

Finance House PJSC

Condensed consolidated interim financial information
For the six-month period ended 30 June 2025

Finance House PJSC

Condensed consolidated interim financial information For the six-month period ended 30 June 2025

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**Report on review of the Condensed Consolidated Interim Financial Information
To the Shareholders of Finance House PJSC****Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Finance House PJSC (the “Company”) and its subsidiaries (together the “Group”) as at 30 June 2025 and the related condensed consolidated interim statements of profit or loss, and other comprehensive income for the three-month and six-month periods then ended, changes in equity and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with the International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standard Board (IASB). Our responsibility is to express a conclusion on the condensed interim consolidated financial information based on our review.

Scope of Review

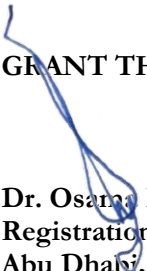
We conducted our review in accordance with the International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for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

Basis for Qualified Conclusion

As disclosed in note 1 to the condensed consolidated interim financial information, the Group’s investment in Empay LLC, an investment in associate accounted for using the equity method, is carried at AED 34,450 thousand on the condensed consolidated interim statement of financial position as at 30 June 2025. We were unable to obtain sufficient information on the carrying amount of the investment as at 30 June 2025, share of investment’s results for the six-month period ended 30 June 2025 and related disclosures as there was no financial information available. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 “*Interim Financial Reporting*” as issued by the IASB.

**GRANT THORNTON UAE****Dr. Osama R. El-Bakry**
Registration No. 935
Abu Dhabi, United Arab Emirates**13 August 2025**

Finance House PJSC
Condensed consolidated interim financial information

Condensed consolidated interim statement of financial position
As at 30 June 2025

		(Unaudited) 30 June 2025 AED'000	(Audited) 31 December 2024 AED'000
	Note		
Assets			
Cash on hand	8	8,751	8,521
Due from banks	8	726,434	388,583
Investment securities	9	210,909	212,443
Loans and advances	10.1	1,969,291	2,064,427
Islamic financing and investing assets	10.2	9,533	11,325
Investment in equity accounted investees		84,769	83,515
Interest receivable and other assets		98,949	81,641
Insurance and reinsurance contract assets		164,408	127,878
Property, fixtures and equipment		113,497	113,339
Intangible asset		6,705	6,705
Investment properties		30,942	30,942
Total assets		3,424,188	3,129,319
Liabilities			
Customers' deposits and margin accounts	11	2,133,985	1,897,198
Due to banks and other financial institutions	8	33,753	42,863
Borrowings	12	305,000	295,000
Insurance and reinsurance contract liabilities		230,440	188,997
Interest payable and other liabilities		67,794	51,927
Provision for employees' end of service benefits		14,441	14,388
Total liabilities		2,785,413	2,490,373

The accompanying notes from 1 to 24 form an integral part of this condensed consolidated interim financial information.

Finance House PJSC
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Condensed consolidated interim statement of financial position (continued)
As at 30 June 2025

		(Unaudited) 30 June 2025 AED'000	(Audited) 31 December 2024 AED'000
	Note		
Equity			
Share capital	13	302,838	302,838
Treasury shares	14	(54,272)	(54,272)
Employees' share-based payment scheme	15	(1,750)	(1,750)
Statutory reserve		17,502	73,179
Fair value reserve		18,079	19,692
Impairment reserve not available for distribution		30,000	30,000
Retained earning/(accumulated losses)		543	(55,677)
Tier 1 sukuku	17	275,600	276,100
Tier 1 bonds	17	15,000	15,000
Proposed directors' remuneration		-	1,412
Attributable to the owners of the parent		603,540	606,522
Non-controlling interests		35,235	32,424
Total equity		638,775	638,946
Total equity and liabilities		3,424,188	3,129,319
Commitments and contingent liabilities	16	386,485	420,723

This condensed consolidated interim financial information was authorized and approved for issue by the Board of Directors on 13 August 2025 and signed on its behalf by:



Mr. Mohammed Alqubaisi
Vice Chairman



Mr. T.K. Raman
Chief Executive Officer

The accompanying notes from 1 to 24 form an integral part of this condensed consolidated interim financial information.

Finance House PJSC
Condensed consolidated interim financial information

Condensed consolidated interim statement of profit or loss
For the six-month period ended 30 June 2025

		(Unaudited) For the three-month period ended 30 June		(Unaudited) For the six-month period ended 30 June	
	Note	2025 AED'000	2024 AED'000	2025 AED'000	2024 AED'000
Interest income and income from Islamic financing and investing assets	5	52,143	50,883	108,784	107,375
Interest expense and profit distributable to depositors	5	(21,999)	(23,435)	(47,782)	(46,897)
Net interest income and income from Islamic financing and investing assets		30,144	27,448	61,002	60,478
Fee and commission income		8,013	6,306	16,236	13,397
Fee and commission expenses		(3,451)	(2,789)	(8,400)	(5,720)
Net fee and commission income		4,562	3,517	7,836	7,677
Insurance service result before reinsurance contracts issued		(11,054)	(28,802)	(17,037)	(56,129)
Net income from reinsurance contracts held		13,515	26,370	18,589	46,950
Net insurance financial expenses		585	(255)	(908)	(1,332)
Reinsurance finance income for reinsurance contracts held		1,479	724	4,005	2,673
Net insurance income/(loss)		4,525	(1,963)	4,649	(7,838)
Net investment income	6	9,176	12,662	8,897	13,625
Allowance for expected credit losses on loans and advances	10.1	(5,562)	(9,334)	(15,799)	(20,382)
(Allowance for)/reversal of allowance for expected credit losses on Islamic financing and investing assets	10.2	(439)	(245)	(577)	141
Other operating income		(890)	8,234	9,793	10,441
Net operating income		41,516	40,319	75,801	64,142
Salaries and employees related expenses		(16,613)	(23,527)	(40,832)	(47,261)
Depreciation of property, fixtures and equipment		(3,047)	(2,625)	(6,073)	(5,112)
General and administrative expenses		(8,883)	(9,982)	(18,077)	(17,557)
Operating profit/(loss) for the period		12,973	4,185	10,819	(5,788)
Share of profit from associates		615	207	1,254	1,104
Profit/(loss) for the period before tax		13,588	4,392	12,073	(4,684)
Tax expense	22	(697)	-	(697)	-
Profit/(loss) for the period after tax		12,891	4,392	11,376	(4,684)
Attributable to:					
Equity holders of the parent		11,532	5,460	8,925	(463)
Non-controlling interests		1,359	(1,068)	2,451	(4,221)
		12,891	4,392	11,376	(4,684)
Basic and diluted profit/(loss) per share attributable to ordinary shares (AED)	7	0.03	0.00	(0.00)	(0.03)

Finance House PJSC
Condensed consolidated interim financial information

Condensed consolidated statement of other comprehensive income
For the six-month period ended 30 June 2025

	(Unaudited) For the three-month period ended 30 June		(Unaudited) For the six-month period ended 30 June	
	2025	2024	2025	2024
	AED'000	AED'000	AED'000	AED'000
Profit/(loss) for the period after tax	12,891	4,392	11,376	(4,684)
Other comprehensive income:				
<u>Items that will not be reclassified to profit or loss:</u>				
Change in fair value of financial assets carried at fair value through other comprehensive income	1,568	(5,155)	(813)	(5,331)
Directors' remuneration paid	(1,412)	(3,598)	(1,412)	(3,598)
Other comprehensive income/(loss) for the period	156	(8,753)	(2,225)	(8,929)
Total comprehensive profit/(loss)for the period	13,047	(4,361)	9,151	(13,613)
Attributable to:				
Equity holders of the parent	11,671	(3,265)	6,640	(9,111)
Non-controlling interests	1,376	(1,096)	2,511	(4,502)
	13,047	(4,361)	9,151	(13,613)

The accompanying notes from 1 to 24 form an integral part of this condensed consolidated interim financial information.

