



# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31<sup>st</sup> March 2025

**GIB**

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# Independent auditor's report on review of condensed interim consolidated financial statements

**To the Board of Directors of**  
*Gulf International Bank B.S.C.*  
*Kingdom of Bahrain*

## Introduction

We have reviewed the accompanying 31 March 2025 condensed interim consolidated financial statements of Gulf International Bank B.S.C. (the "Bank") and its subsidiaries (together the "Group"), which comprises:

- the condensed interim consolidated statement of financial position as at 31 March 2025;
- the condensed interim consolidated statement of income for the three-month period ended 31 March 2025;
- the condensed interim consolidated statement of comprehensive income for the three-month period ended 31 March 2025;
- the condensed interim consolidated statement of changes in equity for the three-month period ended 31 March 2025;
- the condensed interim consolidated statement of cash flows for the three-month period ended 31 March 2025; and
- notes to the condensed interim consolidated financial statements.

The Board of Directors of the Bank is responsible for the preparation and presentation of this condensed interim consolidated financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim consolidated financial statements based on our review.

## Scope of Review

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2025 condensed interim consolidated financial statements is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

## Other matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 24 February 2025. The condensed interim consolidated financial statements of the Group as at and for the three-month period ended 31 March 2024 were reviewed by the same auditor who expressed an unmodified conclusion on those condensed interim consolidated financial statements on 10 May 2024.

6 May 2025

## Condensed Interim Consolidated Statement of Financial Position

|  | Note | 31.3.25<br>US\$ millions | 31.12.24<br>US\$ millions |
|--|------|--------------------------|---------------------------|
| <b>ASSETS</b>  |      |                          |                           |
| Cash and other liquid assets                               |      | 14,959.0                 | 9,882.6                   |
| Securities purchased under agreements to resell            |      | 1,067.5                  | 975.4                     |
| Placements   |      | 5,266.8                  | 7,266.6                   |
| Trading securities   |      | 335.5                    | 328.4                     |
| Investment securities                                      | 7    | 8,064.4                  | 7,279.4                   |
| Loans and advances   | 8    | 15,659.8                 | 15,402.3                  |
| Other assets   |      | 1,560.6                  | 1,756.8                   |
| <b>Total assets</b>  |      | <b>46,913.6</b>          | <b>42,891.5</b>           |
| <b>LIABILITIES</b>   |      |                          |                           |
| Deposits from banks  |      | 1,780.5                  | 1,665.2                   |
| Deposits from customers                                    |      | 32,532.4                 | 28,195.2                  |
| Securities sold under agreements to repurchase             |      | 1,632.6                  | 1,848.8                   |
| Other liabilities  |      | 1,560.7                  | 1,692.6                   |
| Senior term financing                                      |      | 5,428.2                  | 5,573.9                   |
| Subordinated term financing                                |      | 399.8                    | 399.3                     |
| <b>Total liabilities</b>                                   |      | <b>43,334.2</b>          | <b>39,375.0</b>           |
| <b>EQUITY</b>  |      |                          |                           |
| Share capital  |      | 2,000.0                  | 2,000.0                   |
| Reserves   | 9    | 224.3                    | 222.9                     |
| Retained earnings  |      | 300.6                    | 252.6                     |
| <b>Equity attributable to the shareholders of the Bank</b> |      | <b>2,524.9</b>           | <b>2,475.5</b>            |
| Non-controlling interest                                   |      | 1,054.5                  | 1,041.0                   |
| <b>Total equity</b>  |      | <b>3,579.4</b>           | <b>3,516.5</b>            |
| <b>Total liabilities and equity</b>                        |      | <b>46,913.6</b>          | <b>42,891.5</b>           |

The condensed interim consolidated financial statements were approved by the Board of Directors on 6<sup>th</sup> May 2025 and signed on its behalf by:



**Abdulla Mohammed Al Zamil**  
Chairman of the Board



**Rajeev Kakar**  
Chairman of the Board Audit Committee



**Abdulaziz A. Al-Helaissi**  
Group Chief Executive Officer

The notes on pages 6 to 19 form part of these condensed interim consolidated financial statements.

## Condensed Interim Consolidated Statement of Income

|   |             | <b>Three months<br/>ended<br/>31.3.25</b> | Three months<br>ended<br>31.3.24 |
|---|-------------|---|----------------------------------|
|   | <i>Note</i> | <b>US\$ millions</b>                      | US\$ millions                    |
| Interest income                             |             | <b>587.3</b>                              | 679.1                            |
| Interest expense                            |             | <b>459.2</b>                              | 550.4                            |
| <b>Net interest income</b>                  |             | <b>128.1</b>                              | 128.7                            |
| Net fee and commission income               | 3           | <b>30.8</b>                               | 39.9                             |
| Trading income                              | 4           | <b>3.3</b>                                | 4.1                              |
| Foreign exchange income                     | 5           | <b>8.4</b>                                | 6.4                              |
| Other income                                |             | <b>11.0</b>                               | 5.6                              |
| <b>Total operating income</b>               |             | <b>181.6</b>                              | 184.7                            |
| Staff expenses                              |             | <b>70.4</b>                               | 64.6                             |
| Premises expenses                           |             | <b>4.6</b>                                | 5.0                              |
| Other operating expenses                    |             | <b>33.8</b>                               | 32.8                             |
| <b>Total operating expenses</b>             |             | <b>108.8</b>                              | 102.4                            |
| <b>Net income before provisions and tax</b> |             | <b>72.8</b>                               | 82.3                             |
| Provision for expected credit losses        | 6           | <b>(4.9)</b>                              | (15.6)                           |
| <b>Net income before tax</b>                |             | <b>67.9</b>                               | 66.7                             |
| Taxation and zakat charges                  |             | <b>(7.9)</b>                              | (8.4)                            |
| <b>Net income</b>                           |             | <b>60.0</b>                               | 58.3                             |
| <b>Attributable to:</b>                     |             |   |                                  |
| Shareholders of the Bank                    |             | <b>48.0</b>                               | 47.5                             |
| Non-controlling interest                    |             | <b>12.0</b>                               | 10.8                             |
|   |             | <b>60.0</b>                               | 58.3                             |



**Abdulla Mohammed Al Zamil**  
Chairman of the Board



**Rajeev Kakar**  
Chairman of the Board Audit Committee



**Abdulaziz A. Al-Helaissi**  
Group Chief Executive Officer

The notes on pages 6 to 19 form part of these condensed interim consolidated financial statements.

