

Annual Report and Financial Statements

31 December 2025

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Company Information



Mr. Neme Sabbagh
Chairman



Mr. Haytham Kamhiyah
Chief Executive Officer



Mr. Mohammad Shoaib Memon
Chief Operating Officer



Mr. Quentin Aylward
Independent
Non-Executive Director



Mr. John Kerr
Independent
Non-Executive Director



Mr. Eric Modave
Non-Executive Director



Mr. Serge Robin
Non-Executive Director

Directors

Mr. Neme Sabbagh
Chairman

Mr. Haytham Kamhiyah
Chief Executive Officer

Mr. Mohammad Shoaib Memon
Chief Operating Officer

Mr. Quentin Aylward
Independent Non-Executive Director

Mr. John Kerr
Independent Non-Executive Director

Mr. Eric Modave
Non-Executive Director

Mr. Serge Robin
Non-Executive Director

Executive Management

Mr. Haytham Kamhiyah
Chief Executive Officer

Mr. Mohammad Shoaib Memon
Chief Operating Officer

Mr. Ahson Toru
Chief Financial Officer

Mr. Bashar Jabbarin
Head of Treasury

Mr. Charles Pickin
Chief Risk Officer

Ms. Claire Cripps
Head of Private Banking

Ms. Ekaterina Mihova
Head of Human Resources

Mr. Kim Tran
Head of Corporate & Institutional Banking

Mr. Mark Marthinus
Head of Internal Audit

Ms. Priyanka Sinha
Head of Legal

Mr. Stephen Robson
Head of Credit

Mr. Thomas Noone
Head of Compliance

Company Secretary

Ms. Dagmar Moravkova

Registered Office

35 Park Lane
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London
W1K 1RB
UK

Auditors

Forvis Mazars LLP
30 Old Bailey
London
EC4M 7AU
UK

Strategic Report

for the Year Ended 31 December 2025

The directors present their strategic report for the year ended 31 December 2025.

Overview

Europe Arab Bank plc ("EAB", "EAB plc" or "the Bank") provides as its core businesses Corporate & Institutional Banking ("CIB"), Private Banking and Treasury services to its clients, focusing on business transacted between the UK & European Union and the Middle East & North Africa ("MENA").

EAB plc is a wholly-owned subsidiary of Arab Bank plc ("the parent"), through which it has access to an extensive Banking network in the MENA region. Arab Bank is the largest Arab Banking network in MENA, with over 600 branches spanning five continents through Arab Bank plc branches, subsidiaries, its sister company and associates.

The EAB group comprises EAB plc and its subsidiary, Europe Arab Bank SA ("EAB SA"). EAB SA is authorised and regulated by the French Banking regulator, the Autorité de Contrôle Prudentiel et de Résolution (ACPR).

Strategy and objectives

EAB's strategic objectives remain focused on the "Bridge to MENA" proposition. We aim to capture the banking flows between Europe and the MENA, taking advantage of Arab Bank Group's leading position in the MENA region.

The Bank acts as an integral part of the Arab Bank Group and complements the Group's footprint by extending coverage to and for European & North American clients into MENA and vice versa.

EAB is focused on delivering excellence and value to its clients and business partners, and generating sustainable profits for the shareholder. Throughout our more than 50 years history in Europe, the Bank has been a client centric organisation, building and strengthening longstanding relations with all stakeholders, whilst making a positive impact in the communities which we are part of.

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Financial Review

In 2025 the operating environment remained challenging particularly with economic and continued geopolitical uncertainty in some of our key markets. In addition, major central banks were on a monetary policy easing cycle resulting in lowering of interest rates. Despite this backdrop, the Bank's diversified and focused business model proved resilient, delivering strong financial performance across its main business lines. Factors contributing to these results included increase in lending volumes and focus on cost discipline and efficiency whilst we continued with investment in enhancing our products and services and technology upgrades.

The Bank's capital, funding and liquidity positions remained strong throughout the year. We maintained our prudent liquidity position with a healthy loan to deposit ratio and liquidity coverage ratio above the regulatory requirements. Our Common Equity tier 1 and total capital adequacy ratios remain well above the applicable minimum regulatory requirements. Our focus remains on deploying capital and funding to deliver disciplined growth in line with our business strategy.

