SHARJAH ISLAMIC BANK

Pillar 3 Disclosure

30th September 2026

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1) Introduction

1.1. Introduction & Basis of Preparation

The purpose of the document is to fulfil regulatory disclosure requirements based on the revised Basel Banking framework commonly known as "International regulatory framework or Basel 3 Accord". The "Basel 3" framework contains capital requirements for credit risk (including credit risk mitigation techniques), operational risk and market risk.

1.2. Scope of pillar 3 disclosures:

The Basel banking framework contains three main pillars:

- Pillar 1 -Minimum quantitative (capital) requirements
- Pillar 2- Supervisory Review Process.
- Pillar 3-Disclosure requirements in order to reach market discipline by transparency to the public

The Bank complies with the Basel III standards and guidance notes, which have been implemented in the UAE. Basel regulation has evolved to comprise three pillars concerned with minimum capital requirements (Pillar 1), supervisory review (Pillar 2), and market discipline (Pillar 3).

Pillar 1: The first Pillar deals, amongst other things, with the minimum capital requirements. Capital requirements are to be calculated for credit risk, market risk and operational risk. The capital charge for each risk category has to be calculated using an approach that is suitable and sufficient for the individual bank.

Pillar 2: Pillar 2 constitutes risks that are not covered under Pillar 1 assessment. Risk management best practices are at the heart of Pillar 2. Banks must undertake an ICAAP (Internal Capital Adequacy Assessment Process) that looks at all risks to which the bank is exposed. ICAAP allows bank and supervisors to assess on whether the bank is required to hold additional capital to cover the three Pillar 1 risk types or to cover other risks.

Pillar 3: Pillar 3 includes a set of disclosure requirements, which are intended to improve the ability of market participants to assess banks' risk management processes, capital structures & adequacy, and exposures. This transparency is designed to incentivize banks to implement sound and robust risk management frameworks.

1.3. Significant capital adequacy, liquidity and funding related disclosure requirements

Capital adequacy, funding, liquidity and related disclosures in Pillar 3 report has been prepared in accordance with Central Bank of UAE Pillar 3 disclosure requirements as stipulated in Standards and Guidance re Capital Adequacy in the UAE (Notice CBUAE/BSD/N/2022/5280 dated 30 December 2022) and Explanatory Notes on Pillar 3 Disclosure requirements, the underlying BCBS guidance "updated Pillar 3 disclosure requirements" issued in May 9 2022.

This report should be read in conjunction with the risk disclosures in financial statements of 30th September 2026 (Page 11 to Page 18).

1.4. Sharjah Islamic Bank (SIB) approach to pillar 1.

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

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

- **Operational risk:** the Bank uses basic Indicator approach (BIA) for computing capital requirements for operational risk. Bank's operational risk is estimated as a percentage (alpha factor 15%) of the gross income (calculated as the average of the previous three financial years).

- **Risk Strategy:** The main objective of SIB's Risk Strategy is to enhance the shareholder value of the Bank by maximizing its Risk-Return profile and therefore regulatory capital shall be tied to economic capital, and managed in line with the basic requirement of the Basel Accord (as per Regulatory directives).

    - **Capital Management Strategy shall be determined by the following factors:**

        I. Compliance with regulatory guidelines for capital requirements including Basel and Accounting guidelines.
        II. External Rating Agency requirement for a good grade rating.
        III. Maximization of shareholder value as per their expectations & dividend policy.
        IV. Creditor's expectations with regard to liquidity and solvency of the bank.

    - **Risk strategy Factors: Risk Strategy shall be driven by the following factors:**

        I. Ongoing assessment and control of risks (with Board approved RAS in place)
        II. Level of liquidity
        III. Level of economic and regulatory capital
        IV. Actual capital in comparison to available capital
        V. Allocation of capital to business units
        VI. Risk Adjusted Performance Measurement

- **Risk Appetite**: The Risk Appetite Statement (RAS) represents the aggregate level and types of risk that the bank is willing to accept, or avoid, in order to achieve its business objectives. It includes qualitative statements and guidelines as well as quantitative metrics and exposure limits. The RAS establishes an early warning trigger system as part of the ongoing monitoring to ensure that breaches of board approved risk appetite and risk limits are reported and escalated in a timely manner to the Senior Management, Board/Board BRC, and CBUAE as per policy.

  Risk Appetite defines the boundary of acceptable risk and **Risk Tolerance** defines the variation of measuring the risk appetite that Management deems acceptable due to the nature

of the indicator or normal business conditions. Whilst the **Risk Capacity**, is the maximum amount of risk, that the bank is able to accept considering its balance sheet structure.

In defining and assessing risks, the bank must consider both the probability of the risk materializing and its potential impact on the bank. In assessing the potential impact of a risk, the bank must assess factors including but not limited to:

- Potential disruption of the bank's business operations
- Effect on profitability, liquidity, capital adequacy and regulatory compliance
- Ability of the bank to meet its obligations to its customers or other counterparties.

Appropriate measures to mitigate and control the risks with clear lines of responsibility are addressed in the Risk Governance Framework. Additionally, the RAS consider the market and macroeconomic conditions.