## Condensed Interim Consolidated Statement of Comprehensive Income

|   | Three months<br>ended<br>31.3.25<br>US\$ millions | Three months<br>ended<br>31.3.24<br>US\$ millions |
|---|---|---|
| <b>Net income</b>   | <b>60.0</b>                                       | <b>58.3</b>                                       |
| <b>Other comprehensive income:</b>  |   |   |
| <u>Items that will be reclassified to<br/>consolidated statement of income:</u>       |   |   |
| <i>Cash flow hedges:</i>  |   |   |
| Reclassification to the consolidated statement of income                              | (1.7)   | -   |
| <i>Debt instruments at fair value through other<br/>comprehensive income (FVOCI):</i> |   |   |
| Net change in fair value during the period  | 3.5   | 0.2   |
| Changes in allowance for expected credit losses                                       | 0.2   | 0.1   |
|   | <u>2.0</u>  | <u>0.3</u>  |
| <u>Items that will not be reclassified to<br/>consolidated statement of income:</u>   |   |   |
| Net change in fair value of equity instruments at FVOCI                               | 1.2   | (0.7)   |
| Remeasurement of defined benefit pension fund   | (0.2)   | (3.0)   |
| Net change in deferred tax reserves   | (0.1)   | 0.8   |
|   | <u>0.9</u>  | <u>(2.9)</u>                                      |
| <b>Total other comprehensive income</b>   | <b>2.9</b>  | <b>(2.6)</b>                                      |
| <b>Total comprehensive income</b>   | <b>62.9</b>                                       | <b>55.7</b>                                       |
| <b>Attributable to:</b>   |   |   |
| Shareholders of the Bank  | 49.4  | 45.2  |
| Non-controlling interest  | 13.5  | 10.5  |
|   | <u>62.9</u>                                       | <u>55.7</u>                                       |

The notes on pages 6 to 19 form part of these condensed interim consolidated financial statements.

## Condensed Interim Consolidated Statement of Changes in Equity

|  | Equity attributable to the shareholders of the Bank |               |               |                | Non-           | Total          |
|--|---|---------------|---------------|----------------|----------------|----------------|
|  | Share   | Reserves      | Retained      | Total          | controlling    |                |
|  | capital   |               | earnings      |                | interest       |                |
|  | US\$ millions                                       | US\$ millions | US\$ millions | US\$ millions  | US\$ millions  |                |
| <b>At 1<sup>st</sup> January 2025</b>              | <b>2,000.0</b>                                      | <b>222.9</b>  | <b>252.6</b>  | <b>2,475.5</b> | <b>1,041.0</b> | <b>3,516.5</b> |
| Net income for the period                          | -   | -             | 48.0          | 48.0           | 12.0           | 60.0           |
| Other comprehensive income for the period          | -   | 1.4           | -             | 1.4            | 1.5            | 2.9            |
| Total comprehensive income for the period          | -   | 1.4           | 48.0          | 49.4           | 13.5           | 62.9           |
| <b>At 31<sup>st</sup> March 2025</b>               | <b>2,000.0</b>                                      | <b>224.3</b>  | <b>300.6</b>  | <b>2,524.9</b> | <b>1,054.5</b> | <b>3,579.4</b> |
| At 1 <sup>st</sup> January 2024                    | 2,000.0   | 237.3         | 131.3         | 2,368.6        | 1,000.0        | 3,368.6        |
| Net income for the period                          | -   | -             | 47.5          | 47.5           | 10.8           | 58.3           |
| Other comprehensive loss for the period            | -   | (2.3)         | -             | (2.3)          | (0.3)          | (2.6)          |
| Total comprehensive (loss) / income for the period | -   | (2.3)         | 47.5          | 45.2           | 10.5           | 55.7           |
| At 31 <sup>st</sup> March 2024                     | 2,000.0   | 235.0         | 178.8         | 2,413.8        | 1,010.5        | 3,424.3        |

The notes on pages 6 to 19 form part of these condensed interim consolidated financial statements.

## Condensed Interim Consolidated Statement of Cash Flows

|   | Three months<br>ended<br>31.3.25<br>US\$ millions | Three months<br>ended<br>31.3.24<br>US\$ millions |
|---|---|---|
| <b>OPERATING ACTIVITIES</b>   |   |   |
| Net income for the period   | 60.0  | 58.3  |
| Adjustments for:  |   |   |
| Depreciation and amortisation   | 5.5   | 5.6   |
| Provision for expected credit losses - net                                | 4.9   | 15.6  |
| Realised gain on debt investment securities                               | (0.6)   | -   |
| Operating income before changes in operating assets and liabilities       | 69.8  | 79.5  |
| Changes in operating assets and liabilities:                              |   |   |
| Statutory deposits with central banks                                     | (316.5)   | (256.5)   |
| Certificates of deposit with original maturities of three months and more | (120.8)   | 27.7  |
| Derivative valuation margin   | (42.2)  | 115.0   |
| Securities purchased under agreements to resell                           | (92.1)  | (47.7)  |
| Placements with original maturities of three months and more              | (1,499.4)   | 619.9   |
| Trading securities  | (7.1)   | (15.7)  |
| Loans and advances  | (262.9)   | 273.7   |
| Interest receivable   | (32.6)  | (21.2)  |
| Other assets  | 226.0   | (105.1)   |
| Deposits from banks   | 115.3   | (76.4)  |
| Deposits from customers   | 4,337.2   | 6,562.7   |
| Securities sold under agreement to repurchase                             | (216.2)   | 21.6  |
| Interest payable  | 58.4  | 65.2  |
| Other liabilities   | (189.0)   | 30.5  |
| <b>Net cash from operating activities</b>                                 | <b>2,027.9</b>                                    | <b>7,273.2</b>                                    |
| <b>INVESTING ACTIVITIES</b>   |   |   |
| Purchase of investment securities   | (1,616.9)   | (643.6)   |
| Maturity / sale of investment securities                                  | 836.7   | 218.0   |
| Net increase in premises and equipment                                    | (4.7)   | (7.1)   |
| <b>Net cash used in investing activities</b>                              | <b>(784.9)</b>                                    | <b>(432.7)</b>                                    |
| <b>FINANCING ACTIVITIES</b>   |   |   |
| Issuance of term financing  | 8.8   | 620.3   |
| Maturity of term financing  | (154.0)   | (525.4)   |
| <b>Net cash (used in) / from financing activities</b>                     | <b>(145.2)</b>                                    | <b>94.9</b>                                       |
| <b>Net increase in cash and cash equivalents</b>                          | <b>1,097.8</b>                                    | <b>6,935.4</b>                                    |
| <b>Cash and cash equivalents at 1<sup>st</sup> January</b>                | <b>11,950.7</b>                                   | <b>19,126.5</b>                                   |
| <b>Cash and cash equivalents at 31<sup>st</sup> March</b>                 | <b>13,048.5</b>                                   | <b>26,061.9</b>                                   |

Cash and cash equivalents at 31<sup>st</sup> March 2025 excludes statutory deposits with the Central Bank amounting to US\$819.2 million (31<sup>st</sup> March 2024: US\$470.0 million), certificates of deposit with original maturities of three months or more amounting to US\$798.2 million (31<sup>st</sup> March 2024: US\$451.5 million) and derivative valuation margin amounting to US\$295.1 million (31<sup>st</sup> March 2024: US\$168.9 million) and includes placements with original maturities of less than three months amounting to US\$2.0 million (31<sup>st</sup> March 2024: US\$3,028.0 million).

The notes on pages 6 to 19 form part of these condensed interim consolidated financial statements.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**For the three months ended 31<sup>st</sup> March 2025**1 Incorporation and registration**

The parent company, Gulf International Bank B.S.C. ("the Bank"), is a Bahraini Shareholding Company incorporated in the Kingdom of Bahrain by Amiri Decree Law No. 30 dated 24<sup>th</sup> November 1975 and is registered as a conventional wholesale bank and a conventional retail bank with the Central Bank of Bahrain. The registered office of the Bank is located at Al-Dowali Building, 3 Palace Avenue, Manama, Kingdom of Bahrain.