Summary Profit and Loss Account

	2025 € mn	2024 € mn
Net interest & similar income	50.1	51.8
Net fee & commission income	5.2	4.6
Other income (net)	12.1	8.3
Net operating income	67.4	64.7
Total operating expenses	(42.3)	(39.9)
Operating profit before impairment loss expense and tax expense	25.1	24.8
Impairment losses	(5.7)	(5.4)
Profit before tax	19.4	19.4
Tax charge	(2.8)	(2.5)
Net profit for the year	16.6	16.9

Summary Statement of Financial Position

	2025 € mn	2024 € mn
Cash and balances with banks	761	659
Financial investments	761	659
Loans and advances to customers	1,064	1,024
Other assets	135	148
Total assets	2,721	2,490
Deposits by and due to banks and sister companies	835	542
Deposits by customers	1,400	1,460
Other liabilities	34	45
Total liabilities less subordinated liabilities	2,269	2,047
Subordinated liabilities	107	121
Shareholder's equity	345	322
Total capital and liabilities	2,721	2,490
Customer related contingent liabilities and commitments	621	679

Strategic Report

for the Year Ended 31 December 2025

Key Performance Indicators

EAB uses other Key Performance Indicators¹ ("KPIs") to identify and monitor trends in the performance of the strategies employed. These KPIs are reviewed on a regular basis and form an integral part of the decision-making process.



¹ KPIs are calculated as follow:

Capital adequacy ratio and Common Equity Tier 1 capital ratio are calculated in accordance with Prudential requirements

Non-performing loan coverage ratio: Provision for Non-performing Loan / Non-performing Loan

Adjusted cost to Income Ratio: Operating Costs / Operating Income

Return on equity: Net Income / Shareholder Equity

Return on assets: Net Income / Total Assets

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for the Year Ended 31 December 2025

Strategic Business Units and Their Performance

EAB's business model is founded on three main business units, offering high service standards and building long-term relationships with clients and other stakeholders. The key activities of the business units and their performance during 2025 is summarised below:

Corporate and Institutional Banking (CIB)

CIB provides Banking services to European and MENA based companies and financial institutions. Country and product focused teams work together to support clients across a wide range of markets and industry sectors. We assist our clients in corporate lending, commercial real estate, trade finance and project finance. Clients benefit from a comprehensive suite of products and services including short-term and medium-term advances, Export Credit Agency ('ECA') backed financings, guarantees, letters of credit, treasury products and bespoke solutions designed to meet specific business and industry needs.

During 2025 CIB continued to grow its loan book across multiple sectors and trade finance business, albeit the latter remained affected due to risk appetite considerations for certain MENA markets on the back of geopolitical considerations. CIB witnessed positive growth in its core revenue in addition to a one-off gain on a legacy investment in a securitisation note which was exited at a profit.

Private Banking

Private Banking's key function is to provide banking and wealth management services to high net worth clients. In addition to access to a range of current and saving accounts and deposits, we provide real estate lending, non-UK resident mortgages, wealth management, execution-only securities dealing, foreign exchange dealing and safe deposit box services. In 2025 we expanded our product range by introducing Sharia compliant products under a Sharia compliant window. We also continued to invest in digital channels enhancing customer experience via mobile banking application, launched a new online banking service and enhanced our wealth management product range including use of artificial intelligence with bespoke portfolio creation, monitoring and rebalancing capabilities. Our concierge banking service integrated with our digital channels also received an industry award.

Private Banking also witnessed growth in its real estate finance business and maintained a strong deposit base despite sharp reduction in US Dollar exchange rates affecting the reported value of deposits. Lower year on year interest rates affected the returns which were offset by growth in loan book, fee income and careful management of deposits pricing.

Treasury

Treasury is responsible for the day-to-day management of assets and liabilities, interest rate risk, foreign exchange risk and liquidity management. In addition, Treasury provides a range of financial products in money markets, capital markets, foreign exchange and derivative markets which can be tailored to meet the needs of the private and corporate clients and assist them in managing their risks. Treasury also generates income via investment in securities and active trading strategies within the confines of risk appetite approved by the Board.

