Abu Dhabi Commercial Bank PJSC

Pillar 3 Report

30 June 2026

بنك أبوظبي التجاري
ADCB

Table of Contents

1. Introduction and basis of preparation

1.1 Scope of Basel 3 Pillar 3 disclosures

The Basel Committee on Banking Supervision (BCBS) Basel 3 capital adequacy framework consists of three pillars. Pillar 1 provides a framework for measuring minimum capital requirements for credit, market and operational risks faced by banks. Pillar 2 allows banks and supervisors to take a view on whether the bank should hold additional capital to cover the three Pillar 1 risk types and/or to cover other risks. Pillar 3 requires banks to publish a range of disclosures, mainly covering risk, capital, leverage, liquidity and remuneration.

This report provides Pillar 3 disclosures for Abu Dhabi Commercial Bank PJSC and its subsidiaries together referred to as “ADCB” or the “Bank” or the “Group”.

ADCB is considered a Domestic Systemically Important Bank (D-SIB) under Central Bank laws/regulations and is required to comply with the Standards and Guidance re Capital Adequacy in the UAE – December 2022 as applicable to UAE D-SIBs on a consolidated basis. Capital and other regulatory information of the Bank as at 30 June 2026 is provided in our audited consolidated financial statements –

https://www.adcb.com/en/multimedia/pdfs/2026/july/FinancialStatements-Q2-2026.pdf

1.2 Significant Pillar 3 disclosure requirements and regulations

Capital adequacy, liquidity, funding and remuneration related disclosures in this Pillar 3 report have been prepared in accordance with the following regulations:

- Central Bank of the UAE (CBUAE) Pillar 3 disclosure requirements as stipulated in Standards and Guidance re Capital Adequacy in the UAE – December 2022 and Explanatory Notes on Pillar 3 disclosure requirements (May 2022),
- BCBS guidance Revised Pillar 3 disclosure requirements issued in January 2015,
- Frequently asked questions on the revised Pillar 3 disclosure requirements issued in August 2016,
- Pillar 3 disclosure requirements – consolidated and enhanced framework issued in March 2017 and
- Subsequent Technical Amendment – Pillar 3 disclosure requirements – regulatory treatment of accounting provisions issued in August 2018.

2. Overview of Basel 3 requirements

The Bank complies with the Basel 3 standards and guidance notes (December 2022) which have been implemented in the UAE.

Basel requirements are structured around three 'pillars', which are outlined below:

Pillar 1 - deals with maintenance of regulatory capital calculated for three major components of risk that a bank faces: credit risk, market risk and operational risk. Other risks are not considered fully quantifiable at this stage.

Pillar 2 - allows banks and supervisors to take a view on whether the bank should hold additional capital to cover the three Pillar 1 risk types and/or to cover other risks. Bank's own internal models and assessments support this process. The second pillar deals with the regulatory response to the first pillar giving regulators much-improved tools over those available to them under Pillar 1. It also provides a framework for dealing with all the other risks a bank may face such as systemic risk, concentration risk, strategic risk, reputational risk, liquidity risk, Interest rate risk in the banking book (IRRBB) and legal risk. These risk and capital assessments are commonly referred to as the Internal Capital Adequacy Assessment Process (ICAAP);

Pillar 3 - covers external communication of risk and capital information by banks as specified in the Basel rules. The aim of Pillar 3 is to provide a consistent and comprehensive disclosure framework by requiring institutions to disclose details on the scope of application, capital, risk exposures, risk assessment processes, capital adequacy, liquidity and funding position and leverage of the institution. It must be consistent with how the senior management including the Board assess and manage the risks of the institution.

This report should be read in conjunction with the risk disclosures in the audited consolidated financial statements.

Basel 3 also provides for different approaches to calculating capital requirements for credit risk exposures as follows:

Standardised approach — under this approach, the assets (including off-balance-sheet post-credit conversion factors) are classified into asset types to enable better risk sensitivity. The risk weights used to assess capital requirements against credit exposures are consistent across the industry.

Internal-ratings-based approach (IRB) — under this approach, the risk weights are derived from the bank's internal models. The IRB approach is further sub-divided into two alternative applications- Foundation and Advanced:

- **Foundation IRB (FIRB) —** Under this approach, banks are allowed to develop their own models to estimate the PD (probability of default) for individual counterparties or groups of counterparties and use supervisory values for LGD (loss given default) and EAD (exposure at default) estimates. Banks can use this approach only subject to approval from their local regulators.
- **Advanced IRB (AIRB) —** under this approach, banks are allowed to develop their own models to quantify required capital for credit risk. PD, LGD and EAD used for computing capital is determined using the bank's internal models. Banks can use this approach only subject to approval from their local regulators.

Regulatory Developments – CBUAE Industry Consultation

CBUAE has launched an industry consultation on the Revised Capital Supply, Credit Risk and Operational Risk Standards, following the earlier consultation on Revised Liquidity and Market Risk Standards. The consultation package includes a formal consultation document, guiding questions to structure industry feedback, and a standardized feedback template for submissions.

The proposed revisions build on the outcomes of prior Quantitative Impact Studies (QIS) and form part of CBUAE's phased approach to updating prudential regulations for banks operating in the UAE. The revised standards remain aligned with the Basel framework and relevant guidance from the Islamic Financial Services Board (IFSB), while incorporating UAE-specific regulatory considerations.

2.1 ADCB's approach to Pillar 1

Credit risk - the Bank uses the standardised approach for calculating its capital requirements for credit risk. This approach allows the use of external ratings from designated credit-rating agencies wherever available in determining the appropriate risk weights. The risk weights are determined by the asset class and the external rating of the counterparty. The net exposure incorporates off-balance-sheet exposures after applying the credit conversion factors (CCF) and credit risk mitigation (CRM) factors.

Market risk - the Bank uses the standardised approach for calculating regulatory market risk capital requirements.

Operational risk - the Bank uses the standardised approach for computing capital requirements for operational risk.

2.2 Minimum capital requirement

To achieve the broader macro-prudential goal of protecting the banking sector from periods of excess aggregate credit growth and in addition to the capital conservation buffer (CCB) requirement, banks are required to maintain the counter-cyclical buffer (CCyB). Banks must meet the CCB and CCyB requirements by using Common Equity Tier 1 (CET1) capital.

The level of CCB requirement is set at 2.5% of risk-weighted assets. Banks will also be subject to a CCyB that varies between zero and 2.5% of total risk-weighted assets and is currently at 0.13% for ADCB with respect to relevant credit exposures in jurisdictions attracting a counter-cyclical buffer. The CCyB buffer applicable to each bank will reflect the geographic composition of its portfolio of relevant credit exposures.

Further, to reduce risks related to the failure of D-SIBs, the Central Bank of the UAE has introduced a D-SIB buffer. ADCB has been listed as a D-SIB and is required to maintain a D-SIB buffer of 1.00%.

2.3 Leverage and liquidity ratios

Basel 3 introduced a 3% minimum leverage ratio and two liquidity ratios, namely the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). LCR requires a bank to hold sufficient high-quality liquid assets to cover its total net cash outflows over 30 days and NSFR requires the available amount of stable funding to exceed the required amount of stable funding over a one-year period of extended stress.

In May 2015, the Central Bank of the UAE published “Regulations relating to Liquidity at Banks” circular number 33/2015 which is in effect till date. The regulations require banks to maintain LCR and NSFR of 100% at a minimum. Further, CBUAE standards issued in December 2022 requires D-SIB banks to maintain minimum leverage ratio of 3.5%.

The methodology for estimating the liquidity coverage ratio (LCR) and Net Stable Funding Ratio (NSFR) is based on an interpretation of the Basel standards and includes a number of assumptions.

As at 30 June 2026, ADCB's leverage ratio was 8.72%, LCR was 109.52% and NSFR 103.47% which are well above the minimum requirements.

ADCB monitors its position against LCR, NSFR and leverage requirements to ensure the Bank's ability to comply with the standards.

2.4 Standards for Standalone Capital Adequacy Ratio

In November 2020, the Central Bank of the UAE issued draft standards and guidance on standalone capital adequacy requirements following industry consultation. The Central Bank of the UAE requires banks subject to standalone CAR to apply prudential requirements at the legal entity level on a solo basis. The Bank's legal entity standalone capital adequacy ratio requirements measure the capital adequacy of a bank based on its standalone capital strength and risk profile by focusing solely on the standalone assets and liabilities.

Further, the Central Bank of the UAE has mandated reporting standalone capital adequacy ratio on a quarterly basis effective from 31 December 2023. The Bank and its banking subsidiaries meet the capital adequacy requirements on a standalone basis.

2.5 Capital Ratios

The Central Bank of the UAE has set a total capital adequacy ratio (CAR) of 14.00% and CET1 ratio of 10.50% (including CCB – 2.50% and D-SIB buffer – 1.00%). Further, the Bank is also required to maintain a counter-cyclical buffer (CCyB) based on its relevant credit exposures in jurisdictions where CCyB add-on rates are applicable.

As of 30 June 2026, the CCyB requirement for the Bank was 0.13%. As of 30 June 2026, ADCB met the minimum requirements with a CAR of 16.50% and CET1 ratio of 13.66%.

ADCB monitors its position against the capital adequacy requirements to ensure the Bank's ability to comply with the regulatory guidelines.

2.6 Basis of consolidation

The Bank's Pillar 3 disclosures are presented on a consolidated basis incorporating all its subsidiaries and excluding commercial entities.

In accordance with 10.17 of DIS – Disclosure Requirements principles issued by BCBS effective from 1 January 2023, approaches to disclosure adopted by the Bank are sufficiently flexible to reflect how senior management and the Board of Directors internally assess and manage risks and strategy, helping users to better understand the Bank's risk tolerance/appetite.

Further, in accordance with paragraph 825 of International Convergence of Capital Measurement and Capital Standards issued by the BCBS in 2006, general disclosures of credit risk provided in this report have a wide range of information about overall credit exposure and may not be necessarily based on information prepared for regulatory purposes.

Certain disclosure notes/numbers have been reclassified and rearranged from the Group's prior period Pillar 3 report to conform to the current period's presentation.

2.7 Internal controls and verification

The key features of internal controls around Pillar 3 reporting are as follows:

- Segregation of duties – maker-checker process is strictly followed in compiling the Pillar 3 report;
- Data-sourcing and reconciliation – data is sourced from multiple systems which are reconciled with the general ledger, sub-ledgers and audited/reviewed consolidated financial statements;
- Reviews – Pillar 3 report undergoes reviews by Finance and Risk functions;
- Internal audit – Internal auditors provide independent and objective assurance on disclosures in the Pillar 3 report;
- External audit – External auditors provide independent and objective assurance on disclosure in the Pillar 3 report based on agreed upon procedures (AUP) and
- Attestation – Attestation is obtained from Board members that the Pillar 3 report has been prepared in accordance with the Board-agreed internal control processes.

The management of the Bank have appropriately reviewed Pillar 3 disclosures for the period ended 30 June 2026.

2.8 Ownership

Mubadala Investment Company holds 60.69% of the Bank's issued and fully paid-up share capital through its wholly owned subsidiaries. The Government of Abu Dhabi owns 100% of Mubadala Investment Company and so the ultimate controlling party is the Government of Abu Dhabi. ADCB enjoys strong Government support as evidenced by historical capital, liquidity and strategic support by the Government of Abu Dhabi.