The Bank and its subsidiaries (together "the Group") are principally engaged in the provision of wholesale commercial, asset management, investment banking and retail consumer banking services. The Group operates through subsidiaries, branch offices and representative offices located in seven countries worldwide. The total number of staff as at 31<sup>st</sup> March 2025 was 1,443 (31<sup>st</sup> December 2024: 1,437). The ultimate parent of the Group is the Public Investment Fund (PIF) of Saudi Arabia.

**2 Basis of accounting****2.1 Basis of preparation**

The condensed interim consolidated financial statements of the Group are prepared in accordance with International Accounting Standard IAS 34, Interim Financial Reporting ("IAS 34").

The condensed interim consolidated financial statements of the Group do not contain all information and disclosures required for the annual audited consolidated financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended 31<sup>st</sup> December 2024. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. Further, results for the interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31<sup>st</sup> December 2025.

**2.2 Basis of consolidation**

The condensed interim consolidated financial statements include the accounts of Gulf International Bank B.S.C. and its subsidiaries. Subsidiaries are companies and other entities which the Bank controls. The Bank controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The subsidiary's accounts are derecognised from the consolidated financial statements from the point when the control ceases. All intercompany balances and transactions, including unrealised gains and losses on transactions between Group companies, have been eliminated.

**2.3 Material accounting policies**

The accounting policies have been consistently applied by the Group and are consistent with those of the previous year, as set out in the consolidated financial statements for the year ended 31<sup>st</sup> December 2024.

The group has not early adopted any new and amended standards and interpretations that are issued but not yet effective and these standards amendments are not expected to have a material impact on the interim condensed consolidated financial statements of the Group.

**3 Net fee and commission income**

|   | Three months ended |               |
|---|--------------------|---------------|
|   | 31.3.25            | 31.3.24       |
|   | US\$ millions      | US\$ millions |
| <b>Fee and commission income</b>                |                    |               |
| Commissions on letters of credit and guarantee  | 12.4               | 11.6          |
| Investment banking and management fees          | 10.5               | 10.0          |
| Loan agency, underwriting and distribution fees | 3.0                | 9.5           |
| Loan commitment fees                            | 2.6                | 2.8           |
| Retail banking fees                             | 1.3                | 5.3           |
| Other fee and commission income                 | 2.9                | 2.1           |
| Total fee and commission income                 | <b>32.7</b>        | 41.3          |
| <b>Fee and commission expense</b>               | <b>(1.9)</b>       | (1.4)         |
| <b>Net fee and commission income</b>            | <b>30.8</b>        | 39.9          |

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**For the three months ended 31<sup>st</sup> March 2025**3 Net fee and commission income (continued)**

Investment banking and management fees comprise fees relating to the provision of investment management and financial services, including asset and fund management, underwriting activities, and services relating to structured financing, privatisations, initial public offerings, and mergers and acquisitions.

Loan agency, underwriting and distribution fees comprise of origination, underwriting, structuring and distribution of financing transactions.

Fee and commission expense principally comprises security custody fees and bank charges and commissions.

**4 Trading income**

|                           | Three months ended |               |
|---------------------------|--------------------|---------------|
|                           | 31.3.25            | 31.3.24       |
|                           | US\$ millions      | US\$ millions |
| Managed funds             | 0.7                | 11.2          |
| Interest rate derivatives | 1.5                | 0.9           |
| FX arbitrage              | 0.6                | (8.0)         |
| Debt securities           | 0.4                | -             |
| Commodity options         | 0.1                | -             |
|                           | <b>3.3</b>         | <b>4.1</b>    |

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 Group's trading activities.

Interest rate derivatives income principally comprises customer-initiated contracts which have been offset in the market with matching contracts. There is no remaining market risk associated with these contracts.

**5 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.

Foreign exchange includes spot and forward foreign exchange contracts, and currency futures and options.

**6 Provision for expected credit losses**

|                                      | 31 <sup>st</sup> March 2025 |               |               |               |
|--------------------------------------|-----------------------------|---------------|---------------|---------------|
|                                      | Stage 1                     | Stage 2       | Stage 3       | Total         |
|                                      | US\$ millions               | US\$ millions | US\$ millions | US\$ millions |
| Loans and advances                   | 0.4                         | (2.5)         | 7.5           | 5.4           |
| Investment securities                | 0.7                         | -             | -             | 0.7           |
| Placements                           | 0.1                         | -             | -             | 0.1           |
| Credit-related financial instruments | (1.0)                       | (0.2)         | (0.1)         | (1.3)         |
|                                      | <b>0.2</b>                  | <b>(2.7)</b>  | <b>7.4</b>    | <b>4.9</b>    |

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31<sup>st</sup> March 20256 Provision for expected credit losses (continued)

|                                      | 31 <sup>st</sup> March 2024 |                          |                          | Total<br>US\$ millions |
|--------------------------------------|-----------------------------|--------------------------|--------------------------|------------------------|
|                                      | Stage 1<br>US\$ millions    | Stage 2<br>US\$ millions | Stage 3<br>US\$ millions |                        |
| Loans and advances                   | 5.2                         | 3.3                      | 3.1                      | 11.6                   |
| Investment securities                | 0.4                         | -                        | -                        | 0.4                    |
| Placements                           | 0.2                         | -                        | -                        | 0.2                    |
| Credit-related financial instruments | 0.3                         | 0.5                      | 2.6                      | 3.4                    |
|                                      | <u>6.1</u>                  | <u>3.8</u>               | <u>5.7</u>               | <u>15.6</u>            |

7 Investment securities7.1 Composition

|  | <u>31.3.25</u><br>US\$ millions | 31.12.24<br>US\$ millions |
|--|---------------------------------|---------------------------|
| <u>Investment securities at amortised cost</u>     |                                 |                           |
| Gross debt securities                              | 7,716.9                         | 7,071.8                   |
| Provisions for expected credit losses              | (4.1)                           | (3.6)                     |
| <b>Net investment securities at amortised cost</b> | <u>7,712.8</u>                  | <u>7,068.2</u>            |
| <u>Investment securities at FVOCI</u>              |                                 |                           |
| Debt securities                                    | 331.3                           | 190.6                     |
| Equity securities                                  | 20.3                            | 20.6                      |
| <b>Total investment securities at FVOCI</b>        | <u>351.6</u>                    | <u>211.2</u>              |
| <b>Total investment securities</b>                 | <u>8,064.4</u>                  | <u>7,279.4</u>            |

Investment securities include securities that had been pledged as collateral under repurchase agreements.

