



Annual Financial Statements

For the year ended 31 December 2025

**Annual Financial Statements
for the year ended 31 December 2025**

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Board of Directors' report for the year ended 31 December 2025

The Directors present their report together with the audited financial statements of Wio Bank PJSC (the "Bank" or "Wio") for the year ended 31 December 2025.

Principal activities

The principal activities of the Bank are to provide financial services digitally including granting of loans and advances and undertake other commercial banking services.

Review of financial results and performance

Wio began as the region's first platform bank, dedicated to driving and empowering the UAE's digital economy ambitions through our innovative products. As we move forward, we remain committed to this vision.

Our unwavering commitment to a customer-first approach, innovative thinking, and collaborative spirit made it an extraordinary year for us. We celebrated significant milestones and experienced remarkable growth in our customer base, reflecting the trust and confidence placed in our institution.

Wio Personal has witnessed exponential growth, ending the year with over 250 thousand customers. In 2025, we launched Salary and Family banking propositions to deepen our customer relationships.

We continued to enhance credit products for our customers through our credit cards, personal loans and installment products.

Wio Business continues to power the SME economy, emerging as the top choice for new businesses in the UAE with over 120 thousand customers. Wio has significantly enhanced its business proposition during 2025 augmenting our credit portfolio with Business Loans, SME credit cards, POS lending and Supply Chain Finance.

All of this contributed to a remarkable financial performance for Wio Bank in 2025 with over AED 57 billion in deposits, nearly AED 1.25 billion in revenue and AED 622 million in Profit after tax. These results reflect our strong market position and effective cost management. Wio Bank continues to be well capitalized with a capital adequacy ratio of over 27.94%, which is well above regulatory requirements.

Alongside our growth, it is also imperative that we maintain a steadfast focus on a robust risk management framework and good governance. Wio Bank has made significant investments in these areas to safeguard the integrity and stability of our operations and build for the future. This remains a key focus as we navigate challenges and seize opportunities in our evolving environment.



**Board of Directors’ report
for the year ended 31 December 2025**

Looking ahead, we are excited about the prospects of expanding our product and service offerings, with a renewed emphasis on enhancing user experience. By leveraging cutting-edge AI and technology and fostering innovation, we aim to deliver unparalleled value to our customers while cementing our position as a trusted financial partner.

In conclusion, we commend our team’s agility and commitment to redefining digital banking and extend gratitude to our esteemed Board Members for their unwavering support. Together, we will continue to propel Wio Bank towards greater heights of success in the years ahead.

Directors

H.E. Mansour Al Mulla	Chairman
Fadel Abdulbaqi Al Ali	Vice Chairman
Hamad Al Ameri	Member
Masood M. Sharif Mahmood	Member
Futoon Al Mazrouei	Member
Jawad Shafique	Member
Jaap Kalkman	Member
Samy Ben Jaafar	Member
Khalifa Hassan AlShamsi	Member

Release

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

for the Board of Directors

Signed by:

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H.E. Mansour Al Mulla
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WIO BANK PJSC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Wio Bank PJSC (the "Bank"), 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 Bank as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs) and the applicable requirements of Abu Dhabi Accountability Authority (ADAA) Chairman Resolution No. 88 of 2021 Regarding Financial Statements Audit Standards for the Subject Entities. 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 Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) applicable to audit of financial statements of public interest entities, together with the other ethical requirements that are relevant to our audit of the financial statements of public interest entities in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were 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 these matters.

Key audit matter	How our audit addressed the key audit matter
Expected credit loss ("ECL") allowance on Loans and advances	
As described in Notes 7 to the financial statements, the Bank had loans and Advances of AED 3.4 billion as at 31 December 2025, The determination of the Bank's expected credit losses for loans and Advances to customers measured at amortised cost is considered a key audit matter as it is a qualitatively 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.	We performed the following audit procedures, inter alia, to address the key audit matter on the computation and reasonableness/ appropriateness of the ECL allowance included in the Bank's financial statements for the year ended 31 December 2025: We obtained an understanding of the Loans and Advances origination process, credit risk management process and the estimation process of determining ECL allowance on Loans and Advances.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF WIO BANK PJSC (continued)**

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Expected credit loss ("ECL") allowance on Loans and advances	
The measurement of ECL amounts for the exposures is model based with limited manual intervention. It is important that these models, which contain Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD) and macroeconomic adjustments, are valid throughout the reporting period. The Bank performed independent validation and monitoring of the PD, LGD and macro-economic models during the reporting period. For further information on the accounting policies relating to the ECL allowance on Loans and Advances, as well as the Bank's management of credit risk, refer to Notes 2 and Note 21 to the financial statements, respectively.	We assessed the above mentioned controls to determine if they had been appropriately designed and implemented and tested these controls to determine if they had been operating effectively. 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. 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. We performed an independent credit assessment for a sample of non-retail customers by assessing quantitative and qualitative factors, including assessments of the financial performance of the customers, the source of their repayments and their history and other relevant risk factors. For a sample of individually assessed stage 3 customers, we assessed: - the estimated future discounted cash flows used in the measurement of ECL, including the discount rates used and the probable scenario analysis; and - the valuation and enforceability of collateral, including the underlying key assumptions. For Loans and Advances, we evaluated controls over the modelling process, including model inputs, monitoring, validation and approval. 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.



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF WIO BANK PJSC (continued)**

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Expected credit loss ("ECL") allowance on Loans and advances	
	We tested the mathematical accuracy and reperformed the computation of the ECL based on relevant source data. We evaluated key assumptions such as the criteria used to determine significant increase in credit risk ("SICR"), the definition of default, staging criteria and forward-looking macroeconomic information and the related weighting of these items. On a sample basis, we assessed the application the staging criteria, including the basis for movement between stages. We considered the process of the independent external validations of the models and their impact on the results of the determination of the allowance for ECL. We assessed the disclosures in the financial statements relating to this matter against the requirements of IFRS Accounting Standards

Other Information

The Board of Directors and management are responsible for the other information. The other information comprises the Board of 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.

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 Law No. (32) of 2021, as amended, 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 Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF WIO BANK PJSC (continued)**

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 and the applicable requirements of ADAA Chairman's Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities 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 and the applicable requirements of ADAA Chairman's Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 Bank's 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's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank'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 disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern; and
- 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, 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WIO BANK PJSC (continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- We have obtained all the information we considered necessary for the purposes of our audit;
- The financial statements of the Bank have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, as amended;
- The Bank has maintained proper books of account;
- The financial information included in the Board of Directors' report is consistent with the Bank's books of account;
- Note 20 to the financial statements of the Bank discloses material related party transactions and the terms under which these were conducted, and principles of managing conflict of interest; and
- Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Bank has contravened during the financial year ended 31 December 2025 any of the applicable provisions of the UAE Federal Law No. No. (32) of 2021, as amended or of its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2025.

Further, as required by the ADAA Chairman Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities, we report, in connection with our audit of the financial statements for the year ended 31 December 2025, that nothing has come to our attention that causes us to believe that the Bank has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the financial statements as at 31 December 2025:

- Articles of Association of the Bank which would materially affect its activities or its financial position as at 31 December 2025; and
- relevant provisions of the applicable laws, resolutions and circulars that have an impact on the Bank's financial statements.

Further, as required by the 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

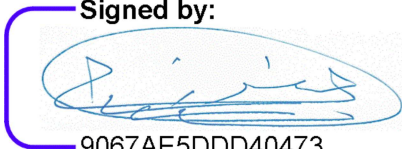
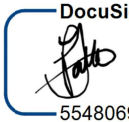
Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration No. 717
30 January 2026
Abu Dhabi
United Arab Emirates

WIO Bank (P.J.S.C.)
Statement of financial position as at 31 December 2025

	Notes	2025 AED '000	2024 AED '000
ASSETS			
Cash and deposits with Central Bank	5	7,610,730	6,382,330
Due from banks	5	1,808,832	1,549,126
Investment securities	6	47,967,335	28,507,933
Loans and advances	7	3,381,085	766,991
Other assets	8	251,591	131,101
Property and equipment		56,841	16,092
Intangible assets		473	1,103
Total assets		61,076,887	37,354,676
LIABILITIES			
Customer deposits	10	57,286,792	34,594,870
Other liabilities	11	814,656	553,589
Total liabilities		58,101,448	35,148,459
EQUITY			
Share capital	12	2,300,000	2,300,000
Statutory reserves	13	101,865	39,698
Other reserves	13	91,252	33,368
Fair value reserve	13	110,889	(36,661)
Retained earnings / (Accumulated losses)		371,433	(130,188)
Total equity		2,975,439	2,206,217
Total liabilities and equity		61,076,887	37,354,676

Signed by:  9067AE5DDD40473... H.E. Mansour Al Mulla Chairman	DocuSigned by:  55480690EF054DF... Jayesh Patel Chief Executive Officer	DocuSigned by:  EF7DC654D6534C2... Prakash Sunkara Chief Financial Officer
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The accompanying notes form an integral part of these financial statements.

WIO Bank (P.J.S.C.)
**Statement of profit or loss and other comprehensive income
for the year ended 31 December 2025**

	Notes	2025 AED '000	2024 AED '000
Interest income	14	2,106,786	1,209,253
Interest expense	14	(1,444,284)	(759,101)
Net interest income		662,502	450,152
Fee, commission and other income	15	956,590	560,058
Fee, commission and other expense	15	(373,509)	(206,743)
Fee, commission and other income		583,081	353,315
Investment loss		(318)	-
Total operating income		1,245,265	803,467
General and administrative expenses	16	(497,153)	(352,819)
Operating profit before impairment		748,112	450,648
Net impairment loss on financial assets and other provisions	17	(62,081)	(13,792)
Profit before tax for the year		686,031	436,856
Income tax	18	(64,359)	(41,873)
Profit after tax for the year		621,672	394,983
Other comprehensive income / (Loss)			
Items that may be subsequently reclassified to profit or loss:			
Fair value gain / (loss) on investment securities measured at FVTOCI – net of deferred tax	6	147,550	(36,661)
Other comprehensive income / (Loss) for the year		147,550	(36,661)
Total comprehensive income for the year		769,222	358,322

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

WIO Bank (P.J.S.C.)