Finance House PJSC
Condensed consolidated interim financial information

Condensed consolidated interim statement of changes in equity
For the six-month period ended 30 June 2025

	Share capital	Treasury shares	Employees' share- based payment scheme	Statutory reserve	Fair value reserve	Impairment reserve not available for distribution	Retained earnings/(ac- cumulated losses)	Tier 1 Sukuk	Tier 1 Bonds	Proposed directors' remuneration	Attributable to shareholders of the parent	Non- controlling interest	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Balance as at 1 January 2025	302,838	(54,272)	(1,750)	73,179	19,692	30,000	(55,677)	276,100	15,000	1,412	606,522	32,424	638,946
Net profit for the period	-	-	-	-	-	-	8,925	-	-	-	8,925	2,451	11,376
Change in fair value of financial assets carried at fair value through other comprehensive income	-	-	-	-	(873)	-	-	-	-	-	(873)	60	(813)
Directors' remuneration paid	-	-	-	-	-	-	-	-	-	(1,412)	(1,412)	-	(1,412)
Total other comprehensive income for the period	-	-	-	-	(873)	-	8,925	-	-	(1,412)	6,640	2,511	9,151
Profit on disposal of financial assets carried at fair value through other comprehensive income	-	-	-	-	(740)	-	740	-	-	-	-	300	300
Adjustment of negative Retained earnings against Statutory Reserve	-	-	-	(55,677)	-	-	55,677	-	-	-	-	-	-
Movement in Tier 1 SUKUK	-	-	-	-	-	-	-	(500)	-	-	(500)	-	(500)
Tier 1 bonds coupon paid	-	-	-	-	-	-	(619)	-	-	-	(619)	-	(619)
Tier 1 sukuks coupon paid	-	-	-	-	-	-	(8,503)	-	-	-	(8,503)	-	(8,503)
Balance as at 30 June 2025	302,838	(54,272)	(1,750)	17,502	18,079	30,000	543	275,600	15,000	-	603,540	35,235	638,775

The accompanying notes from 1 to 24 form an integral part of this condensed consolidated interim financial information.

Finance House PJSC
Condensed consolidated interim financial information

Condensed consolidated interim statement of changes in equity (continued)
For the six-month period ended 30 June 2025

	Share capital	Treasury shares	Employees' share-based payment scheme	Statutory reserve	Fair value reserve	Accumulated losses	Proposed directors' remuneration	Tier 1 Sukuk	Tier 1 Bonds	Attributable to shareholders of the parent	Non-controlling interest	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Balance as at 1 January 2024	302,838	(51,196)	(1,750)	151,671	(56,061)	(18,844)	3,598	276,100	15,000	621,356	40,570	661,926
Loss for the period	-	-	-	-	-	(463)	-	-	-	(463)	(4,221)	(4,684)
Change in fair value of financial assets carried at fair value through other comprehensive income	-	-	-	-	(5,050)	-	-	-	-	(5,050)	(281)	(5,331)
Directors' remuneration paid	-	-	-	-	-	-	(3,598)	-	-	(3,598)	-	(3,598)
Total other comprehensive loss for the period	-	-	-	-	(5,050)	(463)	(3,598)	-	-	(9,111)	(4,502)	(13,613)
Loss on disposal of financial assets carried at fair value through other comprehensive income	-	-	-	-	(191)	191	-	-	-	-	194	194
Adjustment of fair value reserve	-	-	-	(80,060)	80,060	-	-	-	-	-	-	-
Tier 1 bonds coupon paid	-	-	-	-	-	(619)	-	-	-	(619)	-	(619)
Tier 1 sukuks coupon paid	-	-	-	-	-	(8,512)	-	-	-	(8,512)	-	(8,512)
Balance as at 30 June 2024	302,838	(51,196)	(1,750)	71,611	18,758	(28,247)	-	276,100	15,000	603,114	36,262	639,376

The accompanying notes from 1 to 24 form an integral part of this condensed consolidated interim financial information.

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Condensed consolidated interim statement of cash flows
For the six-month period ended 30 June 2025

	Note	(Unaudited) For the six-month period ended 30 June 2025 AED'000	2024 AED'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the period before tax		12,073	(4,684)
<i>Adjustments for:</i>			
Depreciation of property, fixtures and equipment		6,073	5,112
Share of profit from associates		(1,254)	(1,104)
Dividend income from investments		(3,689)	(21,861)
(Gain) / Loss on disposal of investments carried at fair value through profit or loss		(5,766)	2,239
Net change in fair value of investment carried at fair value through profit or loss		558	(13,311)
Allowance for impairment of loans and advances		15,799	20,382
Allowance for/(reversal of allowance for) impairment on Islamic financing assets		577	(141)
Provision for employees' end of service benefits		465	2,764
Operating profits/(loss) before working capital changes		24,836	(10,604)
<i>Changes in working capital:</i>			
Islamic financing and investing assets		1,215	907
Loans and advances		79,337	(124,016)
Interest receivable and other assets		(17,308)	(14,632)
Insurance and Reinsurance contract assets		(36,530)	(46,718)
Customers' deposits and margin accounts		236,787	206,908
Interest payable and other liabilities		15,170	(4,612)
Insurance and reinsurance contract liabilities		41,443	27,828
Cash generated from operating activities		344,950	35,061
Payment of employees' end of service benefits		(412)	(2,317)
Directors' remuneration paid		(1,412)	(3,598)
Net cash generated from operating activities		343,126	29,146
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments carried at fair value through other comprehensive income		(7,873)	(5,001)
Proceeds from sale of investments carried at fair value through other comprehensive income		1,674	2,826
Purchase of investments carried at fair value through profit or loss		(9,314)	(27,221)
Proceeds from sale of investments carried at fair value through profit or loss		21,739	5,199
Movement in investments through amortized cost		3	-

The accompanying notes from 1 to 24 form an integral part of this condensed consolidated interim financial information.

Finance House PJSC
Condensed consolidated interim financial information

Condensed consolidated interim statement of cash flows (continued)
For the six-month period ended 30 June 2025

		(Unaudited)	
		For the six-month period	
		ended 30 June	
	Note	2025	2024
		AED'000	AED'000
Purchase of property, fixtures and equipment		(6,231)	(2,545)
Dividend received		3,689	21,861
Net cash generated from/(used in) investing activities		3,687	(4,881)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		(65,000)	(150,000)
Proceeds from borrowings		75,000	230,000
Repayment of medium-term Loan		-	(16,666)
Movement in the issuance of Tier 1SUKUK		(500)	-
Tier 1 sukuks coupon paid		(8,503)	(8,512)
Tier 1 bonds coupon paid		(619)	(619)
Net cash generated from financing activities		378	54,203
Net increase in cash and cash equivalents		347,191	78,468
Cash and cash equivalents at the beginning of the period		348,241	256,654
Cash and cash equivalents at the end of the period	8	695,432	335,122

The accompanying notes from 1 to 24 form an integral part of this condensed consolidated interim financial information.

