asset.

**Default definition**

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

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Group.

Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding.

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative - e.g. breaches of covenant;
- quantitative - e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources

The Group has performed a historical default rate analysis to identify homogeneous segments and further estimated ECL parameters (i.e. PD, LGD and EAD) at similar granularities. To perform a historical default rate analysis, the Group has adopted two separate definitions of default for the non-retail and the retail portfolio.

**Non-retail portfolio**

The non-retail portfolio comprises of loans which are managed individually by the Relationship Managers (RMs) with oversight from the Credit Risk team of the Group. These loans are appraised at least annually based on the financial information, other qualitative information and account conduct of the customer.

A non-retail customer is identified as at default if the customer is materially delinquent for more than 90 days of any of its credit obligation. Materiality refers to 5% of the principal outstanding being past due for 90+ days is considered delinquent.



Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 3. Material accounting policies (Cont'd)

### 3.1 Financial Instruments (Cont'd)

### 3.1.1 Financial assets (Cont'd)

**e) Impairment of financial assets (Cont'd)**

**Retail portfolio**

The retail portfolio comprises of loans that are managed at a product level, and based on approved product programs. A retail account is identified as default if the customer is delinquent for more than 90 days. The default rate analysis for the retail portfolio is performed at the account level.

**Assessment of significant increase in credit risk**

The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The assessment is performed on monthly basis for each individual exposure.

Quantitative thresholds are established for the significant increase in the credit risk by comparing the risk of default estimated at origination with the risk of default at reporting date based on the movement in credit rating by 3 notches for credit risk grading 1 – 10, by 2 notches for credit risk grading 11 – 17 and 1 notch for credit risk grading 18 – 19. In addition to quantitative criteria the Group has a proactive Early Warning Indicator (EWI) framework, based on which the Credit Risk team performs a portfolio quality review on a monthly basis. The objective of the same is to identify potentially higher risk customers within the performing customers.

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

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the probability of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the probability of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised.

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

- internal risk grade;
- external credit rating (as far as available);
- actual or expected adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;
- significant changes in the value of the collateral supporting the obligation;
- significant changes in the actual or expected performance and behavior of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower; and
- macro-economic information (such as oil prices or GDP) is incorporated as part of the internal rating model.

## 3. Material accounting policies (Cont'd)

### 3.1 Financial Instruments (Cont'd)

### 3.1.1 Financial assets (Cont'd)

**e) Impairment of financial assets (Cont'd)**

**Assessment of significant increase in credit risk (Cont'd)**

The quantitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However the Group still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated.

As a back stop, a significant increase in credit risk is presumed if a customer is more than 30 days past due in making a contractual payment. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

For retail lending the Group considers credit scores and events such as unemployment, bankruptcy or death. As a back-stop when an asset becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in Stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

**Improvement in credit risk profile**

The Group has defined the below criteria in accordance with regulatory guidelines to assess any improvement in the credit risk profile which will result into upgrading of customers moving from Stage 3 to Stage 2 and from Stage 2 to Stage 1.

- Significant decrease in credit risk will be upgraded in stage (one stage at a time) from Stage 3 to Stage 2 after and from Stage 2 to Stage 1 after meeting the curing period of at least 12 months.
- Restructured cases will be upgraded if repayments of 3 installments (for quarterly installments) have been made or 12 months (for installments longer than quarterly) curing period is met.

**Incorporation of forward-looking information**

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group relies on a broad range of forward-looking information as economic inputs such as:

- House prices like real estate – Dubai and Abu Dhabi Index;
- Economic Composite Index (ECI);
- Non-Oil Economic Composite Index (NIECI);
- Oil Price per Barrel (OPB);
- Consumer Price Index (CPI) and
- Hotel Occupancy Dubai.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The Group formulates three economic scenarios: a base case, which is the median scenario assigned a 40% (2024: 40%) probability of occurring, and two less likely scenarios, one upside at 30% (2024: 30%) probability of occurring and one downside at 30% (2024: 30%) probability of occurring.




# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 3. Material accounting policies (Cont'd)

### 3.1 Financial Instruments (Cont'd)

### 3.1.1 Financial assets (Cont'd)


**e) Impairment of financial assets (Cont'd)**

**Incorporation of forward-looking information (Cont'd)**

The table below summarises key macroeconomic indicators included in the economic scenarios in UAE at 31 December 2025 for the years ending 2025 to 2027:

| | Base Scenario | | | Downside Scenario | | | Upside Scenario | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2026 | 2027 | 2025 | 2026 | 2027 | 2025 | 2026 | 2027 |
| Economic Composite Index | 3.04% | 3.18% | 3.11% | 2.08% | -2.16% | 2.70% | 3.51% | 5.19% | 3.39% |
| Oil Price – USD | 65.7 | 62.3 | 63.7 | 52.4 | 39.2 | 57.5 | 70.4 | 67.0 | 64.9 |
| Real Estate Index - Dubai | 21,847 | 24,230 | 27,035 | 20,722 | 19,099 | 20,569 | 22,060 | 25,385 | 28,498 |

**Presentation of allowance for ECL in the statement of financial position**

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve;
- for loan commitments and financial guarantee contracts: generally, as other liabilities; and
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

**f) Write-off**

Loans and advances and Islamic financing and debt securities are written-off when the Group has no reasonable expectations of recovering the financial asset (either partially or in full). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written-off.

Recoveries of amounts previously written-off are included in 'recoveries' in the consolidated statement of profit or loss.

**g) Modification of financial assets**

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and / or timing of the contractual cash flows either immediately or at a future date.

When a financial asset is modified, the Group assesses whether this modification results in derecognition. In accordance with the Group's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Group considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;

## 3. Material accounting policies (Cont'd)

### 3.1 Financial Instruments (Cont'd)

### 3.1.1 Financial assets (Cont'd)

**g) Modification of financial assets (Cont'd)**

- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest. If the difference in present value is material, the Group deems the arrangement is substantially different leading to derecognition.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Group Credit Committee regularly reviews reports on forbearance activities.

If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired. For financial assets modified as part of the Group's forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms.

If the credit risk remains significantly higher than what was expected at initial recognition, the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in the consolidated statement of profit or loss. Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

**h) Derecognition of financial assets**

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.



Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 3. Material accounting policies (Cont'd)

### 3.1 Financial Instruments (Cont'd)

### 3.1.1 Financial assets (Cont'd)

**h) Derecognition of financial (Cont'd)**

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain / loss allocated to it that had been recognised in OCI is recognised in consolidated statement of profit or loss.

Any cumulative gain / loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in the consolidated statement of profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

### 3.1.2 Financial liabilities

**a) Classification**

The Group classifies its financial liabilities in the following categories:

i. Fair value through profit or loss; and

ii. Amortised cost.

**i. Financial liabilities at FVPL**

Financial liabilities are classified as at FVPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVPL. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and is effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

**Subsequent measurement**

Financial liabilities at FVPL are stated at fair value, with any gains / losses arising on remeasurement recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain / loss recognised in consolidated statement of profit or loss incorporates any interest paid on the financial liability.

However, for non-derivative financial liabilities that are designated as at FVPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in OCI are not subsequently reclassified to consolidated statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 3. Material accounting policies (Cont'd)

### 3.1 Financial Instruments (Cont'd)

### 3.1.2 Financial liabilities (Cont'd)

**a) Classification (Cont'd)**

**Subsequent measurement (Cont'd)**

In making the determination of whether recognising changes in the liability's credit risk in OCI will create or enlarge an accounting mismatch in profit or loss, the Group assesses whether it expects that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVPL. This determination is made at initial recognition.

Fair value is determined in the manner described in note 3.1 (b).

**ii. Financial liabilities at amortised cost**

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**b) Modification of financial liabilities**

The Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that 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 rate is materially different from the discounted present value of the remaining cash flows of the original financial liability.

In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in the consolidated statement of profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in the consolidated statement of profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification.

Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

**c) Derecognition of financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

### 3.1.3 Financial guarantee contracts and loan

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 it is due in accordance with the terms of a debt instrument.

'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15. Other loan commitments issued are measured at the sum of (i) the loss allowance determined in accordance with IFRS 9 and (ii) the amount of any fees received, less, if the commitment is unlikely to result in a specific lending arrangement, the cumulative amount of income recognised. Derecognition policies are applied to loan commitments issued and held.



# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 3. Material accounting policies (Cont'd)

### 3.1 Financial Instruments (Cont'd)

### 3.1.3 Financial guarantee contracts and loan (Cont'd)

The Group has issued no loan commitments that are measured at FVPL.

Liabilities arising from financial guarantees and loan commitments are included within other liabilities.

### 3.2 Derivative financial instruments

**a) Classification**

The Group enters into derivative financial instruments including forwards, futures, swaps and options in the foreign exchange and capital markets. Derivative financial instruments, that do not qualify for hedge accounting are classified as "FVPL – financial assets held for trading" financial instruments.

**b) Initial and subsequent measurement**

In the normal course of business, the fair value of a derivative on initial recognition is the transaction price. Subsequent to initial recognition, derivative financial instruments are stated at fair values. Fair values are generally obtained by reference to quoted market prices in active markets, or by using valuation techniques when an active market does not exist.

**c) Gains and losses on subsequent measurement**

The gains or losses from derivative financial instruments classified as FVPL are taken to the consolidated statement of profit or loss.

### 3.3 Hedging instruments

As part of its asset and liability management, the Group uses derivatives for hedging purpose.

When derivatives are designated as hedges, the Group classifies them as either:

- fair value hedges which hedge the change in the fair value of recognised assets or liabilities; or
- cash flow hedges which hedge the exposure to variability in highly probable future cash flows attributable to a recognised asset or liability or a forecast transaction.

Hedge accounting is applied to derivatives designated as hedging instruments in fair value or cash flow hedge provided certain criteria are met.

**Hedge accounting**

**a) Hedge documentation**

At the inception of the hedge, formal documentation of the hedge relationship must be established.

The hedge documentation prepared at the inception of the hedge must include a description of the following:

- The Group's risk management objective and strategy for undertaking the hedge;
- The nature of risk being hedged;
- Clear identification of the hedged item and the hedging instrument; and
- How the Group will assess the effectiveness of the hedging relationship on an ongoing basis.

**b) Hedge effectiveness testing**

The hedge is regarded as highly effective if both of the following conditions are met:

- At the inception of the hedge and in subsequent periods, the hedge is expected to be highly effective in offsetting the changes in fair value or cash flows of the hedging instruments with corresponding changes in the hedged risk and should be reliably measurable; and
- The actual results of the hedge effectiveness testing are within a range of 80 to 125 percent.

In case of a cash flow hedge, prospective hedge effectiveness is assessed by matching the critical terms of hedging instruments and hedged items.

**c) Fair value hedge**

When a derivative is designated as the hedging instrument in a hedge relationship, changes in the fair value of the derivative are recognised immediately in profit or loss, together with changes in the fair value of the hedged item that are attributable to the hedged risk. The change in fair value of the hedged item attributable to the hedged risk is recognised in profit or loss. If the hedged item would otherwise be measured at cost or amortised cost, then its carrying amount is adjusted accordingly. If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. Any adjustment up to the point of discontinuation to a hedged item for which the effective interest method is used is amortised to profit or loss as an adjustment to the recalculated effective interest rate of the item over its remaining life.

# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 3. Material accounting policies (Cont'd)

### 3.3 Hedging instruments (Cont'd)

**d) Cash flow hedges**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in OCI. Any gain or loss in fair value relating to an ineffective portion is recognised immediately in the consolidated statement of profit or loss.

**e) Discontinuance of hedge accounting**

The hedge accounting is discontinued when a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting. At that point of time, any cumulative gain or loss on the hedging instrument that has been recognised in OCI remains in OCI until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the consolidated statement of profit or loss.

**f) Hedges that do not qualify for hedge accounting**

For hedges that do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to the consolidated statement of profit or loss for the year.

### 3.4 Loans and advances and Islamic financing

Loans and advances and Islamic financing are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except when the Group chooses to carry the loans and advances at FVPL.

In addition to conventional banking products, the Group offers its customers certain Islamic financing products, which are approved by Sharia Supervisory Board. Islamic financing consists of the following:

**Murabaha**

An agreement whereby the Group sells to a customer, commodity or asset (subject asset) on a deferred payment basis, which the Group has purchased and acquired, based on a promise received from the customer to buy the item purchased according to specific terms and conditions. The selling price comprises the cost of the subject asset and an agreed profit margin. Income is recognised on an accrual basis adjusted by actual income when received.

**Ijara**

Ijara refers to lease of the asset, which the Group (Lessor) constructs or purchases as per customer (Lessee) request based on the promise to lease the asset for a fixed term against certain rent installment. Ijara can end by transferring the ownership of the asset to the lessee in case of Ijara Muntahia Bittamleek.

The Ijara agreement specifies the leased asset, duration of the lease term, as well as, the basis for rental calculation and the timing of rental payment. The Lessee undertakes under this agreement to renew the lease periods and pay the relevant rental payment amounts as per the agreed schedule and applicable formula throughout the lease term.

The Lessor retains the ownership of the asset throughout the lease term. At the end of the lease term, upon fulfillment of all the obligations by the Lessee under the Ijara agreement, the Lessor will sell the leased asset to the Lessee at nominal value based on a sale undertaking given by the Lessor.

Ijara rentals accrue upon the commencement of the lease and continues throughout the lease term based on the outstanding fixed rental (which predominantly represent the cost of the leased asset).

### 3.5 Investment securities

The 'investment securities' caption in the consolidated statement of financial position includes:

- debt investment securities measured at amortised cost: these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt and equity investment securities measured at FVPL or designated as at FVPL : these are at fair value with changes recognised immediately in profit or loss;
- debt securities measured at FVOCI; and
- equity investment securities designated as FVOCI.

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost.

- Interest revenue using the effective interest method;
- ECL and reversals; and
- Foreign exchange gains and losses.



# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 3. Material accounting policies (Cont'd)

### 3.5 Investment securities (Cont'd)

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

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

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

### 3.6 Investment properties

The Group holds certain investment properties to earn rental income, for capital appreciation or both. The leased out or intended to lease out components have been classified as investment properties. Investment properties are measured initially at cost, including transaction costs. Effective 1 January 2023, the Group changed the accounting policy for Investment Properties from the cost model to the fair value model as the Group believes that this will make the financial results more reliable and relevant in relation to the value of the investment properties. The impact of this change was not considered material, with the net change being reflected prospectively in the current year's profit within other operating income. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated income statement under 'Other operating income' in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are determined by comparing the proceeds from disposal with the carrying amount and are recognised in the consolidated statement of profit or loss under 'Other operating income' in the year of retirement or disposal.

### 3.7 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses except for granted land, which is stated at the market value at the date of grant.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of replacing an item of property and is recognised in the carrying value of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The day-to-day servicing expenses of property and equipment are recognised in the consolidated statement of profit or loss as incurred.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment. These are included in the consolidated statement of profit or loss.

Property and equipment is impaired if the carrying amount of the asset or its cash generating unit (CGU) exceed its recoverable amount. The impairment loss is recognised in the consolidated statement of profit or loss.

The cost of all property and equipment other than freehold land and capital work in progress is depreciated using the straight-line method over the following estimated useful lives:

| | |
|---|---|
| Buildings | 30 to 60 years |
| Leasehold improvements | 5 to 10 years |
| Building renovations | 7 years |
| Furniture and fixtures | 7 years |
| Computer equipment | 3 to 10 years |
| Computer software | 7 years |
| Motor vehicles | 5 years |

Depreciation methods, useful lives and residual values are reassessed at each reporting date and prospectively adjusted if appropriate.

Capital work in progress is initially recorded at cost, and upon completion is transferred to the appropriate category of property and equipment and thereafter depreciated in accordance with the Group's policies.

## 3. Material accounting policies (Cont'd)

### 3.8 Repurchase agreement

When the Group sells a financial asset and simultaneously enters into an agreement to repurchase the asset at a fixed price on a future date the agreement is accounted for as a term borrowing depending on period of the agreement, and the underlying asset continues to be recognised in the Group's consolidated financial statements.

### 3.9 Customer deposits and Islamic customer deposits

Customer deposits are initially recognised at fair value, being the fair value of the consideration received. After initial recognition, all deposits are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any transaction costs that are directly attributable to the acquisition or receipt of customer deposit.

The Islamic customer deposits are received by entering into following kinds of agreements:

**Mudaraba**

An agreement between the Group and a third party whereby one party would provide a certain amount of funds (Rab ul Mal) which the other party (Mudarib) would then invest in a specific enterprise or activity against a specific share in the profit. The Mudarib would bear the loss in case of default, negligence or violation of any of the terms and conditions of the Mudaraba. In principle Mudaraba profit is distributed on declaration/distribution by the Mudarib.

**Wakala**

An agreement between Group and third party whereby one party (Muwakil) provides certain amount of funds which the other party (Wakil) would invest according to the terms and conditions of Wakala in return for a certain fee. The Wakil is obliged to return the invested amount in case of default, negligence or violation of any of the terms and conditions of the Wakala. The Wakil may be granted any excess over and above a certain pre-agreed rate of return as a performance incentive. In principle, Wakala profit is distributed on declaration/distribution by the Wakil.

Islamic customer deposits are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective profit method.

### 3.10 Employees' terminal benefits

The Group provides for employees' terminal benefit in accordance with the UAE labor law. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. With respect to its UAE national employees, the Group makes contributions to the relevant government pension scheme calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

**Defined contribution scheme**

A defined contribution scheme is a post-employment benefit scheme under which an entity pays fixed contributions into a separate entity or to a government organisation and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in consolidated statement of profit or loss in the periods during which services are rendered by employees.

Pension and national insurance contributions for eligible employees are made by the Group to Pensions and Benefits Fund in accordance with the applicable laws of country where such contributions are made.

**Defined benefit scheme**

A defined benefit scheme is a post-employment benefit scheme other than a defined contribution scheme. The liability recognised in the statement of financial position in respect of defined benefit gratuity schemes is the present value of the defined benefit obligation at the end of the reporting period together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using assumptions in line with the guidelines of IAS 19. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.



Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 3. Material accounting policies (Cont'd)

### 3.10 Employees' terminal benefits (Cont'd)

**Defined benefit scheme (Cont'd)**

The Group has determined that, in accordance with the terms and conditions of the defined benefit scheme, and in accordance with statutory requirements, the present value of refunds or reductions in future contributions, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. Net interest expense and other expenses related to defined benefit scheme are recognised in staff and other expenses in consolidated statement of profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately to profit or loss. The Group recognises gains and losses on the settlement of a defined benefit scheme when the settlement occurs.

The below are the key actuarial assumptions used to value the liabilities using weighted average rates.

| | 2025 | 2024 |
|---|---|---|
| Discount Rate | 4.00% | 5.20% per annum |
| Salary Increase Rate | 1.80% | 3.50% per annum |

### 3.11 Share capital

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

### 3.12 Dividend on ordinary shares

Dividends payable on ordinary shares are recognised as a liability in the period in which they are approved by the Group's shareholders in the Annual General Meeting.

### 3.13 Offsetting

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

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

### 3.14 Revenue recognition

**i. Interest income and expense**

Interest income and expense for all interest bearing financial instruments except at FVPL, are presented in 'interest income' and 'interest expense' in the consolidated statement of profit or loss on an accrual basis using the effective interest rates of the financial assets or financial liabilities to which they relate. Interest income and expense for financial instruments at FVPL is recognised 'Net gain from investments at fair value through profit or loss'.

**Amortised cost and gross carrying amount**

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

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

**Calculation of interest income and expense**

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not creditimpaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

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

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

# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 3. Material accounting policies (Cont'd)

### 3.14 Revenue recognition (Cont'd)

**ii. Income from Islamic financing and distributions to depositors**

Income from Islamic financing is recognised in the consolidated statement of profit or loss using the effective profit method.

The calculation of the effective profit rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective profit rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset.

Distribution to depositors (Islamic products) is calculated according to the Group's standard procedures and is approved by the Group's Sharia Supervisory Board.

**iii. Fees and commission**

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

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Fee income is accounted for as follows:

- Personal and Corporate banking: Revenue from account service and servicing fees is recognised over time as the services are provided. Revenue related to transactions is recognised at the point in time when the transaction takes place.
- Investment banking service: Revenue from administrative agency services is recognised over time as the services are provided. The amounts to be collected from customers on 31 December are recognised as trade receivables. Revenue related to transactions is recognised at the point in time when the transaction takes place.

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

**Asset management services**

The Group provides asset management services. Fees for asset management services are calculated based on a fixed percentage of the value of assets managed and deducted from the customer's account balance on a monthly basis.

**Customer loyalty programme**

The Group operates a rewards programme which allows customers to accumulate points when they purchase products on the Group's credit cards. The points can then be redeemed for shopping rewards, cash back or air miles, subject to a minimum number of points being obtained. While some aspects of the programme are administered in-house, third party providers are used for certain other aspects of the programme.

In the case of the in-house administered aspects, the sale proceeds received are allocated between the products / services sold and the points issued. The proceeds allocated to the points are equal to their fair value. Fair value is determined by applying statistical techniques.

For aspects where third party providers are used, the consideration allocated to the awards credits collected on behalf of the third party are charged to the consolidated statement or profit or loss at the time of supplying the rewards.

**iv. Property related income**

Property related income includes rental income, which is recognised on a straight line basis over the term of the lease and is recorded under 'Other operating income' in the consolidated statement of profit or loss.

**v. Dividend income**

Dividend income is recognised when the right to receive payment is established. The presentation of dividend income in the consolidated statement of profit or loss depends on the classification and measurement of the equity investment, i.e.:

- for equity instruments designated at FVOCI, dividend income is presented as Dividend Income; and
- for equity instruments at FVPL, dividend income is presented as 'Net gain from investments at FVPL' in the 'other operating income / (loss) line item'.



# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 3. Material accounting policies (Cont'd)

### 3.14 Revenue recognition (Cont'd)

**vi. Share of profit of an associate**

Share of profit of an associate reflects the Group's share of the results of operations of the associate.

### 3.15 Foreign currencies

Foreign currency transactions are recorded at rates of exchange ruling at the value dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date, are translated at the foreign exchange rate ruling at spot date.

Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the dates that the fair values were determined.

Forward foreign exchange contracts are translated into AED at market rates of exchange ruling at the reporting date. Foreign exchange differences arising on translation are recognised in the consolidated statement of profit or loss.

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

### 3.16 Acceptances

Acceptances arise when the Group is under an obligation to make payments against documents drawn under letters of credit. Acceptances specify the amount of money, the date and the person to which the payment is due. After acceptance, the instrument becomes an unconditional liability (time draft) of the Group and is therefore recognised as a financial liability in the consolidated statement of financial position with a corresponding contractual right of reimbursement from the customer recognised as a financial asset.

Acceptances have been considered within the scope of IFRS 9 - Financial Instruments and continued to be recognised as a financial liability in the consolidated statement of financial position with a contractual right of reimbursement from the customer as a financial asset.

### 3.17 Derivative product types

A derivative is a financial instrument whose value changes in response to an underlying variable, that requires little or no initial investment and that is settled at a future date. The Group enters into a variety of derivative financial instruments to manage the exposure to profit and foreign exchange rate risks, including unilateral promise to buy/sell currencies and interest rate swap.

**Forwards**

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

**Swaps**

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

**Options**

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

**i. Derivative related credit risk**

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive fair value of instruments that are favorable to the Group and potential future fluctuations.

**ii. Derivatives held or issued for trading purposes**

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

Interest rate derivatives trading are conducted under Assets & Liabilities Committee (ALCO) approved limits.

## 3. Material accounting policies (Cont'd)

### 3.17 Derivative product types (Cont'd)

**ii. Derivatives held or issued for trading purposes (Cont'd)**

Derivatives are initially recognised in the consolidated financial statements at cost being its fair value, for the premium received /paid. All derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. Subsequent to initial recognition derivatives (held for trading) are measured at fair value with fair value changes recognised in the consolidated statement of profit or loss.

### 3.18 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 net profit or loss attributable to ordinary shareholders of the Group (further adjusted for interest expense and transaction cost on Tier 1 capital notes) by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### 3.19 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Executive Committee to make decisions about resources allocated to the segment and assess its performance, and for which distinct financial information is available. Segment results that are reported to the Executive Committee include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

### 3.20 Related parties

An entity is considered related party of the Group if:

**a)** A person or a close member of that person's family is related to the Group if that person:

i. has control or joint control of the Group;

ii. has significant influence over the Group; or

iii. is a member of the key management personnel of the Group.

**b)** An entity is related to a Group if any of the following conditions applies:

i. The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

iii. Both entities are joint ventures of the same third party.

iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v. The entity is controlled or jointly controlled by a person identified in (a).

vi. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

**c)** The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.

Other than the transactions disclosed in note 33, the Group enters into transactions with other Government entities. In accordance with the exemption available in the revised IAS 24, these transactions with such related Government entities are not collectively or individually significant and have not been disclosed.

### 3.21 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of their non-financial assets to determine whether there is any indication of an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.



Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 3. Material accounting policies (Cont'd)

### 3.21 Impairment of non-financial assets (Cont'd)

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in consolidated statement of profit or loss.

### 3.22 Taxation

The income tax expense represents the sum of current and deferred income tax expense.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

**Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination or for transactions that give rise to equal taxable and deductible temporary differences) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## 4. Use of estimate and judgement

The preparation of these Group consolidated financial statements requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty and actual results may therefore differ, resulting in future changes in these estimates.

**Critical judgements in applying the Group's accounting policies**

In particular, considerable management judgement is required in respect of the following issues:

### 4.1 Financial asset classification

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

### 4.2 Significant increase in credit risk

As explained in note 3.1.1 (e), ECL are measured as an allowance equal to 12-month ECL for Stage 1 assets, or lifetime ECL assets for Stage 2 or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

### 4.3 Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to note 3.1.1 (e) for details of the characteristics considered in this judgement. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

### 4.4 Models and assumptions used

The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See note 3.1.1 (e) for more details on ECL.

### 4.5 Key sources of estimation uncertainty

The following are key estimations that have been used in the process of applying the Group's accounting policies:

- Establishing the number and relative weightings of forward-looking scenarios for each type of product / market and determining the forward looking information relevant to each scenario. When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.
- Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.
- Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.
- Exposure at Default: EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.



Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 4. Use of estimate and judgement (Cont'd)

### 4.6 Credit risk management

In addition to the management of credit risk described in Note 35 b. (i), the Group has identified several more vulnerable sectors to an environment with higher interest rates, and reviews are being conducted on a more frequent basis. Sectors that are currently considered more vulnerable are:

- Contracting
- Commercial Real Estate
- Construction and Manufacturing
- Trade

The Group continues to apply robust underwriting standards to companies in the above sectors, especially for any new to bank customers. Extra measures, such as requiring additional approvals for disbursals of facilities have been implemented to ensure a high level of scrutiny over the credit management process.

The Group will continue to demonstrate sound prudence and vigor in underwriting across the retail sector whilst supporting customers and businesses across the UAE.

The Group exercises significant judgement in assessing and estimating areas such as Expected Credit Losses. The Group has during the year updated the ECL model based on relevant macro-economic data provided by Moody's.

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

Given the significant impact that the macro-economic scenarios and weightings have on the Group's ECL, the Group has further strengthened its processes, controls and governance frameworks around macro-economic forecasting and the computation of ECL. The Group's IFRS 9 Committee, which reports to the Executive Management, has primary responsibility for overseeing the Group's ECL models. To ensure the ongoing integrity of ECL calculations during times of extreme uncertainty and volatility, the Group's IFRS 9 Committee exercises oversight by conducting regular reviews of the portfolio. The Committee has been closely monitoring the macro-economic inputs applied to the IFRS 9 model at the Group and has recommended changes required during the current year in the light of relevant information received. The Committee continually assesses the performance of the Group's portfolio, ensuring that credit risk behaviors align with the significant increase in credit risk policy and that the staging criteria remain relevant.

### 4.7 Fair value measurement of financial instruments

The Group's existing policy on fair value measurement of financial instruments is disclosed in note 3.1 (b).

### 4.8 Investment properties

The Group's existing policy on the recognition and measurement of investment properties is disclosed in note 3.6.

## 5. Application of new and revised international financial reporting standards "IFRS"

### 5.1 New and amended IFRS Accounting Standards that are effective for the current period

The following new and revised IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 January 2025, have been adopted in consolidated financial statements. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

| New and revised IFRS Accounting Standard | Summary |
|---|---|
| Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates relating to Lack of Exchangeability | The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. |

Other than the above, there are no other significant IFRS Accounting Standards and amendments that were effective for the first time for the financial year beginning on or after 1 January 2025.

# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 5. Application of new and revised international financial reporting standards "IFRS" (Cont'd)

### 5.2 New and revised IFRS in issue but not yet effective and not early adopted

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

| New and revised IFRS Accounting Standards | Effective for annual periods beginning on or after |
|---|---|
| Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* regarding the classification and measurement of financial instruments<br>The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9. | 1 January 2026 |
| Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* regarding purchase power arrangements<br>The amendments aim at enabling entities to include information in their financial statements that in the IASB's view more faithfully represents contracts referencing nature-dependent electricity. | 1 January 2026 |
| Annual improvements to IFRS Accounting Standards - Volume 11<br>The pronouncement comprises the following amendments:<br>• IFRS 1 F*irst-time Adoption of International Financial Reporting Standards:* Hedge accounting by a first-time adopter<br>• IFRS 7 *Financial Instruments - Disclosures:* Gain or loss on derecognition<br>• IFRS 7 *Financial Instruments - Disclosures:* Disclosure of deferred difference between fair value and transaction price<br>• IFRS 7 *Financial Instruments - Disclosures:* Introduction and credit risk disclosures<br>• IFRS 9 *Financial Instruments:* Lessee derecognition of lease liabilities<br>• IFRS 9 *Financial Instruments:* Transaction price<br>• IFRS 10 *Consolidated Financial Statements:* Determination of a "de facto agent"<br>• IAS 7 *Statement of Cash Flows:* Cost method | 1 January 2026 |
| IFRS 18 *Presentation and Disclosures in Financial Statements*<br>IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. | 1 January 2027 |
| IFRS 19 *Subsidiaries without Public Accountability: Disclosures*<br>IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. | 1 January 2027 |
| Amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures*<br>The amendments cover new or amended IFRS Accounting Standards issued between 28 February 2021 and 1 May 2024 that were not considered when IFRS 19 was first issued. | 1 January 2027 |
| Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* relating to Translation to a Hyperinflationary Presentation Currency<br>The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one. | 1 January 2027 |
| Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures (2011)*<br>The amendments relate to the treatment of the sale or contribution of assets from an investor to its associate or joint venture. | Effective date deferred indefinitely. Adoption is still permitted. |

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



# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 6. Financial assets and liabilities

### 6.1 Financial assets and liabilities classification

The table below sets out the Group's financial assets and liabilities classification in accordance with the categories of financial instruments in IFRS 9:

| | Fair value through profit or loss AED'000 | Fair value through OCI AED'000 | Amortised cost AED'000 | Total carrying amount AED'000 |
|---|---|---|---|---|
| **31 December 2025** | | | | |
| Cash and balances with Central Bank | **-** | **-** | **22,360,931** | **22,360,931** |
| Due from banks, net | **-** | **-** | **4,700,070** | **4,700,070** |
| Investment securities, net | **158,184** | **10,180,398** | **10,020,562** | **20,359,144** |
| Loans and advances and Islamic financing, net | **-** | **-** | **101,048,972** | **101,048,972** |
| Positive mark to market value of derivatives | **360,697** | **-** | **-** | **360,697** |
| Bankers acceptances | **-** | **-** | **8,020,566** | **8,020,566** |
| Other assets, net | **-** | **-** | **1,127,466** | **1,127,466** |
| **Total financial assets** | **518,881** | **10,180,398** | **147,278,567** | **157,977,846** |
| Due to banks | **-** | **-** | **8,760,512** | **8,760,512** |
| Customer deposits and Islamic customer deposits | **-** | **-** | **111,353,040** | **111,353,040** |
| Notes and medium term borrowings | **-** | **-** | **8,982,724** | **8,982,724** |
| Negative mark to market value of derivatives | **345,537** | **-** | **-** | **345,537** |
| Due for trade acceptances | **-** | **-** | **8,020,566** | **8,020,566** |
| Other liabilities | **-** | **44,887** | **3,359,444** | **3,404,331** |
| **Total financial liabilities** | **345,537** | **44,887** | **140,476,286** | **140,866,710** |
| 31 December 2024 | | | | |
| Cash and balances with Central Bank | - | - | 16,937,638 | 16,937,638 |
| Due from banks, net | - | - | 5,162,042 | 5,162,042 |
| Investment securities, net | 180,858 | 6,870,064 | 7,539,502 | 14,590,424 |
| Loans and advances and Islamic financing, net | - | - | 93,048,595 | 93,048,595 |
| Positive mark to market value of derivatives | 584,760 | - | - | 584,760 |
| Bankers acceptances | - | - | 6,930,361 | 6,930,361 |
| Other assets, net | - | - | 872,893 | 872,893 |
| Total financial assets | 765,618 | 6,870,064 | 130,491,031 | 138,126,713 |
| Due to banks | - | - | 7,542,023 | 7,542,023 |
| Customer deposits and Islamic customer deposits | - | - | 97,563,467 | 97,563,467 |
| Notes and medium term borrowings | - | - | 6,918,163 | 6,918,163 |
| Negative mark to market value of derivatives | 521,395 | - | - | 521,395 |
| Due for trade acceptances | - | - | 6,930,361 | 6,930,361 |
| Other liabilities | - | 44,992 | 3,191,272 | 3,236,264 |
| Total financial liabilities | 521,395 | 44,992 | 122,145,286 | 122,711,673 |

# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 6. Financial assets and liabilities (Cont'd)

### 6.2 Fair value measurement – Fair value hierarchy:

The table below shows categorisation of fair value of financial assets and liabilities into different levels of the fair value hierarchy:

| | Level 1 AED'000 | Level 2 AED'000 | Level 3 AED'000 | Total fair value AED'000 |
|---|---|---|---|---|
| **31 December 2025** | | | | |
| **Investments** | | | | |
| Equity instruments and funds | **52,355** | **-** | **161,245** | **213,600** |
| Fixed and floating rate securities | **9,542,112** | **582,870** | **-** | **10,124,982** |
| **Positive market value of forward foreign exchange contracts and other derivatives** | | | | |
| Fair value through profit or loss | **-** | **360,697** | **-** | **360,697** |
| Held for fair value hedge | **-** | **-** | **-** | **-** |
| **Negative market value of forward foreign exchange contracts and other derivatives** | | | | |
| Fair value through profit or loss | **-** | **(345,537)** | **-** | **(345,537)** |
| Held for fair value hedge | **-** | **-** | **-** | **-** |
| | **9,594,467** | **598,030** | **161,245** | **10,353,742** |
| 31 December 2024 | | | | |
| Investments | | | | |
| Equity instruments and funds | 59,655 | 113,167 | 181,278 | 354,100 |
| Fixed and floating rate securities | 5,886,176 | 810,646 | - | 6,696,822 |
| Positive market value of forward foreign exchange contracts and other derivatives | | | | |
| Fair value through profit or loss | - | 584,730 | - | 584,730 |
| Held for fair value hedge | - | 30 | - | 30 |
| Negative market value of forward foreign exchange contracts and other derivatives | | | | |
| Fair value through profit or loss | - | (521,365) | - | (521,365) |
| Held for fair value hedge | - | (30) | - | (30) |
| | 5,945,831 | 987,178 | 181,278 | 7,114,287 |



# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 6. Financial assets and liabilities (Cont'd)

### 6.2 Fair value measurement – Fair value hierarchy: (Cont'd)

The following table shows a reconciliation of instruments measured at fair value (assets) and classified at level 3:

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| Balance at the beginning of year | **181,278** | 164,792 |
| Additions | **1,530** | 1,480 |
| Settlement and other adjustments | **(21,563)** | 15,006 |
| Balance as at end of year | **161,245** | 181,278 |

The Level 3 financial instruments include private equity investments, and their valuations are based on the last net asset published by the fund manager. The sensitivity of the effect as a result of a change in the fair value of equity instruments under level 3, due to reasonable possible change in equity indices, with all other variables held constant, is as follows:

| | Assumed level of change % | 2025 **Impact on change in fair value AED'000** | 2024 Impact on change in fair value AED'000 |
|---|---|---|---|
| Upward Shift | 5% | **8,062** | 9,064 |
| Downward Shift | 5% | **(8,062)** | (9,064) |

The carrying values of the financial assets and liabilities (that are not stated at fair value) are not significantly different from their fair values.

During the year there were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy above. Further, there has been no change in the valuation techniques in relation to valuation of financial instruments during the current or prior year.

### 6.3 Fair value measurement – Hedges

As at 31 December 2025, the Group has no cash flow or fair value hedges. Refer to note 31 for details.

## 7. Cash and balances with central bank

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| Cash on hand | **951,850** | 1,093,528 |
| Balances with Central Bank of the UAE (CBUAE) | | |
| - Statutory reserves and other deposits | **19,809,081** | 13,644,110 |
| - Negotiable certificates of deposit | **1,600,000** | 2,200,000 |
| | **22,360,931** | 16,937,638 |

Cash and balances with Central Bank is classified under stage 1 as per IFRS 9. However, as the counterparty holds a good credit rating, the probability of default is considered to be low and hence the expected credit loss is considered to be immaterial.

## 8. Due from banks, net

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| Current and demand deposits | **1,404,856** | 1,791,315 |
| Overnight, call and short notice | **255,666** | 650,704 |
| Loans to banks | **3,050,468** | 2,723,062 |
| **Gross due from banks** | **4,710,990** | 5,165,081 |
| Less: Expected credit losses | **(10,920)** | (3,039) |
| **Net due from banks** | **4,700,070** | 5,162,042 |
| | | |
| Within the UAE | **15,250** | 249,981 |
| Outside the UAE | **4,684,820** | 4,912,061 |
| | **4,700,070** | 5,162,042 |

The Group's due from banks balances were classified under stage 1 and stage 2 at the reporting date (2024: classified under stage 1 and stage 2).

# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 9. Investment securities, net

| | UAE AED'000 | GCC AED'000 | International AED'000 | Total AED'000 |
|---|---|---|---|---|
| **31 December 2025** | | | | |
| **Held at fair value through profit or loss** | | | | |
| Fixed rate non-government securities | - | - | - | - |
| Unquoted equity instruments | - | - | **158,184** | **158,184** |
| | - | - | **158,184** | **158,184** |
| **Held at fair value through other comprehensive income** | | | | |
| Quoted equity instruments | **52,355** | - | - | **52,355** |
| Unquoted equity instruments and fund | **1,530** | - | **1,531** | **3,061** |
| Fixed rate securities | | | | |
| - Government | **4,045,138** | **1,881,379** | **2,425,430** | **8,351,947** |
| - Corporate | **390,789** | **182,425** | **1,199,821** | **1,773,035** |
| | **4,489,812** | **2,063,804** | **3,626,782** | **10,180,398** |
| **Held at amortised cost** | | | | |
| Fixed rate securities | | | | |
| - Government | **9,726,868** | - | **165,233** | **9,892,101** |
| - Corporate | - | - | **128,466** | **128,466** |
| | **9,726,868** | - | **293,699** | **10,020,567** |
| | **14,216,680** | **2,063,804** | **4,078,665** | **20,359,149** |
| Less: Expected credit losses on amortised cost securities | | | | **(5)** |
| | | | | **20,359,144** |



# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 9. Investment securities, net (Cont'd)

| | UAE AED'000 | GCC AED'000 | International AED'000 | Total AED'000 |
|---|---|---|---|---|
| 31 December 2024 | | | | |
| **Held at fair value through profit or loss** | | | | |
| Fixed rate non-government securities | 1,845 | - | - | 1,845 |
| Unquoted equity instruments | - | - | 179,013 | 179,013 |
| | 1,845 | - | 179,013 | 180,858 |
| **Held at fair value through other comprehensive income** | | | | |
| Quoted equity instruments | 59,655 | - | - | 59,655 |
| Unquoted equity instruments and fund | 113,167 | - | 2,265 | 115,432 |
| Fixed rate securities | | | | |
| - Government | 2,125,886 | 620,908 | 943,002 | 3,689,796 |
| - Corporate | 1,177,231 | 277,567 | 1,550,383 | 3,005,181 |
| | 3,475,939 | 898,475 | 2,495,650 | 6,870,064 |
| **Held at amortised cost** | | | | |
| Fixed rate securities | | | | |
| - Government | 5,710,626 | 468,430 | 567,112 | 6,746,168 |
| - Corporate | 200,736 | - | 592,665 | 793,401 |
| | 5,911,362 | 468,430 | 1,159,777 | 7,539,569 |
| | 9,389,146 | 1,366,905 | 3,834,440 | 14,590,491 |
| Less: Expected credit losses on amortised cost securities | | | | (67) |
| | | | | 14,590,424 |

Included in fixed rate securities held at fair value through other comprehensive income is an amount of AED 8,761.1 million (31 December 2024: AED 5,643.7 million), pledged under repurchase agreements with banks under short term and medium-term borrowings.

Net gains from sale of debt investments at fair value through other comprehensive income amounted to AED 58.8 million (2024: AED 0.95 million).

As at 31 December 2025, the fair value of investment securities measured at amortised cost amounted to AED 10,027.4 million (31 December 2024: AED 7,458.3 million).

As of 31 December 2025, there are no significant concentrations of credit risk for debt securities measured at amortised cost. The carrying amount reflected above represents the Group's maximum exposure for credit risk for such assets.

During the year ended 31 December 2025, the Group has reviewed its portfolio and sold certain financial assets measure at amortized cost as a one-off event, resulting in a gain of AED 86.5 million (31 December 2024 : nil) on the sale.

# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 9. Investment securities, net (Cont'd)

### 9.1 Rating of fixed rate securities

The below table shows the rating of fixed rate securities:

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| Rated Aaa to Aa3 | **8,882,893** | 4,003,986 |
| Rated A1 to A3 | **1,091,817** | 3,399,702 |
| Rated Baa1 to Baa3 | **265,859** | 808,068 |
| Rated below Baa3 or Unrated - Government | **9,616,678** | 5,666,073 |
| Rated below Baa3 - others | **288,302** | 358,562 |
| | **20,145,549** | 14,236,391 |

The above represents approved ratings from External Credit Assessment Institutions (ECAIs) as per BASEL III guidelines.

The Group's Investment securities were classified under stage 1 at the reporting date (2024: classified under stage 1).

## 10. Loans and advances and islamic financing, net

The composition of the loans and advances and Islamic financing portfolio is as follows:

| At Amortised Cost | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| **Loans and advances** | | |
| Overdrafts | **5,075,012** | 5,694,419 |
| Loans | **80,303,521** | 73,379,282 |
| Advances against letters of credit and trust receipts | **2,405,549** | 2,953,685 |
| Bills discounted | **3,528,486** | 3,568,514 |
| **Gross loans and advances** | **91,312,568** | 85,595,900 |
| | | |
| **Islamic financing** | | |
| Murabaha and Tawaruq | **6,538,873** | 6,008,997 |
| Ijara | **7,037,395** | 6,209,480 |
| Others | **490,717** | 479,520 |
| **Gross Islamic financing** | **14,066,985** | 12,697,997 |
| **Gross loans and advances and Islamic financing** | **105,379,553** | 98,293,897 |
| Less: Expected credit losses | **(4,330,581)** | (5,245,302) |
| **Net loans and advances and Islamic financing** | **101,048,972** | 93,048,595 |



# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 10. Loans and advances and islamic financing, net (Cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

| | Stage 1 AED'000 | Stage 2 AED'000 | Stage 3 AED'000 | Total AED'000 |
|---|---|---|---|---|
| **Gross exposure at 1 January 2025** | **83,571,894** | **9,396,369** | **5,325,634** | **98,293,897** |
| Transfers from Stage 1 to Stage 2 | **(2,737,259)** | **2,737,259** | **-** | **-** |
| Transfers from Stage 1 to Stage 3 | **(714,597)** | **-** | **714,597** | **-** |
| Transfers from Stage 2 to Stage 1 | **1,875,731** | **(1,875,731)** | **-** | **-** |
| Transfers from Stage 2 to Stage 3 | **-** | **(819,292)** | **819,292** | **-** |
| Transfers from Stage 3 to Stage 2 | **-** | **353,143** | **(353,143)** | **-** |
| Transfers from Stage 3 to Stage 1 | **8,975** | **-** | **(8,975)** | **-** |
| Net additions / (repayments) | **10,311,108** | **(1,212,305)** | **(26,868)** | **9,071,935** |
| Amounts written off | **-** | **-** | **(1,986,279)** | **(1,986,279)** |
| **At 31 December 2025** | **92,315,852** | **8,579,443** | **4,484,258** | **105,379,553** |
| | | | | |
| **ECL allowance at 1 January 2025** | **437,901** | **880,341** | **3,927,060** | **5,245,302** |
| Transfers from Stage 1 to Stage 2 | **(19,189)** | **19,189** | **-** | **-** |
| Transfers from Stage 1 to Stage 3 | **(2,890)** | **-** | **2,890** | **-** |
| Transfers from Stage 2 to Stage 1 | **140,315** | **(140,315)** | **-** | **-** |
| Transfers from Stage 2 to Stage 3 | **-** | **(140,922)** | **140,922** | **-** |
| Transfers from Stage 3 to Stage 2 | **-** | **238,554** | **(238,554)** | **-** |
| Transfers from Stage 3 to Stage 1 | **8,754** | **-** | **(8,754)** | **-** |
| Net impairment charge | **29,720** | **(80,366)** | **749,369** | **698,723** |
| Recoveries/Reversals | **-** | **-** | **(62,466)** | **(62,466)** |
| Amounts written off and other adjustments | **-** | **-** | **(1,550,978)** | **(1,550,978)** |
| **At 31 December 2025** | **594,611** | **776,481** | **2,959,489** | **4,330,581** |

# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 10. Loans and advances and islamic financing, net (Cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

| | Stage 1 AED'000 | Stage 2 AED'000 | Stage 3 AED'000 | Total AED'000 |
|---|---|---|---|---|
| Gross exposure at 1 January 2024 | 73,832,602 | 8,325,756 | 6,715,706 | 88,874,064 |
| Transfers from Stage 1 to Stage 2 | (5,093,061) | 5,093,061 | - | - |
| Transfers from Stage 1 to Stage 3 | (245,301) | - | 245,301 | - |
| Transfers from Stage 2 to Stage 1 | 86,658 | (86,658) | - | - |
| Transfers from Stage 2 to Stage 3 | - | (960,873) | 960,873 | - |
| Transfers from Stage 3 to Stage 2 | - | 2,835 | (2,835) | - |
| Transfers from Stage 3 to Stage 1 | 4,404 | - | (4,404) | - |
| Net additions / (repayments) | 14,986,592 | (2,977,752) | (869,781) | 11,139,059 |
| Amounts written off | - | - | (1,719,226) | (1,719,226) |
| At 31 December 2024 | 83,571,894 | 9,396,369 | 5,325,634 | 98,293,897 |
| ECL allowance at 1 January 2024 | 435,892 | 734,474 | 4,390,392 | 5,560,758 |
| Transfers from Stage 1 to Stage 2 | (57,869) | 57,869 | - | - |
| Transfers from Stage 1 to Stage 3 | (3,106) | - | 3,106 | - |
| Transfers from Stage 2 to Stage 1 | 4,001 | (4,001) | - | - |
| Transfers from Stage 2 to Stage 3 | - | (123,910) | 123,910 | - |
| Transfers from Stage 3 to Stage 2 | - | 1,640 | (1,640) | - |
| Transfers from Stage 3 to Stage 1 | 3,451 | - | (3,451) | - |
| Net impairment charge | 55,532 | 214,269 | 605,245 | 875,046 |
| Recoveries/Reversals | - | - | (31,613) | (31,613) |
| Amounts written off and other adjustments | - | - | (1,158,889) | (1,158,889) |
| At 31 December 2024 | 437,901 | 880,341 | 3,927,060 | 5,245,302 |

The economic sector composition of the loans and advances and Islamic financing is set out in note 35 (b).

## 11. Investment in an associate

Equity accounting was applied using management information available at the date of reporting.

The following is the aggregated financial information of the associate:

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| Investment in associate | **126,113** | 118,278 |

## 12. Investment properties

Investment properties comprise buildings. Rental income amounting to AED 10.5 million (2024: AED 11.6 million) from investment properties leased under operating lease is recorded in other operating income.

The fair value of the investment property amounted to AED 173.7 million (2024: AED 241.1 million). All of the investment properties have been categorised as level 3 under fair value hierarchy.

During 2025, an investment property with a carrying amount of AED 72.5 million was transferred for own use.



# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 13. Property and equipment

| | Freehold land and buildings AED'000 | Leasehold improvements AED'000 | Furniture, equipment & software AED'000 | Capital work in progress (CWIP) AED'000 | Total AED'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| **At 1 January 2025** | **293,276** | **27,199** | **560,225** | **83,960** | **964,660** |
| Additions during the year | **72,501** | **-** | **148** | **372,828** | **445,477** |
| Transfers | **-** | **652** | **380,640** | **(381,292)** | **-** |
| Disposals / write off | **-** | **-** | **(1,395)** | **-** | **(1,395)** |
| At 31 December 2025 | **365,777** | **27,851** | **939,618** | **75,496** | **1,408,742** |
| **Accumulated depreciation and amortisation** | | | | | |
| At 1 January 2025 | **144,170** | **19,737** | **210,988** | **-** | **374,895** |
| Charge for the year | **3,108** | **2,151** | **89,349** | **-** | **94,608** |
| On disposals | **-** | **-** | **(1,395)** | **-** | **(1,395)** |
| At 31 December 2025 | **147,278** | **21,888** | **298,942** | **-** | **468,108** |
| **Net book value at 31 December 2025** | **218,499** | **5,963** | **640,676** | **75,496** | **940,634** |
| Cost | | | | | |
| At 1 January 2024 | 290,161 | 40,213 | 588,792 | 84,871 | 1,004,037 |
| Additions during the year | - | - | - | 221,226 | 221,226 |
| Transfers | 3,115 | 1,482 | 217,540 | (222,137) | - |
| Disposals / write off | - | (14,496) | (246,107) | - | (260,603) |
| At 31 December 2024 | 293,276 | 27,199 | 560,225 | 83,960 | 964,660 |
| Accumulated depreciation and amortisation | | | | | |
| At 1 January 2024 | 141,331 | 31,647 | 399,216 | - | 572,194 |
| Charge for the year | 2,839 | 1,808 | 56,367 | - | 61,014 |
| On disposals | - | (13,718) | (244,595) | - | (258,313) |
| At 31 December 2024 | 144,170 | 19,737 | 210,988 | - | 374,895 |
| Net book value at 31 December 2024 | 149,106 | 7,462 | 349,237 | 83,960 | 589,765 |

The Group assessed whether there is an indication that an asset may be impaired and concluded that there was no indication of impairment as at 31 December 2025.

# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 14. Other assets, net

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| Interest receivable | **879,649** | 711,953 |
| Accounts receivable and prepayments | **692,027** | 566,242 |
| Properties acquired in settlement of debt-held for sale, net | **645,498** | 694,136 |
| | **2,217,174** | 1,972,331 |

Properties acquired in settlement of debt were acquired in order to extinguish a loan. During the year provision of AED 0.7 million (2024: AED 28.4 million) was charged on property acquired in settlement of debt. These properties are carried at the lower of cost or net realisable value.

## 15. Due to banks

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| Current and demand deposits | **180,861** | 47,382 |
| Repurchase agreements | **2,900,116** | 1,981,698 |
| Term borrowings | **5,679,535** | 5,512,943 |
| | **8,760,512** | 7,542,023 |

As at 31 December 2025 the fair value of the debt securities, which have been pledged under repurchase agreements amounts to AED 3,001.6 million (31 December 2024: AED 2,190.9 million).

## 16. Customer deposits and islamic customer deposits

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| **Customer deposits by type** | | |
| Current and demand accounts | **35,752,634** | 30,670,486 |
| Savings accounts | **4,208,384** | 3,540,579 |
| Other (including Escrow) | **10,306,500** | 9,453,808 |
| Time deposits | **44,506,878** | 37,729,630 |
| | **94,774,396** | 81,394,503 |
| **Islamic customer deposits by type** | | |
| Current and demand accounts | **3,393,786** | 3,255,519 |
| Mudaraba savings accounts | **567,867** | 600,716 |
| Other (including Escrow) | **224,019** | 117,792 |
| Investment and Wakala deposits | **12,392,972** | 12,194,937 |
| | **16,578,644** | 16,168,964 |
| **Total customer deposits and Islamic customer deposits** | **111,353,040** | 97,563,467 |
| **By sector:** | | |
| Government | **16,759,236** | 14,331,493 |
| Corporate | **52,664,657** | 44,119,151 |
| Personal | **41,929,147** | 39,112,823 |
| | **111,353,040** | 97,563,467 |

The Group maintains an investment risk reserve, which represents a portion of the depositors' share of profits set aside as a reserve for AED 8.8 million (2024: AED 8.7 million).



# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 17. Notes and medium term borrowings

| | | 31 December 2024 AED'000 | Net cash flow changes AED'000 | Non cash flow changes AED'000 | 31 December 2025 AED'000 |
|---|---|---|---|---|---|
| Repurchase agreements | 17.2 | 2,969,688 | **2,064,561** | **-** | **5,034,249** |
| Medium term notes | 17.3 | 3,948,475 | **-** | **-** | **3,948,475** |
| Total | | 6,918,163 | **2,064,561** | **-** | **8,982,724** |

| | | 31 December 2023 AED'000 | Net cash flow changes AED'000 | Non cash flow changes AED'000 | 31 December 2024 AED'000 |
|---|---|---|---|---|---|
| Syndicated loan | 17.1 | 623,793 | (624,410) | 617 | - |
| Repurchase agreements | 17.2 | 2,969,688 | - | - | 2,969,688 |
| Medium term notes | 17.3 | 2,111,975 | 1,836,500 | - | 3,948,475 |
| Total | | 5,705,456 | 1,212,090 | 617 | 6,918,163 |

### 17.1 Syndicated loan

In August 2019, the Group entered into a club deal of AED 624.4 million (USD 170 million) for a term of 5 years with an option to roll over on a semi-annual basis maturing in August 2024. This deal concluded in February 2024.

### 17.2 Repurchase agreements

The Group entered into multiple repurchase agreements transactions to obtain financing against the sale of certain debt securities. The repurchase agreements transactions details are as follows:

| Purchase date | Maturity date | Fixed/Floating | Amount in USD (millions) | Amount in AED (millions) |
|---|---|---|---|---|
| May-2025 | May-2027 | Floating | 295.8 | 1,086.3 |
| April-2023 | April-2028 | Floating | 249.5 | 916.5 |
| May-2025 | May-2028 | Floating | 495.3 | 1,819.3 |
| June-2025 | June-2028 | Floating | 330.0 | 1,212.1 |

As at 31 December 2025 the fair value of the debt securities, which have been pledged under these repurchase agreements with banks, amounts to AED 5,759.4 million (USD 1,568.0 million) (31 December 2024: AED 3,452.8 million (USD 940.1 million)).

## 17. Notes and medium term borrowing (Cont'd)

### 17.3 Medium term notes

| | Purchase date | Maturity date | Fixed/ Floating | Amount in USD (millions) | Amount in AED (millions) |
|---|---|---|---|---|---|
| Conventional Note | July 2021 | July 2026 | Floating | 50.0 | 183.7 |
| Conventional Note | Sept 2021 | Sept 2026 | Floating | 25.0 | 91.8 |
| Conventional Green Note | June 2023 | June 2028 | Fixed | 500.0 | 1,836.5 |
| Conventional Note | Oct 2024 | Oct 2029 | Fixed | 500.0 | 1,836.5 |

## 18. Other liabilities

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| Accrued interest payable | **1,058,221** | 1,077,148 |
| Employees' terminal benefits | **44,887** | 44,992 |
| Accounts payable | **344,227** | 708,329 |
| Accrued expenses | **251,092** | 218,244 |
| Manager cheques | **1,076,513** | 573,543 |
| Unearned fee income and deferred credits | **18,823** | 39,036 |
| Impairment allowance on financial guarantees and others | **262,936** | 318,204 |
| Current tax payable | **343,693** | 295,804 |
| Deferred tax payable | **22,762** | - |
| | **3,423,154** | 3,275,300 |

Based on the actuarial computation of employees' terminal benefits, the obligation under the defined benefit scheme is AED 44.9 million (2024: AED 45.0 million). The actuarial gain for the year ended 31 December 2025 amounting to AED 1.7 million (2024: AED 2.5 million) has been recognised directly in other comprehensive income under Actuarial gain on retirement benefits obligations.