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

		Issued capital	Statutory reserves	Other reserves	Fair value reserves	Retained Earnings / (Accumulated losses)	Total
	Notes	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Balance at 1 January 2025		2,300,000	39,698	33,368	(36,661)	(130,188)	2,206,217
Statutory reserve movement	13	-	62,167	-	-	(62,167)	-
Other reserve movement	13	-	-	57,884	-	(57,884)	-
Fair value reserve- net of deferred tax	13	-	-	-	147,550	-	147,550
Profit for the year		-	-	-	-	621,672	621,672
Balance at 31 December 2025		2,300,000	101,865	91,252	110,889	371,433	2,975,439

		Issued capital	Statutory reserves	Other reserves	Fair value reserves	(Accumulated losses)	Total
	Notes	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Balance at 1 January 2024		2,300,000	200	4,618	-	(456,923)	1,847,895
Statutory reserve movement	13	-	39,498	-	-	(39,498)	-
Other reserve movement	13	-	-	28,750	-	(28,750)	-
Fair value reserve- net of deferred tax	13	-	-	-	(36,661)	-	(36,661)
Profit for the year		-	-	-	-	394,983	394,983
Balance at 31 December 2024		2,300,000	39,698	33,368	(36,661)	(130,188)	2,206,217

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

WIO Bank (P.J.S.C.)
**Statement of cash flows
for the year ended 31 December 2025**

	Notes	2025 AED' 000	2024 AED' 000
Operating activities			
Profit before tax for the year		686,031	436,856
<i>Adjustments for:</i>			
Discount on investment securities		(1,425,311)	(877,602)
Provision for employee's end of service benefits		4,794	5,078
Depreciation charge for the year	16	15,453	8,002
Amortisation charge for the year	16	630	630
Net impairment loss on financial assets		61,473	13,792
Finance cost on lease liability for the year		923	246
Operating cash flows before movements in operating assets and liabilities		(656,007)	(412,998)
Increase in statutory deposits with Central bank		(1,014,736)	(1,469,100)
Increase / (decrease) in amounts due from banks maturing after three months		187,718	(143,642)
Increase in loans and advances		(2,665,960)	(762,687)
Increase in other assets		(153,226)	(73,216)
Increase in customer deposits		22,691,922	23,182,649
Increase in other liabilities		74,002	260,920
Cash generated from operating activities		18,463,713	20,581,926
Employees' end of service benefits paid		(1,877)	(1,658)
Net cash generated from operating activities		18,461,836	20,580,268
Investing activities			
Payments for purchases of property and equipment		(11,904)	(1,410)
Increase in investment securities		(17,784,698)	(18,285,274)
Net cash used in investing activities		(17,796,602)	(18,286,684)
Financing activities			
Payment of principal lease liability		(923)	(6,082)
Payment of finance cost on lease liability		(3,147)	(246)
Net cash used in financing activities		(4,070)	(6,328)
Net increase in cash and cash equivalents		661,164	2,287,256
Cash and cash equivalent at the beginning of the year		5,280,695	2,993,439
Cash and cash equivalents at the end of the year	5	5,941,859	5,280,695

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

Wio Bank (P.J.S.C.)**Notes to the financial statements
for the year ended 31 December 2025****1. Corporate Information**

Wio Bank PJSC (the "Bank") was incorporated in the Emirate of Abu Dhabi, United Arab Emirates ("UAE") as a Public Joint Stock Company with limited liability, on 23 February 2022 under provisions of the UAE Federal Decree Law No. (32) of 2021 (as amended). The Bank is licensed as commercial bank by Central Bank of the UAE.

The Bank's registered office is Etihad Airways Center, 5th Floor Al Muneera Street, P.O. Box 112437, Abu Dhabi, United Arab Emirates.

The principal activities of the Bank are to provide financial services digitally including granting of loans and advances and undertake other commercial banking services.

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

2. Basis of preparation and material accounting policies**2.1 Statement of compliance**

The financial statements of the Bank have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and applicable requirements of the laws of the UAE.

2.2 Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB). IFRSs comprise accounting standards issued by the IASB as well as Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

These financial statements have been prepared on historical cost basis except for assets held at fair value through other comprehensive income (FVOCI).

2.3 Functional and presentation currency

These financial statements are presented in United Arab Emirates Dirham ("AED"), which is the Bank's functional currency. Except as otherwise indicated, financial information presented in AED has been rounded to the nearest thousand.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

2. Basis of preparation and material accounting policies (continued)

2.4 Summary of material accounting policies

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Bank becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Classification of financial assets

(i) Debt instruments designated at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- 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.

Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at FVOCI.

The Bank does not have any financial assets which are measured at FVTPL.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

2. Basis of preparation and material accounting policies (continued)

2.4 Summary of material accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derivative financial instruments

The Bank enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange swaps. Further details of derivative financial instruments are disclosed in note 9. Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Bank has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Amortised cost and effective interest rate method

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

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

2. Basis of preparation and material accounting policies (continued)

2.4 Summary of material accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Amortised cost and effective interest rate method (continued)

If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Bank recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "finance income - interest income" line item.

Impairment of financial assets

The Bank recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost such as investments carried at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Bank recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Bank measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date; Please refer to note 22 for more disclosures explanation about ECL.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

2. Basis of preparation and material accounting policies (continued)

2.4 Summary of material accounting policies (continued)

Financial instruments (continued)

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

The Bank does not have any financial liabilities which are measured at FVTPL.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Investment securities

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

(a) debt investment securities measured at amortised cost: these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

(b) Debt securities measured at FVOCI.

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

(a) interest revenue using the effective interest method;

(b) ECL charges and reversals; and

(c) foreign exchange gains and losses

When a debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. The Bank elects to present in OCI changes in the fair value of certain investments that are not held for trading.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

2. Basis of preparation and material accounting policies (continued)

2.4 Summary of material accounting policies (continued)

Investment securities (continued)

The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable. Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss.

Derivatives

A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in the price of one or more underlying financial instrument, reference rate or index.

Derivative financial instruments are initially measured at fair value at trade date and are subsequently re-measured at fair value at the end of each reporting period. All derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. Derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty, a legal right of offset exists and the parties intend to settle the cash flows on a net basis.

Derivative fair values are determined from quoted prices in active markets where available. Where there is no active market for an instrument, fair value is derived from prices for the derivative's components using appropriate pricing or valuation models.

Loans and advances

Loans and advances are measured at amortised cost: they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method and are presented net of expected credit losses.

Contingencies and commitments

Contingencies are possible obligation or assets that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank. Further, the obligation arising from past events where the liability cannot be determined with reasonable certainty or probability of outflow of resources cannot be determined are also contingencies.

A commitment is a binding contract for the exchange of a specified quantity of resources at a specific price on specified future dates or date.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

2. Basis of preparation and material accounting policies (continued)

2.4 Summary of material accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents' include unrestricted balances held with Central Bank and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost net of allowances for impairment in the statement of financial position.

Due from banks

These are non-derivative financial assets that are stated at amortised cost, less any allowance for impairment.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any impairment in value. Depreciation is provided on a straight-line basis over the estimated useful lives of property and equipment. The rates of depreciation are based upon the following estimated useful lives:

Computer Hardware	4 years
Fixture and fittings	5 years
Leasehold improvements	Over the lease period or useful economic life whichever is shorter

The carrying values of properties and equipment are reviewed for impairment when events of changes in circumstances indicate the carrying value may not be recoverable. If any such conditions exist and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Any subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of profit or loss as the expense is incurred.

An item of property and equipment is derecognised upon disposal or when no further economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the statement of profit or loss in the year the asset is derecognised.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

2. Basis of preparation and material accounting policies (continued)

2.4 Summary of material accounting policies (continued)

Leases

Under IFRS 16, the Bank recognizes a right-of-use asset and a lease liability at lease commencement for all leases, except for short term leases and leases of low value assets.

The Bank initially measures the right-of-use asset at cost and subsequently measures at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The Bank initially measures the lease liability at the present value of the future lease payments discounted using the discount rate implicit in the lease. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

The Bank has elected to apply the expedient allowed by IFRS 16 on its general requirements to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets. For this, the Bank recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the lessee's benefits, similar to the current accounting for operating leases.

The Bank has presented right of use assets within 'Property and equipment' and lease liabilities within 'Other liabilities' in the statement of financial position.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The rate of amortization is based upon the following estimated useful life:

Computer software	4 years
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An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

SaaS Arrangements

The Banks recognises software asset at the contract commencement date if either (a) the contract contains a software lease or (b) the Bank otherwise obtains control of software at the contract commencement date. A contract that conveys to the Bank the right to receive access to the

supplier's application software in the future is neither a software lease nor an intangible software asset but rather a service the customer receives over the contract term.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

2. Basis of preparation and material accounting policies (continued)

2.4 Summary of material accounting policies (continued)

Impairment of non-financial assets

The carrying amounts are reviewed at each reporting date for indication of impairment. If any such indication exists for non-financial assets then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised in statement of comprehensive income if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised for the asset in prior periods.

Customer Deposits

Deposits are the main sources of funding for the Bank. Deposits are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

Employees' end of service benefits

Provision for staff end of service benefits for expatriate employees, included under other liabilities, is made in accordance with the UAE Federal Labour Law, and is determined as the liability that would arise if employment of all staff were terminated at the reporting date.

Where UAE nationals are employed by the Bank, these employees are registered in the scheme managed by Abu Dhabi Retirement Pensions and Benefits Fund Law.

An actuarial valuation has not been performed on employees' end of service benefits as the net impact of the discount rate and future salary and benefit levels on the present value of the benefits obligation is not expected to be significant by management.

Provisions

Provisions are recognised when the bank has a present obligation (legal or constructive), as a result of past events, and it is probable (more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

2. Basis of preparation and material accounting policies (continued)

2.4 Summary of material accounting policies (continued)

Taxation

Income tax expense comprises current and deferred tax.

Current tax is calculated on the taxable profit for the year, which differs from the net profit as reported in statement of profit or loss, as it excludes income or expense items that are taxable or deductible in other years and further excludes items that are non-deductible or non-taxable. The current tax liability is calculated using tax rates enacted or substantively enacted by the end of the reporting period. Provisions are recognized for uncertain tax positions when it is probable that there will be a future outflow of funds to a tax authority, measured at the best estimate of the amount expected to become payable.

Deferred tax is accounted for using the liability method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax bases. Deferred tax liabilities are recognized for all taxable temporary differences, except for goodwill and temporary differences arising from the initial recognition of assets and liabilities in transactions that do not affect taxable or accounting profit. 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. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, or the liability is settled, based on tax laws and rates enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted 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 relating to items recognized in other comprehensive income or directly in equity is also recognized in other comprehensive income or directly in equity, respectively. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same taxation authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

Interest income and expense

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

2. Basis of preparation and material accounting policies (continued)

2.4 Summary of material accounting policies (continued)

Interest income and expense (continued)

Amortised cost

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

Gross carrying amount

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

Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

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

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

Presentation

Interest income and expense presented in the statement of profit or loss include the interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.

Fees and commission

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

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

2. Basis of preparation and material accounting policies (continued)

2.4 Summary of material accounting policies (continued)

Fees and commission (continued)

Fee income is accounted for as follows:

- income earned on the execution of a significant act is recognised as revenue when the act is completed;
- income earned from the provision of services is recognised as revenue as the services are provided; and
- other fees and commission income and expense are recognised as the related services are performed or received.

Foreign currencies

Monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. The resulting gain / loss on monetary items is taken to the 'Fee commission and other income' in the statement of profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign currency differences arising on translation are generally recognised in the statement of profit or loss.

3 Application of new and revised IFRS as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards)

3.1 Standards and Interpretations in issue and effective

During the year, the Bank has applied the amendments to IAS 21. The application of these amendments to IFRS Accounting Standards has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for the Bank's future transactions or arrangements.

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

Wio Bank (P.J.S.C.)

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

3 Application of new and revised IFRS as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards) (continued)

3.2 Standards and Interpretations in issue but not yet effective

New standards and significant amendments to standards applicable to the Bank:	Effective for annual periods beginning on or after
Amendments to IFRS 9 and IFRS 7 - The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9.	January 1, 2026
Annual improvements to IFRS Accounting Standards.	January 1, 2026
IFRS 19 'Subsidiaries without Public Accountability' specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.	January 1, 2027
Presentation and disclosures in financial statements (IFRS 18) - The new standard contains requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.	January 1, 2027
Amendments to IFRS 19 'Subsidiaries without Public Accountability'- The amendments address reduced disclosures on supplier finance, excluding non-disclosure guidance, and replacing management-defined performance measure disclosures with a cross-reference to IFRS 18 for entities using those measures.	January 1, 2027
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28).	Effective date deferred indefinitely, available for early adoption.

