Gulf International Bank B.S.C.
Abu Dhabi Branch

Basel III Pillar 3

Risk Management and Capital Adequacy

For the year ended 31st December 2024

GiB

Risk management and capital adequacy report

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1. Overview of risk management, key prudential metrics and RWA

1.1 Key metrics

		Dec-24	Sep-24	Jun-24	Mar-24	Dec-23
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	582,598	582,166	590,989	568,306	636,514
1a	Fully loaded ECL accounting model	582,598	579,734	588,557	565,874	634,082
2	Tier 1	582,598	582,166	590,989	568,306	636,514
2a	Fully loaded ECL accounting model Tier 1	582,598	579,734	588,557	565,874	634,082
3	Total capital	609,051	610,320	617,436	594,070	663,085
3a	Fully loaded ECL accounting model total capital	609,051	607,888	615,004	591,638	660,653
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	2,302,790	2,401,248	2,248,589	2,193,265	2,252,377
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	25.30%	24.24%	26.28%	25.91%	28.26%
5a	Fully loaded ECL accounting model CET1 (%)	25.30%	24.14%	26.17%	25.80%	28.15%
6	Tier 1 ratio (%)	25.30%	24.24%	26.28%	25.91%	28.26%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	25.30%	24.14%	26.17%	25.80%	28.15%
7	Total capital ratio (%)	26.45%	25.42%	27.46%	27.09%	29.44%
7a	Fully loaded ECL accounting model total capital ratio (%)	26.45%	25.32%	27.35%	26.98%	29.33%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical buffer requirement (%)	-	-	-	-	-
10	Bank D-SIB additional requirements (%)	-	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.5%	2.5%	2.5%	2.5%	2.5%
12	CET1 available after meeting the bank's minimum capital requirements (%)	15.95%	14.92%	16.96%	16.59%	18.94%
	Leverage Ratio					
13	Total leverage ratio measure	3,712,792	3,832,274	3,591,434	3,101,099	3,138,617
14	Leverage ratio (%) (row 2/row 13)	15.69%	15.19%	16.46%	18.33%	20.28%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	15.69%	15.13%	16.39%	18.25%	20.20%
14b	Leverage ratio (%) (excluding the impact of any	15.69%	15.19%	16.46%	18.33%	20.28%
	ELAR					
21	Total HQLA	1,338,123	953,651	647,502	368,867	341,901
22	Total liabilities	2,741,192	2,935,923	2,709,044	2,216,037	2,247,403
23	Eligible Liquid Assets Ratio (ELAR) (%)	48.82%	32.48%	23.90%	16.65%	15.21%
	ASRR					
24	Total available stable funding	2,717,014	2,829,506	2,836,707	2,298,953	2,437,442
25	Total Advances	1,828,410	2,098,529	1,824,443	1,799,439	1,858,424
26	Advances to Stable Resources Ratio (%)	67.29%	74.17%	64.32%	78.27%	76.24%

1.2 Bank Risk Management Approach

The Basel 3 framework

The CBUAE Basel 3 framework is based on three pillars, consistent with the Basel 3 framework developed by the Basel
- Pillar 1: the calculation of the risk-weighted assets (RWAs) and capital requirement.
- Pillar 2: the supervisory review process, including the Internal Capital Adequacy Assessment Process (ICAAP).
- Pillar 3: the disclosure of risk management and capital adequacy information.

Pillar 1

Pillar 1 prescribes the basis for the calculation of the regulatory capital adequacy ratio. Pillar 1 set out the definition and calculations of the RWAs, and the derivation of the regulatory capital base. The capital adequacy ratio is calculated by dividing the regulatory capital base by the total RWAs.

Pillar 2

Pillar 2 defines the process of supervisory review of an institution's risk management framework and, ultimately, its capital adequacy.
Pillar 2 comprises two processes:
- an Internal Capital Adequacy Assessment Process (ICAAP), and
- a supervisory review and evaluation process.

The ICAAP incorporates a review and evaluation of risk management and capital relative to the risks to which the branch is exposed. The branch's ICAAP has been developed around its economic capital framework which is designed to ensure that the Branch has sufficient capital resources available to meet regulatory and internal capital requirements, even during periods of economic or financial stress. The ICAAP addresses all components of the branch's risk management, from the daily management of more material risks to the strategic capital management. The supervisory review and evaluation process represents the CBUAE review of the branch's capital management and an assessment of internal controls and corporate governance. The supervisory review and evaluation process is designed to ensure that institutions identify their material risks and allocate adequate capital, and employ sufficient management processes to support such risks.

The supervisory review and evaluation process also encourages institutions to develop and apply enhanced risk management techniques for the measurement and monitoring of risks in addition to the credit, market and operational risks addressed in the core Pillar 1 framework. Other risk types which are not covered by the minimum capital requirements in Pillar 1 include liquidity risk, interest rate risk in the banking book, business risk and concentration risk. These are covered either by capital, or risk management and mitigation processes under Pillar 2.

1.2 Bank Risk Management Approach

Pillar 3

In the CBUAE Basel 3 framework, the third pillar prescribes how, when, and at what level information should be disclosed about an institution's risk management and capital adequacy practices. The disclosures comprise detailed qualitative and quantitative information. The purpose of the Pillar 3 disclosure requirements is to complement the first two pillars and the associated supervisory review process. The disclosures are designed to enable stakeholders and market participants to assess an institution's risk appetite and risk exposures and to encourage all banks, via market pressures, to move toward more advanced forms of risk management. Under the current regulations, partial disclosure consisting mainly of quantitative analysis is required during half year reporting, whereas fuller disclosure is required to coincide with the financial year end reporting. In this report, the branch's disclosures are beyond the minimum regulatory requirements and provide disclosure of the risks to which it is exposed, both on- and off-balance sheet. The disclosures in this report are in addition to the disclosures set out in the financial statements presented in accordance with International Financial Reporting Standards (IFRS).

Risk and capital management

The branch maintains a prudent and disciplined approach to risk taking by upholding a comprehensive set of risk management policies, processes and limits, employing professionally qualified people with the appropriate skills, investing in technology and training, and actively promoting a culture of sound risk management at all levels. A key tenet of this culture is the clear segregation of duties and reporting lines between personnel transacting business and personnel processing that business. The branch's risk management is underpinned by its ability to identify, measure, aggregate and manage the different types of risk it faces.

The Board of Directors for the GIB Group has created from among its members a Board Risk Policy Committee to review the Group's risk-taking activities including those at the Abu Dhabi Branch and report to the Board in this regard. The Board has the ultimate responsibility for setting the overall risk parameters and tolerances within which the Group and the Branch conducts its activities, including responsibility for setting the capital ratio targets. The Board reviews the Group's overall risk profile and significant risk exposures as well as the Group's major risk policies, processes and controls. These policies, processes and controls are disseminated to the branch.

The GIB Group Management Committee, chaired by the Chief Executive Officer (CEO), has the primary responsibility for sanctioning risk-taking policies and activities within the tolerances defined by the Board. The GIB Group Risk Committee assists the Management Committee in performing its risk related functions, through all the branches.