Finance House PJSC

Condensed consolidated interim financial information

Notes to the condensed consolidated interim financial information

For the six-month period ended 30 June 2025

1 Legal status and principal activities

Finance House PJSC (“the Company”) is a public joint stock company incorporated in Abu Dhabi, United Arab Emirates (UAE) in accordance with the provisions of the UAE.

The Company was established on 13 March 2004 and commenced its operations on 18 July 2004.

The Company was initially registered in compliance with relevant UAE Federal Law No. (2) of 2015, as amended. As of 2 January 2022, the Company is subject to compliance with UAE Federal Law No. (32) of 2021, which replaces UAE Federal Law No. (2) of 2015, as amended. The condensed interim financial information has been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Law No. (32) of 2021.

The registered head office of the Company is at P.O. Box 7878, Abu Dhabi, UAE

The Company and its subsidiaries (together referred to as the “Group”) are engaged primarily in investments, consumer and commercial financing, insurance, brokerage and other related services.

The Company is listed on the Abu Dhabi Securities Exchange (Ticker: FH).

2 Basis of preparation

This condensed consolidated interim financial information of the Group is prepared on an accrual basis and under a historical cost basis except for certain financial instruments and investment properties which are measured at fair value.

This condensed consolidated interim financial information is prepared in accordance with International Accounting Standard 34: “*Interim Financial Reporting*” issued by the International Accounting Standards Board (IASB) and comply with the applicable requirements of the laws in the UAE.

This condensed consolidated interim financial information does not include all the information and disclosures required in full consolidated financial statements and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2024. In addition, results for the period from 1 January 2025 to 30 June 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

As required by the Securities and Commodities Authority of the UAE (“SCA”) Notification No. 2624/2008 dated 12 October 2008, accounting policies relating to financial assets, cash and cash equivalents, Islamic financing and investing assets and investment properties have been disclosed in the condensed consolidated interim financial information.

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

3 Material accounting policies

In preparing this condensed consolidated interim financial information, the Group's accounting policies were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2024, with the exception of new standards applicable from 1 January 2025 and certain amendments and interpretations apply for the first time in 2025.

Standards, interpretations and amendments to existing standards that are effective in 2025

The following new and revised standards, which became effective for annual periods beginning on or after 1 January 2025, have been adopted in this condensed consolidated interim financial information. Their adoption has not had any material impact on the disclosures or on the amounts reported in this condensed consolidated interim financial information.

- Lack of Exchangeability (Amendments to IAS 21) The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Amendment to standards and interpretations issued but not yet effective

The new standards and revised standards not yet effective and have not been adopted early by the Group include:

New and revised standards	Effective for annual periods beginning on or after
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)	1 January 2026
IFRS 18 'Presentation and Disclosure in Financial Statements'	1 January 2027
IFRS 19 'Subsidiaries without Public Accountability: Disclosures'	1 January 2027

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's condensed consolidated interim financial information for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the Group's condensed consolidated interim financial information in the period of initial application.

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

3 Material accounting policies (continued)

3.1 Use of judgments and estimates

The preparation of this condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the 'consolidated financial statements as at and for the year ended 31 December 2024.

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

Financial instruments

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

Recognised 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 FVTPL) 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 FVTPL are recognised immediately in profit or loss.

Insurance and reinsurance contracts

The Group applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Group's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Group now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Liability for remaining coverage

For insurance acquisition cash flows, the Group is eligible and chooses to capitalise all insurance acquisition cashflows upon payments.

The effect of recognising insurance acquisition cash flows as an expense on initial recognition of group of insurance contracts are to increase the liability for remaining coverage on initial recognition and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on initial recognition, due to expensing acquisition cash flows, offset by an increase in profit released over the coverage period. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfillment cash flows.

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

3 Material accounting policies (continued)

3.1 Use of judgments and estimates (continued)

Insurance and reinsurance contracts (continued)

Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios, historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

Discount rates

The Group use bottom-up approach to derive the discount rate, under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an illiquidity premium). The risk-free rate was derived using swap rates available in the market denominated in the same currency as the product being measured. When swap rates were not available, highly liquid sovereign bonds with a credit rating were used. Management uses judgment to assess liquidity characteristics of the liability cash flows.

Discount rates applied for discounting future cash flows are listed below:

	1 year		3 years		5 years		10 years		20 years	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Insurance contracts issued	5.17	6.11	4.83	5.31	4.84	5.03	4.97	4.88	5.13	4.85
Reinsurance contracts held	5.17	6.11	4.83	5.31	4.84	5.03	4.97	4.88	5.13	4.85

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Condensed consolidated interim financial information

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

3 Material accounting policies (continued)

3.1 Use of judgments and estimates (continued)

Insurance and reinsurance contracts (continued)

Risk adjustment for non-financial risk

The Group uses a Solvency II type approach to determine its risk adjustment for non-financial risk. Each portfolio is matched with the most representative Solvency II LOB and an assumption is made that the prescribed standard deviation of premiums risk and reserves risk for a given Solvency II LOB is representative of the standard deviation of the portfolio LRC and LIC standard deviation respectively. Further, the Group assumes that the LRC and LIC each have a Lognormal distribution with the LIC mean matching the sum of the IBNR, OS and ULAE while the LRC mean matches the UPR of a given portfolio. The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount. The Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach for different lines in the range of 60-75 percentiles. That is, the Group has assessed its indifference to uncertainty for product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 60-75 percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Group has estimated the probability of distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

3.2 Basis of consolidation

The condensed consolidated interim financial information incorporates the financial information of the Company and its subsidiaries (collectively referred to as “the Group”).

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial information of subsidiaries is included in the condensed consolidated interim financial information from the date that control commences until the date that control ceases. The details of the Group’s subsidiaries and their principal activities are as follows:

Name of subsidiary	Country of incorporation	Ownership interest %		Principal activity
		30 June 2025	31 December 2024	
Finance House LLC	UAE	100	100	Financing services
Insurance House PJSC	UAE	45.61	45.61	Insurance
Finance House Securities Co LLC	UAE	70	70	Brokerage
FH Capital PJS	UAE	100	100	Investment and asset management
Finance House Holding -Sole Proprietorship LLC	UAE	100	100	Services

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

3 Material accounting policies (continued)

3.2 Basis of consolidation (continued)

Transactions eliminated on consolidation

All intra group balances and income, expenses and cash flows resulting from intra group transactions are eliminated in full upon consolidation.

The accounting policies applied in this condensed interim financial information are the same as those in the Group's financial statements as at and for the year ended 31 December 2024.

4 Financial risk management

The Group has exposure to the following risks from financial instruments:

The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended 31 December 2024.

(a) Credit risk

Credit risk is the single largest risk from the Group's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a risk management department which reports regularly to the Board Risk Management Committee.

The ECL recorded on loans and advances measured at amortised cost and Islamic financing and investing assets measured at amortised cost have been disclosed in note 10.1 and 10.2 respectively such that there is no reasonable expectation of recovering in full.

(i) Write-off policy

The Group writes off financial assets, in a whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Group may write off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets were written off during the period ended 30 June 2025 was AED 5,086 thousand (30 June 2024: AED 7,921 thousand). The Group still seeks to recover the amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

4 Financial risk management (continued)

(ii) Modification of financial assets

The Group sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximizing recovery. Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, include that payment will most likely continue. These policies are kept under continuous review.

Risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for at least 12 consecutive months.

The Group continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific models for modified assets.

