GULF INTERNATIONAL BANK B.S.C. – ABU DHABI BRANCH

FINANCIAL STATEMENTS

For the year ended 31st December 2025

CONTENTS OF THE FINANCIAL STATEMENTS

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Independent auditors' report

To the UAE Country Head of Gulf International Bank B.S.C- Abu Dhabi

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gulf International Bank Abu Dhabi Branch ("the Branch"), which comprise the statement of financial position as at 31 December 2025, the statements of profit or loss and other comprehensive income, changes in Head Office account and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

<table>
<tr><th colspan="2">Expected credit losses (ECL) on Loans and advances</th></tr>
<tr><td colspan="2">See Note 7 to the Branch financial statements.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The estimation of expected credit losses ("ECL") on loans and advances to customers involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Branch's estimation of ECL are:

Model estimations:

The Branch exercises significant judgments and makes a number of assumptions to estimate ECL which involves determining Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposure at Default ("EAD").

Stage 3 customer:

The material exposure within Stage 3 is individually measured for ECL This includes the assessment of recovery scenarios, exit strategies, and time to collect. The assessment involves significant management judgement.

The effect of these matters is that we determined ECL on loans and advances to customers is a key audit matter as it involves significant management judgement, estimation uncertainty and use of complex models which could have material impact on the financial statements of the Branch.</td><td>We performed the following audit procedures on appropriateness of the ECL included in the Branch's financial statements for the year ended 31 December 2025:

• Evaluating the appropriateness of the accounting policies adopted by the Branch, taking into account the requirements of the applicable IFRS Accounting Standards and our understanding of the Branch business.

• Obtaining an understanding of the ECL accounting estimate including, but not limited to the Branch's control environment relating to the estimate; the process by which the estimate is developed; and the methods, assumptions and data used in its development. We evaluated the design, determined the implementation, and tested the operating effectiveness of the relevant controls including approvals for a sample of facilities originated/renewed during the year.

• Involving our Information Technology ("IT") specialists to test the relevant general IT and application controls over key systems used in the ECL process.

• Involving Financial Risk Management ("FRM") specialists to assess, for a selection of models, the reasonableness and appropriateness of the methodologies and assumptions applied in key components of ECL models based on their industry knowledge and relevant experience. The procedures performed included, where applicable, challenging key assumptions and judgments relating to significant increase in credit risk ("SICR"), the definition of default, PD, LGD, the use of macro-economic variables, and the probability-weighted outcomes, to evaluate whether the recorded ECL amounts appropriately reflect underlying credit risk and the prevailing macroeconomic conditions. Further, FRM specialists assisted us in testing the appropriateness of the ECL calculations by re-performing the calculation for a sample of loans and advances.</td></tr>
</table>

Key Audit Matters (continued)

Expected credit losses (ECL) on Islamic financing (continued)

The key audit matter	How the matter was addressed in our audit
	• Performing independent credit assessments for a sample of customers by evaluating the quantitative and qualitative factors to assess the appropriateness of credit grades, including staging. This included analysing the customer's financial performance, sources of repayment, future cash flows, collateral values and other relevant risk factors. Where applicable, we also inspected the formally documented Credit Committee approvals for any reported exceptions to board approved risk appetite statement. • For the Stage 3 customer, our audit procedures included assessing the appropriateness of assumptions used in the discounted cash flows. • Assessing the adequacy of the disclosures made in the Branch's financial statements against the requirements of relevant accounting standards.

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

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

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

Those charged with Governance are responsible for overseeing the Branch's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Branch to cease to continue as a going concern.

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

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

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

Report on Other Legal and Regulatory Requirements

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

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, as amended;

iii) the Branch has maintained proper books of account;

iv) as disclosed in note 1 to the financial statements, the Branch has not purchased any shares during the year ended 31 December 2025;

v) note 22 to the financial statements discloses material related party transactions and the terms under which they were conducted; and

vi) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Branch has contravened during the financial year ended 31 December 2025 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, as amended, or its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2025.

Further, as required by Article (140) of the UAE Federal Decree-Law No. (6) of 2025, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No.: 968
Abu Dhabi, United Arab Emirates

Date: 26 MAR 2026

Statement of Financial Position

	Note	**31.12.25 AED 000s**	31.12.24 AED 000s
ASSETS			
Cash and other liquid assets	4	**198,777**	331,219
Placements	5	**320,000**	720,000
Investment securities	6	**332,449**	531,369
Loans and advances	7	**1,589,581**	1,657,148
Equipment	8	**429**	545
Due from related parties	9 & 22	**28,450**	13,090
Other assets	10	**36,427**	90,725
Total assets		**2,506,113**	3,344,096
LIABILITIES			
Deposits from customers	11	**1,608,342**	2,306,969
Due to related parties	12 & 22	**99,476**	203,143
Other liabilities	13	**73,861**	126,841
Senior term financing	14	**127,632**	105,234
Total liabilities		**1,909,311**	2,742,187
HEAD OFFICE ACCOUNT			
Capital funds	26	**550,000**	550,000
Other reserve	27	**36,554**	31,071
Retained earnings		**10,248**	20,838
Total Head Office account		**596,802**	601,909
Total liabilities and Head Office account		**2,506,113**	3,344,096

The financial statements along with the related notes from 1 to 29 have been approved on 26 March 2026 and signed by:

Humaid Al Attar
UAE Country Head

Asif Saherwala
Chief Financial Officer - GIB B.S.C.
& Group Head of Financial Control

The independent auditor's report is set out on pages 1 to 5.

The attached notes 1 to 29 form part of these financial statements

Statement of profit or loss and other comprehensive Income

	Note	Year ended 31.12.25 AED 000s	Year ended 31.12.24 AED 000s
Interest income	15	**167,305**	212,278
Interest expense	15	**86,769**	118,681
Net interest income	15	**80,536**	93,597
Fee and commission income	16	**8,028**	9,361
Fee and commission expense	16	**663**	476
Net fee and commission income	16	**7,365**	8,885
Foreign exchange income	17	**3,268**	2,478
Trading income	18	**1,324**	872
Other income		**156**	-
Total income		**92,649**	105,832
Staff expenses		**(20,531)**	(19,603)
Premises expenses		**(1,424)**	(1,534)
Other operating expenses		**(7,634)**	(6,819)
Related party charges		**(24,323)**	(17,860)
Total operating expenses		**(53,912)**	(45,816)
Net income before provisions and tax		**38,737**	60,016
Provision for expected credit losses	19	**(16,521)**	(32,492)
Net income before tax		**22,216**	27,524
Taxation charge	20	**(6,485)**	(8,699)
Net income		**15,731**	18,825
Other comprehensive income		**-**	-
Total comprehensive income		**15,731**	18,825

Humaid Al Attar
UAE Country Head

Asif Saherwala
Chief Financial Officer - GIB B.S.C.
& Group Head of Financial Control

The independent auditor's report is set out on pages 1 to 5.

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Statement of Changes in Head Office Account

	Capital funds AED 000s	Retained earnings AED 000s	Other reserve AED 000s	Total AED 000s
At 1st January 2025	**550,000**	**20,838**	**31,071**	**601,909**
Total comprehensive income:-				
Net income for the year	**-**	**15,731**	**-**	**15,731**
Total comprehensive income	**-**	**15,731**	**-**	**15,731**
Transfer to other reserve (note 27)	**-**	**(3,910)**	**3,910**	**-**
Transfer to statutory reserve (note 27)	**-**	**(1,573)**	**1,573**	**-**
Transfer of profit to Head Office	**-**	**(20,838)**	**-**	**(20,838)**
Total transactions with head office	**-**	**(20,838)**	**-**	**(20,838)**
At 31st December 2025	**550,000**	**10,248**	**36,554**	**596,802**
At 1st January 2024	550,000	51,263	33,084	634,347
Total comprehensive income:-				
Net income for the year	-	18,825	-	18,825
Total comprehensive income	-	18,825	-	18,825
Transfer to other reserve (note 27)	-	3,896	(3,896)	-
Transfer to statutory reserve (note 27)		(1,883)	1,883	-
Transfer of profit to Head Office	-	(51,263)	-	(51,263)
Total transactions with head office	-	(51,263)	-	(51,263)
At 31st December 2024	**550,000**	**20,838**	**31,071**	**601,909**

The independent auditor's report is set out on pages 1 to 5.