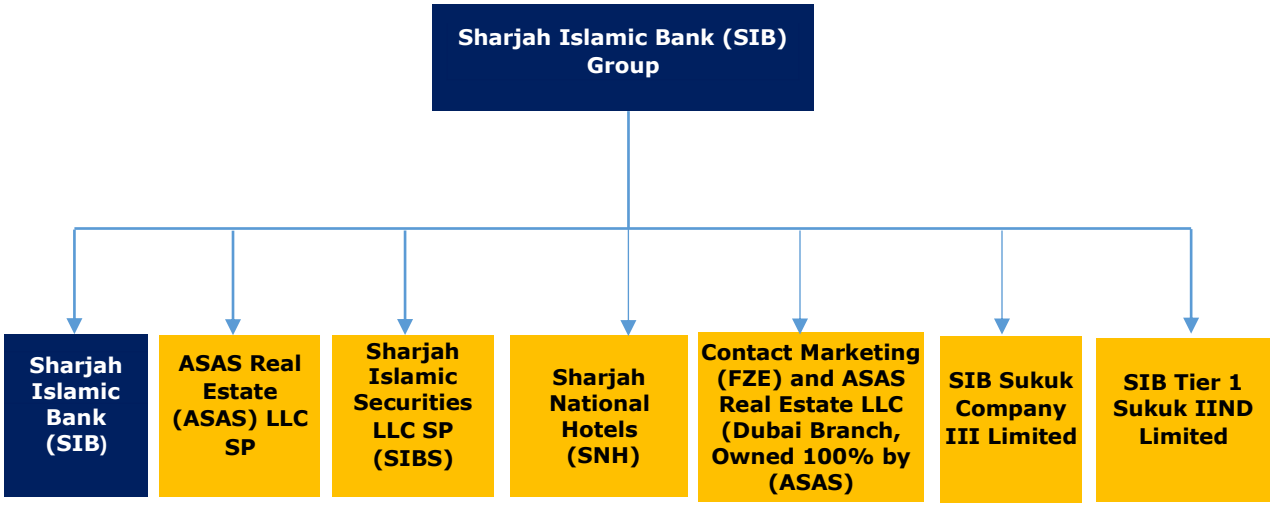
1.5. Minimum capital requirement

CBUAE Requirement
CET 1 must be at 7.0% of Risk Weighted Assets (RWA)
Tier 1 Capital must be at least 8.5% of RWA
Total capital, calculated as the sum of Tier 1 Capital and Tier 2 Capital, must be at least 10.5% of RWA
In addition to the minimum CET1 capital of 7.0% of RWA, bank must maintain a Capital Conservation Buffer (CCB) of 2.5% of RWAs in the form of CET1 capital
Countercyclical Buffer (CCyB) requirement will vary between 0% to 2.5% of RWA and be communicated by the Central Bank with an adequate notice period.
Minimum Capital Required (Total Capital + Capital Conservation Buffer) =13% (10.5% + 2.5%)

1.6. Basis of Consolidation

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

The SIB Group comprises the Bank and its fully owned subsidiaries incorporated in the United Arab Emirates, Sharjah National Hotels ("SNH"), Sharjah Islamic Securities LLC SP ("SIBS"), ASAS Real Estate LLC SP ("ASAS"), Contact Marketing (FZE) and ASAS Real Estate LLC (Dubai Branch, owned 100% by ASAS) as well as special purpose vehicle established in the Cayman Island, SIB Sukuk Company III limited and SIB Tier 1 Sukuk IIND Limited (altogether referred to as the "Group"). SNH through its division is engaged in operating hotels and resorts, catering and related services, whereas SIBS is involved in conducting intermediation in dealing in local market Shari'a compliant shares. ASAS is involved in the business of real estate. SIB Sukuk Company III Limited and SIB Tier 1 Sukuk Company IIND Limited were established for the Bank's Sukuk program.



1.7. Internal Controls and Verification

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

a) The Board maintains an effective control and oversight through established charters, corporate governance framework, reinforcing accountability, and setting a strong tone at the top. This includes implementing a Fit and Proper process to ensure the integrity and competency of board members and senior management. Additionally, it ensures that management maintains a system of internal controls that provides assurance of effective and efficient operations, internal financial controls and compliance with regulations and shariáh at all times.
b) Segregation of duties – maker-checker process is strictly followed in compiling Pillar 3 report;
c) Data-sourcing and reconciliation – data is sourced from multiple systems which are reconciled with the general ledger, sub ledgers and audited financial statements.
d) Reviews – Pillar 3 report undergoes several rounds of reviews by Finance and Risk functions;
e) Internal audit – Internal audit provides independent and objective assurance of disclosures in Pillar 3 report.
f) Attestation is obtained from CRO & CFO that Pillar 3 report has been prepared in accordance with the board-agreed internal control policies and procedures.
g) External audit will be conducted as per regulatory requirement.

1.8. Ownership

Some of the major shareholders above 5% mentioned below

Shareholder	Percentage
Sharjah Asset Management LLC	25%
Sharjah Social Security Fund	20%

1.9. Board

The Board of Directors (' the Board") is responsible for the overall framework of the risk governance and management. The Board is responsible for determining risk strategy, setting the Group's risk limits and ensuring that risk exposure is monitored, controlled effectively and kept within the set limits. It is also responsible for establishing a clearly defined risk management structure and for approval of the risk policies and procedures, infrastructure and management of all risks related to the Group.

In order to effectively manage these responsibilities, the Board is assisted by Board Committees and Management Committees.

1.10. Board Committees

a. Executive Committee (EC)

The Executive Committee is one of the Board committees formed to assist the Board in achieving its strategic and operational objectives. The Committee assists the Board of Directors in fulfilling its oversight responsibilities as follows:

- The Committee has the power to approve credit and investment facilities, within the financing authority delegated to it by the Board.
- To appoint independent legal and financial advisors as needed.
- Ensuring that a careful balance is maintained between the need to meet customer's credit requirements on one hand and the Bank's asset quality, profitability objectives and related risk consideration, on the other.
- Presenting issues to the Board of Directors based on the recommendations of senior management in addition to submitting relevant proposals to the Board of Directors when necessary to obtain the necessary approvals.

b. Group Audit Committee (GAC)

The Board of Directors is responsible for adopting and applying the prudent governance approach of the Bank and its subsidiaries. To achieve these objectives, the board has formed the Group Audit Committee and set the general framework for that committee to enable it to effectively exercise its duties and supervisory role.

