

**REEM FINANCE PJSC**

**Reports and financial  
statements for the year ended  
31 December 2025**

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for the year ended 31 December 2025**

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**Board of Directors' Report  
for the year ended 31 December 2025**

The Board of Directors present their report together with the audited financial statements for the year ended 31 December 2025.

**Principal activities**

The Company is engaged in providing various financial services, including personal loans, short-term credit, commercial real estate finance, and wholesale finance for corporations, SMEs, and microfinancing.

**Results for the year**

During the year ended 31 December 2025, the Company has generated a loss of AED 23,189,219 (2024: loss of AED 82,668,590) and a total comprehensive loss for the year amounting to 23,189,219 (2024: total comprehensive loss of AED 82,668,590).

**Board of Directors**

The Directors as of 31 December 2025 comprised the following:

Mr. Hamdan Aldahmani	Chairman
Mr. Alwyn Crasta	Vice Chairman
Mr. Faris Aldaheri	Director
Dr. Huda Abdulla	Director
Mr. Saeed Alqassimi	Director
Ms. Sara Al Bin Ali	Director
Mr. Amro Diab	Director


**Release**

The Directors release from liability the management and the external auditor in connection with their duties for the year ended 31 December 2025.

**Auditors**

A resolution proposing the reappointment of Deloitte & Touche (M.E.) as auditors of the Company for the year ended 31 December 2026 will be put to the members at annual general meeting.

**On behalf of the Board of Directors**

  
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**Chairman**

Date: 25 March 2026  
Abu Dhabi

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF REEM FINANCE PJSC

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Reem Finance PJSC (the "Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

#### Basis for opinion

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

#### Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current year. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How our audit addressed the key audit matter
<b>Expected credit loss ("ECL") allowance on loans and advances to customers</b>	<b>and advances to customers</b>
<p>Loans and advances are carried in the statement of financial position at AED 402.6 million. This represents 38% of the total assets at this date. Management has stated loans and advances net of an allowance for expected credit losses ("ECL") of AED 62.5 million. The determination of the Company's expected credit losses for loans and advances to customers measured at amortised cost is considered a key audit matter as it is a quantitatively significant estimate which requires significant management judgement to be applied in the evaluation of the credit quality and the estimation of inherent credit losses in the portfolio, and consequently requires significant audit effort.</p>	<p>We performed the following audit procedures on the computation and reasonableness/ appropriateness of the ECL allowance included in the Company's financial statements for the year ended 31 December 2025:</p> <p>We obtained an understanding of the loans and advances origination process, credit risk management process and the estimation process of determining ECL allowances on loans and advances to customers.</p> <p>We assessed these controls to determine if they had been appropriately designed and implemented.</p>

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF REEM FINANCE PJSC (continued)**

**Key Audit Matter (continued)**

Key audit matter	How our audit addressed the key audit matter
<b>Expected credit loss (“ECL”) allowance on loans and advances to customers (continued)</b>	
<p>The measurement of ECL amounts for the exposures is model based with limited manual intervention. It is important that these models, which contain rates for Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD) and macroeconomic adjustments, are valid throughout the reporting period.</p> <p>The portfolio of customers whose balances are at least partially impaired (“stage 3 customers”) amounted to AED 150.8 million. Management has stated this amount net of an allowance for ECL of AED 57.8 million.</p> <p>Management applied the following significant judgements and made the following significant estimates in determining the allowance for ECL:</p> <ul style="list-style-type: none"> <li>• PD, LGD and EAD rates;</li> <li>• assessment of when customer balances are impaired (“stage 3 customers”);</li> <li>• determination of future cash flows and discount rates for stage 3 customers; and</li> <li>• valuation and enforceability of collateral for stage 3 customers</li> </ul> <p>The financial statement risk arises from several aspects requiring substantial judgement of management, such as the estimation of probabilities of default and loss given defaults for various stages such as the determination of significant increases in credit risk (SICR).</p> <p>The determination of the allowance for ECL is considered to be a key audit matter as a result of the following:</p> <ul style="list-style-type: none"> <li>• The quantitative significance of the amount to the financial statements;</li> <li>• The level of judgements applied and estimates made by management; and</li> <li>• The level of audit effort required.</li> </ul>	<p>We assessed, on a sample basis, that reported exceptions to policies and procedures as outlined in the Board risk appetite statement were approved by the Board / Board Committee and the approval process was formally documented.</p> <p>For a sample of new / renewed facilities, we checked that reported exceptions to limits, as set out in the Board approved delegation of authority matrix, were approved by the Board / Board Credit Committee or its approved delegate and the approval process was formally documented.</p> <p>We performed an independent credit assessment for a sample of customers, by assessing quantitative, including assessments of their credit history and other relevant risk factors.</p> <p>For a sample of individually assessed stage 3 customers, we assessed:</p> <ul style="list-style-type: none"> <li>• the estimated future discounted cash flows used in the measurement of ECL, including the discount rates used; and</li> <li>• the valuation and enforceability of collateral, including the underlying key assumptions.</li> </ul> <p>With the involvement of our credit risk and modelling specialists, we assessed the methodology and assumptions used in the calculation of various components of ECL modelling, including the computation of PD, LGD and EAD for the models.</p> <p>We tested the mathematical accuracy and reperformed the computation of the ECL based on relevant source data.</p>

**INDEPENDENT AUDITORS’ REPORT  
TO THE SHAREHOLDERS OF REEM FINANCE PJSC (continued)**

**Key Audit Matter (continued)**

Key audit matter	How our audit addressed the key audit matter
<b>Expected credit loss (“ECL”) allowance on loans and advances to customers (continued)</b>	
<p>Refer to note 3 to the financial statements for the accounting policy, note 10 for further information on loans and advances and note 29 for details of credit risk management.</p>	<p>We evaluated key assumptions such as the criteria used to determine significant increase in credit risk (“SICR”), definition of default, staging criteria and forward-looking macroeconomic information and the related weighting of these items.</p> <p>On a sample basis, we assessed the application the staging criteria, including the basis for movement between stages.</p> <p>We assessed the post model adjustments and management overlays and challenged their rationale.</p> <p>We assessed the disclosures in the financial statements relating to this matter against the requirements of IFRS Accounting Standards.</p>

**Other Matter**

The financial statements of the Company for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 27 March 2025.

**Other Information**

The Board of Directors and management is responsible for the other information, which comprises the Directors’ report which we obtained prior to the date of this auditor’s report. The other information does not include the financial statements and our auditor’s report thereon.

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

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

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



**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF REEM FINANCE PJSC (continued)**

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF REEM FINANCE PJSC (continued)**

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Report on other Legal and Regulatory Requirements**

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

- we have obtained all the information we considered necessary for the purposes of our audit;
- the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. 32 of 2021;
- the Company has maintained proper books of account;
- the financial information included in the Directors' report is consistent with the books of account of the Company;
- as disclosed in Notes 11 and 12 to the financial statements, the Company has not purchased any shares during the year ended 31 December 2025;
- Note 26 to the financial statements discloses material related party transactions and balances, and the terms under which they were conducted;
- based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has, during the financial year ended 31 December 2025, contravened any of the applicable provisions of the UAE Federal Law No. 32 of 2021, as amended, or its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2025; and
- Note 24 to the financial statements discloses social contributions made by the Company during the financial year ended 31 December 2025.



**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF REEM FINANCE PJSC (continued)**

**Report on other Legal and Regulatory Requirements (continued)**

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

Deloitte & Touche (M.E.)

A handwritten signature in blue ink, appearing to be "Mohammed Khamees Al Tah", written over a horizontal line.

Mohammed Khamees Al Tah  
Registration No. 717  
25 March 2026  
Abu Dhabi  
United Arab Emirates

**Statement of financial position  
as at 31 December 2025**

	<i>Notes</i>	<b>2025 AED</b>	<b>2024 AED</b>
<b>Assets</b>			
Property and equipment	6	1,982,512	2,372,869
Right of use assets	7	4,892,632	2,559,791
Intangible assets	8	4,536,648	2,816,296
Cash and bank balances	9	596,348,634	450,065,589
Loans and advances at amortised cost, net	10	402,605,574	378,983,819
Debt securities at amortized cost, net	11	11,314,388	16,222,037
Investments at fair value through profit or loss (FVTPL)	12	-	1,164,230
Prepayments and other receivables	14	36,659,652	17,558,330
<b>Total assets</b>		<b>1,058,340,040</b>	<b>871,742,961</b>
<b>Equity</b>			
Share capital	18	600,000,000	400,000,000
Legal reserve	19	27,144,310	27,144,310
Accumulated losses		(188,826,725)	(165,637,506)
<b>Net equity</b>		<b>438,317,585</b>	<b>261,506,804</b>
<b>Liabilities</b>			
Customers' deposits	15	505,695,834	532,713,742
Other payables	16	106,800,071	73,107,261
Lease liabilities	7	5,021,696	2,711,971
Provision for employees' end of service benefits	17	2,504,854	1,703,183
<b>Total liabilities</b>		<b>620,022,455</b>	<b>610,236,157</b>
<b>Total equity and liabilities</b>		<b>1,058,340,040</b>	<b>871,742,961</b>



Mr. Hamdan Aldahmani  
Chairman



Mr. Seraj Tariq Faidi  
Chief Executive Officer

**Statement of profit or loss and other comprehensive income  
for the year ended 31 December 2025**

	<i>Notes</i>	<b>2025</b> <b>AED</b>	2024 AED
<b>Revenue</b>			
Interest income	22	<b>57,495,389</b>	65,835,616
Interest expense on customers' deposits		<b>(31,161,970)</b>	(21,052,441)
Net interest income		<b>26,333,419</b>	44,783,175
Net fee and commission income	23	<b>6,187,450</b>	9,567,542
Investment and other income, net	21	<b>171,765</b>	1,599,956
<b>Net operating income before impairments</b>		<b>32,692,634</b>	55,950,673
Reversal / (charge) of allowance for expected credit losses on debt securities at amortised cost	11	<b>2,129,355</b>	(27,151,694)
Impairment of investments at FVTPL	12	<b>(1,164,230)</b>	-
Changes in fair value of investments at FVTPL	12	-	(35,008,802)
Charge of allowance for expected credit losses on loans and advances	25	<b>(5,549,562)</b>	(46,047,023)
<b>Net operating income / (loss)</b>		<b>28,108,197</b>	(52,256,846)
General and administrative expenses	24	<b>(51,297,416)</b>	(30,411,744)
<b>Loss for the year before tax</b>		<b>(23,189,219)</b>	(82,668,590)
Income tax	27	-	-
<b>Loss for the year after tax</b>		<b>(23,189,219)</b>	(82,668,590)
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(23,189,219)</b>	(82,668,590)

The accompanying notes form an integral part of these financial statements.