All debt securities were classified under stage 1 as at 31<sup>st</sup> March 2025 and 31<sup>st</sup> December 2024.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**For the three months ended 31<sup>st</sup> March 2025**7 Investment securities (continued)****7.1 Composition (continued)**

The credit rating profile of investment securities, based on the lowest rating assigned by the major international rating agencies, was as follows:

|                             | 31.3.25       |       | 31.12.24      |       |
|-----------------------------|---------------|-------|---------------|-------|
|                             | US\$ millions | %     | US\$ millions | %     |
| AAA to A- / Aaa to A3       | 6,675.0       | 83.0  | 6,335.0       | 87.3  |
| BBB+ to BBB- / Baa1 to Baa3 | 245.1         | 3.0   | 111.4         | 1.5   |
| BB+ to B+ / Ba1 to B1       | 1,124.0       | 14.0  | 812.4         | 11.2  |
| Total debt securities       | 8,044.1       | 100.0 | 7,258.8       | 100.0 |
| Equity securities           | 20.3          |       | 20.6          |       |
|                             | 8,064.4       |       | 7,279.4       |       |

Investment securities principally comprised investment-grade rated debt securities issued by major international financial institutions and government-related entities.

Investment securities rated BB+ to B+ / Ba1 to B1 at 31<sup>st</sup> March 2025 and at 31<sup>st</sup> December 2024 principally comprised GCC sovereign debt securities.

**7.2 Provisions for expected credit losses**

The movements in the provisions for expected credit losses for investment securities at amortised cost were as follows:

|                                    | 31 <sup>st</sup> March 2025 |               |               |               | 31 <sup>st</sup> March 2024 |               |               |               |
|------------------------------------|-----------------------------|---------------|---------------|---------------|-----------------------------|---------------|---------------|---------------|
|                                    | Stage 1                     | Stage 2       | Stage 3       | Total         | Stage 1                     | Stage 2       | Stage 3       | Total         |
|                                    | US\$ millions               | US\$ millions | US\$ millions | US\$ millions | US\$ millions               | US\$ millions | US\$ millions | US\$ millions |
| At 1 <sup>st</sup> January         | 3.6                         | -             | -             | 3.6           | 3.1                         | -             | -             | 3.1           |
| Net remeasurement of ECL allowance | 0.5                         | -             | -             | 0.5           | 0.4                         | -             | -             | 0.4           |
| Exchange rate movements            | -                           | -             | -             | -             | (0.1)                       | -             | -             | (0.1)         |
| At 31 <sup>st</sup> March          | 4.1                         | -             | -             | 4.1           | 3.4                         | -             | -             | 3.4           |

The allowance for expected credit losses for debt securities at FVOCI amounted to \$0.6 million (31<sup>st</sup> December 2024: \$0.4 million).

The above provisions reflect the probability-weighted estimate of expected credit losses. The provisions comprise both quantitative and qualitative information and analysis, based on the Group's historical experience and taking into consideration both internal and external indicators and including forward-looking information.

**8 Loans and advances****8.1 Composition**

|                                       | 31.3.25       | 31.12.24      |
|---------------------------------------|---------------|---------------|
|                                       | US\$ millions | US\$ millions |
| Gross loans and advances              | 15,898.0      | 15,703.9      |
| Provisions for expected credit losses | (238.2)       | (301.6)       |
| Net loans and advances                | 15,659.8      | 15,402.3      |

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**For the three months ended 31<sup>st</sup> March 2025**8 Loans and advances (continued)****8.1 Composition (continued)**

|                               | 31 <sup>st</sup> March 2025 |               |               |                 | 31 <sup>st</sup> December 2024 |               |               |                 |
|-------------------------------|-----------------------------|---------------|---------------|-----------------|--------------------------------|---------------|---------------|-----------------|
|                               | Stage 1                     | Stage 2       | Stage 3       | Total           | Stage 1                        | Stage 2       | Stage 3       | Total           |
|                               | US\$ millions               | US\$ millions | US\$ millions | US\$ millions   | US\$ millions                  | US\$ millions | US\$ millions | US\$ millions   |
| Gross loans and advances      | 14,947.3                    | 776.9         | 173.8         | 15,898.0        | 14,660.0                       | 876.4         | 167.5         | 15,703.9        |
| ECL allowance                 | (80.7)                      | (70.7)        | (86.8)        | (238.2)         | (80.4)                         | (102.5)       | (118.7)       | (301.6)         |
| <b>Net loans and advances</b> | <b>14,866.6</b>             | <b>706.2</b>  | <b>87.0</b>   | <b>15,659.8</b> | <b>14,579.6</b>                | <b>773.9</b>  | <b>48.8</b>   | <b>15,402.3</b> |

**8.2 Provisions for expected credit losses**

The stage 1 and stage 2 provisions reflect the probability-weighted estimate of expected credit losses under IFRS 9. The provisions comprise both quantitative and qualitative information and analysis, based on the Group's historical experience and taking into consideration both internal and external indicators and includes forward-looking information.

The Group 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 50:45:05, respectively (31<sup>st</sup> December 2024: 50:45:05).

Stage 3 provisions reflect credit-impaired provisions based on the difference between the net carrying amount and the recoverable amount of the loan.

The movements in the provisions for expected credit losses during the periods ended 31<sup>st</sup> March 2025 and 31<sup>st</sup> March 2024 are as follows:

|                                    | 31 <sup>st</sup> March 2025 |               |               |               | 31 <sup>st</sup> March 2024 |               |               |               |
|------------------------------------|-----------------------------|---------------|---------------|---------------|-----------------------------|---------------|---------------|---------------|
|                                    | Stage 1                     | Stage 2       | Stage 3       | Total         | Stage 1                     | Stage 2       | Stage 3       | Total         |
|                                    | US\$ millions               | US\$ millions | US\$ millions | US\$ millions | US\$ millions               | US\$ millions | US\$ millions | US\$ millions |
| <b>At 1<sup>st</sup> January</b>   | <b>80.4</b>                 | <b>102.5</b>  | <b>118.7</b>  | <b>301.6</b>  | <b>91.3</b>                 | <b>68.2</b>   | <b>179.4</b>  | <b>338.9</b>  |
| Transfer to stage 2                | (0.1)                       | 0.9           | (0.8)         | -             | (1.3)                       | 1.3           | -             | -             |
| Transfer to stage 3                | -                           | (30.2)        | 30.2          | -             | (0.6)                       | (2.1)         | 2.7           | -             |
| Exchange rate movements            | -                           | -             | 0.2           | 0.2           | -                           | -             | (0.1)         | (0.1)         |
| Net remeasurement of ECL allowance | 0.4                         | (2.5)         | 7.5           | 5.4           | 5.2                         | 3.3           | 3.1           | 11.6          |
| Write-offs                         | -                           | -             | (69.0)        | (69.0)        | -                           | -             | (3.0)         | (3.0)         |
| <b>At 31<sup>st</sup> March</b>    | <b>80.7</b>                 | <b>70.7</b>   | <b>86.8</b>   | <b>238.2</b>  | <b>94.6</b>                 | <b>70.7</b>   | <b>182.1</b>  | <b>347.4</b>  |