The table below shows the movement in the employees' terminal benefits:

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| Balances as at 1 January | **44,992** | 48,522 |
| Expense during the year | **14,610** | 13,882 |
| Actuarial gain in other comprehensive income | **(1,670)** | (2,537) |
| Benefits paid and adjustments during the year | **(13,045)** | (14,875) |
| Balances as at 31 December | **44,887** | 44,992 |

## 19. Equity

### 19.1 Share capital

The fully paid up and authorised ordinary share capital as at 31 December 2025 comprised 2,985,191,949 ordinary shares of AED 1 each (31 December 2024: 2,985,191,949 shares of AED 1 each). The movement in the number of shares during the year is as follows:

| | 2025 | 2024 |
|---|---|---|
| As at the beginning of the year | **2,985,191,949** | 2,985,191,949 |
| Bonus shares issued during the year | **-** | - |
| **At the end of the year** | **2,985,191,949** | 2,985,191,949 |

### 19.2 Tier 1 capital notes

The Group had issued AED 2,203.8 million (USD 600 million) of Tier 1 Capital Securities at a price of 6% per annum on 21 October 2020. The notes are non-callable for 6 years from the issue date. The First Call Date is 21 April 2026 and are listed on Euronext Dublin and Nasdaq Dubai.



Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 19. Equity (Cont'd)

### 19.2 Tier 1 capital notes (Cont'd)

The notes are perpetual, subordinated and unsecured. The Group can elect not to pay a coupon at its own discretion. Note holders will not have a right to claim the coupon and such event will not be considered an event of default.

The accounting treatment for the securities is governed by IAS 32 Financial Instruments Presentation. As per IAS 32, the instrument qualifies as an equity instrument and the interest paid on the securities is accounted for as a deduction from retained earnings. The accounting treatment for issuing securities transaction costs are accounted for as a deduction from equity. These are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

### 19.3 Legal and statutory reserve

The Group's Article of Association in compliance with the UAE Federal Decree Law No. (6) of 2025 require a minimum of 10% of annual net profit to be transferred to non-distributable legal and statutory reserve, until such time as this reserve equals 50% of share capital. During the year AED Nil was transferred to legal and statutory reserve (2024: AED Nil) to meet the minimum legal and statutory reserve requirement. The legal and statutory reserve is not available for distribution except under the circumstances stipulated by the relevant laws.

### 19.4 General reserve

The Group's Articles of Association adopted by the General Assembly of Shareholders in its meeting held on 26 June 2016 deleted the requirement for the general reserve. Therefore, there is no requirement to transfer 10% of the annual net profit to the general reserve. The previous Group's Articles of Association, required a minimum of 10% of the annual net profit to be transferred to general reserve until such time as this reserve equals 50% of share capital. The disposition of the general reserve shall be in accordance with a resolution made by the Board of Directors.

### 19.5 Capital reserve

This reserve represents the inaugural value of land at the CBD head office. The reserve is available for distribution to the shareholders.

### 19.6 Fair value reserve

This represents the net change in the fair values of OCI investments at reporting date and actuarial changes on retirement benefits obligations. This reserve is not available for distribution to the shareholders until realised.

The reserve includes property impairment reserves amounting to AED 68.1 million (2024: 41.0 million).

### 19.7 Proposed distribution

As of the date of approving the consolidated financial statements, the Board of Directors' proposed a cash dividend of AED 0.5862 per share for the year (2024: AED 0.5074 per share).

## 20. Interest income and income from islamic financing

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| **Interest income** | | |
| Loans and advances | **5,691,427** | 5,440,347 |
| Negotiable certificates of deposit and other deposits with the Central Bank | **451,111** | 503,670 |
| Due from banks | **57,143** | 50,527 |
| Investment securities | | |
| - Debt securities at FVOCI | **254,747** | 200,183 |
| - Debt securities at amortised cost | **399,812** | 427,291 |
| | **6,854,240** | 6,622,018 |
| **Income from Islamic financing** | | |
| Murabaha and Tawaruq | **377,551** | 441,040 |
| Ijara | **424,744** | 480,855 |
| | **802,295** | 921,895 |
| **Total interest income and income from Islamic financing** | **7,656,535** | 7,543,913 |

Interest income is recognised using the effective interest rate.

# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 21. Interest expense and distribution on islamic deposits

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| **Interest expense** | | |
| Due to banks | **407,692** | 243,614 |
| Customer deposits | **2,101,935** | 2,339,955 |
| Notes and medium term borrowings | **422,443** | 513,796 |
| | **2,932,070** | 3,097,365 |
| **Profit Distribution on Islamic deposits** | | |
| Islamic customer deposits | **573,209** | 647,581 |
| **Total interest expense and distribution on Islamic deposits** | **3,505,279** | 3,744,946 |

Distribution on Islamic deposits represents the share of income allocated to Islamic depositors of the Group. The allocation and distribution are approved by the Group's Internal Sharia Supervision Committee (ISSC).

## 22. Net fees and commission income

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| Lending activities | **528,469** | 440,463 |
| Trade finance activities | **300,038** | 252,603 |
| Account operating activities | **427,243** | 410,675 |
| Cards income and brokerage fees | **428,196** | 368,148 |
| | **1,683,946** | 1,471,889 |
| Cards, commissions and brokerage expenses | **(512,547)** | (356,979) |
| | **1,171,399** | 1,114,910 |

## 23. Other operating income

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| Net gain from foreign exchange and derivatives | **334,495** | 323,207 |
| Net gain from investments at fair value through profit or loss | **3,521** | 2,703 |
| Net gain from sale of debt investments at fair value through other comprehensive income and other debt securities | **145,344** | 951 |
| Dividend income | **10,107** | 9,758 |
| Other income, net | **103,178** | 240,312 |
| | **596,645** | 576,931 |

## 24. Operating expenses

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| Depreciation and amortisation | **94,608** | 61,014 |
| General and administrative expenses | **585,381** | 566,112 |
| Staff expenses | **874,059** | 776,352 |
| | **1,554,048** | 1,403,478 |

The social contributions (including donations and charity) made during the year amount to AED 3.03 million (2024: AED 1.9 million).

## 25. Net impairment loss

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| Net impairment charge on | | |
| Due from banks | **7,881** | 1,295 |
| Investment securities | **(725)** | 6 |
| Loans and advances and Islamic financing | **698,723** | 875,046 |
| Other assets | **718** | 29,682 |
| Impairment allowance on financial guarantees and other commitments | **3,957** | 113,343 |
| Recoveries of loans and advances and Islamic financing | **(189,451)** | (257,190) |
| Net impairment loss for the year | **521,103** | 762,182 |



# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 26. Lease commitments

Group as lessee

Operating expenses include expenses related to the leases of the Group amounting to AED 5.79 million (2024: AED 7.47 million). Future minimum lease payments under non-cancellable leases as at 31 December are, as follows:

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| Less than 1 year | **8,277** | 8,273 |
| From 1 year to 5 years | **5,033** | 4,995 |
| | **13,310** | 13,268 |

## 27. Basic and diluted earnings per share

Basic earnings per share have been computed using the net profit (further adjusted for interest expense and transaction cost on Tier 1 capital notes) divided by the weighted average number of ordinary shares outstanding 2,985,191,949 (31 December 2024: 2,985,191,949).

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| Net profit for the year | **3,500,102** | 3,029,781 |
| Deduct : Interest on Tier 1 capital notes | **(132,228)** | (132,228) |
| Adjusted net profit for the year | **3,367,874** | 2,897,553 |
| Weighted average number of ordinary shares ('000) | **2,985,192** | 2,985,192 |
| Adjusted earnings per share (AED) | **1.13** | 0.97 |

Diluted earnings per share for the year ended 31 December 2025 and 31 December 2024 are equivalent to basic earnings per share as Group has not issued any financial instruments that should be taken into consideration as it would impact earnings per share when executed.

## 28. Cash and cash equivalents

Cash and cash equivalents included in these Group consolidated statement of cash flows comprise the following consolidated statement of financial position amounts.

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| Cash on hand | **951,850** | 1,093,528 |
| Statutory reserves and other deposits | **19,809,081** | 13,644,110 |
| Negotiable certificates of deposit with Central Bank of the UAE | **1,600,000** | 2,200,000 |
| Due from banks | **4,710,989** | 5,165,081 |
| | **27,071,920** | 22,102,719 |
| Less: Negotiable certificates of deposit with Central Bank of the UAE with original maturity more than three months | **(1,600,000)** | (1,600,000) |
| Less: Due from banks with original maturity of more than three months | **(3,050,467)** | (2,723,062) |
| | **22,421,453** | 17,779,657 |

## 29. Contingent liabilities and commitments

Contingent liabilities represent credit-related commitments to extend letters of credit and guarantees which are designed to meet the requirements of the Group's customers toward third parties. Undrawn commitments represent the Group's commitments towards approved un-drawn credit facilities. The amount of contingent liabilities reflected below represent the maximum accounting loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted.

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| **Contingent liabilities:** | | |
| Letters of credit | **3,540,201** | 2,748,204 |
| Letters of guarantee | **28,107,207** | 19,925,577 |
| **Total contingent liabilities** | **31,647,408** | 22,673,781 |
| **Undrawn commitments to extend credit** | **25,488,560** | 26,808,976 |
| **Capital expenditure commitments** | **216,118** | 161,458 |
| **Commitments for future private equity investments** | **45,101** | 45,101 |
| **Total contingent liabilities and commitments** | **57,397,187** | 49,689,316 |

# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 29. Contingent liabilities and commitments (Cont'd)

The maximum exposure to credit risk on unfunded exposure:

| | Stage 1 AED'000 | Stage 2 AED'000 | Stage 3 AED'000 | Total AED'000 |
|---|---|---|---|---|
| **31 December 2025** | | | | |
| Letters of credit | **3,389,844** | **143,518** | **6,839** | **3,540,201** |
| Letters of guarantee | **24,621,192** | **3,201,522** | **284,493** | **28,107,207** |
| | **28,011,036** | **3,345,040** | **291,332** | **31,647,408** |
| Undrawn commitments | **23,977,215** | **1,511,345** | **-** | **25,488,560** |
| | **51,988,251** | **4,856,385** | **291,332** | **57,135,968** |
| 31 December 2024 | | | | |
| Letters of credit | 2,595,071 | 150,190 | 2,943 | 2,748,204 |
| Letters of guarantee | 17,107,964 | 2,414,920 | 402,693 | 19,925,577 |
| | 19,703,035 | 2,565,110 | 405,636 | 22,673,781 |
| Undrawn commitments | 24,782,087 | 2,026,889 | - | 26,808,976 |
| | 44,485,122 | 4,591,999 | 405,636 | 49,482,757 |

In the normal course of business, certain litigations were filed by or against the Group. However based on management assessment, none of the litigations have a material impact on Group's financial results.

The Group seeks to comply with all applicable laws by which it is governed and is not aware of any material fines or penalties that warrant disclosure in the consolidated financial statements.

## 30. Fiduciary assets

Assets held under fiduciary capacity on behalf of clients amounted to AED 11,846.1 million (2024: AED 10,478.4 million).



# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 31. Derivatives

The following table shows the positive and negative fair values of derivative financial instruments at the reporting date, together with the notional amounts, analysed by terms to maturity. The notional amount is the value of the derivative's underlying asset and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and therefore, are neither indicative of the Group's exposure to credit risk nor market risk.

| | Positive market value AED'000 | Negative market value AED'000 | Notional amount AED'000 | Less than three months AED'000 | From three months to one year AED'000 | From one year to five years AED'000 | Over five years AED'000 |
|---|---|---|---|---|---|---|---|
| **31 December 2025** | | | | | | | |
| **Fair value hedge instruments** | | | | | | | |
| Interest Rate Swaps | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Forward foreign exchange contracts and other derivatives** | | | | | | | |
| Interest rate swaps | **292,714** | **261,562** | **31,456,917** | **5,001** | **6,375,525** | **15,930,527** | **9,145,864** |
| Foreign exchange deals | **59,375** | **77,110** | **17,385,970** | **13,855,507** | **2,959,555** | **570,908** | **-** |
| Currency options | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Interest rate options | **8,608** | **6,865** | **4,758,771** | **-** | **129,570** | **4,629,201** | **-** |
| | **360,697** | **345,537** | **53,601,658** | **13,860,508** | **9,464,650** | **21,130,636** | **9,145,864** |
| **31 December 2024** | | | | | | | |
| Fair value hedge instruments | | | | | | | |
| Interest Rate Swaps | 30 | 30 | 18,750 | - | 18,750 | - | - |
| Forward foreign exchange contracts and other derivatives | | | | | | | |
| Interest rate swaps | 480,127 | 425,382 | 27,488,928 | 559,379 | 1,756,856 | 17,067,169 | 8,105,524 |
| Foreign exchange deals | 86,817 | 80,484 | 13,899,011 | 10,466,320 | 3,432,384 | 307 | - |
| Currency options | 515 | 105 | - | - | - | - | - |
| Interest rate options | 17,271 | 15,394 | 2,648,510 | 208,000 | 622,506 | 1,649,846 | 168,158 |
| | 584,760 | 521,395 | 44,055,199 | 11,233,699 | 5,830,496 | 18,717,322 | 8,273,682 |

# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 32. Segmental reporting

The Group uses business segments for presenting its segment information, which is based on the Group's management and internal reporting structure that are regularly reviewed by the Executive Committee in order to allocate resources to the segment and to assess its performance. From time-to-time restatements are made based on business structures and combination changes. During the year, there have been no material changes to the organisation structure and the portfolio allocation to the business segments.

The business segments pay to and receive interest from the Treasury to reflect the allocation of funding costs. Interest is charged or credited to business segments and branches to match funding at transfer pricing rates which approximate the cost of funds.

| **Business segments** | |
|---|---|
| Institutional banking | Includes loan and other credit facilities, deposits, trade finance products and e-commerce solutions to institutional clients (including Government related entities). |
| Corporate banking | Includes loans, working capital financing, trade finance and deposits products to corporate (mid-sized and emerging) clients. |
| Personal banking | Includes current accounts, easy access saving accounts, fixed rate deposit accounts, personal loans, overdraft facilities, vehicle finance, mortgage products, loans and other credit facilities to small business and retail clients. It also includes the enterprise wide liabilities unit serving non-borrowing wholesale and small business clients. |
| Trading & Other | Undertakes balance sheet management deals and manages the Group's proprietary investment portfolio. It also has derivatives for trading and risk management purposes. |

**Geographical**

The Group operates in one geographic area, the United Arab Emirates.

| | Institutional banking AED'000 | Corporate banking AED'000 | Personal banking AED'000 | Trading & Other AED'000 | Total AED'000 |
|---|---|---|---|---|---|
| **31 December 2025** | | | | | |
| **Assets** | **43,853,649** | **42,883,796** | **27,480,817** | **46,089,739** | **160,308,001** |
| **Liabilities** | **52,430,028** | **23,461,849** | **46,825,569** | **18,168,087** | **140,885,533** |
| 31 December 2024 | | | | | |
| Assets | 39,510,834 | 43,874,472 | 21,266,692 | 35,523,320 | 140,175,318 |
| Liabilities | 45,121,107 | 21,716,980 | 40,837,058 | 15,075,564 | 122,750,709 |



# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 32. Segmental reporting (Cont'd)

| | Institutional banking AED'000 | Corporate banking AED'000 | Personal banking AED'000 | Trading & Other AED'000 | Total AED'000 |
|---|---|---|---|---|---|
| **31 December 2025** | | | | | |
| Net interest income and net income from Islamic financing | **963,092** | **1,293,086** | **1,773,208** | **121,870** | **4,151,256** |
| Non-interest & other income | **457,496** | **346,169** | **677,198** | **287,181** | **1,768,044** |
| Total operating income | **1,420,588** | **1,639,255** | **2,450,406** | **409,051** | **5,919,300** |
| Operating expenses | **(284,260)** | **(298,489)** | **(917,104)** | **(54,195)** | **(1,554,048)** |
| Net impairment loss | **120,668** | **(441,776)** | **(203,917)** | **3,922** | **(521,103)** |
| | **(163,592)** | **(740,265)** | **(1,121,021)** | **(50,273)** | **(2,075,151)** |
| Net profit for the year before income tax expense | **1,256,996** | **898,990** | **1,329,385** | **358,778** | **3,844,149** |
| Income tax expense | **(112,500)** | **(80,458)** | **(118,978)** | **(32,111)** | **(344,047)** |
| **Net profit for the year** | **1,144,496** | **818,532** | **1,210,407** | **326,667** | **3,500,102** |
| **31 December 2024** | | | | | |
| Net interest income and net income from Islamic financing | 926,215 | 1,271,332 | 1,484,120 | 117,300 | 3,798,967 |
| Non-interest & other income | 405,558 | 387,511 | 649,832 | 248,940 | 1,691,841 |
| Total operating income | 1,331,773 | 1,658,843 | 2,133,952 | 366,240 | 5,490,808 |
| Operating expenses | (268,007) | (314,911) | (770,142) | (50,418) | (1,403,478) |
| Net impairment loss | (58,063) | (547,911) | (87,733) | (68,475) | (762,182) |
| | (326,070) | (862,822) | (857,875) | (118,893) | (2,165,660) |
| Net profit for the year before income tax expense | 1,005,703 | 796,021 | 1,276,077 | 247,347 | 3,325,148 |
| Income tax expense | (89,277) | (72,282) | (111,322) | (22,486) | (295,367) |
| **Net profit for the year** | 916,426 | 723,739 | 1,164,755 | 224,861 | 3,029,781 |

The following is an analysis of the total operating income of each segment between income from external parties and inter-segment:

| | External parties | | Inter-segment | |
|---|---|---|---|---|
| | **2025 AED'000** | 2024 AED'000 | **2025 AED'000** | 2024 AED'000 |
| Institutional banking | **1,098,589** | 781,453 | **321,999** | 550,320 |
| Corporate banking | **2,668,785** | 2,999,301 | **(1,029,530)** | (1,340,458) |
| Personal banking | **1,531,188** | 1,032,801 | **919,218** | 1,101,151 |
| Trading & Other | **620,738** | 677,253 | **(211,687)** | (311,013) |
| Total operating income | **5,919,300** | 5,490,808 | **-** | - |

# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 33. Related party transactions and balances

As at 31 December 2025 and 31 December 2024, the Investment Corporation of Dubai ("ICD") owns 20% share capital of the Group. ICD is a wholly-owned entity by the Government of Dubai (the "Government"). The Group applies the exemption in IAS 24 Related Party Disclosures that allows to present reduced related party disclosures regarding transactions with government related parties.

The Group in the ordinary course of business enters into transactions with major shareholders, directors, key management personnel and their related entities. The terms of these transactions are approved by the Group's Board of Directors. Transactions with such related parties are made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with external customers and parties.

| | Directors and key management personnel | | Government related parties | | Other related parties | |
|---|---|---|---|---|---|---|
| | **2025 AED'000** | 2024 AED'000 | **2025 AED'000** | 2024 AED'000 | **2025 AED'000** | 2024 AED'000 |
| Due from banks | **-** | - | **183,650** | 323,460 | **-** | - |
| Loans and advances and Islamic financing | **53,184** | 69,348 | **31,800** | 207,403 | **2,113,238** | 3,327,045 |
| Investment securities, net | **-** | - | **346,599** | 554,518 | **-** | - |
| Bankers acceptances | **-** | - | **1,812** | - | **254,677** | 293,009 |
| Letters of credit | **-** | - | **7,251** | 1 | **268,552** | 267,526 |
| Letters of guarantee | **-** | - | **270,447** | 174,252 | **503,448** | 400,400 |
| Undrawn commitments to extend credit | **4,016** | 1,846 | **725,336** | 796,575 | **578,275** | 276,261 |
| Due to banks | **-** | - | **12,817** | 35,880 | **-** | - |
| Customer deposits and Islamic customer deposits | **385,698** | 183,367 | **7,193,683** | 6,325,647 | **1,631,131** | 1,255,042 |
| Interest income and commission income | **5,181** | 5,562 | **4,190** | 38,731 | **177,762** | 253,250 |
| Interest expense | **10,031** | 3,207 | **300,368** | 268,431 | **50,749** | 90,970 |
| Dividend from an associate | **-** | - | **-** | - | **13,173** | 6,653 |

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

Other related parties represent major shareholders and parties related to directors, key management personnel.

Directors' sitting fees for attending committee meetings during the year ended 31 December 2025 amounted to AED 3.8 million (2024: AED 3.2 million).

Directors' remuneration paid during the year amounted to AED 27.3 million (2024: AED 23.0 million).

| Key management compensation | **2025 AED'000** | 2024 AED'000 |
|---|---|---|
| Salaries | **30,966** | 29,214 |
| Post-employment benefits | **1,165** | 1,181 |
| Other benefits | **25,454** | 68,871 |



# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 34. Risk management objectives and policies

### 34.1 Risk governance

The Board of Directors (the "Board") has the overall responsibility for the operations and the financial stability of the Group, and ensures that the interests of shareholders, depositors, creditors, employees and other stakeholders, including the banking regulators and supervisors, are addressed. The Board is responsible for strategic direction, oversight of management and satisfying itself there are adequate controls with the ultimate objective of promoting the success and long-term value of the Group. The Board is also responsible for the overall risk governance framework, management, determining risk strategy, setting the Group's risk appetite and ensuring that risk exposure is monitored, controlled effectively and kept within set limits. Additionally, it is responsible for establishing a clearly defined risk management structure and for the approval of the risk policies and procedures as well as management of all risks related to the Group.

In order to effectively discharge this responsibility the Board is assisted by various Board Committees, namely the Board Credit & Investment Committee (BCIC), Board Strategy Committee (BSC), Board Risk and Compliance Committee (BRCC), Board Audit Committee (BAC) and the Remuneration, Nomination and Governance Committee (REMCO).

Senior Management actively manages risk, primarily through the Risk Department with oversight by the Executive Committee (EXCO), Assets & Liabilities Committee (ALCO), Credit Committee (CC), Project Investment Committee (PIC), Risk Management and Compliance Committee (RMCC), Human Resources Committee (HRC), Operational Risk Management Committee (ORMC), Sustainability Council (ESG Council), Model Oversight Committee (MOC), IFRS 9 Provisions Committee (IFRS 9 PC) and the Internal Sharia Supervision Committee (ISSC).

### 34.2 Control environment

**a) Group risk**

The Group Risk Management Department comprises of the following areas: Enterprise Risk Management, Treasury Risk, Operational Risk including Technology Risk and Business Continuity Management, Information Security Risk, Risk Governance and Sustainability, Sharia Non-Compliance Risk and Fraud Risk Management. The core responsibilities include the following:

- The upkeep of the Risk Management Framework and risk appetite in accordance with the strategic plan approved by the Board and regulatory requirements;
- Performing the Group's Internal Capital Adequacy Assessment Process (ICAAP) - including the Material Risk Identification Process - Capital Management analysis, the development of Pillar II capital assessment models and conducting Stress Testing;
- Providing the independent assessment of, and challenge to the business areas' risk management and profiles to ensure that they are maintained in a robust manner;
- Acting as a point of reference for risk and control matters, providing advice to management, sharing best practices and carrying out special reviews as directed by RMCC and the ALCO, and highlighting emerging risks.
- Conducting assurance reviews on the 1st line of defense activities including risk and control self-assessments, control testing and the appropriate adoption of risk policies.
- Providing operational resilience - protecting Group and customer information assets from cybersecurity risks and ensuring that critical functions can be maintained should a disruptive event occurs;
- Centrally managing the Group's policies to ensure timely review and approval in accordance with regulatory and internal deadlines;
- Formulating and managing the Group's Model Risk management approach, ensuring appropriate governance controls are in place and in line with internal and regulatory expectations;
- Providing independent and continuous oversight of the Credit Risk Function by ensuring Credit Risk is acquired in accordance with internal policies and regulations, and that the Bank remains within its set Credit Risk Appetite.
- Framing and introducing necessary controls to identify, assess and monitor the Group's exposure to Market Risk.

**b) Internal audit**

The role of the Internal Audit Department within the Group is to provide independent and objective assurance that the processes for identifying, evaluating and managing significant risks faced by the Group are appropriate and effectively applied. In addition, it also provides an independent assurance on the compliance with key laws and regulations and assessing compliance with the Group's policies and procedures. Additionally, Internal Audit provides consulting services which are advisory in nature, and are generally performed at the specific request of the BAC or Management.

## 34. Risk management objectives and policies (Cont'd)

### 34.2 Control environment (Cont'd)

**b) Internal audit (Cont'd)**

It is led by the Chief Internal Audit Officer who reports to the BAC of the Board of Directors, with an administrative reporting to the Chief Executive Officer of the Group.

To perform its role effectively, Internal Audit has organisational independence from management, to enable unrestricted evaluation of management activities and personnel. The Internal Audit Charter empowers it to have full, free and effective access at all reasonable times to all records, documents and employees of the Group. Internal Audit has direct access to the Chairman of the BAC and the Chief Executive Officer of the Group.

To determine whether the Internal Audit Function is functioning effectively, the BAC shall:

- Assess the appropriateness of the Internal Audit Charter;
- Assess the adequacy of resources available, both in terms of skills and funding once each year;
- Sponsor external assessments, at least once every five (5) years, by a qualified, independent external reviewer.
- Approve the terms of employment of the Chief Internal Audit Officer.
- Monitor and review the effectiveness of the Internal Audit function and the independence and objectivity of the internal auditors.

**c) Internal control**

Board of Directors and management are responsible for developing and maintaining the existence of a sound internal control system and procedures that meet international standards and fulfill the requirements of the Group's management and external regulatory bodies. The internal control system should be capable of ensuring the achievement of the following:

- Accuracy and integrity of financial and operational statements issued by the Group;
- Effectiveness and efficiency of the Group's operational activities;
- Effectiveness of measures and procedures set to safeguard the Group's assets and properties; and
- Compatibility with laws, legislations and regulations in force as well as policies pertinent to internal operational procedures.

Senior management constantly monitors and assesses the efficiency and effectiveness of internal control procedures and their ability to achieve stated objectives and their furtherance and enhancement.

The processes and responsibilities of the Internal Control functions include but are not limited to:

- Ensuring that the Group's operational policies, processes and controls are adhered to;
- Ensuring that proper internal controls are in place and that they are functioning as designed in a timely and effective manner;
- Periodic review of the Group's internal control system in order to identify areas where internal controls may be weak, not present and areas where there appear to be excessive controls resulting in operational inefficiency so as to suggest ways to rectify the same;
- Enabling the management to conduct an annual review of the efficiency of the internal control system and report its findings; and
- Monitoring of operational activities and overseeing operational controls being exercised to ensure that these are timely and effective.

**d) Compliance**

Compliance risk is defined by the Basel Committee as "the risk of legal or regulatory sanctions, financial loss, or loss to reputation that a Group may suffer as a result of its failure to comply with all applicable laws, regulations, codes of conduct and standards of good practice".

The process of monitoring compliance is an independent task which aims at ensuring that the Group, which includes the Bank and its regulated subsidiaries, operates in compliance with applicable laws, regulations, instructions, directives and circulars, issued by relevant authorities as well as prevailing market practices and ethical standards.

The Board of Directors oversees management of Compliance risk within the Group and takes necessary measures to set and promote a culture of compliance with the letter and spirit of applicable laws, rules, standards, ethical and professional conduct values when conducting the business of the Group.




# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 34. Risk management objectives and policies (Cont'd)

### 34.2 Control environment (Cont'd)


**d) Compliance (Cont'd)**

The mission and role of the Group Compliance department is to:

- Ensure Compliance risk is adequately identified, assessed, monitored and mitigated in conjunction with Business and other control functions;
- Ensure senior management and the Board are fully informed of significant compliance issues and plans for resolution;
- Implement an effective control framework to manage market conduct risk and ensure compliance with the Consumer Protection Regulation and Standards, mitigating potential regulatory and financial threats, and maintaining the Bank's integrity and reputation by treating consumers fairly and ethically.
- Ensure compliance with applicable laws, rules and regulations, and maintain proactive communication with regulatory authorities.
- Contribute to a "no surprise" compliance culture by educating and communicating compliance awareness on Compliance matters throughout the Group;
- Conduct independent reviews of selected processes and controls across the Group to ensure that key regulatory obligations are met and that key controls operate effectively;
- Develop annual compliance plans which set out compliance priorities for the Group and align compliance plans with business strategies and goals; and
- Develop frameworks and support the business in meeting applicable regulatory requirements, including Anti-Money Laundering (AML), Combatting the Financing of Terrorism (CFT), Targeted Financial Sanctions and Proliferation Financing (TFS and PF), Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS), Market Conduct and Consumer Protection requirements.

**e) Whistleblowing**

A set of arrangements has been designed to enable employees and customers to confidentially report concerns about any potential violations or misconduct, enabling the investigation and follow up of such concerns in an independent and confidential manner. Such arrangements are supervised by the Board in coordination with the senior management.

**f) Fraud risk management**

The Group's dedicated Fraud Risk Management Unit is integral to maintaining the integrity and security of its operations. This unit is tasked with identifying, detecting, and verifying potential or actual fraud incidents, as well as enhance assurance activities and ensure Fraud Risk concerns are addressed early and appropriately in project and change management processes. The overarching goal is to manage and reduce the susceptibility of the Group's assets and processes to fraud risk, while raising fraud awareness among employees, customers, and other stakeholders.

### 34.3 Disclosure policy

The Group has laid down the disclosure policy to ensure compliance with all regulations and guidelines issued by Central Bank of the UAE (CBUAE), International Financial Reporting Standards (IFRS), Securities and Commodities Authority (SCA) and Dubai Financial Market (DFM).

The following are the key features of the Group's disclosure policy concerning disclosure of financial information:

**a) Materiality thresholds**

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement, and / or any material information that might affect the share price. The Group, in order to ensure adequate disclosure lays down qualitative materiality threshold, so that no material information is omitted or misstated; at the same time it does not jeopardise its competitive position.

**b) Control framework**

In order to ensure true and fair disclosure, the Group has established controls including detailed procedures for finalisation and review of financial disclosures.

**c) Frequency and medium of disclosure**

Interim financial results are disclosed on a quarterly basis while complete consolidated financial statements complying with the requirements of IFRS, Basel III Pillar 3, relevant laws of the UAE, SCA requirement and other guidelines from CBUAE are made on annual basis. Disclosures of material non-public financial information are made as follows:

## 34. Risk management objectives and policies (Cont'd)

### 34.3 Disclosure policy (Cont'd)

**c) Frequency and medium of disclosure (Cont'd)**

- Uploading quarterly reviewed and annual audited consolidated financial statements to DFM, SCA, Nasdaq Dubai and the Group's websites;
- Management discussion and analysis in Arabic and English newspapers in a manner that ensures wide dissemination;
- Publication of the annual report which includes audited consolidated financial statements, list of names of members of the Board of Directors, senior executives and names of wholly or partially owned subsidiaries; and
- Investor's pack is presented on Group's website on a quarterly and annual basis.
- Uploading quarterly reviewed Basel III, Pillar 3 disclosures to the Group's website.

## 35. Financial risk management

**a) Introduction and overview**

Risk is inherent to the Group's business and operating activities. The Group's Risk Management Framework sets out the governance and risk management techniques to enable risk identification, assessment and the ongoing monitoring and management of each risk-type to which the Group is exposed. These activities contribute to the Group's overall financial and operational stability, performance and reputation.

As determined by the Group's Material Risk Identification Process, the main risk-types that the Group is exposed to are as follows:

- Credit (including concentration risk and residual risk)
- Market Risk and Counterparty Credit Risk
- Operational Risk (including Environmental, Social, and Governance (ESG) Risk, Cybersecurity Risk and Business Resilience Risk)
- Interest Rate Risk in the Banking Book (IRRBB)
- Strategic Risk
- Reputational Risk
- Regulatory Compliance & Financial Crime
- Market Conduct Risk
- Legal Risk
- Model Risk
- Liquidity Risk
- Real Estate Investment Risk
- Sharia Non-Compliance Risk
- Climate Risk
- Macroeconomic Risk
- Settlement Risk

The Board Risk and Compliance Committee (BRCC) is responsible for overseeing the management of risk through the Group Risk Management Framework. A key risk management technique is Risk Appetite setting that commences with the Board's articulation of accepted and tolerated levels of risk and return on an enterprise-wide basis. Other key techniques include Policies and Procedures, Internal Capital Adequacy Assessment Process, Internal Controls – including Risk and Control Assessments and Control testing, Limits and Key Risk Indicator Monitoring & Reporting and Stress Testing.

The Group's BRCC is assisted by the Risk Management and Compliance Committee (RMCC). The RMCC is responsible for monitoring compliance with the Group's Risk Management policies and procedures, including the ongoing review of the adequacy of the Risk Management Framework. The RMCC provides risk performance updates to the BRCC and recommends key risk policies for approval.

Formal RMCC sub committees are in place for certain risk categories where there is a cross risk element to the activity or by exception. The sub-committees include the Model Oversight Committee and the Operational Risk Committee.

Treasury Risk is overseen by the Asset and Liability Committee.

Environmental, Social, and Governance Risks including Climate Risk are overseen by the Sustainability Council.

All Group polices are prepared as per the requirements set out in the Policy Management Framework. Risk policies are established to manage principal risks taken, in accordance with the approved risk-appetite and typically include limits, delegations and requirements for reporting and monitoring.



Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 35. Financial risk management (Cont'd)

**a) Introduction and overview (Cont'd)**

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

**b) Credit risk**

Credit risk refers to the risk of financial loss faced by the Group due to the failure of a customer or counterparty to a financial instrument to fulfill their contractual obligations. This risk primarily arises from the Group's loans and advances, Islamic financing, other financial assets, loan commitments, financial guarantee contracts, and amounts due from banks. For reporting purposes, credit risk related to loan commitments and financial guarantee contracts is included as part of the credit risk on loans and advances and Islamic financing. From a risk management perspective, credit risk associated with investment securities held at FVPL is managed independently.

*i. Management of credit risk*

Credit Committee (CC) manages the credit risk of the Group by continuous review and update of the following:

- Overseeing implementation of credit and lending strategies within approved risk and policy frameworks.
- Periodically reviewing credit policy and portfolio, considering bank objectives and external changes.
- Reviewing and deciding on credit applications within delegated authority.
- Recommending credit applications above authority level to the Board Credit & Investment Committee (BCIC) for final decision.
- Regularly assessing the quality and performance of the credit portfolio.
- Reviewing and revising strategies for classified accounts as needed.
- Overseeing management of credit concentration risks.
- Approving CCO's delegation of approval authority to qualified individuals.
- Reviewing risks from new strategies, products, or terms affecting the credit portfolio.
- Submitting periodic updates to the BCIC as required.
- Delegating authority to subcommittees and assigning special responsibilities as needed.

Furthermore, The Group had established an independent Credit Risk Assurance Unit (CRAU) function under the purview of the Chief Risk Officer (CRO), as required by the Credit Risk Management Regulation with a primary role to protect the Group from credit risks that are inconsistent with the Risk Appetite and policies. CRAU is responsible for defining and maintaining credit risk policies to monitor and review credit risk throughout the credit facility lifecycle. It ensures that credit risk is identified, measured, reported, mitigated and remains within the Bank's Risk Appetite. Additionally, it reviews material defaulted credit facilities and provides regular updates to senior management and the board. The CRAU unit does not participate in decision making related to credit risk.

*ii. Internal credit risk ratings*

In order to effectively manage credit risk, the Group has developed and maintains a credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk increases. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored, and the credit risk grade is updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure.

The following data are typically used to monitor the customer risk profile:

- Financial statement analysis;
- Payment record and ageing analysis;
- Extent of utilisation of granted limit;
- Forbearances (both requested and granted);
- Changes in business, financial and economic conditions;

## 35. Financial risk management (Cont'd)

**b) Credit risk (Cont'd)**

*ii. Internal credit risk ratings (Cont'd)*

- Credit rating information supplied by external rating agencies;
- For retail exposures: internally and externally generated data of customer behaviour, affordability metrics etc.; and
- For corporate exposures: information obtained by periodic review of customer files including audited financial statements review and where available changes in the business sector the customer operates in etc.

The Group uses credit risk grades as a primary input into the determination of the probability of default (PD) for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading.

The Group analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include macro-economic data such as Economic Composite Index (ECI), Oil price per barrel (OPB), hotel occupancy and house prices. The Group generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

The Group uses different criteria to determine whether credit risk has increased significantly for each obligor. The criteria used are both quantitative changes in PDs as well as qualitative.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group has monitoring procedures in place to make sure that the criteria used to identify significant increase in credit risk are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted. The Group performs periodic testing of its ratings to consider whether the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

Loss Given Default is the loss expected to arise on default, incorporating the impact of forward-looking economic assumptions where relevant, which represents the difference between the contractual cash flows due and those that the Group expects to receive. The Group estimates LGD based on history of recovery rates and considers the valuation of any collateral that is integral to the financial asset, considering forward-looking economic assumptions where relevant.

*iii. Measurement of ECL*

As explained in note 3.1.1 (e), the Group measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk. However, for financial instruments such as credit cards and overdraft facilities that include both a loan and an undrawn commitment component, the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. For such financial instruments the Group measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period. However, the Group does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are cancelled only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance to terminate a loan commitment or guarantee.

*iv. Restructured loans*

Loans with renegotiated terms are defined as loans that have been restructured due to a deterioration in the borrower's financial position (Distressed Restructuring), for which the Group has made concessions by agreeing to terms and conditions that are more favorable for the borrower than the Group had provided initially and that it would not otherwise consider. A loan continues to be presented as part of loans with renegotiated terms until maturity, early repayment or write-off. Management continuously monitors the progress on renegotiated loans to ensure compliance with the terms at all times.




# Notes to the Group consolidated financial statements

For the year ended 31 December 2025


## 35. Financial risk management (Cont'd)

**b) Credit risk (Cont'd)**

*v. Exposure to credit risk*

The Group measures its exposure to credit risk by reference to gross carrying amount of financial assets less interest suspended and expected credit allowances, if any.

| | Stage 1 AED'000 | Stage 2 AED'000 | Stage 3 AED'000 | Total AED'000 |
|---|---|---|---|---|
| **31 December 2025** | | | | |
| **Due from banks** | | | | |
| Performing | **4,284,004** | **426,986** | **-** | **4,710,990** |
| Expected credit losses allowance | **(4,066)** | **(6,854)** | **-** | **(10,920)** |
| **Net carrying amount** | **4,279,938** | **420,132** | **-** | **4,700,070** |
| **Loans and advances** | | | | |
| Performing | **92,315,852** | **8,579,443** | **-** | **100,895,295** |
| Non-performing | **-** | **-** | **4,484,258** | **4,484,258** |
| Expected credit losses allowance | **(594,611)** | **(776,481)** | **(2,959,489)** | **(4,330,581)** |
| **Net carrying amount** | **91,721,241** | **7,802,962** | **1,524,769** | **101,048,972** |
| 31 December 2024 | | | | |
| Due from banks | | | | |
| Performing | 4,891,442 | 273,639 | - | 5,165,081 |
| Expected credit losses allowance | (1,207) | (1,832) | - | (3,039) |
| Net carrying amount | 4,890,235 | 271,807 | - | 5,162,042 |
| Loans and advances | | | | |
| Performing | 83,571,894 | 9,396,369 | - | 92,968,263 |
| Non-performing | - | - | 5,325,634 | 5,325,634 |
| Expected credit losses allowance | (437,901) | (880,341) | (3,927,060) | (5,245,302) |
| Net carrying amount | 83,133,993 | 8,516,028 | 1,398,574 | 93,048,595 |

# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 35. Financial risk management (Cont'd)

**b) Credit risk (Cont'd)**

*v. Exposure to credit risk (Cont'd)*

The stage 1 and stage 2 are performing loans having credit risk grading 1 – 19 while stage 3 are predominantly non-performing loans having grades 20 – 22, or other uncured indicators of default.

The borrower risk ratings are mapped into the following buckets as below:

| | Stage 1 AED'000 | Stage 2 AED'000 | Stage 3 AED'000 | Total AED'000 |
|---|---|---|---|---|
| **31 December 2025** | | | | |
| **Loans and advances and Islamic financial, net** | | | | |
| 1-10 (Strong Credit Risk ratings) | **16,767,144** | **195,446** | **-** | **16,962,590** |
| 11-14 (Good Credit Risk ratings) | **66,472,689** | **3,038,473** | **-** | **69,511,162** |
| 15-19 (Moderate to Weaker Credit Risk ratings) | **9,076,019** | **5,345,524** | **-** | **14,421,543** |
| 20 - 22 (Default non-performing loans) | **-** | **-** | **4,484,258** | **4,484,258** |
| **Gross loans and advances and Islamic financing** | **92,315,852** | **8,579,443** | **4,484,258** | **105,379,553** |
| Expected credit losses | **(594,611)** | **(776,481)** | **(2,959,489)** | **(4,330,581)** |
| **Net loans and advances and Islamic financing** | **91,721,241** | **7,802,962** | **1,524,769** | **101,048,972** |
| 31 December 2024 | | | | |
| **Loans and advances and Islamic financial, net** | | | | |
| 1-10 (Strong Credit Risk ratings) | 15,552,249 | 528,176 | - | 16,080,425 |
| 11-14 (Good Credit Risk ratings) | 60,415,170 | 1,689,107 | - | 62,104,277 |
| 15-19 (Moderate to Weaker Credit Risk ratings) | 7,604,475 | 7,179,086 | - | 14,783,561 |
| 20 - 22 (Default non-performing loans) | - | - | 5,325,634 | 5,325,634 |
| **Gross loans and advances and Islamic financing** | 83,571,894 | 9,396,369 | 5,325,634 | 98,293,897 |
| Expected credit losses | (437,901) | (880,341) | (3,927,060) | (5,245,302) |
| **Net loans and advances and Islamic financing** | 83,133,993 | 8,516,028 | 1,398,574 | 93,048,595 |

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

The CBUAE has issued its IFRS 9 guidance addressing various implementation challenges and practical implications for Banks adopting IFRS 9 in the UAE ("the guidance").

Pursuant to clause 9.21 of the guidance, the reconciliation between general and specific provision under Circular 3/2024 of CBUAE and IFRS 9 is as follows:

| Allowances for impairment losses: General | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| General provisions under Circular 3/2024 of CBUAE | **1,618,868** | 1,480,195 |
| Less: Stage 1 and Stage 2 provisions under IFRS 9 | **1,644,805** | 1,497,035 |
| General provision transferred to the impairment reserve* | **-** | - |

*In the case where provisions under IFRS 9 exceed provisions under CBUAE, no amount shall be transferred to the impairment reserve.

Provisions had been modelled and aligned with the Credit Risk Management in compliance with the Credit Risk Management Regulation and accompanying standards Circular No. 3/2024 issued by Central Bank of UAE and dated 25 July 2024.



# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 35. Financial risk management (Cont'd)

**b) Credit risk (Cont'd)**

*vii. Allowances for impairment*

As discussed above in the significant increase in credit risk section, under the Group's monitoring procedures, a significant increase in credit risk is identified before the exposure has defaulted and at the latest when the exposure becomes 30 days past due. This is the case mainly for loans and advances to customers and more specifically for retail lending exposures because for corporate lending and other exposures there is more borrower-specific information available which is used to identify significant increase in credit risk.

Assets carried at fair value through profit or loss are not subject to ECL, as the measure of fair value reflects the credit quality of each asset.

The Group monitors concentrations of its impaired loans by sector and by geographic location. An analysis of concentrations of impaired (excluding restructured / under restructuring) loans by sector is shown below:

| | Impaired loans AED'000 | Collateral AED'000 | Specific provision and interest in suspense AED'000 |
|---|---|---|---|
| **31 December 2025** | | | |
| Manufacturing | **546,111** | **209,438** | **431,103** |
| Construction | **805,320** | **238,134** | **661,836** |
| Real estate | **962,675** | **850,086** | **458,486** |
| Trade | **51,124** | **21,764** | **31,285** |
| Transportation and storage | **2** | **-** | **2** |
| Services | **723,716** | **533,154** | **439,258** |
| Hospitality | **283,980** | **167,972** | **197,165** |
| Financial and insurance activities | **8,936** | **8,936** | **89** |
| Personal - mortgage | **766,512** | **520,659** | **473,862** |
| Personal - schematic | **84,890** | **55,995** | **37,453** |
| Individual loans for business | **21,619** | **14,191** | **14,774** |
| Others | **229,373** | **-** | **214,176** |
| Total carrying amount | **4,484,258** | **2,620,329** | **2,959,489** |
| 31 December 2024 | | | |
| Manufacturing | 410,425 | 257,912 | 258,077 |
| Construction | 1,766,469 | 299,373 | 1,655,093 |
| Real estate | 1,220,393 | 961,036 | 705,982 |
| Trade | 53,529 | 13,408 | 47,128 |
| Transportation and storage | 9,784 | - | 9,783 |
| Services | 417,532 | 117,583 | 346,257 |
| Hospitality | 349,980 | 194,078 | 235,441 |
| Financial and insurance activities | 16,648 | 16,439 | 3,058 |
| Personal - mortgage | 120,985 | 114,996 | 60,784 |
| Personal - schematic | 829,213 | 665,154 | 441,079 |
| Individual loans for business | 21,790 | 14,386 | 19,019 |
| Others | 108,886 | 1,013 | 145,359 |
| Total carrying amount | 5,325,634 | 2,655,378 | 3,927,060 |

# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 35. Financial risk management (Cont'd)

**b) Credit risk (Cont'd)**

*vii. Allowances for impairment (Cont'd)*

All impaired loans are located in one geographic area i.e. the United Arab Emirates. The value of collateral is restricted to lower of loan exposure or realisable value of the collateral.

The gross carrying value of unfunded exposures pertaining to impaired loans amounted to AED 359.4 million (2024: AED 406.4 million).

*viii. Write - off policy*

The Group writes off a loan / investment in debt security in full or in part when the Board Risk and Compliance Committee (BRCC) determines that the relevant loan / security is uncollectible in full or in part. This determination is typically reached after monetisation of all available collateral and a detailed validation that the borrower's / issuer's financial position such that the borrower / issuer can no longer pay the residual obligation or proceeds from collateral will not be sufficient to pay back the entire exposure and all possible efforts of collecting the amounts have been exhausted.

For smaller balances of standardised retail loans, write-off decisions are generally based on a product-specific past due status.

*ix. Collateral*

The Group holds collateral against loans and advances in the form of cash, guarantees, mortgages and liens over properties or other securities over assets. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are subsequently monitored and updated on a periodic basis. Generally, collateral is not held against debt securities and amounts due from banks and no such collateral was held on 31 December 2025 or 2024.

Analysis of collateral by type is presented in the following table:

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| Pledged deposits | **1,937,337** | 1,788,858 |
| Properties | **37,386,697** | 36,841,162 |
| Mortgages | **904,190** | 1,144,213 |
| Pledge of shares | **1,614,378** | 1,450,440 |
| Bank guarantees | **503,332** | 234,851 |
| Gold | **83,895** | 93,711 |
| Total collaterals | **42,429,829** | 41,553,235 |

The above represents collateral value restricted to the lower of loan balance or collateral value.



# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 35. Financial risk management (Cont'd)

**b) Credit risk (Cont'd)**

*x. Concentration*

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The following tables set out the concentration of credit risk by sector, geography and currency.

**Concentration of credit risk by sector for 2025:**

| | Loans and advances and Islamic financing AED'000 | Due from banks AED'000 | Debt securities AED'000 | Equity securities and fund of funds AED'000 | Cash, balances with Central Bank and other assets AED'000 | Total funded exposures AED'000 | Undrawn commitments AED'000 | Acceptances and contingent liabilities AED'000 |
|---|---|---|---|---|---|---|---|---|
| Manufacturing | **10,426,803** | **-** | **276,029** | **-** | **-** | **10,702,832** | **2,146,214** | **1,786,385** |
| Construction | **3,581,103** | **-** | **-** | **-** | **-** | **3,581,103** | **2,088,594** | **18,936,309** |
| Real estate | **17,314,529** | **-** | **-** | **-** | **-** | **17,314,529** | **2,799,958** | **2,534,517** |
| Trade | **10,451,076** | **-** | **-** | **-** | **-** | **10,451,076** | **5,786,644** | **11,402,631** |
| Transportation and storage | **2,824,828** | **-** | **17,420** | **-** | **-** | **2,842,248** | **444,857** | **103,943** |
| Services | **7,067,328** | **-** | **54,722** | **53,885** | **-** | **7,175,935** | **1,303,332** | **1,318,872** |
| Hospitality | **1,714,723** | **-** | **-** | **-** | **-** | **1,714,723** | **596,599** | **79,772** |
| Financial and insurance activities | **10,690,988** | **4,710,990** | **1,241,389** | **159,715** | **126,113** | **16,929,195** | **2,442,182** | **1,389,882** |
| Government entities | **5,775,186** | **-** | **17,505,962** | **-** | **21,409,081** | **44,690,229** | **257,403** | **3,010** |
| Personal - mortgage | **20,254,597** | **-** | **-** | **-** | **-** | **20,254,597** | **175,284** | **-** |
| Personal - schematic | **5,588,981** | **-** | **-** | **-** | **-** | **5,588,981** | **5,331,622** | **897** |
| Individual loans for business | **816,024** | **-** | **-** | **-** | **-** | **816,024** | **455,096** | **2,954** |
| Others | **8,873,387** | **-** | **1,050,027** | **-** | **4,341,405** | **14,264,819** | **1,660,775** | **2,108,802** |
| **Total carrying amount** | **105,379,553** | **4,710,990** | **20,145,549** | **213,600** | **25,876,599** | **156,326,291** | **25,488,560** | **39,667,974** |

# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 35. Financial risk management (Cont'd)

**b) Credit risk (Cont'd)**

*x. Concentration (Cont'd)*

Concentration of credit risk by sector for 2024:

| | Loans and advances and Islamic financing AED'000 | Due from banks AED'000 | Debt securities AED'000 | Equity securities and fund of funds AED'000 | Cash, balances with Central Bank and other assets AED'000 | Total funded exposures AED'000 | Undrawn commitments AED'000 | Acceptances and contingent liabilities AED'000 |
|---|---|---|---|---|---|---|---|---|
| Manufacturing | 8,887,163 | - | 311,224 | - | - | 9,198,387 | 1,825,769 | 1,431,697 |
| Construction | 4,566,934 | - | - | - | - | 4,566,934 | 1,013,009 | 12,451,026 |
| Real estate | 17,820,829 | - | - | - | - | 17,820,829 | 3,130,206 | 1,615,574 |
| Trade | 10,727,374 | - | - | - | - | 10,727,374 | 5,967,992 | 9,565,032 |
| Transportation and storage | 3,438,512 | - | 16,416 | - | - | 3,454,928 | 772,027 | 93,153 |
| Services | 6,962,960 | - | 107,173 | 59,655 | - | 7,129,788 | 1,310,095 | 1,136,206 |
| Hospitality | 2,454,666 | - | - | - | - | 2,454,666 | 1,212,453 | 125,603 |
| Financial and insurance activities | 8,389,802 | 5,165,081 | 3,118,256 | 294,445 | 118,278 | 17,085,862 | 3,447,833 | 1,380,540 |
| Government entities | 4,033,999 | - | 9,248,575 | - | 15,844,110 | 29,126,684 | - | 33,707 |
| Personal - mortgage | 16,129,441 | - | - | - | - | 16,129,441 | 139,369 | - |
| Personal - schematic | 5,755,091 | - | - | - | - | 5,755,091 | 5,457,516 | 812 |
| Individual loans for business | 865,933 | - | - | - | - | 865,933 | 465,264 | 799 |
| Others | 8,261,193 | - | 1,434,747 | - | 4,191,693 | 13,887,633 | 2,067,443 | 1,769,993 |
| Total carrying amount | 98,293,897 | 5,165,081 | 14,236,391 | 354,100 | 20,154,081 | 138,203,550 | 26,808,976 | 29,604,142 |



# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 35. Financial risk management (Cont'd)

**b) Credit risk (Cont'd)**

*x. Concentration (Cont'd)*

Concentration of credit risk by geographic location for 2025:

| | **Loans and advances and Islamic financing AED'000** | **Due from banks AED'000** | **Debt securities AED'000** | **Equity securities and fund of funds AED'000** | **Cash, balances with Central Bank and other assets AED'000** | **Total funded exposures AED'000** | **Undrawn commitments AED'000** | **Acceptances and contingent liabilities AED'000** |
|---|---|---|---|---|---|---|---|---|
| UAE | **80,354,899** | **15,243** | **14,162,795** | **53,885** | **25,876,599** | **120,463,421** | **21,432,771** | **33,397,772** |
| GCC | **9,536,801** | **548,173** | **2,063,804** | **-** | **-** | **12,148,778** | **1,287,390** | **827,409** |
| Middle East | **3,221,915** | **555,720** | **165,130** | **108,789** | **-** | **4,051,554** | **257,696** | **327,956** |
| Europe | **4,268,197** | **920,406** | **185,762** | **1,980** | **-** | **5,376,345** | **1,717,131** | **2,467,286** |
| USA | **209,710** | **594,650** | **2,301,174** | **1,531** | **-** | **3,107,065** | **73,208** | **7,635** |
| Asia | **2,377,364** | **1,460,533** | **1,032,298** | **-** | **-** | **4,870,195** | **206,373** | **2,286,894** |
| Others | **5,410,667** | **616,265** | **234,586** | **47,415** | **-** | **6,308,933** | **513,991** | **353,022** |
| **Total carrying amount** | **105,379,553** | **4,710,990** | **20,145,549** | **213,600** | **25,876,599** | **156,326,291** | **25,488,560** | **39,667,974** |
| Concentration of credit risk by geographic location for 2024: | | | | | | | | |
| UAE | 80,265,219 | 249,981 | 9,216,324 | 172,822 | 20,154,081 | 110,058,427 | 23,033,889 | 23,954,817 |
| GCC | 7,217,503 | 1,171,518 | 1,366,905 | - | - | 9,755,926 | 2,281,825 | 933,790 |
| Middle East | 1,504,158 | 1,143,829 | 17,516 | 114,178 | - | 2,779,681 | 281 | 493,899 |
| Europe | 4,094,322 | 565,509 | 462,476 | 1,480 | - | 5,123,787 | 1,044,195 | 1,988,341 |
| USA | 297,316 | 1,409,916 | 984,152 | 2,265 | - | 2,693,649 | 59 | 790,450 |
| Asia | 1,540,646 | 142,278 | 1,679,491 | - | - | 3,362,415 | 347,986 | 1,197,561 |
| Others | 3,374,733 | 482,050 | 509,527 | 63,355 | - | 4,429,665 | 100,741 | 245,284 |
| Total carrying amount | 98,293,897 | 5,165,081 | 14,236,391 | 354,100 | 20,154,081 | 138,203,550 | 26,808,976 | 29,604,142 |

## 35. Financial risk management (Cont'd)

**b) Credit risk (Cont'd)**

*x. Concentration (Cont'd)*

Concentration of credit risk by currency for 2025:

| | Loans and advances and Islamic financing AED'000 | Due from banks AED'000 | Debt securities AED'000 | Equity securities and fund of funds AED'000 | Cash, balances with Central Bank and other assets AED'000 | Total funded exposures AED'000 | Undrawn commitments AED'000 | Acceptances and contingent liabilities AED'000 |
|---|---|---|---|---|---|---|---|---|
| AED | **66,283,075** | **7** | **9,655,515** | **53,885** | **25,053,489** | **101,045,971** | **18,434,474** | **23,792,736** |
| Other currencies* | **39,096,478** | **4,710,983** | **10,490,034** | **159,715** | **823,110** | **55,280,320** | **7,054,086** | **15,875,238** |
| **Total carrying amount** | **105,379,553** | **4,710,990** | **20,145,549** | **213,600** | **25,876,599** | **156,326,291** | **25,488,560** | **39,667,974** |
| Concentration of credit risk by currency for 2024: | | | | | | | | |
| AED | 65,984,044 | 250,008 | 5,933,773 | 59,655 | 19,622,656 | 91,850,136 | 18,997,921 | 17,209,811 |
| Other currencies* | 32,309,853 | 4,915,073 | 8,302,618 | 294,445 | 531,425 | 46,353,414 | 7,811,055 | 12,394,331 |
| Total carrying amount | 98,293,897 | 5,165,081 | 14,236,391 | 354,100 | 20,154,081 | 138,203,550 | 26,808,976 | 29,604,142 |

*Majority of assets denominated in other currencies are in USD to which AED is pegged.