(iii) Credit risk measurement

Loans and Advances, Islamic Finances (including commitments, LCs and LGs)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

Credit risk grading

The Group uses internal credit risk grading that reflects its assessment of the probability of default of individual counterparties. The Group use internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data input into the model.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between a 6 and 8 rating grade is lower than the difference in the PD between an 18 and 20 rating grade.

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

4 Financial risk management (continued)

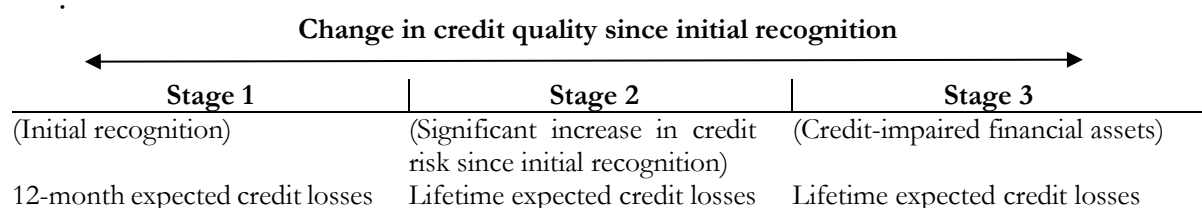
(a) Credit risk (continued)

(iv) Expected credit loss measurement

IFRS 9 outlines a ‘three-stage’ model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial asset that is not credit-impaired on initial recognition is classified in ‘Stage 1’ and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk (‘SICR’) since initial recognition is identified, the financial asset is moved to ‘Stage 2’ but is not yet deemed to be credit impaired.
- If the financial asset is credit-impaired, the financial instrument is then moved to ‘Stage 3’.
- Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to the following note for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. The below note includes an explanation of how the Group has incorporated this in its ECL models.

The following diagram summarizes the impairment requirements under IFRS 9:



Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

4 Financial risk management (continued)

(a) Credit risk (continued)

(iv) Expected credit loss measurement (continued)

Significant increase in credit risk (SICR)

The Group considers the financial asset to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria

Corporate Loans:

For Corporate loans, if the borrower experiences a significant increase in probability of default which can be triggered by the following factors: -

- Loan facilities restructured in the last 12 months;
- Loan facilities that are past due for 30 days and above but less than 90 days;
- Actual or expected change in external ratings and / or internal ratings.

Retail:

For Retail portfolio, if the borrowers meet one or more of the following criteria:

- Adverse findings for an account/ borrower as per credit bureau data;
- Loan rescheduling before 30 Days Past Due (DPD);
- Accounts overdue between 30 and 90 days.

Treasury:

- Significant increase in probability of default of the underlying treasury instrument;
- Significant change in the investment's expected performance & behaviour of borrower (collateral value, payment holiday, Payment to Income ratio etc.).

Qualitative criteria:

Corporate Loans:

- Feedback from the Early Warning Signal framework of the Group (along with factors such as adverse change in business, financial or economic conditions).

Backstop:

A backstop is applied and the financial asset is considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

(v) Definition of default and credit-impaired assets

The Group defines a financial asset as in default, which fully aligns with the definition of credit-impaired, when it meets one or more of the following criteria:

In addition to 90 DPD, for the retail and corporate portfolio, the default definition used is consistent with the Basel Framework. According to the Basel II definition, default is considered to have occurred with regard to particular obligors when either one or the following events have taken place:

- The Group considers that the obligor is unlikely to pay its credit obligation to the Group in full without recourse by the Group to actions like realizing security (if held).
- The Group puts credit obligation on non-accrued status.
- The Group makes a charge-off or account-specific provision resulting from a perceived decline in credit quality subsequent to the Group taking on the exposure.
- The Group consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness or postponement of principal, interest and other fees.
- The Group has filed for the obligor's bankruptcy or similar order in respect of the obligor's credit obligation to the Group. The obligor has sought or has been placed in bankruptcy or similar protection wherein this would avoid or delay repayment of the credit obligation to the Group.

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

4 Financial risk management (continued)

(a) Credit risk (continued)

(v) Definition of default and credit-impaired assets (continued)

- The obligor is past due more than 90 days on any material credit obligation to the Group. Overdrafts will be considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current outstanding.
- A loan that has been renegotiated due to deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired.

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per 'Definition of default and credit-impaired' above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expected to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

4 Financial risk management (continued)

(a) Credit risk (continued)

(v) Definition of default and credit-impaired assets (continued)

Measuring ECL – Explanation of inputs, assumptions and estimation techniques (continued)

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayments loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a “credit conversion factor” which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilization based on analysis of the Group’s recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGD’s are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD’s are influenced by collection strategies, including contracted debt sales and prices.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. Refer to the Note below for an explanation of forward-looking information and its inclusion in ECL calculations.

These assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a quarterly basis.

Forward-looking information incorporated in the ECL Models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk.

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

4 Financial risk management (continued)

(a) Credit risk (continued)

(v) Definition of default and credit-impaired assets (continued)

Credit rating and measurement

The risk rating system is the basis for determining the credit risk of the Group's asset portfolio (except the consumer assets) and thus asset pricing, portfolio management, determining finance loss provisions and reserves and the basis for credit approval authority delegation. A standard numeric credit risk-grading system is being used by the Group which is based on the Group's internal estimate of probability of default, with customers or portfolios assessed against a range of quantitative and qualitative factors, including taking into account the counterparty's financial position, past experience and other factors.

The Risk Rating system for performing assets ranges from 1 to 19, each grade being associated with a Probability of Default ("PD"). Non-performing clients are rated 20, 21, 22, corresponding to the Substandard, Doubtful and Loss classifications as per *Clarifications and Guidelines Manual for Circular No. 28/2012* issued by the Central Bank of the UAE. The Group's internal credit grades have also been mapped to external agency ratings for better comparison. The below table maps risk ratings to the grading used:

Sr	Grading	Risk rating
1	Grading 1	1 to 5
2	Grading 2	5 to 7
3	Grading 3	8
4	Grading 4	9
5	Grading 5	10

Credit approval

Major credit exposures to individual counterparties, groups of connected counterparties and portfolios of retail exposures are reviewed and approved by the Group's Credit Committee ("CC") within the authorities delegated by the Board of Directors.

Credit monitoring

The Group regularly monitors credit exposures and external trends which may impact risk management outcomes. Internal risk management reports are presented to the Chief Risk Officer / Chief Credit Officer and Board Risk Committee, containing information on key variables; portfolio delinquency and financing impairment performance.

All corporate/exposures accounts are monitored carefully for performance and reviewed formally on an annual basis or earlier. The Group has robust policies for client visits and monitoring of accounts to make sure that any concerns on the quality of the accounts are addressed well in time. An exposure is categorized as a watch list or non-performing as per UAE Central Bank guidelines.

All non-performing accounts are monitored closely by the Remedial Management Unit of the Group directly reporting to the Chief Credit Officer. Such accounts are re-evaluated and remedial actions are agreed and monitored. Remedial actions include, but are not limited to, exposure reduction, security enhancement, exit of the account etc.

With respect to the Group's consumer portfolio, asset quality is monitored closely with 30/60/90 days past due accounts and delinquency trends are monitored continuously for each consumer product of the Group. Accounts which are past due are subject to the collection process, managed independently by the risk function. Write-off and provisioning of the consumer portfolio is done strictly as per the UAE Central Bank guidelines.