The GIB Group Risk Committee, under the chairmanship of the Group Chief Risk Officer (CRO) and comprising the Group's most senior risk professionals, provides a forum for the review and approval of new products, risk measurement methodologies and risk control processes. The Group Risk Committee also reviews all risk policies and limits that require approval by the Management Committee. The Group Assets and Liabilities Committee (ALCO), chaired by the Group Chief Financial Officer (CFO), provide a forum for the review of asset and liability activities within GIB including the branch. It co-ordinates the asset and liability functions and serves as a link between the funding sources and usage in the different business areas.

1.2 Bank Risk Management Approach

From a control perspective, the process of risk management is facilitated through a set of independent functions, which report directly to senior management. These functions include Credit Risk, Market Risk, Operational Risk, Financial Control and Internal Audit. This multi-faceted approach aids the effective management of risk by identifying, measuring and monitoring risks from a variety of perspectives.

Internal Audit is responsible for carrying out a risk-based programme of work designed to provide assurance that assets are being safeguarded. This involves ensuring that controls are in place and working effectively in accordance with Group policies and procedures as well as with laws and regulations. The work carried out by Internal Audit includes providing assurance on the effectiveness of the risk management functions, as well as that of controls operated by the business units in all of the Group's geographic locations. The Board Audit Committee approves the annual audit plan and also receives regular reports of the results of audit work.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the entire branch's future business development. The branch manages its capital structure and makes adjustments to the structure taking account of changes in economic conditions and strategic business plans. The Group CFO is responsible for the capital planning process. Capital planning includes capital adequacy reporting, economic capital and parameter estimation, i.e. probability of default (PD) and loss given default (LGD) estimates, used for the calculation of economic capital. The CFO is also responsible for the balance sheet management framework.

Governance structure

The governance structure for risk and capital management is set out in the table below:

<table>
<tr><th colspan="3">Board of Directors</th></tr>
<tr><td colspan="2">Board Audit Committee</td><td>Board Risk Policy Committee</td></tr>
<tr><th colspan="3">Chief Executive Officer</th></tr>
<tr><td>Management Committee
(Chairman: CEO)</td><td>Group Risk Committee
(Chairman: CRO)</td><td>Assets and Liabilities Committee
(Chairman: CFO)</td></tr>
</table>

The risk, liquidity and capital management responsibilities are set out in the table below:

<table>
<tr><th colspan="2">Chief Executive Officer</th></tr>
<tr><td>Chief Financial Officer
(CFO)</td><td>Chief Risk Officer
(CRO)</td></tr>
<tr><td>Balance sheet management framework
Capital management framework</td><td>Risk management framework and policies
Group credit control
Credit risk
Market risk
Operational risk
Liquidity risk</td></tr>
</table>

1.3- Overview of risk management, key prudential metrics and RWA

Overview of RWA

		RWA		Minimum capital requirements
		Dec-24	Sep-24	Dec-24
1	Credit risk (excluding counterparty credit risk)	2,076,033	2,189,679	217,983
2	Of which: standardised approach (SA)	2,076,033	2,189,679	217,983
3	[redacted]			
4	[redacted]			
5	[redacted]			
6	Counterparty credit risk (CCR)	40,238	62,612	4,225
7	Of which: standardised approach for counterparty credit risk	40,238	62,612	4,225
8	[redacted]			
9	[redacted]			
10	[redacted]			
11	[redacted]			
12	Equity investments in funds - look-through approach	-	-	-
13	Equity investments in funds - mandate-based approach	-	-	-
14	Equity investments in funds - fall-back approach	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the banking book	-	-	-
17	[redacted]			
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-
20	Market risk	17,080	22946	1793
21	Of which: standardised approach (SA)	17,080	22946	1793
22	[redacted]			
23	Operational risk	169,439	126,011	17,791
24	[redacted]			
25	[redacted]			
26	**Total (1+6+10+11+12+13+14+15+16+20+23)**	**2,302,790**	**2,401,248**	**241,793**

2- Composition of capital

2.1- Composition of regulatory capital

		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	550,000	
2	Retained earnings	-	
3	Accumulated other comprehensive income (and other reserves)	32,999	
4	*Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)*	-	
5	Common share capital issued by third parties (amount allowed in group CET1)	-	
6	**Common Equity Tier 1 capital before regulatory deductions**	**582,999**	
	Common Equity Tier 1 capital regulatory adjustments		
7	Prudent valuation adjustments	-	
8	Goodwill (net of related tax liability)	-	
9	Other intangibles including mortgage servicing rights (net of related tax liability)	401	
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	-	
11	Cash flow hedge reserve	-	
12	Securitisation gain on sale	-	
13	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
14	Defined benefit pension fund net assets	-	
15	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	-	
16	Reciprocal cross-holdings in CET1, AT1, Tier 2	-	
17	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
18	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
19	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
20	Amount exceeding 15% threshold	-	
21	Of which: significant investments in the common stock of financials	-	
22	Of which: deferred tax assets arising from temporary differences	-	
23	CBUAE specific regulatory adjustments	-	
24	**Total regulatory adjustments to Common Equity Tier 1**	-	
25	**Common Equity Tier 1 capital (CET1)**	582,598	
	Additional Tier 1 capital: instruments		
26	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-	
27	OF which: classified as equity under applicable accounting standards	-	
28	Of which: classified as liabilities under applicable accounting standards	-	
29	*Directly issued capital instruments subject to phase-out from additional Tier 1*	-	
30	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in AT1)	-	
31	*Of which: instruments issued by subsidiaries subject to phase-out*	-	
32	Additional Tier 1 capital before regulatory adjustments	-	
	Additional Tier 1 capital: regulatory adjustments		
33	Investments in own additional Tier 1 instruments	-	
34	Investments in capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	
35	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	
36	CBUAE specific regulatory adjustments	-	
37	Total regulatory adjustments to additional Tier 1 capital	-	
38	**Additional Tier 1 capital (AT1)**	-	
39	**Tier 1 capital (T1= CET1 + AT1)**	**582,598**	

2- Composition of capital

2.1- Composition of regulatory capital

		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Tier 2 capital: instruments and provisions		
40	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	
41	*Directly issued capital instruments subject to phase-out from Tier 2*	-	
42	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 30) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	
43	*Of which: instruments issued by subsidiaries subject to phase-out*	-	
44	Provisions	26,453	
45	**Tier 2 capital before regulatory adjustments**	26,453	
	Tier 2 capital: regulatory adjustments		
46	Investments in own Tier 2 instruments	-	
47	Investments in capital, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
48	Significant investments in the capital, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
49	CBUAE specific regulatory adjustments	-	
50	**Total regulatory adjustments to Tier 2 capital**	-	
51	**Tier 2 capital (T2)**	26,453	
52	**Total regulatory capital (TC = T1 + T2)**	609,051	
53	**Total risk-weighted assets**	2,302,790	
	Capital ratios and buffers		
54	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**	25.30%	
55	**Tier 1 (as a percentage of risk-weighted assets)**	25.30%	
56	**Total capital (as a percentage of risk-weighted assets)**	26.45%	
57	**Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)**	-	
58	**Of which: capital conservation buffer requirement**	-	
59	**Of which: bank-specific countercyclical buffer requirement**	-	
60	**Of which: higher loss absorbency requirement (e.g. DSIB)**	-	
61	**Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.**	25.30%	
	The CBUAE Minimum Capital Requirement		
62	Common Equity Tier 1 minimum ratio	7.00%	
63	Tier 1 minimum ratio	8.50%	
64	Total capital minimum ratio	10.50%	
	Amounts below the thresholds for deduction (before risk weighting)		
[redacted]			
66	Significant investments in common stock of financial entities	-	
[redacted]			
68	Deferred tax assets arising from temporary differences (net of related tax liability)	-	
	Applicable caps on the inclusion of provisions in Tier 2		
69	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-	
70	Cap on inclusion of provisions in Tier 2 under standardised approach	26,453	
[redacted]			
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
73	*Current cap on CET1 instruments subject to phase-out arrangements*	-	
74	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	-	
75	*Current cap on AT1 instruments subject to phase-out arrangements*	-	
76	*Amount excluded from AT1 due to cap (excess after redemptions and maturities)*	-	
77	*Current cap on T2 instruments subject to phase-out arrangements*	-	
78	*Amount excluded from T2 due to cap (excess after redemptions and maturities)*	-	