2.9 Comparatives and references

To give insight into movements during the year, we provide comparative figures and commentary on variances. In all tables where the term 'capital requirements' is used, this represents the minimum total capital charge set at 14.13% (Minimum capital requirement + buffers) of risk-weighted assets (RWAs). The regulatory numbers and ratios presented in this document were accurate as at the date of reporting. Small changes may exist between these numbers and ratios and those subsequently submitted in regulatory filings. Where differences are significant, we will restate in subsequent periods.

Where disclosures have been enhanced, or are new, we do not generally restate or provide comparatives. Wherever specific rows and columns in the tables prescribed are not applicable or immaterial to our activities, we omit them and follow the same approach for comparatives.

Pillar 3 requirements may be met by inclusion in other disclosures. Where we adopt this approach, references are provided to the relevant pages of the Audited Annual Financial Statements 2025 or to other documents. Pillar 3 requirements may also be satisfied through disclosures made in other approved public reporting channels

3. Key Prudential Regulatory Metrics (at consolidated group level)

3.1 Key metrics for the Group (KM1)

The table below sets out the key regulatory metrics covering the Group's available capital (including buffer requirements and ratios), RWAs, Leverage ratio, LCR and NSFR.

AED '000

	30-Jun-26	31-Mar-26	31-Dec-25	30-Sep-25	30-Jun-25
Available capital (amounts)					
Common Equity Tier 1 (CET1)	**70,865,731**	67,754,475	65,497,448	61,649,646	58,302,449
Tier 1	**79,620,481**	76,496,291	74,252,198	70,404,396	67,057,199
Total capital	**85,628,997**	83,105,341	80,756,911	77,644,379	74,135,239
Total risk-weighted assets (RWA)	**518,954,833**	490,389,492	474,901,309	485,530,869	477,465,774
Risk-based capital ratios as a percentage of RWA					
Common Equity Tier 1 ratio (%)	**13.66%**	13.82%	13.79%	12.70%	12.21%
Tier 1 ratio (%)	**15.34%**	15.60%	15.64%	14.50%	14.04%
Total capital ratio (%)	**16.50%**	16.95%	17.00%	15.99%	15.53%
Additional CET1 buffer requirements as a percentage of RWA					
Capital conservation buffer requirement (2.5% from 2019) (%)	**2.50%**	2.50%	2.50%	2.50%	2.50%
Counter - cyclical buffer requirement (%)	**0.13%**	0.44%	0.08%	0.09%	0.08%
Bank D-SIB additional requirements (%)	**1.00%**	0.50%	0.50%	0.50%	0.50%
Total bank CET1 specific buffer requirements (%)	**3.63%**	3.44%	3.08%	3.09%	3.08%
CET1 available for the buffer requirement (%)	**6.00%**	6.45%	6.50%	5.49%	5.03%
Basel III Leverage Ratio					
Total Basel III leverage ratio measure	**912,856,453**	884,169,058	840,561,395	816,340,006	798,748,836
Basel III leverage ratio (%)	**8.72%**	8.65%	8.83%	8.62%	8.40%
Liquidity Coverage Ratio*					
Total HQLA	**136,573,542**	160,057,250	153,862,012	135,517,967	138,188,692
Total net cash outflow	**124,701,635**	128,913,281	117,172,633	101,809,128	102,183,240
LCR ratio (%)	**109.52%**	124.16%	131.31%	133.11%	135.24%
Net Stable Funding Ratio					
Total available stable funding	**479,828,587**	469,951,277	456,109,850	447,831,920	433,929,163
Total required stable funding	**463,714,610**	437,114,001	417,779,783	418,991,989	403,537,175
NSFR ratio (%)	**103.47%**	107.51%	109.17%	106.88%	107.53%

* LCR is calculated as at the end of each period rather than using average values. For average LCR, refer to table LIQ1.

4. Capital management

4.1 Capital management process

The Group's objectives when managing capital are:

- to comply with the capital requirements set by the CBUAE;
- to safeguard the Group's ability to continue as a going concern and increase the returns for the shareholders; and
- to maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored on a regular basis by the Bank's management employing techniques based on the guidelines developed by the Basel Committee and the CBUAE.

The Bank's capital management aims to guarantee solvency and maximize profitability, while complying with regulatory requirements and internal objectives. It is a key strategic tool for decision making, enabling us to set a common framework of actions, criteria, policies, functions, metrics and processes. Our active capital management applies strategies on efficient use of capital by allocating RWA targets to business lines.

The capital and leverage ratios disclosed in this report are calculated by applying the Central Bank of the UAE capital standards and guidelines as mentioned in section 2 of this report.

- As at 30 June 2026, the Pillar 1 CET1 ratio was 13.66% which is 303 bps above the regulatory minimum and Pillar 1 CAR was 16.50% which is 237 bps above the regulatory minimum.
- The leverage ratio stood at 8.72% against a regulatory minimum of 3.5%.

4.2 RWA allocation

The allocation of RWAs between specific operations and activities is largely driven by optimisation of the return achieved on RWA allocated. The amount of RWA allocated to each operation or activity is based primarily upon the consumption of regulatory capital on the RWA so allocated and calibrated on an ongoing basis to align with the Group's business strategy. The process of allocating target RWAs to specific operations and activities is undertaken independently by Group Finance and is subject to review by the FPMC at regular intervals.

4.3 Stress testing

ADCB carries out stress tests to assess the Bank's potential vulnerability to 'stressed' business conditions. These tests enable us to quantify adverse unexpected outcomes related to a variety of risks and facilitate the implementation of risk mitigation plans to safeguard its safety and soundness. This includes providing a sufficient amount of financial resources (including capital and liquidity) and implementing other contingency plans that are required to withstand losses arising from a particular stressed scenario.

Further, our stress testing programme includes execution of stress tests mandated by our regulators and those to meet our own internal requirements. Our stress testing is supported by dedicated teams and infrastructure.

4.4 Capital resources (CC1)

All capital instruments included in the capital base meet the requirements set out in the Central Bank of the UAE capital standards and guidelines (December 2022).

AED '000

	30-Jun-26	31-Dec-25
Common Equity Tier 1 (CET 1) capital: instruments and reserves		
Share capital and share premium	25,791,058	25,791,058
Retained earnings	36,753,518	30,855,802
Accumulated other comprehensive income (and other reserves)	16,536,941	16,881,891
Common Equity Tier 1 capital before regulatory deductions	79,081,517	73,528,751
Common Equity Tier 1 capital regulatory adjustments		
Goodwill and other intangible assets	(7,686,457)	(7,658,496)
Deferred tax assets	(88,407)	(46,052)
Cash flow hedge reserve	17,014	12,445
Investments in own CET1*	(457,936)	(339,201)
Total regulatory adjustments to Common Equity Tier 1	(8,215,786)	(8,031,304)
Common Equity Tier 1 capital (CET1)	70,865,731	65,497,448
Additional Tier 1 capital: instruments (AT1)		
Eligible Additional Tier I capital	8,754,750	8,754,750
Tier 1 capital (T1= CET1 + AT1)	79,620,481	74,252,197
Tier 2 capital: instruments and provisions		
Tier 2 capital (T2)	6,008,516	6,504,713
Total regulatory capital (TC = T1 + T2)	85,628,997	80,756,911
Total risk-weighted assets	518,954,833	474,901,309
Capital ratios		
Capital Adequacy ratio including buffers	16.50%	17.00%
CET 1 ratio	13.66%	13.79%
Tier 1 ratio	15.34%	15.64%
Institution specific buffer requirement	3.63%	3.08%
Of which: capital conservation buffer requirement	2.50%	2.50%
Of which: bank-specific counter -cyclical buffer requirement	0.13%	0.08%
Of which: D-SIB	1.00%	0.50%
CET1 available for the buffer requirement	6.00%	6.50%
National minima (if different from Basel III)		
National Common Equity Tier 1 minimum ratio	7.00%	7.00%
National Tier 1 minimum ratio	8.50%	8.50%
National total capital minimum	10.50%	10.50%
Amounts below the thresholds for deduction (before risk weighting)		
Significant investments in common stock of financial entities	-	-
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences	-	-
Applicable caps on the inclusion of provisions in Tier 2 (under standardised approach)		
Provisions eligible for inclusion in Tier 2	5,824,772	5,345,337
Cap on inclusion of provisions in Tier 2	4,209,853	4,675,054
Capital instruments subject to phase-out arrangements		
Current cap on T2 instruments subject to phase-out arrangements	-	-
Amount excluded from T2 due to cap (excess after redemptions and maturities)	-	-

4.5 Reconciliation of regulatory capital to balance sheet (CC2)

The following table shows the reconciliation between balance sheet prepared for audited consolidated financial statements with that prepared for regulatory reporting. The amount shown under the regulatory scope of consolidation is not a RWA measure as it is based on accounting measure and cannot be directly reconciled to other disclosures in this report which are prepared applying Basel 3 rules.

AED '000

	30-Jun-26		31-Dec-25	
	Balance sheet as per audited consolidated financial statements	**Under regulatory scope of consolidation**	Balance sheet as per audited consolidated financial statements	Under regulatory scope of consolidation
Assets				
Cash and balances with central banks, net	**56,556,116**	**56,556,114**	63,018,628	63,018,626
Deposits and balances due from banks, net	**67,158,357**	**57,981,684**	56,594,481	48,817,075
Financial assets at fair value through profit or loss	**28,892,276**	**28,892,276**	21,685,869	21,685,869
Derivative financial instruments	**16,007,191**	**16,007,191**	15,159,666	15,159,666
Investment securities	**170,747,119**	**170,747,119**	166,136,974	166,136,974
Loans and advances to customers, net	**444,595,953**	**444,595,953**	405,966,895	405,966,895
Investment in associates	**315,463**	**315,463**	305,605	305,605
Investment properties	**807,587**	**674,377**	1,193,313	674,389
Other assets, net	**39,782,530**	**11,147,677**	35,245,472	9,272,572
Of which: acceptances treated as off-balance sheet exposure	**28,690,245**	**-**	26,149,299	-
Of which: other assets	**11,092,285**	**11,147,677**	9,096,173	9,272,572
Property and equipment, net	**635,732**	**635,645**	689,383	689,186
Intangible assets, net	**7,686,457**	**7,686,457**	7,658,496	7,658,496
Of which: goodwill	**6,753,517**	**6,753,517**	6,753,517	6,753,517
Of which: other intangibles	**932,940**	**932,940**	904,979	904,979
Total assets	**833,184,781**	**795,239,957**	773,654,782	739,385,353
Liabilities				
Due to banks	**25,775,825**	**16,599,152**	19,085,679	11,308,273
Derivative financial instruments	**28,659,873**	**28,659,873**	28,263,715	28,263,715
Deposits from customers	**526,638,080**	**526,638,080**	499,774,935	499,774,935
Euro commercial paper	**7,899,610**	**7,899,610**	8,719,944	8,719,944
Borrowings	**111,622,916**	**111,622,916**	89,794,206	89,794,206
Of which: subordinated liability considered in Tier 2 capital	**704,964**	**704,964**	1,829,660	1,829,660
Of which: other borrowed funds	**110,917,952**	**110,917,952**	87,964,546	87,964,546
Other liabilities	**43,332,834**	**14,656,015**	39,274,521	12,846,093
Total liabilities	**743,929,139**	**706,075,647**	684,913,000	650,707,167
Shareholders' equity				
Share capital	**7,912,176**	**7,912,176**	7,912,176	7,912,176
Share premium	**17,878,882**	**17,878,882**	17,878,882	17,878,882
Other reserves	**17,903,502**	**17,903,502**	18,287,479	18,287,479
Retained earnings	**36,801,530**	**36,710,198**	35,904,069	35,840,473
Capital notes (Basel III-compliant capital instrument)*	**8,754,750**	**8,754,750**	8,754,750	8,754,750
Of which: included in AT1	**8,754,750**	**8,754,750**	8,754,750	8,754,750
Non-controlling interests	**4,802**	**4,802**	4,426	4,426
Total shareholders' equity	**89,255,642**	**89,164,310**	88,741,782	88,678,186
Total shareholders' equity and liabilities	**833,184,781**	**795,239,957**	773,654,782	739,385,353