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

	Share capital AED	Legal reserve AED	Accumulated losses AED	Total
At 1 January 2024	400,000,000	27,144,310	(82,968,916)	344,175,394
Total comprehensive loss for the year	-	-	(82,668,590)	(82,668,590)
At 1 January 2025	400,000,000	27,144,310	(165,637,506)	261,506,804
Increase in share capital (note 18)	200,000,000	-	-	200,000,000
Total comprehensive loss for the year	-	-	(23,189,219)	(23,189,219)
<b>At 31 December 2025</b>	<b>600,000,000</b>	<b>27,144,310</b>	<b>(188,826,725)</b>	<b>438,317,585</b>

**Statement of cash flows  
for the year ended 31 December 2025**

	<i>Notes</i>	<b>2025 AED</b>	2024 AED
<b>Cash flows from operating activities</b>			
Loss for the year before tax		<b>(23,189,219)</b>	(82,668,590)
<i>Adjustments for:</i>			
Depreciation of property and equipment	6	<b>696,807</b>	697,704
Depreciation of right of use assets	7	<b>716,518</b>	708,780
Amortisation of intangibles assets	8	<b>515,006</b>	276,976
Finance cost on lease liabilities	24	<b>267,987</b>	87,507
Employees' end of service benefits charge	17	<b>1,359,296</b>	765,254
Impairment charge on loans and advances	25	<b>5,549,562</b>	46,047,023
Gain on revaluation of investment property		-	(658,885)
Changes in fair value of investments at FVTPL	12	-	35,008,802
Impairment of investments at FVTPL	12	<b>1,164,230</b>	-
(Reversal) / charge of allowance for expected credit losses on debt securities at amortised cost	11	<b>(2,129,355)</b>	27,151,694
Reversal of impairment on investment properties		-	(569,082)
<b>Operating cash flow before changes in working capital</b>		<b>(15,049,168)</b>	26,847,183
<i>Working capital changes:</i>			
(Increase) / decrease in prepayments and other receivables		<b>(19,101,322)</b>	1,877,241
Increase in loans and advances at amortised cost, net		<b>(29,131,540)</b>	(16,924,107)
(Decrease) / increase in customers' deposits		<b>(27,017,908)</b>	243,918,072
Increase / (decrease) in other payables		<b>33,653,051</b>	(22,789,911)
<b>Cash (used in) / generated from operating activities</b>		<b>(56,646,887)</b>	232,928,478
Employees' end of service benefits paid	17	<b>(557,625)</b>	(298,755)
<b>Net cash (used in) / generated from operating activities</b>		<b>(57,204,512)</b>	232,629,723
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	6	<b>(306,450)</b>	(203,482)
Proceeds from sale of investments at FVTPL	12	-	871,675
Proceeds from redemption of securities at amortised Cost	11	<b>7,036,986</b>	2,709,250
Proceeds from sale of other assets		-	46,790,352
Purchase of intangible assets	8	<b>(2,235,358)</b>	(1,832,680)
<b>Net cash flow from investing activities</b>		<b>4,495,178</b>	48,335,115
<b>Cash flows from financing activities</b>			
Increase in share capital	18	<b>200,000,000</b>	-
Repayment of lease liabilities	7	<b>(1,007,621)</b>	(644,107)
<b>Net cash flow from / (generated from) financing activities</b>		<b>198,992,379</b>	(644,107)
<b>Net increase in cash and cash equivalents</b>		<b>146,283,045</b>	280,320,731
Cash and cash equivalents at 1 January		<b>450,065,589</b>	169,744,858
<b>Cash and cash equivalents at 31 December</b>	9	<b>596,348,634</b>	450,065,589

The accompanying notes form an integral part of these financial statements.

## Notes to the financial statements for the year ended 31 December 2025

### 1 Legal status and principal activities

Reem Finance PJSC (the “Company”) is a private joint stock company incorporated on 15 March 2007 registered in the Emirate of Abu Dhabi, United Arab Emirates.

The Company’s registered office is P.O. Box 111422, Abu Dhabi, United Arab Emirates.

The Company is engaged in providing various financial services, including personal loans, short-term credit, commercial real estate finance, and wholesale finance for corporations, SMEs, and microfinancing.

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

### 2 Basis of preparation

#### Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the applicable requirements of the UAE Federal Law No. (32) of 2021, as amended, and the applicable laws.

#### Basis of measurement

The financial statements are prepared on the historical cost basis, except for Investments at fair value through profit or loss (FVTPL) which are measured at fair value.

#### Functional and presentation currency

The financial statements have been presented in United Arab Emirates Dirhams (“AED”), which is the functional and presentation currency of the Company.

#### Use of estimates and judgements

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

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 4.

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

**2 Basis of preparation (continued)**

**Application of new and revised IFRS Accounting Standards (IFRSs)**

**New and revised IFRSs applied with no material effect on the financial statements**

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2025, have been adopted in financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

***Amendment to IAS 21— Lack of Exchangeability***

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

**New and revised IFRSs in issue but not yet effective**

**New and revised IFRSs**

***IFRS 18 Presentation and Disclosures in Financial Statements***

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the Notes to the condensed interim financial statements
- improve aggregation and disaggregation.

**Effective for  
annual periods  
beginning on or after**

1 January 2027

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

**2 Basis of preparation (continued)**

**Application of new and revised IFRS Accounting Standards (IFRSs) (continued)**

**New and revised IFRSs in issue but not yet effective (continued)**

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<i>IFRS 19 Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

A subsidiary has public accountability if:

- its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
- it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements.

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

**2 Basis of preparation (continued)**

**Application of new and revised IFRS Accounting Standards (IFRSs) (continued)**

**New and revised IFRSs in issue but not yet effective (continued)**

<b><u>New and revised IFRSs</u></b>	<b><u>Effective for annual periods beginning on or after</u></b>
<p><i>Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments</i></p> <p>The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 <i>Financial Instruments</i>.</p>	1 January 2026
<p><i>Amendments IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity</i></p> <p>The amendments aim at enabling entities to include information in their financial statements that in the IASB's view more faithfully represents contracts referencing nature-dependent electricity.</p>	1 January 2026
<p><i>Annual improvements to IFRS Accounting Standards — Volume 11</i></p> <p>The pronouncement comprises the following amendments:</p> <ul style="list-style-type: none"> <li>• IFRS 1: Hedge accounting by a first-time adopter</li> <li>• IFRS 7: Gain or loss on derecognition</li> <li>• IFRS 7: Disclosure of deferred difference between fair value and transaction price</li> <li>• IFRS 7: Introduction and credit risk disclosures</li> <li>• IFRS 9: Lessee derecognition of lease liabilities</li> <li>• IFRS 9: Transaction price</li> <li>• IFRS 10: Determination of a 'de facto agent'</li> <li>• IAS 7: Cost method</li> </ul>	1 January 2026
<p><i>Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21)</i></p> <p>The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.</p>	1 January 2027

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

**2 Basis of preparation (continued)**

**Application of new and revised IFRS Accounting Standards (IFRSs) (continued)**

**New and revised IFRSs in issue but not yet effective (continued)**

<b><u>New and revised IFRSs</u></b>	<b><u>Effective for annual periods beginning on or after</u></b>
<p><i>IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information</i></p> <p>IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.</p>	<p>Effective date not yet decided by the regulator in the United Arab Emirates</p>
<p><i>IFRS S2 Climate-related Disclosures</i></p> <p>IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.</p>	<p>Effective date not yet decided by the regulator in the United Arab Emirates</p>
<p>The above stated new standards and amendments are not expected to have any significant impact on the financial statements of the Company.</p>	
<p>There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected</p>	

**Notes to the financial statements  
for the year ended 31 December 2025 (continued)****3 Material accounting policy information**

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**Interest income and expense**

Interest income and expense is recognised in the statement of profit or loss and other comprehensive income using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments through its expected life (or, where appropriate, a shorter period) to the net carrying amount of the financial asset or liability respectively.

While calculating effective interest rate, cash flows are estimated considering all contractual terms of the financial instruments, but not future credit losses. The calculation includes all discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers.

**Fees and commission income**

Fees and commission income that are integral to the effective interest rate on a financial asset or liability are included in the calculation of the effective interest rate to arrive at the amortised cost of financial asset and financial liability.

Other fees and commission income are generally recognised as and when the service has been provided.

**Property, plant and equipment**

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. The cost of property and equipment is the purchase cost plus any directly attributable cost of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fixtures	4 - 6 years
Office equipment	4 - 6 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

**Notes to the financial statements  
for the year ended 31 December 2025 (continued)****3 Material accounting policy information (continued)****Property, plant and equipment (continued)**

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

**Intangible assets**

Software acquired by the Company is stated at cost less accumulated amortisation and impairment. Subsequent expenditure on software assets is capitalised only when such expenditure increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date. Intangible assets mainly include computer software with an estimated useful life of 5 years. Software licenses are amortised over the period of validity of license.

Amortisation is recognised in the statement of comprehensive income on a straight-line basis, at rates calculated to reduce the cost of assets to their estimated residual value over their expected useful lives.

**Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate or its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## Notes to the financial statements for the year ended 31 December 2025 (continued)

### 3 Material accounting policy information (continued)

#### Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Classification of financial assets and liabilities

All financial assets under the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Company's business model for managing the financial assets and contractual cash flow characteristics of the financial assets.

A financial asset is measured at amortised cost, if both the following conditions are met:

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

A financial asset is measured at fair value through other comprehensive income, if both of the following conditions are met:

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

A financial asset is measured at fair value through profit or loss, unless it is measured at amortised cost or at fair value through other comprehensive income. However, the Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

#### Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about the future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are recognize.

## Notes to the financial statements for the year ended 31 December 2025 (continued)

### 3 Material accounting policy information (continued)

#### Financial instruments (continued)

##### Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition and its related interest which is recognised using the effective interest rate method.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Company considers:

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

The Company has classified cash and bank balances, loans and advances at amortised cost, net, debt securities at amortised cost, net and certain other assets as financial assets at amortised cost.

#### Financial liabilities

All financial liabilities are classified as subsequently measured at amortised cost, except for:

- financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts; and
- commitments to provide a loan at a below-market interest rate.

At initial recognition, the Company may irrevocably designate a financial liability as measured at fair value through profit or loss when permitted, or when doing so results in more relevant information, because either:

- it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the entity's key management personnel.