# Notes to the Group consolidated financial statements

For the year ended 31 December 2025


## 35. Financial risk management (Cont'd)

**c) Settlement risk**

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of the counterparty to honour its obligations to deliver cash, securities or other assets as contractually due. Delays in settlement are rare and are monitored through a framework of limits.

For certain types of transactions, the Group mitigates this risk by conducting settlements through a settlement / clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process described above. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals from the Wholesale Credit Department.

**d) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or other financial assets. Liquidity risk is the inability to meet obligations as they become due. This risk includes the inability to liquidate assets at reasonable prices and in the required timeframe. Liquidity risk can be caused by market disruptions or idiosyncratic events which may cause certain sources of funding to diminish.

*i. Management of liquidity risk*

Liquidity risk is managed by the Treasury and Asset and Liability management (ALM) department in line with regulations, internal policies and guidelines. The Group's approach to managing liquidity risk is to ensure that it has adequate funding from diversified sources at all times to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage of the Group's reputation.

Funds are raised using a broad range of instruments including customers' deposits, medium term borrowings, repurchase agreements, money market instruments, subordinated debts and capital. The Treasury and ALM department monitors the liquidity profile of financial assets and liabilities and the projected cash flows arising from existing and future business. Treasury maintains a portfolio of short-term liquid assets and inter-bank placements to ensure that sufficient liquidity is maintained. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and abnormal market conditions.

The Group's liquidity management process, as carried out within the Group and monitored by Group's Treasury, includes:

- Day to day funding is managed by monitoring future cash flows to ensure that requirements can be met including replenishment of funds as they mature or are borrowed by customers. The Group maintains an active presence in global money markets to facilitate funding activities;
- Maintenance of a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Managing balance sheet liquidity ratios against internal and regulatory requirements;
- Managing the concentration and profile of funding maturities; and
- Maintaining repurchase arrangements with various Banks to allow for the Bank to 'Repo' fixed income investments to meet any liquidity needs that may arise.

*ii. Exposure to liquidity risk*

The key measure used by the Group for measuring liquidity risk is the Advances to Stable Resources ratio (ASRR) (regulatory ratio) which is 83.14% as at 31 December 2025 (2024: 86.58%). In addition, the Group also uses the following ratios / information on a continuous basis for measuring liquidity risk:

- Eligible Liquid Assets ratio (ELAR) to total assets ratio;
- Net Loans to Deposits ratio (LDR); and
- Basel III ratios (including LCR and NSFR) are also monitored internally and by the ALCO and Board Risk and Compliance Committee (BRCC).

The following table summarises the maturity profile of the Group's assets and liabilities based on the contractual repayment arrangements. This profile does not take into account the effective maturities as indicated by the Group's deposit retention history. The contractual maturities of assets and liabilities have been determined on the basis of the residual period at the report date to the contractual maturity date.

# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 35. Financial risk management (Cont'd)

**d) Liquidity risk (Cont'd)**

*ii. Exposure to liquidity risk (Cont'd)*

The maturity profile of the assets and liabilities at 31 December 2025 was as follows:

| | Total AED'000 | Less than 1 month AED'000 | From 1 to 3 months AED'000 | From 3 months to 1 year AED'000 | From 1 to 5 years AED'000 | Over 5 years AED'000 | No Fixed Maturity AED'000 |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and balances with Central Bank | **22,360,931** | **13,651,642** | **400,000** | **1,200,000** | **-** | **-** | **7,109,289** |
| Due from banks, net | **4,700,070** | **1,649,603** | **73,460** | **775,609** | **2,201,398** | **-** | **-** |
| Investment securities, net | **20,359,144** | **819,836** | **3,486,599** | **6,742,078** | **4,738,976** | **4,571,655** | **-** |
| Loans and advances and Islamic financing, net | **101,048,972** | **10,546,250** | **11,418,175** | **13,099,401** | **26,177,000** | **39,808,146** | **-** |
| Positive mark to market value of derivatives | **360,697** | **9,585** | **21,721** | **40,416** | **98,101** | **190,874** | **-** |
| Bankers acceptances | **8,020,566** | **262,124** | **767,739** | **6,687,981** | **302,722** | **-** | **-** |
| Investment in associate | **126,113** | **-** | **-** | **-** | **-** | **-** | **126,113** |
| Investment properties | **173,700** | **-** | **-** | **-** | **-** | **-** | **173,700** |
| Property and equipment | **940,634** | **-** | **-** | **-** | **-** | **-** | **940,634** |
| Other assets, net | **2,217,174** | **1,571,676** | **-** | **-** | **-** | **-** | **645,498** |
| **Total assets** | **160,308,001** | **28,510,716** | **16,167,694** | **28,545,485** | **33,518,197** | **44,570,675** | **8,995,234** |
| **Liabilities and equity** | | | | | | | |
| Due to banks | **8,760,512** | **462,746** | **3,322,511** | **1,193,725** | **3,781,530** | **-** | **-** |
| Customer deposits and Islamic customer deposits | **111,353,040** | **71,160,314** | **11,245,274** | **28,910,096** | **33,955** | **3,401** | **-** |
| Notes and medium term borrowings | **8,982,724** | **-** | **-** | **275,475** | **8,707,249** | **-** | **-** |
| Negative mark to market value of derivatives | **345,537** | **9,655** | **36,804** | **42,062** | **86,195** | **170,821** | **-** |
| Due for trade acceptances | **8,020,566** | **262,124** | **767,739** | **6,687,981** | **302,722** | **-** | **-** |
| Other liabilities | **3,423,154** | **3,378,267** | **-** | **-** | **-** | **-** | **44,887** |
| **Total liabilities** | **140,885,533** | **75,273,106** | **15,372,328** | **37,109,339** | **12,911,651** | **174,222** | **44,887** |
| **Gap representing equity** | **19,422,468** | **(46,762,390)** | **795,366** | **(8,563,854)** | **20,606,546** | **44,396,453** | **8,950,347** |



# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 35. Financial risk management (Cont'd)

**d) Liquidity risk (Cont'd)**

*ii. Exposure to liquidity risk (Cont'd)*

The maturity profile of the assets and liabilities at 31 December 2024 was as follows:

| | Total AED'000 | Less than 1 month AED'000 | From 1 to 3 months AED'000 | From 3 months to 1 year AED'000 | From 1 to 5 years AED'000 | Over 5 years AED'000 | No Fixed Maturity AED'000 |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and balances with Central Bank | 16,937,638 | 7,743,528 | 800,000 | 450,000 | - | - | 7,944,110 |
| Due from banks, net | 5,162,042 | 3,260,391 | 513,557 | 209,673 | 1,178,421 | - | - |
| Investment securities, net | 14,590,424 | 2,742,569 | 784,092 | 4,442,643 | 4,877,282 | 1,743,838 | - |
| Loans and advances and Islamic financing, net | 93,048,595 | 8,021,208 | 10,907,202 | 12,076,997 | 34,609,821 | 27,433,367 | - |
| Positive mark to market value of derivatives | 584,760 | 18,885 | 14,214 | 62,352 | 219,717 | 269,592 | - |
| Bankers acceptances | 6,930,361 | 288,211 | 1,008,813 | 5,179,189 | 8,190 | 445,958 | - |
| Investment in associate | 118,278 | - | - | - | - | - | 118,278 |
| Investment properties | 241,124 | - | - | - | - | - | 241,124 |
| Property and equipment | 589,765 | - | - | - | - | - | 589,765 |
| Other assets, net | 1,972,331 | 1,278,195 | - | - | - | - | 694,136 |
| **Total assets** | 140,175,318 | 23,352,987 | 14,027,878 | 22,420,854 | 40,893,431 | 29,892,755 | 9,587,413 |
| **Liabilities and equity** | | | | | | | |
| Due to banks | 7,542,023 | 1,045,506 | 791,937 | 2,655,630 | 3,048,950 | - | - |
| Customer deposits and Islamic customer deposits | 97,563,467 | 58,844,055 | 13,195,092 | 25,074,827 | 440,165 | 9,328 | - |
| Notes and medium term borrowings | 6,918,163 | - | - | - | 6,918,163 | - | - |
| Negative mark to market value of derivatives | 521,395 | 56,087 | 2,235 | 29,679 | 207,668 | 225,725 | - |
| Due for trade acceptances | 6,930,361 | 288,211 | 1,008,813 | 5,179,189 | 8,190 | 445,958 | - |
| Other liabilities | 3,275,300 | 3,230,308 | - | - | - | - | 44,992 |
| **Total liabilities** | 122,750,709 | 63,464,167 | 14,998,077 | 32,939,325 | 10,623,136 | 681,011 | 44,992 |
| **Gap representing equity** | 17,424,609 | (40,111,181) | (970,199) | (10,518,471) | 30,270,295 | 29,211,744 | 9,542,421 |

# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 35. Financial risk management (Cont'd)

**d) Liquidity risk (Cont'd)**

*ii. Exposure to liquidity risk (Cont'd)*

The table below shows the maturity of the Group's contingent liabilities and credit commitments:

| | Total AED'000 | Less than 1 month AED'000 | From 1 to 3 months AED'000 | From 3 months to 1 year AED'000 | From 1 to 5 years AED'000 | Over 5 years AED'000 |
|---|---|---|---|---|---|---|
| **31 December 2025** | | | | | | |
| Contingent liabilities | **31,647,408** | **1,265,215** | **2,106,417** | **4,105,013** | **5,880,948** | **18,289,815** |
| Credit commitments | **25,488,560** | **6,957,425** | **1,093,426** | **2,418,181** | **4,334,315** | **10,685,213** |
| **Total** | **57,135,968** | **8,222,640** | **3,199,843** | **6,523,194** | **10,215,263** | **28,975,028** |
| 31 December 2024 | | | | | | |
| Contingent liabilities | 22,673,781 | 616,813 | 1,509,515 | 3,613,452 | 4,086,349 | 12,847,652 |
| Credit commitments | 26,808,976 | 6,207,610 | 1,814,489 | 3,028,011 | 5,469,155 | 10,289,711 |
| Total | 49,482,757 | 6,824,423 | 3,324,004 | 6,641,463 | 9,555,504 | 23,137,363 |

Due to the nature of the contingent liabilities and credit commitment, it is possible that the guarantees and commitments could be called in the less than one month bucket, being the earliest period in which the guarantees could be called, and commitments could be drawn. Behavioral maturity is materially aligned with contractual dates.



# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 35. Financial risk management (Cont'd)

**d) Liquidity risk (Cont'd)**

*ii. Exposure to liquidity risk (Cont'd)*

The tables below show undiscounted contractual cash flows on the Group's financial liabilities:

| | Total AED'000 | Less than 1 month AED'000 | From 1 to 3 months AED'000 | From 3 months to 1 year AED'000 | From 1 to 5 years AED'000 |
|---|---|---|---|---|---|
| **31 December 2025** | | | | | |
| Due to banks | **9,178,079** | **468,864** | **3,344,102** | **1,231,819** | **4,133,294** |
| Customer deposits and Islamic customer deposits | **112,134,377** | **71,189,664** | **11,318,841** | **29,130,838** | **495,034** |
| Notes and medium term borrowings | **10,078,626** | **-** | **-** | **282,543** | **9,796,083** |
| Due for trade acceptances | **8,020,566** | **262,124** | **767,739** | **6,687,981** | **302,722** |
| Other liabilities | **659,029** | **659,029** | **-** | **-** | **-** |
| **Total liabilities** | **140,070,677** | **72,579,681** | **15,430,682** | **37,333,181** | **14,727,133** |
| 31 December 2024 | | | | | |
| Due to banks | 7,993,477 | 1,047,849 | 797,813 | 2,757,736 | 3,390,079 |
| Customer deposits and Islamic customer deposits | 98,338,518 | 58,868,140 | 13,294,861 | 25,233,515 | 942,002 |
| Notes and medium term borrowings | 7,961,528 | - | - | - | 7,961,528 |
| Due for trade acceptances | 6,930,361 | 288,211 | 1,008,813 | 5,179,189 | 454,148 |
| Other liabilities | 1,010,601 | 1,010,601 | - | - | - |
| Total liabilities | 122,234,485 | 61,214,801 | 15,101,487 | 33,170,440 | 12,747,757 |

## 35. Financial risk management (Cont'd)

**e) Market risk**

Market Risk is the risk of losses arising from movements in market prices. Market risk comes from a number of factors, particularly changes to market variables including, but not limited to, interest rates, credit spreads, exchange rates, equity prices, commodity prices, and implied volatilities. The Group is exposed to market risk through its participation in trading, investment, and asset/liability management activities. Trading activities involve taking positions on various instruments such as bonds, shares, currencies, commodities, or derivative financial instruments. The Group is exposed to non-trading market risk through its asset/liability management and investment portfolios.

*i. Governance*

The Market risk management policy governs global market risk management across the Group. The policy is approved by the Board Risk and Compliance Committee (BRCC). It sets out the principles for managing market risk and the framework that defines risk measures, control and monitoring activities, market risk limits, and reporting of breaches.

Limits and governance structure are in place to manage market risk which are consistent with the Group's Risk Appetite framework.

The BRCC sets the risk appetite pertaining to market risk which translates into risk limits which are closely monitored by Group Risk Management, reported daily to senior management and discussed monthly by the ALCO.

The Group separates its exposure to market risk between trading and non-trading portfolios with overall responsibility vested with the ALCO. The Group Risk Management department is responsible for the development of detailed risk management policies and for the day-to-day implementation, subject to review and approval by the ALCO.

*ii. Assessment and management of market risk*

Group Risk Management Group uses a variety of risk measures to estimate the size of potential losses due to market risk. The Group's risk measures include Value-at-Risk (VaR), sensitivity metrics and stress test analysis.

Additionally, a comprehensive set of limits is applied to market risk measures, and these limits are monitored and reported on a regular basis. Instances when limits are exceeded are reported to the appropriate management level. The risk profiles of the Group's operations remain consistent with its risk appetite and the resulting limits, and are monitored and reported to traders, management of the applicable business unit, senior executives, and Board committees.

*iii. Investment portfolio*

The Group has an investment portfolio of liquid securities for strategic and liquidity management purposes. These investments carry market risk, credit risk, liquidity risk, and concentration risk.

In line with the IFRS9, the transactions pertaining to this portfolio are either classified as amortised cost or fair value through other comprehensive income (FVOCI).

The investment governance framework sets out the guiding principles and general management standards that must be followed by all parties involved. Under the framework, the Board of Directors through the Board Risk and Compliance Committee (BRCC) approves and sets risk appetite for the investment portfolio in terms of size, returns and risk. The investment portfolio is managed directly by the Treasury and risk limits are closely monitored by market risk and reported regularly to ALCO.

Group Risk Management Group applies different risk measures including Value-at-Risk (VaR), sensitivity metrics and stress test analysis. The risk reports are shared with ALCO and BRCC on a regular basis.

*iv. Exposure to interest rate risk – non trading portfolio*

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 the risk principally through measuring and monitoring interest rate gaps, Economic Value of Equity (EVE) and Net Interest Income (NII) sensitivity as well as DV01 for the entire balance sheet. The Group Risk Management Department monitors compliance with these Interest rate risk measures against approved limits on a regular basis and is responsible for reporting breaches if any, to senior management. ALCO review reports monthly.


# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 35. Financial risk management (Cont'd)


**e) Market risk (Cont'd)**

*iv. Exposure to interest rate risk – non trading portfolio (Cont'd)*

The following is the impact of interest rate movement on net interest income:

| | 2025 Net interest income | | 2024 Net interest income | |
|---|---|---|---|---|
| | 50 bps AED'000 | 100 bps AED'000 | 50 bps AED'000 | 100 bps AED'000 |
| Upward Parallel Shift | **66,554** | **158,146** | 41,002 | 94,492 |
| Downward Parallel Shift | **(113,867)** | **(206,585)** | (62,468) | (118,055) |

A summary of the Group's interest rate sensitivity position based on contractual re-pricing arrangements or maturity dates, whichever dates are earlier is as follows:

| | Non-interest bearing AED'000 | Less than 3 months AED'000 | From 3 to 6 months AED'000 | From 6 months to 1 year AED'000 | Over 1 Year AED'000 | Total AED'000 |
|---|---|---|---|---|---|---|
| **31 December 2025** | | | | | | |
| **Assets** | | | | | | |
| Cash and balances with Central Bank | **8,060,931** | **13,100,000** | **1,200,000** | **-** | **-** | **22,360,931** |
| Due from banks, net | **1,649,603** | **2,137,100** | **761,046** | **152,321** | **-** | **4,700,070** |
| Investment securities, net | **213,600** | **4,145,191** | **4,046,096** | **2,695,981** | **9,258,276** | **20,359,144** |
| Loans and advances and Islamic financing, net | **153,677** | **71,125,206** | **6,943,535** | **3,005,032** | **19,821,522** | **101,048,972** |
| Positive mark to market value of derivatives | **360,697** | **-** | **-** | **-** | **-** | **360,697** |
| Bankers acceptances | **8,020,566** | **-** | **-** | **-** | **-** | **8,020,566** |
| Investment in associate | **126,113** | **-** | **-** | **-** | **-** | **126,113** |
| Investment properties | **173,700** | **-** | **-** | **-** | **-** | **173,700** |
| Property and equipment | **940,634** | **-** | **-** | **-** | **-** | **940,634** |
| Other assets, net | **2,217,174** | **-** | **-** | **-** | **-** | **2,217,174** |
| **Total assets** | **21,916,695** | **90,507,497** | **12,950,677** | **5,853,334** | **29,079,798** | **160,308,001** |
| **Liabilities** | | | | | | |
| Due to banks | **334,559** | **3,450,698** | **367,300** | **826,425** | **3,781,530** | **8,760,512** |
| Customer deposits and Islamic customer deposits | **43,740,174** | **38,669,084** | **16,113,168** | **12,796,200** | **34,414** | **111,353,040** |
| Notes and medium term borrowings | **-** | **-** | **-** | **275,475** | **8,707,249** | **8,982,724** |
| Negative mark to market value of derivatives | **345,537** | **-** | **-** | **-** | **-** | **345,537** |
| Due for trade acceptances | **8,020,566** | **-** | **-** | **-** | **-** | **8,020,566** |
| Other liabilities | **3,423,154** | **-** | **-** | **-** | **-** | **3,423,154** |
| **Total liabilities** | **55,863,990** | **42,119,782** | **16,480,468** | **13,898,100** | **12,523,193** | **140,885,533** |
| Interest rate sensitivity gap | **(33,947,295)** | **48,387,715** | **(3,529,791)** | **(8,044,766)** | **16,556,605** | **19,422,468** |
| Cumulative interest rate sensitivity gap | **(33,947,295)** | **14,440,420** | **10,910,629** | **2,865,863** | **19,422,468** | |
| **Represented by equity** | | | | | | **19,422,468** |

# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 35. Financial risk management (Cont'd)

**e) Market risk (Cont'd)**

*iv. Exposure to interest rate risk – non trading portfolio (Cont'd)*

| | Non-interest bearing AED'000 | Less than 3 months AED'000 | From 3 to 6 months AED'000 | From 6 months to 1 year AED'000 | Over 1 Year AED'000 | Total AED'000 |
|---|---|---|---|---|---|---|
| 31 December 2024 | | | | | | |
| **Assets** | | | | | | |
| Cash and balances with Central Bank | 9,037,638 | 7,900,000 | - | - | - | 16,937,638 |
| Due from banks, net | 1,788,693 | 2,018,802 | 36,730 | 760,623 | 557,194 | 5,162,042 |
| Investment securities, net | 354,033 | 3,172,628 | 4,014,805 | 427,838 | 6,621,120 | 14,590,424 |
| Loans and advances and Islamic financing, net | 1,421,627 | 53,891,143 | 9,176,143 | 3,172,177 | 25,387,505 | 93,048,595 |
| Positive mark to market value of derivatives | 584,760 | - | - | - | - | 584,760 |
| Bankers acceptances | 6,930,361 | - | - | - | - | 6,930,361 |
| Investment in associate | 118,278 | - | - | - | - | 118,278 |
| Investment properties | 241,124 | - | - | - | - | 241,124 |
| Property and equipment | 589,765 | - | - | - | - | 589,765 |
| Other assets, net | 1,972,331 | - | - | - | - | 1,972,331 |
| **Total assets** | 23,038,610 | 66,982,573 | 13,227,678 | 4,360,638 | 32,565,819 | 140,175,318 |
| **Liabilities** | | | | | | |
| Due to banks | 48,044 | 1,789,399 | 183,650 | 2,471,980 | 3,048,950 | 7,542,023 |
| Customer deposits and Islamic customer deposits | 34,383,205 | 37,672,177 | 14,863,032 | 10,204,862 | 440,191 | 97,563,467 |
| Notes and medium term borrowings | - | - | - | - | 6,918,163 | 6,918,163 |
| Negative mark to market value of derivatives | 521,395 | - | - | - | - | 521,395 |
| Due for trade acceptances | 6,930,361 | - | - | - | - | 6,930,361 |
| Other liabilities | 3,275,300 | - | - | - | - | 3,275,300 |
| **Total liabilities** | 45,158,305 | 39,461,576 | 15,046,682 | 12,676,842 | 10,407,304 | 122,750,709 |
| Interest rate sensitivity gap | (22,119,695) | 27,520,997 | (1,819,004) | (8,316,204) | 22,158,515 | 17,424,609 |
| Cumulative interest rate sensitivity gap | (22,119,695) | 5,401,302 | 3,582,298 | (4,733,906) | 17,424,609 | |
| Represented by equity | | | | | | 17,424,609 |

Non-interest bearing loans and advances and Islamic financing, net comprises of stage 3 loans.

Overall interest rate risk positions are managed by the Treasury and ALM, which uses investment securities, advances to banks, deposits from banks and derivative instruments to manage the overall position arising from the Group's activities. Interest rate risks are assumed by ALM from the businesses through fund transfer pricing process.

**Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Transactional foreign currency exposures represent exposure on banking assets and liabilities, denominated in currencies other than the functional currency of the transacting entity.

The Market risk management policy is designed to prevent the holding of significant open positions in foreign currencies outside the trading portfolio managed by the Group. Exposures are monitored through open-currency position limits and VaR, within the risk appetite set by the Board.

Positions are closely monitored by the Market Risk Department and hedging strategies are used to ensure positions are maintained within established limits.



# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 35. Financial risk management (Cont'd)

**e) Market risk (Cont'd)**

*iv. Exposure to interest rate risk – non trading portfolio (Cont'd)*

At 31 December, the Group had the following significant net exposures denominated in foreign currencies:

| Currencies | Net spot Position AED'000 | Forward Position AED'000 | Net exposure 2025 AED'000 | Net exposure 2024 AED'000 |
|---|---|---|---|---|
| US Dollar | **8,632,731** | **(1,347,676)** | **7,285,055** | 2,011,942 |
| GCC currencies | **(80,033)** | **82,911** | **2,878** | 110,872 |
| Great Britain Pound | **500,751** | **(499,950)** | **801** | (620) |
| Japanese Yen | **5,741** | **19** | **5,760** | 3,135 |
| Euro | **2,650,590** | **(2,638,452)** | **12,138** | (992) |
| Others | **21,637** | **(9,565)** | **12,072** | (74,939) |

**f) Equity risk**

The Group has defined in its trading book policy the instruments which the Group is allowed to trade. A limited trading activity takes place in the equity market, monitored by Group Risk Management and in line with ALCO recommendations. Daily stop loss limits as well as portfolio notional limits are monitored daily and reported to senior management. In addition, the Group has classified an equity portfolio as FVOCI.

**Analysis of equity portfolio:**

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| **Publicly traded (quoted):** | | |
| Equity (note 9) | **52,355** | 59,655 |
| **Privately held (unquoted):** | | |
| Unquoted equity instruments and fund (note 9) | **161,245** | 294,445 |
| **Total** | **213,600** | 354,100 |

**Analysis of gains or (losses) on equity investments:**

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| Unrealised (loss) / gain | **(25,744)** | 19,683 |

**g) Operational risk**

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. This includes legal risk but excludes strategic and reputational risk. The Bank manages operational risk under its Risk Management Framework and Operational Risk Policy and Standards, which are approved by the Board and reviewed periodically to ensure alignment with regulatory requirements and industry best practices.

The Bank applies a three lines of defense model to ensure robust operational risk governance. The first line of defense consists of business units that are responsible for identifying, assessing, and managing operational risks within their processes. The second line is the Operational Risk Management function, which provides oversight, sets standards, and challenges risk assessments. The third line is Internal Audit, which offers independent assurance on the effectiveness of controls and governance. This structure ensures accountability and transparency across all levels of the organisation.

The Bank has a well-established governance structure, led by an active Board of Directors and supported by an experienced executive management team. Risk oversight is centralized through a series of executive and senior risk management committees that ensure effective decision-making and accountability.

The Board Risk & Compliance Committee (BRCC) is responsible for overseeing the overall management of risk through the Bank's Risk Management Framework, which includes risk culture, risk appetite, risk identification and assessment, and risk management techniques. The BRCC approves key risk policies, frameworks, and the annual ICAAP, including stress testing results, and escalates any material risk issues to the Board when necessary.

## 35. Financial risk management (Cont'd)

**g) Operational risk (Cont'd)**

The Risk Management & Compliance Committee (RMCC), chaired by the Chief Risk Officer (CRO), provides strategic and tactical guidance in managing the Bank's risk profile in line with the risk appetite set by the BRCC. It monitors compliance with risk policies and ensures the adequacy of the risk management framework.

The Operational Risk Management Committee (ORMC), also chaired by the CRO, focuses on operational risk. It recommends risk appetite for operational risk, approves policies within its delegation, and maintains oversight of operational risk incidents. It reviews business lines and functions to address residual risks and escalates high Operational risks/issues to the BRCC.

At the business and functional level, the Risk Management Forum ensures that operational risks are identified, assessed, managed, and monitored. It also ensures adherence to relevant policies and risk appetite and escalates issues to higher committees when required.

To identify and assess operational risks, the Bank uses a combination of tools. Risk and Control Self-Assessments (RCSA) are conducted periodically to evaluate inherent and residual risks across key processes. Key Risk Indicators (KRIs) are monitored to provide early warning signals of potential risk exposures, while scenario analysis is applied to assess the impact of extreme but plausible events on the Bank's operations. These tools enable proactive risk management and timely mitigation. The ORM Standard was approved this year to provide clarity to Business and Functions on how these tools should be operationalised in day-to-day management operational risk management.

All operational risk events, including near misses, are systematically captured in a centralised Operational Risk Event Database. This database ensures consistency in classification, root cause analysis, and impact assessment. Each event undergoes a structured review process to identify underlying process, system, or control failures through root cause analysis. Corrective actions are assigned with clear timelines and accountability, and lessons learned are shared across business units to prevent recurrence. Regular reporting is a key component of the Bank's operational risk governance. Reports provided to senior management and the Board Risk Committee include analysis of event trends such as frequency, severity, and causal factors, as well as updates on KRIs highlighting areas of increasing risk exposure. The Operational Risk team also conducts control effectiveness reviews to assess mitigation measures and remediation progress. Emerging risks from technology, regulatory changes, or external events are continuously identified as part of the RCSA exercise.

The Bank maintains a comprehensive Business Continuity and Operational Resilience framework designed to ensure that critical services remain available during disruptions, whether caused by technology failures, natural disasters, or external events. This framework encompasses documented business continuity plans maintained by each business unit, regular disaster recovery testing of IT systems and infrastructure to validate recovery capabilities, and deployment of redundant systems, data replication, and failover mechanisms to ensure uninterrupted service delivery. Crisis management protocols provide a structured escalation process and communication plan to manage incidents effectively and maintain stakeholder confidence. Remote working capability is supported through secure remote access and collaboration tools, which are tested periodically for resilience. Cybersecurity measures real-time threat monitoring, penetration testing, and employee awareness programs to safeguard against cyber threats.

The Bank maintains a robust Information Security Management System (ISMS) certified to ISO/IEC 27001 and aligned with leading regulatory and industry standards, including the UAE Information Assurance framework, SWIFT Customer Security Controls Framework (CSCF), and Payment Card Industry Data Security Standard (PCI DSS). Through comprehensive policies, governance frameworks, and advanced security controls, the Bank ensures the confidentiality, integrity, and availability of its information assets, with a strong focus on protecting customer data and privacy, preventing financial loss, and maintaining full regulatory compliance while proactively mitigating information security risks.



Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 36. Capital management

### 36.1 Regulatory capital

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

- Safeguard the Group's ability to continue as a going concern and optimise returns for shareholders;
- Comply with regulatory capital requirements 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 level of capital on shareholders' return is also recognised and the Group recognises 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 and quantifies its Regulatory and Risk / Economic Capital requirements within its integrated ICAAP Framework. Risks such as Interest Rate Risk in the Banking Book, Concentration Risk, Strategic Risk, Legal and Compliance Risk, Stress Risk, Insurance Risk and Reputational Risk are all part of the ICAAP.

The Group also calculates the Risk Adjusted Return on Capital (RAROC) for credit applications that are priced on a risk-adjusted basis. RAROC calculations are also built into the Credit Appraisal System.

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

The Group's capital base is divided into three main categories, namely CET1, AT1 and Tier 2 (T2), depending on their characteristics.

- CET1 capital is the highest quality form of capital, comprising share capital, legal, statutory and other reserves, fair value reserve, retained earnings, after deductions for intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes under 'CBUAE' guidelines.
- AT1 capital comprises eligible non-common equity capital instruments.
- Tier 2 capital comprises of collective provision which shall not exceed 1.25% of total credit risk weighted assets.

The CBUAE issued Basel III capital regulations, which came into effect from 1 February 2017 introducing minimum capital requirements at three levels, namely Common Equity Tier 1 ('CET1'), Additional Tier 1 ('AT1') and Total Capital. The minimum capital adequacy requirements as set out by Central Bank of the UAE are as follows:

- Minimum Common Equity tier 1 (CET 1) ratio of 7% of risk weighted assets (RWAs).
- Minimum tier 1 ratio of 8.5% of RWAs.
- Total Capital Adequacy Ratio (CAR) of 10.5% of RWAs.

Additional capital buffers (Capital Conservation Buffer (CCB) and Countercyclical Capital Buffer (CCyB) - maximum up to 2.5% for each buffer) introduced over and above the minimum CET1 requirement of 7%.

The Group has complied with all the externally imposed capitalrequirements.

# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 36. Capital management (Cont'd)

### 36.2 Capital resources and adequacy

The table below summarises the composition of regulatory capital and the ratios of the Group as per BASEL III guidelines and has complied with all the externally imposed capital requirements to which it is subject. As per Central Bank of the UAE regulation for Basel III, the capital requirement as at 31 December 2025 is 13% inclusive of capital conservation buffer of 2.5%. The Group has also applied the standards issued vide its circular dated 12 November 2020 and 30 December 2022 by the CBUAE which includes additional Guidance on the topics of Credit Risk, Market Risk, Operational Risk, Equity Investment in Funds (EIF), Counter Party Credit Risk (CCR) and Credit Value Adjustment (CVA). The Standards support the implementation of the "Regulations re Capital Adequacy" (Circular 52/2022).

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| **Common equity tier 1 (CET1) capital** | | |
| Share capital | **2,985,192** | 2,985,192 |
| Legal and statutory reserve | **1,492,596** | 1,492,596 |
| General reserve and other reserves | **1,366,663** | 1,366,663 |
| Retained earnings | **9,922,630** | 8,312,504 |
| Accumulated other comprehensive income | **(288,898)** | (461,360) |
| IFRS transitional arrangement | **-** | 91,791 |
| | **15,478,183** | 13,787,386 |
| Regulatory deductions and adjustments | **(531,107)** | (300,742) |
| **Total CET1 capital** | **14,947,076** | 13,486,644 |
| | | |
| Additional tier 1 (AT1) Capital (note 19.2) | **2,203,800** | 2,203,800 |
| **Tier 1 capital** | **17,150,876** | 15,690,444 |
| **Tier 2 capital** | | |
| Eligible general provision | **1,349,056** | 1,233,496 |
| **Tier 2 capital** | **1,349,056** | 1,233,496 |
| | | |
| **Total regulatory capital** | **18,499,932** | 16,923,940 |
| **Risk weighted assets (RWA)** | | |
| Credit risk | **107,924,516** | 98,679,694 |
| Market risk | **1,053,734** | 1,136,166 |
| Operational risk | **10,217,522** | 8,900,597 |
| **Risk weighted assets** | **119,195,772** | 108,716,457 |
| | | |
| **CET1 ratio** | **12.54%** | 12.41% |
| | | |
| **Tier 1 ratio** | **14.39%** | 14.43% |
| **Tier 2 ratio** | **1.13%** | 1.14% |
| **Capital adequacy ratio** | **15.52%** | 15.57% |

The Capital adequacy ratio calculation is after netting off the proposed dividend distribution from the capital base.



# Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 36. Capital management (Cont'd)

### 36.2 Capital resources and adequacy (Cont'd)

**Risk Weighted capital requirement**

The Group has adopted the standardised approach for credit risk and market risk and basic indicator approach for operational risk for regulatory reporting purposes. The Group's risk weighted capital requirement for credit, market and operational risk are given below:

*i. Risk weights for credit risk*

The Group has a diversified funded and unfunded credit portfolio. The exposures are classified as per the Standard Portfolio approach mentioned under Central Bank of the UAE Basel III Capital Adequacy Framework covering the standardised approach for credit risk. The descriptions of the counterparty classes along with the risk weights used to derive the risk weighted assets are as follows:

- **Funded exposure**

*Claims on sovereigns*

These pertain to exposures to governments and their central banks. Claims on central banks and sovereigns are risk weighted in accordance with their ratings from acceptable external credit assessment institutions (ECAIs). Exposure to the Federal Government and Emirates Government receives 0% risk weight, if such exposures are denominated and funded in AED or USD. A 0% risk weight is applied to exposures to GCC sovereigns and their central banks only if these exposures are denominated and funded in the domestic currency of that sovereign and the Supervisory authority of that sovereign has adopted such preferential treatment for exposures to its own sovereign and central bank.

*Claims on non-commercial public sector entities (PSEs) and government related enterprises (GRE)*

Non-Commercial PSEs that are acknowledged by the Central Bank is treated in the same as Claims on Bank. Exposure to all other PSEs that are not included on the Central Bank's list must be treated like exposures to corporates.

Claims on government related entities (entities with greater than 50% government ownership) are risk weighted in accordance with ratings from acceptable ECAIs. Risk weight of 100% is applied on claims on unrated government related entities.

*Claims on multilateral development banks (MDBs)*

All MDBs are risk weighted in accordance with each bank's credit rating except for those members listed in the World Bank Group which are risk weighted at 0%.

*Claims on banks*

Claims on banks are risk weighted based on the ratings assigned to them by external rating agencies, however, short term claims were assigned to have more favorable risk weighting.

No claim on an unrated bank would receive a risk weight lower than that applied to claims on its sovereign of incorporation.

*Claims on corporate*

Claims on corporate are risk-weighted in accordance with ratings from acceptable ECAIs. Risk weight of 100% is applied on claims on unrated corporate.

For unrated exposures to Small and Medium-sized Entities (SME) that do not meet the criteria of regulatory retail portfolio, an 85% risk weight is applied.

*Claims on regulatory retail portfolio*

Retail claims that are included in the regulatory retail portfolio (including SME) are assigned risk weights of 75% (except for those assets that are past due loans), if they meet the criteria mentioned in Central Bank of the UAE Basel III guidelines.

*Claims secured by residential property*

A preferential risk weight of 35% was applied on claims that did not exceed AED 10 million to a single borrower and the claim was secured by residential property with LTV of up to 85%. If the two criteria cannot be definitively established or met, then if the exposure meets the criteria for regulatory retail claims then a 75% risk weight applies. Other claims secured on residential property were risk weighted 100%.

*Claims secured by commercial real estate*

100% risk weight was applied on claims secured by commercial property.

*Past due loans*

The unsecured portion of any loan (other than a qualifying residential mortgage loan) that is past due for more than 90 days, net of specific provisions (including partial write-offs), is risk weighted as follows:

## 36. Capital management (Cont'd)

### 36.2 Capital resources and adequacy (Cont'd)

**Risk Weighted Capital Requirement (Cont'd)**

*Past due loans (Cont'd)*

- 150% risk weight when specific provisions are less than 20% of the outstanding amount of loan;
- 100% risk weight when specific provisions are greater than 20% of the outstanding amount of loan.

In the case of residential mortgage, when such loans are past due for more than 90 days it is risk weighted at 100%. All other assets are classified between 'assets under higher-risk categories' and 'others'; and risk weighted at the prescribed risk weights.

**• Unfunded exposure**

For credit-related contingent items, the nominal value is converted to an exposure through the application of Credit Conversions Factors (CCF). CCF is at 20%, 50% or 100% depending on the type of contingent item and is used to convert off balance sheet notional amounts into an equivalent on balance sheet exposure.

Undrawn commitments to extend credit represent commitments that have not been drawn down or utilised at the reporting date. The nominal amount provides the calculation base to which the CCF is applied for calculating the exposure. CCF range between 20% and 50% for commitment with original maturity of up to one year and over one year respectively and 0% CCF is applicable for commitments which can be unconditionally cancelled at any time.

**• Equity Investments in Funds (EIF)**

For all equity investments by banks in all types of funds that are held in the banking book (in-scope equity positions), the RWA is calculated as if the bank held the fund's exposures directly rather than indirectly through investment in the fund. The Group has used a hierarchy of three successive approaches i.e. Look-through approach (LTA), Mandate-based approach (MBA) and Fall-back approach (FBA) with varying degrees of risk sensitivity and conservatism, as required in the standards. Further, leverage adjustment to RWA is also incorporated to reflect a fund's leverage appropriately as described in the standards.

**• Credit Valuation Adjustment (CVA)**

The Group has adopted the standardised approach for calculating risk-weighed assets for CVA risk. The process followed by the Group is as follows:

- Exposure at Default (EAD) is calculated based on the Counterparty Credit Risk (CCR) standard.
- Single Name Exposure (SNE) for each counterparty is calculated by multiplying the EAD by the Supervisory Discount Factor (DF) for each netting set.
- Capital is calculated using the formula applicable for Banks.

The final calculation performed is to multiply the capital by 12.5 to derive at the CVA RWA.

*ii. Risk weights for market risk*

Capital requirement for market risk is calculated using standardised approach. The capital requirement for market risk is analysed into capital requirement for interest rate risk, equity risk, foreign exchange risk and option risk.

*iii. Risk weight for operation risk*

Capital requirement for operational risk is calculated using basic indicator approach. This capital charge was computed using basic indicator approach by multiplying the three years average gross income by a predefined alpha factor.

## 37. Group consolidated income tax

The major components of income tax expense for the year ended 31 December 2025 are:

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| **Corporation income tax** | | |
| For the year | **344,047** | 295,367 |
| | | |
| **Tax recognised in Statement of other Comprehensive Income** | | |
| Tax in other comprehensive income | **(270)** | 628 |
| Deferred tax in other comprehensive income | **22,762** | - |



Notes to the Group consolidated financial statements

For the year ended 31 December 2025

## 37. Group consolidated income tax (Cont'd)

The standard rate of corporation tax applied to reported profits is 9% (2024: 9%).

The Group's consolidated effective tax rate in the year ended 31 December 2025 is 8.95% (31 December 2024: 8.88%). The reconciliation of profit before tax is presented below:

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| Net Profit for the year before income tax expense | **3,844,149** | 3,325,148 |
| Tax at the company domestic rate of 9% (FY 2024: 9%) | **345,973** | 299,263 |
| Tax effect of income not taxable in determining taxable profit | **(2,391)** | (4,099) |
| Tax effect of expenses that are not deductible in determining taxable profit | **436** | 46 |
| Other adjustments | **29** | 157 |
| **Tax expense for the year** | **344,047** | 295,367 |
| Effective Tax Rate | **8.95%** | 8.88% |

| | 2025 AED'000 | 2024 AED'000 |
|---|---|---|
| **Statement of Other Comprehensive Income** | | |
| **Current Tax** | | |
| Items that will not be reclassified subsequently to profit or loss: | | |
| Actuarial gain on retirement benefits obligations | **150** | 228 |
| Net change in fair value of equity investments (or instruments) at fair value through other comprehensive income | **(420)** | 400 |
| **Deferred tax** | | |
| Items that may be subsequently reclassified to profit or loss: | | |
| Net change in fair value of debt investments (or instruments) at fair value through other comprehensive income | **22,762** | - |
| Total income tax recognised directly in equity | **22,492** | 628 |

## 38. Pillar 2

The UAE has issued Cabinet Decision No (142) of 2024 that implements a Domestic Minimum Top-up Tax (DMTT). The DMTT will apply to Multinational Enterprises ("MNEs") that are within scope of Pillar Two based on the Organisation for Economic Cooperation and Development (OECD) Global Anti-Base Erosion ("GloBE") Model Rules. These rules will be imposed in cases where the MNE's effective tax rate ("ETR") in the UAE is below 15%. Management has assessed that CBD does not qualify as an MNE group under the UAE Pillar Two rules. Therefore, there are no related Pillar Two implications for the fiscal year ending December 31, 2025.

## 39. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in these consolidated financial statements, the effect of which is considered immaterial.

# 03
# Sustainability


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# Chairman's Message

I am proud to present Commercial Bank of Dubai's annual sustainability report, which showcases the Bank's sustainability commitments, practices, and progress.

In recent years, the United Arab Emirates (UAE) has emerged as a global leader in sustainability. A significant milestone was the UAE's leadership in achieving the landmark UAE Consensus reached at COP28 in Dubai. Since its COP Presidency, the UAE has continued to convene world leaders on critical issues impacting people and planet. In 2025, the UAE hosted the International Union for Conservation of Nature (IUCN) World Conservation Congress in Abu Dhabi, and this year, the country will co-host the United Nations Water Conference alongside the Republic of Senegal.

The UAE has established ambitious strategies and plans to turn commitment into action, notably the UAE Green Agenda 2030, Net Zero 2050 Strategy, and National Biodiversity Strategy 2031. This clear vision set by the nation's leaders has paved the road for progress – the Mohammed bin Rashid Al Maktoum Solar Park is one of the largest in the world and half of the country's goal to plant 100 million mangroves by 2030 has been achieved.

In May 2025, the country became the first in the Middle East to require companies to measure and reduce their greenhouse gas emissions to mitigate climate change effects. Shortly thereafter, the Central Bank of the UAE (CBUAE) released its Climate-related Financial Risk Management Regulation to promote climate resilience across the UAE's financial sector.

In 2025, CBD continued to make progress on key initiatives to respond to the impacts of CBD's operations on society and the environment and the impact of external factors on CBD's shareholder value. We are proud of the progress made on these initiatives, but we are equally cognisant that 2025 was only another mile in our journey and the work must continue.

*All organisations in the UAE have a role to play in progressing the UAE's vision for a more sustainable future. As the Bank backing the nation's ambitions, the Commercial Bank of Dubai (CBD) remains committed to operating our business in alignment with the UAE's efforts towards sustainable and inclusive development. We do this by empowering and uniting our people and local communities, and supporting our customers as they navigate the challenges ahead.*

As we reflect on the Year of Community, we are reminded that we go further when we go together "Hand in Hand." Community collaboration and alignment are crucial to the sustainability of the planet for our future generations. I look forward to more engagement with all our stakeholders as we progress our sustainability agenda and honour our commitments.

Thank you to our shareholders, customers, employees, and the communities we serve for your loyalty and faith in us.

**H.E. Ahmad Abdulkarim Julfar**
Chairman

# Message from the CEO

Sustainability is an important component of CBD's business strategy and long-term planning. During 2025, we continued to embed sustainability across our business and to prioritise sustainability initiatives that matter most to our stakeholders where we are positioned to deliver the greatest impact. Some of the highlights from 2025 are as follows:

- We continued to grow our sustainable finance portfolio and achieved over 50% of our sustainable finance commitment made at COP28.
- We issued our second Green Bond Allocation and Impact Report, which highlighted the continued full allocation of our Green Bond and the avoidance of 432,552 $tCO_2e$ per year.
- We increased our collaboration with development finance institutions to mobilise capital to achieve environmental and social objectives in Emerging Markets and Developing Economies.
- We rolled out enhanced environmental and social due diligence for wholesale lending and conducted sustainability risk training for our front-office and credit teams.
- We launched our First-time Home Buyer Programme in collaboration with the Dubai Department of Economy and Tourism and Dubai Land Department to make home ownership more accessible.
- We planted 104 mangroves in partnership with Goumbook on behalf of customers of our GreenGrowth Account, making a positive contribution to national commitments to carbon sequestration and resilience.
- We continued to elevate customer experience and satisfaction by reimagining service delivery, transforming our contact centres, and embracing a service excellence mindset across the Bank.
- We welcomed our first female leader to the Bank's Executive Committee.
- We advanced our commitment to carbon neutrality by 2030 by achieving LEED Platinum for our City Centre Al Zahia branch and preparing to install solar panels at two of our primary locations in 2026.
- We improved our ESG ratings with enhanced sustainability disclosures.
- We were awarded the Dubai Chambers of Commerce ESG Label and Majra Gold Impact Seal in recognition of our sustainability and CSR practices and achievements for the second year.

Our sustainability journey continues to be governed by our Sustainability Council, with regular updates presented to the Bank's Board of Directors. I am proud of our continued progress in 2025 and aware that the pace of change must be maintained.

We celebrate the UAE's steadfast commitment to climate action and the clear direction set forth through the UAE's Federal Decree-Law on the Reduction of Climate Change Effects and the CBUAE's Climate-related Financial Management Regulation, which both came into effect this year. As the Bank that is backing the UAE's ambitions, we remain committed to ensuring that CBD continues to provide unwavering support to the UAE as it delivers on its goals.

**Dr. Bernd van Linder**
Chief Executive Officer



# About this Report

## Purpose

The CBD 2025 Sustainability Report complements our 2025 Annual Report and Corporate Governance Report, providing additional information on our sustainability strategy, management approach, and performance in 2025, as well as our plans and ambitions for 2026. With this report, we aim to provide transparency to our stakeholders on how we effectively manage material sustainability risks and opportunities to safeguard the long-term success of our business. We also aim to highlight the externalities associated with the Bank's activities. In doing so, we not only outline how we are managing sustainability issues that could affect our financial performance, but also how the Bank's activities are impacting the environment and society. We remain on a journey to embed sustainability into the core of how we operate. This report reflects what we have achieved so far and sets out what is yet to come.




2025 Annual Report




2025 Corporate Governance Report

## Scope

The report covers the Commercial Bank of Dubai PSC and all its material subsidiaries. The information and data presented in this report represent activities that occurred during the period from 1 January 2025 to 31 December 2025, unless stated otherwise.

## Reporting Standards

This report was prepared in accordance with the national and local reporting standards, including the Dubai Financial Market ESG reporting guidelines and the UAE Securities and Commodities Authority (SCA) sustainability disclosure requirements. In addition, the CBUAE Sustainability-related Disclosure Principles, Global Reporting Initiative Standards, United Nations Sustainable Development Goals (UN SDGs), and International Financial Reporting Standards (IFRS) Sustainability Standards have all informed our disclosures.

# CBD at a Glance
## Banking on a Sustainable Future

## Our Story

For over 50 years, CBD has had the privilege of serving the people and corporations of the UAE. We have retained this privilege through a deep commitment to the UAE, our customers, and our community.  However, in recent years the stakes have risen. To remain a sustainable business in the evolving operating landscape, additional focus is required on the environmental and social implications of our own activities and those of our customers and partners. Retaining our social license to operate requires us to hold ourselves to account for the impact we as an organisation are having on future generations. It requires us to become, and remain, a sustainable business. Becoming a sustainable business is a key ingredient for long-term success as it builds a foundation of trust and cooperation between us and the communities we serve, ultimately leading to a more sustainable future for all.

### Our Purpose
Backing your growth

### Our Vision
To be the best bank for our customers

### Our Service Commitment
We are the Bank that is backing your growth.

### Our Values

### Collaboration
One bank, together now

### Ownership
What we say, we do

### Delivery
Drive flawless execution through effective planning

### Excellence
Win together through service excellence

# CBD at a Glance
## Banking on a Sustainable Future

### Financial Strength
**Đ 160.3 Bn**
**Total Assets**

Đ 3,844 Mn
Net profit (before tax)

22.15%
Return on equity (after tax)

2.33%
Return on assets (after tax)

### World-class Talent
1,149
Total employees

39%
Emirati employees

44%
Female employees

### Local Ownership
- Investment Corporation of Dubai - 20%
- Al Futtaim Private Company LLC - 17.46%
- Orient Insurance PJSC - 8.84%
- Abdul Wahed Al Rostamani AWR Group - 7.68%
- Ghobash Trading & Investment Co. LTD. - 6.37%
- Other Shareholders - 39.65%



### Default Digital
96%
Digitally registered retail customers

96%
Retail customers actively transacting digitally

9
UAE branches

96
UAE ATMs

### Customer Focus
4.16%
Market share – loans

3.44%
Market share – deposits

416,098
Total number of retail customers

# CBD at a Glance
## Thriving with Trust

CBD firmly believes in the importance of partnering with organisations that share our values and sustainability ambitions. This section highlights our key commitments, partnerships, memberships, ratings, awards, and recognitions.

## Key Commitments

**UAE Ministry of Climate Change and Environment**
Signatory to the Climate Responsible Companies Pledge, designed to increase the engagement of the private sector in the country's decarbonisation drive, in line with the UAE Net Zero 2050 Strategic Initiative.

**UAE Banks Federation Sustainable Finance Commitment**
Joined the commitment of the UAE Banks Federation (UBF) to mobilise AED 1 trillion in sustainable finance by 2030.

**Carbon Neutral Operations by 2030**
Committed to achieving carbon neutrality for our own operations and supply chain by 2030. The commitment includes reducing our own operations' GHG emissions by a minimum of 50% by 2030 from our 2022 baseline year.

**Partnership for Carbon Accounting Financials**
Committed to measure and disclose the GHG emissions associated with our portfolio of loans and investments within three years using jointly developed carbon accounting methodologies, in order to ultimately enable the alignment of our portfolio with the Paris Climate Agreement.

**United for Wildlife (UFW) Financial Taskforce**
Signatory to the Mansion House Declaration to improve the identification and reporting of illegal wildlife trade crimes.

## Partnerships and Memberships

- DIFC Sustainable Finance Working Group
- Dubai Chamber of Commerce
- Dubai Department of Economy and Tourism (DET)
- Dubai Land Department (DLD)
- Dubai Festivals and Retail Establishment (DFRE)
- Goumbook
- UBF Sustainable Finance Committee
- UAE CSO Network
- UAE Majra National CSR Fund



Launched First-time Home Buyer Programme in collaboration with DET and DLD to make home ownership more accessible



Partnered with Goumbook to launch CBD's GreenGrowth Account in support of the UAE's commitment to plant 100 million mangroves by 2030

# CBD at a Glance
## A Year of Recognition

Over the past year, CBD has received several prestigious awards and recognitions, reflecting the Bank's commitment to excellence. These honours stand as a testament to the sustained efforts of the entire CBD team in enhancing banking standards and delivering value to clients and stakeholders. They reinforce our ongoing pursuit of continuous improvement and operational excellence within the financial sector.

### Dubai Chamber of Commerce ESG Label

The Dubai Chamber of Commerce (DCC) ESG Label was developed by the DCC Centre for Responsible Business. By recognising the participants' efforts to advance sustainability, the ESG Label encourages the Dubai business community to adopt and develop practices that have a positive impact on society and the environment, while promoting good governance. In 2025, CBD was awarded the label for a second year in a row, recognising the Bank as a leader in the adoption of sustainable business practices.

### Majra Gold Impact Seal

Majra is the National CSR Fund in the UAE, a federal government entity dedicated to promoting CSR and sustainability. The Majra Impact Seal is the UAE's highest recognition for excellence in CSR and Sustainability awarded to companies exemplifying best practices in ESG, SDGs, and Sustainable Impact. CBD received a Gold Impact Seal at the 2025 Majra Awards Ceremony, a particular honour in the Year of Community.

### Best Corporate Governance in the UAE

CBD received the Best Corporate Governance Award in the UAE at the World Finance Corporate Governance Awards 2025. In a year marked by rising global expectations around transparency, sustainability, digital oversight, and board accountability, our governance practices stood out for their strategic depth and inclusive approach. This prestigious recognition reflects our commitment to ethical leadership, transparency, and future-focussed governance.

## ESG Ratings

MORNINGSTAR | SUSTAINALYTICS

**ESG Risk Rating***

25.5

**Medium Risk**

Last Full Update: 4 June 2025

**Bloomberg**

Bloomberg ESG Score as of December 2025: 2.74 with 10 being the best score.

Better than 63% of companies in the Commercial Banks peer group.

**S&P Global**

**S&P Global ESG Score**

**37**/100

**Data Availability: High**

Last Full Update: 31 January 2025

In September 2025, Commercial Bank of Dubai received an ESG Risk Rating of 25.5 and was assessed by Morningstar Sustainalytics to be at Medium risk of experiencing material financial impacts from ESG factors. In no event the ESG Risk Rating shall be construed as investment advice or expert opinion as defined by the applicable legislation. Copyright ©2026 Sustainalytics, a Morningstar company. All rights reserved. This report includes information and data provided by Sustainalytics and/or its content providers. Information provided by Sustainalytics is not directed to or intended for use or distribution to India-based clients or users and its distribution to Indian resident individuals or entities is not permitted. Morningstar/Sustainalytics accepts no responsibility or liability whatsoever for the actions of third parties in this respect. Use of such data is subject to conditions available at https://www.sustainalytics.com/legal-disclaimers.

# 2025 Sustainability Performance Highlights

## Financing a Greener World

**In 2025, we celebrated key milestones across our four-pillar Sustainability Framework.**

| | Environment | People | Customers and Community | Governance |
|---|---|---|---|---|
| **Our Purpose** | Supporting the **UAE's Net Zero by 2050 strategic initiative** and managing climate risk. | Becoming an **"employer of choice"** with a world-class workforce. | Building a **strong and resilient society** through innovative and responsible financial services. | Operating with **integrity and excellence** to secure confidence and trust. |
| **Our Material Initiatives** | • Sustainable Finance<br>• Climate Risk Management<br>• Responsible Operations | • Employee Experience<br>• Emiratization<br>• Learning and Development | • Customer Experience<br>• Customer Protection<br>• Community Impact | • Corporate Governance, Business Ethics and Compliance<br>• Information Security and Data Privacy |
| **Our Performance** | **432,552**<br>$tCO_2e$ avoided due to eligible green loan portfolio[1]<br>**104**<br>Mangroves planted on behalf of customers<br>**14,330**<br>$tCO_2e$ from own operations | **39%**<br>UAE Nationals in the workforce<br>**44%**<br>Female employees in the workforce<br>**31,676**<br>Employee training hours | **4**<br>Awards for industry-leading CX<br>**2**<br>Average days to resolve complaints<br>**20**<br>Charitable and community organisations supported | **45%**<br>Independent Board Directors<br>**1**<br>Female Board Director<br>**48**<br>Meetings held by the Board and its subcommittees |
| **Our Mapping to UN SDGs** | 6 CLEAN WATER AND SANITATION<br>7 AFFORDABLE AND CLEAN ENERGY<br>12 RESPONSIBLE CONSUMPTION AND PRODUCTION<br>13 CLIMATE ACTION<br>17 PARTNERSHIPS FOR THE GOALS | 3 GOOD HEALTH AND WELL-BEING<br>4 QUALITY EDUCATION<br>5 GENDER EQUALITY<br>8 DECENT WORK AND ECONOMIC GROWTH<br>10 REDUCED INEQUALITIES | 1 NO POVERTY<br>3 GOOD HEALTH AND WELL-BEING<br>4 QUALITY EDUCATION<br>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE<br>10 REDUCED INEQUALITIES<br>11 SUSTAINABLE CITIES AND COMMUNITIES | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS |

1. Refer to 2025 Green Bond Report for additional details.

# Our Sustainability Journey

## 2022

First sustainability materiality assessment completed.