This committee reports directly to the Board of Directors and submits the necessary reports to it as a supportive function to the Bank’s Board of Directors with regard to its supervisory responsibility towards financial reports, the internal control system, the group’s internal audit, external audit, Sharia audit, compliance with laws, legislation, and rules of professional and ethical conduct.

c. Board Risk Committee (BRC)

The BRC consists of Board Members and its purpose is to assist the Board in fulfilling its oversight responsibility by:

- Overseeing the risks inherent in the businesses of the Group and the control processes with respect to such risks;
- Reviewing the risk profile of the Group;
- Maintain effective Board governance and oversight of the management of conduct risks
- Set the right compliance culture, ensuring adherence to applicable laws and regulations and setting high standards of conduct and ethics.
- Providing a critical assessment of the organisation's business strategies and plans from an Enterprise risk perspective; and
- Ensuring that appropriate policies and procedures are in place for managing risks to which the Group is exposed.

d. Board Nomination, Compensation, and Governance Committee (BNCGC)

The Nominations, Compensation, and Governance Committee is one of the committees emanating from the Bank's Board of Directors. The following are the main tasks entrusted to the Committee:

- Oversee the process of appointing qualified individuals to become members of the Board of Directors at the annual general meeting of shareholders and assist the Board of Directors in selecting candidates for senior management positions.

- Assist the Board of Directors in approving remunerations for senior management and oversee the development and operation of the remuneration policies, system and related oversight process.

- To lead the process for Board and Senior Management appointments, compensation, review the effectiveness of the Board and its Committees, oversight of the subsidiaries, and make recommendations accordingly.

- Assisting the Board of Directors in the annual self-evaluation of the Board and the independent evaluation by an external party, which includes the performance of the Board of Directors, its members and committees in the Bank and the Bank's remuneration system.

e. Profit Distribution Committee (PDC)

The primary purpose of PDC is to assist the board in oversight of Profit Distribution mechanism to manage Displaced Commercial Risk ("DCR"), through establishment of a Profit Equalization Reserve ("PER") by setting aside amounts from the profits before allocation between the Investment Account Holder ("IAHs") and the bank. It further provides a robust oversight and monitoring to ensure that profit equalization, including utilization of reserve are appropriately monitored.

They regularly review the investment policies and performance of the asset portfolio in which Islamic account holders funds are invested. The committee also oversees the implementation of the governance policy framework, with the primary objective of protecting the interest of stake holders, in line with the HSA and ISSC resolutions.

1.11. Management Committees

a) Management Committee (MANCOM)

The purpose of the Management Committee (MANCOM) is to:

- Act as a management tool and decision-making executive body of the Bank, involving the requirements and development relating to all areas across the Bank.
- Facilitate in reviewing, formulating, evaluating and providing meaningful decisions on critical issues, which are or may impact our organization.
- Monitor timely execution of all such mandated initiatives and problem resolutions so as to periodically measure our collective success.
- Ensuring every member actively participates in cross-functional discussions on issues not directly related to one's own area of operation with a basic purpose of raising and addressing issues, which are important from a group wide perspective.

b) Investment Committee (IC)

The purpose of the IC is to review the quality of the Group's Investment portfolio on behalf of the Board of Directors, trends affecting the portfolio, the administration of investment related policies, as well as the approval of Investment proposals, including Sukuks and Syndicate Finance within the approval limit set by the BOD.

c) IT Steering Committee (ITSC)

The ITSC provides strategic and tactical guidance for managing the Group's overall technology systems in the long and short term, to ensure that Information Technology (IT) initiatives are consistent with the strategic business goals of the Group. The ITSC is charged with assisting the Board in:

- Providing guidance in the prioritization and implementation of technology initiatives and projects (including those related to infrastructure);
- Reviewing IT operations
- Reviewing IT Security plans, policies and reports relating to the effectiveness of information security, their implementation and measures taken to address any residual risks.
- Reviewing the Group's IT development, strategic opportunities and plans.

d) Asset and Liability Committee (ALCO)

The objective of ALCO is to derive the most appropriate strategy for the Group in terms of the mix of assets and liabilities given its expectations of the future and the potential consequences of profit rate movements, liquidity constraints, foreign exchange exposure and capital adequacy. The ALCO is also responsible to ensure that all strategies conform to the Group's risk appetite and levels of exposure as determined by the Board of Directors. Develop an effective asset and liability management process and related procedures to oversee and monitor the Group's approved policies and procedures in relation to the management and control of Market and Liquidity risks.

e) Information Security Committee (ISC)

The purpose of the Information Security Committee (ISC) is to ensure that there is clear direction and visible management support for information security initiatives. The committee shall be responsible for the following:

- To provide oversight of information security policies, procedures, plans, and execution intended to provide confidentiality, availability, and integrity of the information.
- To formulate the tasks related to Information Security Management System (ISMS) rollout like Risk Management, Policy and Procedure Deployment, Information Security Awareness, Information Security Incident Monitoring, Measurement of control effectiveness, etc.
- To oversee the effectiveness of the information security controls with respect to its information systems, including network security and data security.
- To monitor the significant development in information security related projects, incidents handling and risk mitigation.
- To review the changes to significant threats and exposures of information assets against cyberattacks, insider activity, error or control failure.

f) Credit Committee (CC)

