Commercial Bank of Dubai PSC

Group condensed consolidated interim financial statements

For the six months period ended 30 June 2026

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors
Commercial Bank of Dubai PSC
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of **Commercial Bank of Dubai PSC** (the "Bank") **and its subsidiaries** (together referred to as the "Group") as at 30 June 2026 and the related condensed consolidated interim statements of profit or loss, statement of comprehensive income, changes in equity and cash flows for the six months period then ended, and a summary of material accounting policy information and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.)

Musa Ramahi
Registration No.: 872
22 July 2026
Dubai
United Arab Emirates

Commercial Bank of Dubai PSC

Group condensed consolidated interim statement of financial position

As at 30 June 2026

	Notes	30 June 2026 AED'000 (Unaudited)	31 December 2025 AED'000 (Audited)
ASSETS			
Cash and balances with Central Bank	*7*	**13,022,194**	22,360,931
Due from banks, net	*8*	**6,384,759**	4,700,070
Investment securities, net	*9*	**18,825,095**	20,359,144
Loans and advances and Islamic financing, net	*10*	**104,194,162**	101,048,972
Positive mark to market value of derivatives		**480,085**	360,697
Bankers acceptances		**8,204,892**	8,020,566
Investment in an associate		**117,130**	126,113
Investment properties		**173,700**	173,700
Property and equipment		**1,024,231**	940,634
Other assets, net	*11*	**2,078,673**	2,217,174
TOTAL ASSETS		**154,504,921**	160,308,001
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks		**9,078,432**	8,760,512
Customer deposits and Islamic customer deposits	*12*	**107,703,802**	111,353,040
Notes and medium term borrowings	*13*	**8,982,724**	8,982,724
Negative mark to market value of derivatives		**387,444**	345,537
Due for trade acceptances		**8,204,892**	8,020,566
Other liabilities	*14*	**3,179,323**	3,423,154
TOTAL LIABILITIES		**137,536,617**	140,885,533
EQUITY			
Share capital	*15.1*	**2,985,192**	2,985,192
Tier 1 capital notes	*15.2*	**-**	2,203,800
Legal and statutory reserve		**1,492,596**	1,492,596
General reserve		**1,328,025**	1,328,025
Capital reserve		**38,638**	38,638
Fair value reserve		**(435,545)**	(298,333)
Retained earnings		**11,559,398**	11,672,550
TOTAL EQUITY		**16,968,304**	19,422,468
TOTAL LIABILITIES AND EQUITY		**154,504,921**	160,308,001

To the best of our knowledge, the Group's condensed 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 periods presented herein.

The Group condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 22 July 2026.

The attached notes from 1 to 29 form part of the Group condensed consolidated interim financial statements. The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

H.E. Ahmad Abdulkarim Mohammad Julfar
Chairman

Dr. Bernd van Linder
Chief Executive Officer

Commercial Bank of Dubai PSC

Group condensed consolidated interim statement of profit or loss

For the three months and six months period ended 30 June 2026 (unaudited)

	Notes	Three months period ended		Six months period ended	
		30 June 2026 AED'000 (Unaudited)	30 June 2025 AED'000 (Unaudited)	**30 June 2026 AED'000 (Unaudited)**	30 June 2025 AED'000 (Unaudited)
Interest income		**1,636,709**	1,679,560	**3,262,181**	3,317,586
Interest expense		**(698,164)**	(693,557)	**(1,394,972)**	(1,393,352)
Net interest income		**938,545**	986,003	**1,867,209**	1,924,234
Income from Islamic financing		**202,008**	196,337	**397,519**	388,863
Distribution on Islamic deposits		**(146,352)**	(153,156)	**(261,614)**	(298,617)
Net income from Islamic financing		**55,656**	43,181	**135,905**	90,246
Total net interest income and net income from Islamic financing		**994,201**	1,029,184	**2,003,114**	2,014,480
Fees and commission income		**454,459**	460,098	**885,193**	860,487
Fees and commission expense		**(114,160)**	(136,014)	**(249,201)**	(262,702)
Net fees and commission income		**340,299**	324,084	**635,992**	597,785
Other operating income	*16*	**109,275**	99,339	**260,984**	211,334
Total operating income		**1,443,775**	1,452,607	**2,900,090**	2,823,599
Operating expenses	*17*	**(383,155)**	(379,051)	**(774,834)**	(749,339)
Operating Profit before impairment		**1,060,620**	1,073,556	**2,125,256**	2,074,260
Net impairment loss	*18*	**(87,619)**	(121,554)	**(239,937)**	(212,237)
Profit for the period before income tax expense		**973,001**	952,002	**1,885,319**	1,862,023
Income tax expense	*26*	**(87,419)**	(84,762)	**(169,707)**	(166,673)
Net profit for the period		**885,582**	867,240	**1,715,612**	1,695,350
Basic and diluted earnings per share	*19*	**AED 0.27**	AED 0.27	**AED 0.55**	AED 0.55

The attached notes from 1 to 29 form part of the Group condensed consolidated interim financial statements.

The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

Commercial Bank of Dubai PSC

Group condensed consolidated interim statement of comprehensive income

For the three months and six months period ended 30 June 2026 (unaudited)

	Three months period ended		Six months period ended	
	30 June 2026 AED'000 (Unaudited)	30 June 2025 AED'000 (Unaudited)	**30 June 2026 AED'000 (Unaudited)**	30 June 2025 AED'000 (Unaudited)
Net profit for the period	**885,582**	867,240	**1,715,612**	1,695,350
Items that will not be reclassified to profit or loss:				
Realised gain / (loss) on sale of equity investments held at fair value through other comprehensive income	**210**	-	**(12,730)**	-
Net change in fair value of equity investments (or instruments) at fair value through other comprehensive income	**-**	556	**13,692**	(2,941)
Actuarial gain on retirement benefits obligations	**-**	-	**1,010**	-
Tax related	**(18)**	(103)	**(177)**	212
Items that may be subsequently reclassified to profit or loss:				
Changes in fair value reserve of property	**(7,254)**	(5,422)	**3,239**	(7,533)
Changes in fair value reserve of an associate	**(778)**	203	**(1,173)**	(2,340)
Net amount transferred (or reclassified) to profit or loss on debt investments (or instruments) at fair value through other comprehensive income	**67**	646	**67**	646
Net change in fair value of debt investments (or instruments) at fair value through other comprehensive income	**46,035**	53,279	**(175,982)**	136,280
Tax related	**(1,099)**	(18,570)	**22,112**	(18,570)
	36,971	30,136	**(151,737)**	108,483
Other comprehensive income / (loss) for the period, net of tax	**37,163**	30,589	**(149,942)**	105,754
Total comprehensive income for the period	**922,745**	897,829	**1,565,670**	1,801,104

The attached notes from 1 to 29 form part of the Group condensed consolidated interim financial statements.