The Bank has not early adopted any new and revised IFRS Accounting Standards that have been issued but are not yet effective. Management anticipates that these amendments will be adopted in the consolidated financial statements in the initial period when they become mandatorily effective. The impact of these standards and amendments are currently being assessed by the management.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

4 Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements in compliance with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates 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.

Critical judgements

In the process of applying the Bank's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Business model assessment

Classification and measurement of financial assets related to new investment initiatives depend on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Bank performs assessment of whether the business model continues to be appropriate for financial assets that are held by the Bank; where there is a change in the business model, classification of those assets is changed prospectively.

Key sources of estimation uncertainty

Valuation of financial instruments

The best evidence of fair value is a quoted price for the instrument being measured in an actively traded market. In the event that the market for a financial instrument is not active, a valuation technique is used. The majority of valuation techniques employ only observable market data and so the reliability of the fair value measurement is high. However, certain financial instruments are valued on the basis of valuation techniques that include one or more significant market inputs that are unobservable. Valuation techniques that rely to a greater extent on unobservable inputs require a higher level of management judgement to calculate a fair value than those based wholly on observable inputs.

Valuation techniques used to calculate fair values are discussed in note 21. Below are the judgements which management considers, while applying the model with valuation techniques:

- the likelihood and expected timing of future cash flows on the instrument. These cash flows are estimated based on the terms of the instrument, and judgement may be required when the ability of the counterparty to service the instrument in accordance with the contractual terms is in doubt. Future cash flows may be sensitive to changes in market rates;

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

4 Critical accounting judgments and key sources of estimation uncertainty

Key sources of estimation uncertainty (continued)

Valuation of financial instruments (continued)

- selecting an appropriate discount rate for the instrument. The determination of this rate is based on an assessment of what a market participant would regard as the appropriate spread of the rate for the instrument over the appropriate risk-free rate; and
- when applying a model with unobservable inputs, estimates are made to reflect uncertainties in fair values resulting from a lack of market data inputs, for example, as a result of illiquidity in the market. For these instruments, the fair value measurement is less reliable. Inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available from which to determine the level at which an arm's length transaction would occur under normal business conditions. However, in most cases there is some market data available on which to base a determination of fair value, for example historical data, and the fair values of most financial instruments are based on some market observable inputs even when unobservable inputs are significant.

Calculation of expected credit loss ("ECL")

The Bank assesses the impairment of its financial assets based on the ECL model. Under the expected credit loss model, the Bank accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Bank measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

When measuring ECL, the Bank uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Bank recognised an expected credit loss (ECL) charge on its financial instruments measured at amortised cost, including bank balances, investment securities, loans and other assets, for the year ended 31 December 2025 amounting to AED 56,415 thousand (year ended 31 December 2024: AED 12,302 thousand). The total allowance for ECL as at 31 December 2025 amounted to AED 69,891 thousand (31 December 2024: AED 13,476 thousand).

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

5 Cash and deposits with Central Bank and Due from Banks

	2025 AED '000	2024 AED '000
<i>Cash and deposits with Central Bank</i>		
Statutory deposits with Central bank	3,478,610	2,463,874
Current account and other balances with Central Bank	4,132,195	3,918,504
	7,610,805	6,382,378
Less: Expected credit loss	(75)	(48)
	7,610,730	6,382,330
<i>Due from banks</i>		
Current, call and short notice deposits	636,736	758,441
Term placements with Banks	1,172,928	791,468
	1,809,664	1,549,909
Less: Expected credit loss	(832)	(783)
	1,808,832	1,549,126
Total cash and deposits with Central bank and due from banks	9,419,562	7,931,456

Included under balances with the Central Bank of the UAE, a balance pertaining to overnight deposit facility amounting to AED 4,100,000 thousand as at 31 December 2025 (31 December 2024: AED 3,900,000 thousand). During the year, the overnight deposit facility was subject to a base interest rate ranging between 5.4% to 3.65%.

Cash and cash equivalents included in the statement of cash flow comprise the following statement of financial position amounts:

	2025 AED '000	2024 AED '000
Total cash and deposits with Central bank and due from banks	9,419,562	7,931,456
Less: Restricted bank balances*	(3,478,610)	(2,463,874)
Due from banks maturing after 3 months	-	(187,718)
Add: Expected credit loss on due from banks and Central bank	907	831
Cash and bank balances in the statement of cash flows	5,941,859	5,280,695

* The restricted balance comprises of the cash reserves kept with the Central Bank. These balances are not available for use in the Bank's day to day business.

Wio Bank (P.J.S.C.)
**Notes to the financial statements
for the year ended 31 December 2025**
6 Investment securities
At 31 December 2025

	AED '000 Domestic	AED '000 Regional	AED '000 International	AED '000 Total
Measured at amortised cost				
Government securities	37,050,044	251,114	-	37,301,158
Bonds – Banks and Financial Institutions	1,728,622	1,980,674	1,082,937	4,792,233
Bonds – Corporate	443,946	167,851	-	611,797
Gross investment at amortised cost	39,222,612	2,399,639	1,082,937	42,705,188
Less: Expected credit loss				(5,643)
Net investments at amortised cost				42,699,545

	AED '000 Domestic	AED '000 Regional	AED '000 International	AED '000 Total
Measured at FVOCI				
Government securities	397,970	509,607	-	907,577
Bonds – Banks and Financial Institutions	207,512	841,741	118,161	1,167,414
Bonds – Corporate	1,823,577	1,373,708	-	3,197,285
Gross investments at FVOCI	2,429,059	2,725,056	118,161	5,272,276
Less: ECL				(4,486)
Net investment at FVOCI				5,267,790
Net investment securities				47,967,335

Wio Bank (P.J.S.C.)
**Notes to the financial statements
for the year ended 31 December 2025**
6 Investment securities (continued)

Net fair value change reported as other comprehensive income during the year ended 31 December 2025 amounted to AED 147,550 thousand (31 December 2024: loss of AED 36,661 thousand) net of deferred tax asset.

As 31 December 2024	AED '000	AED '000	AED '000	AED '000
	Domestic	Regional	International	Total
<u>Measured at amortised cost</u>				
Government securities	23,735,093	133,619	311,924	24,180,636
Bonds – Banks and Financial Institutions	765,616	359,087	-	1,124,703
Bonds – Corporate	-	-	-	-
Gross investments at amortised cost	24,500,709	492,706	311,924	25,305,339
Less: Expected credit loss				(1,207)
Net investment securities				<u>25,304,132</u>
	AED '000	AED '000	AED '000	AED '000
	Domestic	Regional	International	Total
<u>Measured at fair value through other comprehensive income (FVOCI)</u>				
Government securities	182,465	307,942	91,597	582,004
Bonds – Banks and Financial Institutions	128,285	440,527	73,335	642,147
Bonds – Corporate	1,374,779	606,822	-	1,981,601
Gross investment securities measured at FVOCI	1,685,529	1,355,291	164,932	3,205,752
Less: Expected credit loss				(1,951)
Net investments at FVOCI				<u>3,203,801</u>
Net Investment Securities				<u>28,507,933</u>

Wio Bank (P.J.S.C.)
**Notes to the financial statements
for the year ended 31 December 2025**
6 Investment securities (continued)

The geographical distribution of investments is as follows:

	2025 AED '000	2024 AED '000
UAE	41,647,304	26,184,495
KSA	3,200,299	1,171,557
Qatar	1,099,674	417,140
USA	332,412	311,736
Others	1,687,646	423,005
	47,967,335	28,507,933

7 Loans and advances

	2025 AED '000	2024 AED '000
Term loan	1,817,634	275,475
Credit cards	578,519	231,573
Bills discounted	1,048,221	246,202
Overdrafts	-	25,164
Gross loans and advances	3,444,374	778,414
Less: Allowance for impairment	(63,289)	(11,423)
Loans and advances, net	3,381,085	766,991

	2025 AED '000	2024 AED '000
Corporate	1,558,203	300,639
SME	1,316,438	265,060
Retail	569,733	212,715
	3,444,374	778,414
Less: Allowance for impairment	(63,289)	(11,423)
	3,381,085	766,991

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

8 Other assets

	2025 AED '000	2024 AED '000
Accrued interest	153,956	65,643
Prepaid expenses	18,555	14,621
Deferred tax	-	3,589
Others	79,132	47,263
	251,643	131,116
	(52)	(15)
	251,591	131,101

9 Derivatives held for risk management

The table below shows the positive and negative fair values of derivative financial instruments, together with the notional amounts. The notional amount is the amount of a derivative's underlying asset, reference rate is the basis upon which changes in the value of derivatives are measured.

Foreign exchange swap transactions are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies. This risk is monitored on an ongoing basis through board approved limits on exposures.

As at 31 December 2025, the Bank placed cash collateral of AED 12.415 Million (2024: AED 1.98 Million) against net negative derivative exposure. These collaterals are governed by collateral service agreements under International Swaps and Derivatives Association (ISDA) agreements.

As at 31 December 2025	Positive Fair Value* AED '000	Negative Fair Value** AED '000	Notional Value AED '000
Foreign exchange swaps	9,697	567	1,451,471
As at 31 December 2024	Positive Fair Value* AED '000	Negative Fair Value** AED '000	Notional Value AED '000
Foreign exchange swaps	52	2,420	873,553

* The amount is included under 'Other Assets' (Note 8).

** The amount is included under 'Other Liabilities' (Note 11).

Wio Bank (P.J.S.C.)
**Notes to the financial statements
for the year ended 31 December 2025**
10 Customer deposits

	2025 AED '000	2024 AED '000
<i>By type:</i>		
Current accounts	18,428,981	11,086,125
Saving accounts	5,582,102	6,251,547
Time deposits	33,275,709	17,257,198
	57,286,792	34,594,870
<i>By segment:</i>		
Retail	41,979,549	25,057,449
Corporate and SME	15,307,243	9,537,421
	57,286,792	34,594,870

11 Other liabilities

	2025 AED '000	2024 AED '000
Accrued interest payable	224,530	205,761
Staff related liabilities*	123,948	89,378
Accrued expenses	97,375	78,944
Trade and other payables	79,258	61,165
Provision for corporate tax	65,836	41,873
VAT payable	35,794	24,192
Lease liability	52,297	11,666
Deferred Tax Liability	10,967	-
Deferred income	9,625	5,022
Others	115,026	35,588
	814,656	553,589

* This includes provision for performance bonus and provision for long term incentive. The Bank operates a long-term incentive plan in the form of phantom share under which selected employees are granted notional units that mirror the value of the Bank's shares. Phantom shares do not represent actual equity and carry no ownership or voting rights. The plan has vesting conditions for service rendered over a period.

As the plan is cash settled, it is accounted for in accordance with IFRS 2 – Share Based Payment. A liability is recognized for the services received, measured at the fair value of the phantom shares. The liability is re measured at each reporting date, and changes in fair value are recognized in profit or loss. The related expense is recognized over the vesting period. The liability is settled in cash upon vesting.

12 Share capital

The authorised and issued share capital of the Bank is 2,300,000 thousand shares at a nominal value of AED 1 per share. The capital was paid in cash by the shareholders in February 2022.