Roadmap to integrate climate risk into ERM framework developed.

Sustainability considerations integrated into procurement practices.

Green loan products launched for solar panels and electric vehicles.

Internal environmental initiatives implemented, including dedicated recycling bins and filtered drinking water dispensers.

## 2023

**January** 2023

Sustainability embedded into the Bank's strategic enablers to accelerate bank-wide integration and delivery.

**February** 2023

Sustainable Financing Framework published.

**April** 2023

Bank-wide sustainability training implemented.

**May** 2023

Wholesale Credit Policy enhanced to integrate sustainability risk considerations and to support the Bank's sustainable finance proposition and reporting.

Sustainable finance training delivered to Wholesale Coverage and Credit to support the revised credit process.

**June** 2023

Inaugural USD 500m Green Bond issued.

**September** 2023

GHG baseline of own operations and financed emissions completed.

Committed to carbon neutral operations by 2030.

**October** 2023

Dubai Future Sustainability Forum co-sponsored with DIFC.

First Sustainability Hackathon hosted.

UAE Climate-Responsible Companies Pledge signed.

**November** 2023

United for Wildlife declaration signed.

Joined AED 1 trillion commitment in sustainable finance by 2030 announced at COP28.

## 2024

**February** 2024

Announcement of Shari'ah-compliant sustainability-linked facilities for mall operator.

Announcement of sustainable finance facility for construction of solar park.

**March** 2024

Sustainable Finance approach endorsed by ESG Council.[2]

Environmental and Social Risk training delivered to Wholesale Coverage and Credit.

**May** 2024

First Green Bond Report published.

Awarded the Best Financial Institution Green Bond in EMEA.

**June** 2024

Announcement of term loan facility to support the acquisition of 6 LEED-certified commercial buildings.

**July** 2024

Climate Risk and Opportunities Training delivered to Executive Team.

**August** 2024

Recycled credit and debit cards introduced for issuances and renewals.

**October** 2024

LEED Gold Certifications awarded for four owned buildings.

Announcement of project finance debt for the development of the railway network.

**November** 2024

GreenGrowth Account launched to plant mangroves in partnership with Goumbook.

Joined Partnership for Carbon Accounting Financials (PCAF).

**December** 2024

Presenting Sponsor of the Dubai Future Sustainability Forum.

## 2025

**February** 2025

Sustainable finance portfolio grew 31% from prior year.

**April** 2025

Sustainability function embedded into front-office and Risk.

**May** 2025

Enhanced environmental and social checks for credit applications.

**June** 2025

Green Bond Report published.

**July** 2025

Awarded Best Corporate Governance in the UAE by World Finance.

First-time Home Buyer Programme launched in collaboration with DET and DLD.

**August** 2025

Sustainability Risk training delivered to Wholesale Coverage and Credit.

**September** 2025

Improved ESG ratings received from Bloomberg and Sustainalytics.

**October** 2025

Announcement of two facilities in partnership with Development Financial Institutions to support SME-lending and advance climate-related initiatives in Paraguay.

**November** 2025

First female leader appointed to the Bank's Executive Committee.

104 mangroves planted in partnership with Goumbook on behalf of customers of our GreenGrowth account.

**December** 2025

State-of-the-art Customer Contact Centre opened in Ras Al Khaimah to enhance customer engagement and bring meaningful careers to the Northern Emirates.

LEED Platinum Certification awarded for City Centre Al Zahia Mall branch.

2. In April 2025, the Bank's ESG Council was replaced by the Sustainability Council.

# Materiality Assessment

To fulfil our purpose and vision, it is crucial that we understand what matters most to our stakeholders and manage our performance in a manner that effectively balances the diverse perspectives and interests of our stakeholders. CBD completed our first materiality assessment in 2022. Since then, we have reviewed and updated our assessment annually.

CBD applies the concept of double materiality, taking both an 'inside-out' and 'outside-in' view to identify the most important topics for our stakeholders. Our approach is based on Global Reporting Initiative (GRI) Guidance. A sustainability issue is deemed material when it has significant impact materiality or financial materiality:

- **Impact materiality (inside-out)** assesses the impact of CBD's operations and value chain on the environment and society.
- **Financial materiality (outside-in)** assesses how sustainability issues impact CBD's financial performance and long-term value.

The results of our 2025 materiality assessment are reflected in our Materiality Matrix. Our material topics help us prioritise our sustainability objectives and initiatives. In line with our commitment to transparent reporting, we disclose our performance and progress on each of these topics in this report.

## Materiality Matrix




**Material Sustainability Initiatives**

1. Sustainable Finance
2. Climate Risk Management
3. Responsible Operations
4. Employee Experience
5. Emiratization
6. Learning and Development
7. Customer Experience
8. Customer Protection
9. Community Impact
10. Corporate Governance, Business Ethics, and Compliance
11. Information Security and Data Privacy

**Sustainability Pillars**

- Environment
- People
- Customers and Community
- Governance

## Stakeholder Engagement

Our stakeholders represent key groups that impact and/or are impacted by CBD's business and operations. We regularly engage in meaningful dialogue with our stakeholders about our business performance, products and services, and societal impact and value.

### Engagement Methods

#### Our Customers

- Voice of the Customer Programme
- Customer Surveys – Customer Satisfaction (CSAT), Net Promoter Score (NPS)

#### Our People

- Employee Surveys – CBD Voice
- Quarterly Town Halls
- Management Offsites
- Regular Dialogues between People Leaders and Teams/Individuals

#### Shareholders

- Annual General Meeting
- Quarterly Investor Updates

#### Society

- Ongoing Dialogue
- Joint Engagement through the UAE Banking Federation
- Targeted Consultations and Questionnaires

#### Suppliers and Partners

- Sourcing, Onboarding, and Annual Review Activities
- ESG Questionnaire

# Sustainability Governance

CBD's Board of Directors and Executive Committee (EXCO) provide oversight on the Bank's sustainability initiatives, receiving periodic updates on progress and performance of material topics.

All sustainability initiatives are governed by the Bank's Sustainability Council. The Sustainability Council is chaired by the Chief Risk Officer and is comprised of permanent voting members from Risk, Transaction Banking, and Finance, as well as non-voting rotating attendees from Compliance, Corporate Social Responsibility, Customer Engagement, Human Resources, and Support Services. The Sustainability Council meets quarterly, providing updates to the EXCO and the Board, as required.

Other management committees provide oversight for specific sustainability initiatives that are aligned with their area of accountability.

## Sustainability Governance Model




## Sustainability Council Terms of Reference (High-level Mandate)

The Sustainability Council is responsible for the controlled delivery of material ESG initiatives and the monitoring of related KPIs. Other responsibilities include:

- Steering the implementation of the Bank's sustainability strategy, policy, and sustainable finance practices.
- Approving the plan to implement sustainability initiatives to achieve the objectives of the sustainability strategy.
- Reporting to EXCO on the progress of sustainability initiatives.
- Monitoring the progress of sustainability initiatives and the sustainability risk culture of the Bank.
- Monitoring the progress of the sustainable finance programme of the Bank, through the Sustainable Finance Working Group.
- Reviewing and approving the selection of eligible green loans for inclusion in the Eligible Green Loan Portfolio.
- Monitoring external reviews (Second Party Opinion Provider and Independent Verifier) and deal with external advisor(s).
- Reviewing and approving the annual Sustainability and Sustainable Finance reports.
- Monitoring the evolution of sustainability regulations and sustainability market practices.
- Coordinating with business units, as required, to achieve the objectives of the above mandate.

**Board of Directors**

Protects the interests of all our stakeholders and promotes the long-term sustainability of the Bank.

**Board Risk & Compliance Committee**

Provides oversight on risk appetite metrics for Environmental and Social Risk and Climate Risk.

**Executive Committee (EXCO)**

Provides executive-level oversight of the Bank's sustainability performance and makes key decisions on the Bank's sustainability initiatives.

**Sustainability Council**

Responsible for the controlled delivery of material sustainability initiatives and monitoring of sustainability commitments, metrics, regulatory and market developments.

**Sustainability Team**

Responsible for the day-to-day execution of sustainability initiatives.

| Other Select Management Committees | |
|---|---|
| **Risk Management & Compliance Committee** | • Provides executive-level oversight on emerging environmental and social risks and the implementation of suitable risk mitigation strategies across the business. |
| **Assets & Liabilities Committee** | • Responsible for final approval of the Eligible Green Loan Portfolio, monitoring the allocation of Green Bond net proceeds, and ensuring ongoing compliance with the CBD Sustainable Financing Framework. |
| **HR Committee** | • Provides oversight on the CBD People pillar of CBD's Sustainability Framework and the implementation of strategic HR initiatives. |



# Environment

## Supporting the UAE's Net Zero by 2050 Strategic Initiative and Managing Climate Risks

The UAE financial sector has an important role to play in enabling the nation's Net Zero by 2050 Strategy and proactively managing climate-related financial risks to protect financial stability and promote climate resilience over the long-term. This year, CBD advanced the UAE's net zero ambitions by continuing to grow our sustainable finance portfolio and implementing operational changes to improve our own environmental footprint. We also enhanced our approach to climate risk management in line with the CBUAE's Climate-related Financial Risk Management Regulation.

# Sustainable Finance

## Our Approach and Progress

CBD is committed to leveraging our position as a financier and investor to support the UAE's transition to net zero. We have updated our credit policies to integrate sustainability considerations into our lending and investment decisions. At the centre of our approach is our Sustainable Financing Framework, which provides transparency to our investors and other external stakeholders on the definitions and technical eligibility criteria applied by the Bank to identify eligible green projects.

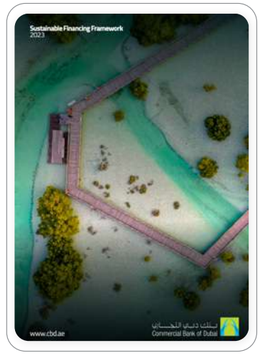
To finance climate action, we recognise partnerships and collaboration are essential to both complement and grow our internal knowledge, skills, and capabilities. This year, we strengthened our relationships with development finance institutions to mobilise green and social finance in emerging markets. We planted mangroves on behalf of eligible GreenGrowth Account customers in partnership with Goumbook, a social enterprise dedicated to accelerating climate action in the UAE. We also continued to participate in syndicated sustainable finance transactions with robust sustainability KPIs or frameworks, supporting local and international wholesale banking customers with their decarbonisation journeys.

In 2025, the Bank's sustainable finance portfolio continued to grow in aggregate and in proportion to total assets, with sustainable finance assets now representing 9% of our total loans and investments. This growth was propelled by opportunities to finance solar energy, clean transportation, and green buildings, as well as new and existing customers as they transition to a low-carbon economy. We exceeded our target for new sustainable finance commitments for the second year in 2025, putting us well on track to meet our contribution towards the UBF target of collectively mobilising AED 1 trillion in sustainable finance by 2030.

## Links to relevant sustainable finance documents available on our website






## CBD Sustainable Financing Framework

Our Sustainable Financing Framework was designed to finance projects that positively contribute to the UN SDGs by defining the eligibility criteria for any future Green, Social, or Sustainability financing instruments issued by the Bank. Eligible green project categories covered by CBD's framework include:

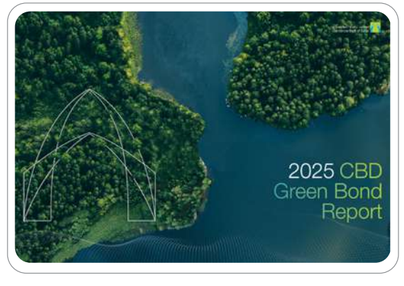
**Green Buildings**

**Renewable Energy**

**Clean Transportation**

**Pollution Prevention and Control**

CBD's framework was designed in alignment with the International Capital Market Association, Green Bond Principles and Social Bond Principles, as well as the Loan Syndications and Trading Association, the Loan Market Association, and the Asia Pacific Loan Market Association Social Loan Principles. ISS ESG independently verified the quality of CBD's framework in alignment with the aforementioned principles.



# Highlights from our Green Bond Report (as at 28 February 2025)

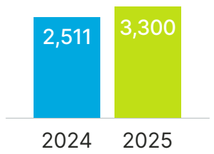
CBD issued a USD 500 million Green Bond in June 2023 under the Bank's Sustainable Financing Framework. The net proceeds of CBD's Green Bond are managed in a portfolio approach. The Eligible Green Loan Portfolio (EGLP) is tracked, forecasted and reported to the Sustainability Council and CBD's Assets & Liabilities Committee on a quarterly basis.

## Green Bond Allocation Report

As reported in the CBD's 2025 Green Bond Report, the EGLP grew by 31% from the prior year and continued to exceed the Bank's green issuance.

**As at 28 February 2025**

**31% increase from prior year**
(AED m)




**EGLP exceeds green issuance by 1.8x**
(AED m)




## Green Bond Impact Report

Estimated Impacts of Projects in CBD's EGLP

$CO_2$

**432,552 $tCO_2e$**

**Annual financed emissions avoided**

$CO_2$

**131 $tCO_2e$/ ฿m**

**Annual financed emissions avoided per million invested**

## EGLP by Category

| EGLP by category | As at 28 February 2025 | | |
|---|---|---|---|
| | Amount[3] (AED m) | Amount (USD m) | Lending portfolio (%) |
| **Total green buildings** | **2,360** | **643** | **72** |
| Green commercial buildings | 1,590 | 433 | 48 |
| Green residential buildings - retail mortgages[4] | 770 | 210 | 23 |
| **Renewable energy** | **667** | **182** | **20** |
| **Clean transportation** | **273** | **74** | **8** |
| **Total green loans** | **3,300** | **899** | **100** |

3. These amounts represent the gross loans outstanding.
4. Green residential buildings are within the top 15% of most energy efficient buildings in their respective regions.

## Other Impact Metrics from Financed Projects

### Green buildings

7 LEED Platinum certifications
>25 GWh energy reduction per year

### Renewable energy

4.2 GW capacity installed

### Clean transportation

>500 km of commercial train track
50 electric vehicle buses

# Sustainable Finance Highlights



## Mobilising Capital through Blended Finance

Blended finance is one innovative finance tool available to help mobilise private capital for sustainable development. Through the strategic use of development finance or philanthropic funds, the financial risk profile of a project or fund can be rebalanced to unlock additional private capital flows. This is particularly critical in emerging markets and developing economies where access to capital can be a significant challenge.

In 2025, CBD participated in blended finance transactions arranged by the Dutch Entrepreneurial Development Bank (FMO) and OPEC Fund for Sudameris Bank in Paraguay to expand financing to small and medium enterprises, including women-led businesses and the country's vital agricultural sector. The transaction arranged by FMO will also finance climate-related projects, such as sustainable agriculture, renewable energy, energy efficiency, green buildings, and investments in Paraguay's emerging forestry sector.




## Strategic Partnership with Dubai Economic Development Corporation

CBD signed a Memorandum of Understanding with the Dubai Economic Development Corporation (DEDC) to drive innovation, sustainability, and inclusive economic development in alignment with the Dubai Economic Agenda, D33. Key highlights of the partnership include:

- Empowering Founders and Startups: Providing tailored financial solutions, expert advisory services, and proof-of-concept opportunities to accelerate growth.
- Early Access to High-Potential Ventures: Leveraging Dubai Founder HQ programmes and events to connect with promising startups and strengthen Dubai's innovation landscape.
- Driving Industry Collaboration: Co-hosting roundtables and knowledge sessions on fintech, open finance, and SME banking to foster dialogue and ecosystem development.



## Financing Affordable Housing in Dubai

To make home ownership more accessible for Emiratis and expatriates living in Dubai, CBD is proud to support Dubai's First-time Home Buyer Programme. Launched jointly by the Dubai Land Department and Dubai Department of Economy and Tourism, along with five banks and more than 13 developers, the programme aims to promote social inclusion, encourage long-term investment, and contribute to community resilience and align with the Dubai Real Estate Strategy 2033 and the Dubai Economic Agenda D33.

The First-Time Home Buyer Programme supports individuals seeking to purchase their first home in Dubai by offering a range of benefits that make it easier to enter the property ownership market, such as priority access to new real estate launches, preferential pricing, and competitive mortgage products from participating banks.



## Mangrove Initiative with GreenGrowth Accounts

In support of the UAE's ambition to plant 100 million mangrove trees by 2030, we launched the GreenGrowth Account for our personal banking customers. This account was developed in partnership with Goumbook, a UAE-based social enterprise dedicated to climate action and sustainability. Each tree planted by Goumbook at the Al Zorah Nature Reserve in Ajman on behalf of CBD customers contributes to the UAE's National Carbon Sequestration Project.

Mangrove conservation is an important element of the UAE's environmental strategy. Mangrove trees are powerful carbon sinks, support marine ecosystems by providing habitats and improving water quality, and protect coastlines from erosion and damage. In the UAE, mangroves sequester carbon at an average rate of 0.5 tonnes per hectare per year, with carbon storage potential that is three to four times higher than that of tropical rainforests.

**In 2025, CBD planted 104 mangroves on behalf of eligible customers. Looking forward, we will continue to look for opportunities to update our product suite for personal banking customers to include sustainability features.**



# Climate Risk Management

## Our Approach and Progress

Climate change is increasingly recognised by central banks and financial institutions as a systemic risk to the financial system. Climate-related financial risks can arise through both the physical impacts of climate change and the effects of transitioning economies to net zero. For financial institutions, these risks transmit through direct and indirect channels and materialise through traditional banking sector risk types, including but not limited to credit, liquidity, market, and operational risk. Climate risks in the financial sector can be amplified and mitigated through climate change impacts on the government, non-financial corporate, and household sectors.

CBD's Board of Directors holds ultimate accountability and responsibility for maintaining effective oversight of climate-related financial risks for the Bank. To support the effective management of climate-related financial risks, the Bank has embedded climate risk into its Risk Appetite Statement, credit policies, stress testing, and annual training for the front-office and credit teams. The Climate Risk Appetite is monitored monthly and reported to the Bank's Risk Management & Compliance Committee (RMCC) and Board Risk & Compliance Committee (BRCC) on a regular basis.

In 2025, the Bank's Wholesale Credit Policy was reviewed and updated to continue to strengthen climate risk management. The updates included the introduction of enhanced exclusions and restrictions for activities and assets with climate risk above the Bank's risk threshold and a Sustainability Risk Questionnaire, including an Enhanced Due Diligence component for the restricted lending list.

## Climate Risk Definitions

Physical risk is the risk of any negative financial impact resulting from climatic events, such as economic losses from storms, floods, droughts and wildfires. Physical risks are both acute and chronic. Physical risks also include unprecedented systemic risks, as crossing certain tipping points could cause irreversible impacts and lead to catastrophic outcomes to the climate and the economy.

Transition risk is the risk of any negative financial impact from the transition to a low carbon economy, including extensive policy, legal, technology and market changes to mitigate and adapt to climate change.

## CBUAE Climate-related Financial Risk Management Regulation

The Climate-related Financial Risk Management Regulation was issued by the CBUAE in August 2025. The regulation builds on the Draft Environmental and Climate-related Financial Risk Management Regulation and Principles for the Effective Management of Climate-related Financial Risks, issued by the CBUAE in November 2024 and November 2023, respectively.

The regulation establishes minimum standards for the management of climate-related financial risks in relation to:

- Governance and Risk Appetite
- Strategy
- Risk Management
- Credit/Underwriting Risks
- Market Risks
- Operational Risk
- Liquidity Risk
- Scenario Analysis
- Capital

We assessed our current practices against the regulation and actions are underway to address the gaps identified.

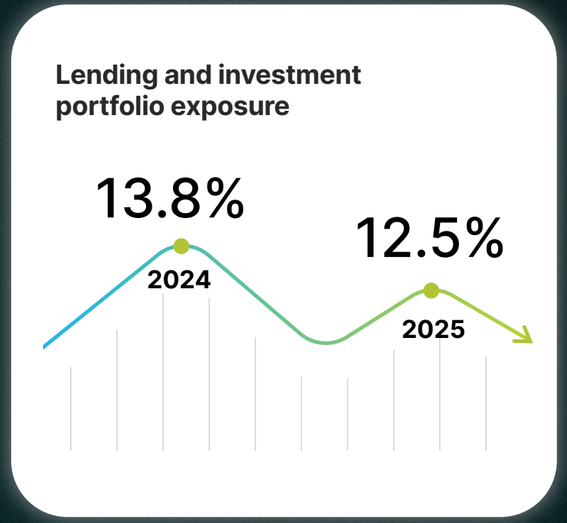
# Climate Risk Appetite

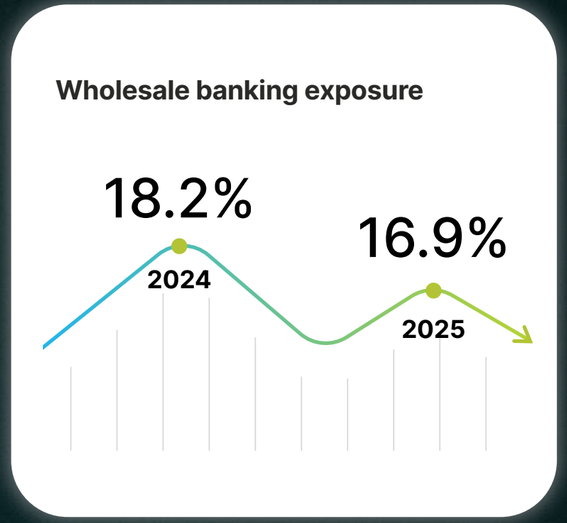
The Bank's approach to climate risk appetite setting and monitoring is conducted in alignment with its Risk Appetite Statement Policy. The Bank's Risk Appetite Statement, including its Climate Risk Appetite, is reviewed semi-annually by the Board.

Introduced in 2023 and enhanced in 2024, the current Climate Risk Appetite sets a threshold for the Bank's asset exposure to sectors with a high climate transition risk rating.[5] The appetite is monitored monthly by Sustainability, Enterprise Risk Management and the CRO, and reported to the Bank's RMCC and BRCC on a regular basis.

In 2025, the Bank's exposure to activities and assets with high climate risk decreased from the prior year, remaining well within appetite.

## Exposure to Economic Sectors with High Climate Risk




**Loan Portfolio Exposure to Economic Sectors with High Climate Risk - Sector Breakdown**

| | 2025 |
|---|---|
| **Construction** | 2.7% |
| **Energy** | |
| Power generation – conventional | 1.1% |
| Oil and gas extraction | 1.7% |
| **Manufacturing – high risk goods** | 4.7% |
| **Mining** | 0.1% |
| **Transportation** | |
| Aviation | 1.0% |
| Shipping | 0.6% |
| **Waste management** | 0.0% |
| **Wholesale and retail trade – high risk goods and services** | 2.2% |

# Climate Risk Assessment

The Bank has implemented a Sustainability Risk Assessment to integrate sustainability considerations into our credit approval process. The assessment has a focus on climate-related financial risks and starts with screening against the Bank's sustainability Exclusion List and Restricted List, followed by a Sustainability Risk Questionnaire. The assessment is completed by the front-office with oversight from the Bank's Credit team.

The Sustainability Risk Questionnaire considers both a customer's exposure to sustainability risk based on its primary sectors and a risk management score reflecting the maturity of management practices. There is an Enhanced Due Diligence Questionnaire for activities and assets covered by the Bank's Restricted List.

The Sustainability Risk Assessment is embedded into the Bank's new customer onboarding and regular credit review procedure for existing customers. The Sustainability team is responsible for maintaining the assessment and for providing annual training, as well as ad-hoc guidance and support.

5. Climate transition risk ratings are based on the European Bank for Reconstruction and Development (EBRD) risk classifications and internal assessment by CBD management.

# Climate Risk Stress Testing

CBD started developing our internal climate risk scenario analysis knowledge and capabilities in 2023 following the introduction of a climate risk scenario analysis by the Financial Stability department of the CBUAE. Since 2023, the Bank has conducted both transition risk and physical risk scenarios, building our climate risk knowledge and awareness. The climate risk stress test results are shared with the Bank's Sustainability Council. We obtained external validation for our climate risk stress testing submissions to the CBUAE in 2023 and 2025. Starting in 2024, the climate risk stress results were included in CBD's Internal Capital Adequacy Assessment Process (ICAAP) submission to the CBUAE.

In 2026, we will continue to focus on improving climate risk data quality to support the development of our climate risk scenario analysis capability and the integration into the Bank's strategy, risk appetite, and internal monitoring and reporting.

## Building our Climate Risk Scenario Analysis Capability and Awareness

### 2025

In 2025, the CBUAE included a dedicated module on physical climate risk scenario analysis as part of its banking sector stress testing framework. The key objectives of the exercise included:

- Identifying exposures with real estate collateral located in the UAE that are vulnerable to storm surge and rainfall flood hazards, as defined under the CBUAE's acute physical risk scenarios.
- Quantifying the impact of valuation shocks on credit risk parameters such as Loan-to-Value, Probability of Default, Loss Given Default, and Expected Credit Loss.
- Assessing the effect of risk mitigants (e.g., insurance, government support), where applicable.
- Estimating the resulting changes in capital ratios under stress scenarios.

### 2024

In 2024, we extended the 2023 exercise to all WBG customers. The output of the analysis informed the Bank's Pillar II capital allocation process. In addition, CBD participated in an exercise which was coordinated by the CBUAE and focussed on the physical climate risk posed to real estate assets. A comprehensive data gathering exercise was undertaken to share data points such as latitude and longitude coordinates and points of elevation for properties.

### 2023

The Financial Stability department of the CBUAE introduced a climate risk scenario analysis as part of the annual stress testing process in 2023. To support this analysis, the CBUAE shared guidance for transition risk and physical risk scenarios, with transition risk scenario analysis mandatory for all the UAE-based banks and physical risk scenario analysis optional. CBD applied CBUAE guidance to forecast the impact of transition risk on ratings, probability of default, and loss given default for its top 20 non-financial corporate clients from a pre-defined list of climate-sensitive economic sectors.

# Climate Risk Stress Testing

## Climate Risk Scenarios Applied to Date

The CBUAE's 2025 physical risk scenario analysis assessed the impact of rainfall-induced flooding and storm surges, which represent acute hazards of primary concern for the UAE. The chosen scenario was the Shared Socioeconomic Pathway (SSP) 5 and Representative Concentration Pathway (RCP) 8.5, referred to as SSP5-8.5 in the Intergovernmental Panel on Climate Change's Sixth Assessment Report, with a 250-year return period flood event projected for the year 2050. SSP5-8.5 represents a fossil-fuel-intensive future with high emissions, resulting in more extreme weather and sea-level rise. The 250-year return period ensures that the analysis reflects rare, high-impact events relevant to financial risk management.

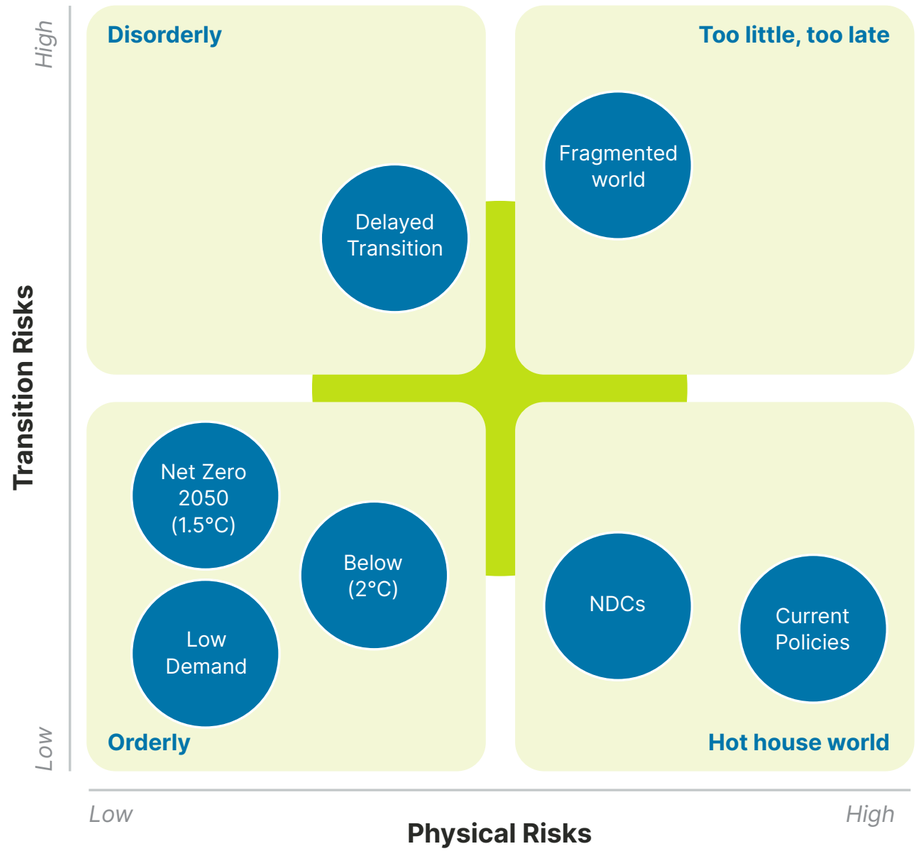
The CBUAE's 2023 climate scenario analysis, which we internally extended in 2024, covered three scenarios provided by the Network for Greening the Financial System (NGFS):

- Net Zero 2050 (+1.5°C): Coordinated global policy implementation (Paris Agreement) to combat climate change and limit the global temperature increase to 1.5 degrees, implying high transition risks but low physical risks.
- Delayed transition (+2.0°C): Delayed policy implementation creates a "Minsky Moment" with high transition and to some extent high physical risks.
- Current policies (+3.0°C): Baseline scenario, with no or little change of current policies to combat climate change, causing high physical risks but minimal transition risk, with a global temperature increase of more than 3 degrees.

NGFS

The NGFS is a coalition of central banks and financial supervisors established to promote best practices in climate risk management within the financial sector. The NGFS has developed both long-term and short-term scenarios to help financial institutions explore how the global economy and financial system might evolve under different transition and physical climate impact pathways.

### NGFS Climate Scenario Framework



# Responsible Operations

## Our Approach and Progress

We comply with all UAE environmental laws and regulations and support the UAE's Green Agenda and Net Zero 2050 Strategy. We are committed to reducing the environmental footprint of our operations, which includes achieving carbon-neutral operations by 2030.[6] We monitor resource consumption across our branches and offices to continuously assess environmental performance. By enabling our customers to fulfil their banking requirements through digital channels, we manage to retain a relatively small branch banking presence, contributing to a lower environmental footprint for our operations.

In 2025, we continued to modernise CBD's branches to better serve our customers. This involved closing several of our older branches and replacing them with convenient and modern locations at Nad Al Sheba Mall in Dubai and City Centre Al Zahia in Sharjah. These new locations provide optimised floor plans to help reduce our environmental footprint.

As part of CBD's hybrid cloud journey, we migrated our on-premise data centres to the cloud in 2025. This initiative will help improve the energy, water, and material resource efficiency of our data centres and reduce our GHG emissions.

## Energy

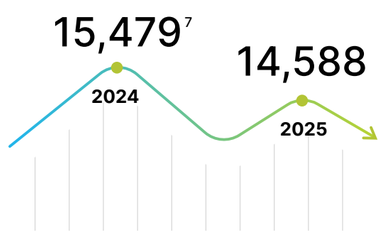
In December 2025, we were awarded the LEED Platinum Certification by the U.S. Green Building Council (USGBC) for our City Centre Al Zahia Mall branch, placing it amongst the most sustainable and environmentally responsible buildings worldwide. LEED Platinum is the highest tier in the globally recognised LEED rating system, requiring exceptional performance in energy efficiency, water conservation, indoor air quality, and overall environmental impact. This milestone is a testament to our long-term vision of integrating sustainability into our operations and enhancing customer experience through eco-friendly initiatives.

This achievement builds on the four LEED Gold Certifications obtained in 2024 for the Bank's head office in Deira, as well as its Al Quoz, Sharjah, and Jumeirah offices and branches. In 2024, CBD collaborated with GST Building Energy Efficiency Services to conduct energy audits for our primary owned locations to identify and prioritise energy conservation measures to improve energy efficiency and performance. To achieve LEED Gold Certifications for these locations, we implemented several energy efficiency measures, including:

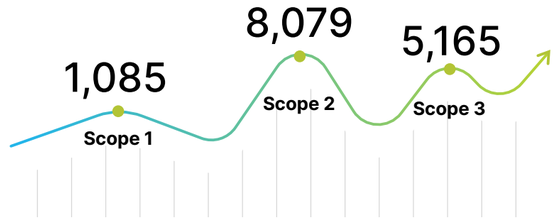
- Replacing regular lights with energy-efficient LED lights
- Installing motion sensors for lighting installations in key offices
- Replacing chillers with more energy-efficient models

Looking forward, we will continue to implement the energy conservation measures identified through our energy audits to achieve energy and cost savings for the Bank. One measure is to install solar panels at our Jumeirah and Al Quoz branches. In 2025, we completed contracting activities with our selected vendor. Installation of the solar panels will be completed in 2026.

**Electricity consumption** (MWh)




**2025 GHG Emissions** ($tCO_2e$)




**14,330** Total GHG Emissions

## Our Commitment to Environmental Stewardship

We support the UAE's Net Zero 2050 Strategy and are proud to be a signatory of the UAE's Ministry of Climate Change and Environment Sustainable Companies Pledge and United for Wildlife's Mansion House Declaration. We have baselined our greenhouse gas emissions across scopes 1, 2, and 3, and committed to achieving carbon-neutral operations by 2030, by reducing greenhouse gas emissions from our own operations. As part of our continuous journey to improve our environmental footprint, we are committed to:

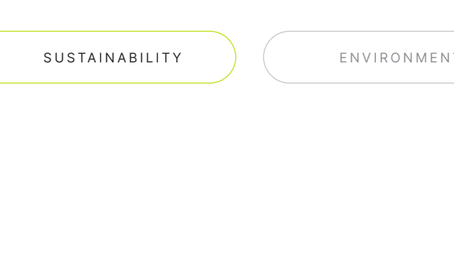
- Supporting projects and businesses that are transitioning to a low-carbon economy or contributing to broader environmental objectives in line with the Bank's Sustainable Financing Framework and Sustainable Finance practices.
- Integrating environmental considerations into our operations, decision-making, and lending and investment strategies.
- Reducing emissions, pollution, and waste from our own operations. Importantly, this includes working towards improving the energy efficiency of our buildings.
- Providing complete, transparent, and timely reporting on our environmental performance, opportunities and risks with internal and external stakeholders.
- Promoting environmental awareness and environmental stewardship with internal and external stakeholder groups, including empowering our employees and encouraging our customers and suppliers to take positive action.

6. Refer to the Appendix for Own Operations & Supply Chain GHG Emissions Methodology.
7. Prior year metrics have been restated to remove consumption related to downstream leased assets.

## Water

Operating in a water-scarce region, we recognise the importance of responsible water use. To reduce our water consumption, we have installed water-saving devices at our primary office locations.

**Water consumption** ($m^3$)




## Waste and Recycling

CBD is committed to reducing the amount of waste it produces and to improving its waste diversion through recycling and re-use. Employees are encouraged to bring their own reusable cups when purchasing beverages at the Bank's on-site cafeteria. This initiative helps reduce single-use waste and employees are rewarded with a discount on their drink.

To improve waste segregation and recycling efforts, the Bank installed separate recycling and waste bins in its offices and implemented internal procedures to sort waste. The Bank employs multiple environmental service providers to ensure regular and ad-hoc waste streams are disposed of in an environmentally friendly manner and diverted from landfills through recycling or re-use programmes. All waste is weighed by the Bank's environmental service providers before being disposed of at a recycling or landfill facility.

Moreover, the Bank's debit and credit cards are produced using recycled materials.

## Sustainable Procurement

CBD recognises that its suppliers play an important role in safeguarding the Bank's long-term success and reputation as an ethical, responsible, and transparent organisation. CBD has integrated environmental, social and governance criteria into our Request for Proposal supplier evaluation process to prioritise suppliers who share our values and sustainability ambitions. CBD requires all suppliers to comply with local laws and regulations and to abide by its Supplier Code of Conduct, which sets out expectations related to ethical business practices, privacy and data security, environmental protection, human rights, diversity and inclusion, occupational health and safety, and others.

Further information is provided in our Suppliers Code of Conduct.

Suppliers Code of Conduct

## Paper

We have reduced paper consumption in our operations by encouraging the adoption of digital technologies in our back-office and empowering our customers to access banking solutions through digital channels. In addition, we have reduced the number of printers available for employee use in our offices, installed wastepaper collection bins beside all printers, and updated our internal procedures to ensure paper is appropriately recycled. We also use recycled paper in all our offices and continue to promote responsible printing practices across the organisation.

8. Prior year metrics have been restated to remove consumption related to downstream leased assets.



# People

## Our People, Our Strength

Our people are our most prized asset, and they are the key to success as we continue to grow and transform our business. We understand our commitment to our customers can only be fulfilled if we first back our employees by supporting their professional aspirations and by fostering an empowering, future-forward, and collaborative workplace. Through this approach, we provide equal opportunity for talent at all levels and from all backgrounds to grow and create an environment where high-performing teams flourish.

# Employee Experience

## Our Approach and Progress

CBD recognises that our people are pivotal to our long-term success. We strive to be an employer of choice by investing in our people to attract world-class talent and unlock their full potential. Our CODE values of collaboration, ownership, delivery, and excellence inform our ways of working. We depend on all our employees to uphold these values in their daily interactions, enabling high-performing teams that better serve our customers.

We have robust employment and labour policies and practices in place, which are overseen by our HR Committee and strictly comply with all UAE labour laws.

## Employee Engagement

We are committed to fostering an inclusive, engaging, and high-performing workplace. Our annual employee engagement survey, CBD Voice, is a key feedback channel used to gather honest insights from our employees on their experience working at CBD. The survey results directly inform strategic actions taken to enhance our culture, improve our ways of working, and support our employees' growth and wellbeing.

CBD Voice encourages employees to share candid insights through an anonymous third-party platform available in both English and Arabic. The survey comprehensively assesses employee engagement and the overall employee experience by collecting feedback across multiple aspects important to our employees:

- Purpose
- Collaboration
- Communication
- Leadership
- Customer Focus

In 2025, 71% of our employees completed our annual CBD Voice Employee Engagement Survey, providing more than 700 insightful comments. CBD's overall engagement score rose to 74[9], an increase of 2 points compared to the prior year. The positive trend reflects the collective effort made to listen, act, and improve. Our top strengths identified by employees continued to include purpose, prioritisation, and feedback. Our top opportunities included action taken, culture and reward.

9. This metric is measured against a Global Benchmark of 77.

## Recruiting Top Talent with Skills for the Future

We recognise that the employee experience starts with recruitment. The first interaction between a prospective candidate and the employer sets the tone for the entire employee experience. In recognition of the importance of recruitment and onboarding to the overall employee experience, CBD has streamlined our “time to offer” and “time to hire” for graduate and experienced hires. We attract top talent by offering competitive compensation packages, comprehensive benefits, and opportunities for professional growth and development.

During 2025, we continued to strengthen our talent ecosystem by attracting highly skilled professionals from both the UAE and international markets. This approach enables us to build a diverse, future ready workforce that brings a wide range of perspectives and capabilities to the organisation. By broadening our talent pipeline, we support greater innovation, enhance organisational resilience, and ensure that our people strategy remains aligned with the Bank’s long-term growth objectives.

## Employee Recognition and Remuneration

The Bank offers fair and equitable remuneration packages comprised of fixed pay, allowances, benefits, and performance-based pay to attract, retain and reward our employees. The Board Remuneration, Nomination & Governance Committee (REMCO) is responsible for approving the remuneration policy of the Bank including terms of bonus plans and other long term incentive plans and for agreeing on the individual remuneration packages of Executives Directors and other senior employees.

With respect to performance-based pay, employees are rewarded based on both their individual performance as well as that of their business unit. Our performance-based pay includes bonus, incentives and recognition awards.



**98 Employees**

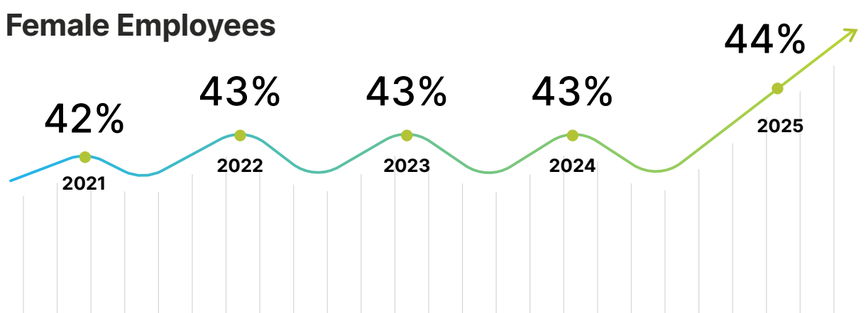
**Recognised in 2025 through CODE Awards and other initiatives**

## Gender Diversity

We support the UAE’s commitment to gender balance and believe gender diversity in our workforce makes us a stronger organisation. CBD promotes gender diversity by regularly reviewing our performance and workplace practices and engaging with our employees to shape an inclusive culture that values the unique contributions of all team members.

Of the 1,149 employees at the Bank, 44% are female. There is no material gender pay gap at any level throughout the organisation. CBD continues to assess and implement initiatives and partnerships to encourage and increase female representation in senior positions across the Bank. In 2025, we welcomed our first female leader to the Bank’s Executive Committee.

**Female Employees**



# Employee Wellbeing

CBD continues to look for opportunities to better support the health and wellbeing of our employees. Our wellbeing initiatives and benefits are designed to back employees physically, financially, socially and emotionally, helping to create a positive impact on both their work and personal lives.

## Wellbeing Initiatives in 2025

In 2025, we backed our employees' wellbeing with the following initiatives.



### Health Roadshow

In collaboration with Aster, CBD offered employees an opportunity to focus on their wellbeing through both education and on-site health services. The event included complimentary biometric screenings, including blood pressure, BMI, and blood sugar checks. These assessments provided participants with practical insights into their health, encouraging proactive care.



### Breast Cancer Awareness Session

CBD partnered with Prime Hospital and hosted Dr. Verushka Mukesh Mansukhani, who delivered a wellness talk focussed on the importance of early detection, prevention, diagnosis, treatment, and cure of breast cancer among female and male employees.




### CBD x Dubai Fitness Challenge 2025

In partnership with Dubai Festivals and Retail Establishment (DFRE), we launched the CBD Wellness Studio and CBD Financial Fitness Stand for the Dubai Fitness Challenge 2025, offering interactive workshops, fitness sessions, and activities for all ages throughout the month. Employees were encouraged to join the fitness challenge with exclusive employee sessions at the Bank's Wellness Studio and exciting prizes for participation.

## Employee Policies and Wellbeing

We regularly review and update our employee benefits to better support our employees across our four wellness pillars:

### Flexible Work

We offer flexible work hours for non-customer -facing roles, allowing employees to choose when they start and end their workday within predefined windows. This flexibility creates a more inclusive work environment where employees can better manage their work and personal lives.

### Maternity and Parental Leave

For female employees with more than one year of service, CBD offers a maternity leave entitlement of 45 paid calendar days with full pay and an additional 45 days with half pay. Male employees are entitled to five days of paid parental leave within the first six months following the birth of their child.

### Financial Benefits

A range of exclusive financial benefits are available to CBD employees, including preferential foreign exchange rates, no-annual-fee credit cards, special rates on time deposits, and interest-free loans.

### Other Leave Entitlements

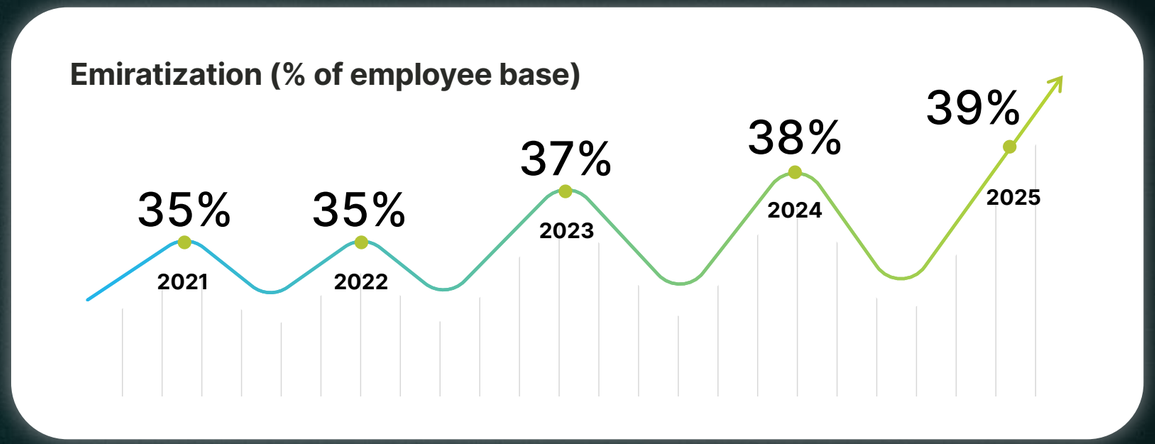
The Bank also provides employees with Special, Compassionate, Emergency and Study Leave. In 2025, CBD launched a new programme to make it easier for employees to purchase additional annual leave days for the following year.

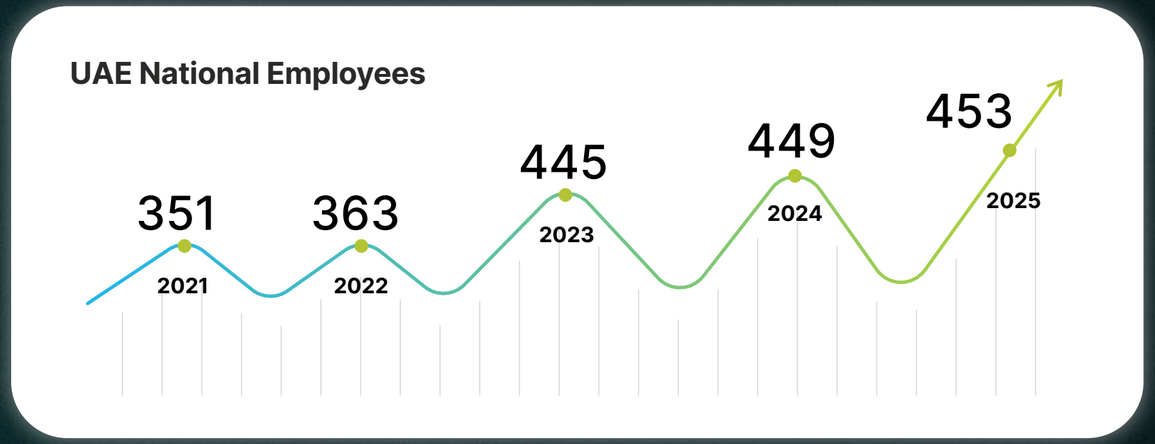
# Emiratization

## Our Approach and Progress

As a national bank, we are proud to support the UAE's visionary emiratization efforts. We believe in nurturing the next generation of UAE National talent to achieve their full potential and career ambitions. We are not only investing in the future of these young leaders but also the UAE's banking and financial services sector.

In 2025, we welcomed 141 UAE Nationals, including a mix of recent graduates and experienced hires. Through dedicated programmes and initiatives to recruit and retain UAE Nationals, we achieved 39% Emirati representation in our employee base and 33% in our Executive Committee. We are on track to achieve the CBUAE targets for emiratisation in the banking sector.







### State-of-the-art Customer Contact Centre in RAK

CBD officially opened our state-of-the-art Customer Contact Centre in Ras Al Khaimah in November 2025 to enhance customer engagement and to bring meaningful careers to local communities in the Northern Emirates. Led and fully staffed by Emirati talent, the centre underscores our commitment to emiratization by creating meaningful career pathways – from frontline roles to supervisory and managerial tracks – supported by structured development programmes.




### UBF HR Conference in Abu Dhabi

Themed "Future-Fit HR: Transforming People, Transforming the Nation", the 2025 Abu Dhabi HR Conference brought together top HR and banking professionals for a day of knowledge sharing and collaboration. The conference also featured keynotes from industry leaders and engaging discussions on innovation, inclusion, and workforce resilience. Aisha Mazrouei, Head of HR & Emiratization at CBD, contributed to the conversation on enhancing the emiratization agenda through the sustainable development of UAE National talent. The session highlighted best practices for nurturing local talent and advancing inclusion.

# Celebrating Emirati Heritage and Culture

We are committed to creating a work environment that celebrates the UAE's rich cultural heritage, fostering a sense of connection and community. In 2025, we celebrated Emirati culture through the following events.



## UAE Flag Day

UAE Flag Day is a significant national event that commemorates the symbol of unity for the UAE and recognises the accomplishments and efforts of the founders of the nation, Sheikh Zayed bin Sultan Al Nahyan, Sheikh Rashid bin Saeed Al Maktoum, and their brothers, who worked tirelessly to build the UAE into the successful country it is today.



## Eid Al Etihad

The spirit of unity and tradition shone brightly as we marked the 54th Eid Al Etihad with celebrations at our offices and branches. Colleagues gathered to enjoy cultural displays, traditional treats, and moments of reflection on the UAE's achievements. At our Head Office in Deira, employees received traditional gahwa cups with their names beautifully written in Arabic calligraphy.



## Cultural Education

In 2025, CBD launched a Cultural Induction Programme in partnership with Sheikh Mohammed bin Rashid Al Maktoum Centre for Cultural Understanding. Employees who had recently relocated to the region were introduced to the country's values, culture, and workplace practices, and given a taste of local traditions and hospitality through a shared cultural meal.

# Emirati Development and Training Programmes

CBD's key leadership development and training programmes for UAE Nationals include.

## 01
### Tumoo7 Management Trainee Programme

Designed to equip the UAE National graduates with the knowledge, skills, and practical experience to launch their career and excel in the exciting world of banking. The programme provides a comprehensive learning experience, blending classroom training, project work, and mentorship, with a focus on technology and skills of the future. In 2025, we welcomed 40 UAE National graduates to the programme.

## 02
### Emirates Institute of Finance (EIF) – Ethraa Programme

Working in partnership with EIF, Tumoo7 Management Trainees embark on comprehensive learning journey that develop functional and technical expertise in their designated area of work, often culminating in globally recognised accreditations which elevate capability and boost excellence.

## 03
### Dubai Financial Experts Programme

The Bank proudly sponsored one female Emirati at the Dubai Financial Expert Programme, an initiative, led by the Dubai International Financial Centre in partnership with the Mohammed bin Rashid Centre for Leadership Development. Participants underwent advanced training and mentorship from global experts, gained hands-on experience through world-class job shadowing at major financial institutions, and completed a capstone project that delivered tangible impact in their organisations.

## 04
### Fintech Certification Programme

In alignment with the Bank's "Default Digital" strategic pillar, seven UAE National employees participated in a seven-week learning journey that combined virtual workshops led by recognised educators, interactive e-learning modules, and a capstone project. This programme not only provided valuable networking opportunities with peers from across the region but also culminated in a certification awarded in partnership with an academic institution.

## 05
### Customer Experience Certification

Reflecting CBD's commitment to customer-centric transformation, ten UAE National employees were given the opportunity to earn a recognised certification in Customer Experience (CX). Based on their roles, participants followed tailored learning paths, including a holistic customer experience programme, a customer journey mapping course, or a track focussed on customer-obsessed leadership.

## 06
### Public Speaking and Presentation Skills Programme

Nine UAE National employees completed a two-day programme dedicated to developing their ability to craft compelling narratives and present ideas with influence and persuasion. This course was introduced in response to identified learning needs among emerging talent, highlighting the importance of enhancing young leaders' presence and confidence.

## 07
### Internship Programmes

We are committed to providing opportunities to young talent within the community early on, by facilitating short-term placements which can offer practical experience and exposure to banking operations. In 2025, we welcomed five interns across four departments.

## 08
### Higher Education Sponsorship

We support the pursuit of higher education for UAE Nationals who demonstrate commitment to personal development and contribution to the Bank's performance. We are proud to have sponsored the graduate and postgraduate studies of nine Emirati employees in 2025.

# Learning and Development

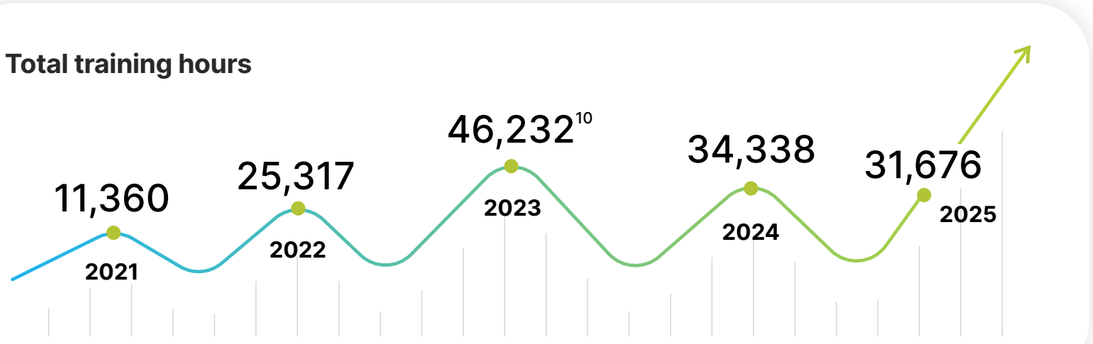
## Our Approach and Progress

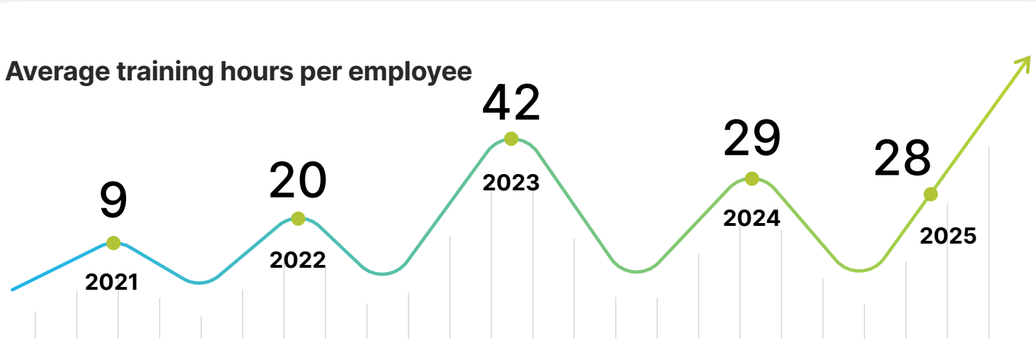
One of the primary ways we invest in our people is through learning and development. Our programmes equip employees with the knowledge, skills, and ways of working needed to thrive in a rapidly evolving industry. By fostering a culture of continuous learning, we empower employees to stay current with industry trends, drive innovation, and reach their full potential.

This approach is supported through a combination of on-the-job experience, peer learning, and structured programmes. Employees and leaders are expected to actively pursue a mix of learning approaches suited to their roles and development goals, with support and guidance from the Talent and Development team.

In 2025, employees benefited from 31,676 training hours. Training hours were delivered via a mix of in-house classroom training, virtual training, Emirates Institute of Finance (EIF) training programmes, and other online learning programmes.

### Employee Training Hours







10. In 2023, total training hours were 29,926 hours, when the once-off Bedayati programme is excluded.

# Our Future-forward Programmes

In 2025, our training programmes focussed on leadership development and digital and AI capabilities.

## Leadership Essentials Workshop

Leadership Essentials is a comprehensive three-day training programme, designed to increase people leaders' capability to manage high-performing teams. The programme incorporates theory and practice to address effectiveness around situational leadership, feedback and coaching skills. A total of 48 employees have successfully completed the programme.

## Microsoft Copilot – 3C Programme

The 3C Programme is a strategic initiative aimed at embedding Clarity, Control, and Confidence in the adoption of Microsoft Copilot across the organisation. It moves beyond basic usage metrics to ensure Copilot is applied to high-impact, department-specific challenges. Designed to empower employees, the programme delivers practical, problem-driven, and people-focussed AI solutions that accelerate the automation of critical, labour-intensive tasks while upholding governance and compliance standards.