The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

Commercial Bank of Dubai PSC

Group condensed consolidated interim statement of changes in equity

For the six months period ended 30 June 2026 (unaudited)

	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
Balance as at 1 January 2026	**2,985,192**	**2,203,800**	**1,492,596**	**1,328,025**	**38,638**	**(298,333)**	**11,672,550**	**19,422,468**
Net profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**1,715,612**	**1,715,612**
Other comprehensive loss for the period, net of tax	**-**	**-**	**-**	**-**	**-**	**(137,212)**	**(12,730)**	**(149,942)**
Transactions recorded directly in equity								
Cash dividend for 2025 (58.62%) [Note 15.1]	**-**	**-**	**-**	**-**	**-**	**-**	**(1,749,920)**	**(1,749,920)**
Repayment of Tier 1 capital notes	**-**	**(2,203,800)**	**-**	**-**	**-**	**-**	**-**	**(2,203,800)**
Interest on Tier 1 capital notes	**-**	**-**	**-**	**-**	**-**	**-**	**(66,114)**	**(66,114)**
Balance as at 30 June 2026 (unaudited)	**2,985,192**	**-**	**1,492,596**	**1,328,025**	**38,638**	**(435,545)**	**11,559,398**	**16,968,304**
Balance 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 period	-	-	-	-	-	-	1,695,350	1,695,350
Other comprehensive income for the period, net of tax	-	-	-	-	-	105,754	-	105,754
Transactions recorded directly in equity								
Cash dividend for 2024 (50.74%) [Note 15.1]	-	-	-	-	-	-	(1,514,686)	(1,514,686)
Interest on Tier 1 capital notes	-	-	-	-	-	-	(66,114)	(66,114)
Balance as at 30 June 2025 (unaudited)	2,985,192	2,203,800	1,492,596	1,328,025	38,638	(345,078)	9,941,740	17,644,913

The attached notes from 1 to 29 form part of the Group condensed consolidated interim financial statements.

The independent auditor’s report on review of the Group condensed consolidated interim financial statements is set out on page 1.

Commercial Bank of Dubai PSC

Group condensed consolidated interim statement of cash flows

For the six months period ended 30 June 2026 (unaudited)

	Notes	**30 June 2026 AED'000 (Unaudited)**	30 June 2025 AED'000 (Unaudited)
OPERATING ACTIVITIES			
Profit for the period before income tax expense		**1,885,319**	1,862,023
Adjustments for non-cash and other items:			
Depreciation and amortisation		**65,911**	41,646
Amortisation of discount on investment securities, net		**(178,691)**	(124,981)
Loss / (gain) on foreign exchange translation		**3,723**	(28,889)
Realised loss on sale of investments		**67**	646
Net unrealized (gain) / loss on derivatives		**(77,479)**	93,950
Other operating income		**(5,363)**	(9,694)
Dividend income		**-**	(7,139)
Impairment allowance / (reversal) on investment securities	18	**205**	(39)
Impairment allowance on loans and advances and Islamic financing	18	**231,859**	282,381
(Reversal) / impairment allowance on due from banks	18	**(1,950)**	4,869
Impairment allowance on other assets	18	**17,243**	-
Impairment allowance/ (reversal) on financial guarantees and other commitments	18	**82,138**	(2,280)
Loss on disposal of property and equipment		**5**	-
-		**2,022,987**	2,112,493
Decrease in negotiable Central Bank U.A.E. certificate of deposits with original maturity of more than three months		**100,000**	500,000
Increase in due from banks with original maturity of more than three months		**(1,692,178)**	(1,194,469)
Increase in loans and advances and Islamic financing		**(3,377,049)**	(7,049,693)
Increase / (decrease) in other assets		**116,863**	(181,943)
Increase / (decrease) in due to banks		**317,920**	(17,271)
(Decrease) / increase in customer deposits and Islamic customer deposits		**(3,649,238)**	9,483,923
Decrease in other liabilities		**(472,509)**	(332,002)
Taxes paid		**(221)**	(210)
Net cash flow (used in) / generated from operating activities		**(6,633,425)**	3,320,828
INVESTING ACTIVITIES			
Purchase of investment securities		**(8,002,423)**	(6,967,020)
Purchase of property and equipment		**(149,689)**	(147,161)
Dividend income received		**13,173**	20,312
Proceeds from sale and matured investment securities		**9,543,846**	8,763,605
Proceeds from sale of property and equipment		**176**	-
Net cash flow generated from investing activities		**1,405,083**	1,669,736
FINANCING ACTIVITIES			
Issuance of notes and medium-term borrowings		**-**	2,064,561
Repayment of Tier 1 capital notes		**(2,203,800)**	-
Interest on Tier 1 capital notes		**(66,114)**	(66,114)
Dividend paid		**(1,749,920)**	(1,514,686)
Net cash flow (used in) / generated from financing activities		**(4,019,834)**	483,761
Net (decrease) / increase in cash and cash equivalents		**(9,248,176)**	5,474,325
Cash and cash equivalents at 1 January		**22,421,453**	17,779,657
Cash and cash equivalents at end of the period	*20*	**13,173,277**	23,253,982

The attached notes from 1 to 29 form part of the Group condensed consolidated interim financial statements.

The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

1. LEGAL STATUS AND ACTIVITIES

Commercial Bank of Dubai PSC ("the Bank") was incorporated in Dubai, United Arab Emirates (U.A.E.) 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 Bank must within a period not exceeding (1) one year from the date of the enforcement of its provisions from 16 September 2025 to comply with the provisions of the UAE Federal Decree Law No. (6) of 2025.