Treasury's income was affected during 2025 by lowering of interest rates across major currencies. Treasury increased its investment in securities based on risk reward assessment of opportunities during the year. Treasury ensured that the Bank's liquidity and market risks are well managed during 2025.

Support, risk and control functions

The business activities are complemented by the support functions with appropriate oversight by risk and controls functions. The Bank has also outsourced some of its operational processing and information technology infrastructure to the parent, Arab Bank plc. These are managed through outsourcing and service level agreements.

During 2025 these functions remained focused on supporting delivery of business objectives and providing oversight and challenge. The Bank continues to invest in making its operational activities efficient through investment in technology and human resources. Business transformation remains a key strategic objective with various initiatives underway under different pillars including digitalisation of customer channels and internal processes, technology as enabler of regulatory compliance, enhancing data governance and ensuring resilient and stable infrastructure. The Bank is reviewing use of artificial intelligence in its operations and is focused on adopting it in a responsible manner mindful of potential risks associated.

Principal Risks and Uncertainties

EAB's risk appetite is articulated in the Board of Directors' approved Risk Appetite Statements:

- **Strategic Risk:** EAB has limited appetite for failing to implement the approved strategy, and will be proactive in responding to changes in the external environment;
- **Credit Risk:** EAB takes a conservative approach to credit risk and will not sacrifice credit quality in order to make short-term gains;
- **Market Risk:** EAB maintains a conservative stance on market risk, avoiding unnecessary risks for short-term gains;
- **Liquidity & Funding Risk:** EAB closely manages and controls all liquidity and funding risks in order to strongly protect our depositors;
- **Operational Risk:** EAB has limited appetite for operational losses that may arise from doing business. EAB ensures that high levels of operational resilience are maintained;
- **Third Party Risk:** EAB has no appetite for material outsourcing/ third party risk events that result in financial, reputational, regulatory, operational or customer detriment;
- **Capital Adequacy Risk:** EAB maintains healthy capital ratios, with headroom over any regulatory constraints;
- **Environmental & Climate Risk:** EAB has integrated climate change factors into its strategic framework and business model, while also keeping track of its exposure to both high carbon and renewable energy sectors;
- **Regulatory & Compliance Risk:** EAB has no tolerance for ineffective systems and controls pertaining to its regulatory obligations or non-compliance thereof;

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- **Conduct Risk:** EAB has no appetite for unfair customer outcomes caused by the Bank or an individual member of staff which arise from any part of the client lifecycle, including product design, sales, service, strategy and or firm culture; and
- **Financial Crime & Fraud Risk:** The Bank has no tolerance for unmitigated financial crime risks through systems and controls and no appetite for any relationship with parties that do not comply with our financial crime policies and controls.

For each type of risk, there are also measures of the preferred or target amount of that risk, and/or the maximum capacity that can be borne by EAB.

The principal risks are discussed further below including the techniques applied to manage and mitigate those risks.

Risk	Risk Mitigation and Management
Credit	
<p>EAB faces credit and counterparty risk across its business units. EAB advances loans and off-balance sheet facilities to a range of corporate and individual borrowers. In addition, surplus funds are placed with, or invested in, securities issued by other financial institutions, sovereign or multilateral institutions.</p>	<p>EAB has a policy of dealing with counterparties considered creditworthy in its assessment and obtaining sufficient collateral, where appropriate, to mitigate the risk of financial loss from default.</p> <p>EAB normally concentrates its lending efforts in areas in which it has competitive advantage, knowledge of the particular market and good understanding of the commercial and political risks involved within those markets.</p> <p>Credit risk is managed by establishing limits for individual counterparty, country, industry and transactions with related parties. Limit monitoring is undertaken on a regular basis.</p> <p>EAB has also adopted a credit grading system to facilitate monitoring the quality of the overall portfolio and individual exposures, and changes therein over time. Credit exposures are also stressed regularly. The Bank's policy is to recognise an impairment allowance based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case the allowance is based on the 12 months' expected credit loss. The Bank assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments.</p> <p>Expected Credit Losses ("ECL") has remained fairly stable as at 31 December 2025, and we continue to closely monitor impacts.</p> <p>Further details on loans and advances to customers and debt securities held are set out in notes 16 and 17 of the financial statements.</p> <p>Our approach to credit risk management and monitoring is outlined in more detail in note 36.2.</p>
Liquidity	
<p>The risk that EAB does not have sufficient financial resources to meet its obligations as they fall due or EAB's business model develops in a way that causes difficulty in attracting adequate funding on reasonable terms. This also includes the risk that EAB experiences unexpected and/or acute liquidity shocks.</p>	<p>EAB follows a conservative approach to liquidity risk, maintaining adequate reserves, a liquidity portfolio, Banking facilities and reserve borrowing facilities and by continuously monitoring and reviewing actual and forecast cash flows (both stressed and unstressed).</p> <p>An assessment of liquidity needs, known as the Internal Liquidity Adequacy Assessment Process ("ILAAP"), is undertaken at least annually and is presented to various governance committees for review, challenge and approval.</p> <p>Funding and liquidity risks are reviewed regularly at each meeting of the Assets and Liabilities Committee (ALCO).</p> <p>The minimum amount of regulatory liquidity required is determined in accordance with the relevant rules and the Individual Liquidity Guidance ("ILG") received from the regulator. At 31 December 2025, and throughout the year, EAB's liquidity exceeded the regulatory requirements.</p>