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31<sup>st</sup> March 20259 Reserves

|                                       | Compulsory<br>reserve | Cash flow<br>hedge<br>reserve | Investment<br>securities<br>revaluation<br>reserve | Defined<br>pension<br>reserve | Deferred<br>tax<br>and other<br>reserve | Total         |
|---------------------------------------|-----------------------|-------------------------------|--|-------------------------------|---|---------------|
|                                       | US\$ millions         | US\$ millions                 | US\$ millions                                      | US\$ millions                 | US\$ millions                           | US\$ millions |
| <b>At 1<sup>st</sup> January 2025</b> | 226.6                 | 1.9                           | (13.5)   | 10.5                          | (2.6)                                   | 222.9         |
| <u>Net fair value changes:</u>        |                       |                               |  |                               |   |               |
| Securities at FVOCI                   | -                     | -                             | 3.2  | -                             | -                                       | 3.2           |
| ECL on debt securities at FVOCI       | -                     | -                             | -  | -                             | 0.2                                     | 0.2           |
| Transfers to retained earnings        | -                     | -                             | -  | -                             | -                                       | -             |
| Other movements during the period     | -                     | (1.7)                         | -  | (0.2)                         | (0.1)                                   | (2.0)         |
| Net (decrease) / increase             | -                     | (1.7)                         | 3.2  | (0.2)                         | 0.1                                     | 1.4           |
| <b>At 31<sup>st</sup> March 2025</b>  | <b>226.6</b>          | <b>0.2</b>                    | <b>(10.3)</b>                                      | <b>10.3</b>                   | <b>(2.5)</b>                            | <b>224.3</b>  |
| <b>At 1<sup>st</sup> January 2024</b> | 213.1                 | -                             | (9.1)  | 44.4                          | (11.1)                                  | 237.3         |
| <u>Net fair value changes:</u>        |                       |                               |  |                               |   |               |
| Securities at FVOCI                   | -                     | -                             | (0.2)  | -                             | -                                       | (0.2)         |
| Other movements during the period     | -                     | -                             | -  | (3.0)                         | 0.9                                     | (2.1)         |
| Net (decrease) / increase             | -                     | -                             | (0.2)  | (3.0)                         | 0.9                                     | (2.3)         |
| <b>At 31<sup>st</sup> March 2024</b>  | <b>213.1</b>          | <b>-</b>                      | <b>(9.3)</b>                                       | <b>41.4</b>                   | <b>(10.2)</b>                           | <b>235.0</b>  |

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31<sup>st</sup> March 2025

## 10 Derivatives and foreign exchange instruments

The notional amounts of derivatives and foreign exchange instruments were as follows:

|   | Trading         | Hedging        | Notional<br>amounts<br>Total |
|---|-----------------|----------------|------------------------------|
|   | US\$ millions   | US\$ millions  | US\$ millions                |
| <b>At 31<sup>st</sup> March 2025</b>          |                 |                |                              |
| Foreign exchange contracts:                   |                 |                |                              |
| Unmatured spot, forward and futures contracts | 6,244.6         | 838.6          | 7,083.2                      |
| Options purchased                             | 429.2           | -              | 429.2                        |
| Options written                               | 429.2           | -              | 429.2                        |
|   | <u>7,103.0</u>  | <u>838.6</u>   | <u>7,941.6</u>               |
| Interest rate contracts:                      |                 |                |                              |
| Interest rate swaps                           | 17,473.7        | 6,519.5        | 23,993.2                     |
| Cross currency swaps                          | 393.3           | -              | 393.3                        |
| Futures                                       | 108.2           | -              | 108.2                        |
| Options, caps and floors purchased            | 2,862.9         | -              | 2,862.9                      |
| Options, caps and floors written              | 2,862.9         | -              | 2,862.9                      |
|   | <u>23,701.0</u> | <u>6,519.5</u> | <u>30,220.5</u>              |
| Equity and commodity contracts:               |                 |                |                              |
| Options and swaps purchased                   | 93.8            | -              | 93.8                         |
| Options and swaps written                     | 93.8            | -              | 93.8                         |
|   | <u>187.6</u>    | <u>-</u>       | <u>187.6</u>                 |
| Credit default swaps:                         |                 |                |                              |
| Protection purchased                          | 34.7            | -              | 34.7                         |
| Protection sold                               | 34.7            | -              | 34.7                         |
|   | <u>69.4</u>     | <u>-</u>       | <u>69.4</u>                  |
|   | <u>31,061.0</u> | <u>7,358.1</u> | <u>38,419.1</u>              |
|   |                 |                |                              |
|   | Trading         | Hedging        | Notional<br>amounts<br>Total |
|   | US\$ millions   | US\$ millions  | US\$ millions                |
| <b>At 31<sup>st</sup> December 2024</b>       |                 |                |                              |
| Foreign exchange contracts:                   |                 |                |                              |
| Unmatured spot, forward and futures contracts | 8,289.1         | 594.1          | 8,883.2                      |
| Options purchased                             | 424.1           | -              | 424.1                        |
| Options written                               | 424.1           | -              | 424.1                        |
|   | <u>9,137.3</u>  | <u>594.1</u>   | <u>9,731.4</u>               |
| Interest rate contracts:                      |                 |                |                              |
| Interest rate swaps                           | 17,138.7        | 6,800.4        | 23,939.1                     |
| Cross currency swaps                          | 401.8           | -              | 401.8                        |
| Futures                                       | 107.6           | -              | 107.6                        |
| Options, caps and floors purchased            | 2,878.0         | -              | 2,878.0                      |
| Options, caps and floors written              | 2,878.0         | -              | 2,878.0                      |
|   | <u>23,404.1</u> | <u>6,800.4</u> | <u>30,204.5</u>              |
| Equity and commodity contracts:               |                 |                |                              |
| Options and swaps purchased                   | 60.5            | -              | 60.5                         |
| Options and swaps written                     | 60.5            | -              | 60.5                         |
|   | <u>121.0</u>    | <u>-</u>       | <u>121.0</u>                 |
| Credit default swaps:                         |                 |                |                              |
| Protection purchased                          | 28.7            | -              | 28.7                         |
| Protection sold                               | 28.7            | -              | 28.7                         |
|   | <u>57.4</u>     | <u>-</u>       | <u>57.4</u>                  |
|   | <u>32,719.8</u> | <u>7,394.5</u> | <u>40,114.3</u>              |

There is no credit risk in respect of options written as they represent obligations of the Group.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**For the three months ended 31<sup>st</sup> March 2025**11 Credit-related financial instruments****11.1 Composition**

|   | Notional<br>principal<br>amount<br>US\$ millions | 31.3.25  | Notional<br>principal<br>amount<br>US\$ millions | 31.12.24                                       |
|---|--|--|--|--|
|   |  | Risk-<br>weighted<br>exposure<br>US\$ millions |  | Risk-<br>weighted<br>exposure<br>US\$ millions |
| Direct credit substitutes   | 1,323.0  | 1,293.9  | 1,379.1  | 1,264.3  |
| Transaction-related contingent items  | 4,051.5  | 1,718.2  | 4,017.0  | 1,698.9  |
| Short-term self-liquidating trade-related contingent items  | 972.2  | 192.4  | 893.3  | 175.9  |
| Commitments, including undrawn loan commitments and underwriting commitments under note issuance and revolving facilities | 2,494.4  | 1,238.1  | 2,326.7  | 1,142.0  |
|   | <b>8,841.1</b>                                   | <b>4,442.6</b>                                 | <b>8,616.1</b>                                   | <b>4,281.1</b>                                 |

The notional principal amounts reported above are stated gross before applying credit risk mitigants, such as cash collateral, guarantees and counter-indemnities. At 31<sup>st</sup> March 2025, the Group held cash collateral, guarantees, counter-indemnities or other high quality collateral in relation to credit-related contingent items amounting to US\$491.3 million (31<sup>st</sup> December 2024: US\$479.9 million).