The attached notes 1 to 29 form part of these financial statements

Statement of Cash Flows

	Note	**Year ended 31.12.25 AED 000s**	Year ended 31.12.24 AED 000s
OPERATING ACTIVITIES			
Net income for the year		**15,731**	18,825
Adjustments for:			
Provision charge for expected credit losses	19	**16,521**	32,492
Depreciation		**235**	666
Operating income before changes in operating assets and liabilities		**32,487**	51,983
Changes in operating assets and liabilities:			
Statutory deposit with the central bank		**(20,475)**	(44,373)
Loans and advances		**50,805**	109,851
Amounts due from Head Office and branches		**(15,360)**	(3,034)
Amounts due to Head Office and branches		**(103,667)**	146,806
Interest receivable		**19,795**	50
Other assets		**34,494**	(1,445)
Interest payable		**(19,303)**	(1,272)
Other liabilities		**(33,464)**	(5,313)
Deposits from customers		**(698,627)**	372,957
Net cash (used in) / from operating activities		**(753,315)**	626,210
INVESTING ACTIVITY			
Purchase of investment securities		**(152,151)**	(527,879)
Maturity / sale of investment securities		**351,109**	104,854
Purchases of equipment		**(119)**	(234)
Net cash from / (used in) investing activities		**198,839**	(423,259)
FINANCING ACTIVITIES			
Proceeds from issuance of term financing		**52,705**	30,854
Repayments of term financing		**(30,308)**	(50,195)
Transfer of profits to Head Office		**(20,838)**	(51,263)
Net cash from / (used in) financing activities		**1,559**	(70,604)
(Decrease) / increase in cash and cash equivalents		**(552,917)**	132,347
Cash and cash equivalents at 1st January		**964,493**	832,146
Cash and cash equivalents at 31st December	4 & 5	**411,576**	964,493
Significant non-cash transactions:			
Transfer of loans from Head Office		**-**	62,091

The independent auditor's report is set out on pages 1 to 5.

The attached notes 1 to 29 form part of these financial statements

1 Incorporation and registration

Gulf International Bank B.S.C. – Abu Dhabi Branch (the "Branch") is a branch of a Bahraini Shareholding Company, Gulf International Bank B.S.C. (the "Head Office"). The ultimate parent of the Branch is the Public Investment Fund (PIF) of Saudi Arabia. The Abu Dhabi branch is registered as a wholesale branch with the Central Bank of the United Arab Emirates (CBUAE) under license number 13/322/2021 and commenced its operations on 9th December 2014. The registered office of the Branch is Nation Towers, Corniche Road, Abu Dhabi, United Arab Emirates.

The Branch is principally engaged in the provision of wholesale commercial banking services and carries out its operations in the UAE.

The Branch has not purchased any shares during the year ended 31 December 2025 (2024: nil).

2 Material accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below:

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) Accounting Standards as issued by the International Accounting Standard Board (IASB) and in conformity where applicable, with the Articles of Association of the Company and comply with the requirements of applicable laws in the UAE.

Decretal Federal Law No 6 of 2025 regarding the Central Bank and Organization of Financial Institutions and Activities was issued on 8 September 2025 has come into force on that date.

The financial statements have been prepared under the historical cost convention except for derivative financial instruments which are recorded at fair value. The accounting policies have been consistently applied by the Branch and are consistent with those of the previous year, except for the adoption of the following:

- Lack of exchangeability – Amendments to IAS 21

None of these amendments had an impact on the Branch's financial statements at 31st December 2025.

New and amended standards and interpretations issued but not yet effective:
New and amended standards and interpretations that are issued but not yet effective are being assessed by the Branch to determine the impact on the financial statements.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed.

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (continued)

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity. The amendments:

- Clarify the application of the 'own-use' requirements for in-scope contracts;
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts; and
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

The Branch does not expect that the amendments will have a material impact on its financial statements.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

On 30th May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- Clarifications of the requirements for recognition and derecognition of financial assets and liabilities;
- A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026.

With respect to the amendments on the derecognition of financial liabilities that are settled through an electronic payment system, the Branch has performed an assessment of all material electronic payment systems used in the various jurisdictions it operates.

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7 (continued)

Most of the electronic settlement systems used by the Branch result in real-time settlement. There is a limited number of electronic settlement systems used by the Branch that do not result in real-time settlement. For those, the Branch has been derecognising the financial liability, and the associated cash, at the time of submitting the payment instructions. In line with the amendments, the Branch will change this current practice to derecognising the financial liability and the associated cash when the payment has reached the beneficiary, which is when the obligation is discharged. However, given the limited number of such electronic settlement systems used by the Branch, and the low value of payments involved, the amendments are not expected to have a material impact.

The Branch has determined that it will not apply the accounting policy option to derecognise financial liabilities before the settlement date. Moreover, the Branch has also reviewed its other payment systems (such as cheques, credit cards, debit cards) and concluded that the recognition and derecognition policies are already in line with the amendments.

In addition, the Branch has assessed the impact of the Amendments on its financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features, as well as on non-recourse financing and contractually linked instruments. Based on the assessments performed, the amendments in these areas are not expected to have a material impact on the financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027.

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

IFRS 18 Presentation and Disclosure in Financial Statements (continued)

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027.

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. There are specific presentation requirements and options for entities, such as Good Bank, that have specified main business activities (either providing finance to customers or investing in specific type of assets, or both).

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

The Branch is currently working to identify the impacts the standard will have on the primary financial statements and notes to the financial statements. The Branch considers its main business activities to include the provision of financing to customers and investing in financial assets. In accordance with IFRS 18, some of the income and expenses related to those activities are classified in the operating category, as an exception to the general requirements that would otherwise have resulted in their classification in the investing or financing categories.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

The amendments are not expected to have a material impact on the Branch's financial statements.

2 Material accounting policies (continued)

2.2 Foreign currencies

Items included in the financial statements of the Branch are measured based on the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in UAE Dirhams (AED), representing the Branch's functional and presentation currency. Amounts have been rounded to the nearest thousand except where otherwise indicated.

Foreign currency transactions are translated into AED using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to AED at the foreign exchange rate ruling at the dates. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined.

2.3 Financial assets and liabilities

Financial assets and liabilities comprise all assets and liabilities reflected in the statement of financial position, excluding equipment, prepayments and accrued expenses. All financial assets and liabilities are classified at amortised cost except for derivative financial instruments which are measured at fair value.

a) Initial recognition and measurement

The Branch recognises financial assets and liabilities in the statement of financial position when, and only when, the Branch becomes party to the contractual provisions of the instrument.

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

Financial assets are initially recognised at fair value including transaction costs attributable to the financial asset, with the exception of trade receivables which are recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and liabilities classified as FVTPL are recognised on the trade date, i.e. the date on which the Branch commits to purchase or sell the financial asset or liability. All regular way purchases and sales of other financial assets and liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the timeframe generally established by regulation or convention in the market place.

2 Material accounting policies (continued)

2.3 Financial assets and liabilities (continued)

a) Initial recognition and measurement (continued)

Subsequent to initial measurement, financial assets and liabilities are measured at either amortised cost or fair value. The classification and the basis for measurement are subject to the Branch's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

Financial assets at amortised cost
Financial assets are measured at amortised cost using the effective interest rate method if:

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

If the first criteria is not met, the financial assets are classified and measured at fair value through other comprehensive income (FVTOCI). If both criteria are not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

Additionally, even if a financial asset meets the amortised cost criteria, the Branch may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through other comprehensive income (FVTOCI)
At initial recognition, the Branch can make an irrevocable election to classify an equity investment that is not held for trading as FVTOCI.

For this purpose, a financial asset is deemed to be held for trading if the equity investment meets any of the following conditions:-

- it has been acquired principally for the purpose of selling in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profitability; or
- it is a derivative and not designated and effective as a hedging instrument or a financial guarantee.

The irrevocable election is on an instrument-by-instrument basis. If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the statement of income.

Financial assets at fair value through the profit or loss (FVTPL)
Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost
All financial liabilities, other than those classified as financial liabilities at FVTPL, are classified as financial liabilities at amortised cost and are measured at amortised cost using the effective interest rate method as described in note 2.6(a).

Financial liabilities at fair value through the profit or loss
Financial liabilities not otherwise classified above are classified as financial liabilities at FVTPL. This classification includes derivatives that are liabilities measured at fair value.

2 Material accounting policies (continued)

2.3 Financial assets and liabilities (continued)

b) Modification of Financial assets and liabilities

Financial assets
If the terms of a financial asset are modified, the Branch evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value. If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Branch recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of comprehensive income.

Financial liabilities
The Branch derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at either amortised cost or fair value. The difference between the carrying amount of the financial liability derecognised and the new financial liability with modified terms is recognised in the statement of comprehensive income.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

2.4 Impairment of financial assets

Impairment allowances for expected credit losses (ECL) are recognised for financial instruments that are not measured at FVTPL. No impairment loss is recognised on equity investments.

An ECL provision is made at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- debt investment securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- other financial instruments for which the credit risk has not increased significantly since their initial recognition.

The Branch classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:-

- Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the Branch recognises an allowance based on the 12-month ECL.
- Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired, the Branch recognises an allowance for the lifetime ECL.
- Stage 3: for credit-impaired financial instruments, the Branch recognises the lifetime ECL.

2 Material accounting policies (continued)

2.4 Impairment of financial assets (continued)

12-month ECL (stage 1) is the portion of ECL that results from probable default events on a financial instrument within 12 months after the reporting date.

Lifetime ECL (stage 2) is a probability-weighted estimate of credit losses and is determined based on the difference between the present value of all cash shortfalls. The cash shortfall is the difference between all contractual cash flows that are due to the Branch and the present value of the recoverable amount, for financial assets that are not credit-impaired at the reporting date.

For stage 3 financial instruments, the provisions for credit-impairment are determined based on the difference between the net carrying amount and the recoverable amount of the financial asset. The recoverable amount is measured as the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted based on the interest rate at the inception of the credit facility or, for debt instruments, at the current market rate of interest for a similar financial asset.

Provisions for credit-impairment are recognised in the statement of comprehensive income and are reflected in an allowance account against loans and advances, investment securities, and placements.