## Data Literacy Programme

The Data Literacy Programme (DLP) is a strategic initiative aimed at transforming the way we work and make decisions. In alignment with today's digital era where data and AI are the engines of innovation, this programme ensures every employee is equipped to harness their power. DLP offers six tailored learning paths designed to meet diverse roles and business needs. In 2025, 930 employees were allocated to learning journeys within the programme.

## Service Culture Mindset Programme

The Service Culture Mindset Programme is a holistic learning initiative designed to enhance customer centricity across CBD, supporting the Bank's broader transformation agenda. The programme uses a blended approach, combining digital learning through the Bank's Learning Experience Platform with short, instructor-led workshops, and culminates in CBD's flagship training intervention to embed the new Service Excellence Ecosystem. This flagship component is delivered in person to customer-facing employees and senior leaders, while a comprehensive e-learning version is made available to all support staff—ensuring that customer excellence becomes deeply rooted throughout the organisation. In 2025, 94% of our staff participated in the Service Culture Mindset Programme.

## RM Capability Programme

The RM Capability programme is a comprehensive programme aimed at strengthening technical and behavioural competencies across key roles in WBG. The programme is designed to enhance credit analysis and relationship management skills, supplemented by internal sessions on processes and systems. The initiative successfully engaged 29 participants from WBG from Relationship Officers to Senior Relationship Managers.

## Performance Management

CBD's approach to performance management ensures we support the professional growth of our employees and sets the foundation for a culture of continuous learning at the Bank. Our performance management cycle is staged as follows.

### Stage 1

Planning through KPI setting as well as discussing and agreeing an individual development plan.

### Stage 2

The mid-year review of performance is an opportunity to provide feedback, discuss areas of improvement and review KPIs, if required.

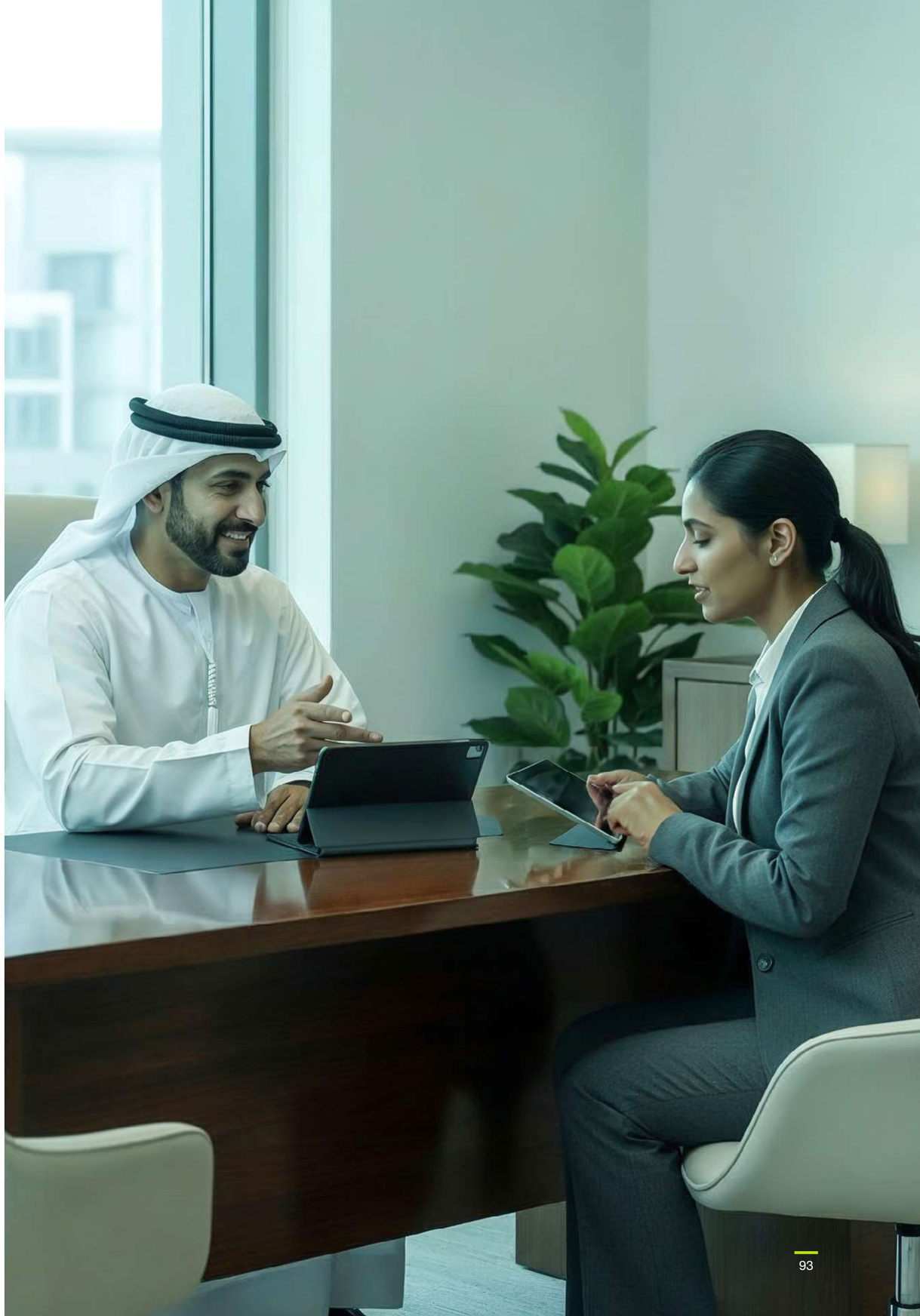
### Stage 3

The year-end assessment of performance to determine individual performance ratings of all employees.

Employee performance is assessed on a regular basis for all employees eligible for variable pay based on their performance, including through performance incentives and CBD's discretionary bonus programme. Performance is managed on a monthly, quarterly, or bi-annual basis in line with the type of role and business function.

## Succession Planning

CBD is committed to building a resilient and future-ready workforce through strategic talent management and succession planning. These talent management practices are designed to attract, identify, develop, and retain high-performing and high-potential individuals who contribute to the Bank's long-term success. These practices are aligned with strategic priorities and include several key activities, such as critical role identification, talent assessments and reviews, succession planning, and talent development.





# Customers and Community

## Resilient Society through Responsible Finance

As a key player in the UAE's financial sector, we recognise it is our responsibility to continuously improve and raise industry standards as we work towards building an innovative, inclusive, and responsible banking ecosystem. We commend the steps taken by the UAE government in 2025 to advance customer protection, financial literacy and inclusion, and open banking, and are proud to contribute of the achievement of such initiatives. They are critical enablers to building a resilient economy, fostering sustainable growth, and achieving the UAE's vision of becoming one of the top financial centres in the world.

# Customer Experience

## Our Approach and Progress

Our customers are at the centre of everything we do. In line with our vision to be the best bank for our customers, customer satisfaction is one of our most important measures of success. Our Voice of the Customer Programme is designed to capture detailed customer feedback at every touchpoint along a customer's journey, providing us with actionable and timely insights to continuously improve our products and services.

CBD maintains a strong focus on servicing customers through "Default Digital" channels. We deliver exceptional experiences that exceed our customers' expectations by strategically investing in leading banking solutions that closely align with the needs of our customers. Our Mobile Banking App has been consistently highly rated by our customers.

### CBD Celebrates a Major Win at Finnovex ME 2025




Finnovex is one of the region's most influential platforms for financial innovation, bringing together industry leaders to discuss transformative trends in fintech, digital banking, and customer experience.

Winning this award marks a proud moment for us, reaffirming our commitment to delivering cutting-edge digital solutions and seamless experiences for our customers.

### Mobile App Ratings

**4.8 Average Rating**

Download on the App Store

**4.6 Average Rating**

GET IT ON Google Play

> Our vision is to be the best bank for our customers

## Awards and Recognition

- Excellence in Digital Banking Award 2025 by Finnovex Middle East
- Best in Transformation in the UAE by Global Finance 2025 World's Best Consumer Digital Bank Awards
- Best Digital Bank for Trade Finance Services in the UAE and Middle East by Global Finance World's Best Corporate/ Institutional Digital Bank Awards 2025
- Best in Lending in the UAE by Global Finance 2025 World's Best Consumer Digital Bank Awards
- Structured Finance Deal of the Year – Aster DM Healthcare by GBM Bonds, Loans & Sukuk Middle East 2025
- Project Finance Deal of the Year – Hafeet Rail by GBM Bonds, Loans & Sukuk Middle East 2025
- Transport Finance Deal of the Year – Airlease by GBM Bonds, Loans & Sukuk Middle East 2025
- Best Hybrid Cloud Implementation Award by MEA Finance Magazine Banking Technology Awards 2025

# Customer Satisfaction

The Bank's Voice of Customer (VoC) Policy outlines the principles, methodologies, and practices employed to capture, analyse, and act upon customer feedback. The policy aims to enhance customer satisfaction, improve service quality, and drive continuous improvement across all our banking services. Understanding our customers' needs, expectations, and perceptions is crucial for maintaining our competitive edge and fostering long-term customer relationships. Thus, the policy ensures that customer feedback is at the heart of our strategic decisions, enabling us to consistently align our products, services, and operations, including customer-staff interactions, with customer expectations.

The primary objectives of the VoC Policy are to outline how the Bank will:

### Systematically gather and analyse customer feedback

Establishing a structured process for collecting feedback from various customer touchpoints ensures that we capture a comprehensive and representative view of our customers' experiences. This includes surveys that address all aspects of the customer journey, from initial contact to ongoing service interactions.

### Identify areas of improvement and innovation

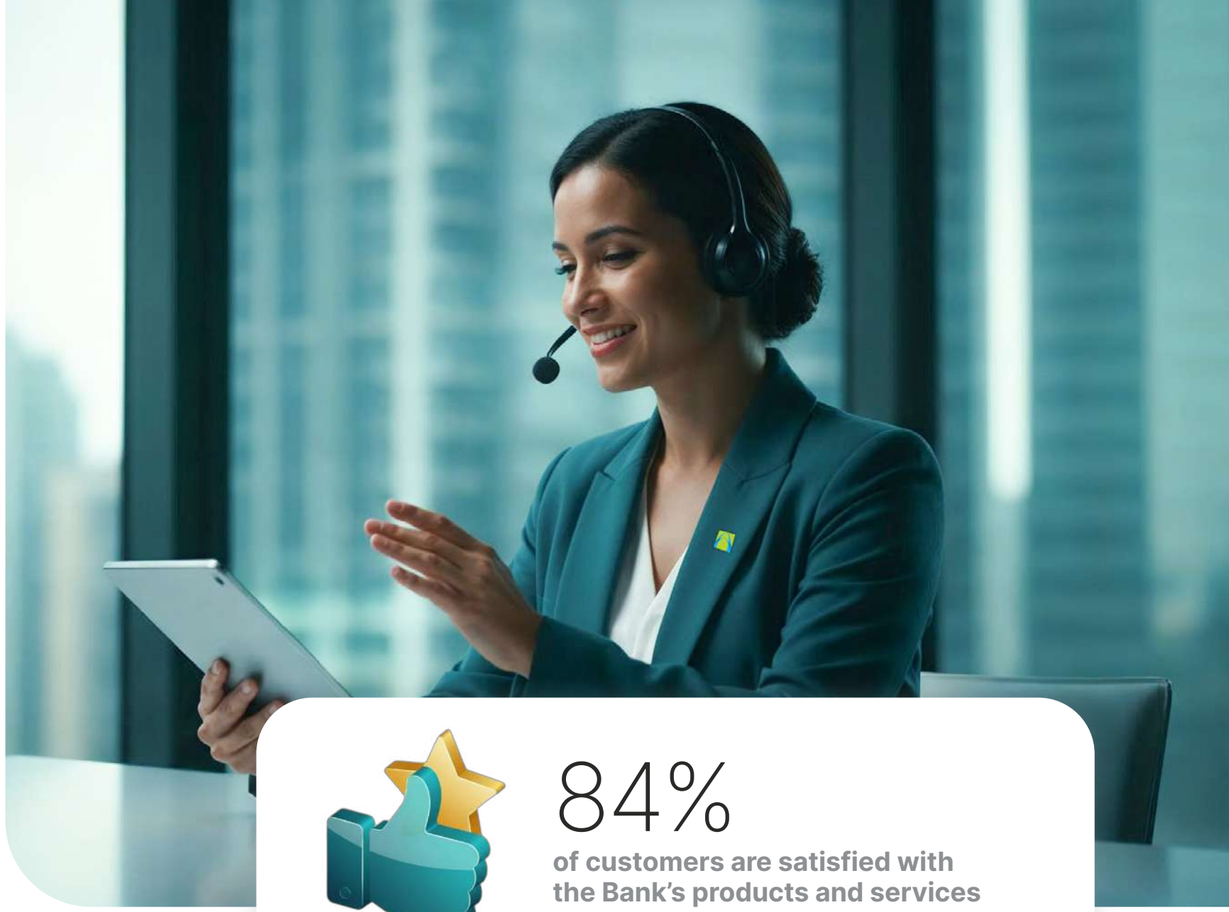
By analysing feedback, we can uncover recurring issues, identify opportunities for product and service enhancements, and drive innovation to better meet our customers' needs. This involves not only addressing immediate concerns but also anticipating future trends and customer expectations.

### Enhance customer satisfaction and loyalty

Acting on customer feedback demonstrates our commitment to addressing their concerns and exceeding their expectations, ultimately fostering greater customer loyalty and retention. This requires a proactive approach to problem-solving and a dedication to continuous service improvement.

### Ensure compliance with regulatory standards and ethical considerations

Adhering to the Central Bank of the UAE regulatory requirements and ethical standards in our feedback collection and analysis processes ensures that we maintain the highest levels of integrity and customer trust. This includes safeguarding customer data and being transparent about how feedback is used and disseminated to improve services.



**84%**

**of customers are satisfied with the Bank's products and services**

The policy applies to all customer interaction points, including but not limited to, branch services, online banking, mobile banking, and customer support channels. It covers surveys, feedback mechanisms, and data analysis processes relevant to capturing the voice of the customer. The policy is designed to be comprehensive and inclusive, ensuring that feedback from all customer segments and service channels is considered in our decision-making processes. The policy addresses "inbound" and "outbound" customer touchpoints.

- Inbound customer touchpoints are touchpoints which are initiated by customers. These are inquiries and complaints, including expressions of dissatisfaction. We have created various channels for our customers to reach us. These channels allow our customers to inquire about products and services offered, to submit requests, to provide feedback and suggestions and, if required, to raise complaints. Our average handling time for resolving customer complaints in 2025 was 2 days.

- Outbound customer touchpoints are touchpoints which are initiated by the Bank. These are Customer Satisfaction (CSAT) surveys, Net Promoter Score (NPS) surveys, mystery shopping, customer testing (for consumer education and awareness content) and call-backs. Additionally, the scope of this policy extends to all employees, partners, and stakeholders who have a role in interacting with customers or influencing customer experience.

# Customer Experience Highlights




## Sponsoring Dubai FinTech Summit

As the Strategic Banking Partner and VIP Lounge Sponsor at this year's Dubai FinTech Summit, we marked our third consecutive year of active involvement in one of the region's most influential fintech gatherings. During the event, our senior executives contributed to high-impact discussions on:

- The transformative role of AI in enhancing customer experiences
- The potential of open finance and data-sharing to drive innovation
- The digitisation of trade finance and guarantees
- Re-inventing legacy banking through agile practices

We also signed several Memorandums of Understanding aimed at deepening collaboration with key partnerships and accelerating our digital transformation journey.




## Branch Network Modernisation

In line with our commitment to customer centricity, we opened two new branches in 2025 to offer our customers a convenient, modern banking experience. Located in Nad Al Sheba Mall in Dubai and City Centre Al Zahia in Sharjah, our modern branches feature a refreshed layout, upgraded amenities, extended operating hours, and are easily accessible within the mall. We also opened modern ATM units in Dubai Hills Mall, Ajman, and Fujairah City Centre.

Our new branches and ATMs reflect our ongoing commitment to accessibility, innovation, and customer satisfaction.

*"Lune has strong regional coverage, robust data localisation practices, and a proven delivery track record in the UAE. This initiative supports our broader digital transformation agenda and reinforces our dedication to fostering innovation within the local fintech ecosystem."*

**Dr. Bernd van Linder, CBD CEO**

kinexys by J.P.Morgan

## Cross-Border Payments Transformation Enabled by Kinexys by J.P. Morgan

In March 2025, CBD became the first bank in the Middle East to integrate Confirm, the Kinexys Liink application from Kinexys by J.P. Morgan, into our corporate banking portal and mobile application. Enabled through Kinexys Liink, the world's first bank-led peer-to-peer data sharing network, Confirm facilitates the global validation of beneficiary bank account information. Through this integration, we eliminated pain points in cross-border payments for our customers while also reinforcing the UAE's position as a hub for secure and efficient financial transactions.

As the firm's blockchain business unit, Kinexys is focussed on groundbreaking innovation to build the next generation of financial infrastructure utilising blockchain technology.

Lune

## Backing the Local Fintech Ecosystem with Lune Partnership

CBD signed a partnership agreement with Lune, a UAE-based fintech company, to enhance our transaction data enrichment capabilities and deliver a superior digital experience to our customers. This collaboration reflects our ongoing commitment to delivering excellent digital banking services. Through Lune's advanced enrichment services, customers will benefit from:

- Enhanced clarity in transaction details
- Accurate merchant identification with brand logos
- Improved categorisation across regional and global transactions

# Customer Protection

## Our Approach and Progress

CBD is committed to providing responsible banking products and services that are fair, transparent that protect our customers' financial wellbeing. We have robust governance, policies, and protection measures in place to safeguard our customers' financial interests and personal data throughout the product and service lifecycle.

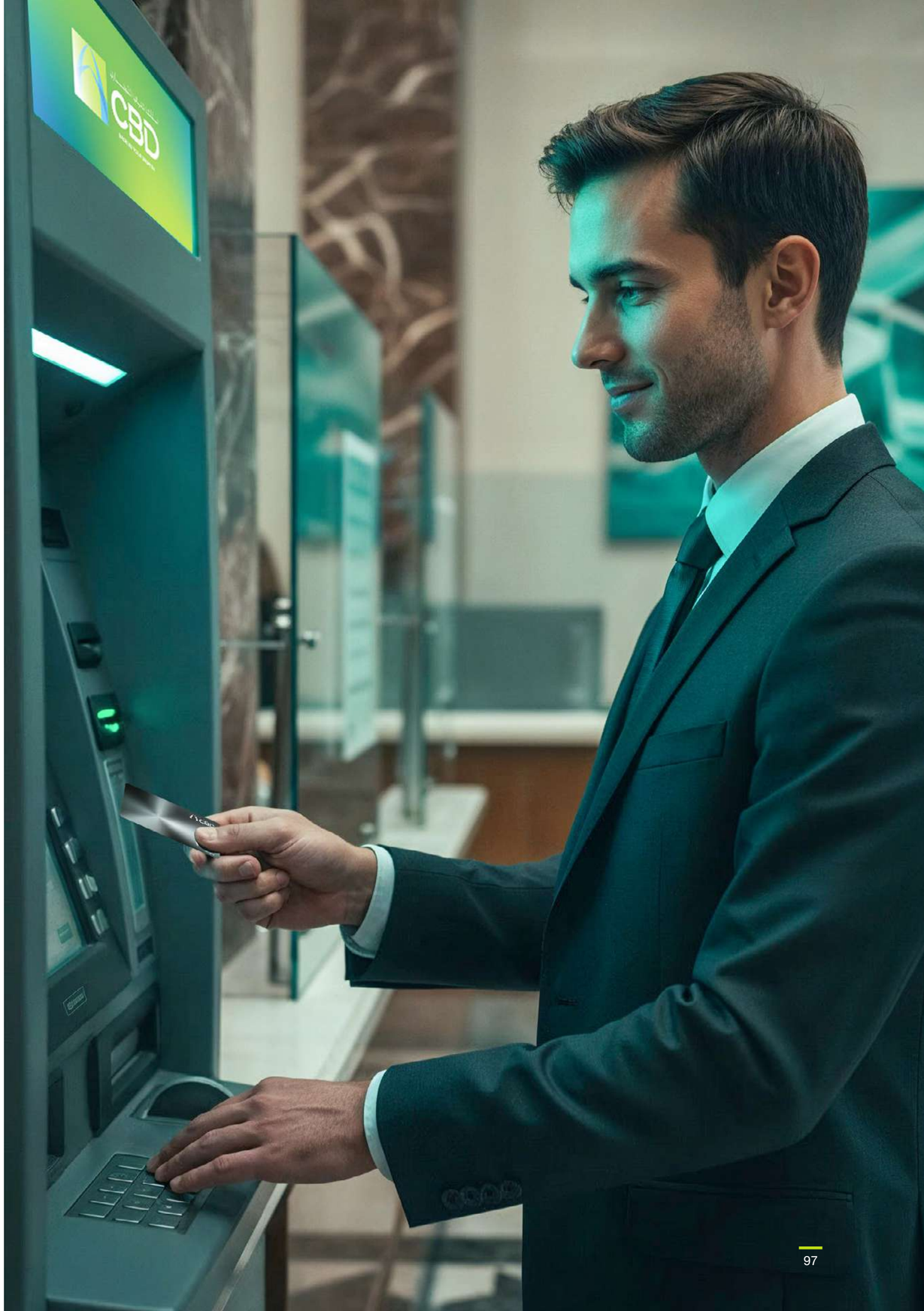
We fully comply with all CBUAE regulations, including the Consumer Protection Regulation and its accompanying Standards and the SME Market Conduct Regulation. The Consumer Protection Regulation sets out comprehensive standards in relation to governance and oversight, information transparency, conduct, responsible lending, protection of consumer data and assets, complaints handling, education and awareness, and financial inclusion.

## Ethical and Responsible Business Practices

We are committed to engaging with our customers in a professional, transparent, and responsible manner. Our practices are clearly defined and communicated to all employees through our Code of Conduct, Market Conduct Compliance Policy, New Product Approval Policy, and others. Employees are made aware of consumer protection and market conduct regulatory requirements and the Bank's policies through regular training and internal communications.

Our practices are designed to protect our customers, promote financial literacy, prevent over-indebtedness, and maintain financial stability. We have set clear expectations for how our employees interact with customers, ensuring that every product or service is promoted honestly and with the customer's best interests at heart. We ensure that information provided to our customers is clear, accessible, and appropriately adapted to different customer profiles, enabling our customers to easily understand and compare the terms, benefits the risks of our financial products and services and to make informed decisions.

The Bank maintains an independent complaint handling programme to make it easy for our customers to raise grievances and to ensure their queries are appropriately investigated and proactively resolved. Thematic reviews are conducted on a periodic basis to ensure continuous improvement of product and service offerings.



# Consumer Education and Awareness

In today's complex financial landscape, understanding banking products and services is no longer optional – it's essential. Consumer education plays a vital role in helping individuals make informed choices, avoid hidden risks, and build financial resilience. Recognising this, the CBUAE is actively working to raise public awareness and promote fair treatment through better financial literacy. Their mission is anchored in promoting informed decision-making among consumers, thereby reducing the likelihood of unfair treatment by financial institutions. CBD is fully supportive of this mission and recognises our responsibility in the below.

### Enabling customers to make informed decisions

Consumer education gives the knowledge to make informed financial decisions, helping consumers navigate the options and pick what's right for them.

### Reducing risks

A thorough understanding of the terms and conditions can help avoid potential risks and ensure optimal outcomes.

### Promoting financial inclusion

Consumer education ensures that everyone, including vulnerable consumers, has access to financial services. This inclusivity means that no one is left behind, and everyone has the opportunity to be part of the financial system.

### Enhancing financial literacy

Learning about budgeting, saving, investing, and managing debt helps consumers build a secure financial future. Financial literacy is a key part of consumer education, giving consumers the tools to manage their money wisely.

### Protecting customers

With the right knowledge, consumers can recognise and report unfair sales practices, fraud, and scams. This not only protects them but also helps maintain the integrity of the financial system.

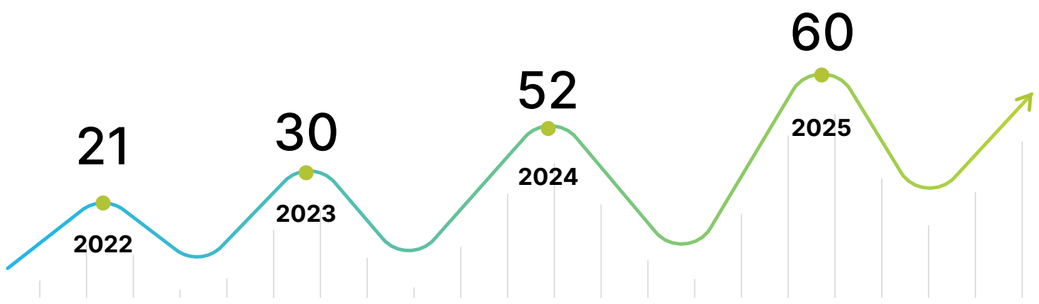
### Ensuring market accountability

Well-informed consumers encourage banks and other financial institutions to operate transparently and ethically, benefiting everyone.

We remain committed to educating customers on financial topics to protect them and help them in making better banking decisions.

### Customer Education and Awareness Communications

Total financial literacy and education communications




## Strategic Partnership with Dubai Festivals and Retail Establishment




In 2025, CBD signed a strategic partnership with Dubai Festivals and Retail Establishment, a key agency under Dubai's Department of Economy and Tourism, to enrich the lives of our customers and the communities we serve through Dubai's most iconic events.

Throughout the year, CBD delivered unforgettable experiences to promote financial literacy and foster meaningful connections within the community. One such event was the CBD Fun Zone launched for DFRE's Beach Canteen 2025 at Jumeirah Public Beach. Our theme 'Money Made Simple' was brought to life with exciting activations designed to engage, educate, and entertain.

Renowned radio host, Priti Malik, made a special appearance as a guest host for our Money Made Simple Game Show Quiz. The event reached new heights with her signature energy and excitement.

## Accessibility

Across our branches, all Customer Service Advisors have been delegated to fulfil the role of Branch Service Champions, trained specifically to meet the needs of People of Determination. These champions prioritise service delivery, offering personalised assistance to ensure a seamless and inclusive banking experience for People of Determination.

# Community Impact

## Our Approach and Progress

As a national bank, we are deeply committed to sharing our success with our local community to improve the lives of our customers, employees, and the communities we serve. We are proud to operate in a nation that actively encourages and celebrates community service, volunteering, and social responsibility, a priority which was further emphasised this year with the announcement by His Highness Sheikh Mohamed bin Zayed Al Nahyan, President of the UAE, making 2025 the Year of Community.

CBD's Corporate Social Responsibility (CSR) strategy and initiatives are guided by the local issues and causes of most concern to our stakeholders. In 2025, the Bank's CSR efforts were also shaped by national initiatives and events under the Year of Community, falling across the following pillars.

**Promoting education and cultural activities**

**Improving the social connection and inclusion**

**Raising awareness about preventive healthcare through sports**

CBD gives back to our community through a combination of financial support, charitable work, and employee volunteering. In accordance with Shari'ah principles of Islamic Finance, CBD donates 100% of late payment fees on Islamic Banking products to charitable and community organisations.

*We were proud to receive a Gold Impact Seal from Majra at the 2025 Awards Ceremony, a particular honour in the Year of Community. The Impact Seal is the UAE's highest recognition for excellence in CSR and Sustainability and awarded to companies exemplifying best practices in ESG, SDGs, and Sustainable Impact.*

## BASMA Volunteer Club

CBD's BASMA (Smile) Volunteer Club empowers our employees to contribute to meaningful causes and to foster deeper connections with our community and each other. In 2025, 64 employees were active members of the BASMA Volunteer Club.

## Volunteering and Community Events Sponsored by CBD

**Promoting Education and Cultural Activities**




### Suhoor

To mark the holy month of Ramadan, CBD hosted a special Suhoor event for our corporate and retail customers at the Grand Hyatt Hotel. Our Chairman, Board Members, and Senior Management team were present to welcome guests to this community event.



### Iftar Meals

CBD partnered with UAE Red Crescent and Dubai Police to distribute Iftar meals on several occasions, including on Zayed Humanitarian Workday to honour the legacy of Sheikh Zayed. The initiative supported individuals who were fasting for Ramadan by offering them nutritious meals at Iftar.

20

**Charitable and community organisations supported through CBD's CSR Programme**

# Volunteering and Community Events Sponsored by CBD

## Improving Social Connection and Inclusion



### Senior Happiness Centre

CBD BASMA volunteers visited the Seniors Happiness Centre in Al Mamzar to share moments of joy with seniors and reconnect with community values. The visit allowed both the Bank's employees and the elderly to engage through shared stories, experiences and values, creating a sense of connection. For the seniors, such interactions provided companionship and inclusion.



### Dubai Club for People of Determination

CBD is a proud supporter of the UAE's dedication and promotion of the integration of the People of Determination into society. CBD joined the Dubai Club for People of Determination for multiple events in 2025, including a Wheelchair Basketball Match. Employees participated in a friendly match with members from the Dubai Club which was both challenging and enjoyable for all participants.




### Spreading Smiles with Al Freej Fridge

CBD collaborated with Ferjan Dubai in a joint campaign to distribute cold refreshments to workers across multiple city locations during the peak of the summer. Our employees spread smiles across the city and showed support and appreciation for those who keep our roads and communities clean.

# Volunteering and Community Events Sponsored by CBD

## Raising Awareness on Preventive Healthcare through Sports




### CBD x Dubai Fitness Challenge 2025

In partnership with the Dubai Department of Economy and Tourism, we brought the CBD Wellness Studio and Financial Fitness Zone to life, welcoming thousands of participants throughout November. Our participation at Dubai Fitness Challenge featured interactive workshops, fitness sessions, and activities for all ages, with a special focus on the connection between physical and financial wellbeing. From group workouts and nutrition challenges to the Financial Fitness Quiz hosted by Priti Malik, the initiative encouraged healthier lifestyles and smarter financial habits. This collaboration not only helped drive a city-wide movement towards holistic wellness but also highlighted our commitment to empowering communities to live better physically, mentally, and financially.




### UAE Culture and Sports Heritage

CBD continued its decades-long sponsorship of the prestigious Jebel Ali Racecourse (JARC), a partnership that reinforces our commitment to preserving the UAE's vibrant culture. As we continue our sponsorship of the JARC, we recognise the significance of this partnership in promoting both sportsmanship and cultural values.



# Governance

## Operating with Integrity. Inspiring Trust

Effective governance plays a critical role in ensuring that CBD operates with integrity, accountability, and transparency. Our governance structures help to safeguard the interests of our depositors, investors, and other stakeholders by establishing clear frameworks for decision-making, risk management, and regulatory compliance. The robustness of our governance mechanisms is essential for maintaining financial stability, fostering trust, and preventing unethical practices that could lead to significant economic repercussions. Through diligent oversight and adherence to best practices, our governance efforts help to sustain the long-term viability and reputation of the Bank.

# Corporate Governance, Business Ethics, and Compliance

## Our Approach and Progress

As a financial institution licensed in the UAE, we are committed to complying with the Corporate Governance Regulations and Standards issued by the CBUAE and the Securities and Commodities Authority, and with best governance practices adopted internationally. Corporate governance is the system of rules, practices, and processes by which the Bank is directed and controlled. Our Corporate Governance Framework is built on principles that go beyond mere compliance, embedding integrity, accountability, and transparency into every aspect of our business. It ensures fairness for clients, investors, shareholders, employees, and the broader community. In today's rapidly evolving financial landscape, we have further strengthened our governance practices to guarantee that these principles remain at the core of every decision we make. Further details on approach to corporate governance are detailed in our 2025 Corporate Governance Report.

## Board of Directors

The CBD Board of Directors plays a pivotal role in safeguarding the interests of all stakeholders and promoting the long-term sustainability of the Bank. The Board provides strategic direction, sets the Bank's risk appetite, oversees management's performance, ensures adequate internal controls, and fosters the culture that promotes integrity and sustainable stakeholder value.

The Board is comprised of 11 members, elected at the Annual General Meeting, for a term of three years. The formation of the Board of Directors takes into consideration the need to ensure that the Board and its Committees have the appropriate balance of skills, experience, industry knowledge, and adheres to fit and propriety criteria, collective suitability, diversity standards, and independence requirements set by the CBUAE.

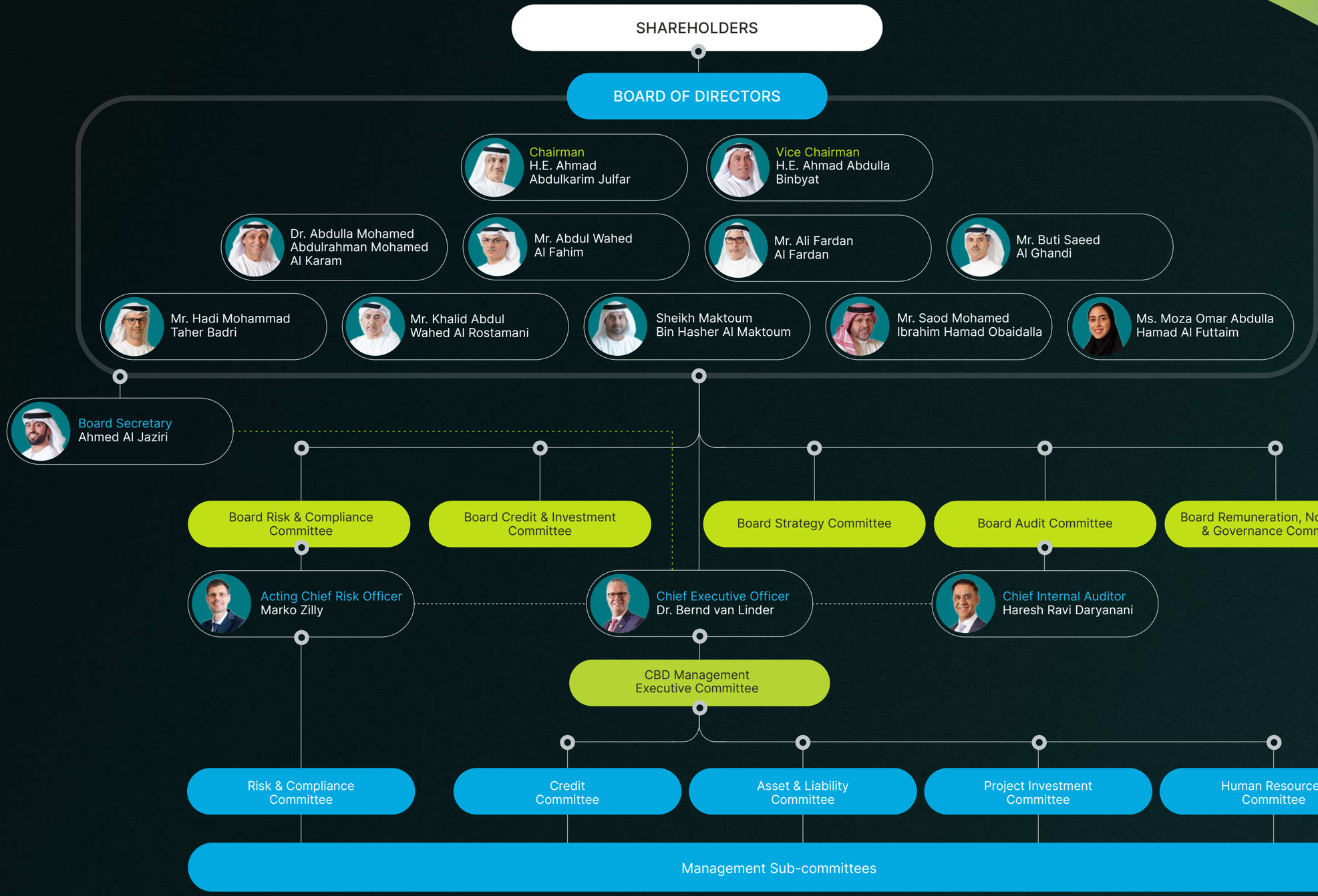
### The Board operates five standing committees

- Board Risk & Compliance Committee
- Board Credit & Investment Committee
- Board Strategy Committee
- Board Audit Committee
- Board Remuneration, Nomination & Governance Committee

In 2025, the Board and its committees met a total of

48 times

# Corporate Governance Organisational Chart



## Board Membership

| | 2025 |
|---|---|
| Board Members | 11 |
| Independent Board Members | 45% |
| Female representation at Board level | 1 |
| Number of meetings held by the Board and its committees | 48 |
| Number of Board Members serving over 5 Years | 6 |
| Number of Board Members serving over 10 Years | 4 |

The CBD Directors' Code of Conduct establishes the ethical standards, fiduciary responsibilities, and governance expectations for all members of the Board of Directors. It is designed to guide Directors in the discharge of their duties with diligence, loyalty, and independence, ensuring that their conduct upholds the reputation and values of the Bank and its subsidiaries. The Code reflects the Bank's commitment to integrity, transparency, and accountability, in accordance with the Corporate Governance Regulations and all applicable laws. The code emphasises how, in discharging their duties to the Bank, members of the Board shall, in particular, endeavour to:

- Comply with all applicable laws, regulations, and internal policies.
- Act with honesty, good faith, and in the best interests of the Bank, exercising appropriate care and diligence and avoiding any conflict of interest.
- Avoid and promptly disclose any conflict of interest.
- Maintain confidentiality of information, both during and after term.
- Operate within delegated authority as conferred upon them.
- Make use of the Bank's name and resources only in the interest of the Bank.
- Ensure transparency and accuracy in all disclosures.
- Direct confidential or media inquiries to authorised representatives.
- Commit to ongoing professional development.

The CBD Directors' Conflict of Interest Policy establishes clear expectations for Board Members to uphold the highest standards of integrity, objectivity, and ethical conduct in all their dealings on behalf of the Bank. The policy mandates that the Board of Directors shall:

- Maintain the highest standard of ethics.
- Avoid, to the extent possible, activities that could create actual, potential, or perceived conflicts of interest.
- Refrain from accepting appointments in competing institutions unless such appointment is decided by a federal or a local governmental authority.
- At all times, conduct themselves in a manner that enhances and promotes the reputation of the Bank.
- Not put themselves in a position that could lead to possible or perceived conflicts of interest between themselves and the Bank.
- Ensure that their interests or those of a connected person do not (and are not perceived to) take precedence over the interests of the Bank.
- Promptly disclose any identified conflict of interest to the Board Secretary, providing sufficient detail for assessment and management.
- Abstain from voting or participating in deliberations on matters where a conflict of interest exists, or where impartiality or fiduciary duties may be compromised.

Additional information on Board independence, nomination and evaluation, skills and expertise, continuing professional development, performance evaluation, remuneration, as well as the management of conflicts of interest are provided in our 2025 Corporate Governance Report.





## Board Diversity

The CBUAE and the Securities and Commodities Authority's Corporate Governance Standards for Banks require that at least 20% of the candidates considered for appointment to the Board of a listed company must be female and at least one Board member must be female. CBD welcomed its first female Board member in 2024.

## Executive Remuneration

The Remuneration, Nomination & Governance Committee of the Board is responsible for setting the overarching principles, parameters, and governance of CBD's remuneration framework for all employees, and the remuneration of the Management EXCO and other senior employees as well as overseeing governance initiatives on behalf of the Board of Directors. CBD uses a balanced scorecard approach to measure employee performance across four categories: Financial, People, Customer, and Change Management / Strategic Initiatives.

## Setting New Standards in Corporate Governance

### Best Corporate Governance UAE 2025

CBD's commitment to corporate governance excellence has been recognised on the international stage, earning the prestigious Best Corporate Governance in the UAE 2025 award from World Finance. This accolade reflects the Bank's dedication to upholding the highest standards of transparency, ethical leadership, and rigorous oversight throughout its operations. Such recognition is a testament to the Bank's proactive approach in fostering a culture of integrity and accountability at all levels within the organisation.

The Bank's governance framework is designed not only to meet regulatory requirements but to set new benchmarks for excellence within the region. By continuously refining its policies and practices, CBD ensures that its governance structures remain robust, adaptive, and forward-looking. The Bank actively embraces innovation, integrates best practices, and anticipates emerging challenges, thereby safeguarding stakeholder interests and reinforcing its reputation as a trusted financial institution.

# Employee Code of Conduct

CBD's Code of Conduct provides the guidelines of business practice, and professional and personal conduct, that all employees are expected to adopt and uphold as CBD employees. The Code of Conduct applies to all officers and employees of CBD which include the Commercial Bank of Dubai PSC and all its subsidiaries. The Code also applies by extension, and insofar as their contracts so provide, to third parties who have entered into contracts to provide services to the Bank. It specifically highlights employees' responsibilities regarding the below.

- Compliance with Laws and Regulations
- Confidentiality of Information and Data Privacy
- Customer Information
- Conflicts of Interest
- Anti-Bribery and Corruption
- Anti-Money Laundering
- Insider Trading and Privileged Information
- Anti-Trust and Anti-Competitive Practices
- Diversity and Inclusion
- Discrimination, Bullying and Harassment
- Health and Safety
- Corporate Social Responsibility
- Manager Responsibilities
- Annual Training
- Compliance Linkage to Employee Remuneration and Disciplinary Actions
- Whistleblowing
- Non-Retaliation

## Anti-Bribery and Corruption

The Bank enforces a zero-tolerance stance towards bribery and corruption in any form as set out in CBD's Anti-Bribery and Corruption Policy. It does not allow the giving, offering, promising or receiving of bribes in any form by any person. Further, CBD prohibits any political involvement, including lobbying and political spending, in accordance with the laws and regulations of the UAE. All employees and associated third parties are prohibited from:

- Offering, suggesting, or paying a bribe, or authorising such actions.
- Soliciting or accepting a bribe to influence a decision, gain unauthorised access to confidential information, or perform/omit an act, regardless of whether the outcome would have been the same without the bribe.
- Making facilitation payments, including facilitating these payments on behalf of customers.
- Using third-party service providers with inadequate standards in bribery and corruption management.
- Processing funds that are known or suspected to be the proceeds of bribery or corruption.

## Whistleblowing Policy

The Whistleblowing Policy is an essential component of the Bank's Corporate Governance Framework and Risk Management Framework, designed to encourage and enable CBD employees, customers, and third parties to speak up freely and report potential or actual instances of wrongdoing, misconduct, unethical behaviour, or illegal activity within the Bank or relating to the Bank, which otherwise would have a detrimental impact on the image, reputation or assets of the Bank and its stakeholders, without fear of retribution. It sets the procedures for the reporting party to anonymously disclose any concerns or suspicions regarding possible violations of applicable laws or regulations, or of Bank's internal policies, standards, or procedures, including CBD's core values. The policy applies to all CBD staff members (permanent, contractors, and other external and temporary staff) as well as third parties, such as vendors, third party service providers, freelancers, volunteers and trainees, who have entered contracts with the Bank.

In 2025, CBD introduced a dedicated digital intake channel to further support confidentiality, anonymity, and case management of whistleblowing disclosures. The 'Report a Concern' web form is available on CBD's website in both English and Arabic.

### Whistleblowing Cases

| | 2025 |
|---|---|
| Total number of whistleblowing cases filed in the reporting period | 28 |
| Percentage of whistleblowing cases that were substantiated | 26% |

## Human Rights

CBD supports international labour rights standards and principles, including the fundamental International Labour Organisation Conventions (ILO Conventions) on Forced Labour, Equal Remuneration, Abolition of Forced Labour, Discrimination, Minimum Age, and Worst Forms of Child Labour, the OECD Guidelines for the Multinational Enterprises, UN Guiding Principles on Business and Human Rights, and the UN Global Compact. CBD is committed to promoting and respecting the protection of human rights in all our relationships with employees, suppliers, and other parties. Further information is provided in our Human Rights Policy Statement.

## Financial Crime

### Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF) Policy

The objective of CBD's AML and CTF Policy is to prevent the use of the Bank's products and services for money laundering, financing of terrorism or other illicit purposes. The policy is applicable to all CBD employees, including trainees, contractors, and other external and temporary staff, Board members, as well as outsourced agents, representatives and other third parties associated with CBD. CBD's AML and CTF Compliance Programme, which underpins the AML and CTF Policy, is fundamental to ensuring compliance with relevant laws and regulations and upholding the Bank's reputation and integrity. This programme utilises a Three Lines of Defence model, establishing a strong control environment to effectively mitigate and manage the risks of money laundering and terrorism financing across the Bank and its subsidiaries.

### Sanctions Policy

CBD recognises that failure to comply with applicable sanctions programmes and regimes would not only constitute a breach of legal and/or regulatory requirements but could carry significant reputational damage and financial loss for the Bank. The Bank's Sanctions Policy aims to prevent CBD from engaging in any business activity that may represent a breach of applicable sanctions or expose the Bank to legal, regulatory, or reputational risks.

### Compliance Monitoring and Reporting

The Compliance Department has oversight of the management of Financial Crime and Regulatory Compliance Risks throughout the Bank, which is achieved through periodic compliance reviews of key compliance processes and controls. Actions to improve the effectiveness of the control environment are tracked through the Risk Control Self-Assessment process and a gap analysis is performed on each new or amended regulation to identify and address any instances of non-compliance.

# Information Security and Data Privacy

## Our Approach and Progress

Protecting our customers and safeguarding their information is essential to our business success. Customers, suppliers, and companies with whom we do business trust us to be good stewards of their confidential information, whether that information relates to financial, personal, or business matters. The Bank's Information Security Management System is certified to ISO/IEC 27001, and fully compliant with:

- UAE's Information Assurance Regulation
- Payment Card Industry (PCI) Data Security Standards
- SWIFT Customer Security Controls Framework (CSCF)
- Article 6 of the CBUAE Consumer Protection Regulation

There is a dedicated Information Security function reporting through the Chief Information Security Officer (CISO) to the Chief Risk Officer. This function is responsible for establishing the information security policies and procedures designed to safeguard its IT resources and information assets. These policies form the foundation of the Bank's information security risk management, governance, and compliance framework. The policies establish mandatory requirements for all areas handling data and are reviewed at least annually to ensure continued relevance and effectiveness.

The Information Security function provides regular reporting on the status of Information Security and Data Privacy risks. These reports are submitted bi-monthly to the Operational Risk Management Committee (ORMC), and quarterly to both the Risk Management & Compliance Committee (RMCC) and the Board Risk Management & Compliance Committee (BRCC), ensuring ongoing oversight and governance at all levels of the organisation.

The Bank maintains a comprehensive set of information security controls encompassing people, processes, and technology to ensure the confidentiality, integrity, and availability of its systems, applications, data, and networks. These controls are designed to protect against cyber threats and include mechanisms for the prevention, detection, and response to unauthorised access, data leakage, malware infections, and system vulnerabilities. To ensure ongoing effectiveness, these controls are subject to regular security assessments, vulnerability testing, and independent audits in accordance with regulatory requirements and industry standards. In addition, external-facing systems undergo Vulnerability Assessment and Penetration Testing performed by independent third-party auditors on a quarterly and annual basis, or immediately following any significant change, to validate resilience against evolving threats.

The Bank has an Information Security Incident Response Plan, supported by business continuity and disaster recovery procedures, to effectively manage and mitigate information security events and incidents. The Bank conducts simulation and tabletop exercises at least annually to sustain and enhance the organisation's ability to respond to security incidents in line with industry best practices.

CBD's employees play a critical role in defending the Bank from information security attacks and protecting the data privacy rights of our customers. CBD provides regular information security awareness campaigns to ensure all employees are aware of the latest cybersecurity threats and tactics and remain vigilant to such attacks. Employees are trained to report suspected phishing attempts instantly through embedded features in Microsoft Outlook. Employees are responsible for reporting any security incidents or breaches to their direct management. All employees receive annual mandatory training on the Bank's Information Security Policy, including their role and responsibilities with respect to information security and data privacy.

## Enhanced Third-Party Security Assessment Process

As part of our ongoing commitment to strengthening the organisation's information security posture, the Third-Party Security Assessment (TPSA) process has been significantly enhanced to ensure rigorous oversight of external suppliers and service providers. The revised TPSA framework now mandates independent assessments of information security controls for all third-party entities classified as high risk under the Service Impact Assessment (SIA) model. In response to emerging technologies and evolving threat landscapes, the TPSA process now includes a dedicated evaluation track for Generative AI (GenAI) suppliers, ensuring that their data handling, model integrity, and privacy safeguards meet enterprise-grade security standards. This includes scrutiny of model training sources, prompt injection defences, and data residency compliance.

## Certifications

### ISO 27001
### Information Security Management System

ISO 27001 is the leading international standard for the protection of information security. The standard sets out specific requirements for establishing, implementing, maintaining and continually improving the information security management framework. In November 2025, TNV, who are accredited by the International Accreditation Services (IAS), recertified the Bank to ISO 27001:2022 Information Security Management System following the completion of a surveillance audit conducted for the second year.

### ISO 22301
### Business Continuity Management System

ISO 22301 is the leading international standard for business continuity management. The standard establishes requirements to help organisations prepare, effectively respond, and maintain operations during disruptions, such as natural disasters, cyberattacks, or other unforeseen events. In November 2025, TNV, who are accredited by the IAS, recertified the Bank certification to ISO 22301:2019 Business Continuity Management System following the completion of a surveillance audit conducted for the third year.

# Sustainability Data and KPIs
## Environment

### Sustainable Finance[11]

| Green Bond | 2024 | 2025 |
|---|---|---|
| Green Bonds issued (USD mn) | 500 | 500 |
| Eligible green loan portfolio (AED mn) | 2,511 | 3,300 |

### Climate Risk Management

| Exposure to Economic Sectors with High Climate Risk (%) | 2024 | 2025 |
|---|---|---|
| Lending and investment portfolio exposure | 13.8% | 12.5% |
| Wholesale banking exposure | 18.2% | 16.9% |

### Responsible Operations

| Greenhouse Gas (GHG) Emissions | 2024 | 2025 |
|---|---|---|
| **Total GHG emissions ($tCO_2e$)** | **15,580[12]** | **14,330** |
| Scope 1 ($tCO_2e$) | 952 | 1,085 |
| Scope 2 ($tCO_2e$) | 9,947[13] | 8,079 |
| Scope 3 ($tCO_2e$) | 4,681 | 5,165 |

| Energy | 2024 | 2025 |
|---|---|---|
| Total electricity consumption (MWh) | 15,479[14] | 14,588 |
| Total petrol consumption (litres) | 12,684 | 10,300 |
| Total diesel consumption (litres) | 0 | 0 |

| Water and Effluents | 2024 | 2025 |
|---|---|---|
| Total water consumption ($m^3$) | 27,051[15] | 25,707 |

11. As at February end
12. Due to improvements in our data collection process and calculation methodologies, prior year metrics have been restated.
13. Due to improvements in our data collection process and calculation methodologies, prior year metrics have been restated.
14. Prior year metrics have been restated to remove consumption related to downstream leased assets.
15. Prior year metrics have been restated to remove consumption related to downstream leased assets.

# Sustainability Data and KPIs
## People

### Employee Experience

| Workforce Structure | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| **Total full-time employees** | **1,012** | **1,037** | **1,200** | **1,187** | **1,149** |
| By gender: | | | | | |
| Female | 425 | 446 | 516 | 516 | 502 |
| Male | 587 | 591 | 684 | 671 | 647 |
| Female employees % | 42% | 43% | 43% | 43% | 44% |

| Talent Acquisition | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| **Total new hires** | **208** | **247** | **450** | **332** | **350** |
| UAE Nationals | | | | 101 | 141 |

| Employee Engagement | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| Employee engagement score | 74 | 75 | 75 | 72 | 74 |
| Engagement survey response rate | 76% | 73% | 88% | 84% | 71% |

### Emiratization

| Emiratization | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| **UAE national employees** | **351** | **363** | **445** | **449** | **453** |
| Emiratization rate | 35% | 35% | 37% | 38% | 39% |

### Learning and Development

| Workforce Structure | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| **Total training hours** | **11,360** | **25,317** | **46,232** | **34,338** | **31,676** |
| UAE Nationals | | | | 18,644 | 14,300 |
| **Average training hours** | **9** | **20** | **42** | **29** | **28** |
| UAE Nationals | | | | 42 | 32 |

# Sustainability Data and KPIs

## Customers and Community

### Customer Experience

| Complaints Handling | 2023 | 2024 | 2025 |
|---|---|---|---|
| Average handling time for resolving complaints (days) | 2.8 | 2.7 | 2.0 |

### Customer Protection

| Customer Education and Awareness | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Total financial literacy and education communications | 21 | 30 | 52 | 60 |

### Community Impact

| Community Investment | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Total social contributions – donations and charity (AED million) | 3.2 | 2.9 | 1.9 | 3.0 |

## Governance

### Corporate Governance, Business Ethics, and Compliance

| Composition of the Board of Directors | 2023 | 2024 | 2025 |
|---|---|---|---|
| **Total number of Board of Directors** | **11** | **11** | **11** |
| Independent Board Members | 4 | 5 | 5 |
| Independent Board Members (%) | 36% | 45% | 45% |
| Board composition by gender | | | |
| Female | 0 | 1 | 1 |
| Male | 11 | 10 | 10 |

| Board Meetings | 2023 | 2024 | 2025 |
|---|---|---|---|
| Meetings held by the Board and its subcommittees | 47 | 57 | 48 |

| Board of Directors Length of Services | 2024 | 2025 |
|---|---|---|
| Number of Board Members serving over 5 years | 6 | 6 |
| Number of Board Members serving over 10 years | 2 | 4 |

| Whistleblowing Cases | 2024 | 2025 |
|---|---|---|
| Total number of whistleblowing cases filed in the reporting period (#) | 9 | 28 |
| Percentage of whistleblowing cases that were substantiated (%) | 33% | 26% |

# Own Operations and Supply Chain GHG Emissions Methodology

CBD's calculation of GHG emissions is based on the global standard Greenhouse Gas Protocol methodology developed by the World Resources Institute, and the World Business Council for Sustainable Development. CBD applies an operational control method of consolidation. Our Own Operations and Supply Chain GHG reporting excludes financed emissions.

## Scope 1

### Scope

Emissions from company leased vehicles used for business and fugitive emissions from the use of refrigerants in heating, ventilation and air-conditioning (HVAC) systems. Fuel consumption by the Bank's back-up generators is immaterial.

### Method

#### Petrol used in company-leased vehicles

Fuel consumption (in litres) recorded as per invoices paid to suppliers is converted to carbon dioxide equivalent emissions using emission factors from the GHG Protocol.

#### Refrigerants

Fugitive emissions are estimated based on the refrigerant loss value and Global Warming Potential (GWP) of the refrigerant. The refrigerant loss value is estimated based on the type of cooling system, associated estimated annual leakage rates, and cooling capacity. GWP factors are sourced from the IPCC Sixth Assessment Report (AR6).

## Scope 2

### Scope

Emissions from the use of electricity in the Bank's owned or rented properties, including electricity consumption related to the Bank's on-premise data centres. This includes electricity consumption related to downstream leased assets where the Bank holds the supply contract directly with the local utility provider and maintains operational control.

### Method

Electricity consumption (in kWh) is obtained directly from utility provider online portals and billed invoices. Separate grid emission factors were used for Dubai, Abu Dhabi, and all other Emirates, as per the GHG Protocol's location-based reporting guidance. CBD does not have contractual instruments to purchase energy and therefore its location-based and market-based Scope 2 reporting are the same.

For Dubai and Sharjah, CBD used grid emission factors from the Dubai Electricity and Water Authority (DEWA).[16] For Abu Dhabi and the Northern Emirates, we used the grid emission factors from the Emirates Water and Electricity Company (EWEC).[17]

16. DEWA_Sustainability_Report_2024
17. Statistical Reports | Emirates Water and Electricity Company (EWEC)



# Scope 3

## Scope

Emissions from the following sources are included:

- Purchased goods and services related to paper consumption, IT equipment, municipal water consumption, and outsourced data centre services.
- Business travel, including travel by air and road as well as hotel stays.
- The use of electricity in the Bank's downstream and upstream leased properties where we do not maintain operational control.
- Municipal and recycled waste generated in operations for owned and leased properties.
- Employee commuting by public and private transport.