2- Composition of Capital

2.2- Reconciliation of regulatory capital to balance sheet

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at period-end	As at period-end	
Assets			
Cash and balances at central banks	331,219	302,081	(a)
Items in the course of collection from other banks	13,090	13,088	
Trading portfolio assets			
Financial assets designated at fair value	531,369	531,397	
Derivative financial instruments	-	42,893	(b)
Loans and advances to banks	720,000	720,000	
Loans and advances to customers	1,657,148	1,704,782	(c)
Reverse repurchase agreements and other similar secured lending			
Available for sale financial investments (Includes FVOCI)			
Current and deferred tax assets			
Prepayments, accrued income and other assets	90,725	76,918	(d)
Investments in associates and joint ventures			
Goodwill and other intangible assets			(e)
Of which: goodwill			
Of which: intangibles (excluding MSRs)			
Of which: MSRs			
Property, plant and equipment	545	545	
Total assets	3,344,096	3,391,704	
Liabilities			
Deposits from banks	203,143	203,140	
Items in the course of collection due to other banks			
Customer accounts	2,306,969	2,306,759	(e)
Repurchase agreements and other similar secured borrowing			
Trading portfolio liabilities			
Financial liabilities designated at fair value			
Derivative financial instruments		-	
Debt securities in issue	105,234	105,217	
Accruals, deferred income and other liabilities	126,841	126,076	(f)
Current and deferred tax liabilities			
Of which: DTLs related to goodwill			
Of which: DTLs related to intangible assets (excluding MSRs)			
Of which: DTLs related to MSRs			
Subordinated liabilities			
Provisions		48,603	(g)
Retirement benefit liabilities			
Total liabilities	2,742,187	2,789,795	
Shareholders' equity			
Paid-in share capital	550,000	550,000	
Of which: amount eligible for CET1	550,000	550,000	
Of which: amount eligible for AT1	-	-	
Retained earnings	51,909	51,909	
Accumulated other comprehensive income	-		
Total shareholders' equity	601,909	601,909	

Differences due to regulatory reporting requirements:

(a) Cash balance reported in the regulatory returns is the cash on hand and balances at the Central Bank of UAE.

(b) Derivative financial instruments are reported under other assets in the financial statements

(c) Loans and other assets are reported net of ECL in the financial statements and gross in the regulatory returns

(d) Positive fair value of the derivatives are reported under other assets in the financial statements but as positive fair value of derivatives under regulatory returns. This has been offset by the derivative valuation margin being reported under other assets in the regulatory returns and cash and balances at central banks in the financial statements

(e) Interbranch deposits are reported under deposits from customers in the financial statements. In regulatory returns interbranch deposits are reported under Due to head office

(f) Derivative financial instruments are reported under other liabilities in the financial statements and negative fair value of derivatives under regulatory returns and expected credit losses on contingent liabilities are reported under other liabilities in the financial statements and other provisions in the regulatory returns

(g) Expected credit losses on contingent liabilities and loans are reported under other liabilities and loans and advances in the financial statements and other provisions, general provision and specific provision in the regulatory returns

2- Composition of capital

2.3- Main features of regulatory capital instruments

		Quantitative / qualitative information
1	Issuer	**Gulf International Bank B.S.C.**
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	NA
3	Governing law(s) of the instrument	United Arab Emirates
	Regulatory treatment	
4	Transitional arrangement rules (i.e. grandfathering)	Tier 1
5	Post-transitional arrangement rules (i.e. grandfathering)	Tier 1
6	Eligible at solo/group/group and solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Common equity
8	most recent reporting date)	
9	Nominal amount of instrument	550,000
9a	Issue price	NA
9b	Redemption price	NA
10	Accounting classification	Shareholders' equity
11	Original date of issuance	NA
12	Perpetual or dated	Perpetual
13	Original maturity date	NA
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
	Coupons / dividends	NA
17	Fixed or floating dividend/coupon	NA
18	Coupon rate and any related index	NA
19	Existence of a dividend stopper	NA
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step-up or other incentive to redeem	NA
22	Non-cumulative or cumulative	NA
23	Convertible or non-convertible	NA
24	Writedown feature	NA
25	If writedown, writedown trigger(s)	NA
26	If writedown, full or partial	NA
27	If writedown, permanent or temporary	NA
28	If temporary write-own, description of writeup mechanism	NA
28a	Type of subordination	NA
29	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	NA
30	Non-compliant transitioned features	NA
31	If yes, specify non-compliant features	NA

3- Leverage ratio

3.1- Leverage ratio common disclosure

		Dec-24	Sep-24
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	3,301,941	3,504,544
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	401	265
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	3,301,540	3,504,279
Derivative exposures			
8	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	7,531	1,918
9	Add-on amounts for PFE associated with *all* derivatives transactions	14,202	20,804
10	(Exempted CCP leg of client-cleared trade exposures)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivative exposures (sum of rows 8 to 12)**	30,425	31,811
Securities financing transactions			
14	Gross SFT *assets* (with no recognition of netting), after adjusting for sale accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	CCR exposure for SFT assets	-	-
17	Agent transaction exposures	-	-
18	**Total securities financing transaction exposures (sum of rows 14 to 1**	-	-
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	820,991	635,610
20	(Adjustments for conversion to credit equivalent amounts)	440,164	339,426
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	**Off-balance sheet items (sum of rows 19 to 21)**	380,827	296,184
Capital and total exposures			
23	**Tier 1 capital**	582,598	582,166
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	3,712,792	3,832,274
Leverage ratio			
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	15.69%	15.13%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	15.69%	15.19%
26	CBUAE minimum leverage ratio requirement	3.00%	3.00%
27	**Applicable leverage buffers**	-	-

4- Liquidity

4.1- Liquidity risk management

Liquidity risk is the risk that sufficient funds are not available to meet the branch's financial obligations on a punctual basis as they fall due. The risk arises from the timing differences between the maturity profiles of the branch's assets and liabilities.

It includes the risk of losses arising from the following:
- forced sale of assets at below normal market prices
- raising of deposits or borrowing funds at excessive rates
- the investment of surplus funds at below market rates

Liquidity management policies are designed to ensure that funds are available at all times to meet the funding requirements of the branch, even in adverse conditions. In normal conditions, the objective is to ensure that there are sufficient funds available not only to meet current financial commitments but also to facilitate business expansion. These objectives are met through the application of prudent liquidity controls. These controls provide access to funds without undue exposure to increased costs from the liquidation of assets or the aggressive bidding for deposits.