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

**3 Material accounting policy information (continued)**

**Financial instruments (continued)**

**Financial liabilities (continued)**

*Reclassification of financial assets and financial liabilities*

Where the Company changes its business model for managing financial assets, it reclassifies all affected financial assets. An entity shall not reclassify any financial liability.

**Measurement of financial assets and liabilities**

**Initial measurement**

At initial recognition, financial assets and financial liabilities are measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Subsequent measurement of financial assets**

After initial recognition, an entity shall measure a financial asset in accordance with its classification at:

- Amortised cost less impairment;
- Fair value through other comprehensive income less impairment; or
- Fair value through profit or loss.

Impairment is assessed on the financial assets measured at amortised cost and at fair value through other comprehensive income as disclosed below.

*Derecognition of financial assets and liabilities*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

**3 Material accounting policy information (continued)**

**Financial instruments (continued)**

**Measurement of financial assets and liabilities (continued)**

**Subsequent measurement of financial assets (continued)**

*Derecognition of financial assets and liabilities (continued)*

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

The Company's financial liabilities include customer deposit, lease liability and interest and other payables.

*Offsetting of financial instruments*

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

*Restructured financial assets*

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

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

*Cash and cash equivalents*

Cash and cash equivalents which include cash on hand, and bank balance in current accounts and deposits held at call with banks with original maturities of three months or less, are classified as financial assets at amortised cost.

## Notes to the financial statements for the year ended 31 December 2025 (continued)

### 3 Material accounting policy information (continued)

#### Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for loans and advances and debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company calculates ECL based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time.

It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately.).

When estimating the ECL, the Company considers three scenarios (a base case, an upside and a downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

## Notes to the financial statements for the year ended 31 December 2025 (continued)

### 3 Material accounting policy information (continued)

#### Impairment of financial assets (continued)

The mechanics of the ECL method are summarised below:

Stage 1: The 12 months ECL is calculated as the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12-month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the EIR. In addition to the above, the Company is considering as Stage 1 accounts with less than 30 days past due.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECL. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the EIR. In addition to the above, the Company is considering as Stage 2 accounts with more than 30 days past due and less than 90 days past due.

Stage 3: For loans and advances considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%. In addition to the above, the Company is considering as Stage 3 accounts with more than 90 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

#### Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### *Company as a lessee*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

## Notes to the financial statements for the year ended 31 December 2025 (continued)

### 3 Material accounting policy information (continued)

#### Leases (continued)

*Company as a lessee (continued)*

##### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

##### Short-term leases and leases of low-value assets

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

#### Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

#### Employees' end of service benefits

Pension contributions are made with respect to UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No (7), 1999 for Pension and Social Security.

Provision is made for the end of service benefits due to expatriate employees in accordance with UAE Labour Law.

#### Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

## Notes to the financial statements for the year ended 31 December 2025 (continued)

### 3 Material accounting policy information (continued)

#### Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

#### Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

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

**3 Material accounting policy information (continued)**

**Taxation**

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

*Current tax*

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

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

*Deferred tax*

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

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

## Notes to the financial statements for the year ended 31 December 2025 (continued)

### 3 Material accounting policy information (continued)

#### Taxation (continued)

##### *Deferred tax (continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

##### *Current tax and deferred tax for the year*

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

##### *Value Added Tax (VAT)*

Expenses and assets are recognised net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

### 4 Critical judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of financial assets and liabilities and the resultant allowances for impairment and fair values. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Estimation uncertainty

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

##### Allowances for credit losses

The Company evaluates impairment on loans and advances and investments on an on-going basis and a comprehensive review on a quarterly basis to assess whether an impairment charge should be recognised in the income statement. In particular, considerable judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of impairment charge required.

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

**4 Critical judgements and key sources of estimation uncertainty (continued)**

**Estimation uncertainty (continued)**

Allowances for credit losses (continued)

In estimating these cash flows, management makes judgements about the counterparty's financial situation and other means of settlement and the net realisable value of any underlying collateral. Such estimates are based on assumptions about several factors involving varying degrees of judgement and uncertainty, and actual results may differ resulting in future changes to such impairment charges.

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's internal credit grading model, which assigns PDs to the individual grades
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

## Notes to the financial statements for the year ended 31 December 2025 (continued)

### 5 Fair value

#### Determining fair values

The determination of fair value for financial assets and liabilities of which there is no observable market price requires the use of valuation techniques as described in note 3. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degree of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

#### Fair value hierarchy

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

*Level 1:* Quoted market price (unadjusted) in an active market for an identical instrument. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions.

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

*Level 3:* Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes input not based on observable data and the unobservable input have a significant impact on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market priced or dealer priced quotations. For all other financial instruments, the Company determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other inputs used in estimating discount rates. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Observable prices and model inputs are usually available in the market for listed equity securities. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

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

**5 Fair value (continued)**

Fair value hierarchy (continued)

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	<b>Level 1 AED</b>	<b>Level 2 AED</b>	<b>Level 3 AED</b>	<b>Total AED</b>
<b>At 31 December 2025</b>				
Financial assets				
Investments at FVTPL	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2024</b>				
Financial assets				
Investments at FVTPL	-	-	1,164,230	1,164,230
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	1,164,230	1,164,230
	<hr/>	<hr/>	<hr/>	<hr/>

Although the Company believes that its estimates of fair values are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair values. In the case of Level 3 fair value, the amount is arrived using net asset value and applying appropriate haircuts.

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

**6 Property, plant and equipment**

	<b>Furniture and fixtures AED</b>	<b>Office equipment AED</b>	<b>Total AED</b>
<b>Cost</b>			
At 1 January 2024	4,545,434	3,245,590	7,791,024
Additions	54,238	149,244	203,482
	<hr/>	<hr/>	<hr/>
At 1 January 2025	4,599,672	3,394,834	7,994,506
Additions	-	306,450	306,450
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2025</b>	<b>4,599,672</b>	<b>3,701,284</b>	<b>8,300,956</b>
	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>			
At 1 January 2024	2,002,958	2,920,975	4,923,933
Charge for the year (note 24)	568,503	129,201	697,704
	<hr/>	<hr/>	<hr/>
At 1 January 2025	2,571,461	3,050,176	5,621,637
Charge for the year (note 24)	541,907	154,900	696,807
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2025</b>	<b>3,113,368</b>	<b>3,205,076</b>	<b>6,318,444</b>
	<hr/>	<hr/>	<hr/>
<b>Carrying amounts</b>			
<b>At 31 December 2025</b>	<b>1,486,304</b>	<b>496,208</b>	<b>1,982,512</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2024	2,028,211	344,658	2,372,869
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**7 Right of use assets and lease liabilities**

The Company leases office premises under agreements that typically have an initial non-cancellable term of one year. Lease payments are renegotiated annually to reflect prevailing market rental conditions. Based on management's current operational requirements and business plans, the Company expects to continue leasing the premises for a period of up to five years. Information about leases for which the Company is a lessee is presented below.

**a) Right-of-use assets**

	<b>2025</b>	2024
	<b>AED</b>	AED
At 1 January	<b>2,559,791</b>	-
Additions	<b>3,049,359</b>	3,268,571
Charge for the year (note 24)	<b>(716,518)</b>	(708,780)
	<hr/>	<hr/>
<b>At 31 December</b>	<b>4,892,632</b>	2,559,791
	<hr/> <hr/>	<hr/> <hr/>

**b) Lease liabilities**

	<b>2025</b>	2024
	<b>AED</b>	AED
At 1 January	<b>2,711,971</b>	-
Additions	<b>3,049,359</b>	3,268,571
Finance cost during the year (note 24)	<b>267,987</b>	87,507
Payments made during the year	<b>(1,007,621)</b>	(644,107)
	<hr/>	<hr/>
<b>At 31 December</b>	<b>5,021,696</b>	2,711,971
	<hr/> <hr/>	<hr/> <hr/>

The maturity profile of lease payments are as under:

	<u>2025</u>		<u>2024</u>	
	<b>Minimum lease payments AED</b>	<b>Present value of minimum lease payments AED</b>	Minimum lease payments AED	Present value of minimum lease payments AED
Within one year	<b>1,179,033</b>	<b>901,878</b>	874,780	731,974
After one year but not more than five years	<b>4,590,890</b>	<b>4,119,818</b>	2,133,635	1,979,997
	<hr/>	<hr/>	<hr/>	<hr/>
Total minimum lease payments	<b>5,769,923</b>	<b>5,021,696</b>	3,008,415	2,711,971
Less: amount representing finance charge	<b>(748,227)</b>	-	(296,444)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Present value of minimum lease payments	<b>5,021,696</b>	<b>5,021,696</b>	2,711,971	2,711,971
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**8 Intangible assets**

	<b>WIP*</b> <b>AED</b>	<b>Software</b> <b>AED</b>	<b>Total</b> <b>AED</b>
<b>Cost</b>			
At 1 January 2024	-	6,533,200	6,533,200
Additions	1,624,333	208,347	1,832,680
	<hr/>	<hr/>	<hr/>
At 1 January 2025	1,624,333	6,741,547	8,365,880
Additions	263,548	1,971,810	2,235,358
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2025</b>	<b>1,887,881</b>	<b>8,713,357</b>	<b>10,601,238</b>
	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>			
At 1 January 2024	-	5,272,608	5,272,608
Charge for the year (note 24)	-	276,976	276,976
	<hr/>	<hr/>	<hr/>
At 1 January 2025	-	5,549,584	5,549,584
Charge for the year (note 24)	-	515,006	515,006
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2025</b>	<b>-</b>	<b>6,064,590</b>	<b>6,064,590</b>
	<hr/>	<hr/>	<hr/>
<b>Carrying amounts</b>			
<b>At 31 December 2025</b>	<b>1,887,881</b>	<b>2,648,767</b>	<b>4,536,648</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2024	1,624,333	1,191,963	2,816,296
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

\*Work in progress items include the cost towards development of software's using for Company's operation, which will be capitalized.

**9 Cash and bank balances**

	<b>2025</b> <b>AED</b>	<b>2024</b> <b>AED</b>
Cash in hand	7,709	4,379
Bank balances with the Central Bank of the UAE	592,225,394	446,453,284
Current account with banks	4,055,010	3,550,136
Fixed deposits with commercial bank	60,521	57,790
	<hr/>	<hr/>
Cash and cash equivalents	<b>596,348,634</b>	450,065,589
	<hr/> <hr/>	<hr/> <hr/>

The fair values of cash and bank balances are considered to approximate their book value.