Financial assets are written off after all restructuring and collection activities have taken place and there is no realistic prospect of recovery. Subsequent recoveries are included in other income.

Financial assets that are measured at amortised cost are tested as to whether they are credit-impaired. Objective evidence that a financial asset is credit-impaired may include a breach of contract, such as default or delinquency in interest or principal payments, the granting of a concession that, for economic or legal reasons relating to the borrower's financial difficulties, would not otherwise be considered, indications that it is probable that the borrower will enter bankruptcy or other financial reorganisation, the disappearance of an active market, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers, or economic conditions that correlate with defaults.

Financial assets which have been renegotiated or modified are no longer considered to be past due and are replaced on performing status when all principal and interest payments are up to date and future payments are reasonably assured. Financial assets subject to individual impairment assessment and whose terms have been renegotiated, are subject to on-going review to determine whether they remain impaired or should be considered past due. All renegotiated or modified facilities are classified as stage 2 or stage 3 for a minimum period of 12 months from the date of renegotiation. The ECL on renegotiated financial instruments is measured based on whether the terms of renegotiation resulted in the derecognition of an existing asset.

Central Bank of UAE (“CBUAE”) provision requirements:
As per the CBUAE notice no. CBUAE/BSD/2018/458 dated 30 April 2018, if the specific provision and general/collective provision cumulatively is higher than the impairment allowance computed under IFRS 9, the differential should be transferred to an “Impairment Reserve” as an appropriation from the Retained earnings. This Impairment Reserve should be split to that which relates to difference in specific provision and general/collective provision. The Impairment reserve will not be available for payment of dividend.

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

2.5 Offsetting financial assets and liabilities

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

2 Material accounting policies (continued)

2.6 Revenue recognition

a) Interest income and interest expense

Interest income and interest expense for all interest-bearing financial assets and liabilities except those classified as FVTPL are recognised using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability or, where appropriate, a shorter period, to the net carrying amount of the financial asset or liability. The application of the effective interest rate method has the effect of recognising interest income and interest expense evenly in proportion to the amount outstanding over the period to maturity or repayment.

In calculating the effective interest rate, cash flows are estimated taking into consideration all contractual terms of the financial asset or liability but excluding future credit losses. Fees, including loan origination fees and early redemption fees, are included in the calculation of the effective interest rate to the extent that they are considered to be an integral part of the effective interest rate. For purchased or originated credit impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL. The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income is suspended when either interest or principal on a credit facility is overdue by more than 90 days whereupon all unpaid and accrued interest is reversed from income. Interest on non-accrual facilities is included in income only when received. Credit facilities are restored to accrual status only after all delinquent interest and principal payments have been brought current and future payments are reasonably assured.

b) Fees and commissions

Fees and commissions that are integral to the effective interest rate of a financial asset or liability are included in the calculation of the effective interest rate. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognised as the related services are performed. A contract with a customer that results in a recognised financial instrument in the Branch’s financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Branch first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual. Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

2 Material accounting policies (continued)

2.6 Revenue recognition (continued)

c) Foreign exchange income

Foreign exchange income arise from earnings generated from customer business and market making, and from changes in fair value resulting from movements in interest and exchange rates, equity prices and other market variables. Changes in fair value and gains and losses arising on the purchase and sale of trading instruments are included in trading income, together with the related interest income, interest expense and dividend income. Transactions in foreign currencies are recorded in UAE Dirhams at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the reporting date. All differences are taken to the statement of profit or loss and other comprehensive income.

2.7 Equipment

Equipment includes technology and IT-related costs, office furniture and fittings and vehicles.

Equipment is stated at cost less accumulated depreciation. The residual values and useful lives of equipment are reviewed at each Statement of Financial Position date, and adjusted where appropriate. Depreciation is calculated using the straight-line method over four to five years. Where the carrying amount of equipment is greater than the estimated recoverable amount, the carrying amount is reduced to the recoverable amount.

Generally, costs associated with the maintenance of equipment are recognised as an expense when incurred. However, expenditure that enhances and extends the benefits of equipment beyond their original specifications and lives is recognised as a capital improvement and capitalised as part of the original cost of the equipment.

2.8 Statutory reserve

As per Union Law No. (10) of 1980 concerning the Central Bank, the Monetary System and Organisation of Banking, and Regulations of Wholesale Commercial Banking, branches of foreign banks shall allocate at least 10 per cent of their annual net profits for the establishment of a special reserve until the reserve equals fifty per cent of the amount allocated as capital.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash and other liquid assets and have insignificant risk of changes in value with original maturities of less than three months.

2.10 Due from and due to Related parties

Amounts due from and due to Related parties are stated at amortised cost.

2 Material accounting policies (continued)

2.11 Employees end of service benefits

The Branch's employees are eligible for post-retirement benefits. The Branch also pays contributions to Government defined contribution pension plans in accordance with the legal requirements. The Branch's contributions to defined contribution pension plans are expensed in the period to which they relate. The Branch also provides end of service benefits to its other employees. The entitlement to these benefits is usually based upon the employees' length of service and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment and are not less than the liability arising under the UAE Labour and National Pension and Social Security Laws.

2.12 Taxation

Income tax expense comprises current and deferred tax. It's recognized in statement of profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive items.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that:
is not a business combination; and
- at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Branch is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

2 Material accounting policies (continued)

2.13 Fair value of financial instruments

The Branch's financial instruments are accounted for under the historical cost method with the exception of trading securities and derivative financial instruments, which are accounted for at fair value. The fair value represents the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Differences therefore can arise between book values under the historical cost method and fair value estimates. Underlying the definition of fair value is the presumption that the Branch is a going concern without any intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms. Generally accepted methods of determining fair value include reference to quoted prices (level 1 measurement) or to the pricing prevailing for similar financial instruments (level 2 measurement) and the use of unobservable inputs in estimation techniques such as discounted cash flow analysis (level 3 measurement). The Branch recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

2.14 Financial guarantees

Financial guarantees are contracts that require the Branch to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are issued to financial institutions and other counterparties on behalf of customers to secure loans, overdrafts and other banking facilities, and to other parties in relation to the performance of customers under obligations related to contracts, advance payments made by other parties, tenders and retentions.

Financial guarantees are initially recognised at fair value on the date the guarantee is issued. The guarantee liability is subsequently measured at the higher of the initial measurement, less amortisation to recognise the fee income earned over the period, or the present value of any expected payments to settle the liability when a payment under the contract has become probable. The expected loss on financial guarantees is measured at the expected payment to reimburse the holder less any amounts that the Branch expects to recover. Any increase in a liability relating to guarantees is recognised in the statement of comprehensive income.

2.15 Derivative financial instruments and hedge accounting

a) Classification:
The Branch enters into derivative financial instruments including forwards and swaps.

b) Initial and subsequent measurement:
In the normal course of business, the fair value of a derivative on initial recognition is the transaction price. Subsequent to initial recognition, derivative financial instruments are stated at fair values. Fair values are generally obtained by reference to quoted market prices in active markets, or by using valuation techniques when an active market does not exist. The positive mark to market values (unrealised gains) of derivative financial instruments is included in other assets. The negative mark to market values (unrealised losses) of derivative financial instruments is included in other liabilities.

c) Gains and losses on subsequent measurement:
The gains or losses from derivative financial instruments classified as FVTPL are taken to the income statement.

3 Accounting estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses at the reporting date.

Significant items where the use of estimates and judgments are required are outlined below:

Financial instruments

Judgements made in applying accounting policies in accordance with IFRS 9: Financial instruments which impact:

- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payment of principal and interest of the principal amount outstanding.
- Calculation of expected credit loss (ECL): In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL. The information about the judgements made are set out in note 23.

Fair value of financial assets and liabilities

Where the fair value of financial assets and liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is derived from observable markets where available, but where this is not feasible, a degree of judgement is required in determining assumptions used in the models. Changes in assumptions used in the models could affect the reported fair value of financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2025

4 Cash and other liquid assets

	31.12.25 AED 000's	31.12.24 AED 000's
Cash and balances with banks	**91,576**	244,493
Statutory deposit with the CBUAE	**107,201**	86,726
Cash and other liquid assets	**198,777**	331,219

The statutory deposit with the CBUAE is subject to local regulations which provide for restrictions on the deployment of these funds.

5 Placements

	31.12.25 AED 000's	31.12.24 AED 000's
Placements with central banks	**320,000**	720,000
	320,000	720,000

Placements at 31st December 2025 entirely comprised placements with central banks with an original maturity of 1 day (2024: placements with central banks with an original maturity of 1 day).

As at 31st December 2025 and 2024 Cash and balances with banks plus placements were included in cash and cash equivalents as short term deposits with an original maturity of three months or less.

6 Investment securities

	31.12.25 AED 000's	31.12.24 AED 000s
Debt securities	**332,468**	531,426
Provisions for expected credit losses	**(19)**	(57)
Net investment securities	**332,449**	531,369

Investment securities comprised investment-grade rated debt securities rated AA issued by government-related entities at 31st December 2025 and are all Stage 1 exposures. Investment securities are classified as at amortised cost.

The debt securities are measured at amortized cost, this value is considered an approximation of the fair value, which would be classified as Level 2 in the fair value hierarchy.