Finance House PJSC
Condensed consolidated interim financial information

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

4 Financial risk management (continued)

(a) Credit risk (continued)

(v) Definition of default and credit-impaired assets (continued)

Credit risk mitigation

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools. Additional support in the form of collateral and guarantee is obtained where required. The reliance that can be placed on these credit mitigation resources is carefully assessed in light of issues such as legal enforceability, market value and counterparty risk of the guarantor. Collateral types which are eligible for risk mitigation include: cash; residential, commercial and industrial property; fixed assets such as motor vehicles, aircraft, plant and machinery; marketable securities; commodities; bank guarantees; and letters of credit etc. Risk mitigation policies control the approval of collateral types.

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2024.

The Group measures its exposure to credit risk by reference to the gross carrying amount of financial assets less amounts offset, interest suspended and impairment losses, if any. The carrying amounts of financial assets represent the maximum credit exposure.

(vi) Exposure to credit risk

	As at 30 June 2025 (unaudited)			
	ECL staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	AED'000	AED'000	AED'000	AED'000
Loans and advances				
Grading 1	865,865	19,074	-	884,939
Grading 2	787,679	169,713	-	957,392
Grading 3	-	133,528	204,056	337,584
Grading 4	-	-	6,042	6,042
Grading 5	-	-	294,160	294,160
Total	1,653,544	322,315	504,258	2,480,117
Less: Allowances for expected credit losses	(15,632)	(86,348)	(408,846)	(510,826)
Carrying amount	1,637,912	235,967	95,412	1,969,291
Credit risk exposures relating to off-balance sheet items are as follows				
Letters of credit	6,717	-	-	6,717
Guarantees	357,252	9,548	1,004	367,804
Less: allowances for expected credit losses	(4,127)	(95)	(10)	(4,232)
Carrying amount	359,842	9,453	994	370,289

Finance House PJSC
Condensed consolidated interim financial information

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

4 Financial risk management (continued)

(a) Credit risk (continued)

(vi) Exposure to credit risk

	As at 31 December 2024 (audited)			
	ECL staging			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	AED'000	AED'000	AED'000	AED'000
Loans and advances				
Grading 1	811,240	18,213	-	829,453
Grading 2	941,226	158,356	-	1,099,582
Grading 3	-	139,847	18,146	157,993
Grading 4	-	-	16,703	16,703
Grading 5	-	-	460,741	460,741
Total	1,752,466	316,416	495,590	2,564,472
Less: Allowances for expected credit losses	(35,046)	(71,760)	(393,239)	(500,045)
Carrying amount	1,717,420	244,656	102,351	2,064,427
Credit risk exposures relating to off-balance sheet items are as follows				
Letters of credit	3,622	-	-	3,622
Guarantees	402,359	9,548	945	412,852
Less: allowances for expected credit losses	(4,499)	(95)	(9)	(4,603)
Carrying amount	401,482	9,453	936	411,871

Finance House PJSC
Condensed consolidated interim financial information

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

4 Financial risk management (continued)

(a) Credit risk (continued)

(vi) Exposure to credit risk

	As at 30 June 2025 (unaudited)			
	ECL staging			Total AED'000
	Stage 1	Stage 2	Stage 3	
	12-month ECL AED'000	Lifetime ECL AED'000	Lifetime ECL AED'000	
Islamic financing and investing assets				
Grading 1	2,792	-	-	2,792
Grading 2	141	-	-	141
Grading 3	-	-	14,906	14,906
Grading 4	-	-	981	981
Grading 5	-	-	51,157	51,157
Total	2,933	-	67,044	69,977
Less: Allowances for expected credit losses	(114)	-	(60,330)	(60,444)
Carrying amount	2,819	-	6,714	9,533
Credit risk exposures relating to off-balance sheet				
Letters of credit	-	-	-	-
Guarantees	12,007	-	-	12,007
Less: allowances for expected credit losses	(60)	-	-	(60)
Carrying amount	11,947	-	-	11,947
Exposures relating to on-balance sheet assets				
Due from banks at investment grade	726,434	-	-	726,434
	726,434	-	-	726,434

Finance House PJSC
Condensed consolidated interim financial information

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

4 Financial risk management (continued)

(a) Credit risk (continued)

(vi) Exposure to credit risk

	As at 31 December 2024 (audited)			
	ECL staging			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	AED'000	AED'000	AED'000	AED'000
Islamic financing and investing assets				
Grading 1	2,586	-	-	2,586
Grading 2	133	1	-	134
Grading 3	-	-	8,210	8,210
Grading 4	-	-	912	912
Grading 5	-	-	59,418	59,418
Total	2,719	1	68,540	71,260
Less: Allowances for expected credit losses	(138)	-	(59,797)	(59,935)
Carrying amount	2,581	1	8,743	11,325
Exposures relating to off-balance sheet				
Guarantees	20,748	-	-	20,748
Less: allowances for expected credit losses	(207)	-	-	(207)
Carrying amount	20,541	-	-	20,541
Credit risk exposures relating to on-balance sheet assets				
Due from banks at investment grade	388,583	-	-	388,583
	388,583	-	-	388,583

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations from financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Finance House PJSC
Condensed consolidated interim financial information

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

4 Financial risk management (continued)

(c) Market risk

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

(i) Interest rate risk

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

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

The following table demonstrates the sensitivity of the income statement to reasonably possible changes in the interest rates, with all other variables held constant, of the Group's result for the period.

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the Group's profit for the period, based on the floating rate financial assets and liabilities held at reporting date.

(ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board of Directors has set limits on positions by currency. Positions are monitored on a daily basis and it is ensured these are maintained within established limits.

Foreign currency risk is limited since a significant proportion of the Group's transactions, monetary assets and liabilities are denominated in UAE Dirham and U.S. Dollar. As the UAE Dirham is pegged to the U.S. Dollar, balances in U.S. Dollar are not considered to represent significant currency risk. Exposure to other currencies is insignificant to the overall Group.

	+1% Increase AED'000	-1% Decrease AED'000
30 June 2025		
Change of 1%	5,448	(7,878)
Cash flow sensitivity	5,448	(7,878)
31 December 2024		
Change of 1%	5,385	(9,057)
Cash flow sensitivity	5,385	(9,057)

Finance House PJSC
Condensed consolidated interim financial information

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

4 Financial risk management (continued)

(c) Market risk (continued)

(iii) Price risk

Price risk is the risk that the fair values of equities and fixed income securities decrease as the result of changes in the levels of equity and fixed income indices and the value of individual instruments. The price risk exposure arises from the Group's investment portfolio.

The following table estimates the sensitivity to a possible change in equity and fixed income markets on the Group's consolidated income statement. The sensitivity of the consolidated income statement is the effect of the assumed changes in the reference equity and fixed income benchmarks on the fair value of investments carried at fair value through profit or loss.

	Equity	
	5%	5%
	Increase	Decrease
	AED'000	AED'000
30 June 2025		
Investments carried at fair value through profit or loss		
Abu Dhabi Securities Market Index	1,758	(1,758)
Dubai Financial Market Index	184	(184)
Investments carried at fair value through other comprehensive income		
Abu Dhabi Securities Market Index	2,842	(2,842)
Cash flow sensitivity	4,784	(4,784)
31 December 2024 (audited)		
Investments carried at fair value through profit or loss		
Abu Dhabi Securities Market Index	2,047	(2,047)
Dubai Financial Market Index	256	(256)
Investments carried at fair value through other comprehensive income		
Abu Dhabi Securities Market Index	2,471	(2,471)
Dubai Financial Market Index		
Unquoted investments		
Cash flow sensitivity	4,774	(4,774)

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

4 Financial risk management (continued)

(c) Market risk (continued)

(iii) Price risk (continued)

The effect of decreases in prices of equity and fixed income securities is expected to be equal and opposite to the effect of the increases shown above.