The condensed consolidated interim financial statements of the Group for the six months period ended 30 June 2026 comprise the results of the Bank, its wholly owned subsidiaries (together referred to as "the Group") and the Group's interest in an associate. No income of a seasonal nature was recorded in the condensed consolidated interim financial statements for the six months periods ended 30 June 2026 and 2025, respectively. Details about subsidiaries, special purpose entities and an associate:

1. LEGAL STATUS AND ACTIVITIES (CONTINUED)

Name of Subsidiary	Ownership Interest 30 June 2026	Ownership Interest 31 December 2025	Country of Incorporation	Principal activities
Subsidiary				
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				
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				
National General Insurance Co. (PJSC)	17.8%	17.8%	UAE	Life and general insurance business as well as certain reinsurance business.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These Group condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial reporting. These condensed consolidated interim financial statements do not include all the information required for full annual audited consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31 December 2025.

The accounting policies adopted in the preparation of these Group condensed consolidated interim financial statements are consistent with those followed in the preparation of these Group audited consolidated financial statements for the year ended 31 December 2025, except for the new and revised International Financial Reporting Standards mentioned in note 5.

A number of new accounting standards and amendments to accounting standards are effective for annual period beginning after 1 January 2026 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended accounting standards in preparing these condensed consolidated interim financial statements. Management anticipates that these IFRS and amendments will be adopted in the consolidated financial statements in the initial period when they become mandatorily effective.

2.2 Functional and presentation currency

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

2.3 Basis of consolidation

These Group condensed consolidated interim financial statements comprise the financial statements of the Bank, its wholly owned subsidiaries (together referred to as "the Group"), which it controls and the Group's interest in an associate, as at 30 June 2026. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Financial Assets

3.1.1 Classification

The Group classifies financial assets on initial recognition in the following categories:
- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- 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:

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Financial Assets (continued)

3.1.1 Classification (continued)

- 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
- the frequency, volume and timing of sales in prior period, 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, 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).

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Financial Assets (continued)

3.1.2 Impairment of financial assets

The Group recognizes, 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 recognized 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 instrument 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Financial Assets (continued)

3.1.2 Impairment of financial assets (continued)

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.
- 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 EADs 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.

(i) 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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Financial Assets (continued)

3.1.2 Impairment of financial assets (continued)

(i) Assessment of significant increase in credit risk (continued)

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.

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. The criteria may be rebutted on a case by case basis, depending upon individual circumstances of customers.

(ii) Improvement of credit risk profile

The Group has defined 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 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.

Default definition

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Financial Assets (continued)

3.1.2 Impairment of financial assets (continued)

(ii) Improvement of credit risk profile (continued)

○ ***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.

○ ***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.

(iii) 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.

(iv) 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 POLICY INFORMATION (CONTINUED)

3.1 Financial Assets (continued)

3.1.2 Impairment of financial assets (continued)

(iv) Modification of financial assets (continued)

- 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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Financial Assets (continued)

3.1.2 Impairment of financial assets (continued)

(iv) Modification of financial assets (continued)

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.

3.2 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Taxation (continued)

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 ESTIMATES AND JUDGMENTS

The preparation of these Group condensed consolidated interim financial information 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. In preparing these condensed consolidated interim financial statements, judgement is exercised by management in applying the Group's accounting policies. The key sources of estimation uncertainty are consistent with the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2025.

(i) Credit risk management

In addition to the management of credit risk described in Note 35 b. (i) to the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2025, 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 currently are considered more vulnerable are:

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

4. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

(i) Credit risk management (continued)

Geopolitical developments in the wider Middle East continue to contribute to heightened uncertainty with potential macroeconomic implications. The implications continue to be closely assessed, and the Group remains committed to supporting customers, including SMEs, through ongoing assessments and appropriate relief measures. The Group continues to apply robust underwriting standards to companies in the above sectors, especially for any new 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 updated its ECL model based on the latest 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 weightages will 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. In Q1 2026, the macro-economic scenario weights were updated in response to heightened geopolitical uncertainty and absence of renewed Macro Economic Variables (MEV) arising from the Middle East conflict, which was expected to have an adverse impact on the UAE's real estate, hospitality, and manufacturing sectors. Accordingly, the scenario weights for the baseline, upside, and downside scenarios were revised from 40%, 30%, and 30% to 40%, 20%, and 40%, respectively. In Q2 2026, following an update of the Macro Economic Variables to reflect the prevailing risk environment, the scenario weights were reverted to 40% (baseline), 30% (upside), and 30% (downside), consistent with Moody's latest macroeconomic forecast in addition to model management overlays. The Committee continually assess 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.

(ii) 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) to the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2025.

(iii) Investment properties

The Group's existing policy on the recognition and measurement of investment properties is disclosed in note 3.6 to the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2025.

5. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS "IFRS"

Relevant new and revised IFRS applied with no material effect on the Group condensed consolidated interim financial statements.

The following new and revised IFRS have been adopted in these condensed consolidated interim financial statements. The application of these new and revised IFRS has not had any material impact on the amounts reported for the current and prior periods.

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 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 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 The pronouncement comprises the following amendments: • IFRS 1 *First-time Adoption of International Financial Reporting Standards*: Hedge accounting by a first-time adopter • IFRS 7 *Financial Instruments - Disclosures*: Gain or loss on derecognition • IFRS 7 *Financial Instruments - Disclosures*: Disclosure of deferred difference between fair value and transaction price • IFRS 7 *Financial Instruments - Disclosures*: Introduction and credit risk disclosures • IFRS 9 *Financial Instruments*: Lessee derecognition of lease liabilities • IFRS 9 *Financial Instruments*: Transaction price • IFRS 10 *Consolidated Financial Statements*: Determination of a "de facto agent" • IAS 7 *Statement of Cash Flows*: Cost method	1 January 2026

6. RISK GOVERNANCE AND FINANCIAL RISK MANAGEMENT

The Group's Risk Governance and Financial Risk Management objectives, policies and procedures are consistent with those disclosed in these Group audited consolidated financial statements as at and for the year ended 31 December 2025.