CC manages the credit risk of the Group by continuous review of credit limits, policies and procedures, the approval of specific exposures and work out situation, constant revaluation of the finances portfolio.

g) Disciplinary Committee (DC)

DC reviews all the cases in the bank and its subsidiaries of alleged misconduct of staff members and to endorse disciplinary action in the event of any violation.

h) Model Oversight Committee (MOC)

The purpose of the Model Oversight Committee is to ensure that the bank makes more informed and data-driven decisions by optimizing the ability of models to support decision-making. This will ensure accuracy and reliability of decisions across various functions within the bank, such as risk management, pricing, forecasting, and strategy development.

i) Compliance Risk Committee (CRC)

The purpose of the Compliance Risk Committee is to oversee the Group wide implementation of applicable laws, regulations, standards and circulars issued by the regulatory authorities. The committee facilitate the business, support and control functions in fulfilling their compliance obligations.
It further provides guidance and interpretation of applicable laws and regulations and ensures robust compliance obligations fulfilment by all the stakeholders.

j) Provision and Remedial Management Committee (PRMC)

The purpose of the committee is to oversee the adequacy, consistency, and integrity of the provisioning framework, in compliance with applicable IFRS 9 accounting standards, bank policies and applicable CBUAE regulations. It approves ECL for stage 1 & 2 and provisions for stage 3 accounts.

The committee ensure that the calculation process and the results through approved methodologies, assumptions, and outcomes of provision estimates are subject to robust governance and formal review.

k) Internal Sharia Supervision Committee (ISSC)

The ISSC issues fatwas and resolutions that are binding upon the bank. It is responsible for Shariah governance in terms of overview and approval of products and documentation in relation to Shariah compatibility and overall, Shariah compliance.

It issues the annual report providing the assurance on the bank's compliance with Sharia principles.

The Group Internal Sharia Control (GISC) supports the ISSC in its duties. The GISC does not issue Fatwas or resolutions, instead they refer back to the ISSC in all matters that it considers and all tasks it carries out, unless there were a Fatwas or resolutions issued for the matters before. The ISSC supervise the work of the GISC from the technical perspective.

l) Business Continuity Management (BCM) Committee

- The purpose of the committee is to define and formalize the actions and resources needed to continue banking operations and services, limit losses, and protect customers, employees, and stakeholders during and after a significant disruption. This also includes the following:
- To provide direction and approval for the BCM strategy and framework, ensuring it aligns with the bank's overall risk management framework and risk appetite.
- Ensure comprehensive plans for crisis management, emergency response, and IT disaster recovery are created and implemented.
- To report key findings, action items, and progress on incorporating lessons learned to the Senior Management/Board.

m) Internal Controls over Financial Reporting (ICFR)

The purpose of the committee is to oversee, strengthen and ensure the effectiveness of the Bank’s internal controls over financial reporting (“ICFR”) in accordance with applicable laws, regulations, Bank’s internal control framework and corporate governance standards.

It provides focused oversight on the design, implementation, operating effectiveness and remediation of the Bank’s internal control over financial reporting, ensuring integrity, accuracy and reliability of the Bank’s financial statements.

n) ESG & Sustainability Committee (ESG)

The committee support the effective implementation of bank's ESG Strategy, policy and related frameworks, Risk Appetite, ensuring alignment with the bank's strategic objectives, regulatory requirements and in line with Shariah compliant principles.

It facilitates cross-functional coordination to integrate ESG risks and opportunities into lending, investment, operational and product development processes, including sustainable initiatives.

Promote a culture of sustainability, ethical conduct, operational transparency and responsible environmental and social practices throughout the Bank.

1.12. Risk Management Group (RMG)

In order to manage credit, market, operational and IT security risks, models, Risk Management plays a critical role. Its role includes, but not limited to the following:

- Develop a strategy, policy framework for risk management such that these are aligned with business requirements;
- Provide support to the Group in implementation of the framework;
- Bring together analysis of risk concentrations and sensitivities across the Group;
- Act as a point of reference for risk and control matters, providing advice to management, sharing best practices and carrying out special reviews as directed by ALCO; and Provide independent assessment of, and challenge to the business areas' risk management and profiles to ensure that they are maintained in a robust manner.

1.13. Compliance

Compliance is an independent control function headed by Head of Compliance and constitutes the second line of defense. The main role of Compliance is to ensure that bank operates with integrity and adhere to applicable laws, regulations and internal policies. Moreover, Compliance function mitigates risks related to misconduct, money laundering and other forms of non-compliance. The overall role of compliance is to:

- Ensure compliance risks are adequately identified, assessed, monitored and controlled in conjunction with Business and other control functions;
- Ensure senior management and the board is fully informed of significant compliance issues including "KYC" and " AML", and plans for their resolution;
- Contribute to a "no surprise" compliance culture by educating and communicating compliance awareness throughout the Group;
- Align annual compliance plans with business strategies and goals; and meet regulatory expectations.

1.14. Group Internal Audit (GIA)

The role of the internal audit department within the Group is to provide independent and objective assurance that the process for identifying, evaluating and managing significant risks faced by the Group is appropriate and effectively applied. In addition, it also provides an independent check on the compliance with laws and regulations and measuring compliance with the Group's policies and procedures.

It is led by the head of internal audit who reports to the Audit Committee of the Board of Directors, with administrative reporting to the Chief Executive Officer ("CEO"). To perform its role effectively, internal audit has organizational independence from management, to enable unrestricted evaluation of management activities and personnel.

1.15. Group Internal Shari'ah Control (GISC)

The GISC bridges the gap between the ISSC (internal Shari'ah Supervisory Committee) and the bank by coordinating for, clarifying and interpreting to the ISSC, from business technical perspective, all queries raised by the bank and subsidiaries.