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

**10 Loans and advances at amortised cost, net**

	<b>2025</b>	2024
	<b>AED</b>	AED
<b>Retail:</b>		
Personal finance	<b>31,520,028</b>	19,445,500
Mortgage finance	<b>382,436</b>	722,522
	<hr/>	<hr/>
	<b>31,902,464</b>	20,168,022
	<hr/> <hr/>	<hr/> <hr/>
<b>Corporate:</b>		
Commercial finance	<b>69,873,046</b>	88,370,197
Mortgage finance	<b>363,309,474</b>	332,964,787
	<hr/>	<hr/>
	<b>433,182,520</b>	421,334,984
	<hr/> <hr/>	<hr/> <hr/>
Loans and advances	<b>465,084,984</b>	441,503,006
	<hr/> <hr/>	<hr/> <hr/>
Less:		
Expected credit losses – stage 3	<b>(57,831,604)</b>	(61,239,145)
Expected credit losses – stage 1 and stage 2	<b>(4,647,806)</b>	(1,280,042)
	<hr/>	<hr/>
Net loan and advances	<b>402,605,574</b>	378,983,819
	<hr/> <hr/>	<hr/> <hr/>

Movement in provision for loan losses during the year is as follows:

	<b>2025</b>	2024
	<b>AED</b>	AED
At 1 January	<b>62,519,187</b>	43,588,370
Charge during the year (note 25)	<b>4,674,425</b>	36,480,817
Write-off	<b>(4,714,202)</b>	(17,550,000)
	<hr/>	<hr/>
At 31 December	<b>62,479,410</b>	62,519,187
	<hr/> <hr/>	<hr/> <hr/>

The Company estimates that the fair value of its loans and advances portfolio is not materially different from its book value. For loans considered impaired, expected cash flows, including anticipated realisation of collateral, were discounted using an appropriate rate and considering the time of collection, the net result of which is not materially different from the carrying value.

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

**11 Debt securities at amortised cost**

	<b>2025</b>	2024
	<b>AED</b>	AED
<i>Debt investment measured at amortised cost</i>		
Corporate bonds	<b>11,314,389</b>	16,222,037

Movement in investments in debt securities are as follows:

	<b>2025</b>	2024
	<b>AED</b>	AED
Beginning of the year	<b>48,713,298</b>	51,422,566
Redeemed during the year	<b>(7,036,986)</b>	(2,709,250)
	<b>41,676,312</b>	48,713,316
Expected credit losses	<b>(30,361,924)</b>	(32,491,279)
At 31 December	<b>11,314,388</b>	16,222,037

The Company has not purchased any investments during the year ended 31 December 2025.

Movement in provision of debt investment during the year is as follows:

	<b>2025</b>	2024
	<b>AED</b>	AED
Beginning of the year	<b>32,491,279</b>	5,339,585
Charge during the year *	-	27,151,694
Reversal during the year **	<b>(2,129,355)</b>	-
At 31 December	<b>30,361,924</b>	32,491,279

\* The investment carried at amortised cost comprise of investment in bonds of Kepler Co. of AED 10.30 million (31 December 2024: AED 10.30 million), SHUAA Capital of AED nil (31 December 2024: AED 4.25 million) and TFG of AED 1.0 million (31 December 2024: AED 1.67 million). During 2024, the Company has recognized impairment to the extent of AED 27.15 million in respect of such bonds due to defaults in repayments and considering the settlement options that are being negotiated for such bonds.

As at 31 December 2025, debt securities (Kepler Co.) at amortised cost were collateralized against quoted securities of AED 10 million (31 December 2024: AED 6.5 million) and corporate guarantee.

\*\* During the year, the issuer compulsory redeemed the investment of the Company in SHUAA Capital bonds at their par value of AED 6,386,429. Consequently, the provision for expected credit loss, previously recorded in the prior year amounting to AED 2,129,355 was reversed.

The fair values of debt securities, are either short-term in tenure and considered to reasonably approximate their book value or their carrying amount approximates their fair value of the collateral.

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

**12 Investments at fair value through profit or loss (FVTPL)**

This represents equity investments primarily in partnership firms and share of companies. Movement in investments classified at fair value through profit or loss as follows:

	<b>2025</b>	2024
	<b>AED</b>	AED
At 1 January	<b>1,164,230</b>	37,044,707
Sold during the year	-	(871,675)
Changes in fair value	-	(35,008,802)
Impairment during the year *	<b>(1,164,230)</b>	-
	<hr/>	<hr/>
At 31 December	-	1,164,230
	<hr/> <hr/>	<hr/> <hr/>

\* During 2025, the Company has impaired its investment in an SPV under partnership structure considering the status of the underlying assets and the related liabilities that exist in relation to such assets.

The Company has not purchased any investments during the year ended 31 December 2025.

**13 Other assets**

This represents vacant land and residential units in Abu Dhabi and Dubai acquired against loan settlements. During 2024, the Company has disposed off all such properties.

	<b>2025</b>	2024
	<b>AED</b>	AED
At 1 January	-	58,652,320
Disposal during the year	-	(58,652,320)
	<hr/>	<hr/>
At 31 December	-	-
	<hr/> <hr/>	<hr/> <hr/>

Movement in provision for other assets during the year is as follows:

	<b>2025</b>	2024
	<b>AED</b>	AED
At 1 January	-	12,445,828
Reversal during the year	-	(12,445,828)
	<hr/>	<hr/>
At 31 December	-	-
	<hr/> <hr/>	<hr/> <hr/>

These properties must be recorded under other assets in the statement of financial position until disposal and cannot be reclassified into other categories (such as investment properties) as per the CBUAE guidelines.

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

**13 Other assets (continued)**

**Amount recognised in profit and loss**

Rental income recognised by the Company during 2025 was AED Nil (2024: AED 174,496) (note 21) and was included in “Investment and other income, net”. During 2024, the Company had a net gain on sale of investment properties amounting to AED 1,261,078 (note 21).

As per circular received from Central Bank (Ref: CBUAE/BIS/2024/297), the Company is required to maintain a provision on the value of properties acquired in settlement of debt beyond three years to the extent of 25% in the 4th year and if the property is still not disposed of, a further 25% provision in the second year taking the total to 50%. However, during all the investment properties are disposed resulting in full reversal of provision.

**14 Prepayments and other receivables**

	<b>2025</b>	2024
	<b>AED</b>	AED
Interest receivables on loans and advances, net	<b>8,343,952</b>	7,375,211
Interest receivables on debt securities	<b>4,805</b>	71,916
Prepayments and advances to suppliers	<b>6,682,000</b>	7,035,738
Deposits	<b>951,617</b>	468,154
Advance paid to a third party	<b>13,534,584</b>	2,483,494
Other receivables *	<b>7,142,694</b>	123,817
	<hr/>	<hr/>
	<b>36,659,652</b>	17,558,330
	<hr/> <hr/>	<hr/> <hr/>

\*As of 31 December 2025, other receivables include cash held with broker amounting to AED 6,492,775.

**15 Customers' deposits**

	<b>2025</b>	2024
	<b>AED</b>	AED
Customer deposits - Term	<b>490,417,223</b>	513,749,462
Customer deposits - Under lien	<b>15,278,611</b>	18,964,280
	<hr/>	<hr/>
	<b>505,695,834</b>	532,713,742
	<hr/> <hr/>	<hr/> <hr/>

The fair values of customers' deposits are considered to reasonably approximate their book value.

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

**16 Other payables**

	<b>2025</b>	2024
	<b>AED</b>	AED
Interest payable on customers' deposits	7,763,271	9,234,195
Margins received against letters of guarantee (note 20)	29,667,187	28,916,006
Advance received from micro-financing company *	41,533,124	17,085,000
Other payable	27,836,489	17,872,060
	<hr/>	<hr/>
	<b>106,800,071</b>	73,107,261
	<hr/> <hr/>	<hr/> <hr/>

\* During 2024, the Company entered into a partnership with a micro-financing company and another third party to offer lending of Early Wages Access (EWA) product to customers of the third party through a digital platform of the micro-financing company.

**17 Provisions for employees' end of service benefits**

	<b>2025</b>	2024
	<b>AED</b>	AED
At 1 January	1,703,183	1,236,684
Provided during the year	1,359,296	765,254
Paid during the year	(557,625)	(298,755)
	<hr/>	<hr/>
At 31 December	<b>2,504,854</b>	1,703,183
	<hr/> <hr/>	<hr/> <hr/>

**18 Share capital**

	<b>2025</b>	2023
	<b>AED</b>	AED
<i>Authorised, issued and fully paid:</i>		
Ordinary 600,000,000 shares of AED 1 each (31 December		
2024: 400,000,000 shares of AED 1 each	<b>600,000,000</b>	400,000,000
	<hr/> <hr/>	<hr/> <hr/>

The shareholders of the Company have approved the resolution in Annual General Meeting held on 28 April 2025 to increase in the Company's share capital from AED 400,000,000 to AED 600,000,000. This was made through funds transferred of AED 200,000,000 by shareholders of the Company in the Company's bank account between 13 June 2025 to 17 June 2025

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

**18 Share capital (continued)**

The name of Company's shareholders and their holding as at 31 December 2025 and 31 December 2024 are as follows:

	<b>31 December 2025</b>	
	<b>No. of shares</b>	<b>Amount AED</b>
International Financial Assets Holding RSC LTD	<b>20.00%</b>	<b>120,000,000</b>
Adira Investment Holding RSC LTD	<b>20.00%</b>	<b>120,000,000</b>
Enora Investment Holding RSC LTD	<b>20.00%</b>	<b>120,000,000</b>
National Holding – L.L.C.	<b>12.00%</b>	<b>72,000,000</b>
Sorin Enterprise Holding RSC LTD	<b>9.33%</b>	<b>56,000,000</b>
Bond Investment Limited	<b>8.00%</b>	<b>48,000,000</b>
CI Equities LTD	<b>8.00%</b>	<b>48,000,000</b>
International Golden Group – PJSC	<b>2.67%</b>	<b>16,000,000</b>
	<b>100%</b>	<b>600,000,000</b>
	<b>31 December 2024</b>	
	<b>No. of shares</b>	<b>Amount AED</b>
Seven Emirates Investment and International Trade	16%	64,000,000
Al Ataa Investment LLC	16%	64,000,000
Bond Investment Limited	12%	48,000,000
National Holding – L.L.C.	12%	48,000,000
CI Equities LTD	12%	48,000,000
Al Tadamon Financials Investments LLC	8%	32,000,000
Golden Arrow Investment LLC	4%	16,000,000
International Golden Group – PJSC	4%	16,000,000
Chimera Investment LLC	4%	16,000,000
Luminary Management Studies and Consultancy L.L.C.	4%	16,000,000
MRQ Commercial Investment – Sole Proprietorship LLC	4%	16,000,000
Realeco Limited LLC	4%	16,000,000
	<b>100%</b>	<b>400,000,000</b>

**19 Legal reserve**

In accordance with UAE Federal Decree Law No. 32 of 2021, as amended, and the Company's Articles of Association, 10% of the profit for each year is transferred to the legal reserve until this reserve equals 50% of the paid-up share capital. The legal reserve is not available for distribution. There has been a transfer to the reserve during the year of AED nil (2024: AED nil).