4.6 Main features of regulatory capital instruments (CCA)

30 June 2026

	Share capital and share premium	Additional Tier-1 Notes	Additional Tier-1 Notes	Additional Tier-1 Notes	Tier 2 Notes
Issuer	Abu Dhabi Commercial Bank PJSC	Abu Dhabi Commercial Bank PJSC	Abu Dhabi Commercial Bank PJSC	Abu Dhabi Commercial Bank PJSC	Abu Dhabi Commercial Bank PJSC
Unique identifier (eg CUSIP, ISIN,etc)	AEA000201011	-	-	XS2725803162	XS2893176276
Governing law(s) of the instrument	Laws of Emirate of Abu Dhabi	Laws of Emirate of Abu Dhabi	Laws of Emirate of Abu Dhabi	English law	English Law
Transitional Basel III rules	CET1	AT-1	AT-1	AT-1	Tier 2 Notes
Post-transitional Basel III rules	CET1	AT-1	AT-1	AT-1	Tier 2 Notes
Eligible at solo/group/group and solo	Group	Group	Group	Group	Group
Instrument type (types to be specified by each jurisdiction)	Ordinary Share	Equity	Equity	Equity	Borrowing
Amount recognised in regulatory capital (AED mn)	25,791	4,000	2,000	2,755	1,799
Par value of instrument (AED mn)	7,912	4,000	2,000	2,755	1,837
Accounting classification	Equity	Equity	Equity	Equity	Borrowing
Original date of issuance	29-Apr-85	23-Feb-09	24-Feb-09	27-Nov-23	10-Sep-24
Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Dated
Original maturity date	-	N.A	N.A	N.A	10-Mar-35
Issuer call subject to prior supervisory approval	-	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	-	23-Feb-27	24-Feb-27	27-Nov-28	10-Sep-29
Subsequent call dates, if applicable	-	Any coupon payment date on or after 23 February 2027	Any coupon payment date on or after 24 February 2027	Any day between first call date and first reset date, then every coupon date thereafter	Any day between first call date and first reset date, then every coupon date thereafter
Coupons/dividends	Dividends	Coupon	Coupon	Coupon	Coupon
Fixed or floating dividend/coupon	Floating	Floating	Floating	Fixed	Fixed
Coupon rate and any related index	-	6M EIBOR +2.30%	6M EIBOR +2.30%	8.00%	5.36%
Existence of a dividend stopper	-	Yes	Yes	Yes	No
Existence of step-up or other incentive to redeem	-	No	No	No	No
Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	N.A
If writedown, writedown trigger(s)	-	Non-Viability Event	Non-Viability Event	Non-Viability Event	Non-Viability Event
If writedown, full or partial	-	Determined by Financial Regulator	Determined by Financial Regulator	Determined by Financial Regulator	Determined by Financial Regulator
If writedown, permanent or temporary	-	Permanent	Permanent	Permanent	Permanent

4.7 Counter-cyclical capital buffer (CCyB)

The Bank's counter-cyclical capital buffer (CCyB) requirement is determined by applying various country-specific CCyB rates to the Bank's qualifying credit exposures in the relevant country (based on the jurisdiction of the obligor) on a weighted average basis.

The Group's current CCyB requirement is 13 bps:

30 June 2026 — **AED '000**

Geographical breakdown	Counter - cyclical capital buffer rate	Exposure values and/or risk-weighted assets used in the computation of the counter - cyclical capital buffer		Bank-specific counter - cyclical capital buffer rate	Counter - cyclical capital buffer amount
		Exposure values	Risk-weighted assets		
Germany	0.75%	5,336,823	3,864,139	0.008%	28,981
Denmark	2.50%	180,347	174,699	0.001%	4,367
France	1.00%	2,180,201	2,205,488	0.006%	22,055
United Kingdom	2.00%	11,625,247	7,827,220	0.041%	156,544
Hong Kong	0.50%	499,457	499,404	0.001%	2,497
Republic of Korea	1.00%	9,439,305	4,488,880	0.012%	44,889
Luxembourg	0.50%	5,822,899	4,345,277	0.006%	21,726
Netherlands	2.00%	1,197,858	1,184,366	0.006%	23,687
Belgium	1.25%	21,664	15,911	0.000%	199
Ireland	1.50%	2,894,160	1,370,037	0.005%	20,551
Norway	2.50%	291,263	188,133	0.001%	4,703
Australia	1.00%	4,176	1,779	0.000%	18
Saudi Arabia	1.00%	21,950,425	16,441,638	0.043%	164,416
South Africa	1.00%	10,126	9,019	0.000%	90
Spain	0.50%	653,260	663,668	0.001%	3,318
United Arab Emirates	0.00%	310,878,349	259,225,959	0.000%	-
Other	0.00%	99,867,675	80,418,643	0.000%	-
Total		472,853,235	382,924,260	0.130%	498,043

31 December 2025 — AED '000

Geographical breakdown	Counter - cyclical capital buffer rate	Exposure values and/or risk-weighted assets used in the computation of the counter - cyclical capital buffer		Bank-specific counter - cyclical capital buffer rate	Counter - cyclical capital buffer amount
		Exposure values	Risk-weighted assets		
Germany	0.75%	4,682,655	3,166,836	0.008%	23,751
Denmark	2.50%	94,515	94,525	0.001%	2,363
France	1.00%	1,219,268	1,264,102	0.004%	12,641
United Kingdom	2.00%	9,831,474	5,921,575	0.040%	118,432
Hong Kong	0.50%	365,636	365,636	0.001%	1,828
Republic of Korea	1.00%	8,814,410	3,471,444	0.012%	34,714
Luxembourg	0.50%	5,384,584	4,111,808	0.007%	20,559
Netherlands	2.00%	574,817	574,817	0.004%	11,496
Belgium	1.00%	4,691	7,036	0.000%	70
Ireland	1.50%	2,714,220	1,229,709	0.006%	18,446
Norway	2.50%	313,720	149,610	0.001%	3,740
United Arab Emirates	0.00%	221,704,334	205,659,569	0.000%	-
Other	0.00%	91,635,637	71,641,649	0.000%	-
Total		347,339,961	297,658,314	0.083%	248,041

5. Risk Weighted Assets

5.1 Our approach to measuring risk exposure and risk-weighted assets

Depending on the intended purpose, the reporting of risk exposure may differ under International Financial Reporting Standards (IFRS) when compared to reporting for regulatory capital purposes. Our Pillar 3 disclosures are generally based on risk exposure used to derive the regulatory capital required under Pillar 1. Our risk-weighted assets (RWA) are calculated according to the BCBS Basel 3 framework, as implemented by the Central Bank of the UAE.

5.2 RWA development in 2026

The OV1 table on the next page provides an overview of our RWA and the related minimum capital requirements by risk type. During the year 2026, RWA increased by AED 44 bn to AED 519 bn (2025 – AED 475 bn), primarily due to an increase in credit risk-weighted assets (CRWA) corresponding to an increase in the Bank's balance sheet.

5.3 Overview of risk weighted assets (OV1)

AED '000

	RWA					Minimum capital requirements*				
	30-Jun-26	31-Mar-26	31-Dec-25	30-Sep-25	30-Jun-25	**30-Jun-26**	31-Mar-26	31-Dec-25	30-Sep-25	30-Jun-25
Credit risk (excluding counterparty credit risk)	**435,592,427**	414,747,627	401,805,024	413,366,234	412,896,955	**61,549,210**	57,815,819	54,565,122	56,176,471	56,071,406
Of which: standardised approach (SA)	**435,592,427**	414,747,627	401,805,024	413,366,234	412,896,955	**61,549,210**	57,815,819	54,565,122	56,176,471	56,071,406
Of which: foundation internal ratings-based (F-IRB) approach	**-**	-	-	-	-	**-**	-	-	-	-
Of which: supervisory slotting approach	**-**	-	-	-	-	**-**	-	-	-	-
Of which: advanced internal ratings-based (A-IRB) approach	**-**	-	-	-	-	**-**	-	-	-	-
Counterparty credit risk (CCR)	**11,665,314**	**12,113,955**	**13,199,190**	**11,367,925**	**10,880,365**	**1,648,309**	1,688,685	1,792,450	1,544,901	1,477,554
Of which: standardised approach for counterparty credit risk	**11,665,314**	12,113,955	13,199,190	11,367,925	10,880,365	**1,648,309**	1,688,685	1,792,450	1,544,901	1,477,554
Of which: Internal Model Method (IMM)	**-**	-	-	-	-	**-**	-	-	-	-
Of which: other CCR	**-**	-	-	-	-	**-**	-	-	-	-
Credit valuation adjustment (CVA)	**10,128,319**	10,831,710	8,410,364	7,496,726	7,304,866	**1,431,131**	1,509,940	1,142,127	1,018,805	992,001
Equity positions under the simple risk weight approach	**-**	-	-	-	-	**-**	-	-	-	-
Equity investments in funds - look-through approach	**5,732,492**	595,221	632,976	649,513	546,029	**810,001**	82,974	85,958	88,269	74,151
Equity investments in funds - mandate-based approach	**-**	-	-	-	-	**-**	-	-	-	-
Equity investments in funds - fall-back approach	**-**	-	-	-	-	**-**	-	-	-	-
Settlement risk	**-**	-	-	-	-	**-**	-	-	-	-
Securitisation exposures in the banking book	**2,863,218**	3,655,190	3,579,446	1,044,211	902,478	**404,573**	509,533	486,089	141,908	122,557
Of which: securitisation internal ratings-based approach (SEC-IRBA)	**-**	-	-	-	-	**-**	-	-	-	-
Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach	**1,612,541**	1,308,322	986,255	447,479	263,512	**227,852**	182,380	133,933	60,812	35,785
Of which: securitisation standardised approach (SEC-SA)	**1,250,677**	2,346,867	2,593,191	596,732	638,966	**176,721**	327,153	352,155	81,096	86,772
Market risk	**16,556,318**	12,528,316	11,402,640	16,525,302	11,368,846	**2,339,408**	1,746,447	1,548,479	2,245,789	1,543,889
Of which: standardised approach (SA)	**16,556,318**	12,528,316	11,402,640	16,525,302	11,368,846	**2,339,408**	1,746,447	1,548,479	2,245,789	1,543,889
Of which: internal model approaches (IMA)	**-**	-	-	-	-	**-**	-	-	-	-
Capital charge for switch between trading book and banking book	**-**	-	-	-	-	**-**	-	-	-	-
Operational risk	**36,416,745**	35,917,474	35,871,669	35,080,957	33,566,235	**5,145,686**	5,006,896	4,871,373	4,767,502	4,558,295
Amounts below thresholds for deduction (subject to 250% risk weight)	**-**	-	-	-	-	**-**	-	-	-	-
Floor adjustment	**-**	-	-	-	-	**-**	-	-	-	-
Total	**518,954,833**	490,389,492	474,901,309	485,530,869	477,465,774	**73,328,318**	68,360,295	64,491,598	65,983,645	64,839,852

* Minimum capital requirement is arrived at by using capital adequacy ratio including all regulatory buffers on RWA for respective reporting periods (June 2026 -14.13%).