1.16. Group Internal Shari'ah Audit (GISA)

Group Internal Sharia Audit is an independent third line of defense function within SIB headed by the Head of Group Internal Shari'a Audit (HGISA). The Objective of GISA is to provide independent assurances to Board of Directors through Board Audit Committee and the Internal Shari'ah Supervisory Committee that the Bank and all its subsidiaries comply with;

1. AAOIFI Shari'ah Standards,
2. The Shari'ah guidelines issued by the Higher Shari'ah Authority of the UAE Central Bank, and
3. The Fatwas and resolutions of Internal Shari'ah Supervisory Committee of the Bank.

2) Key Metrics (at Consolidated Group Level) and RWA – (KM1):

In accordance with CBUAE regulatory requirements, we are presenting our key prudential metrics related to regulatory Capital, leverage ratio and liquidity ratio.

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		a	b	c	d	e
		Q3 /2026	Q2 /2026	Q1 /2026	Q4 / 2025	Q3 / 2025
	Available capital (amounts) -					
1	Common Equity Tier 1 (CET1)	10,173,828	9,913,801	6,975,249	6,800,382	6,643,015
1a	Fully loaded ECL accounting model	10,173,828	9,913,801	6,975,249	6,800,382	6,643,015
2	Tier 1	12,010,328	11,750,301	8,811,749	8,636,882	8,479,515
2a	Fully loaded ECL accounting model Tier 1	12,010,328	11,750,301	8,811,749	8,636,882	8,479,515
3	Total capital	12,668,332	12,357,201	9,397,540	9,257,522	9,039,227
3a	Fully loaded ECL accounting model total capital	12,668,332	12,357,201	9,397,540	9,257,522	9,039,227
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	65,415,483	63,441,690	60,449,901	57,243,516	55,450,001
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	15.55%	15.63%	11.54%	11.88%	11.98%
5a	Fully loaded ECL accounting model CET1 (%)	15.55%	15.63%	11.54%	11.88%	11.98%
6	Tier 1 ratio (%)	18.36%	18.52%	14.58%	15.09%	15.29%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	18.36%	18.52%	14.58%	15.09%	15.29%
7	Total capital ratio (%)	19.37%	19.48%	15.55%	16.17%	16.30%
7a	Fully loaded ECL accounting model total capital ratio (%)	19.37%	19.48%	15.55%	16.17%	16.30%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical buffer requirement (%)	0%	0%	0%	0%	0%
10	Bank D-SIB additional requirements (%)	0%	0%	0%	0%	0%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.5%	2.5%	2.5%	2.5%	2.5%
12	CET1 available after meeting the bank's minimum capital requirements (%)	8.55%	8.63%	4.54%	4.88%	4.98%
	Leverage Ratio					
13	Total leverage ratio measure	110,234,076	104,785,360	100,137,760	100,204,566	95,143,987
14	Leverage ratio (%) (row 2/row 13)	10.90%	11.21%	8.80%	8.62%	8.91%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	10.90%	11.21%	8.80%	8.62%	8.91%
14b	Leverage ratio (%) (excluding the impact of any	-	-	-	-	

		a	b	c	d	e
		Q3 /2026	Q2 /2026	Q1 /2026	Q4 / 2025	Q3 / 2025
	applicable temporary exemption of central bank reserves)					
	Liquidity Coverage Ratio					
15	Total HQLA	-	-	-	-	-
16	Total net cash outflow	-	-	-	-	-
17	LCR ratio (%)	-	-	-	-	-
	Net Stable Funding Ratio					
18	Total available stable funding	-	-	-	-	-
19	Total required stable funding	-	-	-	-	-
20	NSFR ratio (%)	-	-	-	-	-
	ELAR					
21	Total HQLA	14,656,052	15,317,885	15,360,619	12,719,954	12,464,977
22	Total liabilities	84,704,123	82,345,805	81,893,314	77,968,596	78,060,280
23	Eligible Liquid Assets Ratio (ELAR) (%)	17.30%	18.60%	18.76%	16.31%	15.97%
	ASRR					
24	Total available stable funding	72,336,036	68,671,269	65,847,417	63,420,071	61,367,363
25	Total Advances	58,070,476	54,233,609	51,572,963	51,038,735	48,605,787
26	Advances to Stable Resources Ratio (%)	80.28%	78.98%	78.32%	80.48%	79.20%

Highlights Q3 /2026 VS Q2/2026

- Q3 2026 saw a 3.1% increase in Total RWA by AED 1.97 billion as compared to Q2 2026, due to growth in corporate sector and investment in securities.
- CET 1 ratio as of Q3 2026 stands at 15.55% VS 15.63% Q2 2026, marginal decrease in ratio seen due to increase in corporate sector and investment in securities.
- Tier 1 ratio as of Q3 2026 stands at 18.36% VS 18.52% Q2 2026, marginal decrease in ratio seen due to increase in corporate sector and investment in securities.
- Total Capital ratio as of Q3 2026 stands at 19.37% VS 19.48% Q2 2026, marginal decrease in ratio seen due to increase in corporate sector and investment in securities.
- Leverage Ratio: Increase in total exposure by AED 5.44 billion while the increase in Tier 1 Capital by AED 260 million was marginal in Q3 2026 as compared to Q2 2026. Therefore, the ratio marginally declined from 11.21% to 10.90%.
- Eligible Liquid Asset Ratio: Bank maintain sufficient buffer of high-quality liquid asset Ensuring the ratio at 17.31% for the period ending Q3 2026 (quarterly average of 17.30%) vs. 10% CBUAE prescribed minimum requirement.
- Advance to Stable Resources Ratio: Bank maintains balanced and stable funding structure, ratio stands at 80.28% vs. 100% which is the CBUAE prescribed maximum limit.