7 Loans and advances

7.1 Composition

	31.12.25 AED 000's	31.12.24 AED 000s
Gross loans and advances	**1,654,180**	1,704,985
Stage 3 provision for expected credit losses	**(57,251)**	(35,775)
Carrying amount of loans and advances	**1,596,929**	1,669,210
Stage 1 and 2 provision for expected credit losses	**(7,348)**	(12,062)
Net loans and advances	**1,589,581**	1,657,148

	2025				2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3 l	Total
Gross loans and advances	**1,534,462**	**48,174**	**71,544**	**1,654,180**	1,516,214	117,222	71,549	1,704,985
ECL allowances	**(3,783)**	**(3,565)**	**(57,251)**	**(64,599)**	(5,004)	(7,058)	(35,775)	(47,837)
Net loans and advances	**1,530,679**	**44,609**	**14,293**	**1,589,581**	1,511,210	110,164	35,774	1,657,148

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2025

7 Net loans and advances (continued)

7.2 Industrial classification

	31.12.25	31.12.24
	AED 000's	AED 000s
Financial	**572,834**	344,813
Manufacturing	**396,181**	285,069
Trading and services	**214,475**	287,405
Real estate	**143,725**	252,815
Transportation	**108,370**	195,893
Construction and engineering	**95,568**	47,716
Energy, oil and petrochemical	**92,332**	87,434
Agriculture and Mining	**29,450**	20,443
Technology, media and telecommunication	**1,245**	73,572
Utilities	**-**	109,825
Gross loans and advances	**1,654,180**	1,704,985
Provision for expected credit losses	**(64,599)**	(47,837)
Net loans and advances	**1,589,581**	1,657,148

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2025

7 Loans and advances (continued)

7.3 Provision for expected losses

The movements in provisions for expected credit losses of loans and advances were as follows:-

	2025				2024			
	Stage 1 AED 000s	**Stage 2 AED 000s**	**Stage 3 AED 000s**	**Total AED 000s**	Stage 1 AED 000s	Stage 2 AED 000s	Stage 3 AED 000s	Total AED 000s
At 1st January	**5,004**	**7,058**	**35,775**	**47,837**	8,298	357	3,703	12,358
Transfer to stage 1	**345**	**(345)**	**-**	**-**				
Transfer to stage 2	**-**	**-**	**-**	**-**	(37)	37	-	-
Transfer to stage 3	**(3)**	**-**	**3**	**-**	(1,923)	-	1,923	-
Exchange rate movements	**-**	**-**	**-**	**-**	-	-	(1)	(1)
Net remeasurement of loss allowance	**(1,563)**	**(3,148)**	**21,473**	**16,762**	(1,334)	6,664	30,150	35,480
Write-offs	**-**	**-**	**-**	**-**	-	-	-	-
At 31st December	**3,783**	**3,565**	**57,251**	**64,599**	5,004	7,058	35,775	47,837

7 Loans and advances (continued)

7.4 Past due but not credit impaired loans and advances

The gross and carrying amounts of loans for which either principal or interest was 1 to 89 days past due were as follows:-

	31.12.25		31.12.24	
	Gross AED 000s	**Carrying Amount AED 000s**	Gross AED 000s	Carrying Amount AED 000s
Agriculture and Mining	**3,734**	**3,717**	-	-
Trading and Services	**1,071**	**992**	62,091	55,407

7.5 Restructured loans

During the years ended 31st December 2025 and 31st December 2024, the Branch did not restructure any loan or make any concessions that would not ordinarily have been accepted due to a deterioration in the customer's financial position.

7.6 Collateral

As at 31st December 2025, the Branch held credit risk mitigants with an estimated value of AED 691,928 thousand (2024: AED 857,243 thousand) against receivables from loans and advances in the form of cash deposits, listed equities and real estate. The Branch accepts sovereign guarantees and guarantees from well reputed local or international banks, well established local or multinational large corporate and high net-worth private individuals. Collateral generally is not held against placements with banks and other financial institutions, and no such collateral was held at 31st December 2025 or 31st December 2024.

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

	2025 AED 000s	2024 AED 000s
Stage 1	**663,016**	857,243
Stage 2	**28,912**	-
Stage 3	**-**	-
Balance at 31st December	**691,928**	857,243

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

LTV ratio	**2025 AED 000s**	2024 AED 000s
Less than 50%	**1,552,105**	1,441,962
51 – 70%	**48,174**	-
71 – 90%	**-**	-
91 – 100%	**-**	-
More than 100%	**53,900**	263,023
Balance at 31st December	**1,654,179**	1,704,985

Estimates of fair value are based on the value of collateral assessed at the time of the borrowing and generally updated periodically as per the Branch's policy.

Classifications and provisions are accurate and comply with accounting and regulatory standards", as per Article 2.18 (Standards) of the Credit Risk Management Regulation and accompanying Standards, Circular No. 3/2024 dated 25/7/2024.

8 Equipment

	31.12.25	31.12.24
	AED 000s	AED 000s
Cost		
Opening balance	**3,375**	3,141
Additions during the year	**119**	234
Balance at 31st December	**3,494**	3,375
Accumulated depreciation		
Opening balance	**2,830**	2,164
Net charge for the year	**235**	666
Balance at 31st December	**3,065**	2,830
Net book value at 31st December	**429**	545

Equipment mainly include infrastructure, technology and IT-related costs.

9 Due from related parties

Amount due from related parties are on terms and conditions approved by the management and the Head Office of the Branch and repayable on demand. These mainly pertain to Nostro account and placement with Head office.

10 Other assets

	31.12.25	31.12.24
	AED 000s	AED 000s
Derivative financial instruments	**5,096**	37,933
Accrued interest, fees and commission	**23,052**	42,847
Prepayments	**1,132**	2,039
Right-of-use assets	**1,724**	2,762
Other, including accounts receivable and deferred items	**5,423**	5,144
	36,427	90,725

Below are the carrying amounts of the Branch's right-of-use assets and movements during the year recognised in the statement of financial position and statement of income:

	31.12.25	31.12.24
	AED 000s	AED 000s
At 1st January	**2,762**	823
New leases	**-**	2,762
Depreciation	**(1,038)**	(823)
At 31st December	**1,724**	2,762

11 Deposits from customers

Deposits at 31st December 2025 and 31st December 2024 with interest rates ranging between 2025: 2.3%-4.8%, 2024: 3.0%-5.7% were mainly from entities in the Gulf Cooperation Council (GCC) states.

12 Due to related parties

At 31st December 2025, the balance due to related parties are conducted on terms and conditions approved by the management and the Head Office of the Branch and repayable on demand. These mainly pertain to deposits from branches, vostro account with head office and intercompany charges payable.

13 Other liabilities

	31.12.25 AED 000s	31.12.24 AED 000s
Derivative financial instruments	**4,686**	35,785
Accrued interest	**32,912**	52,215
Deferred income	**4,385**	4,840
Lease liability	**933**	2,762
Expected credit losses on contingent liabilities	**498**	711
Other, including accounts payable and accrued expenses	**30,447**	30,528
	73,861	126,841

Below are the carrying amounts of the Branch's lease liabilities and movements during the year recognised in the statements of financial position and profit or loss:

	31.12.25 AED 000s	31.12.24 AED 000s
At 1st January	**2,762**	1
New leases	**-**	2,762
Interest expense	**(90)**	(1)
Payments	**(1,739)**	-
At 31st December	**933**	2,762

14 Senior term financing

	Maturity	31.12.25 AED 000s	Maturity	31.12.24 AED 000s
Floating rate loans (2025: 4.6%-5.3% and 2024: 5.7%-6.0%)	**2028-2030**	**127,632**	2025-2029	105,234

15 Net interest income

	Year ended 31.12.25 AED 000s	Year ended 31.12.24 AED 000s
Interest income		
Placements and other liquid assets	**34,021**	49,232
Loans and advances	**118,209**	144,986
Investment securities	**15,075**	18,060
Total interest income	**167,305**	212,278
Interest expense		
Deposits from customers	**79,839**	109,786
Senior term financing	**6,840**	8,894
Finance cost on lease liability	**90**	1
Total interest expense	**86,769**	118,681
Net interest income	**80,536**	93,597

Interest income on loans and advances includes loan origination fees that form an integral part of the effective interest rate of the loan.

Accrued interest on impaired and past due loans included in interest income for the year ended 31st December 2025 amounted to AED nil (2024: AED nil). There was no accrued neither uncollected interest included in interest income on past due loans for either the year ended 31st December 2025 or year ended 31st December 2024.

16 Fee and commission income

	Year ended 31.12.25 AED 000s	Year ended 31.12.24 AED 000s
Fee and commission income		
Commissions on letters of credit and guarantee	**3,345**	2,564
Loan commitment fee	**1,197**	1,407
Loan agency fees	**-**	790
Other fee and commission income	**3,486**	4,600
Total fee and commission income	**8,028**	9,361
Fee and commission expense	**(663)**	(476)
Net fee and commission income	**7,365**	8,885

17 Foreign exchange income

Foreign exchange income principally comprises customer-initiated foreign exchange contracts which have been offset in the market with matching contracts. There is no remaining market risk associated with these offset customer-related foreign exchange contracts.