7. CASH AND BALANCES WITH CENTRAL BANK

	30 June 2026 AED'000 (Unaudited)	31 December 2025 AED'000 (Audited)
Cash on hand	**880,330**	951,850
Balances with Central Bank U.A.E. ("CBUAE")		
- Statutory reserves and other deposits	**10,141,864**	19,809,081
- Negotiable certificates of deposit	**2,000,000**	1,600,000
	13,022,194	22,360,931

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

	30 June 2026 AED'000 (Unaudited)	31 December 2025 AED'000 (Audited)
Current and demand deposits	**1,194,318**	1,404,856
Overnight, call and short notice	**493,496**	255,666
Loans to banks	**4,705,915**	3,050,468
Gross due from banks	**6,393,729**	4,710,990
Less: Expected credit losses	**(8,970)**	(10,920)
Net due from banks	**6,384,759**	4,700,070
Within the U.A.E.	**92,551**	15,250
Outside the U.A.E.	**6,292,208**	4,684,820
	6,384,759	4,700,070

9. INVESTMENT SECURITIES, NET

	UAE AED'000	GCC AED'000	International AED'000	Total AED'000
30 June 2026 (Unaudited)				
Held at fair value through profit or loss				
Fixed rate corporate securities	**-**	**-**	**7,689**	**7,689**
Unquoted equity instruments	**-**	**-**	**155,257**	**155,257**
	-	**-**	**162,946**	**162,946**
Held at fair value through other comprehensive income				
Quoted equity instruments	**-**	**-**	**-**	**-**
Unquoted equity instruments and fund	**1,530**	**-**	**1,210**	**2,740**
Fixed rate securities				
- Government	**4,212,849**	**2,111,678**	**2,253,723**	**8,578,250**
- Corporate	**277,426**	**36,356**	**2,290,082**	**2,603,864**
	4,491,805	**2,148,034**	**4,545,015**	**11,184,854**
Held at amortised cost				
Fixed rate securities				
- Government	**7,312,110**	**-**	**36,696**	**7,348,806**
- Corporate	**-**	**-**	**128,492**	**128,492**
	7,312,110	**-**	**165,188**	**7,477,298**
	11,803,915	**2,148,034**	**4,873,149**	**18,825,098**
Less: Expected credit losses on amortised cost securities				**(3)**
				18,825,095

9. INVESTMENT SECURITIES, NET (CONTINUED)

	UAE AED'000	GCC AED'000	International AED'000	Total AED'000
31 December 2025 (Audited)				
Held at fair value through profit or loss				
Fixed rate corporate 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

Included in fixed rate securities held at fair value through other comprehensive income and at amortised cost securities is an amount of AED 8,331.1 million (31 December 2025: AED 8,761.1 million), pledged under repurchase agreements with banks under short term and medium-term borrowings.

10. LOANS AND ADVANCES AND ISLAMIC FINANCING, NET

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

	30 June 2026 AED'000 (Unaudited)	31 December 2025 AED'000 (Audited)
At Amortised Cost		
Loans and advances		
Overdrafts	**5,576,975**	5,075,012
Loans	**81,699,571**	80,303,521
Advances against letters of credit and trust receipts	**2,594,419**	2,405,549
Bills discounted	**3,725,833**	3,528,486
Gross loans and advances	**93,596,798**	91,312,568
Islamic financing		
Murabaha and Tawaruq	**6,926,754**	6,538,873
Ijara	**7,245,204**	7,037,395
Others	**458,909**	490,717
Gross Islamic financing	**14,630,867**	14,066,985
Gross loans and advances and Islamic financing	**108,227,665**	105,379,553
Less: Expected credit losses	**(4,033,503)**	(4,330,581)
Net loans and advances and Islamic financing	**104,194,162**	101,048,972

10. LOANS AND ADVANCES AND ISLAMIC FINANCING, NET (CONTINUED)

10.1 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**
At 30 June 2026 (Unaudited)				
Gross loans and advances and Islamic financing	**95,532,733**	**8,182,432**	**4,512,500**	**108,227,665**
Less: Expected credit losses	**(678,144)**	**(711,397)**	**(2,643,962)**	**(4,033,503)**
Net loans and advances and Islamic financing	**94,854,589**	**7,471,035**	**1,868,538**	**104,194,162**
At 31 December 2025 (Audited)				
Gross loans and advances and Islamic financing	92,315,852	8,579,443	4,484,258	105,379,553
Less: 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

10.2 The following is the concentration by sector for loans and advances and Islamic financing:

	30 June 2026 AED'000 (Unaudited)	31 December 2025 AED'000 (Audited)
Commercial and Business		
Manufacturing	**9,983,322**	10,426,803
Construction	**3,538,859**	3,581,103
Real estate	**17,674,523**	17,314,529
Trade	**10,507,400**	10,451,076
Transportation and storage	**3,170,407**	2,824,828
Services	**7,072,155**	7,067,328
Hospitality	**1,846,059**	1,714,723
Total Commercial and Business	**53,792,725**	53,380,390
Financial and insurance activities	**10,532,372**	10,690,988
Government entities	**5,198,244**	5,775,186
Personal - mortgage	**21,516,716**	20,254,597
Personal - schematic	**5,877,746**	5,588,981
Individual loans for business	**652,856**	816,024
Others	**10,657,006**	8,873,387
Gross loans and advances and Islamic financing	**108,227,665**	105,379,553
Less: Expected credit losses	**(4,033,503)**	(4,330,581)
Net loans and advances and Islamic financing	**104,194,162**	101,048,972

10. LOANS AND ADVANCES AND ISLAMIC FINANCING, NET (CONTINUED)

10.3 An analysis of changes in the ECL is as follows:

	30 June 2026 AED'000 (Unaudited)	30 June 2025 AED'000 (Unaudited)
ECL allowance at the beginning of the period	**4,330,581**	5,245,302
Net impairment allowance	**231,859**	282,381
Suspended interest / profit not recognized in profit or loss statement	**124,566**	246,951
Recoveries / reversals	**(10,958)**	(41,241)
Amounts written off	**(642,545)**	(871,379)
ECL allowance at the end of the period	**4,033,503**	4,862,014

10.4 Impairment reserve under the Central Bank of 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 provision under Circular 3/2024 of CBUAE and IFRS 9 is as follows:

	30 June 2026 AED'000 (Unaudited)	31 December 2025 AED'000 (Audited)
Allowances for impairment losses: General		
General provisions under Circular 3/2024 of CBUAE	**1,710,800**	1,618,868
Less: Stage 1 and Stage 2 provisions under IFRS 9	**1,731,142**	1,644,805
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.