The branch's liquidity controls ensure that, over the short-term, the future profile of cash flows from maturing assets is adequately matched to the maturity of liabilities. Liquidity controls also provide for the maintenance of a stock of liquid and readily realisable assets and a diversified deposit base in terms of both maturities and range of depositors.

The management of liquidity and funding is primarily conducted in the branch's individual geographic entities within approved limits. The limits ensure that contractual net cash flows occurring over the following 30 day period do not exceed the eligible stock of available liquid resources. It is the branch's general policy that each geographic entity should be self-sufficient in relation to funding its own operations.

4- Liquidity

4.1- Liquidity risk management

The branch's liquidity management policies include the following:
- the monitoring of (i) future contractual cash flows against approved limits, and (ii) the level of liquid resources available in a stress event;
- the monitoring of balance sheet liquidity ratios;
- the monitoring of the sources of funding in order to ensure that funding is derived from a diversified range of sources;
- the monitoring of depositor concentrations in order to avoid undue reliance on individual depositors;
- the maintenance of a satisfactory level of term financing; and
- the maintenance of liquidity and funding contingency plans. These plans identify early indicators of stress conditions and prescribe the actions to be taken in the event of a systemic or other crisis, while minimising adverse long-term implications for the branch's business activities.

A key element in the branch's market risk management framework is the estimation of potential future losses that may arise from adverse market movements. The branch utilises Value-at-Risk (VaR) to estimate such losses. The VaR is derived from quantitative models that use statistical and simulation methods that take account of all market rates and prices that may cause a change in a position's value. These include interest rates, foreign exchange rates and equity prices, their respective volatilities and the correlations between these variables. Effective September 2018, the branch's's VaR is calculated using a historical based simulation. Previously, the branch's VaR was calculated on a Monte Carlo simulation basis using historical volatilities and correlations to generate a profit and loss distribution from several thousand scenarios.

The VaR takes account of potential diversification benefits of different positions both within and across different portfolios. Consistent with general market practice, VaR is computed for all financial instruments for which there are readily available daily prices or suitable proxies. VaR is viewed as an effective risk management tool and a valuable addition to the non-statistically based limit structure. It permits a consistent and uniform measurement of market risk across all applicable products and activities. Exposures are monitored against a range of limits both by risk category and portfolio and are regularly reported to and reviewed by senior management and the Board of Directors.

4- Liquidity

4.1- Liquidity risk management

An inherent limitation of VaR is that past market movements may not provide an accurate prediction of future market losses. Historic analyses of market movements have shown that extreme market movements (i.e. beyond the 99 per cent confidence level) occur more frequently than VaR models predict. Stress tests are regularly conducted to estimate the potential economic losses in such abnormal markets. Stress testing combined with VaR provides a more comprehensive picture of market risk. The branch's regularly performs stress tests that are constructed around changes in market rates and prices resulting from pre-defined market stress scenarios, including both historical and hypothetical market events. Historical scenarios include the 1998 Russian crisis, the events of 9/11 and the 2008 credit crisis. In addition, the branch's performs stress testing based on internally developed hypothetical market stress scenarios. Stress testing is performed for all material market risk portfolios.

The branch has established approved limits which restrict the volume of liabilities maturing in the short-term. An independent risk management function monitors the future cash flow maturity profile against approved limits on a daily basis. The cash flows are monitored against limits applying to both daily and cumulative cash flows occurring over a 30 day period. The liquidity limits ensure that the net cash outflows over a 30 day period do not exceed the eligible stock of available liquid resources. The cash flow analysis is also monitored on a weekly basis by the Assets and Liabilities Committee (ALCO).

Customer deposits form a significant part of the branch's funding. The branch places considerable importance on maintaining the stability of both its customer and interbank deposits. The stability of deposits depends on maintaining confidence in the branch's financial strength and financial transparency.

4- Liquidity

4.2- Eligible Liquid Assets Ratio

1	High Quality Liquid Assets	Nominal amount	Eligible Liquid Asset
1.1	Physical cash in hand at the bank + balances with the CBUAE	806,726	
1.2	UAE Federal Government Bonds and Sukuks	531,397	
	Sub Total (1.1 to 1.2)	1,338,123	1,338,123
1.3	UAE local governments publicly traded debt securities	-	
1.4	UAE Public sector publicly traded debt securities	-	
	Sub total (1.3 to 1.4)	-	0
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	-	0
1.6	**Total**	**1,338,123**	**1,338,123**
2	Total liabilities		2,741,192
3	**Eligible Liquid Assets Ratio (ELAR)**		**48.82%**

4- Liquidity

4.3- Advances to Stables Resource Ratio

		Items	Amount
1		**Computation of Advances**	
	1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	1,452,795
	1.2	Lending to non-banking financial institutions	216,218
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	148,159
	1.4	Interbank Placements	11,238
	1.5	**Total Advances**	1,828,410
2		**Calculation of Net Stable Ressources**	
	2.1	Total capital + general provisions	614,032
		Deduct:	
	2.1.1	Goodwill and other intangible assets	-
	2.1.2	Fixed Assets	545
	2.1.3	Funds allocated to branches abroad	-
	2.1.5	Unquoted Investments	-
	2.1.6	Investment in subsidiaries, associates and affiliates	-
	2.1.7	**Total deduction**	545
	2.2	**Net Free Capital Funds**	613,487
	2.3	**Other stable resources:**	
	2.3.1	Funds from the head office	-
	2.3.2	Interbank deposits with remaining life of more than 6 months	-
	2.3.3	Refinancing of Housing Loans	-
	2.3.4	Borrowing from non-Banking Financial Institutions	163,520
	2.3.5	Customer Deposits	1,865,088
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	74,919
	2.3.7	**Total other stable resources**	2,103,527
	2.4	**Total Stable Resources (2.2+2.3.7)**	2,717,014
3		**Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)**	67.29

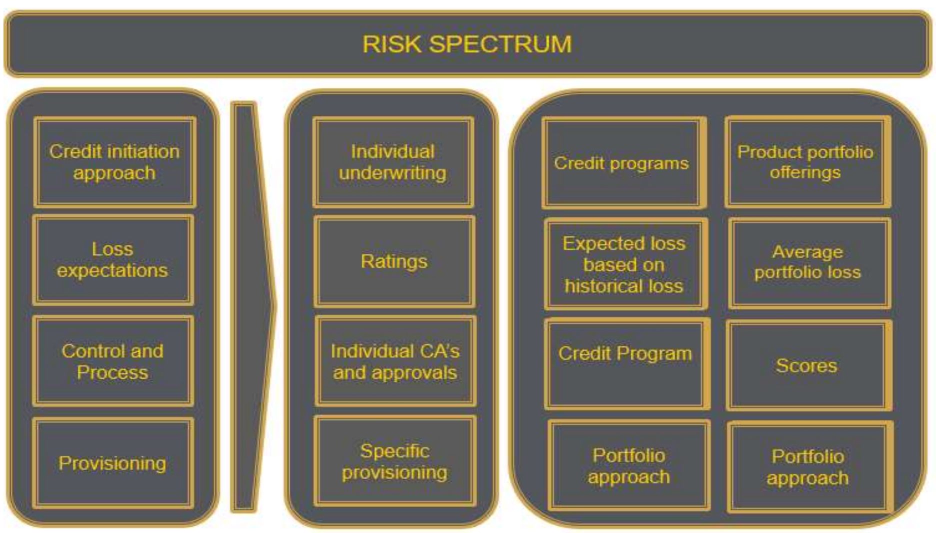
5- Credit risk

Credit risk is the risk that a customer, counterparty or an issuer of securities or other financial instruments fails to perform under its contractual payment obligations thus causing the branch to suffer a loss in terms of cash flow or market value. Credit risk is the predominant risk type faced by the branch in its banking, investment and treasury activities, both on- and off-balance sheet. Where appropriate, the branch seeks to minimise its credit exposure using a variety of techniques including, but not limited to the following:

- entering netting agreements with counterparties that permit the offsetting of receivables and payables
- obtaining collateral
- seeking third party guarantees of the counterparty's obligations
- imposing restrictions and covenants on borrowers

The credit risk management Policy is based on the need to establish a framework to adequately identify, measure and control credit risk and:
a) Set out the branch's overarching credit risk principles encompassing the group's culture, management framework and
b) Ensure a framework is in place that sets the key principles which will govern the credit risk policies at the branch;
c) Align credit risk strategy with the branch's overall business strategy and risk appetite;
d) Encourage diversification within the portfolio and a balance between yield and risk;
e) Define the parameters for granting credit and facility structures (such as pricing and tenor); and
f) Establish the framework for delegation of credit authority.

Structure and organization of the credit risk management and control function:



The branch has clearly defined three lines of defence risk management framework in place which is in accordance with generally accepted best practice. The three lines are as follows:

First line: Business units - take risks and are responsible and accountable for their ongoing management. This includes identifying, assessing and reporting exposures taking into account risk appetite and Bank policies and controls;

Second line: Oversight functions - includes independent risk management processes which shall be designed to monitor, report and oversee the business lines risk taking activities, assessing risks critically rather than purely carrying out a surveillance function. The second line shall also include a compliance function which is independent of business lines and has direct access to the Board Risk Policy Committee; and

Third line: Independent Assurance - consists of an independent internal audit assurance function which shall not be involved in developing, implementing or operating the risk management framework. Its independence shall be enhanced by the fact that it reports to the Board Audit Committee.

The risk management function is responsible to provide analysis on risk management reporting covering the key risks of the branch to BoD and management, as well as address any reporting needs to meet regulatory requirements.

5- Credit risk

5.1- Credit quality of assets

		Gross carrying values of		Allowances/ Impairments	Of which ECL accounting provisions for credit losses		Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General	
1	Loans	71,538	1,633,244	47,835	35,769	12,066	1,656,947
2	Debt securities	-	531,397	57	-	57	531,340
3	Off-balance sheet exposures	-	820,991	711	-	711	820,280
4	**Total**	**71,538**	**2,985,632**	**48,603**	**35,769**	**12,834**	**3,008,567**

5- Credit risk

5.2- Changes in stock of defaulted loans and debt securities

		Dec-24
1	**Defaulted loans and debt securities at the end of the previous reporting period**	71,538
2	Loans and debt securities that have defaulted since the last reporting period	-
3	Returned to non-default status	-
4	Amounts written off	-
5	Other changes	-
6	**Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)**	71,538

5- Credit risk

5.3- Additional disclosure related to credit quality of assets

Gross credit risk by geography:

AED '000s

	Loans	Other Assets	Total Funded	Commitments (Post CCF)	Other off balance sheet exposures (Post CCF)	Total Un-funded	Total
U.A.E.	1,494,711	1,390,326	2,885,037	118,693	121,836	240,528	3,125,565
Other GCC Countries	117,610	85,713	203,323	-	95,845	95,845	299,168
USA	-	204,809	204,809	-	637	637	205,446
Europe	92,461	6,074	98,535	-	43,817	43,817	142,352
Rest of the world	-	-	-	-	-	-	-
Total	**1,704,782**	**1,686,922**	**3,391,704**	**118,693**	**262,135**	**380,827**	**3,772,531**

Gross credit risk by economic sector:

AED '000s

	Loans	Other Assets	Total Funded	Commitments (Post CCF)	Other off balance sheet exposures (Post CCF)	Total Un-funded	Total
Agriculture and Allied Activities	20,443	547	20,990	-	-	-	20,990
Manufacturing	285,063	6,429	291,492	-	61,984	61,984	353,476
Electricity, Gas and Water	197,228	239	197,467	-	7,136	7,136	204,603
Construction	47,712	-	47,712	-	56,136	56,136	103,848
Real Estate	252,775	2,840	255,615	75,000	-	75,000	330,615
Trade	287,371	-	287,371	-	54,480	54,480	341,851
Transport, Storage & Communication	269,434	1,386	270,820	-	-	-	270,820
Non Banking Financial Institutions	216,218	5,126	221,344	-	29,610	29,610	250,954
Other Services	128,538	96	128,634	-	-	-	128,634
Financial Institutions	-	313,473	313,473	-	96,482	96,482	409,955
Government & PSE	-	1,356,786	1,356,786	-	-	-	1,356,786
Total	**1,704,782**	**1,686,922**	**3,391,704**	**75,000**	**305,827**	**380,827**	**3,772,531**

5- Credit risk

5.3- Additional disclosure related to credit quality of assets

Gross credit risk by maturity:

AED '000s

	Loans	Other Assets	Total Funded	Commitments (Post CCF)	Other off balance sheet exposures (Post CCF)	Total Un-funded	Total
Less than 3 months	632,067	1,400,520	2,032,587	-	144,019	144,019	2,176,606
3 to less than 6 months	120,561	3,541	124,102	-	2,380	2,380	126,482
6 months to less than 1 year	311,851	90,710	402,561	-	30,159	30,159	432,720
1 year to 3 years	280,933	180,368	461,301	43,692	68,001	111,693	572,994
Above 3 years	287,832	11,783	299,615	75,000	17,576	92,576	392,191
Past due	71,538	-	71,538	-	-	-	71,538
Total	**1,704,782**	**1,686,922**	**3,391,704**	**118,692**	**262,135**	**380,827**	**3,772,531**

Impaired loans by economic sector:

AED '000s

	Impaired Exposures	Impairement allowance	Total impaired exposures (net of impairement allowance)
90 Days and above stage 3			
Electricity, Gas and Water	71,538	35,769	35,769
Total	**71,538**	**35,769**	**35,769**

Impaired loans by geography:

AED '000s

	Impaired Exposures	Impairement allowance	Total impaired exposures (net of impairement allowance)
90 Days and above stage 3			
U.A.E.	71,538	35,769	35,769
Total	**71,538**	**35,769**	**35,769**

5- Credit risk

5.4- Standardised approach - credit risk exposure and Credit Risk Mitigation (CRM) effects

		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
1	Sovereigns and their central banks	1,338,123	-	1,338,123	-	-	0%
2	Public Sector Entities	29,101	-	29,101	-	5,621	19%
3	Multilateral development banks	-	-	-	-	-	
4	Banks	228,443	306,368	228,443	96,482	97,301	30%
5	Securities firms	-	-	-	-	-	-
6	Corporates	1,633,244	514,623	1,633,244	284,346	1,875,571	98%
7	Regulatory retail portfolios	-	-	-	-	-	-
8	Secured by residential property	-	-	-	-	-	-
9	Secured by commercial real estate	-	-	-	-	-	-
10	Equity Investment in Funds (EIF)	-	-	-	-	-	-
11	Past-due loans	71,538	-	35,769	-	35,769	100%
12	Higher-risk categories	-		-	-	-	-
13	Other assets	91,255	-	91,255	-	91,105	100%
14	**Total**	**3,391,704**	**820,991**	**3,355,935**	**380,827**	**2,105,366**	