## Method

### Purchased Goods and Services

Emissions from the consumption of paper are calculated using the volume and weight of paper ordered per supplier invoices and emission factors from the UK's Department for Energy Security and Net Zero, published in June 2025. For IT assets, the number of desktop and laptop sets purchased per supplier invoices is multiplied by the "cradle to gate" emissions disclosed by relevant manufacturers. Municipal water consumption (in $m^3$) is obtained directly from the utility providers' online portals and billed invoices. For outsourced data centre services, total electricity consumption is estimated by CBD's third-party service provider. Grid emission factors from DEWA were used.

### Business Travel

For business travel by road, the distance travelled (in km) for business travel by privately-owned or hired vehicles was calculated using location data from our expense system. For business travel by air, flight details including the flight origin, destination, and routing are obtained from our travel agency. The distance between airports is determined using the ICAO Carbon Emissions Calculator Passenger Calculator. Emission factors are obtained from the UK's Department for Energy Security and Net Zero and the U.S. Environmental Protection Agency (EPA) Emission Factors for Greenhouse Gas Inventories published in January 2025 and June 2025, respectively.

For hotel stays, the number of room nights stayed (including day rates) in a country is obtained from our travel agency. Country-specific emission factors are sourced from the UK's Department for Energy Security and Net Zero, published in June 2025.

### Downstream and Upstream Leased Assets

Electricity consumption (in kWh) is estimated based on the building square footage. For Dubai and Sharjah, CBD used grid emission factors from the Dubai Electricity and Water Authority (DEWA).[18] For Abu Dhabi and the Northern Emirates, we used the grid emission factors from the Emirates Water and Electricity Company (EWEC).[19]

### Waste Generated in Operations

For both municipal and recycled waste, the weight of waste collected is obtained from billing invoices from waste collection companies. Emission factors are obtained from the U.S. EPA Emission Factors for Greenhouse Gas Inventories, published in January 2025.

### Employee Commuting

Employee commute data (e.g., office commute distance, modes of transport, number of days commuted) was sourced by conducting an internal survey in 2023 and extrapolating the results to the entire workforce. The emission factors were sourced from the U.S. EPA Emission Factors for Greenhouse Gas Inventories, published in January 2025.

18. DEWA_Sustainability_Report_2024
19. Statistical Reports | Emirates Water and Electricity Company (EWEC)

# 04
# Governance


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# Chairman's Message to Shareholders on Corporate Governance



Our commitment to exemplary corporate governance remains the foundation of our resilience and growth. By fostering transparency, accountability, and ethical conduct, we continue to build trust and deliver long-term sustainable value to all stakeholders.

**Dear Shareholder,**

On behalf of the Board of Directors, I am pleased to present Commercial Bank of Dubai PSC (CBD)'s Corporate Governance Report for the year 2025.

At CBD, corporate governance is more than compliance; it is the cornerstone of trust and sustainable success. The Bank is committed to the principles of integrity, accountability, and transparency in all its business dealings, ensuring fairness to clients, investors, shareholders, employees, and the community at large. In a rapidly evolving financial landscape, we have further strengthened our governance framework to ensure that integrity, fairness, and transparency remain embedded in every decision we make.

**Governance in the Age of Transformation- Steering Change with Confidence**

The year 2025 was pivotal for CBD as we accelerated our focus on innovation and resilience. We have enhanced our governance practices to address emerging challenges such as digital transformation, AI, cybersecurity, and climate risk. Our framework continues to evolve, ensuring alignment with UAE laws and regulations and global best practices while setting new benchmarks for excellence.

The Board has actively overseen key transformation initiatives and participated in multiple strategic retreat sessions to shape CBD's long-term vision.

**Raising the Standard- Driving Excellence in Governance**

Over the past few years, we have continuously enhanced our Corporate Governance Framework to not only meet but exceed regulatory expectations and align with international best practices. The Bank has undergone rigorous regulatory and voluntary reviews, including commissioning assessments by leading third parties, to elevate our corporate governance practices.

Our commitment to excellence was recognised with the prestigious Best Corporate Governance in the UAE award by World Finance. This accolade reflects our dedication to transparency, accountability, and ethical conduct across all operations, reinforcing CBD's position as a regional leader in governance.

**Board Composition and Evaluation- Ensuring Diversity and Strategic Oversight**

The Board comprises eleven (11) Members, including five (5) independent Directors and one (1) female Director. The Board adheres to the Fit and Propriety criteria and Collective Suitability and Diversity standards set by the Central Bank of the UAE, ensuring that Directors possess the necessary experience, knowledge, and skills to oversee all aspects of the Bank's operations.

In 2025, an internal evaluation assessed the Board, its committees, and individual Directors, confirming 100% compliance with CBUAE governance standards and highlighting a balanced mix of experience and fresh perspectives.

**Continuous Professional Development- Advancing Board Expertise and Strategic Agility**

Recognising the increasing complexity of the financial and regulatory landscape, CBD places strong emphasis on the continuous professional development of its Board Members. In 2025, the Board engaged in a structured and ongoing professional development programme designed to sustain, enhance, and advance its Directors' knowledge, skills, and capabilities, ensuring effective oversight in a dynamic environment while ensuring adherence to the CBUAE's CPD requirements.

By investing in continuous learning, CBD ensures that its Board remains future-proof, strategically agile, and equipped to navigate complex challenges, reinforcing our commitment to excellence in corporate governance.

**Board Succession Planning-**
**Ensuring Continuity and Strategic Stability**

Succession planning remains a fundamental pillar of CBD's governance framework, aimed at ensuring leadership continuity and safeguarding the Bank's long-term strategic objectives. In 2025, the Board approved a comprehensive Succession Plan covering key leadership positions, including the Chairman and Vice-Chairman of the Board, as well as the Chairs and Vice-Chairs of all Board Committees. The plan also identifies designated successors for Directors, guaranteeing seamless continuity in the event of any unforeseen resignation or departure during the Board's term.

This structured and forward-looking approach reflects CBD's commitment to resilience and strategic alignment. It focusses on identifying individuals with the requisite skills, experience, and regulatory suitability to assume leadership responsibilities, thereby maintaining governance, effectiveness and stability under all circumstances.

**Championing ESG and Sustainable Finance-**
**Embedding Sustainability into Core Governance**

CBD continues to integrate sustainability into its governance agenda. Climate risk remains a top emerging risk, monitored closely by the Board Risk & Compliance Committee. We actively support green finance initiatives, enabling clients in their transition towards a low-carbon economy and reinforcing our role as a responsible financial institution.

**Driving Innovation-**
**Investing in AI and Technology**

To ensure future readiness, CBD continues to make strategic investments in artificial intelligence and advanced technologies aimed at enhancing operational efficiency, strengthening risk management, and delivering superior customer experiences. These initiatives are firmly anchored in a robust governance framework that safeguards integrity and accountability.

By leveraging cutting-edge solutions, CBD is positioning itself as a leader in digital transformation, creating a resilient and innovative organisation prepared to meet the evolving demands of the financial sector.

**Looking Ahead**

Corporate governance is a journey, not a destination. In 2026, we will continue to innovate, strengthen resilience, and uphold the highest standards of ethical conduct. This commitment ensures that we remain a trusted partner for our shareholders, customers, and communities.

In closing, I extend my sincere gratitude to my fellow Board Members and all employees for their dedication and contribution to our shared vision.

**Ahmad Abdulkarim Julfar**
Chairman



# Key Governance Highlights and Activities in 2025

## Award-Winning Corporate Governance

CBD's commitment to outstanding governance has been recognised with the Best Corporate Governance in the UAE award from World Finance. This achievement highlights the Bank's proactive approach to transparency, ethical leadership, and robust oversight across all operations.

CBD continues to evolve its governance practices, embracing innovation and anticipating future challenges. The award affirms the Bank's position as an industry leader, inspiring trust among stakeholders and driving sustainable growth. CBD's governance framework is not just about meeting requirements: it is about setting new benchmarks for excellence in the UAE.

## Dynamic Leadership

CBD's Board of Directors collectively possesses the skills, knowledge, and experience necessary to govern the Bank effectively. The Board's composition reflects a balanced mix of expertise, diversity, and independence, in line with regulatory standards and best practices. The Board is committed to continuous professional development, engaging in structured learning programmes and regular evaluations to ensure effective oversight, strategic agility, and future-readiness in a dynamic environment.

In 2025, the Board participated in a structured professional development programme, further advancing its collective capabilities and ensuring adherence to regulatory requirements. Succession planning remains a key focus, with comprehensive plans in place to ensure leadership continuity and strategic stability across all Board and Committee roles.

The Bank continues to operate cross-departmental Management Committees and forums, comprising members from various departments, to oversee the Bank's affairs. These Committees convene frequently to foster collaboration, identify risks and opportunities, and ensure diverse input. This structure facilitates quicker decision-making and the development of innovative solutions, enhancing the Bank's overall effectiveness and responsiveness. By bringing together different perspectives and expertise, these Committees play a crucial role in driving the Bank's strategic initiatives and operational excellence.

## Delegation of Authority

The Board ensures robust and effective Corporate Governance practices are in place. A central component of this framework is Delegation of Authority (DoA), which enables the Board to delegate specific powers to Board Committees and Management while maintaining oversight and accountability in line with sound governance principles.

Delegation of authority is carefully structured through CBD's delegation policy and matrix, which clearly defines the activities, authorised individuals, and conditions under which delegated authority may be exercised. The Board recognises that while authority can be delegated, ultimate responsibility remains with the Board itself.

In addition, the Bank has established a comprehensive Policy Management Framework and Policy DoA. These provide clear guidance for the management and governance of Bank-wide policies, specifying the roles, responsibilities, and approval authorities required to ensure compliance with regulatory standards.

## Board Performance Evaluation

In 2025, the Bank conducted a thorough internal evaluation of the Board and its Committees as well as individual Directors. The assessment focussed on effectiveness, independence, governance standards, and alignment with strategic objectives.

Key strengths identified included a balanced Board composition, high professionalism, effective Committee operations, and full regulatory compliance. The evaluation also highlighted strong engagement, robust debate on strategic matters, and a commitment to continuous learning. These results reinforce the Bank's dedication to maintaining best-in-class governance and leadership standards.

## Compliance, Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT)

In 2025, the Bank continued to enhance its Financial Crime Compliance (FCC) Programme, aligning with regulatory expectations and industry best practices. Key initiatives included strengthening the AML/CFT framework through improved customer risk assessment solutions, advanced transaction monitoring tools, and updated policies and processes.

The Bank successfully completed all planned compliance initiatives for the year, including enhancements to transaction monitoring and customer due diligence processes and controls. Independent reviews by regulatory authorities confirmed significant progress, with the Bank's AML/CFT framework recognised as meeting regulatory expectations.

Operational improvements included upgrades to the main transaction monitoring system, closure of earlier regulatory observations, and ongoing risk assessments to ensure the effectiveness of controls. The Bank remains committed to continuous improvement in compliance, AML and CFT, investing in technology, people, and processes to address emerging risks and uphold regulatory compliance.

## Culture Assessment

The Bank maintains a robust Culture Dashboard to comprehensively assess and monitor the overall organisational culture. This tool evaluates the effectiveness of initiatives aimed at fostering a positive company environment and ensures alignment with the Bank's core values and strategic objectives. The Culture Dashboard provides input on key performance indicators (KPIs) covering the areas of Customers, People, Integrity, and Compliance.

The Bank continues to track the Culture Dashboard on a monthly basis, providing Senior Management and the Board with timely data and insights. This enables proactive decision-making and timely interventions to address any areas of concern. By continuously monitoring these KPIs, the Bank ensures it fosters a positive, ethical, and compliant culture that supports its long-term success and sustainability.

## Diversification and Inclusion

Gender diversity is essential for fostering innovation, driving equitable opportunities, and creating inclusive environments where all individuals can thrive. At CBD, we believe that a diverse workforce strengthens our company. By embracing gender diversity, we challenge biases, unlock potential, and pave the way for a more balanced and sustainable future.

The Central Bank of the UAE and the Securities and Commodities Authority's Corporate Governance Standards for Banks mandate that at least 20% of the candidates considered for appointment to the Board of a listed company must be female, and at least one Board member must be female. CBD was delighted to welcome its first female Board member in 2024.

CBD is proud to welcome the first female member of its leadership team reporting directly to the CEO, reinforcing our commitment to empowering women and promote gender equality at every level of the organisation. This milestone reflects our dedication to creating pathways for female leaders and ensuring that talent and capability are recognised irrespective of gender.

| | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Female Employees (%) | 43% | 43% | 43% | 44% |
| Male Employees (%) | 57% | 57% | 57% | 56% |

## Climate Risk Management

The UAE financial sector has an important role to play in enabling the nation's Net Zero by 2050 Strategy and proactively managing climate-related financial risks to protect financial stability and promote climate resilience over the long-term.

The Board of Directors holds ultimate accountability and responsibility for maintaining effective oversight of climate-related financial risks for the Bank. To support the effective management of climate-related financial risks, the Bank has embedded climate risk into its Risk Appetite Statement, credit policies, stress testing, and annual training for the front-office and credit. The Climate Risk Appetite is monitored monthly and reported to the Board Risk & Compliance Committee on a regular basis.

In 2025, the Bank's sustainable finance portfolio continued to grow in aggregate and in proportion to total assets. This growth was propelled by opportunities to finance solar energy, clean transportation, green buildings, and new and existing customers as they transition to a low-carbon economy.

## Emiratization

As a national bank, we are immensely proud to support the UAE's visionary emiratization efforts, as we believe in nurturing the next generation of UAE National talent to achieve their ambitions. We are not only investing in the future of these young leaders but also in the banking and financial services sector in the UAE.

To reinforce this commitment, CBD has established a new Contact Center in the Northern Emirates which enabled us to hire additional UAE Nationals to strengthen our customer service capabilities. We have also focussed on recruiting fresh graduates with future-ready skills. In 2025, we welcomed 40 graduates, including 20 specialising in technology, to drive innovation and strengthen our digital capabilities across the bank.

These initiatives reflect our dedication to empowering Emirati talent, fostering career growth, and building a workforce that represents the UAE's vision for a knowledge-based economy.

**Emiratization Overview**

| | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| UAE National employees | 363 | 445 | 449 | 453 |
| Overall emiratization rate (% of total workforce) | 35% | 37% | 38% | 39% |

## Risk Management Strategy and Exposure

In 2025, the Bank continued to advance its Risk Management Framework (RMF), aligning with evolving regulatory expectations and industry best practices. Key initiatives included further strengthening the RMF through enhanced risk identification tools, updated risk appetite metrics, and refined escalation processes. The Board of Directors maintained ultimate accountability for risk governance, setting the tone from the top and ensuring effective oversight of strategy, risk appetite, and performance targets.

The Bank successfully completed all planned risk management initiatives for the year, including enhancements to stress testing, scenario analysis, and the integration of ESG and climate risk considerations. The RMF was regularly updated for effective risk management in the execution of the Bank's business strategy across all key areas of activity. The RMF encompasses a suite of tools and techniques to ensure risks are identified, managed, and escalated effectively. These tools and techniques include the Risk Appetite Statement, Risk Map, Top and Emerging Risks, Internal Capital Adequacy Assessment Process, Stress Testing, Culture Dashboard, ESG Dashboard, Recovery Plan, Risk and Control Self-Assessment, Key Risk Indicators, and Risk Policies and comprehensive Limit frameworks.

Material risk types, including credit, market, operational, compliance, people, capital adequacy and financial performance, liquidity, climate, and Shari'ah were actively monitored and reported to Senior Management and the Board. The Bank's enterprise-wide stress testing, conducted as part of the Internal Capital Adequacy Assessment Process, confirms that capital buffers remain adequate under adverse geopolitical scenarios.

The Bank remains committed to continuous improvement in risk management, investing in technology, people, and processes to address emerging risks and uphold regulatory compliance. This approach safeguards the interests of all stakeholders and reinforces the Bank's position as a leader in risk governance.

# Board of Directors



**H.E. Ahmad Abdulkarim Julfar**
Chairman

Independent, Non-Executive

**Board Member Since:** March 2018
**End of Current Term:** March 2027
Elected as Chairman of the Board on 6 March 2024, Elected as a representative of Investment Corporation of Dubai

**Qualification:** Bachelor's Degree in Civil Engineering and Computer Science from Gonzaga University, USA, and a graduate of the Mohammed Bin Rashid Programme for Leadership Development.

**About**

Possesses extensive and diverse experience spanning 39 years in the banking & technology sectors and several other industries. He was appointed to the Board of Directors of Commercial Bank of Dubai in 2018 and currently serves as Chairman of the Board. Prior to this, he was appointed to the Board of Directors of the National Bank of Ras Al Khaimah from 2016 to 2018. He is an active member of the Board of Directors of Commercial Bank of Dubai and has contributed to the development of the bank strategy and business, and performance during this period.

From 2016 to 2024, he was appointed by His Highness the Ruler of Dubai as Director General of the Community Development Authority, where he contributed to the development of community work and the social sector in Dubai.

His Excellency has extensive experience in the telecommunications and information technology sector. He joined Etisalat in 1986 in the engineering department, progressing through various roles and responsibilities until his appointment as Group CEO in 2011. He led the growth and development of the Etisalat Group during that period until 2016.

His Excellency also serves as Chairman of the Board of Directors of the Knowledge Fund, Vice Chairman of the Board of Directors of Integrated Telecommunications Company (du), and Vice Chairman of the Board of Directors of Union Cooperative Society. His Excellency has achieved numerous accomplishments throughout his career, receiving several awards and recognitions at various international and local events. He holds a Bachelor of Science degree in Civil Engineering and Computer Science and is also a graduate of the Mohammed bin Rashid Leadership Program.



**H.E. Ahmad Abdulla Binbyat**
Vice Chairman

Non-Independent, Non-Executive
Chairman of Board Strategy Committee

**Board Member Since:** March 2024
**End of Current Term:** March 2027
Elected as Vice Chairman of the Board on 6 March 2024

**Qualification:** Bachelor's Degree in Science and Technology Management from Boston University, USA.

**About**

H.E. Ahmad Binbyat currently serves as the Founding Chairman and CEO of Zaina Investments LLC, a private family office, and Vice Chairman of the Dubai Chamber of Digital Economy. Additionally, he is a member of the Higher Committee for Future Technologies for Dubai, and a Board Member of Trustees for Dubai National University.

Throughout his illustrious career, H.E. Binbyat has held numerous key positions, including Founding Chairman of Emirates Integrated Telecommunications Company (du), Vice Chairman of Dubai Holding, and Director General of the Dubai Creative Clusters Authority. His contributions to Dubai's development are significant, having established organisations such as EMPOWER and the Dubai Real Estate Corporation (Wasl), among others.



**Dr. Abdulla Mohamed Al Karam**
Director

Non-Independent, Non-Executive
Chairman of Board Remuneration, Nomination, & Governance Committee

**Board Member Since:** March 2024
**End of Current Term:** March 2027

**Qualification:** PhD in Computer Engineering from the University of South Carolina, USA.

**About**

Dr. Abdulla Al Karam currently serves as a Board Member of Orient Insurance PJSC, Dubai Sports Council, and Dubai Cares.

He served as the Director General of the Dubai Knowledge and Human Development Authority from 2006 to 2024. Additionally, he has held positions as a Board Member for the Dubai Media Council, the Digital School, the Higher Committee for the Protection of the Rights of People with Disabilities in Dubai, the Emirati Human Resources Development Council, the International Positive Education Network (IPEN) Advisory Board, and UAE University.

# Board of Directors



**Mr. Abdulwahed Al Fahim**
Director

Independent, Non-Executive
Chairman of Board Risk & Compliance Committee

**Board Member Since:** March 2018
**End of Current Term:** March 2027
Elected as a representative of Investment Corporation of Dubai

**Qualification:** Bachelor's Degree in Business Administration Management from St. Edward's University, USA.

**About**

Mr. Abdulwahed Al Fahim is the Chairman of the Board of Directors of Nasdaq Dubai and a Board Member of EGA since 2014. He also serves as a Board Member of DUBAL Holding LLC and Emirates Development Bank. With over 25 years of experience in banking and finance with the Emirates NBD Group, he has held significant roles including serving as a Board Member of both Emirates NBD Capital and Emirates NBD Asset Management. Mr. Al Fahim has also served as General Manager of the Corporate and Wholesale Banking divisions of Emirates NBD Bank, before being appointed as Group Deputy Chief Executive Officer of the Bank in 2009.



**Mr. Ali Fardan Al Fardan**
Director

Non-Independent, Non-Executive

**Board Member Since:** March 2011
**End of Current Term:** March 2027

**Qualification:** Bachelor of Science in Information Systems from the Metropolitan State College, USA.

**About**

Mr. Ali Al Fardan currently serves as a Board Member of Dubai Investments PJSC, National General Insurance Co. PJSC, and Al Mal Capital. He also holds the position of Vice Chairman at Naif Marine Services Co. PJSC and is the Chairman of several organisations, including Al Fardan Group LLC, Al Fardan PTC Holding Limited, and Embassy Capital Limited. He is also the owner of ABF Investments LLC.



**Mr. Buti Saeed Al Ghandi**
Director

Independent, Non-Executive
Chairman of Board Credit & Investment Committee

**Board Member Since:** March 2015
**End of Current Term:** March 2027

**Qualification:** Bachelor's Degree in Business Administration and Finance from George Washington University, USA.

**About**

Mr. Buti Al Ghandi serves as the Managing Director of Al Ghandi Group Enterprises LLC and Desert Group Investment LLC, and as Chairman of the Board of Emirates Investment and Development Company PSC. He is also the Managing Director of Meethaq Employment Agency, Chancellor of the Canadian University of Dubai, Vice Chairman of Dubai World Trade Centre, and a Board Member of the Dubai Chamber. He was a member of the Board of Zakat Fund and served as a Board Director of Union National Bank PJSC and Dubai Islamic Bank. Additionally, he was Vice Chairman of Union National Bank in Egypt and Vice Chairman of Oman Insurance Company.

# Board of Directors



**Mr. Hadi Taher Badri**
Director

Non-Independent, Non-Executive

**Board Member Since:** March 2024
**End of Current Term:** March 2027

**Qualification:** Bachelor's Degree in Economics from Tufts University, USA.

**About**

Mr. Hadi Taher Badri is currently the CEO of the Dubai Economic Development Corporation, and Chairman of Network International UAE Board, one of the Middle East's and Africa's largest digital payments companies. Prior to this, he held several key positions, including CEO of Emaar International from 2019 to 2022 and Group Chief Strategy Officer from 2017 to 2018. He also served as the Chairman of Namshi between 2019 and 2022. In addition, Mr. Badri has contributed his expertise as a Board Director for Emaar Properties, where he was involved in various sectors such as real estate, e-commerce, and hospitality. Notably, he played a significant role in overseeing Emaar's real estate development ventures in India, Turkey, Pakistan, Morocco, and Jordan, serving on the Boards of 15 different companies within these sectors. Mr. Badri has also served as a Board Director at Sandooq Al Watan and Rivoli Group. Furthermore, he has been a member of Investment Advisory Committees at Middle East Venture Partners (MEVP) and Carlyle MENA Partners.



**Mr. Khalid Abdul Wahed Al Rostamani**
Director

Non-Independent, Non-Executive

**Board Member Since:** March 2008
**End of Current Term:** March 2027

**Qualification:** Bachelor's Degree in Finance from George Washington University, USA.

**About**

Mr. Khalid Al Rostamani is the CEO and Chairman of the A.W. Rostamani Group of Companies and the founder and Chairman of BCD Travel, Transport and Freight Forwarding. Additionally, he serves as a Board Director for Dubai Insurance Company (PSC) and Etisalat Group (e&).



**Sheikh Maktoum Bin Hasher Al Maktoum**
Director

Independent, Non-Executive
Chairman of Board Audit Committee

**Board Member Since:** March 2015
**End of Current Term:** March 2027

**Qualification:** Bachelor of Science in Business Administration and Finance from Boston University, USA.

**About**

Sheikh Maktoum Bin Hasher Al Maktoum is the President of Wisal Asset Management FZCO, Wisal Developments LLC and ME DO RE Projects DMCC.

He is also the Chairman and President of Dubai International Holding. He served as Executive Director of SHUAA Capital, Chairman and President of A1 Grand Prix Limited and was the founding investor of Virgin Megastore in UAE. He was honoured as a "Young Global Leader" by the World Economic Forum in 2007 and was named 'CEO of the Year' by CEO Middle East in both 2008 and 2009.

In 2010, he was recognised for his humanitarian efforts, receiving the 'Humanitarian of the Year' award.

# Board of Directors



**Mr. Saod Mohamed Obaidalla**
Director

Independent, Non-Executive

**Board Member Since:** March 2024
**End of Current Term:** March 2027

**Qualification:** Higher Diploma of Banking and Information System, Higher College of Technology in Dubai, UAE.

**About**

Mr. Saod Obaidalla currently serves as a Director at Dubai World Trade Centre. Previously, he was a Board Member of prominent organisations, including Emirates NBD Securities, National General Insurance, and Oman Insurance Company.

His career journey is marked by significant roles within Emirates NBD PJSC, where he held various positions, including Manager of Credit, Guarantee, and Trade Finance from 1993 to 1995, Branch Manager, and Commercial Manager in the Middle Corporate Company. He also served as Head of Private Banking from 2016 to 2023, Head of UAE and GCC Private Banking from 2014 to 2016, and Head of Royal Accounts Private Banking from 2010 to 2014.



**Ms. Moza Omar Al Futtaim**
Director

Non-Independent, Non-Executive

**Board Member Since:** March 2024
**End of Current Term:** March 2027

**Qualification:** Master of Laws in International Financial and Commercial Law from King's College London.

**About**

Ms. Moza Al Futtaim is the Chief AI Officer at Al-Futtaim, where she leads the Group's AI strategy, driving innovation and transformation across its diverse portfolio. In her role, she focusses on using AI to enhance operational efficiency, elevate customer and employee experiences, and accelerate growth, with a vision to embed it into the Group's culture as a central pillar of strategic development.

Previously, as Head of Corporate Social Responsibility, Moza championed initiatives in sustainability and inclusive employment. Her leadership reflects a deep commitment to driving innovation with impact and advancing the Group's long-term goals.

Ms. Moza Al Futtaim holds a Master's Degree in International Financial and Commercial Law from King's College, London, as well as a Bachelor's degree in Law from SOAS, University of London.



**Group Company Secretary**

**Mr. Ahmed Al Jaziri**
Board Secretary

**Appointed Since:** September 2023.

**Qualification:** Bachelor's Degree in Finance and Banking, Master's Degree in Human Resource and Leadership from the University of Dubai, and graduation from the Artificial Intelligence Programme at the Kellogg College, University of Oxford.

**About**

Ahmed's career includes over ten years of experience at the UAE Accountability Authority, where he served as an audit manager, conducting compliance and financial audits on various UAE federal entities and representing the Authority at INCOSAI and GCC SAI meetings.

He is also certified as specialist in corporate governance from International Compliance Association, in association with The University of Manchester.

# Executive Management



**Dr. Bernd van Linder**
Chief Executive Officer

**Since January 2017**

Dr. Bernd van Linder was appointed CEO of CBD in January 2017, bringing over 25 years of experience across a broad range of banking disciplines. During his tenure, CBD's market capitalisation and net profits have tripled and the bank's balance sheet has doubled in size. Prior to joining CBD, Dr. van Linder worked for Alawwal Bank in the Kingdom of Saudi Arabia for over 10 years, of which more than 7 years in the position of CEO. Other previous positions include Treasurer at Alawwal Bank and Head of Quantitative Analytics at ABN AMRO. Dr. van Linder holds an MBA in Financial Management from the University of Bradford, UK, a PhD in Artificial Intelligence from Utrecht University in the Netherlands and an MSc in Computer Science from Nijmegen University in the Netherlands.

Dr. van Linder serves as an independent Board Member at Damen Shipyards in the Netherlands and as an independent member of the Investment Committee of Wataniya Insurance in the Kingdom of Saudi Arabia.



**Darren Clarke**
Chief Financial Officer

**Since April 2018**

Darren Clarke is currently the Chief Financial Officer at the Commercial Bank of Dubai. He has more than 25 years of banking experience. In his previous role, Darren was the CFO for National Australia Bank (NAB) International and was based in Singapore. He worked at NAB for 13 years, and in addition held the role of CFO for Global Markets and Treasury. Prior to that, he worked for JPMorgan Chase in the UK, Luxembourg, and Hong Kong. Darren holds a Bachelor's Degree in Accounting from the University of Wollongong. He is a qualified Chartered Accountant with the Institute of Chartered Accountants in Australia.



**Marko Zilly**
Acting Chief Risk Officer

**Since January 2024**

Marko Zilly is a seasoned risk management professional with over 30 years of experience in banking, primarily across risk governance, policy, and operational risk. He has held leadership roles in global and regional financial institutions, where he led initiatives in credit portfolio management, risk appetite, stress testing, and IFRS 9 implementation.

Marko brings deep expertise in building resilient risk frameworks and driving sustainability and regulatory alignment across complex banking environments. Before joining the Commercial Bank of Dubai, Marko headed the Risk Governance and Policy function at ADIB and held senior roles at other leading banks. He is a chartered banker and holds an MBA, along with several professional certifications.

# Corporate Governance Framework

As per the Central Bank of the UAE's definition, Corporate Governance is the set of relationships between the Bank's shareholders, Board, management, and other stakeholders, which provides the structure through which the objectives of the Bank are set, and the means of attaining those objectives and monitoring performance. It defines the way authority and responsibility are allocated and how corporate decisions are made.

**The Bank firmly believes that sound corporate governance improves the performance of the Bank in several ways:**

### Improvement in performance and profitability

Effective governance increases the Board's and senior management's ability to make optimal decisions, driving revenue growth and cost reduction.

### Mitigation of risk of failure

Robust governance prevents corporate scandals, fraud, and legal liabilities, thereby enhancing the Bank's reputation as a responsible and self-regulating entity. This, in turn, fosters trust and credibility among stakeholders.

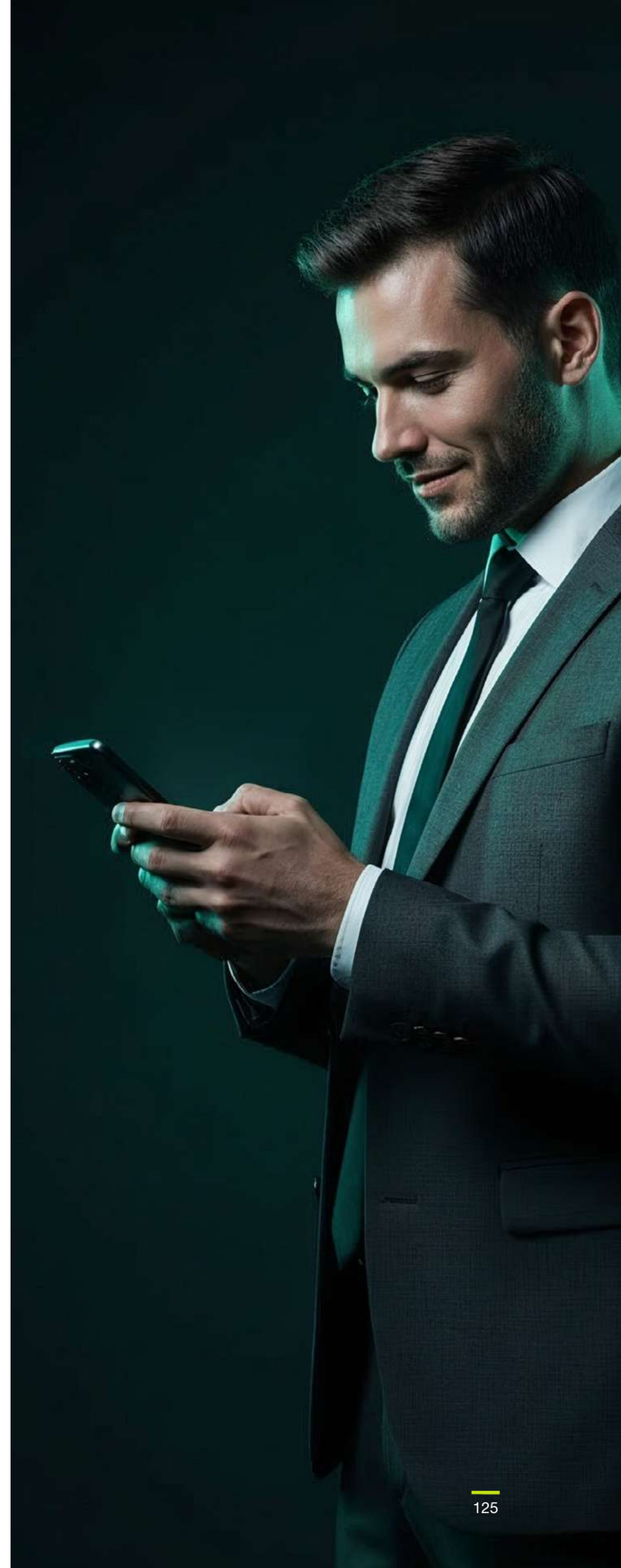
### Protection of minority shareholders

Sound governance practices ensure that the rights of minority shareholders are protected, particularly the right to seek information, voice an opinion, and vote in General Assembly Meetings.

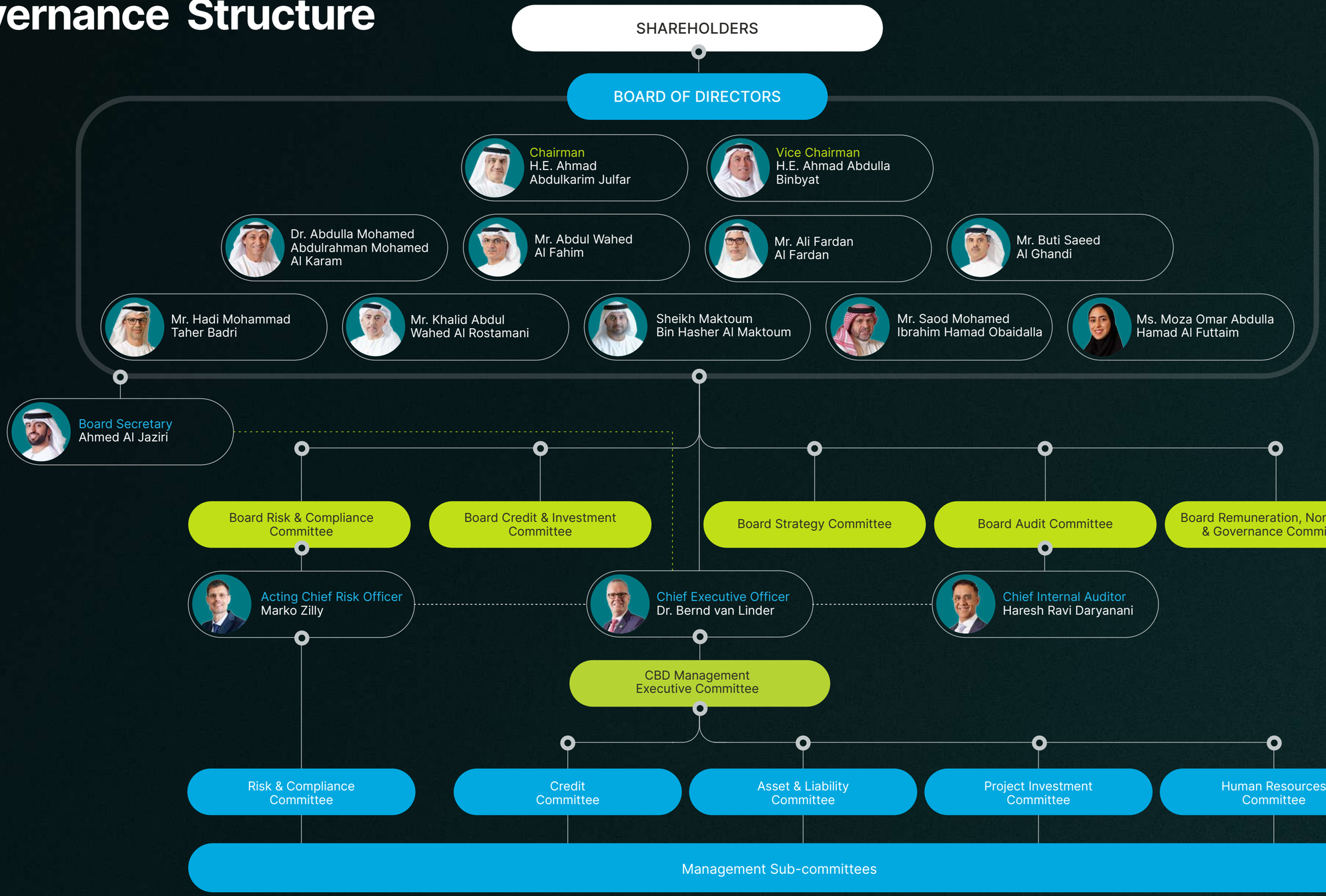
As per the CBUAE regulations, the Bank's Board of Directors holds ultimate control and responsibility for the Bank's corporate governance. Members of the Board must ensure that the Bank has robust corporate governance policies and processes, commensurate with the Bank's risk profile and systemic importance. For Islamic products, members of the Board must also ensure compliance with Shari'ah Law and uphold Shari'ah governance standards.

The Group's commitment to good corporate governance and transparency guides the conduct of the Board of Directors, its Committees, and the other decision-making bodies of the Bank, in their relations with shareholders, investors, customers, and other stakeholders, as well as the development of its corporate governance strategy, which is based on the following principles:

- Adherence to internationally accepted good governance recommendations and specific regional regulations.
- Pursuit of long-term value creation for shareholders, considering the interests of other stakeholders and the community.
- Promotion of effective stakeholder engagement in corporate activities.
- Encouragement of informed shareholder participation at General Shareholders Meetings.
- Commitment to transparency in relationships with markets and the public, facilitated through a corporate website and significant information disclosure.
- Maintenance of a balanced composition of the Board, specifically by having independent directors and specialised Committees.
- Ensuring diversity of gender, skills and experience within the Board and its Committees, reflecting societal and cultural realities.
- Assurance of the respectability, capability, expertise, and commitment of Directors and senior management, with ongoing evaluation by the Remuneration, Nomination & Governance Committee.
- Implementation of a Remuneration Policy that aligns management performance with stakeholders' objectives.
- Entrustment of institutional leadership to the Chairman of the Board, ensuring continuous improvement of the corporate governance framework.
- Focus on approving the corporate strategy and strategic goals, defining the organisational model, and supervising compliance and development.
- Commitment to ethical governance practices, compliance with laws and regulations, and risk management policies, with oversight of the Compliance Unit by the Risk & Compliance Committee.
- Establishment of mechanisms to prevent, identify, and manage conflicts of interest and ensure fair competition.



# Governance Structure



# Statement on Effectiveness of Internal Control System

The Board of Directors is committed to upholding the highest standards of corporate governance and internal control across the Bank. In fulfilling its responsibilities, the Board, supported by its Committees and Senior Management, ensures that a comprehensive internal control system is in place, designed to support the achievement of the Bank's strategic objectives while effectively managing risks within the approved risk appetite.

The internal control system is structured to provide reasonable assurance regarding the reliability of financial reporting, compliance with applicable laws and regulations, and the safeguarding of assets. It is built on a foundation of clear policies, procedures, and processes, which are regularly reviewed and updated to reflect changes in the business and regulatory environment.

However, it is important to acknowledge that internal control systems, no matter how well designed, have inherent limitations, and may not prevent or detect all control deficiencies. Moreover, the projection of current evaluations of the effectiveness to future periods is subject to a limitation that controls may become inadequate due to changes in the business environment, control environment, or regulatory landscape.

All employees are ultimately responsible for operating and maintaining an efficient internal control system at their respective levels. Concerted and integrated efforts by all functions of the Bank improve the control environment at grass-roots level through continuous reviewing and streamlining of procedures to identify any control deficiencies. Each function, under the supervision of executive management, is responsible for overseeing the rectification of control deficiencies whether self-identified or identified by internal and external auditors.

## Key Components of Internal Control System

- **Governance**
- **Risk Management**
- **Compliance**
- **Internal Audit and Regulatory Reviews**



# Governance

## Board and Management Oversight of Internal Controls

The Board of Directors holds ultimate responsibility for maintaining an internal control framework that establishes a well-regulated operating environment, aligned with the Bank's risk profile and strategic objectives. Oversight is exercised through five Board Committees and six core Management Committees, each with clearly defined mandates. The Board Risk & Compliance Committee (BRCC) and Board Audit Committee (BAC) play central roles in risk oversight and assurance. The Risk Management & Compliance Committee (RMCC) and Operational Risk Management Committee (ORMC) provide management-level oversight, ensuring effective implementation, and monitoring of internal controls.

## Organisation Structure

The Bank maintains a clear operational structure, supported by an organisational chart and a Delegation of Authority Matrix, which define reporting lines, responsibilities, and accountability. Delegated authority is exercised with sound judgement and accountability, and all delegations are documented through Committee structures and authority matrices. Board Committees, guided by their Terms of Reference, assist the Board in promoting governance, accountability, and oversight of internal controls.



## Three Lines of Defence

The Bank maintains a robust risk governance framework with accountability embedded throughout the organisation. It employs a "Three Lines of Defence" model, wherein businesses and functions are responsible for the risks within their respective areas. They must ensure that these risks are identified, measured, mitigated, and monitored through appropriate controls. In this model:

**First Line Management**
Responsible for the risks they incur and for the appropriate design and functioning of internal controls to mitigate those risks.

**Second Line Functions**
Primarily Risk Management and Compliance, which set policies and provide challenge and oversight of the risks they steward.

**Third Line of Defence**
Internal Audit, which provides independent assurance to senior management and the Board.

The external auditors assess the adequacy of the internal control system to determine the level of reliance they can place on its effectiveness and to design their audit procedures accordingly.

## Policy Management

A comprehensive Policy Management Framework ensures effective identification, assessment, and management of risks. Policies are regularly reviewed and approved by appropriate governance bodies, with a dedicated Policy Management Unit ensuring structured governance and regulatory compliance. The framework demonstrates a strong commitment to compliance, risk mitigation, and operational resilience.

# Risk Management

## Operational Risk

Operational Risk at the Bank is managed through a comprehensive framework that encompasses incident reporting, Risk and Control Self-Assessments (RCSAs), Key Risk Indicators (KRIs), Control Testing (CT), and centralised tracking of risk issues and actions. In 2025, the Bank experienced a reduction in incidents and losses, reflecting improvements in incident handling and the overall effectiveness of internal controls. RCSAs were conducted across all relevant areas to document and assess operational risks and controls, with all profiles reviewed and challenged to ensure methodological rigour and accountability. The process and quality of these assessments have notably improved during the year. KRIs continued to serve as early warning indicators of increased risk and potential incidents.

In 2025, these indicators were redesigned to align with updated RCSA profiles, supporting effective monitoring and timely action. The Bank maintained regular control testing programmes for all RCSA profiles, with ongoing assessments to validate the effectiveness of key controls. The quality of these processes and results improved further in 2025, supported by targeted training and refinement initiatives. Risk issues and actions were centrally tracked, with regular reviews and reporting to management, ensuring that the design and operating effectiveness of the issue and action tracker remained robust. Overall, the controls around operational risk management, including incident response, risk assessment, monitoring, control testing, and issue management, are considered adequate and effective.

## Business Continuity

The Bank maintains a robust Business Continuity Management System (BCMS), supported by comprehensive governance documents, plans, and regular testing. In 2025, the coverage of the BCMS was further expanded, and the Bank maintained its ISO 22301:2019 certification. Controls related to business continuity are considered adequate. A dedicated Business Continuity unit within the Risk Division oversees the Bank's business continuity risk, maintains Business Continuity and Disaster Recovery plans, and manages the testing of these plans. Crisis management and communication policies and procedures are in place to govern the handling of external communications in the event of any crisis or disaster.

## Fraud Risk Management

The Bank has a dedicated Fraud Risk Management function that is responsible for developing, maintaining, and periodically updating the Bank's fraud prevention strategy. This strategy is based on a risk-based approach to protect the Bank and its customers from the risk of fraud. The Bank employs a multi-layered approach to fraud prevention, which includes the implementation of robust process-level controls, continuous monitoring of transactions, and regular fraud awareness campaigns for customers and staff. A specialised team provides 24/7 monitoring of transactions across all products and services, ensuring timely detection and response to suspicious activities.

The Bank utilises advanced fraud detection and prevention systems, including real-time transaction monitoring tools and behavioural analytics, to proactively identify and mitigate emerging fraud risks. These systems are regularly reviewed and enhanced to address evolving threats and regulatory expectations.

In addition, the Bank collaborates closely with industry peers, regulators, and law enforcement agencies to strengthen fraud prevention standards across the sector. Investigations into suspected or confirmed fraud incidents are conducted rigorously, with appropriate actions taken to address any identified issues. The effectiveness of the Bank's fraud risk management controls is subject to ongoing review, and enhancements are implemented as needed to ensure the continued protection of the Bank's assets and reputation.

## Information and Cyber Security

The Bank is committed to maintaining the highest standards of information and cyber security to protect its data, systems, and stakeholders. The Information Security Management System (ISMS) is certified to ISO/IEC 27001 and is fully compliant with relevant national and international standards, including the UAE's Information Assurance Standards, SWIFT Customer Security Controls Framework, and Payment Card Industry Data Security Standards.

A comprehensive suite of information security policies and procedures governs the management of information assets, ensuring the confidentiality, integrity, and availability of critical data. These policies are regularly reviewed and updated to address emerging threats and regulatory requirements. The Bank employs a range of technical and organisational controls, including access management, encryption, network security, and continuous monitoring, to safeguard against cyber threats and unauthorised access.

The Information Security function provides regular reporting on the status of information and cyber security risks to senior management and relevant Committees. In 2025, the Bank successfully maintained its ISO 27001:2022 certification and achieved full compliance in independent assessments of its cyber security controls. The Bank also enhanced its cyber defence capabilities through the implementation of advanced threat monitoring and incident response solutions, as well as the adoption of best practices in third-party risk management.

## People Risk Management

The Bank recognises that effective management of people risk is essential to safeguarding its reputation, operational resilience, and regulatory compliance.

The Bank's recruitment and on-boarding processes are governed by comprehensive human resources policies designed to ensure fairness, transparency, and alignment with regulatory requirements. All new employees are required to complete mandatory training covering the Bank's Code of Conduct, core values, and key compliance and risk management topics. Senior management and material risk takers are subject to rigorous fit and proper assessments in accordance with regulatory standards, with approvals obtained from the relevant Board Committee.

The Bank implements an annual mandatory training programme for all employees, reinforcing key policies, regulatory requirements, and ethical standards.

The Code of Conduct establishes the principles that guide employees in upholding the highest standards of personal and corporate integrity. Annual declarations of compliance with the Code are required of all staff, supporting a culture of ethical behaviour and responsible decision-making throughout the organisation. The Bank's approach to people risk management is considered robust and effective in supporting regulatory compliance, risk mitigation, and the promotion of a strong ethical culture.

## Insurance

The Bank maintains a comprehensive insurance programme designed to mitigate financial losses arising from fraud, property damage, business interruption, and general liability exposures. This programme is reviewed annually to ensure alignment with the Bank's evolving risk profile and operational requirements. Coverage levels and policy terms are regularly assessed to provide appropriate protection for the Bank's assets and interests, supporting overall risk management objectives and organisational resilience.

## Credit Risk Management

The Bank manages credit risk through a structured framework that ensures risks are identified, assessed, and controlled in accordance with regulatory requirements and the Bank's Risk Appetite. Credit risk oversight is exercised through dedicated Committees and the Three Lines of Defence model, which includes business units, risk management, and internal audit. Policies and delegated authorities are regularly reviewed to ensure that credit proposals are approved by the appropriate authority. The Bank's approach supports prudent risk-taking, regulatory compliance, and the protection of stakeholder interests.

# Compliance



## Financial Crime Compliance (FCC) Framework

The Bank maintains a robust Financial Crime Compliance (FCC) framework, aligned with regulatory requirements and international best practices. The framework encompasses customer due diligence, transaction monitoring, name and payment screening, risk assessment and independent assurance, regulatory engagement, and training. In 2025, the FCC framework was further enhanced to address emerging risks and evolving regulatory expectations. These measures collectively support the Bank's commitment to safeguarding its operations and reputation against financial crime.

## Anti-Financial Crime Systems

The Bank leverages advanced systems for customer risk scoring, transaction monitoring, and sanctions screening. In 2025, enhancements were made to these systems, including the introduction of dynamic risk scoring and improved detection scenarios, to ensure timely identification and mitigation of potential risks. These technological advancements are complemented by regular reviews and updates to detection methodologies, in line with industry standards and regulatory guidance.

## Compliance Monitoring and Testing

The Compliance Monitoring and Testing function expanded its coverage and review activities during the year, focussing on key risk areas and regulatory requirements. Regular quality assurance testing and independent compliance reviews were conducted, and any identified gaps were promptly addressed through formal action plans. The design and operating effectiveness of compliance monitoring and testing are considered adequate and continue to mature as the Bank adapts to the evolving regulatory landscape.

## Regulatory Compliance

The Market Conduct & Regulatory Compliance Unit ensures ongoing adherence to all applicable laws, regulations, and supervisory requirements. The unit maintains robust controls for tracking, monitoring, and validating the implementation of regulatory obligations, supported by regular reporting and escalation protocols. In 2025, the Bank continued to strengthen its regulatory compliance framework, ensuring transparency and accountability across all business units.

## Market Conduct

A comprehensive Market Conduct framework promotes ethical behaviour, fair treatment of customers, and market integrity. In 2025, the Bank further embedded market conduct principles across the organisation through updated policies, procedures, and regular training initiatives. These efforts support regulatory compliance, responsible conduct, and the delivery of fair outcomes for customers.

## Whistleblowing

The Bank's whistleblowing process was further enhanced in 2025, with improvements to policy, communication, and reporting mechanisms. A dedicated whistleblowing channel enables confidential and independent reporting of concerns, and all disclosures are subject to thorough investigation and appropriate action. These measures reinforce the Bank's commitment to transparency, accountability, and ethical conduct at all levels.

# Internal Audit and Regulatory Reviews

## Internal Audit

The Internal Audit department operates independently from management, providing objective assurance on the adequacy and effectiveness of the Bank's internal controls, risk management, and governance processes. Internal Audit follows a risk-based audit plan, approved by the Board Audit Committee, and undertakes regular and ad hoc reviews of key functions and processes. In 2025, all significant findings were addressed through structured action plans, with progress monitored and reported to the Board Audit Committee. The Internal Audit function is considered effective in supporting the Bank's commitment to strong internal controls and continuous improvement.

## Regulatory Reviews

During 2025, the Bank was subject to several regulatory reviews conducted by the Central Bank of the UAE and other authorities. The Bank responded promptly to all areas of improvement, with open items actively managed to closure in accordance with agreed timelines. The Bank's approach to regulatory engagement is proactive and transparent, ensuring that all supervisory requirements are met and that any areas for improvement are addressed in a timely and effective manner.

**Conclusion**

With consideration to the factors outlined in the preceding paragraphs, the Board can confirm that the Bank has an effective system of internal controls. The internal control system, policies, and processes required to ensure compliance with the Central Bank's Regulations and Standards on corporate governance, risk management, internal controls, compliance, internal audit, financial reporting, external audit and outsourcing have been implemented and found to be adequate by the Board for the year 2025.

This statement was approved by the Board Risk & Compliance Committee and the Board Audit Committee on 14 January 2026 and by the Board of Directors on 21 January 2026.

For and on behalf of the Board of Directors
**H.E. Ahmad Abdulkarim Julfar**



# Board Composition, Appointment, and Tenure

The Commercial Bank of Dubai is a public joint stock company established under the laws of the United Arab Emirates, in accordance with Federal Law by Decree No.32 of 2021 related to Commercial Companies, as amended from time to time. As per Article 19 of its Articles of Association, the Bank is overseen by a Board of Directors consisting of eleven (11) members. Each Director is elected by the shareholders and serves a term of three (3) years.

The current board members were elected during the General Assembly Meeting held on 6 March 2024. The term of the current board ends with the General Assembly Meeting to be held in March 2027.

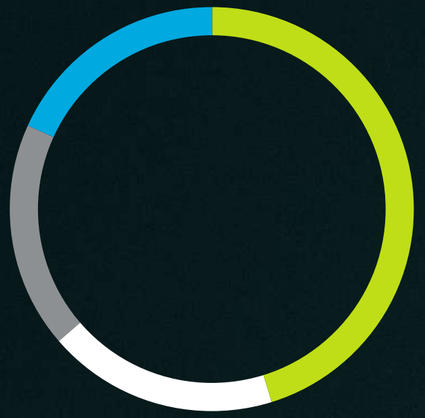
The Board is composed of five (5) independent Directors and six (6) non-independent Directors as of 31 December 2025.

**100%** Non-Executive Directors

**45%** Board Independence

**6** Number of Board Meetings

## Board Tenure



5 0-3 Years
2 6-9 Years
2 9-12 Years
2 12+ years

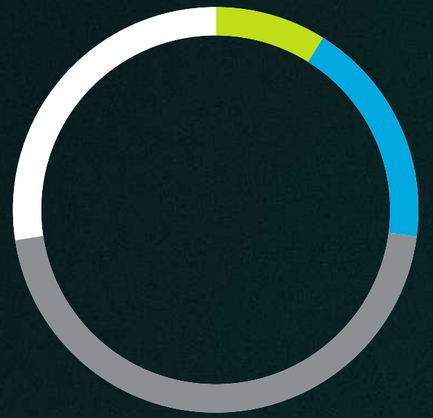
### 0-3 Years
H.E. Ahmad Abdulla Binbyat (2024)
Dr. Abdulla Mohamed Al Karam (2024)
Mr. Hadi Taher Badri (2024)
Mr. Saod Mohamed Obaidalla (2024)
Ms. Moza Omar Al Futtaim (2024)

### 6-9 Years
Mr. Ahmed Julfar (2018)
Mr. Abdulwahed Al Fahim (2018)

### 9-12 Years
Mr. Buti Al Ghandi (2015)
Sheikh Maktoum Bin Hasher Al Maktoum (2015)

### 12+ Years
Mr. Khalid Al Rostamani (2008)
Mr. Ali Al Fardan (2011)

## Age



1 < 40
2 40 - 50
5 50 - 60
3 60+

# Selection of Board Members
## Ensuring Collective Suitability

### Board Composition and Selection

The Board of Directors is composed of individuals with recognised professional competence, who act with independent judgment in the performance of their duties. In accordance with the Board Selection, Suitability, and Diversity Policy, the Bank ensures that proposed candidates for Board membership are upstanding and qualified individuals, widely recognised for their expertise, competence, experience, qualifications, availability, and commitment to their duties. The Bank promotes diversity in terms of gender, age, knowledge, and experience, thereby enriching decision-making processes and providing a range of perspectives.

### Fit and Proper Assessment

All proposed candidates must satisfy the following fit and proper criteria at the time of appointment and shall continue to meet these requirements throughout their tenure, in accordance with the guidance issued by the Central Bank of the UAE:

- Possess the necessary knowledge, skills, expertise, and experience.
- Demonstrate a record of acting honestly, ethically, and with integrity, and maintain a good reputation.
- Exhibit a sound record of financial conduct.
- Be capable of making reasoned, objective and independent decisions, free from any conflict of interest that could impair their judgement.
- Allocate sufficient time to fully discharge their duties and responsibilities.
- Contribute effectively to the Collective Suitability of the Board.
- Meet any additional requirements specified in applicable regulations.

Authorisation from the Central Bank of the UAE shall be obtained prior to the appointment or reappointment of any Director. Before submitting such an application, the Board Remuneration, Nomination & Governance Committee (REMCO) shall confirm that the candidate satisfies all fit and proper criteria and that the collective composition of the Board reflects the requisite skills, competencies, and experience necessary to support sound and effective governance and business operations.



# Board Succession Planning

Board succession planning is a structured and proactive approach to ensuring continuity and stability at the Board. It encompasses the identification, preparation, and transition of individuals into key roles, while anticipating both expected and unexpected vacancies. This process is designed to maintain an effective Board of Directors in line with applicable regulatory requirements, thereby ensuring robust oversight of the Bank and safeguarding governance effectiveness and strategic alignment.