On 8 October 2023, the Bank has obtained the approval from the Central Bank of UAE to decrease share capital by AED 50 million.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

13 Reserves

Statutory reserves

As required by the UAE Federal Law No. (32) of 2021 (as amended), 10% of the Bank's net profit for the year required to be transferred to the legal reserve until this reserve reaches half of the share capital. The reserve is not available for distribution. For the year ended 31 December 2025, the Bank made a profit of AED 621,672 thousand (Profit for the year ended 31 December 2024 was a profit of 394,983 thousand) and has accordingly made provision of AED 62,167 thousand for the reserve during the year (for the year ended 31 December 2024 the provision was 39,498 thousand).

Other reserves

As per the new Credit Risk Management Standards (CRMS) issued by the Central Bank of the UAE (CBUAE) under Circular No. 3/2024, effective from 30 November 2024, banks must ensure that the total provisions for all Stage 1 and Stage 2 exposures are not less than 1.50% of the credit risk-weighted assets, as calculated under the CBUAE capital regulations.

Where the collective provisions held are lower than this minimum, the shortfall must be recorded in a dedicated, non-distributable balance sheet reserve called the 'impairment reserve – general'. The amount held in the impairment reserve – general must be deducted from the capital base (Tier 1 capital for banks)

when computing regulatory capital. The computation of non-distributable impairment reserve - general created during the year is as follows:

	2025 AED '000	2024 AED '000
Minimum provision for stage 1 and stage 2 as per CBUAE requirements	143,402	47,275
Less: Stage 1 and Stage 2 impairment provision taken against income	(52,150)	(13,907)
Shortfall in stage 1 and stage 2 provision to meet minimum CB UAE requirements	91,252	33,368
Balance of impairment reserve - general as at 1 January	33,368	4,618
Add: Non distributable reserve created during the year	57,884	28,750
Balance of impairment reserve - general as at 31 December	91,252	33,368

Fair value reserves

Fair value reserve includes the net change in fair value of FVOCI financial assets. The movement in the Fair value reserves as follows:

	2025 AED '000	2024 AED '000
As at January 1, 2025	(36,661)	-
Net fair value changes of debt instruments designated at FVTOCI	159,569	(42,201)
Changes in allowance for expected credit losses on debt instrument CB UAE requirements	2,537	1,951
Related tax impact	(14,556)	3,589
As at December 31, 2025	110,889	(36,661)

Wio Bank (P.J.S.C.)
**Notes to the financial statements
for the year ended 31 December 2025**
14 Net interest income

	2025 AED '000	2024 AED '000
<i>Interest income</i>		
Balances with the Central Bank	159,751	139,174
Placements with banks	40,170	49,931
Investments securities	1,798,854	1,003,265
Loans and advances	108,011	16,883
Total interest income	2,106,786	1,209,253
<i>Interest expense</i>		
Customer accounts and deposits	(1,442,364)	(759,101)
Deposits from banks	(1,920)	-
Total interest expense	(1,444,284)	(759,101)
Net interest income	662,502	450,152

15 Net fees, commission and other income

	2025 AED '000	2024 AED '000
<i>Fees, commission and other income</i>		
Foreign exchange income	387,525	237,595
Cards related fees	370,268	197,420
Account related fees	198,797	125,043
Total fees, commission and other income	956,590	560,058
<i>Fees, commission and other expenses</i>		
Card related charges	(258,144)	(139,303)
Accounts related charges	(51,813)	(23,644)
Other charges	(63,552)	(43,796)
Total fees, commission and other expenses	(373,509)	(206,743)
Net fees, commission and other income	583,081	353,315

Wio Bank (P.J.S.C.)
**Notes to the financial statements
for the year ended 31 December 2025**
16 General and administrative expenses

	2025 AED '000	2024 AED '000
Staff costs	229,807	158,827
Technology and outsourcing expenses	183,752	112,615
Marketing related expenses	26,105	21,986
Service, legal and professional fees	9,606	27,618
Depreciation	15,453	8,002
Amortization	630	630
Others	31,800	23,141
	497,153	352,819

17 Net impairment loss on financial assets and other provisions

	2025 AED '000	2024 AED '000
Net impairment of loans and receivables	51,866	10,939
Net impairment of due from banks	49	254
Net impairment of investment securities	4,436	1,085
Net impairment of cash and deposits with Central Bank	27	40
Other impairments and provisions	5,095	1,474
Write offs - net	608	-
	62,081	13,792

18 Income Tax

On December 9, 2022, the United Arab Emirates (UAE) Ministry of Finance (MoF) released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (CT Law) to enact a new CT regime in the UAE.

The new CT regime has become effective for accounting periods beginning on or after June 1, 2023. As the Bank's accounting year ends on December 31, the tax period is from January 1, 2025 to December 31, 2025, with the respective tax return to be filed on or before September 30, 2026.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

18 Income Tax (continued)

Below is the summary of total income tax expense recognized in the statement of profit or loss and other comprehensive income:

	2025 AED '000	2024 AED '000
Current tax expense	64,359	41,873
Total tax expense recognized in the statement of profit or loss	64,359	41,873

Below is the summary of income tax expense recognized in other comprehensive income:

	2025 AED '000	2024 AED '000
Deferred tax expense		
Fair value movement on debt securities measured through other Comprehensive	14,556	(3,589)
Total deferred tax expense	14,556	(3,589)
Total items that may be reclassified subsequently to the statement of profit or loss and other comprehensive income	-	-

Tax expense is the tax payable on the current year's taxable profits based on the applicable tax rate, adjusted for any changes in deferred tax assets or liabilities. Tax expense is recognized in the statement of profit or loss except when the tax relates to items directly recognized in Other Comprehensive Income, in which case it is recognized in Other Comprehensive Income.

The tax rate applicable in the United Arab Emirates is 9% (2024: 9%) for taxable profits exceeding AED 375,000. The overall effective tax rate for the Bank is 9.38% (2024: 9.58%).

The difference between the applicable tax rate in the UAE of 9% (2024: 9%) and the Bank's effective tax rate of 9.38% (2024: 9.59%) arises due to various adjustments being made in accordance with the Corporate Tax law.

The reconciliation of tax expense to the accounting profit before tax is as follows:

	2025 AED '000	2024 AED '000
Profit before taxation	686,031	436,856
Prima facie tax expense at 9% (2024: 9%)	61,743	39,317
Tax effect of difference:		
Tax effect of non-deductible expenses	2,616	2,556
Income tax expense	64,359	41,873

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

18 Income Tax (continued)

Elements of deferred tax

	Opening Balance AED'000	Income Statement AED'000	OCI AED'000	Equity AED'000	Closing Balance AED'000
For the year the ended December 31, 2025					
Un-realized fair value loss of debt instruments measured through OCI	(3,589)	-	14,556	-	10,967
Total deferred tax	(3,589)	-	14,556	-	10,967

	Opening Balance AED'000	Income Statement AED'000	OCI AED'000	Equity AED'000	Closing Balance AED'000
For the year the ended December 31, 2024					
Un-realized fair value loss of debt instruments measured through OCI	-	-	(3,589)	-	(3,589)
Total deferred tax	-	-	(3,589)	-	(3,589)

19 Commitments and contingent liabilities

The Bank has contractual commitments to suppliers amounting to AED 91.31 million (2024: AED 38.83 million).

20 Related party balances and transactions

In the ordinary course of its activities, the Bank enters into transactions with related parties, comprising associates, directors, major shareholders, key management and their related concerns.

Key management personnel are those with authority and responsibility for planning, directing, and controlling the Group's activities, including the directors, CEO, and Management Executive Committee members. All transactions involving actual or potential conflicts of interest by directors or related parties are submitted to the Board for review and approval. The Bank seeks to conduct related-party transactions on arm's-length terms in compliance with applicable laws and regulations. The bank maintains a conflicts and related-party register, regularly reviewed by the Corporate Governance Committee. The Board monitors other commitments of directors and senior management through a Directors' Conflict of Interest Policy supported by written declarations confirming no conflicting duties or that adequate controls exist when conflicts arise. Senior management are also bound by a Code of Conduct and Conflict of Interest Policy requiring disclosure of any entities in which they or their relatives have an interest.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

20 Related party balances and transactions (Continued)

Balances with related parties at the reporting date are shown below:

	Ultimate controlling party and its related parties AED '000	Directors and their related parties AED '000	Senior Management personnel and their related parties AED '000	Total AED '000
2025				
Investment securities with related parties	1,210,862	-	-	1,210,862
Due from related parties included in loans and advances	200,000	-	497	200,497
Due from related parties included in other assets	13,770	-	-	13,770
Deposits placed by related parties	569,537	1,949	24,040	595,526
Interest payable	162	5	-	167
	Ultimate controlling party and its related parties AED '000	Directors and their related parties AED '000	Senior Management personnel and their related parties AED '000	Total AED '000
2024				
Investment securities with related parties	806,233	-	-	806,233
Due from related parties included in loans and advances	25,459	-	-	25,459
Due from related parties included in other assets	7,692	-	-	7,692
Deposits placed by related parties	268,082	12,955	10,096	291,133
Interest payable	295	-	-	295

Transactions carried out during the year with related parties are shown below:

	2025 AED '000	2024 AED '000
Interest income from related parties	51,904	17,343
Interest and other expense	9,493	12,590
Director's remuneration	3,885	4,045
	2025 AED '000	2024 AED '000
Referral fees*	35,162	16,753

* The Bank entered into an agreement with a related party wherein the Bank will pay monthly referral costs for active accounts of customers opened through referrals made by the related party.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

20 Related party balances and transactions (Continued)

Compensation of key management personnel

The compensation of key management personnel during the year was as follows:

	2025	2024
	AED '000	AED '000
Salaries and benefits – short term	23,709	22,915
Post-employment benefits	1,285	895
Remuneration paid to Directors	3,885	4,045
	28,879	27,855

21 Risk Management

Risk management is effectively placed at the core of the Bank's decision-making processes across the organization. Risk is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls in accordance with regulatory and Board requirements

(a) Risk Governance Framework

The risk governance framework is based on the overall strong corporate governance structure in the Bank. The Bank has a formally documented the Risk Management Framework and a Risk Appetite Statement policy that cover the following:

- Establish principles of risk management that are common across all risks and lines of defence.
- Details the governance structure, roles and responsibilities of all stakeholders in relation to risk management.
- Outlines the risk strategy and risk appetite.
- Outline approach to risk management across the risk management lifecycle.

The Bank's governance structure is anchored by a robust and effective Board, reinforced by specialized Board Committees, tasked with executing their roles and responsibilities. The Board Risk and Compliance Committee (BRCC) oversees management, monitoring and review of financial and non-financial risks. It works with management to define risk appetite and strategy as appropriate for particular sectors, geographic regions and customer types. It periodically reviews and monitors compliance with the Bank's overall risk appetite and makes recommendations to the Board based on current and emerging risks.

The BRCC receives on a periodic basis, portfolio level briefings from the Bank's Chief Risk Officer (CRO) along with deep dives on risk issues, including Bank's portfolio trends, policy parameters, operational resilience, UAE and other market risk profiles, key risk indicators, results of stress testing and changes to the assumptions, liquidity measures, capital adequacy and planning. The BRCC is authorized to investigate or seek any information relating to any activity within its terms of reference.