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

**20 Contingencies and commitments**

	<b>2025</b>	2024
	<b>AED</b>	AED
Letters of guarantee *	<b>29,046,133</b>	32,375,515
Undrawn credit limits **	<b>62,443,429</b>	153,744,425
	<hr/>	<hr/>
	<b>91,489,562</b>	186,119,940
	<hr/> <hr/>	<hr/> <hr/>

\* Letter of guarantee are secured against the margin received in cash which are recorded under other payables (note 16) amounting to AED 29,667,187 (31 December 2024: AED 28,916,006).

\*\* The Company has committed undrawn credit limits and will revoke in case customers do not submit the require information.

**21 Investment and other income, net**

	<b>2025</b>	2024
	<b>AED</b>	AED
Rental income (note 13)	-	174,496
Net gain on disposal of investment properties (note 13)	-	1,261,078
Interest income on debt securities	<b>171,765</b>	164,382
	<hr/>	<hr/>
	<b>171,765</b>	1,599,956
	<hr/> <hr/>	<hr/> <hr/>

**22 Interest income**

	<b>2025</b>	2024
	<b>AED</b>	AED
Interest income on loans and advances	<b>31,790,689</b>	55,345,542
Interest on bank deposits with Central Bank of the UAE	<b>25,704,700</b>	10,490,074
	<hr/>	<hr/>
	<b>57,495,389</b>	65,835,616
	<hr/> <hr/>	<hr/> <hr/>

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

**23 Net fee and commission income**

	<b>2025</b>	2024
	<b>AED</b>	AED
Fee and commission income	<b>6,420,717</b>	9,708,633
Fee and commission expense	<b>(233,267)</b>	(141,091)
	<b><u>6,187,450</u></b>	<u>9,567,542</u>

**24 General and administrative expense**

	<b>2025</b>	2024
	<b>AED</b>	AED
Staff cost	<b>30,725,757</b>	21,531,824
Other expenses	<b>6,619,904</b>	3,210,594
IT maintenance cost	<b>11,683,734</b>	3,830,438
Depreciation on property and equipment (note 6)	<b>696,807</b>	697,704
Depreciation on right of use assets (note 7)	<b>716,518</b>	708,780
Finance cost on lease liabilities (note 7)	<b>267,987</b>	87,507
Bank charges	<b>69,274</b>	65,521
Amortisation of intangible assets (note 8)	<b>515,006</b>	276,976
Charity and donations	<b>2,429</b>	2,400
	<b><u>51,297,416</u></b>	<u>30,411,744</u>

**25 Charge of allowance for expected credit losses on financial instruments**

	<b>2025</b>	2024
	<b>AED</b>	AED
Impairment on loans and advances (note 10)	<b>4,674,425</b>	36,480,817
Impairment on other receivables (interest receivable)	<b>-</b>	6,087,725
Net write-offs on account of loan and advances	<b>875,137</b>	3,478,481
	<b><u>5,549,562</u></b>	<u>46,047,023</u>

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

**26 Related party transactions**

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Related party balances and transactions of the Company included in the statement of financial position and statement of profit or loss and other comprehensive income are as follows:

	<b>Balance as at 31 December 2025</b>				
	<b>Parent / ultimate parent company</b>	<b>Entities under common control</b>	<b>Other related parties</b>	<b>Key management personnel</b>	<b>Total</b>
	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>
Customers' deposits	32,447,590	267,216,035	9,000,000	-	308,663,625
Margins received against letters of guarantee	-	645,000	-	-	645,000
Interest payable on customers' deposits/LGs	122,614	1,942,987	182,027	-	2,247,628
Other payables	-	-	-	1,032,482	1,032,482
	<b>Balance as at 31 December 2024</b>				
	<b>Parent / ultimate parent company</b>	<b>Entities under common control</b>	<b>Other related parties</b>	<b>Key management personnel</b>	<b>Total</b>
	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>
Customers' deposits	30,595,975	279,654,795	8,000,000	-	318,250,770
Margins received against letters of guarantee	-	-	1,278,344	-	1,278,344
Interest payable on customers' deposits	136,215	2,643,664	183,321	-	2,963,200
Other payables	-	-	-	787,605	787,605

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

**26 Related party transactions (continued)**

**Transactions during the year ended 31 December 2025**

	<b>Parent / ultimate parent company</b>	<b>Entities under common control</b>	<b>Other related parties</b>	<b>Key management personnel</b>	<b>Total</b>
	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>
Interest expense on customers' deposits	<b>1,868,013</b>	<b>17,461,265</b>	<b>431,212</b>	-	<b>19,760,490</b>
Short term benefits (salaries and benefits)	-	-	-	<b>4,645,109</b>	<b>4,645,109</b>

**Transactions during the year ended 31 December 2024**

	<b>Parent / ultimate parent company</b>	<b>Entities under common control</b>	<b>Other related parties</b>	<b>Key management personnel</b>	<b>Total</b>
	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>
Interest expense on customers' deposits	1,902,383	6,184,710	523,594	-	8,610,687
Short term benefits (salaries and benefits)	-	-	-	3,200,277	3,200,277

Short term benefits of key management remuneration includes salary and other perquisites for the top four officials of the Company (2024: top three officials of the Company).

**27 Income tax**

The Company is subject to the provisions of the UAE Corporate Tax regime introduced under Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses.

Taxable income not exceeding AED 375,000 is subject to a 0% corporate tax rate, and taxable income exceeding AED 375,000 is subject to a 9% corporate tax rate, in accordance with applicable Cabinet Decisions.

The Corporate Tax Law is supplemented by Cabinet and Ministerial Decisions and guidance issued by the UAE Federal Tax Authority. The Company continues to assess the impact of the Corporate Tax Law and related regulations on its financial statements.

Further, in order to align with OECD's Global Minimum Tax effort ('Pillar Two'), UAE released the legislation introducing a Domestic Minimum Top-Up Tax ('DMTT') of 15% for Multinational Enterprises (MNEs), with effect from financial years starting on or after 1 January 2025. The Company and its Ultimate Parent are in scope for DMTT as its consolidated revenue exceeds the specified threshold for applicability of DMTT.

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

**27 Income tax (continued)**

Amendments to IAS 12 introduce a temporary mandatory relief from accounting for deferred tax that arises from legislation implementing Pillar Two. The Company has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

	<b>2025</b>	2024
	<b>AED</b>	AED
Corporate income tax	-	-
Deferred income tax	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The tax charge for the year ended 31 December 2025 is nil (31 December 2024: nil), representing an Effective Tax Rate (“ETR”) of 0% (31 December 2024: 0%).

	<b>2025</b>	2024
	<b>AED</b>	AED
Loss for the year before tax	<b>(23,189,219)</b>	(82,668,590)
	<u>(23,189,219)</u>	<u>(82,668,590)</u>
<b>Tax at the corporation tax rate of 9% (2024: 9%)</b>	<b>(2,087,030)</b>	(7,440,173)
Tax effect of expenses that are not deductible in determining taxable profit	<b>93,695</b>	5,675
Deferred Tax not recognized on tax losses	<b>1,993,335</b>	7,434,498
	<u>-</u>	<u>-</u>
<b>Tax expense for the year</b>	<b>-</b>	-
	<u>-</u>	<u>-</u>

For the subject year, the Company has incurred tax losses and does not have any corporate tax liability. Furthermore, no deferred tax asset is recognised in respect of tax losses till date and this position will continue to be reassessed periodically in the future.

The Company has determined that, there is no profit in the near future, it is not recognizing any deferred tax assets related to unused tax losses for this reporting period. The Company will assess the potential for recognizing deferred tax assets and the recoverability of unused tax losses at each reporting date, taking into account any changes in circumstances, financial performance or market conditions.

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

**28 Accounting classification**

The table below sets out the Company's classification of each class of financial assets and liabilities and their carrying amounts as at 31 December 2025:

	Amortised cost AED	Fair value AED	Total AED
<b>Assets</b>			
Cash and bank balances	596,348,634	-	596,348,634
Loans and advances at amortised cost, net	402,605,574	-	402,605,574
Debt securities at amortised cost	11,314,388	-	11,314,388
Investments at fair value through profit or loss (FVTPL)	-	-	-
Prepayments and other receivables	36,659,652	-	36,659,652
	<u>1,046,928,248</u>	<u>-</u>	<u>1,046,928,248</u>
Total assets	<u><u>1,046,928,248</u></u>	<u><u>-</u></u>	<u><u>1,046,928,248</u></u>
	<b>Amortised cost AED</b>	<b>Total AED</b>	<b>Total AED</b>
<b>Liabilities</b>			
Customers' deposits	505,695,834	-	505,695,834
Other payables	106,800,071	-	106,800,071
Lease liability	5,021,696	-	5,021,696
	<u>617,517,601</u>	<u>-</u>	<u>617,517,601</u>
Total assets	<u><u>617,517,601</u></u>	<u><u>-</u></u>	<u><u>617,517,601</u></u>

The table below sets out the Company's classification of each class of financial assets and liabilities and their carrying amounts as at 31 December 2024:

	Amortised cost AED	Fair value AED	Total AED
<b>Assets</b>			
Cash and bank balances	450,065,589	-	450,065,589
Loans and advances at amortised cost, net	378,983,819	-	378,983,819
Debt securities at amortised cost	16,222,037	-	16,222,037
Investments at fair value through profit or loss (FVTPL)	-	1,164,230	1,164,230
Prepayments and other receivables	17,558,330	-	17,558,330
	<u>862,829,775</u>	<u>1,164,230</u>	<u>863,994,005</u>
Total assets	<u><u>862,829,775</u></u>	<u><u>1,164,230</u></u>	<u><u>863,994,005</u></u>

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

**28 Accounting classification (continued)**

	Amortised cost AED	Fair value AED	Total AED
Liabilities			
Customers' deposits	532,713,742	-	532,713,742
Other payables	73,107,261	-	73,107,261
Lease liability	2,711,971	-	2,711,971
	<hr/>	<hr/>	<hr/>
	608,532,974	-	608,532,974
Total assets	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**29 Financial risk management**

**Overview**

The Company has exposure to the following risks from its business activities:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk.