3) Overview of Risk Management, Key Prudential Metrics and RWA (OV1)

The table from the Pillar 3 Disclosure document offers an overview of Risk-Weighted Assets (RWA) and minimum capital requirements for various risk categories as of Q3/2026. It breaks down the RWA into different risk categories, including credit risk (excluding counterparty credit risk), counterparty credit risk (CCR), various approaches to equity investments in funds, and market risk, as well as operational risk. The majority of RWA is attributed to credit risk, followed by operational risk and market risk. This data is critical for understanding the bank's exposure to different types of risks and its corresponding capital requirement to cover potential losses. The table helps in assessing the bank's risk management effectiveness and capital adequacy.

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		a	b	c
		RWA		Minimum capital requirements [-1]
		Q3/2026	Q2/2026	Q3/2026
1	Credit risk (excluding counterparty credit risk)-[2]	59,968,041	58,005,643	7,795,845
2	Of which: standardised approach (SA)	59,968,041	58,005,643	7,795,845
3				
4				
5				
6	Counterparty credit risk (CCR)	23,290	25,931	3,028
7	Of which: standardised approach for counterparty credit risk	23,290	25,931	3,028
8				
9				
10				
11				
12	Equity investments in funds - look-through approach	629,701	622,940	81,861
13	Equity investments in funds - mandate-based approach	-	-	-
14	Equity investments in funds - fall-back approach	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the banking book	-	-	-
17				
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-
20	Market risk	167,363	167,483	21,757
21	Of which: standardised approach (SA)	167,363	167,483	21,757
22				
23	Operational risk	4,627,088	4,619,693	601,521
24				
25				
26	**Total (1+6+10+11+12+13+14+15+16+20+23)**	**65,415,482**	**63,441,690**	**8,504,013**

[1]- Minimum capital requirement (10.5% +2.5% = 13%)
[2]- Including CVA but excluding equity investment in funds.

Credit Risk Weighted Assets (CRWAs) increased by AED 1.97 billion in Q3 – 2026 as compared to Q2 – 2026 due to an overall increase in the volume of investment in financing.

Market Risk Weighted Assets (MRWAs) decreased marginally by AED 120K in Q3-2026 as compared to Q2-2026 on account of reduction in the exposure to JPY.

Operation Risk Weighted Asset (ORWAs) Bank uses basic indicator approach for ORWAs calculation. For Q3 2026 gross income considered is of previous three years i.e. Q3-2026, Q2-2026, Q1-2026, Q4 -2025, FY 2025 & FY 2024. Increase in ORWAs had been due to increase in Net profit income and Net non-profit income.

Note: This section to be read in conjunction with financial statement 30th Sep 2026 page number 1 Directors Report.

4) Leverage Ratio

CBUAE introduced a 3% minimum leverage ratio, which is calculated on quarterly basis.

4.1 Summary comparison of accounting assets vs leverage ratio exposure LR1

AED 000

		a
1	Total consolidated assets as per published financial statements	99,667,657
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	249,861
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
4	Adjustments for temporary exemption of central bank reserves (if applicable)	-
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustments for eligible cash pooling transactions	-
8	Adjustments for derivative financial instruments	61,135
9	Adjustment for securities financing transactions (i.e. repos and similar secured financing)	1,472,737
10	Adjustments for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	6,914,934
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments	1,867,754
13	**Leverage ratio exposure measure**	**110,234,078**

The total exposure increased by AED 5.44 billion due to increase in investment in Islamic financing & off-balance, while Tier 1 Capital increased by AED 260 million from Q3 2026 to Q2 2026, due to increase in profit. As a result, the ratio marginally declined from 11.21% in Q2 2026 to 10.90% in Q3 2026.

4.2 Leverage ratio common disclosure template – (LR2)

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		a Q3/2026	b Q2/2026
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	92,250,610	88,054,438
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	(49,698)	(48,408)

		a Q3/2026	b Q2/2026
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	92,200,912	88,006,030
Derivative exposures			
8	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	-	1,905
9	Add-on amounts for PFE associated with *all* derivatives transactions	43,668	46,203
10	(Exempted CCP leg of client-cleared trade exposures)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivative exposures (sum of rows 8 to 12)**	61,135.20	67,351.28
Securities financing transactions			
14	Gross SFT *assets* (with no recognition of netting), after adjusting for sale accounting transactions	9,584,359	8,761,102
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	CCR exposure for SFT assets	1,472,737	1,320,951
17	Agent transaction exposures		
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**	11,057,096	10,082,053
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	12,325,794	11,671,930
20	(Adjustments for conversion to credit equivalent amounts)	(5,410,860)	(5,042,004)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	**Off-balance sheet items (sum of rows 19 to 21)**	6,914,933	6,629,926
Capital and total exposures			
23	**Tier 1 capital**	12,010,328	11,750,301
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	110,234,077	104,785,360
Leverage ratio			
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	10.90%	11.21%
25 a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	-	-
26	CBUAE minimum leverage ratio requirement	3.00%	3.00%
27	**Applicable leverage buffers**	-	-

The total exposure increased by AED 5.44 billion due to increase in investment in Islamic financing & off-balance, while Tier 1 Capital increased by AED 260 million from Q3 2026 to Q2 2026, due to increase in profit. As a result, the ratio marginally declined from 11.21% in Q2 2026 to 10.90% in Q3 2026.