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from inadequate or failed internal processes, systems failure, human error, fraud or external events. When required controls fail, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. While the Group cannot expect to eliminate all operational risks, through a control framework and by continuous monitoring and responding of potential risk, the Group is able to manage these risks. Controls include effective segregation of duties, appropriate access, authorization and reconciliation procedures, staff training and robust assessment process. The processes are reviewed by risk management and internal audit on an ongoing basis.

(e) Insurance risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differs from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

In common with other insurers, in order to minimize financial exposure arising from large insurance claims, the Group, in the normal course of business, enters into arrangements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, facultative and excess of loss reinsurance contracts.

To minimise its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

Finance House PJSC
Condensed consolidated interim financial information

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

5 Net interest income and income from Islamic financing and investing assets

	(Unaudited) Three-month ended 30 June		(Unaudited) Six-month ended 30 June	
	2025	2024	2025	2024
	AED'000	AED'000	AED'000	AED'000
<u>Interest/profit income on:</u>				
Loans and advances	44,286	44,031	92,925	93,582
Islamic financing and investing assets	295	204	434	217
Due from banks	6,725	6,107	13,961	12,456
Perpetual investments	306	202	606	443
Other	531	339	858	677
Interest income and income from Islamic financing and investing assets	52,143	50,883	108,784	107,375
<u>Interest expense/profit distribution on:</u>				
Customers' deposits and margin accounts	(14,164)	(18,349)	(32,480)	(29,745)
Due to banks and other financial institutions	(7,835)	(5,086)	(15,302)	(17,152)
Interest expense and profit distributable to depositors	(21,999)	(23,435)	(47,782)	(46,897)
Net interest income and income from Islamic financing and investing assets	30,144	27,448	61,002	60,478

No interest or profit income is recognised on impaired loans and advances or on impaired Islamic financing and investing assets.

6 Net investment income

	(Unaudited) Three-month ended 30 June		(Unaudited) Six-month ended 30 June	
	2025	2024	2025	2024
	AED'000	AED'000	AED'000	AED'000
Net gain/(loss) on disposal of investments carried at fair value through profit or loss	5,225	(2,843)	5,766	(2,239)
Change in fair value of investments carried at fair value through profit or loss	477	15,447	(558)	13,311
Dividends from investments carried at fair value through profit or loss	1,203	-	1,209	1,487
Net profit from investments carried at fair value through profit or loss	6,905	12,604	6,417	12,559
Dividend income from investments carried at fair value through other comprehensive income	2,271	58	2,480	1,066
Net income from investments	9,176	12,662	8,897	13,625

Finance House PJSC
Condensed consolidated interim financial information

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

7 Basic and diluted profit/(loss) per share

The calculation of the basic and diluted profit/(loss) per share is based on the following data:

	(Unaudited) Three-months ended 30 June		(Unaudited) Six months ended 30 June	
	2025	2024	2025	2024
	AED'000	AED'000	AED'000	AED'000
Profit/(loss) for the period attributable to equity holders of the parent	11,532	5,460	8,925	(463)
Less: Tier 1 sukuk coupon paid	(4,247)	(4,253)	(8,503)	(8,512)
Less: Bond coupon paid	(310)	(141)	(619)	(282)
	6,975	1,066	(197)	(9,257)
Number of ordinary shares in issue	302,838	302,838	302,838	302,838
Less: Treasury shares	(30,284)	(28,569)	(30,284)	(28,569)
Less: Employees' share-based payment scheme	(1,750)	(1,750)	(1,750)	(1,750)
	270,804	272,519	270,804	272,519
Profit/(loss) per share (AED)	0.03	0.00	(0.00)	(0.03)

8 Cash and cash equivalents

	(Unaudited) 30 June 2025 AED'000	(Audited) 31 December 2024 AED'000
Cash balances		
Cash on hand	8,751	8,521
Due from banks with original maturities of less than three months		
Placements with banks	7,000	4,637
Call accounts	132,248	90,244
Current and demand accounts	73,960	113,702
Balance with the Central Bank of the UAE	507,226	174,000
Restricted cash balances*	6,000	6,000
	726,434	388,583
Due to banks and other financial institutions	(33,753)	(42,863)
Restricted cash balances*	(6,000)	(6,000)
Net cash and cash equivalents	695,432	348,241

* Restricted cash represents deposits with the Central Bank of the UAE amounting to AED 6 million (31 December 2024: AED 6 million).

Finance House PJSC
Condensed consolidated interim financial information

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

9 Investment securities

30 June 2025 (Unaudited)

	At fair value through other comprehensive income AED'000	At fair value through profit or loss AED'000	At amortized cost AED'000	Total AED'000
<u>Equity instruments:</u>				
- Quoted	68,936	38,843	-	107,779
- Unquoted	7,675	44,496	-	52,171
<u>Debt Instruments</u>				
- Quoted, fixed rate	5,598	-	44,914	50,512
- Unquoted investment in managed funds	447	-	-	447
	82,656	83,339	44,914	210,909
Within UAE	77,811	83,339	44,914	206,064
Outside UAE	4,845	-	-	4,845
	82,656	83,339	44,914	210,909

31 December 2024 (Audited)

	At fair value through other comprehensive income AED'000	At fair value through profit or loss AED'000	At amortized cost AED'000	Total AED'000
<u>Equity instruments:</u>				
- Quoted	62,941	46,060	-	109,001
- Unquoted	7,675	44,496	-	52,171
<u>Debt instruments</u>				
-Quoted, fixed rate	5,784	-	44,917	50,701
-Unquoted investment in managed funds	570	-	-	570
	76,970	90,556	44,917	212,443
Within UAE	75,062	90,556	44,917	210,535
Outside UAE	1,908	-	-	1,908
	76,970	90,556	44,917	212,443

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Condensed consolidated interim financial information

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

10 Loans and advances and Islamic financing & investing assets

10.1 Loans and advances, net

	(Unaudited) 30 June 2025 AED'000	(Audited) 31 December 2024 AED'000
Commercial loans		
Commercial overdraft	365,376	423,634
Other commercial advances	1,431,663	1,545,255
	<u>1,797,039</u>	<u>1,968,889</u>
 Retail finance		
Personal loans and advances	683,078	595,583
	<u>683,078</u>	<u>595,583</u>
 Loans and advances, gross	2,480,117	2,564,472
Less: Allowance for expected credit losses	(510,826)	(500,045)
Loans and advances, net	<u>1,969,291</u>	<u>2,064,427</u>

The movement in the allowance for expected credit losses during the period/year is as follows:

	(Unaudited) 30 June 2025 AED'000	(Audited) 31 December 2024 AED'000
Opening balance	500,045	467,455
Charges for the period/year	15,799	46,600
Reversal of no longer required impairment charges	-	(5,251)
Amounts written off	(5,018)	(8,759)
Closing balance	<u>510,826</u>	<u>500,045</u>

The allowance for expected credit losses includes a specific allowance of AED 409 million (31 December 2024 AED 393 million) for stage 3 loans of the Group.