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Risk

Risk Mitigation and Management

Market

EAB is exposed to market movements primarily due to changes in interest rates, foreign currency exchange rates and also to re-pricing of certain portfolios of financial instruments other than due to interest rate risk.

Interest rate risk can pose a threat to EAB's earnings, values of its assets and liabilities and thus its profit and loss and capital base.

Most of EAB's activities primarily fall into one of the three major currencies: Euro, Sterling and US Dollar. However, there are limited exposures in a number of other foreign currencies.

Market risk is actively managed and monitored through use of various limits.

EAB is generally averse to market risk and restricts proprietary market risk positions (other than cashflow or position hedges) to outright long bond positions, small trading foreign exchange positions and limited interest rate positioning on the yield curve. All other product types (for example option products, structured products, etc.) are dealt on a back-to-back, fully hedged basis and only to satisfy customer requests.

The sensitivity analysis on interest rate exposures shown in note 36.3 demonstrates the limited level of exposure to interest rate and foreign exchange movements.

Operational

EAB is exposed to various operational risks through its day-to-day operations, some of which have the potential to result in financial loss or adverse impact.

Losses typically crystallise as a result of inadequate or failed internal processes, people, models and systems, or as a result of external factors.

Impacts to business, customers, third parties and the markets in which we operate are considered within a maturing framework for resilient end-to-end delivery of critical business services.

EAB seeks to maintain effective management of operational risks, including by:

- sustaining robust operational risk management processes, governance and management information;
- identifying important business services including key systems, third party relationships, processes and staff. EAB undertakes an annual operational resilience self-assessment of its important business services and aligns investment to enhance their resilience over time if needed;
- appropriate oversight of outsourced systems and services to other entities including within Arab Bank Group;
- investing in technology to provide reliable customer service offerings;
- attracting, retaining and developing high-quality staff through the operation of competitive remuneration and benefit structures and an inclusive environment that embraces diversity and recognises behaviours aligned to our cultural attributes;
- investing in cyber security including expertise, tools and staff engagement;
- maintaining focus on personal data protection;
- enhancing fraud prevention and detection capabilities aligned with our risk profile; delivery of continuous fraud awareness training and enhanced communications to client;
- planning strategic and operational responses to severe but plausible stress scenarios.

Improvements are continuing across the operational risk framework including further enhancement of information security management and strengthening of the Bank's operational resilience.