5.4 Pillar 2 and ICAAP

ADCB conducts Pillar 2 capital assessment quarterly and prepares an ICAAP report annually to determine a forward-looking assessment of our capital requirements given our business strategy, risk profile, risk appetite and capital plan. The process incorporates the Group's risk management processes and governance framework. Economic capital models, coupled with stress testing and other risk assessment techniques, are used to assess our internal capital adequacy requirements and inform our view of our internal capital planning buffer. The ICAAP is formally approved by the Board, which has the ultimate responsibility for the effective management of risk and approval of ADCB's risk appetite. The ICAAP is also reviewed by the Central Bank of the UAE.

6. Leverage Ratio

The Basel 3 leverage ratio is calculated by dividing the period-end tier 1 capital by the period-end leverage ratio denominator (LRD), as summarized in the tables below.

6.1 Summary comparison of accounting assets versus leverage ratio exposure measure (LR1)

`

AED '000

Summary comparison of accounting assets vs leverage ratio exposure measure	30-Jun-26	31-Mar-26	31-Dec-25	30-Sep-25	30-Jun-25
Total consolidated assets as per published financial statements	**833,184,515**	808,856,400	773,654,781	744,273,270	718,502,437
Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	**(18,133)**	(19,196)	(14,066)	(20,416)	(15,196)
Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	**-**	-	-	-	-
Adjustments for derivative financial instruments	**6,215,962**	5,411,507	8,660,244	9,151,171	6,778,802
Adjustment for securities financing transactions (ie repos and similar secured lending)	**107,094**	447,794	(5,617,455)	(2,738,899)	-
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	**104,778,787**	96,877,343	92,697,714	91,738,499	96,122,994
Other adjustments*	**(31,411,772)**	(27,404,789)	(28,819,823)	(26,063,619)	(22,640,201)
Leverage ratio exposure measure	**912,856,453**	884,169,058	840,561,395	816,340,006	798,748,836

*Includes adjustments for acceptances and intangible assets. Acceptances are treated as off-balance sheet exposure.

The LRD consists of IFRS on-balance sheet assets and off-balance sheet exposures. Derivative exposures are adjusted for a number of items, including replacement value and eligible cash variation margin netting, the current exposure method add-on and net notional amounts for written credit derivatives.

The table on the next page shows the reconciliation between total IFRS assets and the BCBS total on-balance sheet exposures. IFRS assets are the starting point for calculating the BCBS LRD, as shown in the LR2 table in this section. The difference is due to the application of the regulatory scope of consolidation for the purpose of the BCBS calculation. In addition, carrying amounts for derivative financial instruments and securities financing transactions (SFTs) are deducted from IFRS total assets. They are measured differently under BCBS leverage ratio rules and are therefore added back in separate exposure line items in the LR2 table.

6.2 Leverage ratio common disclosure (LR2)

AED '000

	30-Jun-26	31-Mar-26	31-Dec-25	30-Sep-25	30-Jun-25
On-balance sheet					
On-balance sheet items (excluding derivatives and SFTs)	**776,357,663**	760,658,740	731,702,267	710,047,349	688,140,202
Asset amounts deducted in determining Basel III Tier 1 capital	**(7,686,457)**	(7,663,484)	(7,658,496)	(7,670,532)	(7,685,292)
Total on-balance sheet exposures, excluding derivatives and SFTs	**768,671,206**	752,995,256	724,043,771	702,376,817	680,454,910
Derivative exposures (c + d)	**22,223,153**	21,890,473	23,819,910	22,224,689	22,170,932
Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting) - (a)	**3,606,800**	3,177,151	3,479,891	2,694,868	3,068,442
Add-on amounts for PFE associated with all derivatives transactions - (b)	**12,103,589**	12,393,352	11,051,136	10,321,526	9,887,242
CCR exposure for derivatives transactions[(1.4 times (a) + (b)] = (c)	**21,994,545**	21,798,705	20,343,437	18,222,951	18,137,957
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	**-**	-	-	-	-
Adjusted effective notional amount of written credit derivatives - (d)	**228,608**	91,768	3,476,473	4,001,738	4,032,974
Deductions of receivables assets for cash variation margin provided in derivatives transactions	**-**	-	-	-	-
Exempted CCP leg of client-cleared trade exposures	**-**	-	-	-	-
Adjusted effective notional offsets and add-on deductions for written credit derivatives	**-**	-	-	-	-
Securities financing transaction exposures	**-**	-	-	-	-
Gross SFT *assets* (with no recognition of netting), after adjusting for sale accounting transactions	**17,104,177**	11,974,192	-	-	-
CCR exposure for SFT assets	**79,130**	431,794	-	-	-
Agent transaction exposures	**-**	-	-	-	-
Netted amounts of cash payables and cash receivables of gross SFT assets	**-**	-	-	-	-
Other off-balance sheet exposures	**104,778,787**	96,877,342	92,697,713	91,738,499	96,122,994
Other off-balance sheet exposure at gross notional amount	**266,443,153**	241,268,713	228,627,981	214,550,474	197,499,464
Reduction in exposure due to conversion to credit equivalent amounts	**(161,664,366)**	(144,391,371)	(135,930,268)	(122,811,975)	(101,376,470)
Capital and total exposures					
Tier 1 capital	**79,620,481**	76,496,291	74,252,198	70,404,395	67,057,200
Total exposures	**912,856,453**	884,169,058	840,561,395	816,340,006	798,748,836
Leverage ratio	**8.72%**	8.65%	8.83%	8.62%	8.40%

7. Liquidity and funding risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations associated with its financial liabilities when they fall due and to replenish funds when they are withdrawn. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

7.1 Liquidity risk management process

The Group's Board of Directors (BOD) (via the BRC) approved liquidity risk appetite framework establishes the minimum liquidity required to survive a stress environment for a stipulated time horizon. The BOD has delegated to MEC the responsibility of liquidity management which is overseen on their behalf by ALCO on a day-to-day basis. ALCO monitors liquidity ratios and other indicators and regularly revises and calibrates the liquidity management policies to ensure that the Group is in a position to meet its obligations as they fall due. ALCO also ensures that the Bank remains compliant with all regulatory and internal policy guidelines pertaining to liquidity risk.

The Group's liquidity management process, as carried out within the Group and monitored by the Group's Treasury division, includes:

- Monitoring of liquidity position on a daily, weekly, and monthly basis. This entails forecasting of cash inflows/outflows and ensuring that the Group can meet the required outflows;
- Conducting regular liquidity stress testing of the Group's liquidity position under a variety of scenarios covering both normal and more severe market conditions with triggers and suggested actions;
- Ensuring compliance with the liquidity ratios such as Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR) as stipulated by CBUAE and internally approved management triggers for liquidity risk;
- Conducting regular enterprise-wide liquidity stress test which estimates liquidity requirements under idiosyncratic and systemic stress conditions. The enterprise-wide stress test incorporates diverse liquidity triggers linked to the Bank's Early Warning Indicator (EWI) framework like currency de-peg, failure of a major local bank, credit rating downgrades as model inputs; and
- Monitoring of depositor concentration to ensure that the Group's deposit funding is well diversified.

Monitoring composition of funding sources at a granular level includes setting triggers for avoiding concentration of funding by product. Some of the ratios monitored are as follows:

- Euro commercial paper to total liabilities and equity
- Wholesale funds to total liabilities and equity
- Money market deposits to total liabilities and equity
- Core deposits to customer deposits
- Offshore funds to total liabilities and equity

The Group has established several early warning indicators for liquidity risk in line with the CBUAE requirements and monitors them regularly. Some of the key early warning indicators are as follows:

- Credit rating downgrade
- Widening credit-default-swap levels
- Rising retail/wholesale funding costs
- Qualitative/event driven factors

The Group also has an established liquidity/contingency funding plan which is routinely tested.

7.2 Tools for liquidity management

The Group, through its Treasury division, ensures that it has access to diverse sources of funding ranging from local customer deposits from its retail, corporate and institutional customers as well as international sovereign wealth funds and central banks to long-term funding such as debt securities and subordinated liabilities issued under the global medium-term note program.

Whilst the Group's debt securities and sub-debt typically are issued with maturities of greater than one year, deposits from banks and customers generally have shorter maturities which increases the liquidity risk of the Group. The Group's Treasury division manages this risk by:

- Diversification of funding sources and balancing between long-term and short-term funding sources through borrowing under its global medium-term notes issue programs;
- Monitoring the stickiness of liability portfolio and rewarding business units for sticky deposits through the fund transfer pricing process; and
- Investing in various short-term or medium-term but highly marketable assets in line with Basel-III guidelines for High Quality Liquid Assets (HQLA), such as certificates of deposit with the Central Bank, investment grade bonds that can be repurchased at short notice, etc.

The Bank has in place a contingent funding plan which lists out the trigger points to be monitored for invoking the contingent funding plan. The trigger points are based on market observable data points such as credit spreads and internal and external events such as decline in customer deposits and drying up of wholesale markets. The contingent funding plan clearly defines the roles and responsibilities and is updated with changing market conditions by ALCO.

7.3 Liquidity coverage ratio

We monitor the liquidity coverage ratio (LCR) in all significant currencies to manage any currency mismatch between high quality liquid assets (HQLA) and the net expected cash outflows in times of stress.

At 30 June 2026, the average Group LCR was 116.88%, which is 16.88% above the minimum regulatory requirement of 100% (31 December 2025 - 129.91%).

The average Group LCR HQLA of AED 139 bn (31 December 2025 - AED 142 bn) was held in a range of asset classes and currencies.

The Group and its entities actively manage liquidity and funding drivers within its balance sheet including derivatives and collateral management.

Currency mismatch in the LCR

The Group's internal liquidity and funding risk management framework requires us to monitor the LCR for material currencies. Limits are set to ensure that outflows can be met, given assumptions on stressed capacity in the foreign exchange swap markets. This continuous monitoring helps with the overall management of currency exposures, in line with our internal framework.

High-quality liquid assets

HQLA must be easily and immediately convertible into cash at little or no loss of value, especially during a period of stress. HQLA are assets that are of low risk and are unencumbered. Other characteristics of HQLA are ease and certainty of valuation, low correlation with risky assets, listing of the assets on a developed and recognized exchange, existence of an active and sizeable market for the assets and low volatility. Our HQLA predominantly consist of assets that qualify as Level 1 in the liquidity coverage ratio (LCR) framework, including cash, central bank reserves and government bonds.

The table below sets out the granular split of cash outflows and cash inflows, as well as the available HQLA on both an unweighted and weighted basis, which are used to derive the LCR. The LCR, HQLA and net outflows are based on the average over the preceding 12 months.

7.4 Net stable funding ratio

We use the NSFR or other appropriate metrics as a basis for ensuring that we raise sufficient stable funding to support our business activities. The NSFR is defined as the ratio between the amount of stable funding available and the amount of stable funding required. The average Group NSFR was 104.34% at 30 June 2026 (31 December 2025 – 106.37%).

7.5 Sources of funding

Our primary sources of funding are customer current accounts and savings term deposits payable on demand or at short notice. We issue secured and unsecured wholesale securities to supplement customer deposits, meet regulatory obligations and to change the currency mix, maturity profile or location of our liabilities.