Finance House PJSC
Condensed consolidated interim financial information

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

10 Loans and advances and Islamic financing & investing assets (continued)

10.2 Islamic financing and investing assets

	(Unaudited) 30 June 2025 AED'000	(Audited) 31 December 2024 AED'000
Commodity Murabaha	51,521	51,834
Covered card and drawings	8,478	9,496
Ijarah	6,708	6,656
Others	3,270	3,274
Islamic financing and investing assets, gross	69,977	71,260
Less: Allowance for expected credit losses	(60,444)	(59,935)
Islamic financing and investing assets, net	9,533	11,325

The movement in the allowance for expected credit losses during the period/year is as follows:

	(Unaudited) 30 June 2025 AED'000	(Audited) 31 December 2024 AED'000
Opening balance	59,935	59,180
Charges during the period/year	577	755
Write off	(68)	-
Closing balance	60,444	59,935

The allowance for expected credit losses includes a specific allowance of AED 60 million (31 December 2024 AED 60 million) for stage 3 Islamic financing and investing assets of the Group.

Finance House PJSC
Condensed consolidated interim financial information

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

11 Customers' deposits and margin accounts

	(Unaudited) 30 June 2025 AED'000	(Audited) 31 December 2024 AED'000
Call and demand deposits	613,723	584,649
Time deposits	1,287,859	1,056,824
	1,901,582	1,641,473
Margin accounts	232,403	255,725
	2,133,985	1,897,198

Margin accounts represent cash margins collected from corporate customers against unfunded and funded credit facilities extended to them in the normal course of business.

Customers' deposits and margin accounts carry interest/profit rates ranging from 0.25% to 6.40% (2024: 0.25% to 6.50%) per annum.

Analysis of customers' deposits by sector is as follows:

	(Unaudited) 30 June 2025 AED'000	(Audited) 31 December 2024 AED'000
Government	14,602	21,740
Corporate	2,119,383	1,875,458
	2,133,985	1,897,198

12 Borrowings

	(Unaudited) 30 June 2025 AED'000	(Audited) 31 December 2024 AED'000
At 1 January	295,000	215,000
Additional borrowing during the period/year	75,000	355,000
Repayments during the period/year	(65,000)	(275,000)
At 30 June/31 December	305,000	295,000

These borrowings carry variable interest rates ranging from 6.66% to 9.5% (2024: 7.5% to 9.9%) per annum.

Finance House PJSC
Condensed consolidated interim financial information

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

13 Share capital

	(Unaudited)	(Audited)
	30 June	31 December
	2025	2024
	AED'000	AED'000
Authorised, issued and paid-up capital		
302.8 million shares (2024: 302.8 million shares)		
of AED 1 each (2024: AED 1 each)	<u>302,838</u>	<u>302,838</u>

14 Treasury shares

During 2021, the Company obtained regulatory approvals to undertake a share-buy program whereby the Company buys and sells its own shares in the normal course of its equity trading and marketing activities. These shares are treated as a deduction from shareholders' equity. Gain and loss on sales or redemption of own shares are credited or charged to reserves.

Treasury shares represent the cost of 30,284 thousand shares of the Company held as at 30 June 2025 (31 December 2024: 30,284 thousand shares).

15 Employees' share-based payment scheme

The share-based payment scheme is administered by a trustee and gives the Board of Directors the authority to determine which employees of the Group will be granted the shares. The values of shares granted to employees are expensed in the period in which they are granted, and that of the remaining shares are included within shareholders' equity.

During the period, no shares were granted to employees (30 June 2024: Nil) and the value of outstanding shares not yet granted to employees as at 30 June 2025 were AED 1.75 million (31 December 2024: AED 1.75 million).

16 Commitments and contingent liabilities

The Group provides letters of credit and financial guarantees on behalf of customers to third parties. These agreements have fixed limits and are generally for a certain period of time.

Capital commitments represent future capital expenditures that the Group has committed to spending on assets over a period of time. Irrevocable commitments to extend credit represent contractual irrevocable commitments to make loans and revolving credits. All financial guarantees were issued in the ordinary course of business. The Group had the following commitments and contingent liabilities outstanding at period/year end:

	(Unaudited)	(Audited)
	30 June	31 December
	2025	2024
	AED'000	AED'000
Letters of credit	6,717	3,622
Letters of guarantee	375,519	412,852
Capital commitments	<u>4,249</u>	<u>4,249</u>
	<u>386,485</u>	<u>420,723</u>

Finance House PJSC
Condensed consolidated interim financial information

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

17 Tier 1 Capital Instruments

In July 2015, the Group raised financing by way of Shariah compliant Tier 1 Capital Certificates amounting to AED 300 million (Tier 1 sukuks). Issuance of these Capital Certificates was approved by the shareholders of the Company in its Extra Ordinary General Meeting (EGM) in April 2015. The Central Bank of the UAE has also approved the facility to be considered as Tier 1 capital for regulatory purposes. These Capital Certificates bear profit at a fixed rate payable semi-annually in arrears. The Capital Certificates are non-cumulative perpetual securities for which there is no fixed redemption date and are callable by the Group subject to certain conditions. Tier 1 Sukuk amounting to AED 24,400 thousand (2024: AED 23,900 thousand) are held by subsidiaries of the Group and, accordingly, eliminated in the condensed consolidated interim statement of financial position. The payment of the coupon amounts on those instruments is solely at the discretion of the issuer at a coupon profit rate ranging from 6.05% to 6.14% (2024: 6.06% to 6.14%) per annum.

In March 2019 the subsidiary of the Group 'Insurance House PJSC' raised Tier 1 perpetual bonds amounting to AED 15 million. Issuance of these perpetual bonds was approved by the shareholders of Insurance House PSJC in its Extra Ordinary General Meeting (EGM) in January 2019. These perpetual bonds bear profit at a fixed rate payable semi-annually in arrears. The perpetual bonds are non-cumulative perpetual securities for which there is no fixed redemption date and are callable by the subsidiary subject to certain conditions. The payment of the coupon amounts on those instruments is solely at the discretion of the issuer at a coupon profit rate of 8.25% (2024: 8.25%) per annum.

18 Related party disclosures

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the case of the Group, related parties, as defined in the IAS 24, include major shareholders of the Group, directors and officers of the Group and companies of which they are principal owners and key management personnel.

The period/year end balances in respect of related parties included in the condensed consolidated interim statement of financial position are as follows:

	(Unaudited)	(Audited)
	30 June	31 December
	2025	2024
	AED'000	AED'000
Loans and advances to customers		
To members of the board of directors	60,360	62,282
Finance House Securities LLC	49,557	45,577
To other related parties	54,858	54,776
Customers' deposits		
From other entities under common control	191	407

Finance House PJSC
Condensed consolidated interim financial information

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

18 Related party disclosures (continued)

Terms and conditions of transactions with related parties

The above-mentioned outstanding balances arose from the ordinary course of business. The interest rates charged to and by related parties are at normal commercial rates. Outstanding balances at the period end are unsecured. There have been no guarantees provided or received for any related party receivables or payables.