11. OTHER ASSETS, NET

	30 June 2026 AED'000 (Unaudited)	31 December 2025 AED'000 (Audited)
Interest receivable	**807,858**	879,649
Accounts receivable and prepayments	**699,434**	692,027
Properties acquired in settlement of debt-held for sale, net	**571,381**	645,498
	2,078,673	2,217,174

Properties acquired in settlement of debt were acquired in order to extinguish a loan.

12. CUSTOMER DEPOSITS AND ISLAMIC CUSTOMER DEPOSITS

	30 June 2026 AED'000 (Unaudited)	31 December 2025 AED'000 (Audited)
Customer deposits		
Current and demand accounts	**35,565,366**	35,752,634
Savings accounts	**4,910,793**	4,208,384
Other (including Escrow)	**10,073,522**	10,306,500
Time deposits	**40,245,818**	44,506,878
	90,795,499	94,774,396
Islamic customer deposits		
Current and demand accounts	**3,135,367**	3,393,786
Mudaraba savings accounts	**793,889**	567,867
Other (including Escrow)	**277,269**	224,019
Investment and Wakala deposits	**12,701,778**	12,392,972
	16,908,303	16,578,644
Total customer deposits and Islamic customer deposits	**107,703,802**	111,353,040

The Group maintains an investment risk reserve, which represents a portion of the depositors' share of profits set aside as a reserve for AED 8.4 million (31 December 2025: AED 8.8 million).

13. NOTES AND MEDIUM TERM BORROWINGS

	Notes	31 December 2025 AED'000 (Audited)	Cash flow changes AED'000	Non cash flow changes AED'000	30 June 2026 AED'000 (Unaudited)
Repurchase agreements	13.1	**5,034,249**	**-**	**-**	**5,034,249**
Medium term notes	13.2	**3,948,475**	**-**	**-**	**3,948,475**
Total		**8,982,724**	**-**	**-**	**8,982,724**

	31 December 2024 AED'000 (Audited)	Cash flow changes AED'000	Non cash flow changes AED'000	30 June 2025 AED'000 (Unaudited)
Repurchase agreements	2,969,688	2,064,561	-	5,034,249
Medium term notes	3,948,475	-	-	3,948,475
Total	6,918,163	2,064,561	-	8,982,724

13.1 Repurchase agreements

The Group entered into multiple repo transactions to obtain financing against the sale of certain debt securities. The repo 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 30 June 2026 the fair value of the debt securities, which have been pledged under these repurchase agreements with banks, amounts to AED 5,690.9 million (USD 1,549.4 million) (31 December 2025: AED 5,759.4 million (USD 1,568.0 million).

13. NOTES AND MEDIUM TERM BORROWINGS (CONTINUED)

13.2 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

14. OTHER LIABILITIES

	30 June 2026 AED'000 (Unaudited)	31 December 2025 AED'000 (Audited)
Accrued interest payable	**757,383**	1,058,221
Employees' terminal benefits	**45,174**	44,887
Accounts payable	**393,804**	344,227
Accrued expenses	**154,593**	251,092
Manager cheques	**948,908**	1,076,513
Unearned fee income and deferred credits	**20,381**	18,823
Impairment allowance on financial guarantees and others	**345,074**	262,936
Current tax payable	**513,356**	343,693
Deferred tax liability	**650**	22,762
	3,179,323	3,423,154

15. EQUITY

15.1 Share capital

The fully paid up and authorised ordinary share capital as at 30 June 2026 comprised 2,985,191,949 ordinary shares of AED 1 each (31 December 2025: 2,985,191,949 shares of AED 1 each). In the current and prior year there was no movement.

At the Annual General Meeting of the shareholders held on 25 February 2026, the shareholders approved a cash dividend of AED 0.5862 per share for the year ended 31 December 2025 (2024: AED 0.5074 per share).

15. EQUITY (CONTINUED)

15.2 Tier 1 capital

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 and were redeemed at par on 21 April 2026, being the first call date, together with unpaid interest to, but excluding, the redemption date, in accordance with the terms and conditions of the securities set out in the prospectus dated 21 October 2020. The redemption resulted in the derecognition of the Additional Tier 1 capital securities from equity in the current period in which the redemption was settled and the securities were cancelled from the Euronext Dublin and Nasdaq Dubai.

On 15 July 2026, the Group issued AED 2,203.8 million (USD 600 million) of Additional Tier 1 Capital Securities with a fixed coupon rate of 6.625% per annum, following the completion of all the formalities related to the transaction. The securities qualify as Additional Tier 1 Capital in accordance with the UAE Central Bank Guidance on Basel III Capital Instruments. The securities are perpetual, subordinated, and unsecured, and are non-callable for six years from the issue date, with the first call date falling on 15 January 2032. The securities are listed on Euronext Dublin and Nasdaq Dubai. Distributions on the securities are payable at the sole discretion of the Group and may be cancelled in whole or in part. Holders of the securities have no right to claim any cancelled distributions, and such non-payment does not constitute 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.

16. OTHER OPERATING INCOME

	Three months period ended		**Six months period ended**	
	30 June 2026	30 June 2025	**30 June 2026**	30 June 2025
	AED'000	AED'000	**AED'000**	AED'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Net gains from foreign exchange and derivatives	**81,986**	74,112	**193,062**	142,132
Net (loss) / gain from investments at fair value through profit or loss	**(352)**	549	**(474)**	2,050
Net loss from sale of debt investments at fair value through other comprehensive income	**(67)**	(646)	**(67)**	(646)
Dividend income	**-**	1,484	**-**	7,139
Other income, net	**27,708**	23,840	**68,463**	60,659
	109,275	99,339	**260,984**	211,334

17. OPERATING EXPENSES

	Three months period ended		**Six months period ended**	
	30 June 2026 AED'000 (Unaudited)	30 June 2025 AED'000 (Unaudited)	**30 June 2026 AED'000 (Unaudited)**	30 June 2025 AED'000 (Unaudited)
Staff expenses	**213,998**	205,985	**415,217**	398,263
General and administrative expenses	**135,565**	151,005	**293,706**	309,430
Depreciation and amortisation	**33,592**	22,061	**65,911**	41,646
	383,155	379,051	**774,834**	749,339