7.6 Liquidity Coverage Ratio (LIQ1)

The LCR is designed to promote short-term resilience of the 30-calendar-day liquidity profile by ensuring that banks have sufficient HQLA to meet potential outflows in a stressed environment.

AED '000

	30-Jun-26		31-Mar-26		31-Dec-25		30-Sep-25		30-Jun-25	
	Total unweighted value (90 days average)	Total weighted value (90 days-average)	Total unweighted value (90 days average)	Total weighted value (90 days-average)	Total unweighted value (90 days-average)	Total weighted value (90 days-average)	Total unweighted value (90 days average)	Total weighted value (90 days-average)	Total unweighted value (90 days average)	Total weighted value (90 days-average)
High-quality liquid assets										
Total HQLA	**149,723,963**	**139,397,132**	154,892,273	142,935,355	154,326,082	142,482,394	149,147,384	137,644,314	139,591,833	128,329,959
Cash outflows										
Retail deposits and deposits from small business customers, of which:										
Stable deposits	**108,447,747**	**5,422,387**	107,495,326	5,374,766	101,108,104	5,055,405	96,151,104	4,807,555	91,372,783	4,568,639
Less stable deposits	**49,920,571**	**1,997,481**	47,405,888	1,998,571	48,316,397	1,823,129	49,692,539	1,738,205	50,453,390	1,649,622
Unsecured wholesale funding, of which:										
Operational deposits (all counterparties) and deposits in networks of cooperative banks	**24,656,014**	**6,164,004**	23,850,094	5,962,524	22,500,972	5,625,243	22,092,621	5,523,155	21,778,001	5,444,500
Non-operational deposits (all counterparties)	**168,864,088**	**77,322,498**	159,251,320	73,628,539	155,712,682	73,478,032	152,949,441	71,329,437	138,837,630	63,403,413
Unsecured debt	**-**	**-**	-	-	-	-	-	-	-	-
Secured wholesale funding	**13,477,298**	**4,094,856**	9,140,362	1,429,120	4,050,188	898,556	5,074,916	2,022,757	7,713,643	1,145,092
Additional requirements, of which:										
Outflows related to derivative exposures and other collateral requirements	**21,925,954**	**18,952,948**	22,811,251	20,540,799	22,134,291	20,807,512	16,047,135	14,730,740	12,586,259	11,289,762
Outflows related to loss of funding of debt products	**11,665**	**11,665**	19,508	19,509	131,210	131,211	48,615	48,616	36,379	36,380
Credit and liquidity facilities	**258,599,983**	**41,515,967**	240,246,452	40,281,516	214,403,086	36,570,342	186,352,013	33,999,638	174,558,339	32,630,918
Other contractual funding obligations	**-**	**-**	-	-	-	-	-	-	-	-
Total cash outflows	**645,903,320**	**155,485,725**	610,220,201	149,235,344	568,356,930	144,389,429	528,408,384	134,200,103	497,336,424	120,168,326
Cash inflows										
Secured lending (eg reverse repo)	**5,234,905**	**3,704,687**	1,468,248	1,241,177	66,333	30,335	(48,307)	(48,307)	457,573	457,573
Inflows from fully performing exposures	**19,756,373**	**14,966,618**	18,014,476	12,844,295	15,841,661	12,907,594	14,034,849	11,449,902	15,605,080	12,557,648
Other cash inflows	**17,433,359**	**17,433,359**	20,333,156	20,333,156	21,687,543	21,687,543	14,631,717	14,631,717	11,827,914	11,827,914
Total cash inflows	**42,424,637**	**36,104,664**	39,815,880	34,418,628	37,595,537	34,625,472	28,618,259	26,033,312	27,890,567	24,843,136

	Total adjusted value	Total adjusted value	Total adjusted value	Total adjusted value	Total adjusted value
Total HQLA	**139,397,132**	142,935,355	142,482,394	137,644,314	128,329,959
Total net cash outflows	**119,381,061**	114,816,715	109,763,956	108,166,790	95,325,190
Liquidity coverage ratio (%)	**116.88%**	124.94%	129.91%	127.32%	134.75%

Note: All figures reported in LIQ1 are calculated as 90 days averages, and the LCR ratio is an average of same 90 days LCR.

7.7 Net Stable Funding Ratio (NSFR) (LIQ2)

30 June 2026	Unweighted value by residual maturity (90 days-average)			AED '000
	<6 months	6 months to <1 year	more than/equal to 1 year	Weighted value (90 days-average)
Available stable funding (ASF) item				
Capital:				
Regulatory capital before deduction	-	-	91,430,344	91,430,344
Other capital instruments	-	-	-	-
Retail deposits and deposits from small business customers:	-	-	-	-
Stable deposits	119,663,210	12,838,814	2,185,167	128,062,090
Less stable deposits	21,161,900	1,835,905	865,741	21,563,765
Wholesale funding:	-	-	-	-
Operational deposits	24,655,992	-	-	12,327,996
Other wholesale funding	345,361,665	82,473,830	51,035,333	213,007,115
Liabilities with matching interdependent assets	-	-	-	-
Other liabilities:	-	-	-	-
NSFR derivative liabilities (gross)	-	-	17,295,465	-
All other liabilities and equity not included in the above categories	2,924,317	36,260	50,124	71,846
Total ASF	513,767,084	97,184,809	162,862,174	466,463,156
Total NSFR high-quality liquid assets (HQLA)	118,887,265	7,642,598	68,282,653	25,830,884
Deposits held at other financial institutions for operational purposes	-	-	-	-
Performing loans and securities:	-	-	-	-
Performing loans to financial institutions secured by Level 1 HQLA	696,480	-	-	69,648
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	44,456,084	10,028,253	17,394,958	29,077,498
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereign, central banks and PSEs, of which:	78,920,180	69,549,706	241,874,985	279,828,681
With a risk weight of less than or equal to 35% under the standardised approach for credit risk	-	-	17,573,653	11,422,875
Performing residential mortgages, of which:	-	-	-	-
With a risk weight of less than or equal to 35% under the standardised approach for credit risk	-	-	17,870,689	11,615,948
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	28,813,087	2,361,749	7,125,318	27,303,299
Assets with matching interdependent liabilities	-	-	-	-
Other assets:	-	-	-	-
Physical traded commodities, including gold	-	-	-	-
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	1,800,194	1,800,194
NSFR derivative assets	7,279,880	-	6,354,556	3,682,393
NSFR derivative liabilities before deduction of variation margin posted	17,295,465	-	-	-
All other assets not included in the above categories	7,720,392	-	22,608,416	30,328,808
Off-balance sheet items	259,745,415	-	-	26,043,446
Total RSF	563,814,248	89,582,306	400,885,422	447,003,673
Net Stable Funding Ratio (%)				104.34%

Note: All figures reported in LIQ2 are calculated as 90 days averages, and the NSFR ratio is an average of same 90 days NSFR.

31 December 2025 AED '000

	Unweighted value by residual maturity (90 days-average)			
	<6 months	6 months to <1 year	more than/equal to 1 year	Weighted value (90 days-average)
Available stable funding (ASF) item				
Capital:				
Regulatory capital before deduction	-	-	85,849,581	85,849,581
Other capital instruments	-	-	-	-
Retail deposits and deposits from small business customers:	-	-	-	-
Stable deposits	116,264,010	8,050,829	2,662,668	120,761,766
Less stable deposits	19,739,463	1,897,971	910,686	20,384,377
Wholesale funding:	-	-	-	-
Operational deposits	22,272,345	-	-	11,136,173
Other wholesale funding	301,581,374	79,912,414	52,102,399	207,835,831
Liabilities with matching interdependent assets	-	-	-	-
Other liabilities:	-	-	-	-
NSFR derivative liabilities (gross)	-	-	15,063,592	-
All other liabilities and equity not included in the above categories	1,558,762	3,128	53,844	59,632
Total ASF	461,415,954	89,864,342	156,642,770	446,027,360
Total NSFR high-quality liquid assets (HQLA)	88,844,318	12,611,301	87,452,482	24,835,370
Deposits held at other financial institutions for operational purposes	-	-	-	-
Performing loans and securities:	-	-	-	-
Performing loans to financial institutions secured by Level 1 HQLA	23,183	-	-	2,318
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	43,120,559	10,670,339	10,220,452	22,023,705
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereign, central banks and PSEs, of which:	94,388,581	34,851,079	241,617,251	269,994,493
With a risk weight of less than or equal to 35% under the standardised approach for credit risk	-	-	12,614,311	8,199,302
Performing residential mortgages, of which:	-	-	-	-
With a risk weight of less than or equal to 35% under the standardised approach for credit risk	-	-	17,369,236	11,290,004
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	8,950,839	4,659,331	10,658,206	18,090,104
Assets with matching interdependent liabilities	-	-	-	-
Other assets:	-	-	-	-
Physical traded commodities, including gold	-	-	-	-
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	1,651,547	1,651,547
NSFR derivative assets	3,664,612	-	3,739,843	3,222,608
NSFR derivative liabilities before deduction of variation margin posted	15,063,592	-	-	-
All other assets not included in the above categories	7,809,985	-	30,656,537	38,466,522
Off-balance sheet items	204,227,401	-	-	21,489,697
Total RSF	466,093,070	62,792,050	415,979,865	419,265,670
Net Stable Funding Ratio (%)				106.37%

8. Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers and other banks (including related commitments to lend such as loan or credit card facilities), investments in debt securities and derivatives that are an asset position. The Group considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

8.1 Credit Risk Management

The GCRO together with GCCO are responsible for managing the Group's credit risk by:

- Ensuring that the Group has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Group's stated policies and procedures, IFRS and relevant supervisory guidance.
- Identifying, assessing and measuring credit risk across the Group.
- Formulating credit policies to protect the Group against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.
- Limiting concentrations of exposure by type of asset, counterparties, industry, credit rating, geographic location, etc.
- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.
- Developing and maintaining the Group's risk grading to categorise exposures according to the degree of risk of default. Risk grades are subject to regular reviews.
- Developing and maintaining the Group's processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.
- Ensuring that the Group has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- Establishing a sound credit risk assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL. Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk.
- Managing the credit exposure relating to its trading activities by entering into master netting agreements and collateral arrangements with counterparties in appropriate circumstances and limiting the duration of exposure. In certain cases, the Group may also close out transactions or assign them to other counterparties to mitigate credit risk.

The Group wide credit policies and standards are approved by the BRC. These govern all delegated lending authorities and include policies, standards, metrics, strategies and procedures specific to each of the different business segments and are decided based on the macro-economic conditions, the risk appetite of the Group, market data and internal skill sets and capabilities. They are regularly reviewed and modified to ensure they stay current, relevant and protect the Group's interest in changing operating conditions. In addition to Group wide policies, there are underwriting standards set for each portfolio segment. The internal audit function performs regular audits making sure that the established controls and procedures are adequately designed and implemented.

8.2 Credit quality of assets (CR1)

Our credit risk is diversified across a number of asset classes and geographies with a credit quality profile mainly concentrated in the higher quality bands.

The IFRS 9 stages have the following characteristics:

- Stage 1: These financial assets are unimpaired and without a significant increase in credit risk. A 12-month allowance for ECL is recognised.

- Stage 2: A significant increase in credit risk has been experienced on these financial assets since initial recognition. A lifetime ECL is recognised.
- Stage 3: There is objective evidence of impairment and the financial assets are therefore considered to be in default or otherwise credit impaired. A lifetime ECL is recognised.
- Purchased or originated credit-impaired: Financial assets purchased or originated at a deep discount are seen to reflect incurred credit losses and a lifetime ECL is recognised. These exposures are included in stage 3 in the table below.