The Management Risk and Compliance Committee (MRCC) has primary responsibility for implementing, overseeing, and taking ownership for the enforcement of risk strategy and internal control directives laid down by the Board and Board committees.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

21 Risk Management (continued)

(a) Risk Governance Framework (continued)

In addition to MRCC, other management level committees that actively manage risk and compliance include:

- Assets and Liabilities Management Committee (ALCO),
- Credit Risk Committee (CRC), and

The Risk Management function headed by the CRO reports independently to BRCC and administratively to the Bank Chief Executive Officer (CEO). The risk function is independent of the origination, and sales function to ensure balance in risk reward decision is not compromised and to ensure transparency of decisions in accordance with laid down standards and policies. Credit underwriting currently resides within the Risk function and is overseen by the Bank's Head of Credit Risk. The risk function exercises control over all areas of risks. Each key risk function is established as independent unit under the Bank Risk Management and has functional heads leading them. These includes credit, operational, fraud , data management, model risk and enterprise risk.

Board Audit Committee (BAC) provides assistance to the Board to fulfil its duties to ensure and oversee the Bank's financial statements, independence and performance of the Bank's external and internal auditors, adherence with legal and regulatory requirements and internal policies and internal control over financial reporting. BAC also has oversight of the Bank's compliance activities (financial crime prevention, anti-money laundering, know your customer requirements, etc.) and CBUAE standards and regulations that affect the operations of the Bank.

The Internal Audit function (IAF) aims to apply a systematic and disciplined approach to evaluating and improving the effectiveness of the Bank's risk management, control, and governance processes. The IAF reports directly to BAC. The IAF consists of a team of auditors, whose tasks are, among other things, to evaluate the quality of the Bank's lending portfolio, controls in operational processes and the integrity of the Bank's information systems and databases. The IAF auditors, alongside the compliance department, also ensure that transactions undertaken by the Bank are conducted in compliance with applicable legal and regulatory requirements and in accordance with the Bank's internal procedures, thereby minimising the risk of fraudulent, improper, or illegal practices.

Three lines of defence model

The Bank has an activity-based three lines of defence model. The lines of defence structure are put in place to ensure a clear segregation between risk ownership (First line of defence), risk oversight and stewardship (Second line of defence) and independent assurance (Third line of defence) to support the effective identification, assessment, management and reporting of risks.

Risk appetite

The Bank's risk appetite framework is based on a comprehensive perspective of its business model, organisational capabilities and skills and financial strength. By taking this holistic perspective, The Bank ensures that the defined risk appetite measures are well grounded in the Bank capabilities and realistically achievable. It not only broadens the perspective on potential risks, but also mitigating actions and ambitions to improve its risk management capabilities. The risk appetite is formally articulated through the RAS (risk appetite statement) which is approved by the Board. The Bank's risk appetite statement has the following key call-outs:

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

21 Risk Management (continued)

(a) Risk Governance Framework (continued)

Risk appetite (continued)

- Covers all key material risks articulated via qualitative and quantitative metrics.
- Framework covers Bank and develops its RAS within the Bank's framework. The RAS is reviewed on an annual basis.
- Periodic update to the Board Risk and Compliance Committee via a dashboard to monitor all metrics.
- Risk identification, assessment and mitigation

The Bank identify and assess various types of risk and the risk management policies are designed to measure, monitor and control these risks. The Bank also conducts periodic stress tests to understand potential vulnerabilities and inform capital and liquidity decisions and also regularly scans the threat landscape and introduces new policies and functions to complement its suite of policies.

Culture and training

Regular training and development is recognized as an essential element in the successful execution of the Bank's risk strategy. Comprehensive ongoing training as well as specific learning and development opportunities are provided to employees including the following:

- Foundational basic awareness: Introductory training at all levels, including risk content within the Bank's induction programme for all new joiners, and mandatory eLearning for all existing employees.
- Role specific tailored content: Role specific training across all departments with deep dives on specific topics such as Fraud risk.

Communication relating to risk management, policies, and procedures are coordinated to ensure messages are delivered effectively to relevant recipients. Broad range of communication methods including circulars, memos, emails, town halls, etc. are used based on the urgency.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

21 Risk Management (continued)

(b) Financial instruments

Classes and categories of financial instruments and their fair values

Business Model Assessment

Classification and measurement of financial assets depends on the results of the solely payment of principal and profit (SPPI) and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Bank monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate, whether there has been a change in business model and so a prospective change to the classification of those assets.

Impairment Losses

Significant increase of credit risk

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

Expected credit losses are measured at the product level to ensure alignment with the underlying risk profile and behaviour of each exposure type.

Models and assumptions used

The Bank uses an ECL model supported by various assumptions to measure expected credit losses on financial assets. Judgement is applied in determining the appropriateness of the model for different asset types and in setting the assumptions that underpin the measurement.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

21 Risk Management (continued)

(b) Financial instruments (continued)

Categories in Financial Instruments

The following tables analyse the Bank's financial assets and financial liabilities in accordance with categories of financial instruments under IFRS 9 as at December 31, 2025.

	Debt instruments classified as		
	FVOCI	Amortized Cost	Total
	AED '000	AED '000	AED '000
31-Dec-25			
ASSETS			
Cash and deposits with Central banks	-	7,610,730	7,610,730
Due from banks	-	1,808,832	1,808,832
Investment securities	5,267,790	42,699,545	47,967,335
Loans and receivables	-	3,381,085	3,381,085
Other assets	-	251,591	251,591
Total Financial Assets	5,267,790	55,751,783	61,019,573
LIABILITIES			
Customer deposits	-	57,286,792	57,286,792
Other liabilities	-	814,656	814,656
Total Financial Liabilities	-	58,101,448	58,101,448

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

21 Risk Management (continued)

(b) Financial instruments (continued)

Categories in Financial Instruments (continued)

	Debt instruments classified as FVOCI AED '000	Amortized Cost AED '000	Total AED '000
31-Dec-24			
ASSETS			
Cash and deposits with Central banks	-	6,382,330	6,382,330
Due from banks	-	1,549,126	1,549,126
Investment securities	3,203,801	25,304,132	28,507,933
Loans and receivables	-	766,991	766,991
Other assets	-	131,101	131,101
Total Financial Assets	3,203,801	34,133,680	37,337,481
LIABILITIES			
Customer deposits	-	34,594,870	34,594,870
Other liabilities	-	553,589	553,589
Total Financial Liabilities	-	35,148,459	35,148,459

Fair Value Heirarchy

Fair value measurements recognised in the financial statements

The fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Quoted market prices – Level 1

Financial instruments are classified as Level 1 if their values are observable in an active market. 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.

Valuation techniques using observable inputs – Level 2

Financial instruments classified as Level 2 have been valued using models whose inputs are observable in an active market. Valuation based on observable inputs includes financial instruments such as swaps and forwards which are valued using market standard pricing techniques and options that are commonly traded in markets where all the inputs to the market standard pricing models are observable.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

21 Risk Management (continued)

(b) Financial instruments (continued)

Valuation techniques using significant unobservable inputs – Level 3

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market.

Unobservable input levels are generally determined based on observable inputs of a similar nature, historical observations, or other analytical techniques. This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

Except as detailed in the following table, the Management considers that the carrying amounts of financial assets and liabilities recognised in the financial statements do not materially differ from their fair values.

		Level 1	Level 2	Level 3		
		Quoted market prices	Observable inputs	Significant unobservable inputs	Total Fair Value	Carrying Value
	Notes	AED '000	AED '000	AED '000	AED '000	AED '000
31-Dec-25						
Assets at fair value						
Investment securities, net						
- At fair value through other comprehensive income	6	5,272,276	-	-	5,272,276	5,267,790
- at amortised cost	6	42,747,102	-	-	42,747,102	42,699,545
Derivatives	9	-	1,461,168	-	1,461,168	1,451,471
		48,019,378	1,461,168	-	49,480,546	49,418,806
31-Dec-24						
Assets at fair value						
Investment securities, net						
- At fair value through other comprehensive income	6	3,203,801	-	-	3,203,801	3,203,801
- at amortised cost	6	25,304,133	-	-	25,304,133	25,304,132
Derivatives	9	-	873,605	-	873,605	873,553
		28,507,934	873,605	-	29,381,539	29,381,486

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

21 Risk Management (continued)

(c) Credit risk

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

The CRO together with Head of Credit Risk are responsible for managing the Bank's credit risk by:

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

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

21 Risk Management (continued)

(c) Credit risk (continued)

- Managing the credit exposure relating to its trading activities by entering into master netting agreements and collateral arrangements with counterparties in appropriate circumstances and limiting the duration of exposure. In certain cases, the Bank may also close out transactions or assign them to other counterparties to mitigate credit risk.
- Overseeing collections and recovery activities to ensure timely follow-up on overdue accounts, effective remediation strategies and consistent application of the Bank's recovery policies.

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

The BRCC that has been delegated by the Board for the implementation of adequate policies, procedures, processes, systems and controls for assessing the Bank's overall credit and concentration risk including expected credit losses are maintained in line with or above regulatory requirements has reviewed and approved the impact of new credit risk management standards.

The Bank 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.

Risk ratings

Credit risk ratings

Given the Bank's recent establishment, internal credit rating models are not yet in place. These models will be developed progressively as adequate historical and behavioural data is accumulated. Currently, the Bank uses a benchmark internal credit ratings for the scope of SCF loans.

Significant increase in credit risk (SICR)

The Bank monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Bank will measure the loss allowance based on lifetime rather than 12-month ECL. The Bank uses different criteria to determine whether credit risk has increased significantly. The criteria used are qualitative as well as quantitative such as significant increase in point-in-time (PIT) PD since origination, 30 days past due (DPD) and restructured in the last 12 months.

The SICR indicators per type of asset and the rating deterioration that are determined to be significant are summarised below.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

21 Risk Management (continued)

(c) Credit risk (continued)

SICR – from stage 1 to stage 2 for non-retail loans and advances, debt instruments and money market instruments

Criteria to determine whether credit risk has increased significantly are as follows:

- Customer level DPD more than 30 days past due (DPD)
- All other criteria as per CBUAE such as 3 or more deferrals in the last 24-month period

In addition to above rating deterioration criteria, the Bank also considers other qualitative SICR indicators as required in IFRS 9 and CBUAE regulations.

Default – Stage 3

The Bank employs customer level staging for all customers. All customers that have facilities that are 90 DPD or that have assessed as unlikely to pay are classified as stage 3. The unlikeliness to pay assessment is undertaken using a mix of qualitative and quantitative criteria.

In addition, the Bank also follows a probation period for backward transition of staging -

Cool off period Stage 2 to 1

Non-Retail : 1 month cool off period, during which DPD should never be greater than 5 For revolving credits classified under Stage 2, they must remain in Stage 2 until renewals have been successfully completed and sustained over a minimum period of 12 months

Retail: 1 month cool off period, during which DPD should never be greater than 5 For revolving credits classified under Stage 2, they must remain in Stage 2 until renewals have been successfully completed and sustained over a minimum period of 12 months.

Cool off period Stage 3 to 2 and to 1

Non-retail Cool off period Stage 3 to Stage 2: 3 continuous months cool off period, during which DPD should never be greater than 5.

Retail Cool off period Stage 3 to Stage 2: 3 continuous months cool off period, during which DPD should never be greater than 5.

The Bank has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit risk are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

21 Risk Management (continued)

(c) Credit risk (continued)

Measurement of ECL

The key inputs used for measuring ECL are:

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

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

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time.