18. NET IMPAIRMENT LOSS

	Three months period ended		**Six months period ended**	
	30 June 2026 AED'000 (Unaudited)	30 June 2025 AED'000 (Unaudited)	**30 June 2026 AED'000 (Unaudited)**	30 June 2025 AED'000 (Unaudited)
Net impairment charge / (reversal) on				
Due from banks	**(3,692)**	(612)	**(1,950)**	4,869
Investment securities	**38**	12	**205**	(39)
Loans and advances and Islamic financing	**134,139**	147,114	**231,859**	282,381
Other assets	**-**	-	**17,243**	-
Impairment allowance/ (reversal) on financial guarantees and other commitments	**340**	16,695	**82,138**	(2,280)
Recoveries of loans and advances and Islamic financing	**(43,206)**	(41,655)	**(89,558)**	(72,694)
Net impairment loss for the period	**87,619**	121,554	**239,937**	212,237

19. 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 (30 June 2025: 2,985,191,949)

	Three months period ended		Six months period ended	
	30 June 2026 AED'000 (Unaudited)	30 June 2025 AED'000 (Unaudited)	**30 June 2026 AED'000 (Unaudited)**	30 June 2025 AED'000 (Unaudited)
Net profit for the period	**885,582**	867,240	**1,715,612**	1,695,350
Deduct : Interest on Tier 1 capital notes	**(66,114)**	(66,114)	**(66,114)**	(66,114)
Adjusted net profit for the period	**819,468**	801,126	**1,649,498**	1,629,236
Weighted average number of ordinary shares ('000)	**2,985,192**	2,985,192	**2,985,192**	2,985,192
Adjusted earnings per share (AED)	**0.27**	0.27	**0.55**	0.55

Diluted earnings per share for the six months periods ended 30 June 2026 and 30 June 2025 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.

20. CASH AND CASH EQUIVALENTS

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

	30 June 2026 AED'000 (Unaudited)	30 June 2025 AED'000 (Unaudited)
Cash on hand	**880,330**	1,006,629
Statutory reserves and other deposits	**10,141,864**	20,266,283
Negotiable certificates of deposit with the Central Bank U.A.E.	**2,000,000**	1,100,000
Due from banks	**6,393,729**	5,898,601
	19,415,923	28,271,513
Less: Negotiable certificates of deposit with the Central Bank U.A.E. with original maturity more than three months	**(1,500,000)**	(1,100,000)
Less: Due from banks with original maturity of more than three months	**(4,742,646)**	(3,917,531)
	13,173,277	23,253,982

21. CONTINGENT LIABILITIES AND UNDRAWN 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 undrawn 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.

	30 June 2026 AED'000 (Unaudited)	31 December 2025 AED'000 (Audited)
Contingent liabilities:		
Letters of credit	**4,341,039**	3,540,201
Letters of guarantee	**29,741,008**	28,107,207
Total contingent liabilities	**34,082,047**	31,647,408
Undrawn commitments to extend credit	**24,616,544**	25,488,560
Capital expenditure commitments	**258,829**	216,118
Commitments for future private equity investments	**45,101**	45,101
Total contingent liabilities and undrawn commitments	**59,002,521**	57,397,187

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 the 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 financial statements.

22. 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 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 period, there have been changes to the organization structure and the portfolio allocation between Institutional Banking and Corporate Banking. The prior comparative period figures have been reclassified to conform to the current period's presentation.

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 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	Corporate banking	Personal banking	Trading & Other	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
30 June 2026 (Unaudited)					
Assets	**36,499,653**	**53,879,610**	**28,566,476**	**35,559,182**	**154,504,921**
Liabilities	**37,910,525**	**35,038,107**	**45,995,216**	**18,592,769**	**137,536,617**
31 December 2025 (Audited)					
Assets	34,377,649	52,359,796	27,480,817	46,089,739	160,308,001
Liabilities	37,940,028	37,951,849	46,825,569	18,168,087	140,885,533

22. SEGMENTAL REPORTING (CONTINUED)

	Institutional banking AED'000	Corporate banking AED'000	Personal banking AED'000	Trading & Other AED'000	Total AED'000
30 June 2026 (Unaudited)					
Net interest income and net income from Islamic financing	**408,085**	**723,562**	**889,293**	**(17,826)**	**2,003,114**
Non-interest and other income	**249,920**	**205,852**	**359,220**	**81,984**	**896,976**
Total operating income	**658,005**	**929,414**	**1,248,513**	**64,158**	**2,900,090**
Operating expenses	**(131,980)**	**(166,241)**	**(449,046)**	**(27,567)**	**(774,834)**
Net Impairment loss	**102,984**	**(237,229)**	**(104,018)**	**(1,674)**	**(239,937)**
	(28,996)	**(403,470)**	**(553,064)**	**(29,241)**	**(1,014,771)**
Net profit for the period before income tax expense	**629,009**	**525,944**	**695,449**	**34,917**	**1,885,319**
Income tax expense	**(55,667)**	**(47,040)**	**(61,547)**	**(5,453)**	**(169,707)**
Net profit for the period	**573,342**	**478,904**	**633,902**	**29,464**	**1,715,612**
30 June 2025 (Unaudited)					
Net interest income and net income from Islamic financing	387,399	678,166	855,380	93,535	2,014,480
Non-interest and other income	245,141	168,947	317,687	77,344	809,119
Total operating income	632,540	847,113	1,173,067	170,879	2,823,599
Operating expenses	(131,459)	(182,124)	(461,057)	25,301	(749,339)
Net Impairment loss	(28,774)	(28,542)	(158,875)	3,954	(212,237)
	(160,233)	(210,666)	(619,932)	29,255	(961,576)
Net profit for the period before income tax expense	472,307	636,447	553,135	200,134	1,862,023
Income tax expense	(42,265)	(57,280)	(50,035)	(17,093)	(166,673)
Net profit for the period	430,042	579,167	503,100	183,041	1,695,350

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**	
	30 June 2026 AED'000 (Unaudited)	30 June 2025 AED'000 (Unaudited)	**30 June 2026 AED'000 (Unaudited)**	30 June 2025 AED'000 (Unaudited)
Institutional banking	**516,596**	486,591	**141,409**	145,949
Corporate banking	**1,213,796**	1,384,133	**(284,382)**	(537,020)
Personal banking	**907,885**	711,291	**340,628**	461,776
Trading & Other	**261,813**	241,584	**(197,655)**	(70,705)
Total operating income	**2,900,090**	2,823,599	**-**	-