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

*Risk management framework*

The Board of Directors (the "Board") has overall responsibility for the establishment and oversight of the Company's Risk Management Framework. The Board has entrusted the risk management function along with setting up and monitoring the Company's credit, liquidity, operational and market risks, and setting risk limits under which the Company's management operates.

The Company has further set up, the Board Risk Committee ("BRC"), which is responsible for monitoring the Company's risk management policies in their specified areas.

The Company has risk appetite / tolerance limits which is revised annually and monitored regularly.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits, implement controls, monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Company's Board Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Board Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit Committee.

## Notes to the financial statements for the year ended 31 December 2025 (continued)

### 29 Financial risk management (continued)

#### Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations; and arises principally from the Company's loans and advances, bank balances, debt securities and certain other receivables.

#### *Management of credit risk*

The Company's credit risk management framework includes:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated according to the Delegation of Authority Matrix.
- Reviewing and assessing all credit exposures of designated limits, prior to facilities being committed to customers. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, segments, geographies and industries (for loans and advances).
- Developing and maintaining the Company's risk grading in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. Risk grades are subject to regular reviews.
- Reviewing compliance, on an ongoing basis, with agreed exposure limits relating to counterparties, industries and countries and reviewing limits in accordance with risk management strategy and market trends.

The risk management team is responsible for the formulation of credit policies and processes in line with growth, risk management and strategic objectives.

In addition, the Company manages the credit exposure by obtaining collateral where appropriate and limiting the duration of exposure. In certain cases, the Company may also close out transactions or assign them to other counterparties to mitigate credit risk.

Regular audits of Business Units and the Company's credit processes are undertaken by internal audit function.

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

**29 Financial risk management (continued)**

**Credit risk (continued)**

*Credit quality analysis*

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

	Stage 1	Stage 2	Stage 3	2025 AED Total	2024 AED Total
<b>Cash and bank balances</b>					
Normal	596,348,634	-	-	596,348,634	450,065,589
Watchlist	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>596,348,634</u>	<u>-</u>	<u>-</u>	<u>596,348,634</u>	<u>450,065,589</u>
Total gross carrying amount	<u>596,348,634</u>	<u>-</u>	<u>-</u>	<u>596,348,634</u>	<u>450,065,589</u>
<b>Loss allowance</b>					
(Stage 1 + Stage 2)	-	-	-	-	-
Loss allowance (Stage 3)	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>596,348,634</u>	<u>-</u>	<u>-</u>	<u>596,348,634</u>	<u>450,065,589</u>
<b>Loans and advances to customers at amortised cost</b>					
Normal	225,497,368	54,372,887	-	279,870,255	296,917,822
Watchlist	-	34,365,749	-	34,365,749	511,779
Doubtful	-	-	42,176,280	42,176,280	71,623,266
Loss	-	-	108,672,700	108,672,700	72,450,139
	<u>225,497,368</u>	<u>88,738,636</u>	<u>150,848,980</u>	<u>465,084,984</u>	<u>441,503,006</u>
Total gross carrying amount	<u>225,497,368</u>	<u>88,738,636</u>	<u>150,848,980</u>	<u>465,084,984</u>	<u>441,503,006</u>
<b>Loss allowance</b>					
(Stage 1 + Stage 2)	(1,748,356)	(2,899,450)	-	(4,647,806)	(1,280,042)
Loss allowance (Stage 3)	-	-	(57,831,604)	(57,831,604)	(61,239,145)
	<u>(1,748,356)</u>	<u>(2,899,450)</u>	<u>(57,831,604)</u>	<u>(60,279,410)</u>	<u>(62,519,187)</u>
Carrying amount	<u>223,749,012</u>	<u>85,839,186</u>	<u>93,017,376</u>	<u>402,605,574</u>	<u>378,983,819</u>

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

**29 Financial risk management (continued)**

**Credit risk (continued)**

*Credit quality analysis (continued)*

	Stage 1	Stage 2	Stage 3	2025 AED Total	2024 AED Total
<b>Credit risk exposure relating to off-balance sheet items</b>					
Undrawn limits	62,443,429			62,443,429	153,744,425
Total gross carrying amount	62,443,429			62,443,429	153,744,425
<b>Loss allowance</b>					
(Stage 1 + Stage 2)					-
Loss allowance (Stage 3)					-
Carrying amount	62,443,429			62,443,429	153,744,425
<b>Debt securities at amortised cost</b>					
Normal					-
Watchlist					-
Substandard					-
Doubtful			41,676,312	41,676,312	48,713,316
Loss					-
Total gross carrying amount			41,676,312	41,676,312	48,713,316
<b>Loss allowance</b>					
(Stage 1 + Stage 2)					-
Loss allowance (Stage 3)			(30,361,924)	(30,361,924)	(32,491,279)
Carrying amount			11,314,388	11,314,388	16,222,037

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

**29 Financial risk management (continued)**

**Credit risk (continued)**

*Loans and advances to customers*

The general creditworthiness of a corporate customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Company generally requests that corporate borrowers to provide it. The Company may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees.

Security and Collaterals are bifurcated into following categories:

- Tangible: This includes cash margin, fixed deposits under lien mortgages over immovable assets, pledge of shares, commercial pledge over movable assets.
- Non-tangible: Guarantees and all other collaterals not having any tangible worth / value.

Collateralisation of exposure is supported by proper documentation, charge (registered where required) etc. to ensure its enforceability/reliability.

The Company has collateral valuation guidelines which details the principles and frequency of valuation of securities. The Company monitors the market value of collateral and requests additional collateral in accordance with the underlying agreements. It also monitors the market value of collateral obtained during its review of the adequacy of the provision for credit losses.

A refreshed valuation are obtained for properties with more frequency in cases where there are difficulties and hence reliance on the security is increasingly high. Where the Company accepts fixed assets e.g. property as collateral, these are adequately insured with the Company as loss payee, where-ever applicable. If corporate guarantees are accepted their tangible net worth are re-evaluated annually along with the annual review of facilities, where-ever applicable. All securities are held under the custody of an independent credit administration function.

The following tables show reconciliations from the opening to the closing balance of the loans and advances to customers at amortised cost.

	Stage 1 AED	Stage 2 AED	Stage 3 AED	2025 AED Total
<b>Gross loans and advances to customers at amortised cost</b>				
<b>Beginning of the year</b>	224,052,037	73,377,564	144,073,405	441,503,006
<b>Transfers:</b>				
Transfer from Stage 1 to Stage 2	(33,125,457)	33,125,457	-	-
Transfer from Stage 1 to Stage 3	(18,042,740)	-	18,042,740	-
Transfer from Stage 2 to Stage 1	31,118,367	(31,118,367)	-	-
Transfer from Stage 2 to Stage 3	-	(9,901,453)	9,901,453	-
Transfer from Stage 3 to Stage 2	-	56,067	(56,067)	-
Transfer from Stage 3 to Stage 1	128,107	-	(128,107)	-
Remeasurement of loans and advances	(10,162,019)	9,628,763	(11,175,573)	(11,708,829)
New financial assets originated	167,807,457	53,928,513	7,547,531	229,283,501
Loans and advances settled	(136,278,384)	(40,357,908)	(12,642,200)	(189,278,492)
Write offs	-	-	(4,714,202)	(4,714,202)
	<u>225,497,368</u>	<u>88,738,636</u>	<u>150,848,980</u>	<u>465,084,984</u>

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

**29 Financial risk management (continued)**

**Credit risk (continued)**

*Gross loans and advances to customers (continued)*

	Stage 1 AED	Stage 2 AED	Stage 3 AED	2024 AED Total
Loans and advances to customers at amortised cost				
Beginning of the year	269,724,020	37,705,231	144,265,852	451,695,103
Transfers:				
Transfer from Stage 1 to Stage 2	(1,600,828)	1,600,828	-	-
Transfer from Stage 1 to Stage 3	(15,963,140)	-	15,963,140	-
Transfer from Stage 2 to Stage 1	46,394	(46,394)	-	-
Transfer from Stage 2 to Stage 3	-	(22,291,312)	22,291,312	-
Transfer from Stage 3 to Stage 2	-	25,011,560	(25,011,560)	-
Transfer from Stage 3 to Stage 1	(20,836)	-	20,836	-
Remeasurement of loans and advances	(15,970,115)	(23,794,229)	7,293,505	(32,470,839)
New financial assets originated	173,622,956	55,739,339	37,143,907	266,506,202
Loans and advances settled	(185,786,414)	(547,459)	(16,633,197)	(202,967,070)
Write offs	-	-	(41,260,390)	(41,260,390)
	<u>224,052,037</u>	<u>73,377,564</u>	<u>144,073,405</u>	<u>441,503,006</u>

*Amounts arising from ECL*

*Inputs, assumptions and techniques used for estimating impairment*

*Significant increase in credit risk*

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

In addition to the quantitative test based on movement of PD, the Company also applies experienced credit judgement to incorporate the estimated impact of factors not captured in the modelled ECL results.

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

**29 Financial risk management (continued)**

**Credit risk (continued)**

Credit risk grades

The Company allocates each corporate exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates.

Each Borrower is assigned a credit risk grade on initial recognition based on available information about the borrower’s financial information, securities provided to the Company and other relevant qualitative information. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

<b>Corporate exposures</b>	<b>Retail exposures</b>	<b>All exposures</b>
<ul style="list-style-type: none"> <li>- Information obtained during periodic review of customer files</li> <li>- Data from credit reference agencies, press articles, changes in external credit ratings</li> <li>- Quoted bond prices for the borrower where available</li> <li>- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities</li> </ul>	<ul style="list-style-type: none"> <li>- Internally collected data on customer behavior.</li> </ul>	<ul style="list-style-type: none"> <li>- Payment record – this includes overdue status as well as a range of variables about payment ratios</li> <li>- Utilisation of the granted limit</li> <li>- Requests for and granting of forbearance</li> <li>- Existing and forecast changes in business, financial and economic conditions</li> </ul>

The monitoring typically involves use of the following information.

**Notes to the financial statements  
for the year ended 31 December 2025 (continued)****29 Financial risk management (continued)****Credit risk (continued)***Determining whether credit risk has increased significantly*

The Company assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower, and the geographical region. What is considered significant differs for different types of lending, in particular between corporate and retail.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Company determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently.