30 June 2026 **AED '000**

	Gross carrying values of		Of which ECL accounting provisions for credit losses on SA exposures			
	Defaulted exposures	**Non-defaulted exposures**	**Allowances/ Impairments**	**Allocated in regulatory category of Specific**	**Allocated in regulatory category of General**	**Net values**
Loans*	**8,748,289**	**444,589,429**	**8,741,765**	**4,298,606**	**4,443,160**	**444,595,953**
Debt securities**	**-**	**169,182,113**	**34,254**	**-**	**34,254**	**169,176,477**
Gross off-balance sheet exposures***	**3,673,910**	**283,005,084**	**396,067**	**330,330**	**65,737**	**286,678,994**
Total	**12,422,199**	**896,776,626**	**9,172,086**	**4,628,936**	**4,543,151**	**900,451,424**

31 December 2025 AED '000

	Gross carrying values of		Of which ECL accounting provisions for credit losses on SA exposures			
	Defaulted exposures	Non-defaulted exposures	Allowances/ Impairments	Allocated in regulatory category of Specific	Allocated in regulatory category of General	Net values
Loans**	8,667,164	405,233,933	7,934,202	3,473,669	4,460,533	405,966,895
Debt securities***	-	165,438,064	39,938	-	39,938	165,430,244
Gross off-balance sheet exposures****	3,714,767	244,497,443	392,989	340,871	52,118	248,212,210
Total	12,381,931	815,169,440	8,367,129	3,814,540	4,552,589	819,609,349

* The exposures stated here are net of interest in suspense (IIS)

** Bond securities are carried at fair value (FVOCI) as such the net value is not derived by deducting impairment from exposure. Amortised cost bonds net value is arrived by deducting impairment

*** (a) ECL on off-balance sheet is shown under other liabilities as such the net values are not arrived by deducting the impairment amount and (b) Post-CCF off-balance sheet exposures for the period ended 30 June 2026 amounted to AED 113,884,756 thousand (31 December 2025 - AED 103,341,861 thousand)

8.3 Changes in stock of defaulted loans and debt securities (CR2)

30 June 2026	**AED '000**
Defaulted loans and debt securities as at 1 January 2026	**8,667,164**
Loans and debt securities that have defaulted since the last reporting period	**742,237**
Returned to non-default status	**(30,840)**
Amounts written off	**(547,232)**
Other changes (including ECL charge/release)	**(83,040)**
Defaulted loans and debt securities as at 30 June 2026	**8,748,289**

31 December 2025	**AED '000**
Defaulted loans and debt securities as at 1 January 2025	9,636,732
Loans and debt securities that have defaulted since the last reporting period	1,092,701
Returned to non-default status	(272,966)
Amounts written off	(808,671)
Other changes (including ECL charge/release)	(419,024)
Defaulted loans and debt securities as at 30 June 2025	9,228,773
Loans and debt securities that have defaulted since the last reporting period	938,425
Returned to non-default status	(656,946)
Amounts written off	(5,004,508)
Other changes (including ECL charge/release)	4,161,420
Defaulted loans and debt securities as at 31 December 2025	8,667,164

8.4 Impairment analysis

8.4.1 Measurement of ECL

The key inputs used for measuring ECL are:

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

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

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated based on customer risk profile, adjusted to consider the future economic conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is either based on Basel LGD for low default portfolio or on internal ADCB experience in terms of workout process and recovery data. The internal models take into consideration all the collected amounts, the time to recovery, the discount rate, the exposure at default and all direct and indirect costs. The seniority of the facility and the type of collateral are important criteria and are considered in the LGD calculation. For ECL calculation, the LGD are converted to point-in time to reflect the economic forecast in each scenario.

EAD is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest and expected drawdowns on committed facilities. The Group's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The Group uses EAD models that reflect the characteristics of the portfolios.

The Group measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk. However, for financial instruments such as credit cards, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. For such financial instruments the Group measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period. However, the Group does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are cancelled only when the Group becomes aware of an increase in credit risk at the facility level.

The ECL calculation for accounting purposes is different to the provision calculation for regulatory purposes, although many inputs used are similar. The Group has ensured that the appropriate methodology is used when calculating ECL for both accounting and regulatory purposes.

The Central Bank of United Arab Emirates issued the new credit risk management standards (CRMS) on 17th October 2024 and became effective from 1 December 2024 after publication in the official gazette. The new standards repeal the earlier circular no 28/2010, clarifications and guidelines manuals regarding "Regulations for classification of loans and their provisions" and notice no 130/2016 regarding "Write off of fully provisioned non-performing loans" and notice no 458/2018 regarding "Final guidance note on IFRS 9" and any related guidance and amendments. There are significant changes to the definition of "Significant increase in credit risk" (SICR) incorporating qualitative factors, and judgement along with quantitative factors, plus the introduction of a range of new criteria for "unlikeliness to pay" (UTP) which will impact the staging of our credit risk exposures. One of the most significant changes in the regulations relate to principles and process of assessing loan loss provisions. The standards require us to implement a proactive and forward-looking process. The Bank holds adequate provisions against these new requirements and will continue to assess the adequacy on an ongoing basis.

8.5 Credit risk mitigation techniques – overview (CR3)

30 June 2026 **AED '000**

	Exposures unsecured: carrying amount (net of IIS & provisions)	Exposures partially/fully secured carrying amount (net of IIS & provisions)	Exposures secured by collaterals	Exposures secured by financial guarantees
Loans	**359,583,053**	**85,012,900**	**53,431,492**	**31,581,407**
Debt securities	**168,846,575**	**329,903**	**-**	**329,903**
Total	**528,429,628**	**85,342,803**	**53,431,492**	**31,911,310**
Of which defaulted	**4,042,041**	**309,508**	**309,507**	**1**

31 December 2025 AED '000

	Exposures unsecured: carrying amount (net of IIS & provisions)	Exposures partially/fully secured carrying amount (net of IIS & provisions)	Exposures secured by collaterals	Exposures secured by financial guarantees
Loans	318,381,404	87,585,491	53,393,855	34,191,636
Debt securities	165,032,330	397,914	-	397,914
Total	483,413,734	87,983,405	53,393,855	34,589,550
Of which defaulted	5,192,707	786	-	786

8.6 Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects (CR4)

30 June 2026 — **AED '000**

Asset classes	**Exposures pre-CCF and before adjusting SP & IIS* and CRM**		**Exposures post-CCF and net of SP, IIS and CRM**		**RWA and RWA density**	
	On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
Claims on sovereigns***	**223,768,990**	**7,226,050**	**215,467,459**	**1,803,375**	**33,375,886**	**15.36%**
Claims on non-commercial public sector enterprises (PSEs)	**12,661,298**	**325,076**	**12,623,261**	**241,724**	**2,825,746**	**21.96%**
Claims on multilateral development banks	**11,515,531**	**599,686**	**11,515,531**	**414,784**	**4,721,325**	**39.57%**
Claims on financial institutions****	**121,472,707**	**65,450,750**	**102,200,351**	**32,681,398**	**78,470,594**	**58.18%**
Claims on government-related entities (GREs)	**57,494,706**	**30,705,304**	**54,409,604**	**8,775,502**	**42,210,568**	**66.80%**
Claims on Corporate	**193,465,830**	**165,148,562**	**169,936,501**	**47,431,234**	**201,357,423**	**92.63%**
Claims included in the regulatory retail portfolio	**51,770,004**	**16,840,750**	**46,944,964**	**409,505**	**36,634,469**	**77.36%**
Claims secured by residential property	**19,200,528**	**370,811**	**19,165,739**	**185,405**	**7,563,589**	**39.09%**
Claims secured by commercial real estate	**30,997,619**	**-**	**29,817,800**	**-**	**29,817,800**	**100.00%**
Past due loans	**9,665,369**	**12,005**	**3,721,025**	**11,508**	**4,198,014**	**112.47%**
Other assets	**4,479,096**	**-**	**4,472,753**	**-**	**4,726,387**	**105.67%**
Total	**736,491,678**	**286,678,994**	**670,274,990**	**91,954,436**	**445,901,801**	

31 December 2025 — AED '000

Asset classes	Exposures pre-CCF and before adjusting SP & IIS* and CRM		Exposures post-CCF and net of SP, IIS and CRM		RWA and RWA density	
	On-balance sheet amount**	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Claims on sovereigns***	227,155,109	6,974,636	218,954,983	1,489,235	36,418,845	16.52%
Claims on non-commercial public sector enterprises (PSEs)	9,575,603	3,474,172	9,555,027	269,783	2,252,313	22.92%
Claims on multilateral development banks	9,719,543	716,281	9,719,543	555,160	3,970,664	38.65%
Claims on financial institutions****	101,356,399	49,529,875	85,877,884	28,642,038	65,346,151	57.06%
Claims on government-related entities (GREs)	57,478,172	36,780,422	54,396,059	10,862,992	42,313,411	64.84%
Claims on Corporate	172,902,074	134,190,747	149,130,879	43,127,002	180,173,671	93.71%
Claims included in the regulatory retail portfolio	49,980,045	16,175,941	46,345,158	415,770	36,099,275	77.20%
Claims secured by residential property	18,851,145	370,136	18,841,856	185,068	7,579,341	39.83%
Claims secured by commercial real estate	31,062,072	-	29,751,453	-	29,751,453	100.00%
Past due loans	9,892,514	-	5,102,417	-	5,884,688	115.33%
Other assets	4,502,071	-	4,502,071	-	4,779,896	106.17%
Total	692,474,747	248,212,210	632,177,330	85,547,046	414,569,708	

* Includes SP & IIS amounting to AED 6,116,378 thousand as at 30 June, 2026 (31 December, 2025 - AED 5,069,556 thousand).
** Excludes equity investments as they carry equity/residual risk.
*** UAE sovereign guarantees, EIF and exposures with internal rating that are comparable to external ratings of AA are included in claims on sovereigns.
**** Claims on financial institutions include exposure to all credit institutions, investment firms and finance companies.
CCF – Credit conversion factor, CRM – Credit risk mitigants, SP - Specific provision and IIS - Interest in suspense
The above tables exclude securitisation exposures

8.7 Exposure by asset classes and risk weights (CR5)

30 June 2026 — **AED '000**

Asset classes	Risk weights 0%	20%	35%	50%	75%	85%	100%	150%	Others	Net exposure post-CCF, CRM and other adjustments*
Claims on sovereigns**	140,875,920	47,162,302	-	10,578,373	-	-	18,654,239	-	-	217,270,834
Claims on non-commercial public sector enterprises (PSEs)	271,704	11,569,649	-	1,023,633	-	-	-	-	-	12,864,986
Claims on multilateral development banks	2,533,482	1,383,626	-	7,137,214	-	-	875,993	-	-	11,930,315
Claims on financial institutions***	-	29,795,832	-	60,225,274	-	-	42,272,450	15,625	2,572,569	134,881,750
Claims on government-related entities (GREs)	-	21,535,602	-	7,492,112	-	-	34,157,392	-	-	63,185,106
Claims on Corporate	-	11,801,736	-	13,095,208	-	5,296,434	185,628,066	1,546,292	-	217,367,736
Claims included in the regulatory retail portfolio	-	-	-	-	42,880,000	-	4,474,469	-	-	47,354,469
Claims secured by residential property	-	-	17,997,145	-	357,643	-	996,356	-	-	19,351,144
Claims secured by commercial real estate	-	-	-	-	-	-	29,817,800	-	-	29,817,800
Past due loans	-	-	-	-	-	-	2,801,572	930,961	-	3,732,533
Other assets	-	-	-	-	-	-	3,965,486	507,267	-	4,472,753
Total	**143,681,106**	**123,248,747**	**17,997,145**	**99,551,814**	**43,237,643**	**5,296,434**	**323,643,823**	**3,000,145**	**2,572,569**	**762,229,426**