5) Liquidity

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or other financial assets. It includes the risk of the inability to fund assets at appropriate maturities and rates and the inability to liquidate assets at reasonable prices and in an appropriate timeframe and inability to meet obligations as they become due. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to diminish.

The Group's approach for managing liquidity risk is to ensure that, management has diversified funding sources and closely monitors liquidity to ensure adequate funding.

1. Governance

The Group's board of directors set the Group's strategy for managing liquidity risk and delegates responsibility for oversight to ALCO. ALCO is the principal senior management committee supporting the board of directors to effectively discharge their oversight function on the Group's liquidity risk. The ALCO executes the liquidity risk management strategies through Treasury department and Business units. The Finance and Risk functions are responsible for measurement, monitoring, formulation of policy framework and provide periodic updates to the ALCO and the BRC.

Liquidity risk management policies and procedures are subject to review by ALCO and approval by Board Risk Committee (BRC). Treasury department manages the Group's liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position of both the Group and operating subsidiaries. Enterprise Risk Management develops and updates the liquidity policy, framework, risk statements (appetite, tolerance and capacity) & ensure adherence by way of continuous monitoring of efficiency of internal control.

2. Funding strategy & Liquidity Risk Mitigation

The Bank's liquidity and funding positions are supported by the Bank's significant government and retail deposit base, accompanied by funding from wholesale funding markets. The Bank's retail deposit base comprises current and savings deposits which, although payable on demand, have traditionally in aggregate provided stable sources of funding. The Bank's reputation, earnings generation capacity, strong credit rating, financial and capital strength including offering of competitive deposit rates support preserving depositors' confidence and ensure liquidity. The Bank accesses the wholesale funding markets through the issuance of debt instruments, time deposits and CBUAE facilities to meet short-term obligations.

The Bank, to limit the Liquidity risk, has arranged diversified funding sources in addition to its core retail deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. It also maintains and monitor a sufficient inventory of eligible liquid assets that can be used to raise short to medium term funding through a collateralized Murabaha agreements. Risk Appetite Statement (RAS) defines Liquidity risk tolerance thresholds. The key Liquidity risk measures include gaps and ratios such as ELAR and ASRR. All these Liquidity measures are reported to ALCO on a monthly basis, to the management and the Board committees at regular intervals.

Concentration limits are defined under the Risk Appetite Statements on liquidity risk and measures are reported to the ALCO on a monthly basis and to BRC on quarterly basis.

3. Liquidity stress testing

Liquidity stress test program is in place to ensure liquidity stress tests are systematically performed to determine the impact on the counterbalancing capacity under the bank-specific, system-wide and combined scenarios and the possible sources of funding to meet the shortfalls during a liquidity crisis. The stress test is done quarterly and is presented to the ALCO and BRC.

4. Contingency funding plan

Contingency funding plan is in place to identify early warning signals of a liquidity problem. The contingency funding plan also sets out the crisis escalation process as well as the various strategies to be employed to preserve liquidity including an orderly communication channel during a liquidity problem. This plan is reviewed and approved annually by ALCO and BRC.

5. Liquidity Risk Measurement tools

The Group has in the Liquidity risk management policy identified various measurement tools and metrics to assess the structure of the bank's balance sheet or projected cash flows and future liquidity positions, taking into account off-balance sheet risks which are specific to the bank. The primary tools for monitoring liquidity and funding positions are the liquidity gap analysis, assessment of concentration of funding, LCR in significant currency, ASRR, Liquidity cushion, availability of unencumbered assets and the use of market-wide information to identify possible liquidity problems. Liquidity and funding positions are reported to the ALCO on a monthly basis and to BRC on a quarterly basis.

5.1. Eligible Liquid Assets Ratio (ELAR)

The table presents the calculation of the Eligible Liquid Assets Ratio (ELAR) for a bank for Q3/2026. It lists the High-Quality Liquid Assets (HQLA) and their nominal amounts, including physical cash, balances with the Central Bank of the UAE (CBUAE), and various debt securities. The average HQLA amount is AED 13.91 billion against total liabilities of AED 84.70 billion. The average, calculated as the ratio of eligible liquid assets to total liabilities over the last quarter (average of last three months), is reported as 17.30%. This ratio is a key indicator of the bank's liquidity position, reflecting its capacity to meet short-term obligations with high-quality liquid assets.

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High Quality Liquid Assets	Nominal amount	Eligible Liquid Asset
Physical cash in hand at the bank + balances with the CBUAE	13,854,867	
UAE Federal Government Bonds and Sukuks	61,756	
Sub Total	**13,916,623**	**13,916,623**
UAE local governments publicly traded debt securities	395,771	-
UAE Public sector publicly traded debt securities	0	
Subtotal	**395,771**	**395,771**
Foreign Sovereign debt instruments or instruments issued by their respective central banks	343,658	343,658

High Quality Liquid Assets	Nominal amount	Eligible Liquid Asset
Total	**14,656,052**	**14,656,052**
Total liabilities		**84,704,123**
Eligible Liquid Assets Ratio (ELAR)		**17.30%**

*Note – Calculation is based on an average of last three months.

5.2. Advances to Stables Resource Ratio (ASRR)

The table shows the computation of the Advances to Stable Resources Ratio (ASRR) of the bank as at Q3 /2026. It details the calculation of total advances, which include net financing, financing to non-banking financial institutions, financial guarantees, standby letters of credit, and interbank placements, resulting in a total advance amount of AED 58.07 billion.

The table also outlines the calculation of net stable resources, including total capital and general provisions, adjusted for deductions like fixed assets and investments. The ASRR, calculated as the ratio of total advances to total stable resources, stands at 80.28%. This ratio is an important liquidity measure, indicating the proportion of advances funded by stable resources.