5- Credit risk

5.5- Standardised approach - exposures by asset classes and risk weights

	Risk weight / Asset classes	0%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	1,338,123	-	-	-	-	-	-	-	1,338,123
2	Public Sector Entities	-	-	-	-	-	29,101	-	-	29,101
3	Multilateral development banks	-	-	-	-	-		-	-	-
4	Banks	-	217,205		107,720		-	-	-	324,925
5	Securities firms	-	-	-	-	-	-	-	-	-
6	Corporates	-	-	-	-	-	1,917,590	-	-	1,917,590
7	Regulatory retail portfolios	-	-	-	-	-	-	-	-	-
8	Secured by residential property	-	-	-	-	-	-	-	-	-
9	Secured by commercial real estate	-	-	-	-	-	-	-	-	-
10	Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	-	35,769	-	-	35,769
12	Higher-risk categories	-	-	-	-	-	-	-	-	-
13	Other assets		188	-	-	-	91,067	-	-	91,255
14	**Total**	1,338,123	217,393	-	107,720	-	2,073,527	-	-	3,736,762

6- Market risk

6.1- General qualitative disclosure requirements related to market risk

Market risk is the risk of loss of value of a financial instrument or a portfolio of financial instruments as a result of adverse changes in market prices and rates, and market conditions such as liquidity. Market risk arises from the branch's asset and liability management and investment activities. The categories of market risk to which the branch is exposed, or potentially exposed to, are as follows:

- **Interest rate risk** results from exposure to changes in the level, slope, curvature and volatility of Interest rates and credit spreads. The credit spread risk is the risk that the Interest yield for a security will increase, with a reduction in the security price, relative to benchmark yields as a result of the general market movements for that rating and class of security.
- **Foreign exchange** risk results from exposure to changes in the price and volatility of currency spot and forward rates.

The branch's seeks to manage exposure to market risk through the diversification of exposures across dissimilar markets and the establishment of hedges in related securities or off-balance sheet derivative instruments. To manage the branch's exposures, in addition to the exercise of business judgement and management experience, the branch utilises limit structures including those relating to positions, portfolios, maturities and maximum allowable losses.

6- Market risk

6.2- Market risk under the standardised approach (SA)

		Dec-24
		RWA
1	General Interest rate risk (General and Specific)	15,439
2	Equity risk (General and Specific)	-
3	Foreign exchange risk	1,641
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	-
7	[redacted]	
8	Securitisation	-
9	**Total**	**17,080**

7- Interest rate risk in the banking book

7.1- IRRBB risk management objectives and policies

The Branch defines IRRBB as the interest rate risk arising from the on and off-balance sheet positions that are attributable to the banking book.

The key principles of managing IRRBB, including the governance framework is laid out in the Group's Board approved market risk Policy. Structural interest rate risk arises in the Branch's core balance sheet as a result of mismatches in the repricing of interest rate sensitive financial assets and liabilities. The interest rate mismatch risk of the Branch is managed by Branch's Treasury unit within a limit structure that is approved by the Group Head of Liquidity and Market Risk, the Group Chief Risk Officer and the Group Chief Financial Officer. The limit structure comprises of interest rate gap limits and Value-at-Risk (VaR) limits. The Branch also calculates the impact on earnings and equity based on the interest rate stress scenarios prescribed by Basel Committee.

IRRBB of the Branch is measured through the following metrics:

- Value at Risk (VaR) (daily)
- Interest rate repricing gaps (monthly)
- Economic Value of Equity (EVE) and impact of earnings based on the standardized Interest rate stress scenarios prescribed by the Basel Committee (Quarterly)

The interest rate risk in the banking book is also taken into consideration as part of the Branch's annual ICAAP.

The Branch uses the interest rate stress scenarios prescribed by the Basel Committee for managing Interest rate risk in the Banking book. These include six interest rate shocks to assess the change in EVE and two interest rate shocks to measure the sensitivity to Net interest income over a 12 month horizon.

The Branch applies the modelling assumptions provided in the Basel Committee's 2016 IRRBB guidelines for measuring the change in EVE and NII.

The Branch relies on derivative instruments to hedge the interest rate risk associated with rate sensitive assets and liabilities in the banking book. Derivative instruments includes Interest Rate Swaps, and Cross Currency Swaps. Derivative hedges are done on a one-to-one basis that ensures critical terms of the hedged item and the derivative hedging instrument are matched. The Branch regularly assesses the effectiveness of these hedges through prospective and retrospective tests. It ensures that all critical terms of the hedged item and hedging instrument are matched to ensure effectiveness.

The Branch applies the modelling assumptions provided in the 2016 Basel Committee's guidelines for IRRBB for measuring the change in EVE and NII for prescribed interest rate shocks. The Branch has limited non-maturing deposits and has not observed any material pre-payments for any of its products. Interest rate exposures of all currencies are aggregated assuming 100% correlation.

1 Average repricing maturity assigned to NMDs - 1 Year
2 Longest repricing maturity assigned to NMDs - 2 Years

7- Interest rate risk in the banking book

7.2- Quantitative information on IRRBB

In reporting currency (AED 000s)	ΔEVE		ΔNII	
Period	**Dec-24**	**Dec-23**	**Dec-24**	**Dec-23**
Parallel up	5,513	518	20,817	15,540
Parallel down	(5,724)	(554)	(20,817)	(15,540)
Steepener	(3,391)	53	-	-
Flattener	4,548	65	-	-
Short rate up	6,355	265	-	-
Short rate down	(6,646)	(301)	-	-
Maximum	(6,646)	(554)	-	-
Period	**Dec-24**		**Dec-23**	
Tier 1 capital	582,598		636,514	

8- Operational Risk

8.1- Qualitative disclosures on operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events, whether intentional, unintentional or natural. It is an inherent risk faced by all businesses and covers a large number of potential operational risk events including business interruption and systems failures, internal and external fraud, employment practices and workplace safety, customer and business practices, transaction execution and process management, and damage to physical assets. Whilst operational risk cannot be eliminated in its entirety, the branch endeavours to minimise the risk by ensuring that a strong control infrastructure is in place throughout the organisation. The various procedures and processes used to manage operational risk include effective staff training, appropriate controls to safeguard assets and records, regular reconciliation of accounts and transactions, close monitoring of risk limits, segregation of duties, and financial management and reporting. In addition, other control strategies, including business continuity planning and insurance, are in place to complement the control processes, as applicable. The branch has an independent operational risk function. As part of the Group’s Operational Risk Management Framework (ORMF), comprehensive risk assessments are conducted, which identify operational risks inherent in the branch’s activities, processes and systems. The controls in place to mitigate these risks are also reviewed and enhanced if necessary.

Whilst operational risk cannot be eliminated in its entirety, the Branch endeavours to minimise it by ensuring that a strong control infrastructure is in place throughout the organisation. The various procedures and processes used to manage operational risk include effective staff training, appropriate controls to safeguard assets and records, regular reconciliation of accounts and transactions, close monitoring of risk limits, segregation of duties, and financial management and reporting. In addition, other control strategies, including business continuity planning and insurance, are in place to complement the procedures, as applicable.