During the year, the Board Remuneration, Nomination, & Governance Committee (REMCO) reviewed and approved the Board Succession Plan, covering the Chairman and Vice-Chairman of the Board, as well as the Chairman and Vice-Chairman of each of the Board Committees. The plan also identifies two designated successors for the Board to ensure continuity in the event of any unforeseen resignation or departure during the Board's term.

**The succession plan is guided by the following principles:**

- **Ensure continuity:** Identifying qualified and capable candidates to minimise disruption during leadership transitions.
- **Align with strategy:** Support the Board's ability to remain aligned with the Bank's evolving priorities and external environment.
- **Ensure diversity:** Promote diversity in skills, knowledge, experience, expertise, and gender, in line with the Bank's objectives and applicable regulatory requirements.
- **Reduce risk exposure:** Strengthen the Board's capacity to manage financial, operational, and reputational risks through diverse and independent perspectives.
- **Maintain regulatory compliance:** Ensure adherence to governance standards, including fitness and propriety requirements, thereby reducing regulatory and reputational risks.
- **Promote transparency and accountability:** Establish a clear and structured process for Board appointments, reinforcing trust and credibility.
- **Build stakeholder confidence:** Demonstrate governance maturity and commitment to long-term stability, enhancing confidence among shareholders and regulators.



# Responsibilities of the Board of Directors

The Board of Directors plays an integral role in the governance of the Bank, with responsibilities that include approving the Bank's strategy, setting its risk appetite and risk management strategy, monitoring its financial performance, establishing the Corporate Governance Framework, and approving the Bank's corporate values.

In discharging their duties of care, confidentiality, and loyalty to the Bank, the primary responsibilities of members of the Board include, but are not limited to:

- Overseeing the affairs of the Bank and keeping up with material changes in the Bank's business and the external environment, acting promptly to protect the long-term interests of the Bank and its stakeholders.
- Overseeing the development and approval of the Bank's business objectives and strategy, and monitoring their implementation.
- Ensuring a sound corporate culture by setting a tone from the top, promoting effective risk management and internal controls across the group, and enforcing disciplinary actions for unacceptable behaviour.
- Overseeing the implementation of the Bank's Governance Framework and periodically reviewing it to ensure that it remains appropriate in the light of material changes to the Bank's size, complexity, business strategy, markets, and regulatory requirements.
- Ensuring senior management implements systems, processes, and controls consistent with the Board's direction for managing the risks to which the Bank is exposed and for complying with laws, regulations, and internal policies. This includes comprehensive and independent risk management, compliance, and audit functions, as well as an effective overall system of internal controls.
- In collaboration with senior management, establishing the Bank's risk appetite, considering the competitive and regulatory landscape, and the Bank's long-term interests, risk exposures, and ability to manage risk effectively.
- Overseeing the Bank's adherence to its risk appetite and risk limits, and ensuring necessary remedial actions are taken as and when needed.
- Approving and overseeing the implementation of key policies, including but not limited to, governance, risk management, compliance and internal audit policies.
- Ensuring that the Bank maintains a robust finance function, responsible for accounting and financial data.
- Approving the annual financial statements and requiring periodic independent reviews of critical areas of the Bank.
- Approving the selection of, and overseeing the performance of, senior management.
- Overseeing the Bank's approach to compensation, including monitoring, reviewing executive compensation, and assessing whether it is aligned with the Bank's culture, risk appetite, and shareholders' interest.

The Board is also responsible for the comprehensive supervision of the Bank's Islamic window, ensuring the adequacy of the Shari'ah Governance Framework in line with the activities and the size of the window. The Board is responsible for nominating members of the Internal Shari'ah Supervision Committee ('ISSC') to the General Assembly of the Shareholders. Additionally, the Board ensures the development, approval, and implementation of internal policies related to the Islamic window, and compliance with Islamic Shari'ah Law in coordination with the ISSC.

# Directors' Independence

Director independence is critical as it enables Board members to act in the best interests of shareholders, ensuring decisions are made without conflicts of interest. The Central Bank of the UAE, through its corporate governance regulation and standards, has defined the following criteria for non-independence of Board members in banks within the UAE:

a. Tenure exceeding twelve (12) consecutive years from date of appointment.
b. Board member or any first-degree relative has worked as an employee of the Bank, or its subsidiaries, during the past two (2) years.
c. Board member has worked for, or is a partner in, a company that performs consulting work for the Bank or its Group, or has acted in such a capacity during the past two (2) years.
d. Board member has had any personal services contract with the Bank or its Group during the past two (2) years.
e. Board member has been affiliated with any non-profit organisation that receives significant funding from the Bank or its Group.
f. Board member, or any first-degree relative, has been a partner or employee of the Bank's auditor during the past two (2) years.
g. Board member or any first-degree relative has, or had, a direct or indirect interest in the contracts and projects of the Bank or its subsidiaries during the last two (2) years, and the total of such transactions exceeds the lower of 5% of the Bank's paid capital, or of the amount of five million Dirhams, or its equivalent amount in a foreign currency, unless such relationship is part of the nature of the Bank's business and involves no preferential terms.
h. Board member and/ or any first-degree relatives (individually or collectively) owns: either directly or indirectly, 10% or more of the Bank's capital, or is a representative of a shareholder who owns, either directly or indirectly, more than 10% of Bank's capital.

The provisions in items (b) to (h) do not apply to Members of the Board appointed by a government shareholder.

An assessment of Directors' independence was conducted in 2025 as part of the annual Board Performance Evaluation. Following this review, all five (5) Independent Directors were confirmed as 'independent' in accordance with the definition set out in the Corporate Governance Regulations; these were Mr. Buti Al Ghandi, Mr. Abdulwahed Al Fahim, Mr. Ahmad Julfar, Mr. Saod Obaidalla and Sheikh Maktoum Hasher Al Maktoum.

# Board Skills and Experience

The Board is comprised of Directors who collectively possess the skills, knowledge, and experience necessary to effectively govern and steer the Bank. The Board, through the Remuneration, Nomination & Governance Committee, continuously monitors skills and expertise of the Board of Directors against the targets set in the Board Skills Matrix and in compliance with applicable regulatory requirements to ensure effective oversight and governance. This matrix helps map the current skills of Board members against the required skills for the Board, in line with regulatory requirements, the Bank's strategy, and leading local and global practices.

Board members must engage in continuous professional development programme to maintain, enhance, and improve their knowledge, skills, and abilities. This initiative aims to ensure that members are well-equipped to provide effective oversight in a dynamic and evolving environment. It also seeks to assure that the Board possesses a diverse set of skills and experiences aligned with the Bank's strategic objectives, thereby preventing any significant gaps in its collective expertise.

**The experience, knowledge, capabilities, and other qualities required for the Bank's Directors (as per the Board Skills Matrix) are as follows:**

| Skills and Experience | Number of Directors |
|---|---|
| Strategy, Financial Acumen, and Commercial Acumen | 11 |
| Banking and/or Financial Services | 9 |
| Technology | 6 |
| Leadership Role in Organisations of Significant Size / Workplace Culture | 11 |
| Remuneration | 5 |
| Audit, Risk Management, and Compliance | 8 |
| Islamic Finance | 4 |

## Additional Board Competencies

**In addition to the core skills outlined above, the Board collectively possesses the following specialised capabilities that strengthen decision-making and risk management:**

**Corporate Governance Expertise**
Comprehensive understanding of governance principles, regulatory frameworks, and best practices to ensure accountability and compliance.

**Digital and AI Expertise**
Proficiency in digital technologies, artificial intelligence, data analytics, cybersecurity, and digital transformation to support innovation and operational efficiency.

**Stakeholder Engagement and Communication**
Skills to manage relationships with shareholders, regulators, and other key stakeholders, ensuring transparency, and trust.

**Credit Assessment Skills**
Ability to review and approve material credit facilities in line with credit risk management standards, ensuring prudent lending decisions.

**ESG and Climate Risk Skill**
Expertise in Environmental, Social, and Governance matters, enabling guidance on sustainable finance, climate risk management, and corporate social responsibility.

**Crisis Management and Business Continuity**
Experience in managing organisational resilience during economic, operational, or reputational crises, as well as navigating geopolitical uncertainties. This includes developing contingency plans, ensuring business continuity, and mitigating risks arising from global political and economic shifts.

# Board Remuneration

The Bank ensures that remuneration payable to directors complies with applicable laws, regulations, and the Board Remuneration Policy approved by the General Assembly. It also considers the dedication and responsibility assumed, as well as the achievement of objectives, to ensure that remuneration is commensurate with the long-term return to shareholders.

In line with prevailing regulatory requirements, Board members are compensated with fixed remuneration, comprising an annual fixed amount approved by the General Assembly and reimbursement of costs directly related to the discharge of their responsibilities. The remuneration of the Board of Directors shall not exceed 10% of the net profits. Bonuses or any incentive-based mechanisms tied to the Bank's performance are excluded.

The Commercial Bank of Dubai is committed to ensuring transparency to shareholders and other stakeholders regarding the remuneration paid to directors. To this end, a note is included in the Corporate Governance Report, providing a detailed description of the remuneration received by the Directors.

In addition, CBD pays the nominal amount, as revised from time to time by the Board on the recommendation of the Remuneration, Nomination & Governance Committee (REMCO), as a sitting fee per meeting for attendance of the Board Committee meetings as part of the reimbursement of costs directly related to the discharge of their responsibilities.

## The following is the breakdown of sitting fees for attendance of the Board Committees' meetings:

| Description | Breakdown |
|---|---|
| Time Value for Attendance | 50% |
| Meeting Preparation | 40% |
| Transportation and Others | 10% |



A Board Member's annual remuneration shall be subject to a reduction for each instance of non-attendance at a Board Meeting, provided that either no Notice of Absence has been submitted, or the Notice of Absence has not been accepted by the Directors present at the meeting.

The Directors shall be liable to the Bank, the shareholders and third parties for all acts of fraud, misuse of power, concealing material information, inaccurate disclosure and violation of the provisions of the Companies Law, applicable regulatory requirements and Bank's Articles of Association. In such cases, the amount as determined by the legal, regulator or court shall be deducted from the director's annual remuneration. However, the General Assembly may decide not to deduct such fines or some of them if it deems that such fines were not the result of default or error by the Board.

Negative financial performance or a net loss reported by the Bank in a financial year may generally lead to a contraction of the Board's total compensation. The Central Bank may impose additional reductions to the Board's total compensation where the negative financial performance was due to non-compliance with regulations, omission or error by the Board.

Directors' remuneration is set annually by the Bank's shareholders based on a recommendation from the Board. In 2025, Board Members received the amount of AED 27,270,000.00 as remuneration for the financial year 2024, as approved by the shareholders.

**Details of amounts received by Board Members in March 2025, as 2024 remuneration, in application of the resolution of the Annual General Meeting held in March 2025:**

| Sr. No. | Board Members | Payment Received (AED) |
|---|---|---|
| 1 | H.E Ahmad Abdulkarim Julfar - Chairman | 3,300,000 |
| 2 | H.E Ahmad Abdulla Binbyat - Vice Chairman | 2,397,000 |
| 3 | Dr. Abdulla Mohamed Al Karam - Member | 2,397,000 |
| 4 | Mr. Abdulwahed Al Fahim - Member | 2,397,000 |
| 5 | Ali Fardan Al Fardan - Member | 2,397,000 |
| 6 | Mr. Buti Saeed Al Ghandi - Member | 2,397,000 |
| 7 | Mr. Hadi Taher Badri - Member | 2,397,000 |
| 8 | Mr. Khalid Abdulwahid Al Rostamani - Member | 2,397,000 |
| 9 | Sheikh Maktoum Bin Hasher Al Maktoum - Member | 2,397,000 |
| 10 | Mr. Saod Mohamed Obaidalla - Member | 2,397,000 |
| 11 | Ms. Moza Omar Al Futtaim - Member | 2,397,000 |

In 2026, the proposed remuneration amount is AED 27,270,000, to be recommended for approval by shareholders at the 2026 General Assembly Meeting.

**Details of the amounts that Board Members will receive in February 2026, as 2025 remuneration after approval by shareholders at the 2026 General Assembly Meeting:**

| Sr. No. | Board Members | Payment Received (AED) |
|---|---|---|
| 1 | H.E Ahmad Abdulkarim Julfar - Chairman | 3,300,000 |
| 2 | H.E Ahmad Abdulla Binbyat - Vice Chairman | 2,397,000 |
| 3 | Dr. Abdulla Mohamed Al Karam - Member | 2,397,000 |
| 4 | Mr. Abdulwahed Al Fahim - Member | 2,397,000 |
| 5 | Ali Fardan Al Fardan - Member | 2,397,000 |
| 6 | Mr. Buti Saeed Al Ghandi - Member | 2,397,000 |
| 7 | Mr. Hadi Taher Badri - Member | 2,397,000 |
| 8 | Mr. Khalid Abdulwahid Al Rostamani - Member | 2,397,000 |
| 9 | Sheikh Maktoum Bin Hasher Al Maktoum - Member | 2,397,000 |
| 10 | Mr. Saod Mohamed Obaidalla - Member | 2,397,000 |
| 11 | Ms. Moza Omar Al Futtaim - Member | 2,397,000 |

## In 2025, the Directors' Committee sitting fees amounted to AED 2,820,000 as shown in the following table:

| Sr. No. | Board Members | Committees | Number of Committee Meetings Attended | Total Sitting Fees (AED) |
|---|---|---|---|---|
| 1 | **H.E Ahmad Abdulkarim Julfar - Chairman** | 1. Board Remuneration, Nomination & Governance Committee<br>2. Board Audit Committee | 10 | 150,000 |
| 2 | **H.E Ahmad Abdulla Binbyat - Vice Chairman** | 1. Board Strategy Committee<br>2. Board Risk & Compliance Committee | 10 | 165,000 |
| 3 | **Dr. Abdulla Mohamed Al Karam - Member** | 1. Board Remuneration, Nomination & Governance Committee | 5 | 85,000 |
| 4 | **Mr. Abdulwahed Al Fahim - Member** | 1. Board Risk & Compliance Committee<br>2. Board Credit & Investment Committee<br>3. Board Audit Committee | 31 | 480,000 |
| 5 | **Mr. Ali Fardan Al Fardan - Member** | 1. Board Strategy Committee<br>2. Board Remuneration, Nomination & Governance Committee | 10 | 150,000 |
| 6 | **Mr. Buti Saeed Al Ghandi - Member** | 1. Board Credit & Investment Committee<br>2. Board Risk & Compliance Committee | 27 | 455,000 |
| 7 | **Mr. Hadi Taher Badri - Member** | 1. Board Credit & Investment Committee<br>2. Board Risk & Compliance Committee | 25 | 375,000 |
| 8 | **Mr. Khalid Abdulwahid Al Rostamani - Member** | 1. Board Credit & Investment Committee | 16 | 240,000 |
| 9 | **Sheikh Maktoum Bin Hasher Al Maktoum - Member** | 1. Board Audit Committee<br>2. Board Strategy Committee | 10 | 165,000 |
| 10 | **Mr. Saod Mohamed Obaidalla - Member** | 1. Board Credit & Investment Committee<br>2. Board Risk and Compliance Committee<br>3. Board Remuneration, Nomination & Governance Committee | 30 | 450,000 |
| 11 | **Ms. Moza Omar Al Futtaim - Member** | 1. Board Strategy Committee<br>2. Board Remuneration, Nomination & Governance Committee | 7 | 105,000 |

# Directors' Shareholdings as at 31 December, 2025

| Director | Number of Shares in CBD as at 31/12/2024 | Number of Shares in CBD as at 31/12/2025 | Change in Shareholding |
|---|---|---|---|
| H.E Ahmad Abdulkarim Julfar - Chairman | Nil | Nil | Nil |
| H.E Ahmad Abdulla Binbyat - Vice Chairman | Nil | Nil | Nil |
| Dr. Abdulla Mohamed Al Karam - Member | Nil | Nil | Nil |
| Mr. Abdulwahed Al Fahim - Member | Nil | Nil | Nil |
| Mr. Ali Fardan Al Fardan - Member | Nil | Nil | Nil |
| Mr. Buti Saeed Al Ghandi - Member | Nil | Nil | Nil |
| Mr. Hadi Taher Badri - Member | Nil | Nil | Nil |
| Mr. Khalid Abdulwahid Al Rostamani - Member | 4,325,941 | 4,325,941 | Nil |
| Sheikh Maktoum Bin Hasher Al Maktoum - Member | 145,622 | 145,622 | Nil |
| Mr. Saod Mohamed Obaidalla - Member | Nil | 35,003,200* | 35,003,200* |
| Ms. Moza Omar Al Futtaim - Member | 18,516,800 | 18,516,800 | Nil |

*Owned by Heirs of Mohammad Ibrahim Obaidalla

# Board Continuing Professional Development

The Bank has established the Directors' Continuing Professional Development Policy to ensure Directors keep abreast of all matters and risks, both local and international, concerning the financial industry. The purpose of the policy is to promote long-term and sustainable development of the Bank via continuous improvement of the effectiveness of the Board of Directors.

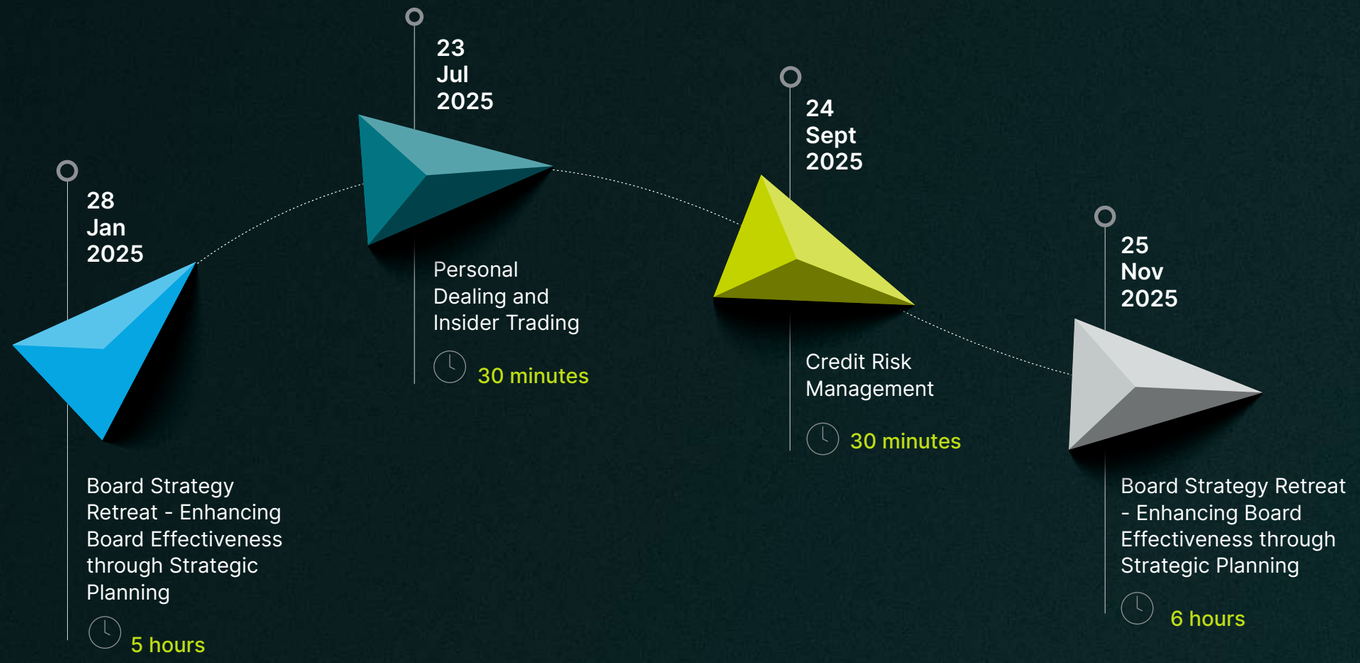
In line with the policy and prevailing regulatory requirements, Board members are required to participate in an ongoing professional development programme to sustain, enhance, and advance their knowledge, skills, and abilities. This ensures that members are well-prepared to provide effective oversight in a dynamic and evolving environment. It also aims to guarantee that the Board has a diverse range of skills and experiences aligned with the Bank's strategic objectives, thereby preventing any significant gaps in its collective expertise.

In accordance with the Central Bank of the UAE (CBUAE) mandate, each Director is required to complete a minimum of ten (10) hours of Continuing Professional Development (CPD) per calendar year. These CPD hours must be directly relevant to the Director's responsibilities and are designed to ensure ongoing competencies in governance, risk management, and industry best practices. The requirement supports the Board's ability to respond effectively to emerging challenges and regulatory changes.

Oversight of the CPD programme is provided by the Remuneration, Nomination, & Governance Committee (REMCO), which is responsible for reviewing and approving the annual CPD plan and associated training budget. REMCO ensures that the CPD activities are strategically aligned with the Bank's objectives and that adequate resources are allocated for high-quality professional development. This governance structure reinforces the Bank's commitment to maintaining a highly skilled and effective Board.

**In 2025, the Board members attended four (4) sessions on specific topics as per the below table:**

## Board Continuing Professional Development Activities for 2025



# Board Performance Evaluation

## Objective Assessment

In line with regulatory requirements and the Bank's commitment to the principles of integrity and accountability, the Bank annually assesses the Board's performance relative to its objectives. This includes evaluating the performance of the Board, Board Committees, and individual directors, as well as assessing the independence of its members. Additionally, an external independent party is invited to conduct the performance evaluation of the Board, Board Committees, and individual directors, including the Chair, prior to the conclusion of the three-year term. This process ensures an energised, proactive, and effective Board capable of fulfilling all its obligations in a dynamic environment.

The purpose of these evaluations is to assess the effectiveness of individual Directors and the Board, as well as to identify gaps in skills, experience, and expertise that need to be addressed to enhance Board effectiveness and satisfy fit and proper requirements.

The process generally involves conducting surveys with Board and Senior Management to obtain feedback on a rating scale, conducting interviews with individual Directors and Senior Management and analysing their responses to the questionnaire and interviews, and reporting the findings resulting from the analysis to the Board. The Board discusses the content of the report, develops an action plan, and periodically reviews the progress of implementation as well.

**In 2025, the Bank conducted an Internal Board Evaluation. The effectiveness of the following factors was considered during the recent Board Evaluations:**

- Effectiveness of Board and Committees Structure and Composition.
- Meetings and Agenda.
- Communication and Interaction with Board and Senior Management.
- Learning and Development.
- Independence of the Board Members.
- KPIs of Individual Members.
- Regulatory Compliance Assessment of Board and Committees.
- Directors' Continuing Professional Development.

Following are some of the strengths identified during the 2025 internal Board Evaluation:

**Board Composition**
Balanced mix of experienced and new members, ensuring diverse perspectives.

**Governance Standards**
Board and Committees operate at the highest standards, serving stakeholders effectively.

**Committee Effectiveness**
Committees are highly effective and continue to operate according to best-in-class standards.

**Professionalism**
High level of professionalism at the Board level underpinning the Bank's success.

**Documentation and Debate**
Well-managed processes with strong documentation, robust debate on risks and mitigating actions.

**Commitment**
Excellent attendance, preparation, and engagement by Board Members.

**Regulatory Compliance**
Full compliance with CBUAE corporate governance regulations and standards.

**KPIs**
Board Members successfully met assigned KPIs.

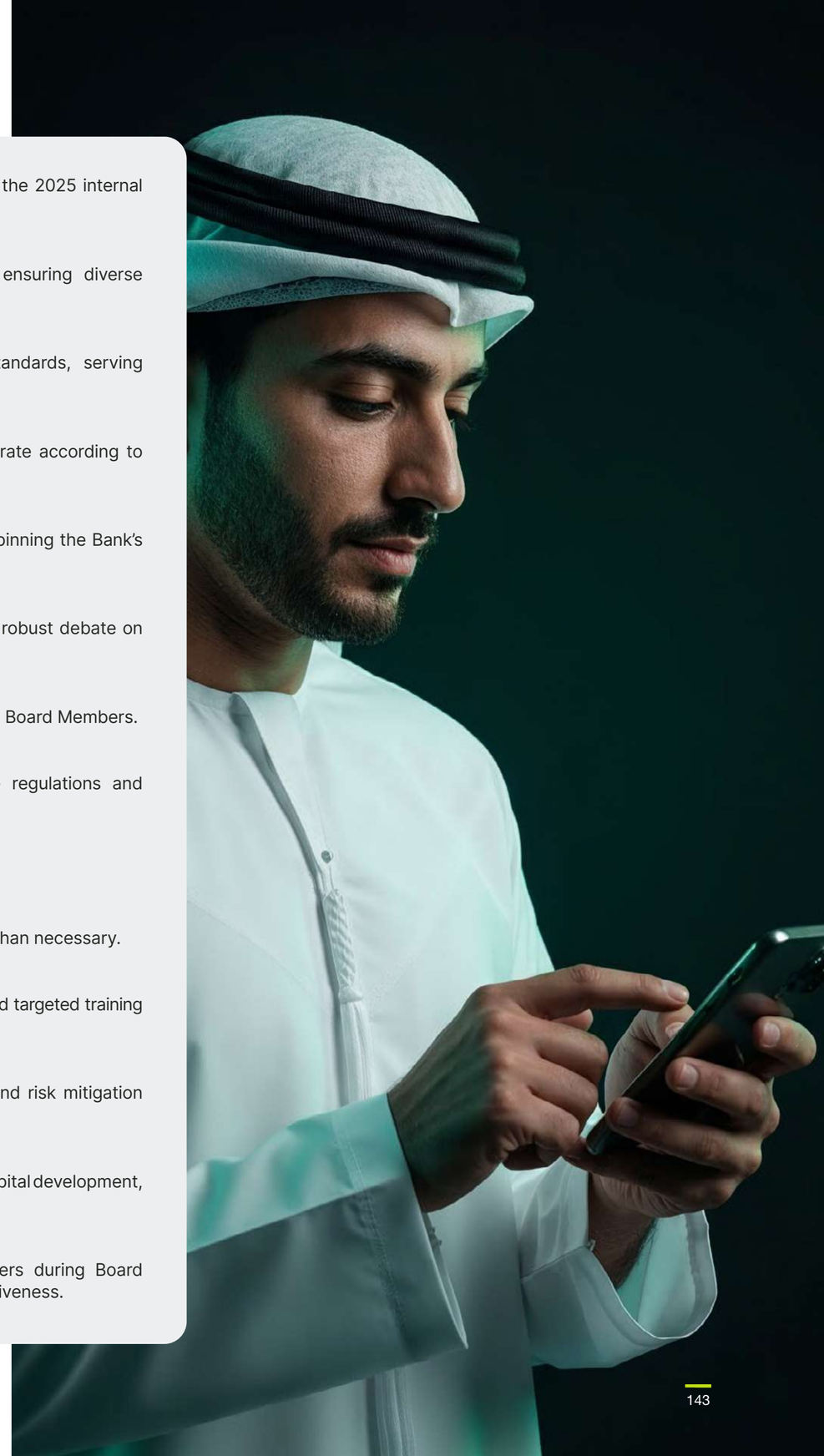
**Committee Structure**
Sufficient Committees in place, though possibly more than necessary.

**Continuous Learning**
Directors actively participate in ongoing development and targeted training programmes to maintain fit-and-proper standards.

**Risk Oversight**
Effective challenge and debate on credit proposals and risk mitigation actions, reinforcing sound risk governance.

**Strategic Focus**
Increased attention on long-term strategy and human capital development, including dedicated strategy retreats.

**Stakeholder Engagement**
Greater emphasis on customer and employee matters during Board discussions, enhancing transparency and responsiveness.



# Management of Conflict of Interest

The Bank is committed to ensuring that conflicts of interest do not negatively impact the interests of its customers, shareholders or other stakeholders. This is achieved by identifying, preventing, and effectively managing such conflicts. The Bank has established Conflict of Interest policies for both the Board and employees. These policies provide guidance on managing actual and perceived conflicts of interest, ensuring the ethical values of the Bank are upheld and decision-making is objective and unbiased.

Board members and employees report a potential conflict of interest and absolve themselves in decision-making where a conflict could arise to ensure business decisions are based on ethical principles without any bias. These conflicts are appropriately noted in the minutes of the meetings and conflict of interest registers maintained by the Bank. More than 10 cases of potential conflicts of interest of board members were recorded in 2025, whereby Board Members absolved themselves from decision-making.

Board members and senior management are required to declare, in writing, any potential conflicts of interest at the time of their appointment. This includes conflicts involving their first-degree relatives and any official or professional positions they hold. They must also notify the Bank of any subsequent changes related to these declared positions during their tenure. Additionally, periodic declarations are obtained from Board members and senior management to identify any potential conflicts of interest.



# Management of Personal Dealing and Prohibition of Insider Trading

The Bank is fully committed to upholding market integrity and investor confidence by strictly managing personal dealings and prohibiting insider trading. This is achieved through comprehensive policies and procedures that apply to all staff and Board members, ensuring compliance with regulatory requirements and highest ethical standards.

The Bank's `Personal Dealing and Prohibiting Insider Trading Policy' outlines clear guidelines to prevent market abuse, insider dealing and market manipulation. All employees and Board members are required to avoid using material non-public information (MNPI) for personal gain or to the detriment of others. The policy mandates that any staff or Board member in possession of MNPI must not engage in trading, nor recommend or encourage others to trade, based on such information. Strict prohibitions are also in place regarding trading during blackout periods and the manipulation of information or transactions.

To ensure transparency and accountability, Board members and senior management must declare, in writing, any personal dealings in the Bank's securities. These declarations are required at the time of appointment, upon any subsequent changes, and periodically throughout their tenure. All insiders are required to submit formal declarations acknowledging their responsibilities and legal obligations under the policy.

The Bank maintains insider lists, monitors trading activities, and enforces blackout periods to prevent unauthorised transactions. Any breaches or attempts to circumvent the policy are subject to disciplinary action, and all relevant incidents are recorded and reported to the appropriate authorities. Regular training and awareness programmes are conducted to ensure all staff and Board members understand their obligations and the consequences of non-compliance.

Through these robust measures, the Bank safeguards its reputation, protects stakeholders, and ensures that all business activities are conducted with integrity and in full compliance with applicable laws and regulations.

# Related Party Transactions

The Board of Directors recognises that transactions between and among related parties may create financial, commercial, and economic benefits for individuals and institutions. These can present potential or actual conflicts of interest and may raise questions regarding their alignment with the best interests of the Bank and its stakeholders.

In this regard, as required by existing regulations for Related Party Transactions (RPT), the Bank, its Board, senior management, and employees, including those of its subsidiaries ensure that RPTs are conducted on an arm's length basis and that such transactions must not be extended on terms more favourable than those offered to non-related counterparties. They also ensure appropriate oversight and implementation of an effective control system for managing exposures.

Therefore, the Bank's Board of Directors, senior management, and employees, including concerned personnel in the subsidiaries, are mandated to comply with regulations and the Policy on Related Party Transactions. They do not allow RPTs that may lead to abuses or may cause disadvantages to the Bank, its depositors, creditors, clients, and other stakeholders.

The Bank's policy on Related Party Transactions (RPT) provides guidance on transparency and determines the materiality in the Bank's dealings with its related parties. It aims to prevent any conflict of interest in the implementation of RPTs and ensures reporting, disclosure, and compliance with the applicable legal and regulatory framework. The Policy outlines pre-approved Related Party Transactions and those requiring approval from the Board or any of its Committees, as per the applicable regulatory requirements.

**In determining whether to approve or decline a Related Party Transaction submitted to the Board or any of its Committees, the Directors consider, among other factors they deem appropriate:**

**01**

Whether the Related Party Transaction is entered into on terms no less favourable to the Bank than terms generally available to an unaffiliated third party under the same or similar circumstances.

**02**

The results of an appraisal, if any, whether there was a bidding process and the results thereof, a review of the valuation methodology used and alternative approaches to valuation of the transaction, and the extent of the Related Party's interest in the transaction.

**Directors review the following information when assessing a Related Party Transaction:**

- The terms and conditions of the transaction.
- The nature and extent of the Related Party's interest.
- The purpose, timing, and value of the transaction.
- The Bank's role and participation.
- Any provisions, limitations, or potential reputational risks associated with the transaction.

**Individuals benefiting from a Related Party Transaction and/or persons related to such individuals do not take part in the process of granting or managing the transaction.**

All transactions with related parties are disclosed in the Financial Statements and Corporate Governance Report in accordance with applicable regulatory requirements, ensuring transparency and accountability.

## For details on Related Party Transactions completed in 2025 and 2024, please refer to the Financial Statements Note 33 and the following table:

| | Directors and Key Management Personnel | | Government Related Parties | | Other Related Parties | |
|---|---|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 | **2025** | 2024 |
| | **AED'000** | AED'000 | **AED'000** | AED'000 | **AED'000** | AED'000 |
| Due from banks | **-** | - | **183,650** | 323,460 | **-** | - |
| Loans and advances, and Islamic financing | **53,184** | 69,348 | **31,800** | 207,403 | **2,113,238** | 3,327,045 |
| Investment securities, net | **-** | - | **346,599** | 554,518 | **-** | - |
| Bankers acceptances | **-** | - | **1,812** | - | **254,677** | 293,009 |
| Letters of credit | **-** | - | **7,251** | 1 | **268,552** | 267,526 |
| Letters of guarantee | **-** | - | **270,447** | 174,252 | **503,448** | 400,400 |
| Undrawn commitments to extend credit | **4,016** | 1,846 | **725,336** | 796,575 | **578,275** | 276,261 |
| Due to banks | **-** | - | **12,817** | 35,880 | **-** | - |
| Customer deposits and Islamic customer deposits | **385,698** | 183,367 | **7,193,683** | 6,325,647 | **1,631,131** | 1,255,042 |
| Interest income and commission income | **5,181** | 5,562 | **4,190** | 38,731 | **177,762** | 253,250 |
| Interest expense | **10,031** | 3,207 | **300,368** | 268,431 | **50,749** | 90,970 |
| Dividend from an associate | **-** | - | **-** | - | **13,173** | 6,653 |

# Board Meetings

The Board and Committee meetings schedules and timings are established at the beginning of each year. The calendar of the Board and Committee meetings is circulated in advance to facilitate Board and Committee members to plan their schedules and ensure meaningful and adequate participation. Meetings may be re-scheduled if warranted, with the approval of all Board or Committee members.

The agenda for Board meetings is prepared by the Board Secretary in liaison with the Chairman and the Chief Executive Officer. Board papers are circulated five business days in advance of a meeting to provide members sufficient preparation time.

The Board of Directors is required to consider topics fundamental to the direction of the Bank, such as business performance, long-term planning, strategy, risk appetite and management, succession planning, and human resources.

Board members receive a regular flow of information and reports relevant to the fulfilment of their role. Board papers encompass reports from the Chief Executive Officer, Chief Finance Officer, and other management, on a regular and scheduled basis. Formal minutes of the different Committee meetings are included in the Board pack and the Chairman of each Committee provides an update to the Board members at the beginning of each Board meeting on important items discussed in the Committee meeting.

## Time Allocation for 2025 BOD Meetings




**In 2025, the Board of Directors held six (6) meetings. The key agenda items discussed at the main Board meetings throughout the year are detailed below:**

| Date | Main Topics |
|---|---|
| 29 January 2025 | • Updates on the Committees' Meetings<br>• 2024 Financial Results<br>• Approval of AGM Agenda<br>• Approval of the Amendment to the Memorandum of Association of the Bank<br>• Approval of the Amendment to the Articles of Association of the Bank<br>• Approval of Board Remuneration Policy<br>• Approval of Corporate Governance Report 2024, including Statement on Effectiveness of Internal Control<br>• Approval of CBD Sustainability Report<br>• Approval of Annual Shari'ah Report by ISSC for 2024 and Annual Shari'ah Compliance Plan 2025 |
| 23 April 2025 | • Update on the Committees' Meetings<br>• Q1 Financial Results<br>• Approval of Talent Management Strategy<br>• Approval of CSR Strategy<br>• Approval of CSR Policy<br>• Approval of Board and Committee Meetings Guideline |
| 23 July 2025 | • Update on the Committees' Meeting<br>• Q2 Financial Results<br>• Transformation Overview<br>• Customer Complaints Report<br>• Approval of ISSC Remuneration<br>• Approval of Appointment of ISSC Trainee Member Dr. Bushra Al Jasmi<br>• Approval of Credit Proposals<br>• Board Continuous Professional Development: Personal Dealing and Insider Trading |
| 24 September 2025 | • Update on the Committees' Meeting<br>• Board Dashboard<br>• AML Updates<br>• People Updates<br>• Approval of Credit Proposals<br>• Approval of Risk Metrics and Definition<br>• Board Succession Plan<br>• Board Policies<br>• Board Continuous Professional Development: Key Considerations for Reviewing Credit Proposals |
| 22 October 2025 | • Update on the Committees' Meetings<br>• Q3 Financial Results<br>• Customer Complaints Report<br>• ESG Update<br>• Shari'ah Update by Meeting with ISSC Members<br>• Treasury Performance |
| 10 December 2025 | • Update on the Committees' Meetings<br>• 2026 Budget<br>• AML Updates<br>• Investment Book Update<br>• Approval of Credit Proposals |

# Board Meeting Attendance

| Sr. No. | Board Members | Number of Meetings Attended |
|---|---|---|
| 1 | H.E Ahmad Abdulkarim Julfar – Chairman | 6/6 |
| 2 | H.E Ahmad Abdulla Binbyat - Vice Chairman | 6/6 |
| 3 | Dr. Abdulla Mohamed Al Karam – Member | 6/6 |
| 4 | Mr. Abdulwahed Al Fahim – Member | 6/6 |
| 5 | Mr. Ali Fardan Al Fardan – Member | 6/6 |
| 6 | Mr. Buti Saeed Al Ghandi – Member | 6/6 |
| 7 | Mr. Hadi Taher Badri – Member | 5/6 |
| 8 | Mr. Khalid Abdulwahid Al Rostamani – Member | 4/6 |
| 9 | Sheikh Maktoum Bin Hasher Al Maktoum - Member | 6/6 |
| 10 | Mr. Saod Mohamed Obaidalla – Member | 6/6 |
| 11 | Ms. Moza Omar Al Futtaim – Member | 4/6 |



# Board Credit & Investment Committee (BCIC)

## Role

The Board delegated to the Board Credit & Investment Committee (BCIC) authority, which is limited to the following:

- Approve larger credit facilities and investments above management limits.
- Approve programmes for credit products endorsed on a programmatic basis.
- Oversee the Bank's approach to the most material sectoral and individual credit exposures in its portfolio.
- Review the quality of the Bank's investment portfolio and the trends affecting it.
- Oversee the effectiveness of the Bank's investment strategy and policies.

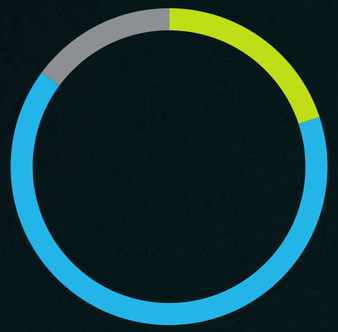
## Committee Composition

BCIC is composed of five (5) Directors – three (3) Independent and two (2) Non-Independent Directors.

- **Mr. Buti Al Ghandi** — Chairman – Independent
- **Mr. Abdulwahed Al Fahim** — Member – Independent
- **Mr. Saod Obaidalla** — Member – Independent
- **Mr. Khalid Al Rostamani** — Member – Non-Independent
- **Mr. Hadi Taher Badri** — Member – Non-Independent

## Time Allocation for 2025 BCIC Meetings

**BCIC Meeting - Main Topics**



20% Investment Strategy
65% Credit Facilities
15% Business Performance

## 2025 Board Credit & Investment Committee Meetings

| Date of BCIC Meeting | Number of Attendees | Name of Absent Members |
|---|---|---|
| 8 January 2025 | 5/5 | |
| 21 January 2025 | 5/5 | |
| 11 February 2025 | 5/5 | |
| 27 February 2025 | 4/5 | Mr. Hadi Taher Badri |
| 12 March 2025 | 5/5 | |
| 26 March 2025 | 5/5 | |
| 16 April 2025 | 5/5 | |
| 30 April 2025 | 5/5 | |
| 14 May 2025 | 5/5 | |
| 28 May 2025 | 4/5 | Mr. Abdulwahed Al Fahim |
| 11 June 2025 | 5/5 | |
| 25 June 2025 | 3/5 | Mr. Khalid Al Rostamani<br>Mr. Saod Obaidalla |
| 9 July 2025 | 5/5 | |
| 29 July 2025 | 4/5 | Mr. Khalid Al Rostamani |
| 20 August 2025 | 4/5 | Mr. Saod Obaidalla |
| 3 September 2025 | 4/5 | Mr. Khalid Al Rostamani |
| 17 September 2025 | 5/5 | |
| 1 October 2025 | 5/5 | |
| 16 October 2025 | 4/5 | Mr. Khalid Al Rostamani |
| 5 November 2025 | 5/5 | |
| 19 November 2025 | 4/5 | Mr. Khalid Al Rostamani |
| 17 December 2025 | 4/5 | Mr. Khalid Al Rostamani |

# Statement from the BCIC Chairman

**Dear Shareholders,**

We are pleased to present our Board Credit & Investment Committee Report for 2025. The Committee, on average, meets every two weeks though it is also required, from time to time, to review and opine on matters by circulation. The year 2025 continued to see a significant investment of time and effort by the Committee members as the Committee held a total of 22 meetings during the year. Attendance participation by Committee members was high.

As in previous years, the Committee continued its efforts towards ensuring that loans and investments approved are aligned with the Bank's business goals and overall risk appetite. Key tasks performed by the Committee during the year are as follows:

- Reviewed and decisioned lending proposals for companies and individuals.
- Provided oversight on management decision making on lending proposals under the Delegation of Authority matrix.
- Reviewed and recommended changes to the Delegation of Authority Policy and Matrix.
- Provided oversight on loan distribution activities, in accordance with approval authorities.
- Reviewed and recommended Retail Credit, Wholesale Credit and Investment Policies.
- Reviewed the performance of the Investment Portfolio and individual investments made under delegated authority.
- Provided reports to the Board of Directors on key activities of the Committee.
- Reviewed the Bank's performance against the CBUAE prudential regulatory control framework/targets.
- Assessed changes to the Bank's appetite for country risk and cross-border exposure.
- Reviewed the Bank's exposure and appetite criteria towards certain industry segments.
- Reviewed the projected impact of new regulatory developments including the Large Exposures and Credit Risk standards.
- Reviewed improvements to the Bank's systems and processes around managing underperforming credit exposures.
- Reviewed developments and made recommendations related to a number of larger distressed lending situations.

Overall, the Board Credit & Investment Committee, in collaboration with the other Committees, has contributed effectively to implementing the Bank's growth strategy while retaining a prudent approach to risk management, in line with the Risk Appetite approved by the Board of Directors.

In 2026, the Committee will continue its efforts towards fostering a culture of high performance and sustainable growth, backing the ambitions of our customers, and delivering on our commitments to our stakeholders.

**Mr. Buti Al Ghandi**
Board Credit & Investment Committee Chairman



# Board Strategy Committee (BSC)

## Role

The Board delegated to the Board Strategy Committee (BSC) authority, which is limited to:

- Overseeing the strategy implementation and exploring with management growth opportunities for the Bank and its businesses.
- Following up on the implementation of material IT and transformation projects and overseeing the overall IT and digital strategies.
- Monitoring operating and financial performance against set targets.
- Suggesting to the Board of Directors any areas where the Bank could improve, change or adjust its operations, strategy, or business areas.

## Committee Composition

BSC is composed of four (4) Directors – one (1) Independent and three (3) Non-Independent Directors.

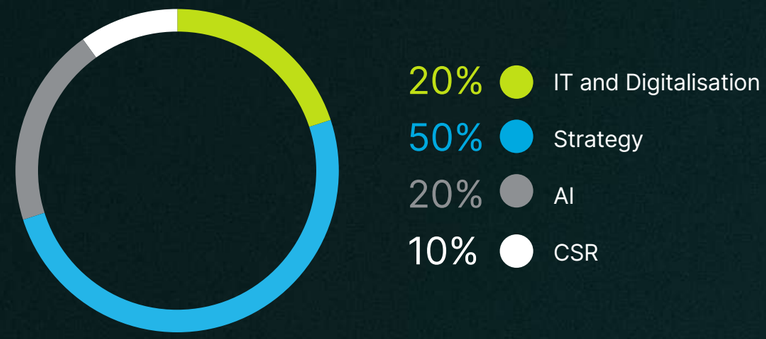
- **H.E Ahmad Binbyat** — Chairman – Non-Independent
- **Sheikh Maktoum Hasher Al Maktoum** — Member – Independent
- **Mr. Ali Al Fardan** — Member – Non-Independent
- **Ms. Moza Al Futtaim** — Member – Non-Independent

## 2025 Board Strategy Committee Meetings

| Date of BSC Meeting | Number of Attendees | Name of Absent Members |
|---|---|---|
| 12 February 2025 | 4/4 | |
| 16 April 2025 | 3/4 | Ms. Moza Al Futtaim |
| 16 July 2025 | 4/4 | |
| 15 September 2025 | 4/4 | |
| 25 November 2025 | 4/4 | |

## Time Allocation for 2025 BSC Meetings

**BSC Meeting - Main Topics**



# Statement from the BSC Chairman

**Dear Shareholders,**

We are pleased to present our Board Strategy Committee Report for 2025.

The Committee was charged with monitoring strategy implementation, execution and exploring with management growth opportunities for the Bank and its businesses. The Committee assessed the strategy of the Bank as developed by management with continuous monitoring of progress in executing against the strategy. Notably, the Committee established various Strategy Dashboards, enabling the periodic review of progress of the strategic initiatives. Moreover, the Committee specifically undertook the following:

- Reviewed the prevailing strategy developed by the Management and approved by the Board.
- Reviewed the Strategy Dashboards.
- Reviewed new strategic business and product opportunities presented by Management.
- Reviewed the Digital and Technology Strategic Transformation Roadmap and execution progress.
- Reviewed market updates on artificial intelligence and associated business and market opportunities.
- Reviewed geographic market challenges and opportunities.
- Reviewed the Environmental, Social and Governance (ESG) Strategy, industry developments and execution progress.
- Reviewed regulatory developments and associated strategic implications for the Bank.

Overall, the Board Strategy Committee, in collaboration with the other Committees, led discussion and thought leadership guiding the Bank to deliver market leading growth now and into the future.

In 2026, the Committee will continue its efforts to articulate the Bank strategy, monitor, and assess strategic execution progress. The Committee will continue to provide strategic thought leadership enabling the organisation to deliver on our commitments to all our stakeholders.

**H.E Ahmad Binbyat**
Board Strategy Committee Chairman



# Board Risk & Compliance Committee (BRCC)

## Role

The Board delegated to the Board Risk & Compliance Committee (BRCC) authority, which is limited to:

- Assisting the Board in its oversight of management's risk taking and risk mitigation activities.
- Overseeing all risks (financial and non-financial) and risk-related activities.
- Setting and monitoring the Bank's risk appetite and monitoring performance against the same.
- Reviewing and approving policies where the Committee has the responsibility to do so, as per the policy and Procedure Delegation of Authority (DoA).
- Monitoring material recovery cases and approving related restructuring or financial settlements including write-offs, and increased provisions (combined referred to as FRR).

## Committee Composition

BRCC is composed of five (5) Directors – three (3) Independent and two (2) Non-Independent Directors.

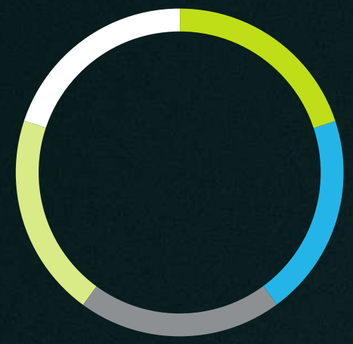
- **Mr. Abdulwahed Al Fahim** — Chairman – Independent
- **Mr. Buti Al Ghandi** — Member – Independent
- **Mr. Saod Obaidalla** — Member – Independent
- **H.E Ahmad Binbyat** — Member – Non-Independent
- **Mr. Hadi Taher Badri** — Member – Non-Independent

## 2025 Board Risk & Compliance Committee Meetings

| Date of BRCC Meeting | Number of Attendees | Name of Absent Members |
|---|---|---|
| 19 February 2025 | 5/5 | |
| 23 April 2025 | 4/5 | Mr. Hadi Taher Badri |
| 16 July 2025 | 5/5 | |
| 10 September 2025 | 5/5 | |
| 8 December 2025 | 5/5 | |

## Time Allocation for 2025 BRCC Meetings

**BRCC Meeting - Main Topics**



- 20% FRR
- 20% Risk Updates (incl. risk appetite statements)
- 20% Regulatory Updates (incl. stress test and ICAAP updates)
- 20% Compliance Updates
- 20% Risk-related Policies

# Statement from the BRCC Chairman

**Dear Shareholders,**

We are pleased to present our Risk & Compliance Committee Report for 2025.

The Board delegates authority for risk oversight to the Board Risk & Compliance Committee (BRCC). The BRCC is principally responsible for the oversight and monitoring of the Bank's Enterprise Risk Management Framework, including its application and effectiveness across all key areas of the Bank's operations. The BRCC's remit covers the Bank's financial and non-financial risks, ensuring the robustness and effectiveness of the overall Enterprise Risk Management Framework, including its application and effectiveness in managing risks across all key areas of the Bank's operations, and overseeing compliance with applicable laws and regulations.

The BRCC reviews and approves the Bank's Risk Management Framework, which encompasses risk culture, risk appetite, risk identification and assessment, and risk management techniques. The BRCC approves and endorses risk and compliance policies, risk appetite, frameworks, and the annual ICAAP, including stress testing results. It also oversees the implementation of processes, controls, and systems that support full compliance with applicable laws, rules, and regulations.

Additionally, the Committee provides advice to the Board regarding the current and projected performance in relation to the Bank's risk appetite. The Board Risk & Compliance Committee receives regular updates from Management on the Bank's key risks and associated controls. This includes a comprehensive quarterly summary of the Bank's risk profile and the performance of the portfolio against the defined risk appetite.

The BRCC also ensures that Management takes the necessary steps to monitor, manage, and report current and emerging material risk exposures, including any violation or projected violation of risk tolerance levels. The Committee is responsible for reviewing and approving proposals for credit recovery, restructuring, provisioning, and write-offs above management limits, as well as overseeing the adequacy of the Bank's approach to material stressed credit exposures.

In 2025, the Committee held five (5) meetings.

**Some of the key items on the agenda of these meetings covered the following:**

- Reviewed and challenged management-identified top and emerging risks and mitigating actions. This included a thorough assessment of operational resilience, fraud risk, geopolitical risk, people risk, climate risk, financial crime compliance and conduct, and information security and cyber security risks.
- Received updates on, and provided oversight of, the Bank's stress testing activities, ensuring robust developments in the enterprise-wide stress testing framework.
- Reviewed various compliance and risk management plans, including the Compliance Plan, Compliance Monitoring and Testing Plan, Credit Risk Assurance Plan, and other related compliance and risk management plans.
- Reviewed, challenged, and approved annual reviews of risk, compliance and other key policies of the Bank, including the Risk Management Framework.
- Reviewed credit portfolio exposures and other risks against limits and appetite.
- Reviewed and approved credit proposals related to financial recovery and restructuring unit (FRR).
- Reviewed operational and fraud risk incidents, including the root causes and mitigating actions undertaken by the management.
- Provided oversight of the effectiveness of controls implemented by the Bank to manage compliance risk and perform compliance-related activities, particularly in the areas of Anti-Money Laundering (AML) and Sanctions.
- Conducted the performance assessment of the Compliance function to ensure its effectiveness.
- Approved the Terms of Reference of the Management Risk & Compliance Committee and held two closed-session discussions with the Chief Risk Officer to receive independent feedback and assurance regarding the effectiveness of risk management practices.

Overall, risk was well managed relative to the Bank's risk appetite metrics. Where deviations occurred, these were addressed by the Management with appropriate mitigating activity and remediation plans.

**Mr. Abdulwahed Al Fahim**
Board Risk & Compliance Committee Chairman



# Board Audit Committee (BAC)

## Role

The primary purpose of the Board Audit Committee (BAC) is to provide oversight of the financial reporting process, the audit process, the Bank's system of internal controls, and compliance with laws and regulations, through:

- Monitoring the quality and integrity of financial statements and any formal announcements relating to financial performance.
- Reviewing the audit and internal control systems currently in place to ensure they remain sound and fit for purpose.
- Receiving and considering reports and recommendations from Internal Audit, External Auditors, and management.
- Monitoring compliance with laws and regulations.
- Monitoring specific whistleblowing and fraud cases.
- Making recommendations to the Board in respect of financial reporting and in relation to the appointment, reappointment, and removal of the external auditor, and approval of the remuneration and terms of employment of the Chief Internal Audit Officer.
- Monitoring and reviewing the effectiveness of the internal audit function.
- Reviewing the internal and external auditor's independence and objectivity.
- Reviewing and approving policies where the Committee has the responsibility to do so as per the policy and Procedure Delegation of Authority (DoA).
- Reviewing the related party transactions with the Bank and ensuring that there are no conflicts of interest and make recommendations to the Board before the conclusion of such transactions.
- Recommending changes to the Chief Internal Auditor's and Head of Internal Shari'ah Audit's remuneration and recommending the same to the Board Remuneration Committee. From a performance and variable pay perspective, assessing the performance of the Chief Internal Auditor and Head of Internal Shari'ah Audit including his/her KPIs, annual performance rating and annual bonus amount and recommend the same to the Board Remuneration, Nomination & Governance Committee. The Audit Committee consults with ISSC for matters related to the Head of Internal Shari'ah Audit.

## Committee Composition

BAC is composed of three (3) Directors and all of them are independent.

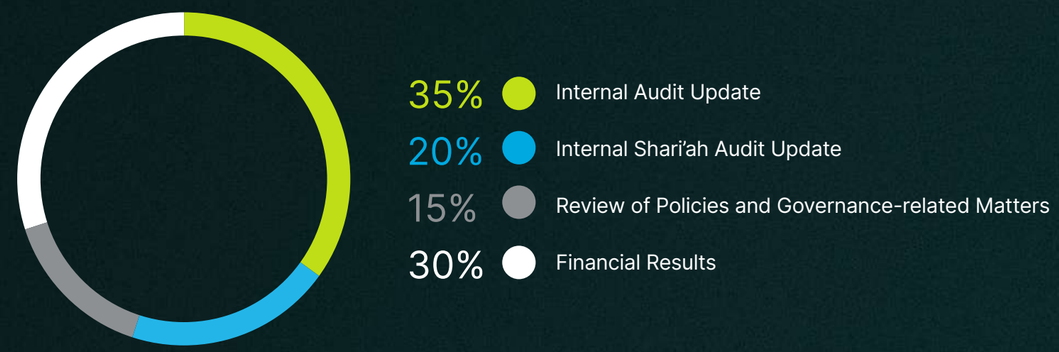
- **Sheikh Maktoum Hasher Al Maktoum** — Chairman – Independent
- **H.E. Ahmad Julfar** — Member – Independent
- **Mr. Abdul Wahed Al Fahim** — Member – Independent

## 2025 Board Audit Committee Meetings

| Date of BAC Meeting | Number of Attendees | Name of Absent Members |
|---|---|---|
| 27 January 2025 | 3/3 | |
| 21 April 2025 | 3/3 | |
| 21 July 2025 | 3/3 | |
| 20 October 2025 | 3/3 | |
| 8 December 2025 | 3/3 | |

## Time Allocation for 2025 BAC Meetings

**BAC Meeting - Main Topics**



# Statement from the BAC Chairman

**Dear Shareholders,**

We are pleased to present our Board Audit Committee Report for 2025.

The Board Audit Committee (BAC) held five (5) meetings in 2025 to discharge their responsibilities as set out in the BAC Terms of Reference.

The BAC assessed the quality and integrity of the Bank's financial statements, financial reporting, and ensured the effectiveness of the internal control framework.

The BAC met the External Auditors and Chief Internal Audit Officer on a regular basis, without the presence of the Executive Management, to discuss matters relating to the areas within the Committee's remit.

The BAC ensured that the 2025 Internal Audit plan focussed on providing adequate assurance that the Bank's internal controls remained robust, and monitored progress in the execution of the Plan.

The BAC reviewed observations raised by the internal and external auditors, the Central Bank of the UAE, the Financial Audit Authority, and other regulators, and ensured that appropriate actions had been taken with respect to these observations.