**11.2 Provisions for expected credit losses**

|                                    | 31 <sup>st</sup> March 2025 |               |               |               | 31 <sup>st</sup> March 2024 |               |               |               |
|------------------------------------|-----------------------------|---------------|---------------|---------------|-----------------------------|---------------|---------------|---------------|
|                                    | Stage 1                     | Stage 2       | Stage 3       | Total         | Stage 1                     | Stage 2       | Stage 3       | Total         |
|                                    | US\$ millions               | US\$ millions | US\$ millions | US\$ millions | US\$ millions               | US\$ millions | US\$ millions | US\$ millions |
| At 1 <sup>st</sup> January         | 9.4                         | 3.8           | 39.9          | 53.1          | 6.9                         | 6.2           | 36.5          | 49.6          |
| Transfer to stage 2                | -                           | -             | -             | -             | (0.1)                       | 0.1           | -             | -             |
| Exchange rate movements            | -                           | -             | 0.2           | 0.2           | -                           | -             | -             | -             |
| Net remeasurement of ECL allowance | (1.0)                       | (0.2)         | (0.1)         | (1.3)         | 0.3                         | 0.5           | 2.6           | 3.4           |
| At 31 <sup>st</sup> March          | <b>8.4</b>                  | <b>3.6</b>    | <b>40.0</b>   | <b>52.0</b>   | <b>7.1</b>                  | <b>6.8</b>    | <b>39.1</b>   | <b>53.0</b>   |

**12 Fair value of financial instruments**

The Group's financial instruments are accounted for under the historical cost method with the exception of trading securities, equity investment 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 Group 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 valuation methodologies applied are outlined below.

**12.1 Trading securities**

The fair values of trading securities are based on quoted prices (level 1) or valuation techniques (level 2 or 3).

**12.2 Investment securities**

The fair values of equity investment securities are based on quoted prices (level 1) or valuation techniques (level 2 or 3). The fair values of debt investment securities are based on quoted market prices (level 1) and are not materially different from the carrying values at 31<sup>st</sup> March 2025 and 31<sup>st</sup> December 2024.

**12.3 Loans and advances**

The fair values (level 2) of loans on a floating interest rate basis are principally estimated at book value. The fair values (level 3) of impaired loans are estimated at the recoverable amount, measured as the present value of expected future cash flows discounted based on the interest rate at the inception of the loan. The fair values of fixed rate loans are estimated on a discounted cash flow basis utilising discount rates equal to prevailing market rates of interest in the respective currencies for loans of similar residual maturity and credit quality. At 31<sup>st</sup> March 2025 and 31<sup>st</sup> December 2024, the fair values (level 2) approximate the carrying values.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**For the three months ended 31<sup>st</sup> March 2025**12 Fair value of financial instruments (continued)****12.4 Term financing**

The fair value of term financing is based on observable market data, including quoted market prices for debt instruments issued by similarly rated financial institutions and with similar maturities, or estimated on a discounted cash flow basis utilising currently prevailing spreads for borrowings with similar maturities. At 31<sup>st</sup> March 2025 and 31<sup>st</sup> December 2024, the fair values (level 2) of senior and subordinated term financing approximate the carrying values.

**12.5 Other on-balance sheet items**

The fair values of foreign exchange and derivative financial instruments are based on market prices, discounted cash flow techniques or option pricing models as appropriate. At 31<sup>st</sup> March 2025 and 31<sup>st</sup> December 2024, the fair values of all other on-balance sheet assets and liabilities approximate their respective book values due to their short-term nature.

**12.6 Credit-related contingent items**

There was no material fair value excess or shortfall in respect of credit-related off-balance sheet financial instruments, which include commitments to extend credit, standby letters of credit and guarantees, as the related future income streams reflected contractual fees and commissions actually charged at the balance sheet date for agreements of similar credit standing and maturity. Impairment provisions made in respect of individual transactions where a potential for loss has been identified are included in provisions for the impairment of other liabilities.

**12.7 Valuation basis**

The valuation basis for financial assets and financial liabilities carried at fair value was as follows:

|   | Quoted<br>prices<br>(level 1) | Valuation<br>based on<br>observable<br>market data<br>(level 2) | Other<br>valuation<br>techniques<br>(level 3) |
|---|-------------------------------|---|---|
|   | US\$ millions                 | US\$ millions   | US\$ millions                                 |
| <b>At 31<sup>st</sup> March 2025</b>    |                               |   |   |
| Financial assets:                       |                               |   |   |
| Trading securities                      | 335.0                         | 0.5   | -   |
| Investment securities - FVOCI           | 336.1                         | -   | 15.5  |
| Derivative financial instruments        | -                             | 697.2   | -   |
| Financial liabilities:                  |                               |   |   |
| Derivative financial instruments        | -                             | 547.1   | -   |
| <b>At 31<sup>st</sup> December 2024</b> |                               |   |   |
| Financial assets:                       |                               |   |   |
| Trading securities                      | 327.9                         | 0.5   | -   |
| Investment securities - FVOCI           | 195.7                         | -   | 15.5  |
| Derivative financial instruments        | -                             | 869.0   | -   |
| Financial liabilities:                  |                               |   |   |
| Derivative financial instruments        | -                             | 644.4   | -   |

Quoted prices include prices obtained from lead managers, brokers and dealers. Investment securities valued based on other valuation techniques comprise private equity investments that have been valued based on price / earnings and price / book ratios for similar entities, discounted cash flow techniques or other valuation methodologies.

No transfers out of the level 3 measurement classification occurred during the periods ended 31<sup>st</sup> March 2025 and 31<sup>st</sup> March 2024. Similarly, no transfers between level 1 and level 2 measurement classifications were made during the periods ended 31<sup>st</sup> March 2025 and 31<sup>st</sup> March 2024.

Sensitivity of the movement in the fair value of financial instruments in the level 3 category is assessed as not significant to other comprehensive income or total equity.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**For the three months ended 31<sup>st</sup> March 2024**12 Fair value of financial instruments (continued)****12.7 Valuation basis (continued)**

The movements in the level 3 category is as follows:

|                                  | <u>31.3.25</u>     | <u>31.12.24</u> |
|----------------------------------|--------------------|-----------------|
|                                  | US\$ millions      | US\$ millions   |
| <b>At 1<sup>st</sup> January</b> | <b>15.5</b>        | 16.1            |
| Purchases                        | -                  | 0.2             |
| Fair value movement              | -                  | (0.8)           |
|                                  | <u><b>15.5</b></u> | <u>15.5</u>     |

**13 Segmental information**

For financial reporting purposes, the Group is organised into four main operating segments:

- Wholesale banking: the provision of wholesale commercial financing and other credit facilities for corporate and institutional customers.
- Treasury: the provision of a broad range of treasury and capital market products and services to corporate and financial institution clients, money market, proprietary investment and trading activities and the management of the Group's balance sheet, including funding.
- Asset management and investment banking: the provision of asset and fund management services, and of financial advisory services relating to structured financing, privatisations, initial public offerings, and mergers and acquisitions.
- Head office and support units: income arising on the investment of the Group's trading securities and net free capital funds and expenses incurred by support units.