The capital requirement for operational risk is calculated for regulatory purposes according to the basic indicator approach, in which the regulatory capital requirement is calculated based on the bank's total gross income as a risk indicator for the bank's operational risk exposure and sets the required level of operational risk capital as 15% of the bank's annual positive gross income. The Branch’s total operational risk at 31st December 2024 amounted to AED 169 million.

9- Remuneration Policy

9.1- Remuneration policy

GOVERNANCE, NOMINATION & REMUNERATION COMMITTEE

The GNRC consists of three non-executive directors. The GNRC has oversight of all reward policies for the Bank's employees. The GNRC is the supervisory and governing body for compensation policy, practices and plans. It is responsible for determining, reviewing and proposing variable remuneration policy for approval by the Board. It is responsible for setting the principles and governance framework for all compensation decisions. The GNRC ensures that all persons must be remunerated fairly and responsibly. The remuneration policy is reviewed on a periodic basis to reflect changes in market practices, and the business plan and risk profile of the Bank.

The responsibilities of the Committee, as stated in its mandate, also include, but are not limited to, the following:

Nomination matters:

1 Assess the skills and competencies required by the Senior Management and the extent to which the required skills are represented by the Senior Management.

2.Establish processes for the review of the performance of the individual Senior Executive and Senior Management as a whole; subject senior management to annual performance assessment and document such assessments for the Board oversight. Obtain feedback on performance evaluation of the Chief Risk Officer, Chief Internal Auditor, Head of Compliance, Head of Internal Shari'a Audit, Shari'a Officer from the designated Board committee responsible for oversight of these functions.

3.Establish the processes for identification of suitable candidates for Senior Management and ratifying the recommended individuals qualified to become members of Senior Management.

4.Establish process for the succession planning of the Senior Management to ensure maintenance of appropriate balance of skills and experience within the Bank. Recommend to the Board appropriate succession plans of approved persons within senior management.

5.Oversee human resource policies relating to recruitment, retention, performance measurement and separation of the CEO and Senior Management.

6.Review and supervise the implementation and enforcement of the Bank's code of conduct.

9- Remuneration Policy

9.1- Remuneration policy

GOVERNANCE, NOMINATION & REMUNERATION COMMITTEE

Remuneration matters:
Reviewing and making recommendations to the Board in respect of:

1.Review the remuneration policies for the approved persons and material risk-takers, which must be approved by the shareholders and be consistent with the corporate values and strategy of the bank.

2.Approve, monitor and review the remuneration system to ensure the system operates as intended and includes effective controls, including back testing and stress testing of the remuneration policy. The system should be regularly reviewed for compliance with regulations, internal policies and bank procedures. In addition, remuneration outcomes, risk measurements, and risk outcomes should be regularly reviewed for consistency with the Board's approved risk appetite.

3.Approve the remuneration policy and amounts for each approved person and material risk- taker, as well as total variable remuneration to be distributed, taking account of total remuneration including salaries, fees, expenses, bonuses and other employee benefits.

4.Ensure remuneration is adjusted for all types of risks and that the remuneration system takes into consideration employees that generate the same short-run profit but take different amount of risk on behalf of the bank.

5.Ensure that for material risk takers, the variable remuneration forms a considerable part of their total remuneration.

6.Review the stress testing and back testing results before approving the total variable remuneration to be distributed taking account of total remuneration including salaries, fees, expenses, bonuses and other employee benefits.

7.Carefully evaluate practices by which remuneration is paid for potential future revenues whose timing and likelihood remain uncertain by means of both quantitative and qualitative key indicators. The GNRC shall question payouts for income that cannot be realized or whose likelihood of realization remains uncertain at the time of payment.

8.Ensure that for approved persons in risk management, internal audit, operations, financial controls, human resources, information technology, legal, AML/CTF and compliance functions, the mix of fixed and variable remuneration is weighted in favour of fixed remuneration.

9.Ensure appropriate compliance mechanisms are in place to ensure that employees commit themselves not to use personal hedging strategies or remuneration and liability related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

10.The performance evaluation and remuneration of senior management and staff must be based, among other factors, on their adherence to all relevant laws, regulations and CBB rulebook requirements, including but not limited to AML/CTF requirements in the FC module.

9- Remuneration Policy

9.1- Remuneration policy

GOVERNANCE, NOMINATION & REMUNERATION COMMITTEE

Governance matters:

1.Overseeing the development, maintenance and review of corporate governance policies.

2.Monitoring the Bank's compliance with regulatory requirements relating to corporate governance.

3.Review mandates and performance evaluations of the Board and its Committees and recommend to the Board any improvements deemed necessary or desirable to the mandates.

4.Review classification of individual Directors, and declaration of Directors and members of Senior Management regarding their outside activities and interests to determine whether any conflict of interest exists and take appropriate steps in that regard.

5.Overseeing Directors' corporate governance educational activities.

6.Oversee the Bank's public reporting on corporate governance matters.

7.Assess the Board and Committee's existing structure, size and composition on an annual basis.

9- Remuneration Policy

9.1- Remuneration policy

GOVERNANCE, NOMINATION & REMUNERATION COMMITTEE

Variable remuneration for staff:

The variable remuneration is performance related and consists primarily of the annual performance award. As a part of the staff's variable remuneration, the annual reward consists of delivery of operational and financial targets set each year, the individual performance of the employees in achieving those targets, and their contribution to delivering the Bank's strategic objectives.

The Bank has adopted a Board-approved framework to develop a transparent link between variable remuneration and performance. The framework is designed on the basis that the combination of meeting both financial performance and achievement of other non-financial factors would, all other things being equal, deliver a target award pool for the employees, prior to consideration of any allocation to business lines and employees individually. In the framework adopted to determine the variable remuneration pool, the GNRC aims to balance the distribution of the Bank's profits between Shareholders and employees.

The key performance metrics at the Bank level include a combination of short-term and long-term measures, and include profitability, solvency, liquidity and growth indicators. The performance management process ensures that all goals are appropriately cascaded down to respective business units and employees.

In determining the amount of variable remuneration, the Bank starts from setting specific targets, establishing market comparable bottom-up, setting a revenue target and other qualitative performance measures that would result in a target top-down award pool. The award pool is then adjusted to take account of risk via the use of risk-adjusted measures.

The GNRC carefully evaluates practices by which remuneration is paid for potential future revenues whose timing and likelihood remain uncertain. The GNRC demonstrates that its decisions are consistent with an assessment of the Bank's financial condition and future prospects.

The Bank uses a formalised and transparent process to adjust the award pool for quality of earnings. It is the Bank's objective to pay out variable remuneration out of realised and sustainable revenue. If the quality of earnings is not strong, the profit base could be adjusted based on the discretion of the GNRC.

For the Bank to have any funding for distribution of a variable remuneration pool, thresholds of financial targets have to be achieved. The performance measures ensure that the total variable remuneration is contracted where subdued or negative financial performance of the Bank occurs. Furthermore, the target award pool, as determined above, is subject to risk adjustments in line with the risk adjustment and linkage framework.

The Bank has engaged Aon McLagan as the independent remuneration consultant for market benchmarking and to provide professional opinion to the GNRC as an when required.

GNRC reviews the principles of the policy on an annual basis and no changes were incorporated in 2024.