The BAC exercised oversight on the performance and effectiveness of the Bank's Internal Audit function (and separately, the performance of the Chief Internal Audit Officer and Head of Shari'ah Audit) and reviewed updates to its audit plan and staffing, taking into consideration the Central Bank of the UAE's regulations on Internal Controls, Compliance, and Internal Audit.

The BAC evaluated the external auditors' qualifications, performance, independence, and objectivity, and reviewed and approved the scope of work proposed by the external auditors for 2025.

The BAC is pleased with the continued enhancement of the Bank's 'three lines of defence', with strong progress being made across all lines.

**Looking ahead to 2026**

Looking forward, the BAC's schedule includes five (5) regular meetings for 2026, which will focus on the integrity of CBD's financial statements, IFRS 9 adherence, assessment, and oversight of the internal and external auditors, as well as ensuring the 2026 Internal Audit plan is reflective of current and emerging risks. The Committee will also continue to coordinate its activities with the Board Risk & Compliance Committee.

The BAC will also continue to oversee the independence and performance of the External Auditor, Internal Audit and Internal Shari'ah Audit.

**Sheikh Maktoum Bin Hasher Al Maktoum**
Board Audit Committee Chairman



# Board Remuneration, Nomination & Governance Committee (REMCO)

## Role

The primary purpose of the Remuneration, Nomination & Governance Committee is to assist the Board by:

- Approving the Bank's People Strategy and monitoring its implementation.
- Approving the Bank's Reward Policy as applied to employees of the Bank and its associated and/or subsidiary companies.
- Approving all HR policies associated with remuneration and/or the Reward Policy.
- Approving the Code of Conduct and Conflict of Interest Policy.
- Approving the remuneration packages for senior executives in line with the Corporate Governance Regulations.
- Providing recommendations in relation to remuneration for Board Members.
- Approving long-term incentive plans for employees.
- Ensuring that the compensation of employees in the control functions of Risk Management including Internal Shari'ah Control, Compliance, and Internal Audit including Internal Shari'ah Audit, are determined independently of the performance of the Bank.
- Ensuring that performance-based compensation of senior executives and Material Risk Takers is reduced or reversed based on realised risks and violations of laws, regulations, Code of Conduct, or other policies before compensation vests.
- Reviewing business-related incentive schemes.
- Approving benefit plans for all employees.
- Establishing a fit and proper process for the selection and appointment of board members and senior executives.
- Reviewing succession plans of senior executives and Board Members.
- Recommending individuals for nomination as members of the Board and its Committees and the Internal Shari'ah Supervision Committee (ISSC).
- Overseeing the performance management system including performance goals for the CEO and all senior executives, including CRO, CIA, Head of Internal Shari'ah Control, and Head of Internal Shari'ah Audits.
- Overseeing the organisational structure of its Committees and senior executives.
- Reviewing corporate governance arrangements, including but not limited to, the Board selection, suitability and diversity, Board continuing professional development, overseeing the annual performance evaluation of the Board, its Committees and individual Board members and Committees' structures and adequacy.
- Reviewing any other ancillary matter to the above as decided by the Committee.
- Reviewing and approving policies where it has the responsibility to do so as per the Policy and Procedure DoA.
- Approving credit facilities extended to the staff or relatives of the staff outside the ordinary course of business.

## Committee Composition

REMCO is composed of five (5) Directors – two (2) Independent and three (3) Non-Independent Directors.

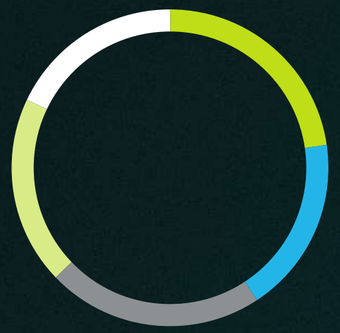
- **Dr. Abdullah Al Karam** — Chairman – Non-Independent
- **H.E. Ahmad Julfar** — Member – Independent
- **Mr. Saod Obaidalla** — Member – Independent
- **Mr. Ali Al Fardan** — Member – Non-Independent
- **Ms. Moza Al Futtaim** — Member – Non-Independent

## 2025 Board Remuneration, Nomination & Governance Committee Meetings

| Date of REMCO Meeting | Number of Attendees | Name of Absent Members |
|---|---|---|
| 22 January 2025 | 4/5 | Ms. Moza Al Futtaim |
| 26 February 2025 | 4/5 | Ms. Moza Al Futtaim |
| 28 May 2025 | 5/5 | |
| 17 September 2025 | 5/5 | |
| 27 November 2025 | 5/5 | |

## Time Allocation for 2025 REMCO Meetings

**REMCO Meeting - Main Topics**



- 23% Compensation
- 18% Senior Management Appointments
- 22% Human Resources (incl. executive management KPI scorecard updates)
- 19% Governance, Policies and Board-related Matters
- 18% Emiratization

# Statement from the REMCO Chairman

**Dear Shareholders,**

On behalf of the members of the Remuneration, Nomination & Governance Committee, we are pleased to present our Report for 2025. The Committee continued its focus on the development of a high-performance culture, ensuring that our performance planning and reward mechanisms remain fit for purpose and aligned to our business goals. In addition, REMCO monitored the efficacy of our organisational structures, the engagement of our employees, and the development of our workforce, with a particular focus on the ongoing growth of our UAE Nationals and the enhancement of core skills for the Banks in Credit, Digital, and Leadership and Management.

Emiratization remains a key focus and strategic objective for the Bank and is a recurring agenda item across all our Board REMCO meetings. We consider the recruitment and retention of UAE Nationals a priority for our continued success, and aim to attract and develop UAE Nationals at all levels, helping us to create a robust talent pipeline for the future. In 2025, the Bank hired more than 130 UAE Nationals, reinforcing our commitment to 'backing the nation's ambitions' and creating a strong thriving UAE National workforce.

In addition, the Bank has implemented several initiatives to ensure the retention of our talented UAE Nationals. We have introduced comprehensive learning and development programmes, a new AI-driven Learning Experience Platform, and offer competitive compensation packages. Furthermore, we have established a supportive work environment that fosters growth and innovation, ensuring our employees feel valued and motivated to build long-term careers with us.

Our Tech Graduate Hiring Programme continues to be a cornerstone of our emiratization and digital upskilling strategy. This programme is designed to attract young, tech-savvy graduates who are eager to embark on a career in the banking sector. Through this programme, we offer extensive training and development opportunities, enabling graduates to gain hands-on experience and develop the skills necessary for success in the industry. We are committed to expanding this programme and providing more opportunities for UAE Nationals to join our team and contribute to our technological advancements.

Our reward strategy provides a framework for the Committee to carry out its responsibilities during the year. Within the authority delegated by the Board, the Committee is responsible for approving the remuneration policy of Commercial Bank of Dubai, including the terms of the bonus plans and other long-term incentive plans, and for agreeing the individual remuneration packages of Executive Directors and other senior employees of the Bank.

During the year, significant time was spent by the Committee to ensure that the Bank's ambition to maintain a high-performance culture is realised. This included:

- An in-depth review of balanced scorecards for goal setting and performance achievement, as these support the performance and reward assessments with reference to clear and relevant objectives, which are set under four categories: Financial, People, Customer (which includes Change Management and Strategic Initiatives), and Risk and Compliance. Whilst the achievement of financial objectives is very important, the other objectives relating to risk mitigation and controls, customer development, and the productivity of the human capital, are key to the performance and sustainability of the Bank over the short and medium term.
- Overseeing the Bank's succession and talent management plans, with particular emphasis on UAE National succession. This included the Board Succession Plan and employee succession planning to ensure leadership continuity and alignment with strategic objectives.
- Approving the Continuous Professional Development Plan for the Board, Senior Management, Material Risk Takers, and the Internal Shari'ah Supervisory Committee, designed to strengthen competencies and ensure alignment with evolving regulatory requirements, governance best practices, and emerging industry trends.
- Reinforcing mechanisms to ensure active participation of Board Members, emphasising attendance at Board and Committee meetings, training sessions, and strategic retreats.
- Supervising regular updates and enhancements to the Corporate Governance Framework, ensuring compliance with regulatory requirements and alignment with both local and international leading practices.
- Conducting comprehensive performance evaluations for the Board, its Committees, and individual members to ensure effectiveness and accountability.

In addition, the Committee undertook a comprehensive review of risk tolerance breaches and significant risk incidents during the year. This includes assessment of fines, penalties, provisions, and operational risk events, with due consideration given to the appropriateness of disciplinary measures and potential adjustments to variable compensation.

Furthermore, the Committee regularly reviewed the Culture Dashboard presented by the Chief Risk Officer. This dashboard provides updates on culture-related metrics to assess the health of the Bank's culture and ensures remedial actions are taken where needed to foster enhancements to the positive company culture. The Culture Dashboard includes KPIs covering areas such as Customers, People, Integrity, and Compliance.

**Dr. Abdulla Mohamed Al Karam**
Board Remuneration, Nomination,
& Governance Committee Chairman



# Subsidiary Governance

Subsidiaries are established to address a range of business needs, including market expansion, risk management, specialisation, regulatory compliance, operational efficiency, and financial benefits. In accordance with CBD's Corporate Governance Manual and applicable laws and regulations, including CBUAE's Regulations and Standards on Corporate Governance for Banks, CBD extends sound corporate governance practices and policies to its subsidiaries. This includes implementing appropriate governance structures, clear line of authority, and effective oversight mechanisms.

All the Bank's subsidiaries are required to comply with the Bank's Corporate Governance Manual and relevant laws and regulations applicable in their respective jurisdictions. The Bank's Board and Senior Management maintain oversight to ensure that subsidiaries uphold the Group's standards of transparency, accountability, and ethical conduct, while also supporting strategic alignment and regulatory compliance across the organisation.

## The following is the list of subsidiaries of the Bank as at 31 December 2025:

| Name of Subsidiary | Ownership Interest | Country of Incorporation | Principal Activities |
|---|---|---|---|
| Subsidiary | | | |
| CBD Financial Services LLC | 100% | UAE | Providing brokerage facilities for local shares and bonds |
| Attijari Properties LLC | 100% | UAE | Self-owned property management services as well as buying and selling of real estate |
| CBD Digital Lab Limited | 100% | UAE | Technology research and development |
| Special Purpose Entity | | | |
| CBD (Cayman) Limited | 100% | Cayman Islands | Issuance of debt securities |
| CBD (Cayman II) Limited | 100% | Cayman Islands | Transact and negotiate derivative agreements |
| VS 1897 (Cayman) Limited | 100% | Cayman Islands | Manage investment acquired in the settlement of debt |
| Hortin Holdings Limited [Subsidiary of VS 1897 (Cayman) Limited] | 100% | British Virgin Islands | Manage real estate-related investment acquired in the settlement of debt |
| Lodge Hill Limited [Subsidiary of VS 1897 (Cayman) Limited] | 100% | British Virgin Islands | Manage real estate-related investment acquired in the settlement of debt |
| Westdene Investment Limited [Subsidiary of VS 1897 (Cayman) Limited] | 100% | British Virgin Islands | Manage real estate-related investment acquired in the settlement of debt |

# Selection Process

Senior executive appointments are made through a fair and rigorous selection process. The Bank ensures its Executive Committee (EXCO) consists of highly qualified, diverse professionals with proven track records, fully compliant with Central Bank Corporate Governance and Fitness and Propriety standards. In November 2024, the CBUAE published Fitness and Propriety Regulation and Standards, which included revised criteria for Fit and Proper assessments in addition to Continued Personal Development (CPD) requirements for Senior Management. During 2025, the Bank ensured that all prescribed individuals by CBUAE, including Senior Management and Material Risk Takers (MRTs), adhered to the revised Fit and Proper Regulations and Standards as issued by the CBUAE.

## Competence and Capability

Applicants possess the necessary qualifications, training, experience, and skills, and meet the Central Bank's requirements. They demonstrate competence, proficiency, and a sound understanding of the business, regulatory environment, and specific responsibilities. Key areas of knowledge include:

- Financial sector and markets.
- Legal and regulatory framework.
- Risk management and internal controls.
- ESG factors and sustainability.
- Corporate governance and strategic planning.
- Accounting and financial analysis.

## Honesty, Integrity and Reputation

The conduct and actions of the individual subject to the Fit and Proper Process must unequivocally demonstrate integrity beyond reasonable doubt.

In assessing the honesty, integrity, and reputation of the candidate, the Bank evaluates, among other factors, the following:

- Convictions for crimes involving dishonesty, incompetence, malpractice, or fraud.
- Adverse findings or settlements in civil cases related to financial crimes within the past ten years.
- Uncooperative behaviour with authorities, leading to non-compliance with legal or regulatory standards.
- Lack of fairness, truthfulness, or transparency in dealings with customers, auditors, or authorities.
- Judgments or decisions against them by courts or other bodies and/or disqualification from managerial roles.
- Convictions or findings of guilt in disciplinary, regulatory, or criminal proceedings.
- Involvement with entities that have faced disciplinary actions or sanctions.
- Breaches of material requirements of Central Bank laws or equivalent regulations.
- Associations with businesses that have encountered legal or regulatory issues, including winding up or refusal of licenses.
- Complaints to regulatory bodies affecting their ability to perform relevant functions.
- Potential or ongoing criminal or disciplinary proceedings.
- Provision of false or misleading information to the Central Bank or uncooperative behaviour in dealing with the Central Bank and/or other regulatory bodies.
- Unwillingness to maintain effective internal control systems and risk management practices.
- Engagement in deceitful, negligent, or improper business practices.
- Dismissal or resignation from positions due to questions about honesty and integrity.

## Financial Solvency

The Bank assesses the financial soundness of the candidate, ensuring they can maintain solvency and exercise prudent financial control. It includes meeting liabilities as they become due and ensuring adequate control over financial risks on a continuing basis. A person's financial conduct is relevant to an assessment of his/her professional integrity as it may have an impact on his/her reputation. In determining the financial soundness of the candidate, the Bank also considers matters such as, but not limited to:

- Experience in managing financial obligations prudently.
- Reasonable expectation to meet debts as they fall due.
- Defaults on judgments, debts, or awards that remain outstanding.
- Seeking relief for debt, making arrangements with creditors, filing for bankruptcy, or having assets sequestered.
- Provision of satisfactory credit references, where applicable.
- Inability to fulfil financial obligations as they fall due.
- Persistent failure to manage personal debts or financial affairs satisfactorily, causing detriment to others.
- Holding a loan or credit facility in arrears for over 90 days in the past year.
- Sound and prudent management of previous business dealings.
- Involvement in the management of an entity that went into receivership, insolvency, or liquidation while connected with it or shortly after departure.

## Independence of Mind

The Bank assesses applicants to ensure they can make independent, objective decisions without undue external influence. Candidates must demonstrate the ability to express differing views and constructively challenge senior management and the Board. Their independence from conflicting interests, including other employment obligations, is thoroughly evaluated.

Additionally, the Bank examines whether an individual's membership on other boards could conflict with the Bank's interests. The Bank ensures that individuals do not hold concurrent responsibilities that could impair their ability to perform their designated functions within the Bank effectively. Furthermore, the Bank assesses whether any business or personal relationships could pose a conflict of interest or interfere with the individual's judgment.

## Time Commitment

The Bank ensures that an applicant is able to dedicate sufficient time to fulfil their role and responsibilities. The Bank also examines whether any of the roles include additional duties, such as being a member or chair of committees.

Additionally, the Bank considers if the other roles require more time due to their nature, type, or size (e.g., if the entity is regulated or listed). Finally, the Bank assesses whether the individual's experience enables them to perform their duties efficiently. To ensure the individual can meet their time commitments, the Bank obtains a declaration from the individual, stating they have sufficient time for all their roles.

## Regulatory Approvals

All applications related to positions that require the Central Bank of UAE approval are sent to the Banking Supervision Department along with the required appointment documents to ensure that all necessary regulatory requirements are met and that the Central Bank can thoroughly review each candidate's qualifications and suitability for the role.

# Management Committees

Certain day-to-day activities of the Bank have been delegated by the Board to the CEO and Management Committees. Management Committees are established for the purpose of recommending, deciding, approving, and/or monitoring key topics in their respective areas of specialisation. These Committees provide a platform for discussion between the senior management team on key business and control areas for the Bank.

Management Committees are endowed with full executive powers to take decisions and actions related to their field, scope, and structured hierarchy in line with the existing delegations of authority.

**The following are the core Committees of the Bank:**

## Executive Committee (EXCO)

The EXCO is the most senior management committee whose responsibilities include, assessing and recommending the annual review plan and strategy, reviewing the financial performance, reviewing and recommending major investment and expansion decisions, and approving any other key business matters.

## Asset & Liability Committee (ALCO)

The ALCO's objective is to safeguard the long-term profitability of the Group by managing the mix of assets and liabilities, given its expectations of the future and the potential consequences of interest rate movements, liquidity constraints, foreign exchange exposure and capital adequacy. The ALCO is also responsible for ensuring that all strategies conform to the Group's risk appetite and levels of exposure as determined by the Board.

## Credit Committee (CC)

The CC manages CBD's credit risk by reviewing and approving or recommending individual customer proposals that involve taking any credit risk by CBD, in line with the specific authorities delegated by the Board Credit & Investment Committee and the Board.

## Project Investment Committee (PIC)

The PIC reviews and approves investment projects for CBD and provides guidance for CBD's long-term and short-term goals in the areas of strategic project investment. The PIC governs all projects of CBD, including but not limited to, those with a direct or an indirect dependency on IT. The PIC is also responsible for reviewing key aspects including the investment slate, project performance, project financials, business case approvals, and project delivery.

## Risk Management & Compliance Committee (RMCC)

The purpose of RMCC is to manage all risks that have the potential to materially impact the Bank's financial performance or the sustainability of its business operations. It oversees the implementation of the policies, procedures, processes and framework related to all risks and maintains oversight of the risks across the Bank. In addition, RMCC ensures compliance with regulatory requirements specified by regulators applicable to CBD. The Committee provides a robust and consistent framework for the timely identification, analysis, mitigation, and management of material risks.

## Human Resource Committee (HRC)

The HRC manages all matters related to the Bank's people strategy, culture, emiratization strategy, performance and reward, resourcing, succession planning, and other HR-related matters.

The Bank also has other sub-committees and forums to support the Bank in recommending, deciding, approving, and/ or monitoring key topics in their respective areas of specialisation such as Operational Risk Management Committees, ESG Council, IFRS 9 Provisioning, Transformation Forums, Model Oversight Committee, and others.



# Remuneration Policy

The quality and long-term commitment of our employees, particularly those who are high-performing individuals, is fundamental to our success. We therefore aim to attract, retain, and motivate the very best people who are committed to maintaining a long-term career with the Bank, and who will perform their role in the long-term interest of the shareholders.

**Our reward package comprises four key elements:**

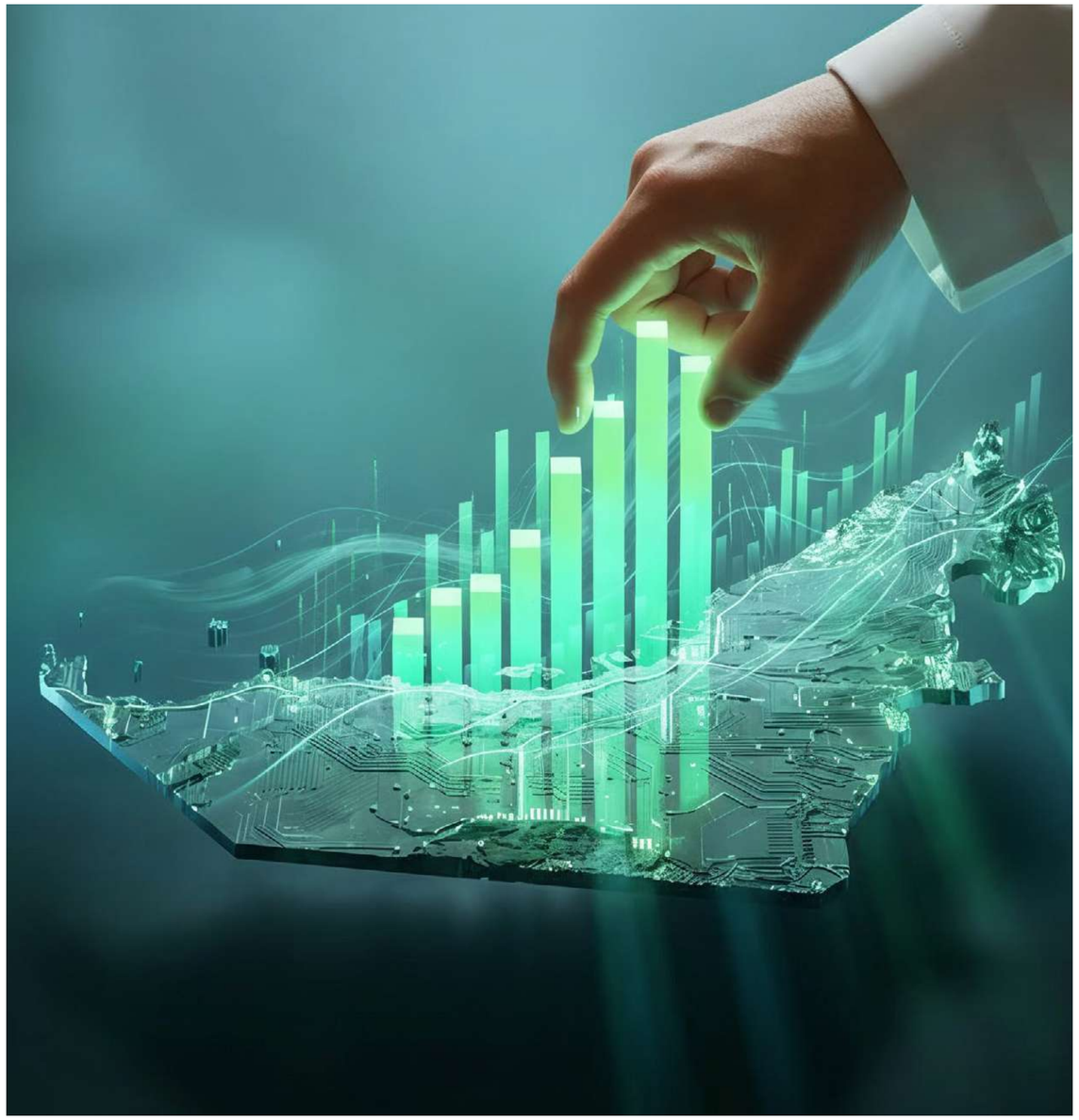
- Fixed pay
- Benefits
- Annual incentive (discretionary bonus or incentive plan)
- Deferred incentives

These elements support the achievement of our strategic initiatives through balancing reward for both short-term and long-term sustainable performance. Our strategy is designed to reward performance and align employee remuneration with our risk framework and risk outcomes.

Details of remuneration awarded during the financial year to senior management and Material Risk Takers can be found in our 2025 Pillar III disclosure.

## A rounded approach to measuring performance

We assess performance with reference to clear and relevant objectives set within a holistic balanced scorecard framework where objectives are set within four categories: Financial, People, Customer, and Risk and Compliance. Significant importance is given to the achievement of Financial and Risk objectives. Objectives relating to customer development and the productivity of our human capital are key to sustained financial performance and the development of the Bank over the short and medium term.



## A focus on total compensation with variable pay differentiated by performance

Reward is delivered through a combination of fixed and variable pay. The variable pay element is differentiated by performance over the short term for most employees. The performance-related elements of pay comprise a material proportion of the total compensation package for senior management, whilst maintaining an appropriate balance between fixed and variable elements. Remuneration is structured to provide an opportunity for market top quartile total compensation for higher levels of performance.

## Aligning individual reward with the Bank's performance and shareholders' interests

For Material Risk Takers (as defined by CBUAE rules) in the performance year 2025, a significant portion of variable pay is delivered in the form of deferred cash through the implementation of a deferred variable pay plan subject to malus, so it can be cancelled if warranted by events.

CBD incentivises sustainable long-term performance using pre-grant performance measures that align with shareholder interests during a three-year vesting period with the ability to apply malus.

## Competitive and cost-effective packages to attract and retain employees

CBD provides a total compensation package (salary, bonus, and longer-term incentives, where appropriate) which is competitive in relation to comparable organisations in the markets we operate.

## Effective management of risk

Performance is assessed, taking risk into account, using a combination of quantitative and qualitative measures as informed by the Risk Appetite Framework.

The integration of risk management with reward is implemented by the Chief Risk Officer providing advice to REMCO through a review of the Bank's Risk Appetite statement, which describes the quantum of risk that we are prepared to take in executing our strategy. It shapes our integrated approach to business, risk and capital management, and supports us in achieving our financial objectives. The risk appetite framework is agreed by the Board and provides an important input to the Committee's deliberations with regards to remuneration. In addition, individual performance is also reviewed against key risk and compliance objectives to ensure that proposed individual remuneration is appropriate against those aspects.

## Adjustments, Malus and Clawback

To reward legitimate performance, individual awards are made based on a risk-adjusted view of both financial and non-financial performances. Considering this, the Committee has the discretion to reduce an employee's current year variable pay to reflect detrimental conduct or involvement in Bank-wide or more specific risk events.

Further, REMCO can, in appropriate circumstances, reduce or cancel all or any part of any unvested awards under the applicable malus provision. Appropriate circumstances include, but are not limited to, conduct detrimental to the business; past performance being materially worse than originally understood; restatement, correction, or amendment of any financial statements; or improper or inadequate risk management.

The Committee can suspend the vesting of unvested deferred awards granted in prior years where the awards are scheduled to vest before the outcome of a review of a Bank-wide risk event is known.

Finally, REMCO may operate a clawback, in appropriate circumstances, in respect of awards that have vested and been paid out.

Since 2022, REMCO has implemented a formal policy on malus and clawback, with supporting procedures, which are continuously updated.

| Remuneration Amount (AED '000s) | 31 December 2025 | | 31 December 2024 | |
|---|---|---|---|---|
| | Senior Management | Other Material Risk-takers | Senior Management | Other Material Risk-takers |
| **Fixed Remuneration** | | | | |
| Number of employees | 16 | 17 | 15 | 14 |
| Total fixed remuneration | 36,527 | 18,089 | 35,087 | 16,018 |
| Of which: cash-based | 36,527 | 18,089 | 35,087 | 16,018 |
| Of which: deferred | – | – | – | – |
| Of which: shares or other share-linked instruments | – | – | – | – |
| Of which: deferred | – | – | – | – |
| Of which: other forms | – | – | – | – |
| Of which: deferred | – | – | – | – |
| **Variable Remuneration** | | | | |
| Number of employees | 14 | 14 | 14 | 13 |
| Total variable remuneration | 37,735 | 13,440 | 31,659 | 8,987 |
| Of which: cash-based | 26,163 | 9,201 | 24,543 | 7,357 |
| Of which: deferred | 11,573 | 4,238 | 7,116 | 1,630 |
| Of which: shares or other share-linked instruments | – | – | – | – |
| Of which: deferred | – | – | – | – |
| Of which: other forms | – | – | – | – |
| Of which: deferred | – | – | – | – |
| **Total Remuneration** (Total fixed remuneration + Total variable remuneration) | **74,262** | **31,529** | **66,746** | **25,005** |

# Islamic Banking Governance

CBD offers Shari'ah-compliant financial solutions to both retail and corporate clients under its Islamic window branded as CBD Al Islami.

CBD Al Islami operates in strict accordance with Federal Laws and the Central Bank of the UAE's Higher Shari'ah Authority (HSA). All CBD Al Islami business activities, products, services, contracts, documents, and code of conduct are supervised by the Bank's Internal Shari'ah Supervision Committee (ISSC). The ISSC is an independent body, appointed by the General Assembly of the Bank, based on the Board of Directors' nomination, for a term of three (3) years, and has the ultimate authority within CBD regarding all Shari'ah-related matters.

**Shari'ah internal governance at CBD is structured around a 'three lines of defence' model, in line with CBUAE standards.**

## First Line

Managed by the Head of Islamic Banking, responsible for day-to-day business operations.

## Second Line

An independent Internal Shari'ah Control Department, led by the Head of Internal Shari'ah Control, implements and oversees Shari'ah governance.

## Third Line

The Internal Shari'ah Audit Department, headed by the Head of Internal Shari'ah Audit, conducts reviews and audits of Islamic products and services.

To ensure financial integrity, Islamic Banking maintains a separate set of financial records, fully segregating Islamic business accounts from CBD's conventional accounts.

During the fiscal year 2025, the Internal Shari'ah Supervision Committee (ISSC) conducted comprehensive oversight of the Bank's Islamic operations. Based on the information and clarifications received, the ISSC achieved a high level of assurance regarding the Bank's compliance with Islamic Shari'ah. The Committee confirms that, except for a limited number of observed violations, which were duly reported and for which corrective actions have been completed, the Bank's activities were conducted in accordance with Shari'ah principles.

## Key Shari'ah Governance Activities

### Fatwas and Directives

- The ISSC issued over 200 Shari'ah fatwas and more than 220 Shari'ah directives through the Shari'ah Control Department, ensuring robust adherence to Islamic law across all business lines.

### Regulatory Compliance

- The Bank demonstrated full compliance with all circulars and notices issued by the Central Bank of the UAE (CBUAE), including the implementation of key standards such as Standard 1906 (Shari'ah Compliance Policy and Risk-Based Annual Plan) and Standard 5166 (Fitness and Propriety).
- CBD also contributed to national regulatory initiatives, such as the QIS Capital and Liquidity Project Questionnaire and surveys related to Islamic financial products, supporting the UAE's vision to be a global hub for Islamic finance.

### Shari'ah Training

- Comprehensive Shari'ah training sessions were conducted, engaging over 350 participants, to enhance awareness and operational competence in Shari'ah matters.

### Shari'ah Audit

- In 2025, the Internal Shari'ah Audit Department (ISAD) executed seven (7) targeted audits, covering treasury, corporate Islamic products, and digital channels, ensuring robust Shari'ah compliance and clear separation from conventional banking. ISAD transparently reported all findings in four (4) meetings with the Internal Shari'ah Supervision Committee (ISSC) and two (2) with the Audit Committee.

## ISSC

The ISSC meets at least four (4) times a year. Additionally, the ISSC holds meetings with the Board to discuss issues pertaining to Shari'ah compliance, with a minimum of one (1) meeting per financial year. Additional meetings may be convened if required, at the request of either the Board, BRCC, or ISSC to address matters pertaining to Shari'ah compliance or any other matter that requires the Board's attention.

# Members of the Internal Shari'ah Supervision Committee (ISSC)

**The ISSC comprises the following respected Shari'ah scholars:**



**Sheikh Dr. Mohammed Abdul Rahim Sultan Al Olama**
Chairman

Prof. Dr. Mohammad Abdul Rahim Sultan Al Olama is a distinguished expert in Islamic jurisprudence and Shari'ah-compliant finance. He served as a professor at the United Arab Emirates University until 2022 and has been involved in numerous jurisprudence councils and Shari'ah supervisory boards, including the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and the Zakat Fund in the UAE. Dr. Al Olama has published extensively on Islamic banking and presented research internationally. He is a member of several Shari'ah boards for leading Islamic financial institutions and holds a PhD in Comparative Islamic Jurisprudence from Umm Al-Qura University in Saudi Arabia.



**Sheikh Moosa Tariq Khoory**
Member

Dr. Moosa Tariq Khoory is a member of various Shari'ah Boards and Committees in the UAE in the sectors of Islamic banking, Islamic insurance (Takaful), and the Islamic Financial Market. Moosa is the ex-Group Head of Internal Shari'ah Audit at Dubai Islamic Bank and is also the Founder Chairman of the "Shari'ah Professionals Association". He has also been a member of AAOIFI's Governance and Ethics Board, and AAOIFI's Education Board. Moosa is a member of the Consultancy Board at the University of Sharjah's College of Shari'ah and Islamic Studies and Al Qasimia University's College of Shari'ah and Islamic Studies. Moosa holds a PhD in Islamic Finance from Durham University and a dual Master's degree in Islamic law and legal theory from the University of Sharjah, and a Master's in International Business Law from Paris 2 University of Shari'ah and Islamic Studies.



**Dr. Abdulrahman Alsaadi**
Member

Dr. Abdulrahman Alsaadi currently holds memberships on several Shari'ah boards, including NBF Bank and Sharjah Islamic Bank in the UAE and MUZN Islamic Bank in Oman. He has a strong academic background in Islamic jurisprudence and finance.

He holds a Doctorate and a Master's degree in Comparative Jurisprudence from Imam Mohammad Bin Saud Islamic University in Riyadh, Saudi Arabia. He also has a Bachelor's degree in Shari'ah and a higher diploma in Moral Economy and Sustainable Development from the UK.

He has been an Associate Professor in the Islamic Banking Department at the University of Bahrain since 2013, and has been serving as the Rapporteur for the Shari'ah Board at AAOIFI since 2012.



**Dr. Bushra Al Jasmi**
Trainee Member

Dr. Bushra Al Jasmi is a prominent Islamic scholar from the UAE with extensive academic and professional experience in Islamic jurisprudence. She holds a PhD in Islamic Shari'ah and has served as Senior Mufti at the Dubai Department of Islamic Affairs and Charitable Activities since 2022. Dr. Al Jasmi has also been an Assistant Professor at Al Wasl University and has authored several scholarly works, participated in conferences, and conducted various training courses and workshops on Islamic jurisprudence and related topics.

# 2025 Report of Internal Shari'ah Committee

## Annual Report of the Internal Shari'ah Supervision Committee (ISSC) of Commercial Bank of Dubai – CBD Al Islami.

**Issued on 12/01/2026**

**To the Shareholders of the Commercial Bank of Dubai (CBD) (the Institution)**

**May peace, mercy, and blessings of Allah be upon you.**

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

### 1. Responsibility of the ISSC

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

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

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

### 2. Shari'ah Standards

In accordance with the HSA's resolution (No. 18/3/2018), and with effect from 01/09/2018, the ISSC has abided by the Shari'ah standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) as minimum Shari'ah requirements, in all fatwas, approvals, endorsements and recommendations, relating to the Institution's Activities without exception.

### 3. Duties Fulfilled by the ISSC During the Financial Year

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

- Convening five (5) meetings during the year.
- Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to the Institution's Activities.
- Monitoring compliance of policies, procedures, accounting standards, product structures, contracts, documentation, business charters, and other documentation submitted by the Institution to the ISSC for approval.
- Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between investment accounts holders and shareholders with parameters set by the ISSC.
- Supervision through the internal Shari'ah control division or section, internal Shari'ah audit, of the Institution's Activities including supervision of executed transactions and adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.
- Providing guidance to relevant parties in the Institution – to rectify (where possible) incidents cited in the reports prepared by internal Shari'ah control division or section, internal Shari'ah audit, and issuing of resolutions to set aside revenue derived from transactions in which non-compliances were identified for such revenue to be disposed towards charitable purposes.
- Approving corrective and preventive measures related to identified incidents to preclude their reoccurrence in the future.
- The obligation to pay Zakat rests with the shareholders. The Bank's management is not authorised to pay Zakat on their behalf, except in relation to the Investment Risk Reserve (IRR) for Mudaraba and Wakala accounts. Shareholders will be notified of the applicable Zakat percentage, if any, through a separate letter.
- Communicating with the Board and its subcommittees, and the senior management of the Institution (as needed) concerning the Institution's compliance with Islamic Shari'ah.

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

### 4. Independence of the ISSC



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

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

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

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

We ask Allah to grant everyone guidance and success. May peace, mercy, and blessings of Allah be upon you.

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



**The Honourable Sheikh Dr. Mohamed Abdulraheem Sultan Al Olama**
ISSC Chairman and Executive Member

**The Honourable Sheikh Dr. Abdulrahman Alsaadi**
ISSC Member

**The Honourable Sheikh Dr. Moosa Tariq Khoory**
ISSC Member

# Auditors, Duration of Mandate, and Term of Office of the Lead Auditor

Pursuant to Article 52 of the Articles of Association, and subject to the rules and decisions issued by the Central Bank, CBD shall have one (1) or more auditor(s). The General Assembly shall appoint the auditor and determine their remuneration based upon nomination by the Board of Directors. The auditor must be registered and must be licensed to practice in the UAE. The auditor shall be appointed for a renewable term of one (1) year provided the renewed terms do not exceed six (6) consecutive years and provided further that the partner responsible for the auditing shall be changed at the end of three (3) fiscal years. The auditor shall have the duty to monitor the financial accounts for the year for which they were appointed. The auditor shall begin their duties at the end of the annual General Assembly Meeting, until the end of the following annual General Assembly Meeting.

Deloitte & Touche (M.E.) has served as CBD's external auditor since March 2024.

## External Auditor's Information and Fees

| | |
|---|---|
| Name of the Audit Office | Deloitte & Touche (M.E.) |
| Name of Partner Auditor | Musa Ramahi |
| Number of years he spent as the Bank's external auditor | 2 |
| Number of years the partner auditor spent auditing the Bank's accounts | 2 |
| **External auditor's fees (AED)** | **2025** |
| Total fees for auditing CBD's consolidated financial statements | 1,892,545 |
| Fee for other audit-related services | 326,999 |
| Fee for any non-audit services | 250,528 |
| **Total external auditor's fees** | **2,470,073** |



# Policy on Relationship with External Auditors

The Board considers the external auditor's independence as a fundamental pillar for the credibility and reliability of the auditor's reports. To this end, CBD has adopted a policy on auditor independence, ensuring that CBD's external auditor is both independent and perceived to be independent. The policy is interpreted in consideration of the specific requirements of the UAE Commercial Companies Law of 2021, the Decretal Federal Law No. (14) of 2018 Regarding the Central Bank and Organisation of Financial Institutions and Activities, the Central Bank of UAE Regulation on Financial Reporting and External Audit, and international best practices.

The Board Audit Committee recommends the appointment and compensation of the external auditor for Board endorsement and the Annual General Assembly approval. The Committee oversees the external auditor's work, resolves any financial reporting disagreements between management and the auditor, and requires the auditor to report directly to the Committee. Additionally, the Committee must pre-approve all audit and non-audit services performed by the external auditor, either individually or under pre-approved policies.

## CBD mandates that all services provided by the external auditor, including the non-audit services, must be in accordance with the following principles:

01 The external auditor should not have a mutual or conflicting interest with CBD.

02 The external auditor should not audit its own work.

03 The external auditor should not function as part of management or as an employee.

04 The external auditor should not act as an advocate of CBD.

Furthermore, any potential appointments of ex-partners or ex-employees from the external auditor to CBD as finance or audit employees at senior manager level or higher must be approved in advance by the Chairman of the Audit Committee, following consultation with the Chairman of the Remuneration, Nomination & Governance Committee.

# Investor Relations and Disclosures

Commercial Bank of Dubai's Investor Relations Department is responsible for engaging with a range of key external stakeholders, including shareholders, debt holders, rating agencies and the professional investment community.

CBD is committed to providing timely, orderly, consistent, accurate and balanced disclosure of all material information about the Bank, ensuring fair and equal access to such information in compliance with legal and regulatory requirements.

The Bank considers transparency and accountability fundamental to fulfilling its vision and strengthening the trust of its stakeholders. The Bank is committed to complying with applicable regulatory requirements to ensure fair disclosure of material information to the public marketplace, while safeguarding sensitive information relating to its business customers.

The Investor Relations Department ensures timely dissemination of financial and non-financial information through various channels. CBD regularly updates the market through quarterly results, press releases and investor calls.

## For the year-end results, the Bank publishes an integrated report consisting of the following:

The Annual Report, providing comprehensive details on financial results.

The Corporate Governance Report, detailing the overall governance framework and achievements during the year.

The Sustainability Report, outlining ongoing and future environmental, social and governance initiatives.

The Board of Directors' Report, highlighting key financial and operational activities.

The Annual Shari'ah Report, covering updates on the activities of the Internal Shari'ah Supervision Committee of the Bank.

Furthermore, the Bank engages with investors through one-to-one meetings, roadshows, investor calls, and investor conferences.

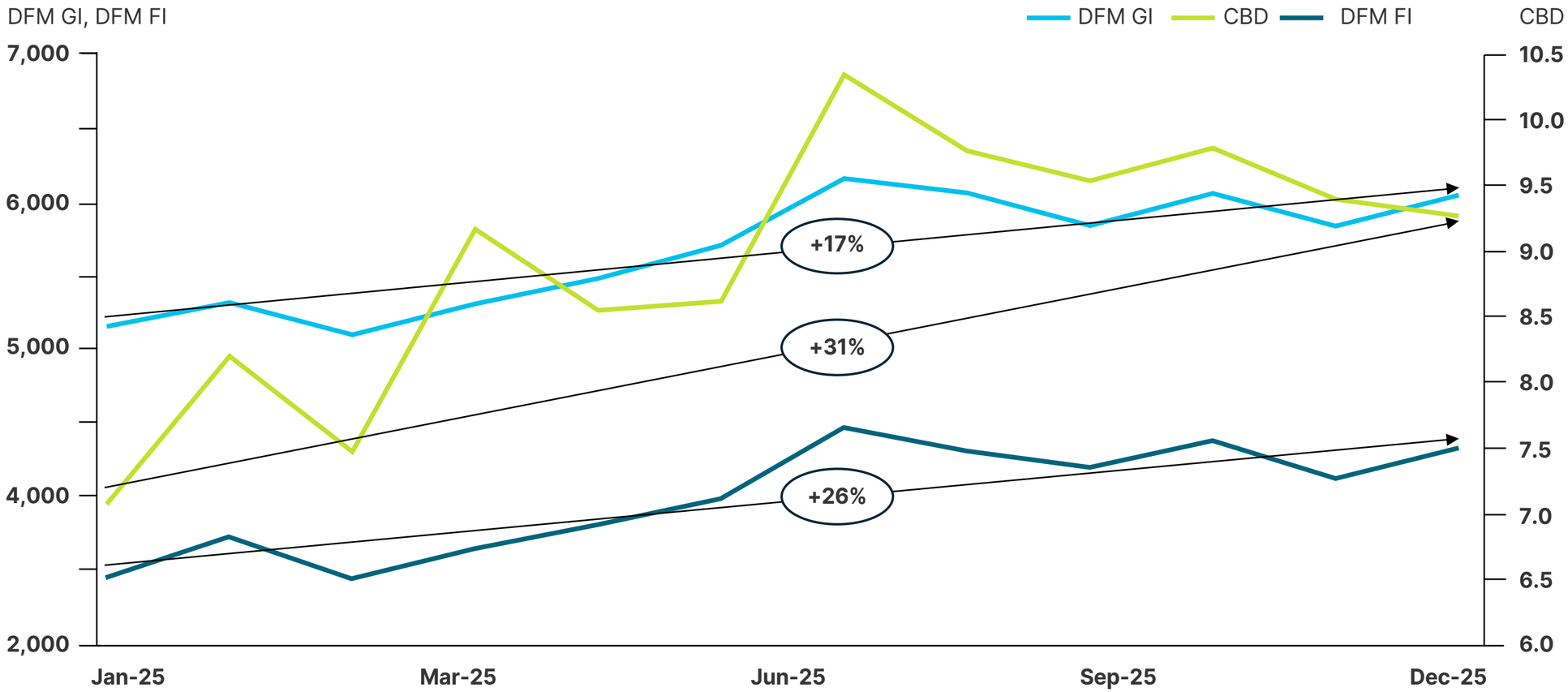
**Investor relations contact details:**
Investor.relations@cbd.ae
https://cbd.ae/aboutus/investor-relations



# Share Price Performance and Comparative Analysis against DFM General Index and DFM Financials Index

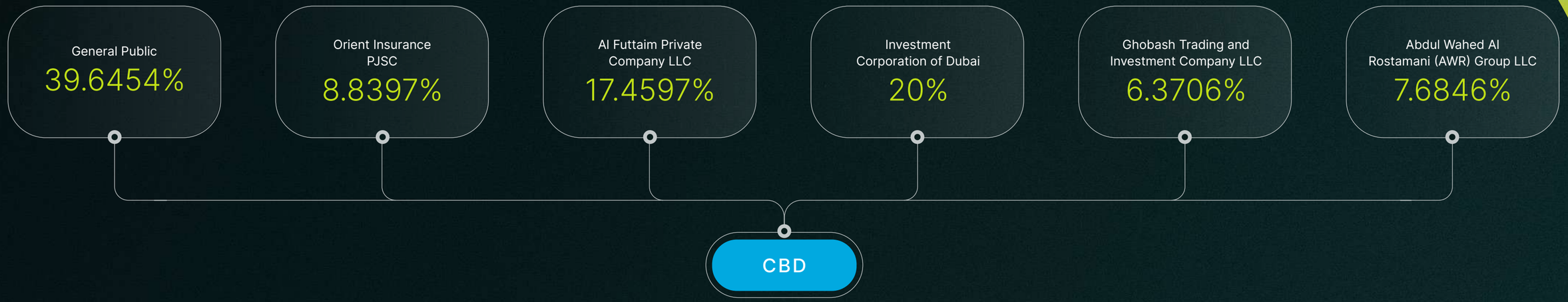
| | CBD | | | DFM GI | | | DFM FI |
|---|---|---|---|---|---|---|---|
| Month | Closing | High | Low | Closing | High | Low | Closing |
| 31-Jan-25 | 7.70 | 7.87 | 7.55 | 5,180.37 | 5,212.06 | 5,152.61 | 3,597.35 |
| 28-Feb-25 | 8.20 | 8.28 | 8.12 | 5,317.63 | 5,361.53 | 5,305.64 | 3,724.21 |
| 28-Mar-25 | 7.47 | 7.47 | 7.47 | 5,096.24 | 5,131.37 | 5,095.32 | 3,441.05 |
| 30-Apr-25 | 9.17 | 9.17 | 7.71 | 5,307.15 | 5,310.08 | 5,216.19 | 3,645.11 |
| 30-May-25 | 8.55 | 8.55 | 8.55 | 5,480.51 | 5,507.02 | 5,471.62 | 3,806.57 |
| 30-Jun-25 | 8.62 | 8.75 | 8.60 | 5,705.76 | 5,738.70 | 5,682.14 | 3,984.16 |
| 31-Jul-25 | 10.35 | 10.45 | 10.15 | 6,159.15 | 6,209.16 | 6,153.48 | 4,465.32 |
| 29-Aug-25 | 9.77 | 9.77 | 9.61 | 6,063.61 | 6,109.27 | 6,063.57 | 4,305.85 |
| 30-Sep-25 | 9.54 | 9.85 | 9.54 | 5,839.64 | 5,892.09 | 5,812.27 | 4,196.04 |
| 31-Oct-25 | 9.79 | 9.79 | 9.59 | 6,059.43 | 6,111.51 | 6,052.92 | 4,377.01 |
| 28-Nov-25 | 9.40 | 9.40 | 9.40 | 5,836.89 | 5,840.53 | 5,812.47 | 4,120.18 |
| 31-Dec-25 | 9.27 | 9.33 | 9.27 | 6,047.09 | 6,076.83 | 6,010.57 | 4,327.88 |

# Comparative Stock Price Movement - CBD, DFM General Index and DFM Financials Index 2025



# Shareholder Ownership Structure

## Percentage ownership of CBD as at 31 December 2025





# Shareholder Distribution

**The following table shows the distribution of ownership of CBD shares as at 31 December 2025:**

| No. | Shareholder Classification | Percentage of Owned Shares | | | |
|---|---|---|---|---|---|
| | | Individuals | Companies | Government | Total |
| 1 | Local | 25.62% | 54.19% | 20% | 99.81% |
| 2 | Arab | 0.07% | 0.05% | 0% | 0.12% |
| 3 | Foreign | 0.05% | 0.02% | 0% | 0.07% |
| 4 | Total | 25.74% | 54.26% | 20.00% | 100% |

**The following are the shareholders owning 5% or more of CBD's capital as at 31 December 2025:**

| No. | Name | Number of Owned Shares | Percentage of Shares Owned in the Company's Capital |
|---|---|---|---|
| 1 | Investment Corporation of Dubai | 597,038,390 | 20 |
| 2 | Abdul Wahed Al Rostamani (AWR) Group LLC | 229,400,502 | 7.6846 |
| 3 | Orient Insurance PJSC | 263,881,881 | 8.8397 |
| 4 | Al Futtaim Private Company LLC | 521,205,123 | 17.4597 |
| 5 | Ghobash Trading and Investment Co LTD | 190,173,829 | 6.3706 |

**Statement of shareholders' distribution according to volume of ownership as at 31 December 2025:**

| No. | Ownership of the Shares (share) | Number of Shareholders | Number of Owned Shares | Percentage of Shares Owned from the Capital |
|---|---|---|---|---|
| 1 | Less than 50,000 | 657 | 3,282,681 | 0.1065 |
| 2 | From 50,000 to less than 500,000 | 174 | 30,075,715 | 1.0074 |
| 3 | From 500,000 to less than 5,000,000 | 80 | 130,323,580 | 4.3657 |
| 4 | More than 5,000,000 | 45 | 2,821,509,973 | 94.5168 |

# Annual General Assembly Meetings

CBD's General Assembly provides shareholders and their representatives (via proxies), the opportunity to attend the meeting either in person or virtually. This includes the right to vote on resolutions in accordance with applicable regulatory requirements.

## CBD held the following General Assembly meeting during 2025:

**General Assembly Meeting**
Annual General Assembly

**Date**
5 March 2025

**Main Resolutions**

- Amendment to the Memorandum of Association and Articles of Association of the Bank.
- Renewal of Debt Issuance Programme.
- Authorise the Bank's Board of Directors, and/or any person they authorise, to adopt any resolution or take any action necessary to implement the ordinary and special resolutions approved by the General Assembly in this meeting.
- Ordinary Resolutions.

**Meeting Method**
Hybrid (Physical and Virtual)

**Attendance**
64.90%

The meeting resolutions are disclosed to the Dubai Financial Market, while the signed minutes of the assembly are sent to the Securities and Commodities Authority.



# Corporate Social Responsibility

CBD remains firmly committed to its role in the community as a responsible corporate citizen, guided by the belief that businesses must operate ethically, sustainably, and with integrity. In line with our Corporate Social Responsibility (CSR) Strategy and the UAE's national vision for sustainable development, CBD continues to prioritise initiatives that generate real impact under our two core pillars.




These pillars form the foundation of our social contribution framework and reflect our alignment with local regulatory expectations, international CSR standards, and stakeholder priorities.

## Strategic Approach to CSR

**CBD's CSR approach is built upon three key components:**

- Creating measurable social impact across the UAE.
- Engaging our employees through meaningful volunteering opportunities.
- Building long-term partnerships with reputable community organisations.

The Bank believes that CSR is not a one-time initiative, but an ongoing commitment to positive change, fostering social cohesion, inclusion, and sustainable development.

## Zayed Humanitarian Day - Impact Across the UAE

In honour of Zayed Humanitarian Day, which commemorates the legacy of the late Sheikh Zayed bin Sultan Al Nahyan, CBD extended support to 20 charitable, educational, training, and rehabilitation organisations across the UAE, reinforcing our dedication to nationwide humanitarian collaboration and social impact.

CBD's total donations for 2025 reached AED 1,950,000, reflecting our support for programmes focussed on inclusion, rehabilitation, assistance, education, and health services.

## Ramadan Initiatives - Spirit of Giving

During the Holy Month of Ramadan, CBD reinforced its commitment to community support. In collaboration with the UAE Red Crescent, CBD Volunteers participated in the distribution of Iftar meal boxes, an initiative conducted twice during the month, helping individuals and families in need. This programme strengthened the values of compassion and unity and reflected CBD's strong internal culture of giving.

CBD's humanitarian efforts were positively received and recognised by several charitable organisations, acknowledging the Bank's consistent contributions and social commitment.

## "Saifna Helow" Programme - Empowering People of Determination

CBD proudly supported the "Saifna Helow" summer programme for people of determination at the Dubai Club, a developmental initiative designed to entertain, educate, and empower participants through inclusive workshops and creative engagement activities.

Aside from the financial support provided to the programme, CBD employees actively volunteered during its sessions, enhancing the overall impact and community outreach of the initiative. The Bank was formally recognised by the Club for its ongoing partnership and support to people of determination.

## Volunteer Participation and Employee Engagement

The CBD Volunteers Club continued to play a central role in promoting volunteering and embedding CSR values among employees. Structured initiatives were organised to strengthen inclusion, wellbeing, and community connection, including:

**Visit to the Seniors' Happiness Centre**
A supportive engagement to uplift senior residents through interaction, compassion, and shared values.

**Dubai Club for People of Determination**
Regular recreational sessions and social initiatives were organised at the club. Moreover, a basketball match was coordinated between CBD employees and athletes from the club encouraging inclusion, confidence, and sportsmanship.

**Emirates Down Syndrome Association**
CBD continued its longstanding collaboration with the Association, where a dedicated educational classroom carries the Bank's name in recognition of its continued support for student development programmes and awareness initiatives.

## Cultural and Heritage Sponsorship

CBD also continued its 29-year partnership with the Jebel Ali Racecourse, sponsoring eight races in 2024/2025 as part of its continued support for cultural identity and the preservation of traditional sports within the UAE.

## Looking Ahead

As CBD moves forward, the Bank intends to deepen its CSR impact by:

- Expanding partnerships with community-based organisations.
- Increasing opportunities for employee volunteering.
- Introducing tools to measure social impact more effectively.
- Aligning further with international ESG and CSR reporting frameworks.

CBD will continue integrating CSR into its values, strategy, and organisational identity, ensuring it remains not just a department, but a principle that defines how we serve the community.

# Sustainability

## Advancing our Sustainability Agenda

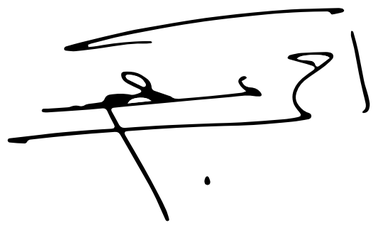
During 2025, we continued to embed sustainability across our business and to prioritise sustainability initiatives that matter most to our stakeholders where we are positioned to deliver the greatest impact, with highlights as follows:

- We continued to grow our sustainable finance portfolio and achieved over 50% of our sustainable finance commitment made at COP28.
- We issued our second Green Bond Allocation and Impact Report, which highlighted the continued full allocation of our Green Bond and the avoidance of 432,552 $tCO_2e$ per year.
- We increased our collaboration with development finance institutions to mobilise capital to achieve environmental and social objectives in Emerging Markets and Developing Economies.
- We rolled out enhanced environmental and social due diligence for wholesale lending and conducted sustainability risk training for our front-office and credit teams.
- We launched our First-time Home Buyer Programme in collaboration with the Dubai Department of Economy and Tourism and Dubai Land Department to make home ownership more accessible.
- We planted 104 mangroves in partnership with Goumbook on behalf of customers of our GreenGrowth Account, making a positive contribution to national commitments to carbon sequestration and resilience.
- We continued to elevate customer experience and satisfaction by reimagining service delivery, transforming our contact centres, and embracing a service excellence mindset across the Bank.
- We welcomed our first female leader to the Bank's Executive Committee.
- We advanced our commitment to carbon neutrality by 2030 by achieving LEED Platinum for our City Centre Al Zahia branch and preparing to install solar panels at two of our primary locations in 2026.
- We improved our ESG ratings with enhanced sustainability disclosures.
- We were awarded the Dubai Chamber of Commerce ESG Label and Majra Gold Impact Seal in recognition of our sustainability and CSR practices and achievements for the second year.

More details are provided in our 2025 Sustainability Report.



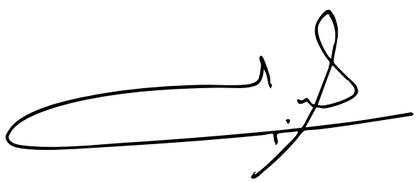
2025 CBD Governance Report was signed off by the Chairman, Chairman of the Board Audit Committee and the Chairman of the Board Remuneration, Nomination, and Governance Committee.



**H.E. Ahmad Abdulkarim Julfar**
Chairman



**Sheikh Maktoum Bin Hasher Al Maktoum**
Chairman of the Board Audit Committee



**Dr. Abdulla Mohamed Al Karam**
Chairman of the Board Remuneration, Nomination, and Governance Committee

بنك دبي التجاري

CBD

Backing Your Growth

www.cbd.ae