As the bank is newly established, it uses benchmark Default rates from external sources, and assesses the probability of default using a structural model and forward-looking approach. The Bank also uses benchmark LGD from external sources.

EAD 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 and expected drawdowns on committed facilities. The Bank's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The Bank uses EAD models that reflect the characteristics of the portfolios.

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

Given the uses of benchmark inputs and the fact that the bank doesn't have sufficient credit history in the past, the bank uses an overlay approach to supplement the ECL computed by the model.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

21 Risk Management (continued)

(c) Credit risk (continued)

Maximum exposure to credit risk

The gross exposure to credit risk for on balance sheet items is their carrying value. For loans and other credit related commitments that are irrevocable over the life of the respective facilities, the gross exposure to credit risk is the full amount of the committed facilities.

The following table presents the maximum exposure to credit risk for amortised cost financial instruments, derivative financial instruments, investment securities (bonds), financial instruments at fair value through profit or loss and off-balance sheet financial instruments as at December 31, 2025 and 2024, after allowance for impairment and netting where appropriate and after taking into account any collateral held or other credit risk mitigants (CRMs).

	On-balance sheet AED '000	Off-balance sheet AED '000	Gross credit risk exposure AED '000	Gross CRMs AED '000	Maximum credit risk exposure AED '000
31-Dec-25					
Cash and deposits with Central banks	7,610,730	-	7,610,730	-	7,610,730
Due from banks	1,808,832	-	1,808,832	-	1,808,832
Investment securities	47,967,335	-	47,967,335	-	47,967,335
Loans and receivables	3,381,085	5,170	3,386,255	5,179	3,381,085
Other assets	251,591	-	251,591	-	251,591
Total Assets	61,019,573	5,170	61,024,743	5,179	61,019,573
31-Dec-24					
Cash and deposits with Central banks	6,382,330	-	6,382,330	-	6,382,330
Due from banks	1,549,126	-	1,549,126	-	1,549,126
Investment securities	28,507,933	-	28,507,933	-	28,507,933
Loans and receivables	766,991	-	766,991	-	766,991
Other assets	131,101	-	131,101	-	131,101
Total Assets	37,337,481	-	37,337,481	-	37,337,481

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

21 Risk Management (continued)

(c) Credit risk (continued)

Gross exposure

An analysis of the Bank's credit risk exposure per class of financial asset, internal rating and "stage" without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total AED '000
31-Dec-25				
Cash and deposits with				
Central banks	7,610,805	-	-	7,610,805
Due from banks	1,809,664	-	-	1,809,664
Investment securities	47,977,464	-	-	47,977,464
Loans and receivables	3,413,978	8,169	22,227	3,444,374
Other assets	251,643	-	-	251,643
Total Assets	61,063,554	8,169	22,227	61,093,950
31-Dec-24				
Cash and deposits with				
Central banks	6,382,378	-	-	6,382,378
Due from banks	1,549,909	-	-	1,549,909
Investment securities	28,511,091	-	-	28,511,091
Loans and receivables	775,065	1,829	1,520	778,414
Other assets	131,116	-	-	131,116
Total Assets	37,349,559	1,829	1,520	37,352,908

Concentration of credit risk

Concentration of credit risk arises when a number of counterparties or exposures have comparable economic characteristics or such counterparties are engaged in similar activities or operate in the same geographical areas or economic sectors that would impact their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The analysis of credit risk concentrations presented below are based on the location of the counterparty or customer or country of risk in which they are engaged.

Wio Bank (P.J.S.C.)
Notes to the financial statements
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21 Risk Management (continued)

(c) Credit risk (continued)

Concentration of credit risk (continued)

(i) Analysis by economic activity for assets:

The Bank monitors concentrations of credit risk by economic activity sector. The analysis by economic activity is as follows:

Loans and receivables	2025		2024	
	Within UAE	Outside of UAE	Within UAE	Outside of UAE
	AED '000	AED '000	AED '000	AED '000
Manufacturing	524,189	-	57,468	-
Construction	-	-	696	-
Trade	668,893	-	185,877	-
Transport and communication	-	-	722	-
Services	670,721	-	-	-
Sovereign	-	-	-	-
Personal	569,924	-	212,884	-
Real estate	-	-	528	-
Hotels and restaurants	-	-	5,308	-
Management of companies and enterprises	-	-	844	-
Financial institutions and investment companies	367,300	615,228	25,174	275,475
Others	28,119	-	13,438	-
Total Assets	2,829,146	615,228	502,939	275,475
Less: Expected credit loss	(62,503)	(786)	(11,209)	(214)
	2,766,643	614,442	491,730	275,261

Loans and advances to customers is the main source of credit risk although the Bank can also be exposed to other forms of credit risk through, for example, loans to banks, loan commitments and debt securities. The Bank's risk management policies and processes are designed to identify and analyse risk, to set appropriate risk appetite and to monitor the risks and adherence to limits by means of reliable and timely data. The Bank assesses the probability of default of individual counterparties using internal tools tailored to the various categories of counterparties.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing the lending limits where appropriate.

Collateral

As at 31 December 2025, the Bank's credit exposures are predominantly unsecured. The only collateral held relates to cash deposits placed against bank guarantee facilities, amounting to AED 5,170 thousand, which fully cover the outstanding bank guarantee commitments.

Wio Bank (P.J.S.C.)
Notes to the financial statements
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21 Risk Management (continued)

(c) Credit risk (continued)

(i) Analysis by economic activity for assets: (continued)

Write-off

Financial assets are written off when a debtor fails to engage in a repayment plan and the Bank has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Bank categorises a loan or receivable for write off when a debtor fails to make contractual payments more than 180 days past due for all customers. Where loans or receivables have been written off, the Bank continues to engage in enforcement activity to attempt to recover the receivable due.

Where recoveries are made subsequently, these are recognised as deduction from impairment charge in the statement of profit or loss and other comprehensive income (Note 17).

Reversal of impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognised in the income statement in the period in which it occurs.

(ii) Classification of investment securities as per their external ratings

As of 31 December 2025,

Ratings:

AA- to AA+

A- to A+

Lower than A-

Unrated

Less: Expected credit losses

FVOCI - Debt instruments	Amortised cost	Total
AED '000	AED '000	AED '000
1,947,724	37,426,986	39,374,710
3,145,466	4,043,745	7,189,211
179,086	1,046,783	1,225,869
-	187,674	187,674
(4,486)	(5,643)	(10,129)
5,267,790	42,699,545	47,967,335

As of 31 December 2024,

Ratings:

AA- to AA+

A- to A+

Lower than A-

Unrated

Less: Expected credit losses

FVOCI - Debt		
AED '000	Amortised cost	Total
	AED '000	AED '000
1,651,080	24,082,810	25,733,890
1,411,052	1,222,529	2,633,581
143,620	-	143,620
-	-	-
(1,951)	(1,207)	(3,158)
3,203,801	25,304,132	28,507,933

Wio Bank (P.J.S.C.)
Notes to the financial statements
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21 Risk Management (continued)

(c) Credit risk (continued)

(iii) 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.

	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
	AED '000	AED '000	AED '000	AED '000
<i>31-Dec-25</i>				
Balance at 1 January	775,065	1,829	1,520	778,414
Transfers from stage 1	(6,922)	1,161	5,761	-
Transfers from stage 2	308	(1,508)	1,200	-
Transfers from stage 3	122	-	(122)	-
New financial assets, net of repayments	2,645,405	6,687	13,868	2,665,960
Total gross loans and receivables	3,413,177	8,169	22,227	3,444,374
Expected credit losses	(38,158)	(2,904)	(22,227)	(63,289)
Carrying amount	3,375,820	5,265	-	3,381,085
<i>31-Dec-24</i>				
Balance at 1 January	15,726	-	-	15,726
Transfers from stage 1	(4)	4	-	-
New financial assets, net of repayments	759,343	1,825	1,520	762,688
Total gross loans and receivables	775,065	1,829	1,520	778,414
Expected credit losses	(8,320)	(1,583)	(1,520)	(11,423)
Carrying amount	766,745	246	-	766,991

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

21 Risk Management (continued)

(c) Credit risk (continued)

(iv) Amounts arising from ECL

	12-month ECL AED '000	Lifetime ECL not credit- impaired AED '000	Lifetime ECL credit- impaired AED '000	Total AED '000
<i>31-Dec-25</i>				
Balance at 1 January	8,320	1,583	1,520	11,423
Transfers from stage 1	(83)	17	66	-
Transfers from stage 2	12	(70)	58	-
Transfers from stage 3	119	-	(119)	-
Allowances for impairment made during the year	16,293	(1,240)	20,702	35,755
Exchange and other adjustments	13,497	2,614	-	16,111
Closing balance	38,158	2,904	22,227	63,289
<i>31-Dec-24</i>				
Balance at 1 January	483	-	-	483
Allowances for impairment made during the year	7,837	1,583	1,520	10,940
Closing balance	8,320	1,583	1,520	11,423

(d) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

Market Risk affects the Bank due to its:

- FVOCI; and
- Amortised Cost portfolios

Wio Bank (P.J.S.C.)
Notes to the financial statements
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21 Risk Management (continued)

(d) Market risk (continued)

The Bank predominantly pursues opportunities in the market that exposes itself to the following categories of market risk – which are actively managed and monitored:

- Interest Rate Risk: losses in value due to changes in the level, slope and curvature of yield curves, the volatility of interest rates and changes in credit spreads;
- FX Risk: losses in value due to exposures to changes in spot prices, forward prices and volatilities of currency rates;

Treasury Department is accountable for managing market risk within the approved limits. The Banking Book includes financial instruments not held with trading intent that arise from the management of Interest Rate risk and FX risk from the Bank's assets and liabilities, and other financial investments designated as either FVOCI or Amortised Cost.

Market risk oversight and management process

As part of the Bank's enterprise-wide risk management framework, an extensive governance processes is applied to the market risk taking activities. This governance framework includes, inter alia:

- Approval by the Board Risk and Compliance Committee and Asset-Liability Committee of a set of risk limits with appropriate monitoring, reporting and limits excesses' escalation procedures;
- A comprehensive set of policies, procedures and limits; and the bank is not significantly exposed to structural FX Risk – which is a component of market risk – since the majority of the assets and liabilities of the Bank are denominated predominately in either AED or in USD-pegged currencies from other GCC countries.

Major currency-wise open positions of the Bank are as follows:

	2025	2024
	Long/ (Short)	Long/ (Short)
	AED '000	AED '000
U.S. Dollar (USD)	8,376,895	1,861,705
Euro (EUR)	13,306	(75,351)
British Pound (GBP)	5,511	(64,501)
Saudi Riyal (SAR)	16,395	16,574
Indian Rupee (INR)	4,259	6,868

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Notes to the financial statements
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21 Risk Management (continued)

(e) Operational risk

Overview

The Bank defines operational risk as the risk of loss (or gain) arising from inadequate or failed internal processes, people, and systems or from external events. Operational risk includes legal risk but excludes strategic and reputational risk. However, the potential impact of operational risk events on reputation, legal or regulatory compliance, and financial performance is considered in the Bank's assessment.

Operational risk is inherent in all dimensions of the Bank, including all banking products, activities, processes, systems and third parties or outsourcing arrangements. Therefore, the effective management of operational risk is a fundamental element of the Bank's risk management program.