The results reported for the business segments are based on the Group's internal financial reporting systems, which report interest revenue and interest expense on a net basis. The accounting policies of the segments are the same as those applied in the preparation of these condensed interim consolidated financial statements. Transactions between business segments are conducted on normal commercial terms and conditions. Transfer pricing between the business units is based on the market cost of funds.

Segment results, assets and liabilities comprise items directly attributable to the business segments. Liabilities reported for head office and support units comprise senior and subordinated term finance facilities and related accrued interest, the cost of which is recharged to the relevant operating business segments.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31<sup>st</sup> March 202413 Segmental information (continued)

The business segment analysis is as follows:

|  | Wholesale<br>banking | Treasury      | Asset<br>management<br>and investment<br>banking | Head office<br>and support<br>units | Total         |
|--|----------------------|---------------|--|-------------------------------------|---------------|
|  | US\$ millions        | US\$ millions | US\$ millions                                    | US\$ millions                       | US\$ millions |
| <b>Three months ended 31<sup>st</sup> March 2025</b> |                      |               |  |                                     |               |
| Net interest income                                  | 62.2                 | 44.3          | 0.8  | 20.8                                | 128.1         |
| Total income   | 83.4                 | 58.5          | 10.1   | 29.6                                | 181.6         |
| Segment result                                       | 36.4                 | 28.4          | 2.2  | 0.9                                 | 67.9          |
| Taxation and zakat charges                           |                      |               |  |                                     | (7.9)         |
| Net income after tax                                 |                      |               |  |                                     | 60.0          |
| <b>At 31<sup>st</sup> March 2025</b>                 |                      |               |  |                                     |               |
| Segment assets                                       | 15,594.0             | 30,440.4      | 163.3  | 715.9                               | 46,913.6      |
| Segment liabilities                                  | 14,118.5             | 21,552.1      | -  | 7,663.6                             | 43,334.2      |
| Total equity   |                      |               |  |                                     | 3,579.4       |
| Total liabilities and equity                         |                      |               |  |                                     | 46,913.6      |
| <b>Three months ended 31<sup>st</sup> March 2024</b> |                      |               |  |                                     |               |
| Net interest income                                  | 67.9                 | 37.4          | 0.2  | 23.2                                | 128.7         |
| Total income   | 98.4                 | 43.8          | 11.7   | 30.8                                | 184.7         |
| Segment result                                       | 41.0                 | 18.3          | 4.6  | 2.8                                 | 66.7          |
| Taxation and zakat charges                           |                      |               |  |                                     | (8.4)         |
| Net income after tax                                 |                      |               |  |                                     | 58.3          |
| <b>At 31<sup>st</sup> March 2024</b>                 |                      |               |  |                                     |               |
| Segment assets                                       | 13,207.9             | 39,730.1      | 138.9  | 750.6                               | 53,827.5      |
| Segment liabilities                                  | 12,108.6             | 30,522.7      | 6.0  | 7,765.9                             | 50,403.2      |
| Total equity   |                      |               |  |                                     | 3,424.3       |
| Total liabilities and equity                         |                      |               |  |                                     | 53,827.5      |
| <b>At 31<sup>st</sup> December 2024</b>              |                      |               |  |                                     |               |
| Segment assets                                       | 15,296.7             | 26,692.2      | 167.6  | 735.0                               | 42,891.5      |
| Segment liabilities                                  | 14,385.6             | 17,230.6      | -  | 7,758.8                             | 39,375.0      |
| Total equity   |                      |               |  |                                     | 3,516.5       |
| Total liabilities and equity                         |                      |               |  |                                     | 42,891.5      |

During the previous year, the Group amended its cost allocation policies for intercompany and segment transactions for the year ended 31<sup>st</sup> December 2024 after conducting a detailed transfer pricing study. Accordingly, the comparative segment results for the three months ended 31<sup>st</sup> March 2024 have been re-presented in accordance with the revised cost allocation policies.

14 Related party transactions

The Group enters into transactions with major shareholders, senior management and companies which are controlled, jointly controlled or significantly influenced by such parties in the ordinary course of business at arm's length. All the loans and advances to related parties are performing and are subject to ECL assessments.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31<sup>st</sup> March 202414 **Related party transactions (continued)**

The income, expense and the period end balances in respect of related parties included in the consolidated financial statements were as follows:

|  | Shareholders  | Affiliates    | Directors<br>and senior<br>Management | Total         |
|--|---------------|---------------|---------------------------------------|---------------|
|  | US\$ millions | US\$ millions | US\$ millions                         | US\$ millions |
| <b>As at 31<sup>st</sup> March 2025</b>                |               |               |                                       |               |
| Cash and other liquid assets                           | -             | 0.4           | -                                     | 0.4           |
| Placements   | -             | 454.0         | -                                     | 454.0         |
| Investment securities                                  | -             | 418.8         | -                                     | 418.8         |
| Loans and advances                                     | -             | 2,058.1       | 21.2                                  | 2,079.3       |
| Other assets   | -             | 40.9          | -                                     | 40.9          |
| Deposits   | 1,890.3       | 3,052.2       | 23.2                                  | 4,965.7       |
| Other liabilities                                      | 1.8           | 48.4          | -                                     | 50.2          |
| Senior term financing                                  | -             | 980.0         | -                                     | 980.0         |
| Commitments and contingent liabilities                 | -             | 1,409.6       | 1.9                                   | 1,411.5       |
| <b>For the period ended 31<sup>st</sup> March 2025</b> |               |               |                                       |               |
| Net interest expense                                   | (15.0)        | (10.6)        | -                                     | (25.6)        |
| Fee and commission income                              | 0.3           | 2.0           | -                                     | 2.3           |
| Trading and foreign exchange income                    | -             | 3.5           | -                                     | 3.5           |
| Short term employee benefits                           | -             | -             | (13.6)                                | (13.6)        |
| Post-employment benefits                               | -             | -             | (0.5)                                 | (0.5)         |
| Directors' fees and related expenses                   | -             | -             | (0.5)                                 | (0.5)         |
| <b>As at 31<sup>st</sup> December 2024</b>             |               |               |                                       |               |
| Cash and other liquid assets                           | -             | 0.3           | -                                     | 0.3           |
| Placements   | -             | 1,215.0       | -                                     | 1,215.0       |
| Investment securities                                  | -             | 590.0         | -                                     | 590.0         |
| Loans and advances                                     | -             | 1,517.0       | 22.1                                  | 1,539.1       |
| Other assets   | 2.3           | 199.5         | -                                     | 201.8         |
| Deposits   | 2,041.8       | 3,570.6       | 21.1                                  | 5,633.5       |
| Other liabilities                                      | 0.2           | 50.0          | -                                     | 50.2          |
| Senior term financing                                  | -             | 979.9         | -                                     | 979.9         |
| Commitments and contingent liabilities                 | -             | 1,214.5       | 2.9                                   | 1,217.4       |
| <b>For the period ended 31<sup>st</sup> March 2024</b> |               |               |                                       |               |
| Net interest expense                                   | (16.5)        | (13.4)        | -                                     | (29.9)        |
| Fee and commission income                              | -             | 1.6           | -                                     | 1.6           |
| Trading loss   | 16.5          | 11.7          | -                                     | 28.2          |
| Other income   | -             | (0.1)         | -                                     | (0.1)         |
| Short term employee benefits                           | -             | -             | (14.2)                                | (14.2)        |
| Post-employment benefits                               | -             | -             | (0.5)                                 | (0.5)         |
| Directors' fees and related expenses                   | -             | -             | (1.1)                                 | (1.1)         |

Senior management personnel comprise the Group Chief Executive Officer and other executive officers of the Group.