18 Trading income

	Year ended 31.12.25 AED 000s	Year ended 31.12.24 AED 000s
Net gain on derivatives trading	**1,860**	914
FX arbitrage	**(536)**	(42)
	1,324	872

Trading income comprises gains and losses arising both on the purchase and sale, and from changes in the fair value of trading instruments, together with the related interest income, interest expense and dividend income. Trading income accordingly incorporates all income and expenses related to the Branch's trading activities.

19 Provision for expected credit losses

	2025			
	Stage 1 AED 000s	**Stage 2 AED 000s**	**Stage 3 AED 000s**	**Total AED 000s**
Loans and advances (note 7)	**(1,563)**	**(3,148)**	**21,473**	**16,762**
Investment securities (note 6)	**(38)**	**-**	**-**	**(38)**
Placements	**1**	**-**	**-**	**1**
Credit-related contingent items	**(113)**	**(100)**	**-**	**(213)**
Other assets	-	**-**	**9**	**9**
	(1,713)	**(3,248)**	**21,482**	**16,521**

	2024			
	Stage 1 AED 000s	Stage 2 AED 000s	Stage 3 AED 000s	Total AED 000s
Loans and advances (note 7)	(1,334)	6,664	30,150	35,480
Investment securities (note 6)	57	-	-	57
Credit-related contingent items	189	100	(3,334)	(3,045)
	(1,088)	6,764	26,816	32,492

20 Income tax

	31.12.25 AED 000s	31.12.24 AED 000s
Net income before tax		
For the year	**22,216**	27,524
	22,216	27,524
The relationship between the tax expense and the accounting income		
Corporate Income tax		
Accounting profit	**22,216**	27,524
Taxable income subject to 0%	**(375)**	(375)
Taxable income	**21,841**	27,149
Federal tax (@9%)	**1,966**	2,443
Emirate Income tax		
Accounting profit	**22,216**	27,524
Add / (deduct): tax adjustments	**378**	3,754
Emirate-level taxable income	**22,594**	31,278
Loss utilized	**-**	-
Net taxable income	**22,594**	31,278
Emirate Tax (@ 20%)	**4,519**	6,256
Taxation charge	**6,485**	**8,699**
Effective tax rate	**29%**	32%

The Branch is following tax guidelines issued by Abu Dhabi emirate. Taxation is provided at 20% (31st December 2024: 20%) on the adjusted taxable profit attributable to the operations of the Branch.

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

For the branch, the first accounting period to be subject to UAE CT was 2024 given that the branch's financial year coincides with the calendar year. On 30 December 2022, the UAE government issued Cabinet Decision 116 of 2022 effective from 2023 confirming the threshold for the new Corporate Income Tax. A rate of 9% applies to taxable income exceeding AED 375,000.

For the year ended 31 December 2025, the branch is subject to both the CT regime at tax rate of 9% from taxable income and, Abu Dhabi Emirate law for foreign banks, at tax rate of 20% of taxable income.

21 Credit-related contingent items

Credit-related contingent items include commitments to extend credit, standby letters of credit and guarantees which are designed to meet the financing requirements of customers. The notional principal amounts of outstanding credit-related contingent items were as follows:

	31.12.25 AED 000s	31.12.24 AED 000s
Direct credit substitutes	**32,580**	77,990
Transaction-related contingent items	**451,977**	495,802
Undrawn loan commitments	**385,128**	237,398
Short-term self-liquidating trade-related contingent items	**41,866**	9,856
	911,551	821,046

Commitments may be drawdown on demand.

Direct credit substitutes at 31st December 2025 and 31st December 2024 comprise financial guarantees which may be called on demand.

22 Related party transactions

The Branch enters into transactions with parties that fall within the definition of a related party as contained in International Accounting Standard 24. Related parties comprise entities under common ownership and/or common management and control and key management personnel. The Branch's transactions with its Head Office, subsidiaries and other branches of its Head Office are conducted in the ordinary course of the Branch's business on arm's length basis. The Head Office and the management decide on the terms and conditions of the transactions and services received/ rendered from/to related parties as well as on other charges. Banking transactions are entered with related parties on terms and conditions approved by the management and the Head Office of the Branch. The balances at 31st December resulting from such transactions included in the financial statements are as follows:

	31.12.25	31.12.24
	AED 000s	AED 000s
As at 31 December:		
Gulf International Bank B.S.C. (Head Office)		
Due from related parties	**21,471**	11,359
Other assets	**16,128**	62,486
Due to related parties	**55,175**	172,353
Other liabilities	**16,075**	10,267
Interest rate swaps (notionals)	**938,229**	1,239,976
Foreign exchange contracts (notionals)	**302,373**	298,151
Credit default swaps (notionals)	**127,632**	105,234
Credit-related contingent items	**133,254**	299,748
Gulf International Bank B.S.C. – Saudi Arabia		
Due from entity under common control	**5,655**	501
Due to entity under common control	**43,345**	30,543
Credit-related contingent items	**920**	3,452
Gulf International Bank (UK) Limited		
Due to entity under common control	**956**	247
Gulf International Bank B.S.C. – Retail Branch (Meem)		
Due from entity under common control	**1,324**	1,230
Gulf International Bank B.S.C. – New York		
Credit-related contingent items	**30,884**	3,184
Affiliates		
Loans and advances	**109,267**	128,558
Other assets	**1,076**	1,312
Deposits	**80,215**	43,636
Other liabilities	**16**	13,249
For the year ended:		
Gulf International Bank B.S.C. (Head Office)		
Net interest (expense) / income	**(507)**	340
Trading income	**5,302**	7,507
Related party charges	**5,764**	5,574
Gulf International Bank B.S.C. – Saudi Arabia		
Related party charges	**18,559**	12,286
Affiliates		
Net interest income	**7,517**	5,503
Net Fee and Commission Income	**184**	267
Trading income	**7**	6

22 Related party transactions (continued)

Balances with key management personnel:

	31.12.25 AED 000s	31.12.24 AED 000s
Short-term employee benefits	**3,976**	4,120
Post-employment benefits	**348**	351
	4,324	4,471

The following table summarises the carrying amount of the loans and advances, and related provisions transferred from Head Office:

	31.12.25 AED 000s	31.12.24 AED 000s
Gross loans and advances	**-**	62,091
ECL allowances	**-**	(6,684)
	-	55,407

23 Risk management

Financial assets of the Branch comprise cash and other liquid assets, placements, securities, loans and advances and amounts due from related parties and certain other assets. The Branch's financial liabilities comprise deposits from customers, senior term financing, amount due to related parties and certain other liabilities. At 31st December 2025 and 31st December 2024 most deposits are short-term, with a maximum maturity of one year.

Credit risk

Credit risk is the risk that counterparties will be unable to meet their obligations to the Branch. Credit risk arises principally from the Branch's lending and investment activities in addition to other transactions involving both on- and off-balance sheet financial instruments, including the specific risk for equity instruments. Disciplined processes are in place at both the business unit and corporate level that are intended to ensure that risks are accurately assessed and properly approved and monitored. Formal credit limits are applied at the individual transaction, counterparty, country and portfolio levels. Overall exposures are also evaluated to ensure a broad diversification of credit risk. The credit management process involves the monitoring of concentrations by product, industry, single obligor, risk grade and geography, and the regular appraisal of counterparty credit quality through the analysis of qualitative and quantitative information.

Credit risk is actively managed and rigorously monitored in accordance with well-defined credit policies and procedures. Prior to the approval of a credit proposal, a detailed credit risk assessment is carried out which includes an analysis of the obligor financial condition, market position, business environment and quality of management. The risk assessment generates an internal credit risk rating for each exposure, which affects the credit approval decision and the terms and conditions of the transaction. For cross border transactions an analysis of country risk is also conducted. The Branch bases its credit decision for an individual counterparty on the aggregate Branch exposure to that counterparty and all its related entities. Groupwide credit limit setting and approval authorisation requirements are conducted within Board approved guidelines, and the measurement, monitoring and control of credit exposures are done on a Groupwide basis in a consistent manner.

The Head Office also mitigates its credit exposures on foreign exchange and derivative financial instruments through the use of master netting agreements and collateral arrangements.

Significant increase in credit risk

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

23 Risk management (continued)

Credit risk (continued)

Significant increase in credit risk (continued)
The Head Office considers all counterparties internally rated 2 and above, between 2- and 3+, between 3 and 4+, between 4 and 5-, between 6+ and 6 and 6- to be significantly deteriorated where they have been downgraded 6 notches, 5 notches, 4 notches, 3 notches, 2 notches and 1 notch respectively since initial recognition, and where the current pricing has not been adjusted to reflect the new risk profile of the counterparty.

Debt investment securities are considered to have low credit risk when their credit risk rating is equivalent to an investment grade rating or a debt investment security with similar credit risk characteristics.

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative and qualitative factors, including whether the exposure has been watch-listed, whether the exposure is more than 30 days past due and as a backstop based on delinquency.

Definitions of default and curing
The Head Office considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations in full, without recourse by the Head Office to actions such as realising security (if any is held) and the borrower is more than 90 days past due on any material credit obligation to the Head Officr. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

The Head Office considers a financial asset to be cured, and accordingly reclassified from stage 3 to stage 2 when none of the default criteria have been present for a period of at least 12 consecutive months. The financial asset is then transferred from stage 2 to stage 1 after a cure period of a further six months. However, if the payment frequency is semi-annual or annual, curing period will be 12 months for movement from Stage 2 to Stage 1.