31 December 2025 — AED '000

Asset classes	Risk weights 0%	20%	35%	50%	75%	85%	100%	150%	Others	Net exposure post-CCF, CRM and other adjustments*
Claims on sovereigns**	142,249,731	45,837,172	-	10,211,806	-	-	22,145,507	-	-	220,444,217
Claims on non-commercial public sector enterprises (PSEs)	255,898	8,440,477	-	1,128,434	-	-	-	-	-	9,824,809
Claims on multilateral development banks	2,384,542	1,257,440	-	5,827,091	-	-	805,631	-	-	10,274,703
Claims on financial institutions***	-	24,590,996	-	58,302,329	-	-	31,238,991	15,268	372,337	114,519,922
Claims on government-related entities (GREs)	-	24,174,234	-	7,212,505	-	-	33,872,312	-	-	65,259,051
Claims on Corporate	-	6,117,798	-	16,103,507	-	5,432,032	161,251,370	3,353,174	-	192,257,881
Claims included in the regulatory retail portfolio	-	-	-	-	42,646,615	-	4,114,314	-	-	46,760,929
Claims secured by residential property	-	-	17,433,853	-	462,314	-	1,130,758	-	-	19,026,924
Claims secured by commercial real estate	-	-	-	-	-	-	29,751,453	-	-	29,751,453
Past due loans	-	-	-	-	-	-	3,537,876	1,564,541	-	5,102,417
Other assets	-	-	-	-	-	-	3,946,420	555,651	-	4,502,071
Total	144,890,170	110,418,118	17,433,853	98,785,673	43,108,928	5,432,032	291,794,631	5,488,634	372,337	717,724,377

* Excludes equity investments as they carry equity/residual risk
** UAE sovereign guarantees, EIF and exposures with internal rating that are comparable to external ratings of AA are included in claims on sovereigns
*** Claims on financial institutions include exposure to all credit institutions, investment firms and finance companies.
CCF – Credit conversion factor, CRM – Credit risk mitigants, SP - Specific provision and IIS - Interest in suspense
The above tables exclude securitisation exposures

9. Securitization

The Group has applied securitisation framework for determining regulatory capital requirements on certain exposures arising from specific revolving credit facilities (RCFs) to Special Purpose Vehicles (SPVs). Since securitisations may be structured in many ways, the capital treatment of the securitisation exposure has been determined on the basis of its economic substance rather than its legal form. The Group exposure is part of traditional securitisation structure where the cash flow from the underlying pool of exposures are used to service stratified risk positions / tranches reflecting different degrees of credit risk. Accordingly, the Group exposure is collateralized / protected by underlying loans of the SPV. The Group, on an ongoing basis, has a comprehensive understanding of the risk characteristics of its on-balance sheet securitisation exposures, as well as the risk characteristics and performance of the pool of loans underlying the securitisation exposures. The Group has a robust monitoring mechanism of all structural features of the securitisation transaction that may materially impact the performance of its exposures to the transaction, such as the contractual waterfall and waterfall related triggers, credit enhancements, liquidity enhancements, market value triggers, and deal-specific definitions of default.

The Group uses Securitisation – External-ratings-based approach (SEC-ERBA) and Standardised Approach (SEC-SA) to calculate capital charge for the securitisation exposure. Under SEC-SA, the primary factors that determine the risk weights include the asset class of the underlying loans, the seniority of the position, the level of credit enhancements, and historical delinquency rates. Irrespective of the approach being used to determine the risk weights, all exposures are assigned an internal risk rating based on the Bank’s assessment, which is reviewed periodically. The capital charge calculated based on SEC-SA approach is subject to a floor risk weight of 15%

9.1 Securitization carrying value of exposure in banking book (SEC1)

30 June 2026 **AED '000**

	Bank acts as investor Traditional		
	On-balance sheet	Off-balance sheet *	Total
Retail (total) - of which	**920,233**	**-**	**920,233**
residential mortgage	-	-	-
credit card	-	-	-
other retail exposures	920,233	-	920,233
Re-securitisation	-	-	-
Wholesale (total) - of which	**14,062,526**	**536,547**	**14,599,073**
loans to corporates	14,062,526	536,547	14,599,073
commercial mortgages	-	-	-
lease and receivables	-	-	-
other wholesale	-	-	-
re-securitisation	-	-	-

31 December 2025 AED '000

	Bank acts as investor Traditional		
	On-balance sheet	Off-balance sheet *	Total
Retail (total) - of which	919,951	-	919,951
residential mortgage	-	-	-
credit card	-	-	-
other retail exposures	919,951	-	919,951
Re-securitisation	-	-	-
Wholesale (total) - of which	11,038,356	875,388	11,913,745
loans to corporates	11,038,356	875,388	11,913,745
commercial mortgages	-	-	-
lease and receivables	-	-	-
other wholesale	-	-	-
re-securitisation	-	-	-

* After application of credit conversion factor

9.2 Securitization exposure associated capital requirements in banking book (SEC4)

30 June 2026 | **AED '000**

	Exposure values (by RW bands)				Exposure values (by regulatory approach)		RWA (by regulatory approach)		Capital charge after cap	
	≤20% RW	>20% to 50% RW	>100% to <952% RW	>100% to <952% RW	SEC-ERBA and SEC-IAA	SEC-SA	SEC-ERBA and SEC-IAA	SEC-SA	SEC-ERBA and SEC-IAA	SEC-SA
Traditional securitisation	**14,521,913**	**920,233**	**-**	**77,160**	**7,598,291**	**7,921,015**	**1,612,541**	**1,250,677**	**227,853**	**176,721**
Of which securitisation	-	-	-	-	-	-	-	-	-	-
Of which retail underlying	-	920,233	-	-	-	920,233	-	185,014	-	26,143
Of which STC	-	-	-	-	-	-	-	-	-	-
Of which wholesale	14,521,913	-	-	77,160	7,598,291	7,000,782	1,612,541	1,065,663	227,853	150,578

31 December 2025 | AED '000

	Exposure values (by RW bands)				Exposure values (by regulatory approach)		RWA (by regulatory approach)		Capital charge after cap	
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <952% RW	SEC-ERBA and SEC-IAA	SEC-SA	SEC-ERBA and SEC-IAA	SEC-SA	SEC-ERBA and SEC-IAA	SEC-SA
Traditional securitisation	4,389,912	8,366,651	-	77,133	4,467,045	8,366,651	986,255	2,593,191	133,933	352,155
Of which securitisation	-	-	-	-	-	-	-	-	-	-
Of which retail underlying	-	919,951	-	-	-	919,951	-	224,114	-	30,435
Of which STC	-	-	-	-	-	-	-	-	-	-
Of which wholesale	4,389,912	7,446,700	-	77,133	4,467,045	7,446,700	986,255	2,369,077	133,933	321,721

10. Market Risk

The Group's activities expose it primarily to market risk which is defined as the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates, commodity prices and credit spreads (not relating to changes in the obligor's/issuer's credit standing) which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

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

The Group separates its exposure to market risk between trading and banking book as defined below.

10.1 Market risk arising from trading book

Trading positions are held by the Treasury division and include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis. Realised and unrealised gains and losses on these positions are reported in the consolidated income statement.

10.2 Market risk arising from banking book

Market risk from banking book arises from execution of the Group's core business strategies, products, and services to its customers, that invariably create interest rate risk and open currency positions that the Group endeavours to manage through strategic positions to mitigate the inherent risk caused by these positions.

Banking book includes all positions that are not held for trading such as but not limited to the Group's investments in instruments designated at FVTOCI and amortised cost, loans and advances carried at amortised cost, derivatives used for hedging and other financial assets held for long term.

These exposures can result from a variety of factors including but not limited to re-pricing of gaps in assets, liabilities and off-balance sheet instruments and changes in the level and shape of market interest rate curves.

10.3 Risk identification and classification

The RMC and BRC approve market risk policies for the Group. All business segments are responsible for the comprehensive identification and verification of market risks within their business units. Regular meetings are held between market risk management and heads of risk-taking businesses to discuss and decide on risk exposures in the context of the market environment.

10.4 Management of market risk

The Board of Directors (via the BRC) have set risk limits based on the Value-at Risk (VaR), Stressed Value at Risk (SVaR), Greeks, sensitivity/stress analysis and foreign exchange open position limits which are closely monitored by the risk management division and reported regularly to the senior management, ALCO, RMC and BRC.

Treasury, Market and Liquidity Risk is responsible for the independent second line oversight of Market risk. It is overseen by GCRO and BRC and performs the following primary functions:

- establishment of a comprehensive mark-to-market valuation policy framework;
- establishment of a comprehensive market risk policy framework;
- independent measurement, monitoring, and control of market risk;
- setting and monitoring of limits; and

10.5 Risk measurement

The following are the metrics used to measure the market risk, because no single measure can reflect all aspects of market risk. The Group uses various measurements, both statistical and non-statistical, including sensitivity analysis.

10.5.1 Statistical risk measures

The Group measures the risk of loss arising from future potential adverse movements in market rates, prices and volatilities using VaR methodology. The VaR that the Group measures is an estimate, using a confidence level of 99% of the potential loss that is not expected to be exceeded if the current market positions were to be held unchanged for one day. This confidence level suggests that potential daily losses in excess of the VaR measure are likely to be experienced, once every hundred days.

The Group uses simulation models to assess the possible changes in the market value of the trading and banking book based on historical data. VaR models are usually designed to measure the market risk in a normal market environment and therefore the use of VaR has limitations because it is based on historical correlations and volatilities in market prices and assumes that the future movements will follow a statistical distribution. It provides a measurement of losses that could be expected under a typical range of market conditions. Also, VaR does not typically provide an indication of potential losses under periods of stressed conditions. To supplement this measurement, a “Stressed” VaR (SVaR) is calculated based upon assessing the VaR over a historical period of market stress.

The Board has defined VaR and SVaR limits to ensure that risks arising from trading and banking book activities are managed within approved risk appetite parameters and are subject to appropriate monitoring and oversight.

10.5.2 Non-statistical risk measures

Non-statistical risk measures, other than stress/sensitivity testing, include independent market valuations to ensure that the Group’s valuations are correct and Risk Greeks to ensure that trading is within the risk appetite thresholds. These measures provide additional information of the Group’s exposures to non-linear risks.

10.5.3 Sensitivity analysis

To complement VaR, the Group also carries out stress tests/sensitivity analysis of its portfolio to assess potential risks that may arise from extreme market events that are severe but plausible. The results of the stress tests are reported to the Group’s ALCO, RMC and BRC.

10.6 Market risk capital requirement

Capital is allocated in respect of market risk under the frameworks set out in the Standards and Guidance issued by the Central Bank of the UAE in December 2022. These standards/guidance articulate specific requirements for the calculation of the market risk capital requirement for banks in the UAE. It is based closely on requirements of the framework for capital adequacy developed by the Basel Committee on Banking Supervision (BCBS), specifically as articulated in Basel 2: International Convergence of Capital Measurement and Capital Standards, June 2006, and subsequent revisions and clarifications thereto.