The Board (via the BRCC) is accountable for the effective management of operational risk. Senior management is responsible for implementing the Operational Risk Management Framework and ensuring adherence to the Bank's risk appetite and regulatory requirements.

The objective of the Bank is to manage and control operational risk in a proactive and cost-effective manner within targeted levels of operational risk consistent with a defined risk appetite. The Bank's operational risk appetite sets out the amount of operational risk that it is willing to accept as a consequence of doing business. The Bank has zero tolerance for certain operational risk events, such as critical system instability or ineffective business continuity and disaster recovery for core systems. For other areas, a defined level of operational risk is accepted to achieve business objectives. The Bank primarily aims at early identification and assessment of operational risks allowing timely mitigation, as well as meaningful management reporting and continuous improvement of the control environment.

The design and oversight of the ORMF is owned by the Operational Risk Management function, supported by the Operational Risk Management Forum and Management Risk Committee (MRC). Implementation is decentralized through Risk and Control Champions (RCCs) embedded within business units.

The ORM function has continued to evolve and mature in the adoption of the ORMF for a consistent forward-looking risk awareness approach. In 2025, the usage of the Operational Risk Management System (ORMS) was further ingrained into the risk culture and practices in managing inherent operational risk exposures, by focusing on the risks and associated controls for effective implementation of action plans to mitigate known issues. The ORMS functionality was further enhanced with the second phase implementation.

Three lines of defence

To create a robust control environment to manage risks, the Bank uses an activity-based three lines of defence model. This model delineates management accountabilities and responsibilities for risk management and the control environment. The model underpins the Bank's approach to risk management by clarifying responsibility, encouraging collaboration, and enabling efficient coordination of risk and control activities.

Wio Bank (P.J.S.C.)
Notes to the financial statements
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21 Risk Management (continued)

(e) Operational risk (continued)

Three lines of defence (continued)

The three lines of defence are summarised below:

- First line of defence (Organisational Units): owns the risks and is responsible for identifying, recording, reporting, and managing them, and ensuring that appropriate controls and assessments are in place to mitigate them.
- The second line of defence (Operational Risk Management, Compliance, Fraud Risk Management, Information Security Governance, Data Management, Treasury Liquidity & Market Risk, etc.): define their specific frameworks, policies and guidelines for managing specific risk areas, provide advice and guidance in relation to the risk, and challenges the first line of defence on effective risk management.
- The third line of defence (Bank Internal Audit function): provides independent assurance of the adequacy of the design and operational effectiveness of the ORMF.

Risk identification, monitoring, and reporting

The Bank uses a structured Risk Assessment Framework aligned with Basel principles and UAE Central Bank guidelines. This includes standardized taxonomies, risk and control libraries, and periodic reviews to ensure completeness and accuracy.

The identification and early reporting of issues and operational risk events is a critical component and ensures transparency of the Bank's operational risk management process. The escalation process ensures that relevant information is received by the impacted areas of the Bank and decision makers in a timely manner so that appropriate actions are taken.

Key Risk Indicators (KRIs) are monitored to provide early warning signals of potential risk exposures, including metrics on system availability, vendor risk assessments, and incident response times.

Monitoring and reporting processes are in place for periodic monitoring of key operational risks. The reports are submitted to the BRCC and Board (as part of Bank Chief Risk Officer update) and to Bank Heads for information and resolution.

Outlook

The operational risk outlook remains heightened, particularly in areas of cyber security, technology resilience, and third-party risk. The Bank continues to strengthen its control environment through enhanced vendor risk management, robust cyber defence measures, and resilient business continuity planning.

The Bank enhanced its operational risk management with renewed focus on promoting a strong operational risk culture across the first line, by continuous identification, monitoring and control of its exposures to operational risk, as well as a resilient back-up and recovery facilities for such eventualities.

Wio Bank (P.J.S.C.)
Notes to the financial statements
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21 Risk Management (continued)

(e) Operational risk (continued)

Insurance Management

The Bank obtains tailored insurance cover to protect the Bank against unexpected losses. Insurance cover is obtained from high rated insurance companies in the international reinsurance market. The requirements for insurance are reviewed periodically and the insurance cover is aligned to changes of the Bank's risk exposure.

Fraud Management

Fraud risk management is a critical aspect of Bank's banking operations, especially in today's environment where financial institutions are increasingly targeted by more sophisticated fraud techniques.. The Bank manages fraud risk through a holistic, multi layered framework that combines strong governance, clear risk appetite, robust controls, and customer centric processes to safeguard customer assets and protect the Bank's capital and reputation in line with regulatory expectations Fraud risks are broadly categorised into external and internal fraud: external fraud typically involves customers or third parties exploiting vulnerabilities in customers or the Bank's systems (including phishing, social engineering, account takeover, malware enabled attacks, and other digital scams), while internal fraud involves employees or contractors misappropriating funds, manipulating data or records, or otherwise abusing their position for personal gain. With the continued rise of digital and FinTech driven banking services, exposure to external fraud has increased, and the Bank has adopted a multi faceted, data driven approach that combines technology, analytics, and procedural safeguards to manage these risks.

The Bank's fraud risk management framework includes, at a high level

Identification and risk assessment: Regular fraud risk assessments, vulnerability reviews, and analysis of internal events and external intelligence to identify emerging fraud typologies and control gaps

Preventive measures Clear policies and procedures, strong internal controls, fraud controls embedded across digital journeys (onboarding, transactions, servicing, wallets), and formal fraud risk assessment of new products and processes before launch

Real time detection and response

Advanced analytics and real time monitoring capabilities to identify, block, or challenge suspicious activity as it occurs, supported by a structured incident response plan covering immediate containment, investigation, and fair customer resolution.

Recommendations to the first line of defence

Ongoing guidance to business and operations teams on control enhancements, process changes, and calibration of rules and thresholds in line with fraud risk appetite and observed trends

Customer and staff education

Continuous employee training on fraud risks, red flags, and escalation protocols, together with regular customer awareness campaigns on current fraud trends, scam typologies, and safe digital banking practices

Wio Bank (P.J.S.C.)
Notes to the financial statements
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21 Risk Management (continued)

(e) Operational risk (continued)

Whistleblowing

The Bank is committed to the highest standards of openness, integrity and accountability in the delivery of its services. The Bank has instituted a wide range of rules, procedures and codes of conduct to deliver on its commitments against, fraud, malpractice and other wrongdoings.

As such, the 'Whistleblowers Policy', provides the platform to employees for reporting of malpractices. The policy is designed to encourage employees to report suspected internal fraud and other breaches, through specified channels, while safeguarding the employee from retribution.

Cyber Security Management

The Bank considers information and related processes, systems, and networks as an important and valuable asset. These assets are required to be protected to ensure their confidentiality, availability and integrity at all times.

The Bank has established a comprehensive cyber security framework based on three lines of defense model. The framework ensures the Bank is resilient to cyber security threats in an evolving and increasingly complex digital environment.

Business Continuity Management

The BCM framework continues to evolve and mature, to provide the Bank with operational resilience, incident response and business continuity capabilities, aligned to industry best practices and CBUAE regulatory requirements, following any unexpected disruptive or major incidents.

The overarching goal of the Framework is to protect staff and to ensure the continuation of critical functions, products and services, within predefined tolerance levels, and to safeguard the Bank's reputation and brand image, following any disruptive incidents.

Business continuity strategies and plans are exercised on an annual basis, to simulate incident scenarios, and to provide assurance that plans are effective.

There has been a recent focus on assessing the operational resilience and recovery capabilities of the Bank's critical third-party dependencies to ensure that our supply chain risks have been assessed and any vulnerabilities identified and mitigated in advance of any disruptions to third parties, that could also adversely impact the Bank's critical services and reputation.

For operational risk measurement and determination of the amount that the Bank needs to hold to absorb potential operational losses, Bank follows the standardised approach under Basel III. As at December 31, 2025, the capital charge including buffer requirements was AED 683,896 thousand (December 31, 2024 – AED 181,729 thousand).

Wio Bank (P.J.S.C.)
Notes to the financial statements
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21 Risk Management (continued)

(f) Liquidity risk

Liquidity risk is the inability of the Bank to fund increases in assets and meet obligations as they due, without incurring unacceptable losses. It also includes the inability of the Bank to liquidate its assets at the required time and price to meet the payout of liabilities or investment commitments in assets.

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

Liquidity risk management process

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

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

Monitoring of liquidity position on a daily, weekly, and monthly basis. This entails forecasting of cash inflows/outflows and ensuring that the Bank can meet the required outflows;

- Conducting regular liquidity stress testing of the Bank's liquidity position under a variety of scenarios covering both normal and more severe market conditions with triggers and suggested actions;
- Ensuring compliance with the liquidity ratios such as Advances to Stable Resources Ratio (ASRR) and Eligible Liquid Assets Ratio (ELAR) as stipulated by CBUAE and internally approved management triggers for liquidity risk;
- Conducting regular enterprise-wide liquidity stress test which estimates liquidity requirements under idiosyncratic and systemic stress conditions. The enterprise-wide stress test incorporates diverse liquidity triggers linked to the Bank's Early Warning Indicator (EWI) framework like currency de-peg, failure of a major local bank, credit rating downgrades as model inputs; and
- Monitoring of depositor concentration to ensure that the Bank's deposit funding is well diversified.

The Bank has established some early warning indicators such as credit rating monitoring for liquidity risk in line with the CBUAE requirements and monitors them regularly.

The Bank has also an established liquidity Contingency Funding Plan which is routinely tested.

Tools for liquidity management

Customer and interbank deposits typically mature sooner than many of the Bank's assets. To manage this mismatch, Treasury places funds in short or medium term, highly marketable instruments permitted under Basel III HQLA such as CBUAE certificates of deposit and investment-grade securities.

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

21 Risk Management (continued)

(f) Liquidity risk (continued)

Liquidity risk management process (continued)

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

The table below summarises the maturity profile of the Bank's assets and liabilities. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the end of the reporting period date to the contractual maturity date and do not take into account the effective maturities as indicated by the Bank's deposit retention history and the availability of liquid funds. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

(i) Maturity analysis of assets and liabilities

The table below summaries the maturity profile of the Bank's assets and liabilities based on their carrying value:

	Within 3 months AED '000	Over 3 months to 1 year AED '000	Over 1 year to 3 years AED '000	Over 3 years to 5 years AED '000	Undated and Over 5 years AED '000	Total AED '000
31-Dec-25						
ASSETS						
Cash and deposits with						
Central banks	7,610,730	-	-	-	-	7,610,730
Due from banks	1,808,832	-	-	-	-	1,808,832
Investment securities	13,785,526	23,532,637	1,812,011	6,097,883	2,739,278	47,967,335
Loans and receivables	1,024,863	743,214	604,666	1,008,342	-	3,381,085
Property and equipment	-	-	-	-	56,841	56,841
Intangibles	-	-	-	-	473	473
Other assets	-	-	-	-	251,591	251,591
Total Assets	24,229,951	24,275,851	2,416,677	7,106,225	3,048,183	61,076,887
LIABILITIES						
Customer deposits	50,430,220	6,856,572	-	-	-	57,286,792
Other liabilities	-	-	-	-	814,656	814,656
Total equity	-	-	-	-	2,975,439	2,975,439
Total Liabilities and Equity	50,430,220	6,856,572	-	-	3,790,095	61,076,887

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

21 Risk Management (continued)

(f) Liquidity risk (continued)

Liquidity risk management process (continued)

(i) Maturity analysis of assets and liabilities (continued)

	Within 3 months AED '000	Over 3 months to 1 year AED '000	Over 1 year to 3 years AED '000	Over 3 years to 5 years AED '000	Undated and Over 5 years AED '000	Total AED '000
31-Dec-24						
Cash and deposits with						
Central banks	6,382,330	-	-	-	-	6,382,330
Due from banks	1,059,646	489,480	-	-	-	1,549,126
Investment securities	10,600,815	13,392,138	897,564	1,898,105	1,719,311	28,507,933
Loans and receivables	324,586	170,173	272,232	-	-	766,991
Property and equipment	-	856	5,413	7,245	2,578	16,092
Intangibles	-	-	1,103	-	-	1,103
Other assets	131,101	-	-	-	-	131,101
Total Assets	18,498,478	14,052,647	1,176,312	1,905,350	1,721,889	37,354,676
LIABILITIES						
Customer deposits	29,636,359	4,958,511	-	-	-	34,594,870
Other liabilities	553,589	-	-	-	-	553,589
Total equity	-	-	-	-	2,206,217	2,206,217
Total Liabilities and Equity	30,189,948	4,958,511	-	-	2,206,217	37,354,676

(ii) Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Bank's financial liabilities at 31 December 2024 based on contractual undiscounted repayment obligations.