Incorporation of forward-looking information
The Head Office incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. GIB takes into consideration the economic forecasts published by the IMF and formulates a fundamental view of the future direction of relevant economic variables as well as a reasonable range of possible scenarios and its weights.

Given the nature of the Branch’s exposures and availability of historical information, the Branch derives the point-in-time (PIT) probability of default (PD) using the through-the-cycle (TTC) PD data for each rating category. The Branch uses the Regression based model for the Wholesale Corporate Loans portfolio and Vasicek models for the Investments securities and placements portfolio to link the TTC PDs with forward looking economic factors to derive PIT PD estimates for each rating category. The Regression as well as the Vasicek models takes into consideration forward looking economic forecasts under three scenarios (base case, negative case, and positive case), historical economic data and TTC PDs for deriving PIT PDs. The relationship between the economic factors and default and loss rates have been developed using historical default data and relevant macroeconomic data.

Measurement of ECL
The key input parameters into the measurement of ECL are the probability of default (PD), loss given default (LGD) and exposure at default (EAD). These parameters are derived from internally developed statistical models, historical data or benchmarks using both internal and external factors, and incorporates forward-looking information.

PD estimates are estimates on a certain date., For corporate exposures, corporate TTC PD estimates are internally derived using the Bank’s central default tendency for the Corporate portfolio, For Banks/FIs exposures, the Bank applies a separate set of TTC PDs that are developed based on external rating data of global financial institutions. Furthermore, for Sovereign exposures, the Bank applies a separate set of TTC PDs that are based on external rating data of Sovereigns rated by Standard & Poor's (S&P).

The TTC PD estimates are converted to PIT PDs using the Regression model for the Loans portfolio and Vasicek model for the Investments securities and placements portfolio. For exposures that have tenors in excess of one year and that are assessed on lifetime PDs, Cumulative lifetime PDs are calculated by compounding the 12-month PIT PDs.

23 Risk management (continued)

Credit risk (continued)

Measurement of ECL (continued)
LGD is the magnitude of the likely loss if there is a default. Since the Group has insufficient historical LGD data to derive statistically reliable LGD estimates, internal LGDs shall be based on external benchmarks / regulatory estimates and the management’s estimated recovery rates for each asset class in the event of default.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Branch measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Branch considers a longer period. The maximum contractual period extends to the date at which the Branch has the right to require repayment of an advance or terminate a loan commitment or guarantee. However, for credit card facilities that include both a loan and an undrawn commitment component, the Branch measures ECL over a period longer than the maximum contractual period if the Branch's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Branch's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Branch can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Branch becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Branch expects to take, and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics including instrument type, credit risk ratings and geographic location of the borrower.

The Head Office calculates PIT PD estimates under three scenarios, a base case, negative case and positive case. A probability weighted ECL is then calculated by assigning probabilities, based on current market conditions, to each scenario. The probabilities assigned to the base case, negative case and positive case scenarios are 50:45:5, respectively (2024: 50:45:5).

ECL are sensitive to judgements and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated in the calculations. Management performs a sensitivity analysis on the ECL recognised on material classes of its assets.

Modified financial assets
The contractual terms of a loan may be modified for a number of reasons including changing market conditions, and other factors not related to the current or potential credit deterioration of a customer. When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset’s credit risk has increased significantly reflects a comparison of its remaining lifetime PD at the reporting date based on modified terms, with the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

23 Risk management (continued)

Credit risk (continued)

Modified financial assets (continued)

The Head Office renegotiates loans to customers in financial difficulties to maximise collection opportunities and minimise the risk of default. The Head Office grants forbearance on a selective basis if there is evidence that the customer has made all reasonable efforts to honour the original contractual terms and the customer is expected to be able to meet the revised terms. Forbearance is a qualitative indicator of a significant increase in credit risk, and a customer would need to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired, or in default, or the PD has decreased such that the provision for credit-impairment reverts to being measured at an amount equal to the 12-month ECL.

The Head Office monitors, manages and controls credit risk exposures based on an internal credit rating system that rates individual obligors based on a rating scale from 1 to 10, subject to positive (+) and negative (-) modifiers for rating grades 2 to 6. The internal credit rating is a measure of the credit-worthiness of a single obligor, based on an assessment of the credit risk relating to senior unsecured, long-term, foreign currency credit exposure. The primary objectives of the internal credit rating system are the maintenance of a single uniform standard for credit quality measurement, and to serve as the primary basis for Board-approved risk parameters and delegated credit authority limits.

The internal credit rating system also serves as a key input into the Head Office's risk-adjusted performance measurement system.

23 Risk management (continued)

Credit risk (continued)

Experienced credit judgment (continued)
The internal ratings map directly to the external rating grades used by the international credit rating agencies as follows:

Internal rating grade	Internal classification	Fitch and Standard & Poor's	Moody's
Investment grade			
Rating grade 1	Standard	AAA	Aaa
Rating grade 2	Standard	AA	Aa
Rating grade 3	Standard	A	A
Rating grade 4	Standard	BBB	Baa
Sub-investment grade			
Rating grade 5	Standard	BB	Ba
Rating grade 6	Standard	B	B
Rating grade 7	Standard	CCC	Caa
Classified			
Rating grade 8	Substandard	CC	Ca
Rating grade 9	Doubtful	C	C
Rating grade 10	Loss	D	-

Credit risk profile

	31.12.25			
	Cash & other liquid assets	Securities	Loans and advances	Credit-related contingent items
	AED 000s	AED 000s	AED 000s	AED 000s
Stage 1 (12-month ECL)				
Rating grades 1 to 4-	518,777	332,449	1,286,295	691,391
Rating grades 5+ to 5-	-	-	244,384	7,387
Rating grades 6+ to 6-	-	-	-	-
Rating grade 7	-	-	-	-
Carrying amount (net of ECL)	518,777	332,449	1,530,679	698,778
Stage 2 (Lifetime ECL but not credit-impaired)				
Rating grades 4 to 4-	-	-	-	-
Rating grades 5+ to 5-	-	-	-	-
Rating grades 6+ to 6-	-	-	44,609	-
Rating grade 7	-	-	-	-
Rating grades 7+ to 7-	-	-	-	-
Carrying amount (net of ECL)	-	-	44,609	-
Stage 3 (Lifetime ECL and credit-impaired)				
Rating grade 8	-	-	-	-
Rating grade 9	-	-	14,293	-
Rating grade 10	-	-	-	-
Carrying amount (net of ECL)	-	-	14,293	-
Other credit risk exposures				
Performance bonds	-	-	-	212,773
Carrying amount (net of ECL)	-	-	-	212,773
	518,777	332,449	1,589,581	911,551

23 Risk management (continued)

Credit risk (continued)

Experienced credit judgment (continued)
The above exposures analysis is reported net of the following provisions for impairment, whereas provisions for off-balance sheet items are recorded in other liabilities:

	31.12.25			
	Cash & other liquid assets AED 000s	**Securities AED 000s**	**Loans and advances AED 000s**	**Credit-related contingent items AED 000s**
Stage 1	**-**	**19**	**3,783**	**498**
Stage 2	**-**	**-**	**3,565**	**-**
Stage 3	**-**	**-**	**57,251**	**-**
Total	**-**	**19**	**64,599**	**498**

	31.12.24			
	Cash & other liquid liquid assets AED 000s	Securities AED 000s	Loans and advances AED 000s	Credit-related contingent items AED 000s
Stage 1 (12-month ECL)				
Rating grades 1 to 4-	1,051,219	531,369	1,137,610	633,024
Rating grades 5+ to 5-	-	-	373,600	17,710
Rating grades 6+ to 6-	-	-	-	-
Rating grade 7	-	-	-	-
Carrying amount (net of ECL)	1,051,219	531,369	1,511,210	650,734
Stage 2 (Lifetime ECL but not credit-impaired)				
Rating grades 4 to 4-	-	-	20,417	-
Rating grades 5+ to 5-	-	-	34,342	-
Rating grades 6+ to 6-	-	-	55,405	-
Rating grade 7	-	-	-	-
Rating grades 7+ to 7-	-	-	-	-
Carrying amount (net of ECL)	-	-	110,164	-
Stage 3 (Lifetime ECL and credit-impaired)				
Rating grade 8	-	-	35,774	-
Rating grade 9	-	-	-	-
Rating grade 10	-	-	-	-
Carrying amount (net of ECL)	-	-	35,774	-
Other credit risk exposures				
Performance bonds	**-**	**-**	**-**	170,312
Carrying amount (net of ECL)	**-**	**-**	**-**	170,312
	1,051,219	531,369	1,657,148	821,046

23 Risk management (continued)

Credit risk (continued)

Experienced credit judgment (continued)
The above exposures analysis is reported net of the following provisions for impairment, whereas provisions for off-balance sheet items are recorded in other liabilities:

	31.12.24			
	Cash & other liquid liquid assets	Securities	Loans and advances	Credit-related contingent items
	AED 000s	AED 000s	AED 000s	AED 000s
Stage 1	-	57	5,004	611
Stage 2	-	-	7,058	100
Stage 3	-	-	35,775	-
Total	-	57	47,837	711

Market Risk
Market risk is the risk of loss due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions, such as liquidity. The principal market risks to which the Branch is exposed are interest rate risk, foreign exchange risk and equity price risk associated with its trading, investment and asset and liability management activities. The portfolio effects of holding a diversified range of instruments across a variety of businesses and geographic areas contribute to a reduction in the potential negative impact on earnings from market risk factors.