When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

*Definition of default*

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

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Company; and
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

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

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

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

**Notes to the financial statements  
for the year ended 31 December 2025 (continued)****29 Financial risk management (continued)****Credit risk (continued)***Incorporation of forward-looking information and ECL scenarios*

The Company incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Company formulates three economic scenarios i.e. base case, downside case and upside case separately for all business segments i.e. Retail Finance, Retail Mortgage and Commercial Finance as the key macro-economic drivers for each business segment are identified through regressive analytics. External information considered includes economic data and forecasts published by market data providers such as Trading Economics and DataStream. In addition, the Company applies a three-scenario approach to estimate Expected Credit Losses (ECL) for its portfolio, in accordance with IFRS 9 requirements. These weighted scenarios represent a range of possible future economic conditions and are used to calculate the probability-weighted ECL, ensuring that forward-looking information is appropriately incorporated into the credit loss measurement.

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

*Modified financial assets*

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in note 3. When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

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

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Company renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Company's remedial management policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

**Notes to the financial statements  
for the year ended 31 December 2025 (continued)****29 Financial risk management (continued)****Credit risk (continued)***Modified financial assets(continued)*

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Company's Credit Committee regularly reviews reports on forbearance activities.

For financial assets modified as part of the Company's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Company's ability to collect interest and principal and the Company's previous experience of similar forbearance action. As part of this process, the Company evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired. A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that it falls within the 12-month PD ranges for the asset to be considered Stage 1.

*Measurement of ECL*

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

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

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

LGD is the magnitude of the likely loss if there is a default. For loans secured by real estate collaterals, LTV ratios are a key parameter in determining LGD. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor. For the unsecured portfolio regulatory LGD has been used.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Company measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Company considers a longer period. The maximum contractual period extends to the date at which the Company has the right to require repayment of an advance or terminate a loan commitment or guarantee.

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

**29 Financial risk management (continued)**

**Credit risk (continued)**

*Measurement of ECL (continued)*

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type;
- credit risk gradings;
- collateral type;
- LTV ratio for retail mortgages;
- industry sector

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

*Loss allowance*

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

	Stage 1 AED	Stage 2 AED	Stage 3 AED	2025 AED Total
<b>Loans and advances to customers at amortised cost</b>				
Beginning of the year	1,057,229	222,813	61,239,145	62,519,187
<b>Transfers:</b>				
Transfer from Stage 1 to Stage 2	(3,268)	3,268	-	-
Transfer from Stage 1 to Stage 3	(1,752)	-	1,752	-
Transfer from Stage 2 to Stage 1	253,261	(253,261)	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	43,872	(43,872)	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Net remeasurement of loss allowance	100,545	(38,618)	5,982,594	6,044,521
New financial assets originated	1,279,562	2,921,376	921,697	5,122,635
Reversal ECL charges	(937,221)	-	(5,555,510)	(6,492,731)
Write offs	-	-	(4,714,202)	(4,714,202)
	<u>1,748,356</u>	<u>2,899,450</u>	<u>57,831,604</u>	<u>62,479,410</u>

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

**29 Financial risk management (continued)**

**Credit risk (continued)**

*Loss allowance (continued)*

	Stage 1 AED	Stage 2 AED	Stage 3 AED	2024 AED Total
Loans and advances to customers at amortised cost				
Beginning of the year	864,766	6,237,592	36,486,012	43,588,370
Transfers:				
Transfer from Stage 1 to Stage 2	(3,443)	3,443	-	-
Transfer from Stage 1 to Stage 3	(37,679)	-	37,679	-
Transfer from Stage 2 to Stage 1	23,792	(23,792)	-	-
Transfer from Stage 2 to Stage 3	-	(5,847,180)	5,847,180	-
Transfer from Stage 3 to Stage 2	-	6,691	(6,691)	-
Net remeasurement of loss allowance	(702,306)	(142,969)	31,363,196	30,517,921
New financial assets originated	944,677	-	7,896,369	8,841,046
Reversal ECL charges	(32,578)	(10,972)	(2,834,600)	(2,878,150)
Write offs	-	-	(17,550,000)	(17,550,000)
	1,057,229	222,813	61,239,145	62,519,187
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>2025 AED Total</b>
<b>Debt securities at amortised cost</b>				<b>2024 AED Total</b>
Beginning of the year			<b>32,491,279</b>	<b>32,491,279</b>
Transfers:				
Transfer from Stage 1 to Stage 2				-
Transfer from Stage 1 to Stage 3				-
Transfer from Stage 2 to Stage 1				-
Transfer from Stage 2 to Stage 3				-
Transfer from Stage 3 to Stage 2				-
Net remeasurement of loss allowance			<b>(2,129,355)</b>	<b>(2,129,355)</b>
New financial assets originated				-
Expected credit loss charge				27,151,694
Write-offs				-
			<b>30,361,924</b>	<b>30,361,924</b>
				32,491,279

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

**29 Financial risk management (continued)**

**Credit risk (continued)**

*Loss allowance (continued)*

	Stage 1	Stage 2	Stage 3	2025 AED Total	2024 AED Total
<b>Other receivables</b>					
Beginning of the year	-	-	27,931,319	27,931,319	22,732,067
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Other transfers	-	-	-	-	-
Impairment charges	-	-	-	-	5,199,252
	-	-	27,931,319	27,931,319	27,931,319

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

The table below shows the maximum exposure to credit risk for the components of the balance sheet. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

	2025 AED	2024 AED
<b>Gross maximum exposure</b>		
Bank balances	596,340,925	450,061,210
Debt securities at amortised cost	41,676,312	48,713,316
Loans and advances	465,084,984	441,503,006
Other receivables	64,590,971	45,489,649
Undrawn limits	62,443,429	153,744,425
Contingent liabilities	29,046,133	32,375,515
Total assets	1,259,182,756	1,171,887,121

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

**29 Financial risk management (continued)**

**Credit risk (continued)**

*Write-off policy*

The Company writes off a loan or investment balance, and any related suspended interest and allowances for impairment losses, when the management determines that the loan or investment is uncollectible. This determination is made after considering information such as the occurrence of significant changes in the borrower's / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

*Collateral*

Collateral is used to mitigate credit risk, as the secondary source of repayment in case the counterparty cannot meet its contractual repayment obligations. Credit policy and procedures set out the acceptable types of collateral, as well as a process by which additional instruments and / or asset types can be considered for approval.

As at 31 December 2025 the Company held credit risk mitigants with an estimated value of AED 931,533,364 (2024: AED 933,827,413) against loans and advances and debt securities at amortised cost in the form of real estate collateral, other securities over assets, cash deposits and guarantees. The Company accepts sovereign guarantees and guarantees from well reputed local or international banks, well established local or multinational large corporate and high net-worth private individuals. Collateral generally is not held against placements with banks and other financial institutions, and no such collateral was held at 31 December 2025 or 31 December 2024.

The table below stratifies credit exposures from mortgage loans and advances to customers by ranges of loan-to-value (LTV) ratio:

	<b>2025</b>	2024
	<b>AED</b>	AED
<b>LTV ratio</b>		
Less than 50%	<b>367,739,433</b>	357,560,866
51 – 70%	<b>43,154,766</b>	18,611,173
71 – 90%	<b>5,514,507</b>	16,654,687
91 – 100%	-	-
More than 100%	<b>48,676,278</b>	48,676,280
	<hr/>	<hr/>
Total	<b>465,084,984</b>	441,503,006
	<hr/> <hr/>	<hr/> <hr/>

The Company holds collateral against loans and advances in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of the borrowing and generally updated periodically as per the Company's policy.

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

**29 Financial risk management (continued)**

**Credit risk (continued)**

*Collateral (continued)*

An estimate of the fair value of collateral and other security enhancements held against loans and advances is shown below:

	2025 AED	2024 AED
Collateral against stage 1	450,311,304	626,560,562
Collateral against stage 2	327,349,998	147,934,789
Collateral against stage 3	153,872,062	159,332,062
	<hr/>	<hr/>
Total value of collaterals and other credit enhancements	931,533,364	933,827,413
	<hr/> <hr/>	<hr/> <hr/>

*Concentrations of credit risk*

The Company monitors concentrations of credit risk by industry sector and by geographic location. An analysis of concentrations of credit risk from loans and advances at the reporting date is shown below:

	2025 AED	2024 AED
<i>Concentration by industry</i>		
Real estate	212,349,987	186,114,713
Trading	64,743,785	43,490,880
Services	113,738,807	100,621,544
Construction	15,524,507	61,527,891
Individuals	31,902,464	20,168,022
Transport	1,362,588	4,207,107
Others	25,462,846	25,372,849
	<hr/>	<hr/>
Gross loans	465,084,984	441,503,006
Less: allowance for impairment	(62,479,410)	(62,519,187)
	<hr/>	<hr/>
Carrying amount	402,605,574	378,983,819
	<hr/> <hr/>	<hr/> <hr/>

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

**29 Financial risk management (continued)**

**Credit risk (continued)**

*Concentrations of credit risk (continued)*

	Bank balances		Loans and advances at amortised cost, net		Debt securities at amortised cost		Other receivables		Undrawn limits	
	2025 AED	2024 AED	2025 AED	2024 AED	2025 AED	2024 AED	2025 AED	2024 AED	2025 AED	2024 AED
Concentration by sector:										
Public sector	-	-	-	-	-	-	-	-	-	-
Private sector	-	-	465,084,984	441,503,006	40,653,951	15,107,975	64,590,971	45,489,649	62,443,429	153,744,425
Financial institutions	596,340,925	450,061,210	-	-	1,022,361	33,605,341	-	-	-	-
	<u>596,340,925</u>	<u>450,061,210</u>	<u>465,084,984</u>	<u>441,503,006</u>	<u>41,676,312</u>	<u>48,713,316</u>	<u>64,590,971</u>	<u>45,489,649</u>	<u>62,443,429</u>	<u>153,744,425</u>
Gross amount	596,340,925	450,061,210	465,084,984	441,503,006	41,676,312	48,713,316	64,590,971	45,489,649	62,443,429	153,744,425
Less: allowance for ECL	-	-	(62,479,410)	(62,519,187)	(30,361,924)	(32,491,279)	(27,931,319)	(27,931,319)	-	-
	<u>596,340,925</u>	<u>450,061,210</u>	<u>402,605,574</u>	<u>378,983,819</u>	<u>11,314,388</u>	<u>16,222,037</u>	<u>36,659,652</u>	<u>17,558,330</u>	<u>62,443,429</u>	<u>153,744,425</u>
Carrying amount	596,340,925	450,061,210	402,605,574	378,983,819	11,314,388	16,222,037	36,659,652	17,558,330	62,443,429	153,744,425
	<u><u>596,340,925</u></u>	<u><u>450,061,210</u></u>	<u><u>402,605,574</u></u>	<u><u>378,983,819</u></u>	<u><u>11,314,388</u></u>	<u><u>16,222,037</u></u>	<u><u>36,659,652</u></u>	<u><u>17,558,330</u></u>	<u><u>62,443,429</u></u>	<u><u>153,744,425</u></u>
Concentration by location:										
UAE	596,340,925	450,061,210	393,929,294	370,307,539	11,314,388	16,222,037	36,659,652	17,558,330	62,443,429	153,744,425
Europe	-	-	-	-	-	-	-	-	-	-
GCC	-	-	8,676,280	8,676,280	-	-	-	-	-	-
North America	-	-	-	-	-	-	-	-	-	-
Asia	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
	<u>596,340,925</u>	<u>450,061,210</u>	<u>402,605,574</u>	<u>378,983,819</u>	<u>11,314,388</u>	<u>16,222,037</u>	<u>36,659,652</u>	<u>17,558,330</u>	<u>62,443,429</u>	<u>153,744,425</u>
	<u><u>596,340,925</u></u>	<u><u>450,061,210</u></u>	<u><u>402,605,574</u></u>	<u><u>378,983,819</u></u>	<u><u>11,314,388</u></u>	<u><u>16,222,037</u></u>	<u><u>36,659,652</u></u>	<u><u>17,558,330</u></u>	<u><u>62,443,429</u></u>	<u><u>153,744,425</u></u>