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Items	Amount
Computation of Advances	
Net financing (gross financing - specific and collective provisions + interest in suspense)	53,905,068
financing to non-banking financial institutions	1,327,831
Net Financial Guarantees & Stand-by LC (issued - received)	764,206
Interbank Placements	2,073,371
Total Advances	**58,070,476**
Calculation of Net Stable Resources	
Total capital + general provisions	12,785,805
Deduct:	
Goodwill and other intangible assets	70,888
Fixed Assets	754,641
Funds allocated to branches abroad	-
Unquoted Investments	3,140,476
Investment in subsidiaries, associates and affiliates	850,000
Total deduction	**4,816,005**
Net Free Capital Funds	**7,969,800**
Other stable resources:	
Funds from the head office	-
Interbank deposits with remaining life of more than 6 months	3,220,059
Refinancing of Housing financing	-
Borrowing from non-Banking Financial Institutions	764,688
Customer Deposits	53,065,372
Capital market funding/ term borrowings maturing after 6 months from reporting date	7,316,117
Total other stable resources	**64,366,236**
Total Stable Resources	**72,336,036**
Advances to Stable Resources Ratio	**80.28**

6) Details of Not Applicable Tables

Sl.No	Topic	Information Overview	Table	Applicable /Not Applicable
1.	Overview of risk management and RWA	Bank risk management approach	OVA	Not Applicable
2.	Linkages between financial statements and regulatory exposures	Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories	LI1	
		Main sources of differences between regulatory exposure amounts and carrying values in financial statements	LI2	
		Explanations of differences between accounting and regulatory exposure amounts	LIA	
3.	Prudential valuation adjustments	Prudent valuation adjustments	PV1	
4.	Composition of capital	Composition of regulatory capital	CC1	
		Reconciliation of regulatory capital to balance sheet	CC2	
		Main features of regulatory capital instruments	CCA	
5.	Macro prudential Supervisory measures	Geographical distribution of credit exposures used in the countercyclical buffer	CCyB1	

Sl.No	Topic	Information Overview	Table	Applicable /Not Applicable
6.	Liquidity	Liquidity risk management	LIQA	Not Applicable
		Liquidity Coverage Ratio	LIQ1	
		Net Stable Funding Ratio	LIQ2	
7.	Credit risk	General qualitative information about credit risk	CRA	
		Credit quality of assets	CR1	
		Changes in the stock of defaulted loans and debt securities	CR2	
		Additional disclosure related to credit quality of assets	CRB	
		Qualitative information on the mitigation of credit risk	CRC	
		Credit risk mitigation techniques - overview	CR3	
		Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk	CRD	
		Standardised approach - credit risk exposure and CRM effects	CR4	
		Standardised approach - exposures by asset classes and risk weights	CR5	
8.	Counterparty credit risk (CCR)	Qualitative disclosure related to CCR	CCRA	
		Analysis of CCR by approach	CCR1	
		Credit valuation adjustment capital charge	CCR2	

Sl.No	Topic	Information Overview	Table	Applicable /Not Applicable
		Standardised approach - CCR exposures by regulatory portfolio and risk weights	CCR3	Not Applicable
		Composition of collateral for CCR exposure	CCR5	
		Credit derivatives exposures	CCR6	
		Exposures to central counterparties	CCR8	
9.	Securitisation	Qualitative disclosures related to securitisation exposures	SECA	
		Securitisation exposures in the banking book	SEC1	
		Securitisation exposures in the trading book	SEC2	
		Securitisation exposures in the banking book and associated regulatory capital requirements - bank acting as originator or as sponsor	SEC3	
		Securitisation exposures in the trading book and associated capital requirements - bank acting as investor	SEC4	
10.	Market risk	General qualitative disclosure requirements related to market risk	MRA	
		Market risk under the standardised approach	MR1	

Sl.No	Topic	Information Overview	Table		Applicable /Not Applicable
11.	Profit rate risk in the banking book (PRRBB)	PRRBB risk management objectives and policies	PRRBB		
		Quantitative information on PRRBB	PRRBB		
12.	Operational risk	Qualitative disclosures on operational risk	OR1		
13.	Remuneration Policy	Remuneration policy	REMA		
		Remuneration awarded during the financial year	REM1		
		Special payments	REM2		
		Deferred remuneration	REM3		

7) Abbreviation

ALCO – Asset Liability Committee
ASRR – Advance to Stable Resource Ratio
BIA – Basic Indicator Approach
CCB – Capital Conservation Buffer
CCF – Credit Conversion Factor
CCP – Central Counterparty
CCyB – Countercyclical Buffer
CET – Common Equity
CRM – Credit Risk Mitigation
CVA – Credit Valuation Adjustment
EAD – Exposure at Default
ECL – Expected Credit Loss
EIF – Equity Investment in Funds
ELAR – Eligible Liquid Assets Ratio
EVE – Economic Value of Equity
FCD – Financial Control Division
BRC – Group Board Risk Committee
HSA – Higher Shari'ah Authority
ICAAP –Internal Capital Adequacy Assessment Process
ILAA – Internal Liquidity Adequacy Assessment
IRB – Internal Rating Based
LCR – Liquidity Coverage Ratio
LGD – Loss Given Default
NAV – Net Asset Value
NSFR – Net Stable Funding Ratio
OCI – Other Comprehensive Income
PD – Probability of Default
PL – Profit and Loss
PRRBB – Profit Rate Risk in the Banking Book
RWA –Risk weighted assets
SIB –Sharjah Islamic Bank
SRP – Supervisory Review Process