The market risks subject to a capital charge are as follows:

- interest rate risk;
- foreign exchange risk;
- equity exposure risk;
- commodity risk; and

- options risk.

10.7 Capital requirement for market risk under standardised approach

AED'000

	30-Jun-26	31-Dec-25
Interest rate risk	**1,559,026**	866,224
Foreign exchange risk	**449,746**	410,161
Equity position risk	**51,708**	6,120
Commodity risk	**156,561**	155,090
Options risk	**122,367**	110,884
Total Capital Requirement	**2,339,408**	1,548,479

AED'000

	30-Jun-26		31-Dec-25	
	Risk-weighted assets	Capital requirements	Risk-weighted assets	Capital requirements
Interest rate risk — trading book				
Specific risk	**2,107,635**	**297,809**	1,601,406	217,471
General risk — maturity-based	-	-	-	-
General risk — duration-based	**8,925,809**	**1,261,217**	4,777,266	648,753
Foreign exchange risk	**3,182,919**	**449,746**	3,020,332	410,161
Equity exposure risk- trading book				
General risk	**165,113**	**23,330**	22,533	3,060
Specific risk	**200,830**	**28,377**	22,533	3,060
Commodity risk- trading book				
Maturity Ladder Approach	**1,108,002**	**156,561**	1,142,046	155,090
Simplified Approach	-	-	-	-
Options risk				
Simplified approach	-	-	-	-
Intermediate approach	**866,011**	**122,367**	816,524	110,884
Total market risk capital charge	**16,556,318**	**2,339,408**	11,402,640	1,548,479

Note : Capital requirements calculated based on minimum CAR ratio (i.e 14.13% including regulatory buffers)

11. Counterparty credit risk

Counterparty credit risk (CCR) is the risk that the Group's exposure in a foreign exchange, interest rate, commodity, equity or credit derivative defaults prior to the maturity date of the contract and that the Group at the time has a claim on the counterparty.

CCR limits are set for individual counterparties, including central clearing counterparties. Individual limits are set on Potential Future Exposure (PFE). In addition, the Bank considers applicable prudential liquidity and leverage requirements as part of its broader counterparty risk management and collateral monitoring framework. The Central Bank of the UAE's "Regulations relating to Liquidity at Banks" circular number 33/2015 requires banks to maintain LCR and NSFR of 100% at a minimum, while CBUAE standards issued in December 2022 require D-SIB banks to maintain a minimum leverage ratio of 3.5%.

The below table shows all types of collateral posted or received by banks to support or reduce the counterparty credit risk exposures related to derivative transactions or to securities financing transactions (SFTs), whether or not the transactions are cleared through a CCP and whether or not the collateral is posted to a CCP.

11.1 Composition of collateral for CCR exposure (CCR 5)

30 June 2026 — **AED '000**

	Collateral used in derivative transactions				**Collateral used in SFTs**	
	Fair value of collateral received		**Fair value of posted collateral**			
	Segregated	**Unsegregated**	**Segregated**	**Unsegregated**	**Fair value of collateral received**	**Fair value of posted collateral**
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	4,268,622	-	10,522,435	104,096	52,571
Domestic sovereign debt	-	-	-	1,387	5,007	-
Government agency debt	-	917,283	-	5,429,284	-	247,223
Other bonds	-	-	-	752,473	-	342,814
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	2,078,266	-	-	-
Total	-	**5,185,905**	**2,078,266**	**16,705,579**	**109,103**	**642,608**

31 December 2025 — AED '000

	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral			
	Segregated	Unsegregated	Segregated	Unsegregated	Fair value of collateral received	Fair value of posted collateral
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	3,569,596	-	9,177,054	86,522	-
Domestic sovereign debt	-	-	-	4,009	22,820	-
Government agency debt	-	1,481,583	-	6,647,503	9,873	52,191
Other bonds	-	-	-	957,554	31,604	7,865
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	1,804,528	-	-	-
Total	-	5,051,179	1,804,528	16,786,120	150,819	60,056

11.2 Analysis of CCR exposure by approach (CCR1)

The following table specifies the methods used by the Bank to calculate counterparty credit risk regulatory requirements.

30 June 2026 **AED '000**

	Replacement cost	**Potential future exposure**	**EEPE**	**Alpha used for computing regulatory EAD**	**EAD post-CRM**	**RWA**
SA-CCR (for derivatives)	**2,793,726**	**11,660,446**	**-**	**1.40**	**20,235,841**	**11,665,314**
Internal Model Method (for derivatives and SFTs)	**-**	**-**	**-**	**-**	**-**	**-**
Simple Approach for credit risk mitigation (for SFTs)	**-**	**-**	**-**	**-**	**-**	**-**
Comprehensive Approach for credit risk mitigation (for SFTs)	**-**	**-**	**-**	**-**	**-**	**-**
VaR for SFTs	**-**	**-**	**-**	**-**	**-**	**-**
Total	**2,793,726**	**11,660,446**	**-**	**-**	**20,235,841**	**11,665,314**

31 December 2025 AED '000

	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
SA-CCR (for derivatives)	4,019,863	9,968,871	-	1.40	19,584,229	13,199,190
Internal Model Method (for derivatives and SFTs)	-	-	-	-	-	-
Simple Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-
VaR for SFTs	-	-	-	-	-	-
Total	4,019,863	9,968,871	-	-	19,584,229	13,199,190

EEPE - Effective expected positive exposure

11.3 Credit valuation adjustment (CVA) capital charge (CCR2)

AED '000

	30-Jun-26		31-Dec-25	
	EAD post-CRM	**RWA**	EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge:	**-**	**-**	-	-
(i) VaR component (including the 3x multiplier)	**-**	**-**	-	-
(ii) Stressed VaR component (including the 3x multiplier)	**-**	**-**	-	-
All portfolios subject to the Standardised CVA capital charge	**20,235,841**	**10,128,319**	19,584,229	8,410,364
Total subject to the CVA capital charge	**20,235,841**	**10,128,319**	19,584,229	8,410,364

11.4 Exposures to central counterparties (CCR8)

The following table demonstrates the risk-weighted exposure amounts to central counterparties by derivative types.

30 June 2026 — **AED '000**

	EAD (post-CRM)	RWA
Exposures to QCCPs (total)		
Exposures for trades at QCCPs (excluding initial margin and default fund contribution); of which:		
(i) OTC derivatives	1,900,162	76,006
(ii) Exchange-traded derivatives	550,750	22,030
(iii) Securities financing transactions	-	-
(iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	2,057,030	-
Non-segregated initial margin	-	-
Pre-funded default fund contributions	-	-
Unfunded default fund contributions	-	-
Exposures to non-QCCPs (total)	-	-
Exposures for trades at non-QCCPs (excluding initial margin and default fund contribution); of which:	-	-
(i) OTC derivatives	-	-
(ii) Exchange-traded derivatives	634,143	634,143
(iii) Securities financing transactions	-	-
(iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	21,235	-
Non-segregated initial margin	-	-
Pre-funded default fund contributions	-	-
Unfunded default fund contributions	-	-

31 December 2025 — AED '000

	EAD (post-CRM)	RWA
Exposures to QCCPs (total)		
Exposures for trades at QCCPs (excluding initial margin and default fund contribution); of which:		
(i) OTC derivatives	230,089	9,204
(ii) Exchange-traded derivatives	142,247	5,690
(iii) Securities financing transactions	-	-
(iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	1,804,528	-
Non-segregated initial margin	-	-
Pre-funded default fund contributions	-	-
Unfunded default fund contributions	-	-
Exposures to non-QCCPs (total)	-	-
Exposures for trades at non-QCCPs (excluding initial margin and default fund contribution); of which:	-	-
(i) OTC derivatives	-	-
(ii) Exchange-traded derivatives	266,042	266,042
(iii) Securities financing transactions	-	-
(iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	1,991	-
Non-segregated initial margin	-	-
Pre-funded default fund contributions	-	-
Unfunded default fund contributions	-	-

11.5 Credit derivatives exposures (CCR6)

The following table indicates the notional amounts of credit derivative transactions segregated between protection bought and sold within each product type.

30 June 2026		**AED '000**
	Protection bought	**Protection sold**
Notionals		
Single-name credit default swaps	**374,646**	**91,825**
Index credit default swaps	**274,646**	**81,270**
Total return swaps	**-**	**-**
Credit options	**-**	**-**
Other credit derivatives	**-**	**-**
Total notionals	**649,292**	**173,095**
Fair values		
Positive fair value (asset)	**180,058**	**-**
Negative fair value (liability)	**-**	**9,562**

31 December 2025		AED '000
	Protection bought	**Protection sold**
Notionals		
Single-name credit default swaps	514,220	-
Index credit default swaps	187,323	202,015
Total return swaps	-	10,213,611
Credit options	-	-
Other credit derivatives	-	-
Total notionals	701,543	10,415,626
Fair values		
Positive fair value (asset)	-	181,066
Negative fair value (liability)	26,400	-

11.6 Standardised approach – CCR exposures by regulatory portfolio and risk weights (CCR3)

The table below depicts EAD after the effect of collateral associated with each risk weight.

30 June 2026 — **AED '000**

	Risk weights							
	0%	**20%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total credit exposure**
Claims on sovereigns	**1,358,119**	**-**	**-**	**-**	**-**	**-**	**-**	**1,358,119**
Claims on non-commercial public sector enterprises (PSEs)	**-**	**47,417**	**142,795**	**-**	**-**	**-**	**-**	**190,212**
Claims on multilateral development banks	**-**	**-**	**16,736**	**-**	**-**	**-**	**-**	**16,736**
Claims on financial institutions*	**-**	**2,413,398**	**3,910,538**	**-**	**1,663,541**	**-**	**2,572,569**	**10,560,046**
Claims on government-related entities (GREs)	**-**	**880,668**	**660**	**-**	**1,554,954**	**-**	**-**	**2,436,282**
Claims on Corporate	**-**	**-**	**21,438**	**-**	**5,394,046**	**27,149**	**209,067**	**5,651,701**
Claims included in the regulatory retail portfolio	**-**	**-**	**-**	**22,746**	**-**	**-**	**-**	**22,746**
Claims secured by residential property	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Claims secured by commercial real estate	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Past due loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**1,358,119**	**3,341,483**	**4,092,167**	**22,746**	**8,612,541**	**27,149**	**2,781,636**	**20,235,841**

31 December 2025 — AED '000

	Risk weights							
	0%	20%	50%	75%	100%	150%	Others	Total credit exposure
Claims on sovereigns	638,489	-	-	-	85,075	-	-	723,564
Claims on non-commercial public sector enterprises (PSEs)	-	28,280	152,043	-	-	-	-	180,323
Claims on multilateral development banks	1,553	-	17,617	-	-	-	-	19,169
Claims on financial institutions*	-	2,474,239	4,907,482	-	1,663,239	-	372,337	9,417,297
Claims on government-related entities (GREs)	-	981,998	-	-	2,916,812	-	-	3,898,810
Claims on Corporate	-	-	35,151	-	4,923,325	30,690	298,360	5,287,527
Claims included in the regulatory retail portfolio	-	-	-	57,539	-	-	-	57,539
Claims secured by residential property	-	-	-	-	-	-	-	-
Claims secured by commercial real estate	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total	640,042	3,484,517	5,112,293	57,539	9,588,451	30,690	670,696	19,584,229

* Claims on financial institutions include exposure to all credit institutions, investment firms and finance companies.