	Carrying amount AED '000	Gross nominal outflows AED '000	Within 3 months AED '000	Over 3 months to 1 year AED '000	Over 1 year to 3 years AED '000	Over 3 years to 5 years AED '000	Over 5 years AED '000
<i>As at 31 December 2025</i>							
Financial liabilities							
Customer deposits	57,286,79	57,579,66	50,536,69	7,042,973	-	-	-
<i>As at 31 December 2024</i>							
Financial liabilities							
Customer deposits	34,594,870	35,000,747	29,797,686	5,203,061	-	-	-

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

21 Risk Management (continued)

(f) Liquidity risk (continued)

Liquidity risk management process (continued)

(iii) Interest rate risk in the banking book

Interest Rate Risk in the Banking Book (IRRBB) is defined as the exposure of the non-trading products of the Bank to interest rates. Non-trading portfolios include all banking book positions that arise from the interest rate on the Bank's retail and corporate and institutional banking assets and liabilities, and financial investments designated as FVOCI and amortised cost. IRRBB arises principally from mismatches between the future yields on assets and their funding costs, as a result of interest rate changes.

In order to manage this risk optimally, IRRBB in non-trading portfolios is transferred to Bank Treasury under the supervision of the ALCO. For measuring overall interest sensitivity in the banking book, the Bank conducts stress tests by simulating parallel shifts to the yield curve(s) ranging from 50 basis points to 200 basis points and assessing the corresponding impact on its net interest income.

	31-Dec-25 Impact AED '000	31-Dec-24 Impact AED '000
Rates Up 200 bps	4,428	57,944
Rates Down 200 bps	(4,428)	(57,944)

The interest rate sensitivities set out in the table above are based on a set scenario i.e. the projections above assume that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential effect on net interest income of some rates changing while others remain unchanged. The projections are based on constant balance scenario, consider behavioral assumptions on non-maturity products and also make the assumption that all positions run to maturity. This effect does not incorporate actions that would be taken by Bank Treasury or in the business units to mitigate the impact of this interest rate risk. In practice, Bank Treasury seeks proactively to change the interest rate risk profile to minimize losses and optimize net revenues.

(iv) Interest rate repricing analysis

	Less than 1 month AED '000	Over 1 month to 3 months AED '000	Over 3 months to 6 months AED '000	Over 6 months to 1 year AED '000	Over 1 year AED '000	Non- interest bearing AED '000	Total AED '000
31-Dec-25							
Assets							
Cash and deposits with							
Central Banks	4,132,220	-	-	-	-	3,478,510	7,610,730
Due from banks	1,518,302	290,530	-	-	-	-	1,808,832
Investment securities	4,844,053	8,941,473	13,549,695	9,982,942	10,649,172	-	47,967,335
Loans and receivables	490,113	1,815,072	536,201	191,908	347,791	-	3,381,085
Property and equipment	-	-	-	-	-	56,841	56,841
Intangibles	-	-	-	-	-	473	473
Other assets	-	-	-	-	-	251,591	251,591
Total Assets	10,984,688	11,047,075	14,085,896	10,174,850	10,996,963	3,787,415	61,076,887

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

21 Risk Management (continued)

(f) Liquidity risk (continued)

Liquidity risk management process (continued)

(v) Interest rate repricing analysis

	Less than 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year	Non- interest bearing	Total
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Liabilities							
Customer Deposits	26,518,173	5,483,066	2,254,551	4,602,021	-	18,428,981	57,286,792
Other Liabilities	-	-	-	-	-	814,656	814,656
Total equity	-	-	-	-	-	2,975,439	2,975,439
Total Liabilities and Equity	26,518,17	5,483,066	2,254,551	4,602,021	-	22,219,07	61,076,887

31-Dec-24

Assets

Cash and deposits with

Central Banks	3,918,456	-	-	-	-	2,463,874	6,382,330
Due from banks	1,059,646	489,480	-	-	-	-	1,549,126
Investment securities	4,032,897	6,567,917	8,453,326	4,938,813	4,514,980	-	28,507,933
Loans and receivables	491,730	275,261	-	-	-	-	766,991
Property and equipment	-	-	-	-	-	16,092	16,092
Intangibles	-	-	-	-	-	1,103	1,103
Other assets	-	-	-	-	-	131,101	131,101

Total Assets	9,502,729	7,332,658	8,453,326	4,938,813	4,514,980	2,612,170	37,354,676
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Liabilities

Customer Deposits	14,938,924	3,611,310	1,180,773	3,777,738	-	11,086,125	34,594,870
Other Liabilities	-	-	-	-	-	553,589	553,589
Total equity	-	-	-	-	-	2,206,217	2,206,217
Total Liabilities and Equity	14,938,924	3,611,310	1,180,773	3,777,738	-	13,845,931	37,354,676

(vi) ICAAP and Stress Testing:

ICAAP and stress testing is an integral part of the Bank's risk management process. It includes scenario analysis and is conducted regularly. Every stress test is documented, and the results are discussed and approved by the Management Risk Committee and the Board Risk and Compliance Committee.

Wio Bank (P.J.S.C.)
Notes to the financial statements
for the year ended 31 December 2025

21 Risk Management (continued)

(g) Reputational risk

Reputational risk is the risk of potential loss of earnings and future revenue, loss in market value or lack of liquidity supply due to deterioration of reputation. It also includes the threat to the brand value of a financial institution.

Reputational risk can arise as a consequence of failures with a strong negative perception amongst clients, shareholders, creditors or the public. The Bank has measures to ensure a positive perception of the Bank and that overall risk management ensures appropriate management of reputational risk.

(h) Regulatory/compliance risk

Regulatory/Compliance risk is the risk of reputational and/or financial losses due to the failure to comply with applicable laws, regulations or sanctions.

The Bank has an independent Compliance function, with the necessary mandate and authority to enforce and monitor compliance on a Bank wide basis. Compliance policies covering key areas such as Sanctions, Anti Money Laundering (AML), Counter Terrorist Financing (CTF), Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS) are applicable Bank wide and are supplemented screening and monitoring systems and associated investigation teams to help comply with the Sanctions, AML, CTF, FATCA and CRS requirements.

Independent Compliance Monitoring is undertaken to provide assurance over the effectiveness of controls. Mandatory Compliance Training is provided to all relevant staff both at onboarding and periodically thereafter to help ensure that key requirements are complied with.

(i) Environmental, social and governance (ESG) risk

The rapidly changing global landscape, marked by challenges such as climate change, the evolving expectations of our stakeholders, as well as a continuous evolution of international standards, particularly in the areas of sustainability accounting, audit and ethics necessitates a proactive approach to ESG. The Bank continues to develop its approach to ESG in line with progressing standards.

(j) Climate related risk

Climate risks relate to the financial and non-financial impacts that may arise because of climate change. There are two categories of climate risks: physical risks, which can arise from changes in weather and climate and transition risks which can arise from the shift to a low-carbon economy.

The Bank considers climate risk as part of the broader environmental and social risks. The Bank's Board of Directors bears the final responsibility for all aspects concerning ESG and climate related risks. The Board actively participates in shaping our ESG strategy and is briefed on the progress of this strategy by the Executive Committee.

Wio Bank (P.J.S.C.)
Notes to the financial statements
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21 Risk Management (continued)

(k) Internal Audit's role in overall risk management

Bank Internal Audit is an independent appraisal function established by the Board of Directors to examine and evaluate the activities of the Bank including all aspects of Risk Management. The department is organizationally independent of all other functions in the bank. The unit is headed by the Head of Internal Audit, who is accountable to the Board of Directors through the Board Audit Committee.

The primary objectives of Internal Audit is to provide assurance on risks to which the Bank's businesses are exposed, evaluate the adequacy and effectiveness of financial/operating controls and the Corporate Governance environment, assess the extent to which assets are accounted for and safeguarded from losses and conduct follow-up activities to assess and report on the degree to which management has addressed risks and compliance with action plans previously agreed.

The unit's mission is achieved through a risk based annual audit plan approved by the Board Audit Committee. A formal report is prepared at the end of each quarter which includes a summary of audit activity completed during the period and an update on the status of previously reported matters for Board Audit Committee attention.

The Board Audit Committee reviews and approves Internal Audit's plans and resources and evaluates the effectiveness of the Internal Audit function. External advisers also may periodically assess the function.

(l) Capital adequacy ratio and capital management

CET1 capital is the highest quality form of capital, comprising share capital, share premium, legal, statutory and other reserves, fair value reserve and retained earnings adjusted for intangibles and any other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes under CBUAE guidelines.

T2 capital comprises eligible general reserves.

The Bank's capital adequacy ratio calculated in accordance with guidelines issued by the CBUAE is as below:

	2025 AED '000	2024 AED '000
Available capital		
Common equity tier I capital before regulatory deductions	2,823,198	2,138,473
Less: regulatory deductions	(473)	(1,103)
Tier I capital	2,822,725	2,137,370
Tier II capital	69,891	13,907
Total eligible capital	2,892,616	2,151,277
Credit risk	9,560,130	3,151,593
Market risk	109,245	845,963
Operational risk	683,896	181,729
Total risk weighted assets	10,353,271	4,179,285
	2025	2024
Capital ratio		
Total capital ratio	27.94%	51.47%

Wio Bank (P.J.S.C.)**Notes to the financial statements
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22 Legal proceedings

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Bank can be party to legal proceedings and regulatory matters arising out of its normal business operations. The Bank has proper controls and policies for reporting and managing legal claims. The recognition of provisions is determined in accordance with the accounting policies set out in Note 2. While the outcomes of legal proceedings and regulatory matters are inherently uncertain, management believes that, based on the information available to it, appropriate provisions have been made in respect of these matters as at 31 December 2025.

Any provision recognised does not constitute an admission of wrongdoing or legal liability. Based on the information available, no material adverse impact on the financial position of the Bank is expected to arise from legal claims as at 31 December 2025 other than to the extent already provided.

23 Approval of the financial statements

The financial statements were approved by management and authorised for issue on 30 January 2026.