The significant transactions included in the condensed consolidated interim statement of profit or loss are as follows:

	(Unaudited) Three-month period ended 30 June 2025 AED'000	(Unaudited) Six-month period ended 30 June 2024 AED'000
Interest and commission income		
From key management staff	-	1
From members of the board of directors	1,864	1,006
From other related persons	2,080	700
Interest expense		
To other related parties	-	-
Key management remuneration		
Short term benefits (salaries, benefits and bonuses)	4,842	4,640

19 Segment information

For management purposes, the Group is organized into five major business segments:

- (i) Commercial and retail financing, which principally provides loans and other credit facilities for institutional and individual customers.
- (ii) Investment, which involves the management of the Group's investment portfolio and its treasury activities.
- (iii) Islamic financing and investing, which involves one of the Group's subsidiaries principally providing investment, consumer and commercial financing and other related services based on Islamic Sharia's rules and principles.
- (iv) Brokerage, which involves one of the Group's subsidiaries providing brokerage services.
- (v) Insurance, which involves one of the Group's subsidiaries providing non-life insurance services.

These segments are the basis on which the Group reports its primary segment information. Transactions between segments are conducted at rates determined by management taking into consideration the cost of funds.

Information regarding the Group's reportable segments is presented in the following pages:

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Condensed consolidated interim financial information

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

19 Segment Information (continued)

	Commercial and retail Financing AED'000	Investment AED'000	Islamic financing and investing AED'000	Brokerage AED'000	Insurance AED'000	Unallocated overhead AED'000	Total AED'000
30 June 2025 (Unaudited)							
Operating income/(loss)	37,708	28,508	(3,094)	10,494	2,185	-	75,801
Inter-segment revenues	38,434	(38,434)	-	-	-	-	-
Segmental results and profit/(loss) from operations	12,141	28,472	(2,924)	4,641	1,947	(32,901)	11,376
Segmental assets	1,899,954	888,829	19,461	365,976	249,968	-	3,424,188
Segmental liabilities	1,857,813	537,479	135,161	10,138	244,822	-	2,785,413
30 June 2024 (Unaudited)							
Operating income/(loss)	35,159	33,085	(3,094)	9,058	(10,046)	-	64,142
Inter-segment revenues	38,229	(38,229)	-	-	-	-	-
Segmental results and profit / (loss) from operations	8,180	31,344	(2,924)	4,143	(10,046)	(35,381)	(4,684)
Segmental assets	1,746,161	702,721	19,461	343,224	226,546	-	3,038,113
Segmental liabilities	1,737,981	321,193	135,161	(8,981)	213,383	-	2,398,737
31 December 2024 (Audited)							
Segmental assets	1,776,527	762,542	19,461	365,123	205,666	-	3,129,319
Segmental liabilities	1,754,755	390,765	135,161	7,182	202,510	-	2,490,373

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

20 Fair value measurement

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The following table shows the analysis of assets recorded at fair value by level of the fair value hierarchy as at 30 June 2025:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Assets measured at fair value				
Investment properties	-	-	30,942	30,942
At fair value through profit or loss				
Quoted equities	38,843	-	-	38,843
Unquoted equities	-	-	44,496	44,496
	38,843	-	44,496	83,339
At fair value through other comprehensive income				
Quoted equities	68,936	-	-	68,936
Quoted debt instruments	5,598	-	-	5,598
Unquoted equities	-	-	7,675	7,675
Unquoted investment in managed funds	-	447	-	447
	74,534	447	7,675	82,656
Assets for which fair value is disclosed				
Investment carried at amortised cost	-	-	44,914	44,914

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Condensed consolidated interim financial information

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

20 Fair value measurement (continued)

The following table shows the analysis of assets recorded at fair value by level of the fair value hierarchy as at 31 December 2024:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Assets measured at fair value				
Investment properties	-	-	30,942	30,942
At fair value through profit or loss				
Quoted equities	46,060	-	-	46,060
Unquoted equities	-	-	44,496	44,496
	46,060	-	44,496	90,556
At fair value through other comprehensive income				
Quoted equities	62,941	-	-	62,941
Quoted debt securities	5,784	-	-	5,784
Unquoted equities	-	-	7,675	7,675
Investment in managed funds	-	570	-	570
	68,725	570	7,675	76,970
Assets for which fair value is disclosed				
Investment carried at amortised cost	-	-	44,914	44,914

The following is a description of the determination of fair value for assets which are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the assets.

Investments carried at fair value through profit or loss

Investments carried at fair value through profit and loss are listed equities and debt instruments in local as well as international exchanges. Valuations are based on market prices as quoted in the exchange.

Investments carried at fair value through other comprehensive income

Investments carried at fair value through other comprehensive income, the revaluation gains/losses of which are recognized through equity, comprise long term strategic investments in listed equities, companies and private equity funds. Listed equity valuations are based on market prices as quoted in the exchange while funds are valued on the basis of net asset value statements received from fund managers. For companies, the financial statements provide the valuations of these investments which are arrived at primarily by discounted cash flow analysis. Fair value of the unquoted ordinary shares has been estimated using DCF model and Price Earning Multiple basis valuation. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility and price earnings multiples. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

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Condensed consolidated interim financial information

Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

20 Fair value measurement (continued)

Following is the description of the significant unobservable inputs used in the valuation of unquoted equities categorized under level 3 fair value measurement.

Type	Valuation technique	Significant unobservable inputs to valuation	Sensitivity of the input to fair value
Unquoted equities	EV/EBITDA, EV/Revenue, PE and P/B	Average of all four techniques	Increase / (decrease) in all four Multiples by 1 would result in an increase / (decrease) in fair value by AED 338 thousand on average

Transfers between categories

During the period, there were no transfers between Level 1 and Level 2 fair value measurements. The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

	Financial assets at Level 3	
	(Unaudited)	(Audited)
	30 June 2025	31 December 2024
	AED'000	AED'000
Balance at 1 January	52,171	32,844
Gain for the period/year	-	44,478
Purchase	-	5,018
Disposal	-	(30,169)
Balance at 30 June / 31 December	<u>52,171</u>	<u>52,171</u>

	Non-financial assets at Level 3	
	(Unaudited)	(Audited)
	30 June 2025	31 December 2024
	AED'000	AED'000
Balance at 1 January	30,942	30,942
Balance at 30 June / 31 December	<u>30,942</u>	<u>30,942</u>

21 Legal proceedings

The Group is involved in various legal proceedings and claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, management does not believe that these matters will have a material adverse effect on the Group's condensed consolidated interim financial information if disposed unfavorably.

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Notes to the condensed consolidated interim financial information (continued)
For the six-month period ended 30 June 2025

22 Taxation

During the period, the Group has charged AED 697 thousand as the provision of tax (30 June 2024: Nil).

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (UAE Corporate Tax Law) to enact a Federal corporate tax regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax-related impact on the financial statements for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 - Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375 thousand and a rate of 0% will apply to taxable income not exceeding AED 375 thousand and a rate of 0% on qualifying income of free zone entities.

The difference between the applicable tax rate and the Group's effective tax rate arises due to various adjustments being made in accordance with the corporate tax law which are stated below:

	30-Jun-25	30-Jun-24
	AED '000	AED '000
Profit before tax	12,073	-
Prima facie tax expense at 9% (2023: 0%)	1,087	-
Tax effect of difference:		
Tax effect of brought forward losses from previous period- FH Group	450	-
Tax effect of non-deductible expense- Insurance House	(41)	-
Tax effect of different tax rate of subsidiaries operating in foreign jurisdiction	-	-
Changes in deferred tax	-	-
Unrecoverable withholding tax	-	-
Others (Elimination of Profit of Sukuk due to Consolidation - IH)	(19)	-
Tax expense for the period	(697)	-

23 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

24 Approval of condensed interim financial information

The condensed consolidated interim financial information was approved and authorized for issue by the Board of Directors on 13 August 2025.