The Branch's exposure to market risk is minimal as the cash, placements, investment securities and amounts due from and due to related parties are designated in AED or USD and are short-term.

Liquidity risk
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 Branch's exposure to liquidity risk relates to the Branch's customer deposits, senior term financing and the amount due to Head Office and Branches.

In accordance with CBUAE regulations, the Branch is required to maintain a minimum balance with the Central Bank of UAE equal to 11 per cent of current, bank savings, call and similar accounts and one per cent of fixed deposits (time deposits).

23 Risk management (continued)

Liquidity risk (continued)

The maturity profile of the carrying amount of assets, liabilities and equity, based on the contractual maturity dates, was as follows:

	Within 3 months AED 000s	4 months to 1 year AED 000s	Years 2 and 3 AED 000s	Over 3 years and undated AED 000s	Total AED 000s
At 31st December 2025					
Cash and other liquid assets	**91,576**	**-**	**-**	**107,201**	**198,777**
Placements	**320,000**	**-**	**-**	**-**	**320,000**
Investment securities	**149,428**	**183,021**	**-**	**-**	**332,449**
Loans and advances	**599,503**	**380,362**	**152,466**	**457,250**	**1,589,581**
Equipment	**-**	**-**	**-**	**429**	**429**
Due from related parties	**28,450**	**-**	**-**	**-**	**28,450**
Other assets	**24,184**	**5,096**	**1,724**	**5,423**	**36,427**
Total assets	**1,213,141**	**568,479**	**154,190**	**570,303**	**2,506,113**
Deposits from customers	**749,599**	**858,743**	**-**	**-**	**1,608,342**
Due to related parties	**99,476**	**-**	**-**	**-**	**99,476**
Other liabilities	**32,912**	**933**	**-**	**40,016**	**73,861**
Senior term financing	**-**	**-**	**54,182**	**73,450**	**127,632**
Head office account	**-**	**-**	**-**	**596,802**	**596,802**
Total liabilities & equity	**881,987**	**859,676**	**54,182**	**710,268**	**2,506,113**
Net liquidity gap	**331,154**	**(291,197)**	**100,008**	**(139,965)**	
Cumulative liquidity gap	**331,154**	**39,957**	**139,965**	**-**	

	Within 3 months AED 000s	4 months to 1 year AED 000s	Years 2 and 3 AED 000s	Over 3 years and undated AED 000s	Total AED 000s
At 31st December 2024					
Cash and other liquid assets	244,493	-	-	86,726	331,219
Placements	720,000	-	-	-	720,000
Investment securities	349,101	-	182,268	-	531,369
Loans and advances	667,334	430,626	280,436	278,752	1,657,148
Equipment	-	-	-	545	545
Due from related parties	13,090	-	-	-	13,090
Other assets	44,886	37,933	2,762	5,144	90,725
Total assets	2,038,904	468,559	465,466	371,167	3,344,096
Deposits from customers	1,363,912	943,057	-	-	2,306,969
Due to related parties	203,143	-	-	-	203,143
Other liabilities	52,215	-	2,762	71,864	126,841
Senior term financing	10,099	20,199	-	74,936	105,234
Head office account	-	-	-	601,909	601,909
Total liabilities & equity	1,629,369	963,256	2,762	748,709	3,344,096
Net liquidity gap	409,535	(494,697)	462,704	(377,542)	
Cumulative liquidity gap	409,535	(85,162)	377,542	-	

23 Risk management (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Branch's financial liabilities based on contractual undiscounted repayment obligations:

	Within 3 months AED 000s	4 months to 1 year AED 000s	Years 2 and 3 AED 000s	Over 3 years and other AED 000s	Total AED 000s
At 31st December 2025					
Deposits from customers	**759,235**	**922,890**	**-**	**-**	**1,682,125**
Senior term financing	**-**	**-**	**56,342**	**79,334**	**135,676**
Total non-derivative financial liabilities	**759,235**	**922,890**	**56,342**	**79,334**	**1,817,801**
Derivative financial instruments	**1,521**	**-**	**1,410**	**1,986**	**4,917**
Credit-related financial instruments	**547,231**	**147,713**	**203,808**	**37,808**	**936,560**
At 31st December 2024					
Deposits from customers	1,432,125	1,031,160	-	-	2,463,285
Senior term financing	10,101	20,253	-	75,057	105,411
Total non-derivative financial liabilities	1,442,226	1,051,413	-	75,057	2,568,696
Derivative financial instruments	5,847	5,678	-	26,527	38,052
Credit-related financial instruments	535,753	121,292	133,129	53,876	844,050

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

	Fair value through profit or loss AED 000s	Amortised Cost AED 000s	Total AED 000s
At 31st December 2025			
Cash and other liquid assets	**-**	**198,777**	**198,777**
Placements	**-**	**320,000**	**320,000**
Investment Securities	**-**	**332,449**	**332,449**
Loans and advances	**-**	**1,589,581**	**1,589,581**
Due from related parties	**-**	**28,450**	**28,450**
Other assets	**5,096**	**28,475**	**33,571**
Total assets	**5,096**	**2,497,732**	**2,502,828**
Deposits from customers	**-**	**1,608,342**	**1,608,342**
Due to related parties	**-**	**99,476**	**99,476**
Senior term financing	**-**	**127,632**	**127,632**
Other liabilities	**4,686**	**64,292**	**68,978**
Total liabilities	**4,686**	**1,899,742**	**1,904,428**

23 Risk management (continued)

Liquidity risk (continued)

	Fair value through profit or loss AED 000s	Amortised Cost AED 000s	Total AED 000s
At 31st December 2024			
Cash and other liquid assets	-	331,219	331,219
Placements	-	720,000	720,000
Investment Securities		531,369	531,369
Loans and advances	-	1,657,148	1,657,148
Due from related parties	-	13,090	13,090
Other assets	37,933	47,991	85,924
Total assets	37,933	3,300,817	3,338,750
Deposits from customers	-	2,306,969	2,306,969
Due to related parties	-	203,143	203,143
Senior term financing	-	105,234	105,234
Other liabilities	35,785	85,505	121,290
Total liabilities	35,785	2,700,851	2,736,636

23 Risk management (continued)

Interest rate risk

Interest rate risk results from exposure to changes in the level and volatility of interest rates and credit spreads.

The repricing profile of assets and liabilities categories and equity were as follows:-

	Within 3 months AED 000s	Months 4 to 6 AED 000s	Months 7 to 12 AED 000s	Over 1 year AED 000s	Non-interest bearing items AED 000s	Total AED 000s
At 31st December 2025						
Cash and other liquid assets	97,234	-	-	-	101,543	198,777
Placements	320,000	-	-	-	-	320,000
Investment Securities	332,449	-	-	-	-	332,449
Loans and advances	1,205,695	362,704	6,889	-	14,293	1,589,581
Equipment	-	-	-	-	429	429
Due from related parties	28,450	-	-	-		28,450
Other assets	-	-	-	-	36,427	36,427
Total assets	1,983,828	362,704	6,889	-	152,692	2,506,113
Deposits from customers	1,224,389	106,930	24,864	-	252,159	1,608,342
Due to related parties	99,476	-	-	-		99,476
Other liabilities	-	-	-	-	73,861	73,861
Senior term financing	127,632	-	-	-		127,632
Head office account	-	-	-	-	596,802	596,802
Total liabilities & equity	1,451,497	106,930	24,864	-	922,822	2,506,113
Interest rate sensitivity gap	532,331	255,774	(17,975)	-	(770,130)	-
Cumulative interest rate sensitivity gap	532,331	788,105	770,130	770,130	-	-

23 Risk management (continued)

Interest rate risk (continued)

	Within 3 months AED 000s	Months 4 to 6 AED 000s	Months 7 to 12 AED 000s	Over 1 year AED 000s	Non-interest bearing items AED 000s	Total AED 000s
At 31st December 2024						
Cash and other liquid assets	331,219	-	-	-	-	331,219
Placements	720,000	-	-	-	-	720,000
Investment Securities	527,696	3,673		-	-	531,369
Loans and advances	1,567,924	40,796	12,653	-	35,775	1,657,148
Equipment	-	-	-	-	545	545
Due from related parties	13,090	-	-	-	-	13,090
Other assets	-	-	-	-	90,725	90,725
Total assets	3,159,929	44,469	12,653	-	127,045	3,344,096
Deposits from customers	1,390,592	298,919	353,657	-	263,801	2,306,969
Due to related parties	203,143	-	-	-	-	203,143
Other liabilities	-	-	-	-	126,841	126,841
Senior term financing	105,234	-	-	-	-	105,234
Head office account	-	-	-	-	601,909	601,909
Total liabilities & equity	1,698,969	298,919	353,657	-	992,551	3,344,096
Interest rate sensitivity gap	1,460,960	(254,450)	(341,004)	-	(865,506)	-
Cumulative interest rate sensitivity gap	1,460,960	1,206,510	865,506	865,506	-	-

23 Risk management (continued)

Interest rate risk (continued)

Based on the repricing profile at 31st December 2025, and assuming that the financial assets and liabilities were to remain until maturity or settlement with no action taken by the Branch to alter the interest rate risk exposure, an immediate and sustained two per cent increase in interest rates across all maturities would result in an increase in net income before tax for the following year by approximately AED 16,612 thousand (2024: 20,820 thousand) and an increase in the Branch's equity by AED 572 thousand (2024: 5,514 thousand). The impact on the Branch's equity represents the cumulative effect of the increase in interest rates over the entire duration of the mismatches in the repricing profile of the interest rate sensitive financial assets and liabilities.