23. FINANCIAL ASSETS AND LIABILITIES

23.1 Financial assets and liabilities classification

The table below set out the Group's financial assets and liabilities classification:

	Fair value through profit or loss AED'000	Fair value through OCI AED'000	Amortised cost AED'000	Total carrying amount AED'000
30 June 2026 (Unaudited)				
Cash and balances with Central Bank	-	-	13,022,194	13,022,194
Due from banks, net	-	-	6,384,759	6,384,759
Investment securities, net	162,946	11,184,854	7,477,295	18,825,095
Loans and advances and Islamic financing, net	-	-	104,194,162	104,194,162
Positive mark to market value of derivatives	480,085	-	-	480,085
Bankers acceptances	-	-	8,204,892	8,204,892
Other assets, net	-	-	1,110,465	1,110,465
Total financial assets	643,031	11,184,854	140,393,767	152,221,652
Due to banks	-	-	9,078,432	9,078,432
Customer deposits and Islamic customer deposits	-	-	107,703,802	107,703,802
Notes and medium term borrowing	-	-	8,982,724	8,982,724
Negative mark to market value of derivatives	387,444	-	-	387,444
Due for trade acceptances	-	-	8,204,892	8,204,892
Other liabilities	-	45,174	3,113,768	3,158,942
Total financial liabilities	387,444	45,174	137,083,618	137,516,236

23. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

23.1 Financial assets and liabilities classification (continued)

	Fair value through profit or loss	Fair value through OCI	Amortised cost	Total carrying amount
	AED'000	AED'000	AED'000	AED'000
31 December 2025 (Audited)				
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 borrowing	-	-	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

23.2 Fair value measurement – fair value hierarchy:

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

Different level of fair value hierarchy have been defined as follows:
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.

Except for financial assets and liabilities specified in the table below, the fair value of financial assets and liabilities is not materially different from their carrying value.

23. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

23.2 Fair value measurement – fair value hierarchy: (continued)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total fair value AED'000
30 June 2026 (Unaudited)				
Investments				
Equity instruments and funds	**-**	**-**	**157,997**	**157,997**
Fixed rate securities	**10,617,940**	**571,863**	**-**	**11,189,803**
Positive market value of forward foreign exchange contracts and other derivatives				
Fair value through profit or loss	**-**	**480,085**	**-**	**480,085**
Negative market value of forward foreign exchange contracts and other derivatives				
Fair value through profit or loss	**-**	**(387,444)**	**-**	**(387,444)**
	10,617,940	**664,504**	**157,997**	**11,440,441**

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total fair value AED'000
31 December 2025 (Audited)				
Investments				
Equity instruments and funds	52,355	-	161,245	213,600
Fixed 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
Negative market value of forward foreign exchange contracts and other derivatives				
Fair value through profit or loss	-	(345,537)	-	(345,537)
	9,594,467	598,030	161,245	10,353,742

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 period, 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 period.

24. RELATED PARTY TRANSACTIONS AND BALANCES

As at 30 June 2026 and 31 December 2025, 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**	
	30 June 2026 AED'000 (Unaudited)	31 December 2025 AED'000 (Audited)	**30 June 2026 AED'000 (Unaudited)**	31 December 2025 AED'000 (Audited)	**30 June 2026 AED'000 (Unaudited)**	31 December 2025 AED'000 (Audited)
Due from banks	**-**	-	**367,300**	183,650	**-**	-
Investment securities, net	**-**	-	**338,162**	346,599	**-**	-
Loans and advances and Islamic financing	**44,211**	53,184	**27,800**	31,800	**2,092,523**	2,113,238
Bankers acceptances	**-**	-	**-**	1,812	**172,272**	254,677
Letters of credit	**-**	-	**5,534**	7,251	**263,440**	268,552
Letters of guarantee	**-**	-	**291,151**	270,447	**463,194**	503,448
Undrawn commitments to extend credit	**2,645**	4,016	**808,223**	725,336	**342,274**	578,275
Due to banks	**-**	-	**15,133**	12,817	**-**	-
Customer deposits and Islamic customer deposits	**430,231**	385,698	**3,066,724**	7,193,683	**1,884,159**	1,631,131
	30 June 2026 AED'000 (Unaudited)	30 June 2025 AED'000 (Unaudited)	**30 June 2026 AED'000 (Unaudited)**	30 June 2025 AED'000 (Unaudited)	**30 June 2026 AED'000 (Unaudited)**	30 June 2025 AED'000 (Unaudited)
Interest income and commission income	**2,034**	2,477	**1,547**	2,632	**64,762**	108,012
Interest expense	**4,896**	4,342	**107,320**	145,057	**27,268**	26,089

During the period, Group received dividend from associate amounting to AED 13.2 million. (30 June 2025: AED 13.2 million).

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.

24. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Directors' sitting fees for attending committee meetings during the six months period ended 30 June 2026 amounted to AED 1.38 million (30 June 2025: AED 1.35 million).

Directors' remuneration paid during the period amounted to AED 27.3 million (31 December 2025: AED 27.3 million).

Key management compensation	**30 June 2026 AED'000 (Unaudited)**	30 June 2025 AED'000 (Unaudited)
Salaries	**15,801**	15,089
Post-employment benefits	**575**	557
Other benefits	**39,579**	25,247

25. CAPITAL ADEQUACY

The Central Bank of U.A.E. ('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 Bank'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 table below summarizes the composition of regulatory capital and the ratios of the Group as per Basel III guidelines and has complied with all of the externally imposed capital requirements to which it is subject.

As per the Central Bank U.A.E. regulation for Basel III, the capital requirement as at 30 June 2026 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).

25. CAPITAL ADEQUACY (CONTINUED)

The CBUAE introduced the Financial Institution Resilience Package (FIRP) through the initial notification dated 17 March 2026 (Version 1) and a subsequent update on 30 June 2026 (Version 2), providing temporary regulatory relief measures aimed at strengthening the resilience of the banking sector and supporting the UAE economy. These relief measures remain effective until 30 September 2026. Under the FIRP Standards, the Countercyclical Capital Buffer (CCyB) requirement has been reduced from 0.5% to 0% for eligible private sector credit exposures within the UAE. In addition, while the Capital Conservation Buffer (CCB) requirement remains unchanged at 2.5%, the CBUAE has permitted Large Financial Institutions (LFIs) to utilize up to 1.0 percentage point of the CCB without triggering supervisory consequences during the relief period.