**Notes to the financial statements  
for the year ended 31 December 2025 (continued)****29 Financial risk management (continued)****Credit risk (continued)***Settlement risk*

The Company's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the Company mitigates this risk by conducting settlements through a settlement / clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process described earlier.

*Commitments and contingencies related credit risk*

Credit risk arising from commitments and contingencies is disclosed in note 20 to the financial statements.

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

*Management of liquidity risk*

The Company's Board of directors sets the Company's strategy for managing liquidity risk and delegates responsibility for oversight of the implementation of this policy to ALCO. Board approves the Company's liquidity policies and procedures. Finance department manages the Company's liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position of the Company.

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

Management has diversified funding sources and closely monitors liquidity to ensure adequate funding. The Company maintains bank balances through a portfolio of customer deposits and financing from shareholders to ensure that sufficient liquidity is maintained within the Company as a whole.

The Company relies on deposits from customers and equity as its primary sources of funding. Deposits from customers generally have shorter maturities. The short-term nature of these deposits increases the Company's liquidity risk and the Company actively manages this risk through maintaining competitive pricing and constant monitoring of market trends.



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

**29 Financial risk management (continued)**

**Liquidity risk (continued)**

*Management of liquidity risk (continued)*

The maturity profile of financial assets and liabilities at 31 December 2024 was as follows:

	Up to 3 months AED	3 months to 1 year AED	1 to 3 years AED	3 to 5 years AED	Over 5 years AED	Total AED
<b>Assets</b>						
Cash and bank balances	450,007,799	-	57,790	-	-	450,065,589
Loans and advances at amortised cost	101,895,107	34,120,323	140,851,290	55,313,602	46,803,497	378,983,819
Debt securities at amortised costs	-	16,222,037	-	-	-	16,222,037
Other financial assets	4,709,474	11,560,192	1,050,617	238,047	-	17,558,330
Investments at FVTPL	1,164,230	-	-	-	-	1,164,230
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	557,776,610	61,902,552	141,959,697	55,551,649	46,803,497	863,994,005
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Liabilities</b>						
Customers' deposits having contractual maturities	30,179,027	428,588,872	73,945,843	-	-	532,713,742
Lease liability	-	2,711,971	-	-	-	2,711,971
Other financial liabilities	4,680,073	10,072,217	11,278,469	47,076,502	-	73,107,261
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	34,859,100	441,373,060	85,224,312	47,076,502	-	608,532,974
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

**Market risk**

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Company'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.

*Management of market risk*

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

There has been on change in the manner in which the Company manages and measures market risk

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

**29 Financial risk management (continued)**

**Market risk (continued)**

*Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Company is exposed to interest rate risk on its interest-bearing assets and liabilities.

The following table demonstrates the sensitivity of the statement of profit or loss and other comprehensive income to a reasonably possible change in interest rates, with all other variables held constant, of the Company's result for the year.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Company's financial assets and liabilities to various interest rate scenarios. The Company assumes a fluctuation in interest rates of 500 basis points (2024: 500 basis points) and estimates the following impact on the profit for the year at that date:

	<b>2025 Interest for the year AED</b>	2024 Interest for the year AED
Fluctuation in yield	<b>159,742</b>	(2,124,870)

The table below summarises the Company's exposure to interest rate risk. It includes the Company's assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	Up to 3 months AED	4 months to 1 year AED	Over 1 years AED	Non- interest bearing AED	Total AED	Average interest rate
<i>At 31 December 2025</i>						
<b>Assets</b>						
Cash and bank balances	596,288,113	60,521	-	-	596,348,634	3.65%
Loans and advances at amortised cost	124,701,084	59,945,354	217,959,136	-	402,605,574	8.95%
Debt securities at amortised costs	-	1,022,361	-	10,292,027	11,314,388	10.5%
Other financial assets	-	-	-	36,659,652	36,659,652	-
<b>Total assets</b>	<b>720,989,197</b>	<b>61,028,236</b>	<b>217,959,136</b>	<b>46,951,679</b>	<b>1,046,928,248</b>	

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

**29 Financial risk management (continued)**

**Market risk (continued)**

*Interest rate risk (continued)*

	Up to 3 months AED	4 months to 1 year AED	Over 3 years AED	Non-interest bearing AED	Total AED	Average interest rate
<i>At 31 December 2025</i>						
<b>Liabilities</b>						
Customers' deposits having contractual maturities	40,525,606	446,005,977	19,164,251	-	505,695,834	5.78%
Lease liabilities	213,199	688,679	4,119,818	-	5,021,696	6.00%
Other financial liabilities	-	-	-	106,800,071	106,800,071	-
<b>Total liabilities</b>	<b>40,738,805</b>	<b>446,694,656</b>	<b>23,284,069</b>	<b>106,800,071</b>	<b>617,517,601</b>	
<b>Interest rate sensitivity gap</b>	<b>680,250,392</b>	<b>(385,666,420)</b>	<b>194,675,067</b>	<b>(59,848,392)</b>	<b>429,410,647</b>	
	Up to 3 months AED	4 months to 1 year AED	Over 5 years AED	Non-interest bearing AED	Total AED	Average interest rate
<i>At 31 December 2024</i>						
<b>Assets</b>						
Cash and bank balances	446,453,284	57,790	-	3,554,515	450,065,589	4.7%
Loans and advances at amortised cost	101,895,107	230,285,215	46,803,497	-	378,983,819	10.1%
Debt securities at amortised costs	-	16,222,037	-	-	16,222,037	5.3%
Other financial assets	-	-	-	17,558,330	17,558,330	
Investments at FVTPL	-	-	-	1,164,230	1,164,230	
<b>Total assets</b>	<b>548,348,391</b>	<b>246,565,042</b>	<b>46,803,497</b>	<b>22,277,075</b>	<b>863,994,005</b>	
<b>Liabilities</b>						
Customers' deposits having contractual maturities	30,179,027	502,534,715	-	-	532,713,742	5.7%
Lease liability	-	2,711,971	-	-	2,711,971	6.0%
Other financial liabilities	-	-	-	73,107,261	73,107,261	
<b>Total liabilities</b>	<b>30,179,027</b>	<b>505,246,686</b>	<b>-</b>	<b>73,107,261</b>	<b>608,532,974</b>	
<b>Interest rate sensitivity gap</b>	<b>518,169,364</b>	<b>(258,681,644)</b>	<b>46,803,497</b>	<b>(50,830,186)</b>	<b>255,461,031</b>	

**Notes to the financial statements  
for the year ended 31 December 2025 (continued)****29 Financial risk management (continued)****Market risk (continued)***Interest rate risk (continued)*

The interest rate sensitivities set out above are illustrative only and employ simplified scenarios. They are based on AED 998,954,208 interest bearing assets at year end (2024: AED 845,271,445) and AED 510,717,530 interest bearing liabilities at year end (2024: AED 535,425,713). The sensitivity does not incorporate actions that could be taken by management to mitigate the effect of interest rate movements.

The interest rate movements have an effect on retained earnings arising from increases or decreases in net interest income and the fair value changes reported in profit or loss.

*Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Company's functional currency is the UAE Dirham.

**Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage, to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The Company has established a framework of policies and procedures to identify, assess, control, manage and report risks.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is cost effective.

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

**29 Financial risk management (continued)**

**Operational risk (continued)**

Compliance with policies and procedures is supported by periodic reviews undertaken by the Internal Audit Department. The results of these reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Company.

**Capital management**

The Company is licensed and regulated by the Central Bank of the UAE. The Central Bank's capital adequacy stipulation for finance companies is a minimum of 15%. The Company's capital adequacy ratio as at 31 December 2025 is 81.0% (2024: 53.7%) which is in line with the Company's policy of maintaining a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Risk weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The Company's capital adequacy position at the end of the reporting year was as follows:

	<b>2025</b>	2024
	<b>AED</b>	AED
Capital base	<b>433,780,936</b>	261,390,508
Risk weighted assets	<b>535,752,385</b>	486,373,635
Capital adequacy (Total capital base/total risk weighted assets)	<b>81.0%</b>	53.7%

**30 Fair values of financial instruments**

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, loans and advances at amortised cost – net, debt investments at amortised cost – net and other receivables. Financial liabilities consist of customer deposits, lease liabilities and other payables.

The fair values of financial instruments are not materially different from their carrying values at the reporting.

**Notes to the financial statements  
for the year ended 31 December 2025 (continued)****31 Other matter**

The Company has submitted an application for a Specialised Banking licence with the Central Bank of the United Arab Emirates (CBUAE). All necessary regulatory requirements and documentation have been fulfilled. As of the reporting date, the application remains under review and is awaiting approval from the CBUAE.

**32 Subsequent events**

Subsequent to the reporting date, geopolitical tensions in the Middle East have escalated following a regional conflict. As at the date of authorisation of these financial statements, management is actively monitoring the situation. The evolving geopolitical conditions present heightened risks related to regional security, however, as of the reporting date, no disruptions to operations have been identified by the management.

Given the rapidly changing circumstances, it is currently not possible to reliably estimate any potential financial impact including impact on the expected credit losses. Management will continue to closely monitor the situation and assess any implications for the Company's operations, financial position, and financial performance.

**33 Approval of financial statements**

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 25 March 2026.