9- Remuneration Policy

9.1- Remuneration policy

GOVERNANCE, NOMINATION & REMUNERATION COMMITTEE

Remuneration of control functions

The remuneration level of staff in the control and support functions allows the Bank to employ qualified and experienced personnel in these functions. The Bank ensures that the mix of fixed and variable remuneration for control and support function personnel is weighted in favour of fixed remuneration. The variable remuneration of control functions is based on function-specific objectives and is not to be determined by the individual financial performance of the business area they monitor.

The Bank's performance management system plays a major role in deciding the performance of the support and control units on the basis of the objectives set for them. Such objectives are more focused on non-financial targets that include risk, control, compliance and ethical considerations, as well as the market and regulatory environments, apart from value-adding tasks which are specific to each unit.

Variable remuneration for business units

The variable remuneration for the business units is primarily decided by the key performance objectives set through the performance management system of the Bank. Such objectives contain financial and non-financial targets, including risk control, compliance and ethical considerations, as well as the market and regulatory environments.

9- Remuneration Policy

9.1- Remuneration policy

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Risk assessment framework

The risk assessment framework of GIB aligns variable remuneration to the risk profile of the Bank, and also ensures that the remuneration policy reduces employees' incentives to take excessive and undue risk. The Bank considers both quantitative measures and qualitative measures in the risk assessment process, and risk adjustments are applied to ensure that the Bank's remuneration policies are aligned to its risk appetite.

The GNRC considers whether the variable remuneration policy is in line with the Bank's risk profile and ensures that through the ex-ante and ex-post risk assessment framework and processes, remuneration practices where potential future revenues, whose timing and likelihood remain uncertain, are carefully evaluated.

Risk adjustments consider all types of risks, including intangible and other risks such as reputation risk, liquidity risk and the cost of capital. The Bank undertakes risk assessment to review financial and operational performance against the business strategy and risk performance, prior to distribution of the variable remuneration. GIB ensures that total variable remuneration does not limit its ability to strengthen its capital base

The variable remuneration pool considers the performance of the Bank, which is considered within the context of its risk management framework. This ensures that the variable pay pool is shaped by risk considerations and Bank-wide notable events.

The size of the variable remuneration pool and its allocation within the Bank considers the full range of current and potential risks, including:

•The capital required to support the risks taken

•The level of liquidity risk assumed in the conduct of business

•Consistency with the timing and likelihood of potential future revenues incorporated into current earnings

The GNRC keeps itself abreast of the Bank's performance against the risk management framework and the nature and type of these measures have not changed over the past year. The GNRC will use this information when considering remuneration to ensure that return, risk and remuneration are aligned.

9- Remuneration Policy

9.1- Remuneration policy

GOVERNANCE, NOMINATION & REMUNERATION COMMITTEE

Risk adjustments

The Bank has an ex-post risk assessment framework, which is a qualitative assessment to back-test actual performance against risk assumptions. In years where the Bank suffers material losses in its financial performance, the risk adjustment framework would work as follows:

•There would be considerable contraction of the Bank's total variable remuneration.
•At the individual level, poor performance by the Bank would mean individual KPIs are not met, and hence employee performance ratings would be lower.
•Reduction in value of deferred awards.
•Possible changes in vesting periods, and additional deferral applied to unvested awards.
•Lastly, if the qualitative and quantitative impact of a loss incident is considered significant, a malus or clawback of previous awards may be considered.

The GNRC, with Board approval, can rationalise and make the following discretionary decisions:

•Increase/ reduce the ex-post adjustment
•Consider additional deferrals or increase in the quantum of deferred awards
•Recovery through malus and clawback arrangements

Malus and clawback framework

The Bank's malus and clawback provisions allow the GNRC to determine that, if appropriate, unvested elements under the deferred plan can be forfeited/adjusted, or the delivered variable remuneration could be recovered in certain situations. The intention is to allow the Bank to respond appropriately if the performance factors, on which reward decisions were based, turn out not to reflect the corresponding performance in the longer-term. All deferred remuneration awards contain provisions that enable the Bank to reduce or cancel the awards of employees whose individual behaviour has had a materially detrimental impact on GIB during the concerned performance year. Any decision to take back an individual's award can only be taken by the GNRC.

9- Remuneration Policy

9.1- Remuneration policy

GOVERNANCE, NOMINATION & REMUNERATION COMMITTEE

The Bank's malus and clawback provisions allow the Board to determine that, if appropriate, vested/unvested elements under the deferred remuneration plan can be adjusted/cancelled in certain situations. These events include, but are not limited to, the following:

•Reasonable evidence of misbehaviour or material error by the employee causing harm to the Bank's reputation, or where the employee's actions have amounted to misconduct, incompetence or negligence.

•The employee's business unit suffers a material downturn in its financial performance, or a material risk management failure, or a material restatement of the financial statements of the Bank.

•The employee deliberately misleads the market and/or Shareholders in relation to the financial performance of the Bank.

•A significant deterioration in the financial health of the Bank, or the relevant line of business incurring losses.

Clawback can be used if the malus adjustment on the unvested portion is insufficient, given the nature and magnitude of the issue.

Components of variable remuneration

Variable remuneration has following main components:

Upfront cash	The portion of the variable remuneration that is awarded and paid out in cash on conclusion of the performance evaluation process for each year.
Deferred cash	The portion of variable remuneration that is awarded and paid in cash on a pro-rata basis over a period of 3 years.
Upfront share awards	The portion of variable remuneration that is awarded and issued in the form of shares on conclusion of the performance evaluation process for each year.
Deferred shares	The portion of variable remuneration that is awarded and paid in the form of shares on a pro-rata basis over a period of 3 years.

9- Remuneration Policy

9.1- Remuneration policy

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All deferred awards are subject to malus provisions.

Deferred remuneration

Element of variable remuneration	Allocation of variable remuneration		Deferral period	Retention	Malus	Clawback
	CEO, MDs and the 5 most highly-paid business line employees	Grade 12 and higher				
Upfront cash	40%	50%	None	-	-	Yes
Upfront shares	-	10%	None	6 months	Yes	Yes
Deferred cash	10%	-	3 years*	-	Yes	Yes
Deferred share awards	50%	40%	3 years*	6 months	Yes	Yes

The deferral vests on a pro-rata basis over a 3-year period.

The GNRC, based on its assessment of role profiles and risk taken by an employee, could increase the coverage of employees that would subject to deferral arrangements.

9- Remuneration Policy

9.2- Remuneration awarded during the financial year

AED '000s

	Remuneration Amount		Senior Management	Other Material Risk-takers
1	Fixed Remuneration	Number of employees	5	8
2		Total fixed remuneration (3 + 5 + 7)	5,336	5,215
3		Of which: cash-based	4,859	4,554
4		Of which: deferred		
5		Of which: shares or other share-linked instruments		
6		Of which: deferred		
7		Of which: other forms	477	661
8		Of which: deferred		
9	Variable Remuneration	Number of employees	4	4
10		Total variable remuneration (11 + 13 + 15)	1,465	665
11		Of which: cash-based	786	444
12		Of which: deferred	-	-
13		Of which: shares or other share-linked instruments	679	220
14		Of which: deferred	544	176
15		Of which: other forms		
16		Of which: deferred		
17	**Total Remuneration (2+10)**		6,801	5,880