Operational Risk

Operational risk is the risk of unexpected losses resulting from inadequate or failed internal controls or procedures, system failures, fraud, business interruption, compliance breaches, human error, management failure or inadequate staffing. A framework and methodology has been developed to identify and control the various operational risks. Whilst operational risk cannot be entirely eliminated, it is managed and mitigated by ensuring that the appropriate infrastructure, controls, systems, procedures and trained and competent people are in place throughout the Branch.

24 Fair value of financials assets and liabilities

The Branch's financial assets and liabilities are accounted for under the historical cost method except for derivative assets and liabilities which are recorded at fair value. The fair value represents the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Differences therefore can arise between book values under the historical cost method and fair value estimates.

As at year end derivative financial assets of AED 5,096 thousand (2024: AED 37,933 thousand) and derivative financial liabilities of AED 4,686 thousand (2024: AED 35,785) as mentioned in notes 10 and 13 respectively were falling under level 2 category. During current or prior year, the Branch has not classified any financial and non-financial instrument in level 1 or level 3 of the fair value hierarchy. There were no transfers between level 1,2 and 3 during the year.

25 Derivatives and foreign exchange instruments

The Branch utilises derivative and foreign exchange instruments to meet the needs of its customers, to generate trading revenues and as part of its asset and liability management (ALM) activity to hedge its own exposure to market risk. Derivative instruments are contracts whose value is derived from one or more financial instruments or indices. They include futures, forwards and swaps in the interest rate, foreign exchange, equity, credit and commodity markets. Derivatives and foreign exchange are subject to the same types of credit and market risk as other financial instruments. The Branch has appropriate and comprehensive Board-approved policies and procedures for the control of exposure to both market and credit risk from its derivative and foreign exchange activities.

In the case of derivative transactions, the notional principal typically does not change hands. It is simply a quantity which is used to calculate payments. While notional principal is a volume measure used in the derivative and foreign exchange markets, it is neither a measure of market nor credit risk. The Branch measure of credit exposure is the cost of replacing contracts at current market rates should the counterparty default prior to the settlement date. Credit risk amounts represent the gross unrealised gains on non-margined transactions before taking account of any collateral held or any master netting agreements in place.

25 Derivatives and foreign exchange instruments (continued)

	Positive fair value AED 000s	Negative fair value AED 000s	Notional amounts AED 000s
At 31st December 2025			
Derivatives held for trading:			
Foreign exchange contracts	**113**	**35**	**421,674**
Interest rate contracts	**3,974**	**3,974**	**510,533**
Derivatives held for hedging*:			
Foreign exchange contracts	**-**	**-**	**-**
Interest rate contracts	**1,009**	**677**	**810,609**
	5,096	**4,686**	**1,742,816**
At 31st December 2024			
Derivatives held for trading:			
Foreign exchange contracts	3,507	-	438,997
Interest rate contracts	34,426	34,115	871,623
Derivatives held for hedging*:			
Foreign exchange contracts	-	-	-
Interest rate contracts	-	1,670	909,398
	37,933	35,785	2,220,018

*These contracts are back to back with the Head Office.

Due from related parties includes negative foreign exchange fair value amounting to AED 87 thousand (2024: AED 3,401 thousand).

26 Capital funds

As per Decretal Federal Law No 6 of 2025 regarding the Central Bank and Organization of Financial Institutions and Activities, branches of foreign banks must ensure that no less than AED 40,000 thousand has been allocated as capital funds for their operation in UAE.

The Branch's capital funds at 31st December 2025 were AED 550,000 thousand (2024: AED 550,000 thousand).

27 Other reserve

The Bank has made a transfer of 10% of annual net profits which amounts to AED 1,573 thousand during the year to the statutory reserve. Statutory reserve balance as at year end amount to AED 13,734 (2024: 12,161 thousand) .

Per the credit risk management standards (CRMS) issued by CBUAE (Credit Risk Management Regulation and accompanying Standards, Circular No. 3/2024 dated 25/7/2024), Banks must ensure that the total provision corresponding to all Stage 1 and Stage 2 exposures is not less than 1.50% of the Credit Risk weighted assets as computed under the CBUAE capital regulations. Where the collective provisions held are lower, the shortfall may be held in a dedicated non-distributable balance sheet reserve called the 'impairment reserve-general'. The amount held in the impairment reserve-general must be deducted from the capital base (Tier 1 capital for Banks) when computing the regulatory capital.

27 Other reserve (continued)

	31.12.25	31.12.24
	AED 000s	AED 000s
Non-distributable impairment reserve - General		
Minimum provision for Stage 1 &2 as per CBUAE requirements	**30,686**	31,744
Less: Stage 1 and 2 impairment provision taken against income	**7,866**	12,834
Shortfall in stage 1 & 2 provision to meet minimum CBUAE requirements	**22,820**	18,910
Balance of impairment reserve - general as at January 1	**18,910**	22,806
Non-distributable reserve charged / (released) during the year (Impairment reserve-general)	**3,910**	(3,896)
Balance of impairment reserve - general as at December 31	**22,820**	18,910

28 Capital management

The Branch's lead regulator, the Central Bank of the UAE, sets and monitors capital requirements for the Branch. The Branch is required to comply with the provisions of the Central Bank of the UAE in respect of regulatory capital.

The Branch's capital adequacy ratio as per effective regulatory framework, Basel III, at the minimum level is analysed into two tiers as follows:

	2025	2024
	AED 000s	AED 000s
Tier 1 capital:		
Capital funds	**550,000**	550,000
Current year profits	**15,731**	18,825
Accumulated Retained Earnings	**(5,483)**	2,013
Statutory reserve	**13,734**	12,161
Other Disclosed Reserves	**-**	18,910
	573,982	601,909
Deductions from Tier 1 capital	**(425)**	(401)
CBUAE Regulatory deductions	**-**	(18,910)
Total Tier 1 capital	**573,557**	582,598
Tier 2 capital:		
Collective impairment provision for financing assets	**7,866**	26,453
	7,866	26,453
Deductions from Tier 2 capital	**-**	-
Total Tier 2 capital	**7,866**	26,453
Total capital base	**581,423**	609,051

28 Capital management (continued)

	2025	2024
	AED 000s	AED 000s
Risk weighted assets		
Credit risk	**2,045,754**	2,116,271
Market risk	**2,497**	17,080
Operational risk	**188,592**	169,439
Total risk weighted assets	**2,236,843**	2,302,790
Tier 1 risk asset ratio	**25.6%**	25.3%
Total risk asset ratio	**26.0%**	26.4%

28.1 Basel III capital ratio

CBUAE has put in regulatory thresholds for Common Equity Tier 1, Tier 1 and overall regulatory Capital. 1. CET1 must be at least 7.0% of risk weighted assets (RWA); 2. Tier 1 Capital must be at least 8.5% of RWA; 3. Total Capital, calculated as the sum of Tier 1 Capital and Tier 2 Capital, must be at least 10.5% of RWA. On top of this minimum capital requirement CBUAE has also mandated the Banks to keep an additional buffer, in addition to the minimum CET1 capital of 7.0% of RWA, banks must maintain a capital conservation buffer (CCB) of 2.5% of RWAs in the form of CET1 capital. Furthermore, pursuant to CBUAE Notice CBUAE/FSD/2024/1265, effective from 1 January 2026, the Branch is required to comply with a countercyclical capital buffer (CCyB) requirement of 0.50% on the private sector credit exposures in the UAE.

The table below summarises the Branch's capital ratios along with the minimum capital requirements:

	2025	**Minimum capital requirement 2025**	2024	Minimum capital requirement 2024
	%	**%**	%	%
CET1 (including buffer)	**25.6**	**9.5**	25.3	9.50
Tier 1 ratio	**25.6**	**11.0**	25.3	11.00
Total capital ratio	**26.0**	**13.0**	26.4	13.00

29 Subsequent events

The recent regional military escalations have triggered a high-risk conflict environment across the Gulf. The situation is still very fluid, and scenarios can shift very quickly. The escalations have brought about additional uncertainties to the global business environment. With respect to financial statements for the year ended 31 December 2025, the potential financial reporting effects of the conflict are considered to be non-adjusting in nature.

The Management has been closely monitoring the impact of the developments on the Branch's business. Depending on how the situation would evolve, the military escalations might result in an impact on business in terms of reduced growth or increased ECL charge in the future. As the situation is fast evolving and fluid, the effect of the escalations is subject to significant levels of uncertainty, with the full range of possible effects unknown.