	30 June 2026 AED'000 (Unaudited)	31 December 2025 AED'000 (Audited)
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	**11,559,398**	9,922,630
Accumulated other comprehensive income	**(436,884)**	(288,898)
	16,966,965	15,478,183
Regulatory deductions and adjustments	**(559,061)**	(531,107)
Total CET1 capital	**16,407,904**	14,947,076
Additional tier 1 (AT1) Capital	**-**	2,203,800
Tier 1 capital	**16,407,904**	17,150,876
Tier 2 capital		
Eligible general provision	**1,425,666**	1,349,056
Tier 2 capital	**1,425,666**	1,349,056
Total regulatory capital	**17,833,570**	18,499,932
Risk weighted assets (RWA)		
Credit risk	**114,053,318**	107,924,516
Market risk	**1,572,538**	1,053,734
Operational risk	**10,541,976**	10,217,522
Risk weighted assets	**126,167,832**	119,195,772
CET1 ratio	**13.00%**	12.54%
Tier 1 ratio	**13.00%**	14.39%
Tier 2 ratio	**1.13%**	1.13%
Capital adequacy ratio	**14.13%**	15.52%

26. GROUP CONSOLIDATED INCOME TAX

The major components of income tax expense for the six months period ended 30 June 2026 are:

	30 June 2026 AED'000 (Unaudited)	30 June 2025 AED'000 (Unaudited)
Corporation income tax		
Current year	**169,707**	166,673
Tax recognised in Statement of other Comprehensive Income		
Tax in other comprehensive income	**177**	(212)
Deferred tax in other comprehensive income	**(22,112)**	18,570

The standard rate of corporation tax applied to reported profits is 9% (2025: 9%)

The Group's consolidated effective tax rate for the six-month period ended 30 June 2026 is 9.00%. The reconciliation of profit before tax is presented below. The corporation expense is recognized at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year. The effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The charge for the period can be reconciled to the profit before tax as follows:

	30 June 2026 AED'000 (Unaudited)	30 June 2025 AED'000 (Unaudited)
Net Profit for the period before income tax expense	**1,885,319**	1,862,023
Tax at the company domestic rate of 9% (FY 2025:9%)	**169,679**	167,582
Tax effect of income not taxable in determining taxable profit	**(535)**	(1,248)
Tax effect of expenses that are not deductible in determining taxable profit	**359**	148
Other adjustments	**204**	191
Tax expenses for the period	**169,707**	166,673
Effective tax rate	**9%**	9%

26. GROUP CONSOLIDATED INCOME TAX (CONTINUED)

	30 June 2026 AED'000 (Unaudited)	30 June 2025 AED'000 (Unaudited)
Statement of Other Comprehensive Income		
Tax		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gain on retirement benefits obligation	**91**	-
Net change in fair value of equity investments (or instruments) at FVOCI	**86**	(212)
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	**(22,112)**	18,570
Total income tax recognized directly in equity	**(21,935)**	18,358

27. PILLAR 2

The UAE has issued Cabinet Decision No (142) of 2025 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 period ended June 30, 2026.

28. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in these Group condensed consolidated interim financial statements, the effect of which are considered immaterial.

29. IMPACT OF THE CURRENT GEOPOLITICAL SITUATION

The ongoing crisis across the wider Middle East stems from escalating geopolitical tensions and regional conflicts, leading to significant disruption and uncertainty. These challenges might have macroeconomic implications, including supply chain disruptions, heightened volatility in global energy markets and inflationary pressures impacting economies far beyond the region. In response to the exceptional economic circumstances, the Central Bank of the U.A.E. ("CBUAE") has issued a Financial Institution Resilience Package (the Package)- FIRP version 1.0 effective from 17 March 2026 applicable until the 30 June 2026 and version 2.0 effective from 1 July 2026 applicable until the 30 September 2026. The Package includes liquidity management tools, temporary prudential relief on liquidity and capital buffers, credit risk management standards adjustments, and expectations for banks to support affected customers.

As part of the Package, Banks may benefit from the Reserve Balance Measure (RMP) allowing penalty-free drawdown of up to 30% of minimum reserve requirements, enhancing liquidity management flexibility, if required. Additionally, the CBUAE has granted banks access to collateralized term liquidity facilities in Dirhams – Contingent Liquidity Insurance Facility ("CLIF") and US Dollar – USD Dollar Liquidity Facility ("USDLF") under Pillar III of the DMF regulation CBUAE/MMD/2022/333 (January 2022) to manage potential liquidity stress.

CBUAE has further issued standards for Financial Institution Resilience Package (FIRP Standards) – Version 2.0 effective 1 July 2026 applicable until 30 September 2026. Based on FIRP standards version 2.0, the reserve balance measure will be available until 11 August (which covers three RMPs after the expiration of FIRP 1.0). The phase-out will occur over one RMP (from 29 July until 11 August) when the penalty-free drawdown of the minimum total reserve requirement is reduced from 30% to 15%. From 12 August onwards, the penalty waiver no longer applies, and banks are expected to fully meet their cash reserve requirements. During the period, the Bank did not utilize the relief liquidity measures.

The Group's Credit and Business teams review the credit portfolio on an ongoing basis and including all significant exposures to higher risk industries such as Real Estate and Hospitality, and Retail customers, especially those employed in directly affected sectors that may see more immediate term impact. The observed impact appears to have been more limited and is being closely monitored. The Group remains fully committed to helping customers through this uncertain time. SME customers are evaluated based on the stability of the business owner and business and any short-term cash flow mismatches have been supported by the Group through deferments of instalments and restructuring where applicable. The Group extended some short dated deferral payments under the resilience package to eligible customers.

In determination of ECL for the six months period ended 30 June 2026, the Group has monitored the potential impact caused by the geopolitical tensions and regional conflicts. The Group has a dedicated IFRS 9 governance process established to review and approve IFRS 9 stage migrations, management overlays to ECL estimates, and macro-economic scenarios and weights.

Forward Looking Information

In light of the current uncertain environment, the Group has updated its macro-economic forecasts in Q2 2026 to reflect the impact of the geopolitical tensions and regional conflicts. As with any economic forecasts, the projections and likelihoods of the occurrence are subject to inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.