Post-employment benefits principally comprise compensation paid to personnel on retirement or resignation from the services of the Group.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31<sup>st</sup> March 202415 Liquidity and capital adequacy ratios

The Group is also required to comply with Basel 3 liquidity ratio requirements as stipulated by its lead regulator, the Central Bank of Bahrain (CBB). The LCR is calculated as a ratio of the stock of High Quality Liquid Assets (HQLA) to the net outflows over the next 30 calendar days. The NSFR is calculated as a ratio of 'available stable funding' to 'required stable funding'. At 31<sup>st</sup> March 2025, the Group's LCR and NSFR were 127.4% and 139.2% respectively, (31<sup>st</sup> December 2024: 149.4% and 142.8% respectively). The Group's total capital adequacy as of 31<sup>st</sup> March 2025 is 15.4% (31<sup>st</sup> December 2024:15.6%).

|   | No<br>specified<br>maturity<br>US\$ millions | Within<br>6 months<br>US\$ millions | 6 months<br>to 1 year<br>US\$ millions | Over<br>1 year<br>US\$ millions | Total<br>unweighted<br>value<br>US\$ millions | Total<br>weighted<br>value<br>US\$ millions |
|---|--|-------------------------------------|--|---------------------------------|---|---|
| <b>At 31<sup>st</sup> March 2025</b>  |  |                                     |  |                                 |   |   |
| <b>Available Stable Funding (ASF):</b>  |  |                                     |  |                                 |   |   |
| <u>Capital:</u>   |  |                                     |  |                                 |   |   |
| Regulatory Capital  | 3,282.8                                      | -                                   | -                                      | -                               | 3,282.8                                       | 3,282.8                                     |
| Other Capital Instruments   | 296.6  | -                                   | -                                      | 399.8                           | 696.4   | 696.4                                       |
| <u>Retail deposits and deposits from small<br/>business customers:</u>  |  |                                     |  |                                 |   |   |
| Less stable deposits  | 147.3  | 1,123.0                             | 65.3                                   | -                               | 1,335.6                                       | 1,202.1                                     |
| <u>Wholesale funding:</u>   |  |                                     |  |                                 |   |   |
| Other wholesale funding   | 16,613.5                                     | 16,644.9                            | 2,617.0                                | 4,318.1                         | 40,193.5                                      | 15,650.1                                    |
| <b>Total ASF</b>  |  |                                     |  |                                 |   | <b>20,831.4</b>                             |
| <b>Required Stable Funding (RSF):</b>   |  |                                     |  |                                 |   |   |
| <u>Total NSFR high-quality liquid<br/>assets (HQLA)</u>   |  |                                     |  |                                 |   |   |
|   |  |                                     |  |                                 |   | 1,353.7                                     |
| <u>Performing loans and securities:</u>   |  |                                     |  |                                 |   |   |
| Performing loans to financial institutions<br>secured by Level 1 HQLA   | -  | 122.6                               | 0.2                                    | -                               | 122.8   | 12.4  |
| Performing loans to financial institutions<br>secured by non-Level 1 HQLA and<br>unsecured performing loans<br>to financial institutions                                | 973.6  | 3,350.7                             | 1,762.8                                | 345.5                           | 6,432.6                                       | 1,875.5                                     |
| Performing loans to non- financial<br>corporate clients, loans to retail and small<br>business customers, and loans to<br>sovereigns, central banks and PSEs, of which: | -  | 7,457.7                             | 1,824.3                                | 4,767.3                         | 14,049.3                                      | 8,693.2                                     |
| - With a risk weight of less than or equal<br>to 35% as per the CBB Capital<br>Adequacy Ratio guidelines  | -  | -                                   | -                                      | 1,923.3                         | 1,923.3                                       | 1,250.2                                     |
| Securities that are not in default and do not<br>qualify as HQLA, including exchange-<br>traded equities  | 186.0  | 15.9                                | 26.7                                   | 371.6                           | 600.2   | 568.1                                       |
| <u>Other assets:</u>  |  |                                     |  |                                 |   |   |
| Assets posted as initial margin for<br>derivative contracts and contributions to<br>default funds of CCPs   | -  | 108.6                               | -                                      | -                               | 108.6   | 92.3  |
| NSFR derivative assets  | -  | 231.2                               | -                                      | -                               | 231.2   | 231.2                                       |
| NSFR derivative liabilities before deduction<br>of variation margin posted  | -  | 58.6                                | -                                      | -                               | 58.6  | 58.6  |
| All other assets not included in<br>the above categories  | 255.5  | -                                   | -                                      | -                               | 255.5   | 255.5                                       |
| OBS items   | -  | 3,198.8                             | 2,225.3                                | 5,999.8                         | 11,423.9                                      | 571.2                                       |
| <b>Total RSF</b>  |  |                                     |  |                                 |   | <b>14,961.9</b>                             |
| <b>NSFR (%)</b>   |  |                                     |  |                                 |   | <b>139.2%</b>                               |
| <b>At 31<sup>st</sup> December 2024</b>   |  |                                     |  |                                 |   |   |
| <b>NSFR (%)</b>   |  |                                     |  |                                 |   | <b>142.8%</b>                               |

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****For the three months ended 31<sup>st</sup> March 2024****16      Taxation**

The Global Anti-Base Erosion Pillar Two Model Rules ("GloBE rules") established by the Organization for Economic Cooperation and Development ("OECD") apply to multinational enterprise ("MNE") groups with total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

In line with the requirements of GloBE rules, the Kingdom of Bahrain has issued and enacted Decree Law No. (11) of 2024 ("Bahrain DMTT law") on 1<sup>st</sup> September 2024 introducing a domestic minimum top-up tax ("DMTT") of up to 15% on the taxable income of the Bahrain resident entities within the Group for fiscal years beginning on or after 1<sup>st</sup> January 2025.

As per the Group's assessment of applicability of the Bahrain DMTT law and global anti-base erosion model (GloBE) rules, the tax liability for the fiscal year 2025 is expected to be Nil for the Bahrain resident entities as the group is expected to meet certain conditions for exclusions as specified in the Bahrain DMTT law.

**17      Comparatives**

Comparatives have been reclassified in order to conform with the presentation for the current period. Such reclassifications do not affect previously reported net income and total equity of the Group.