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Risk	Risk Mitigation and Management
Capital	
<p>This is the risk of having insufficient or inadequate economic or regulatory capital to support EAB's risk-taking activities. The risk may also arise from inadequacies in assessing the overall and future risks to which EAB may be exposed to on a stressed basis, leading potentially to a failure to plan, maintain and raise capital as appropriate.</p> <p>Also included therein is the risk of insufficient or inadequate capital to support EAB's pension obligations.</p>	<p>EAB maintains an actively managed capital base to cover risks inherent in the business. The primary objectives of capital management are to ensure that EAB complies with regulatory capital requirements and maintains healthy capital ratios in order to support its business and maximise shareholder's value.</p> <p>EAB manages its capital structure and makes adjustments to it in light of changes in economic conditions, regulatory requirements and risk characteristics of its activities.</p> <p>An internal assessment of capital needs, ("the ICAAP"), is undertaken at least annually. EAB has operated with more than adequate capital resources to withstand the effects of a severe economic downturn.</p> <p>The minimum amount of regulatory capital required is determined in accordance with the relevant rules and the Individual Capital Guidance ("ICG") received from the regulator. At 31 December 2025, and throughout the year, EAB's capital exceeded the regulatory requirements.</p>
Regulatory	
<p>EAB operates in a highly regulated environment. Regulatory and legislative changes or non-compliance with them have the potential to significantly impact the financial performance and/or reputation of EAB. The continuing regulatory and political focus on the financial services industry further increases the potential of material impact from regulatory risk.</p>	<p>EAB actively monitors regulatory and legal compliance and new developments whilst maintaining a regular dialogue with relevant regulatory authorities. A number of projects are underway to meet regulatory requirements, such as Consumer Duty, Operational Resilience, and Basel 3.1.</p> <p>EAB believes its simple business model, robust governance and controls, strong liquidity and capital position means that it is well placed to adapt to regulatory changes.</p>
Financial Crime	
<p>Financial crime risk is the risk of:</p> <ul style="list-style-type: none"> • Failing to establish systems and controls that meet legal and regulatory obligations in relation to financial crime; • Becoming involved with criminal or terrorist property, or entering into arrangements to facilitate the laundering of criminal or terrorist property; or • Falling victim to criminals who exploit EAB's products and services. 	<p>EAB has no tolerance for regulatory breaches nor any relationships with parties that do not comply with our financial crime policies, procedures, and controls.</p> <p>We are committed to maintain effective financial crime systems and controls and continue to look for ways to enhance our financial crime risk management framework and strengthen the governance processes, including: developing enhanced risk monitoring and management capabilities, establishment and communication of appropriate policies and procedures, and delivering risk-based training to employees.</p>
Climate Risk	
<p>The risk to the strategy, viability and financial soundness of EAB caused by physical and transitional impacts resulting from Climate Change and associated regulatory and societal change.</p>	<p>EAB recognises both the transitional and physical climate risks to its portfolio. On an annual basis, EAB assesses each customer's exposure to the following Climate Risks:</p> <ul style="list-style-type: none"> • Transitional Risks: (i) Business model, (ii) Technology, (iii) Regulatory / Policy, (iv) Market / industry & (v) Medium-Term & Long-Term Strategy to climate neutral. • Physical Risks: (i) heat, (ii) water, (iii) flood, (iv) hurricanes, (v) wildfires & (vi) sea level rise. <p>EAB recognises the need to reduce the use of fossil fuels and to support the transition to a low carbon economy and as such will not enter into direct lending to coal businesses.</p>

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Note 36 of the financial statements provide further information on risk management disclosures, the committees with responsibility for and the policies to manage the key risks including the derivative instruments used. Further details of EAB's regulatory capital ratios required under Pillar 3 are published on EAB's website.

Regular management information is produced for various EAB committees, including the Bank's Climate Risk Forum, and for the Board of Directors to report the risk profile. The Directors are confident that the current risk management structure is sufficient for identification, monitoring and management of significant financial risks to the business.

Environment, Social Responsibility and Governance

EAB has adopted an Environment, Social Responsibility and Governance ('ESG') Risk Policy, the three key factors used to measure the sustainability and societal impact of the Bank:

- The Environmental aspect focuses on how the Bank's operations and business lines impact the planet, such as through carbon emissions;
- The Social aspect considers how the Bank manages relationships with employees, suppliers, customers, and communities; and
- Governance deals with the Bank internal practices and policies, including corporate governance, executive pay, and corruption.

The purpose of the ESG Policy is to:

- Ensure that the Bank follows a proportionate and robust approach to considering ESG risks; and
- Outlines the Bank's approach to implementing ESG principles into its wider ERM framework / Policies.

Environment

EAB has embedded climate change considerations into its strategy and business model, and will monitor its exposure to high carbon and renewable sectors. EAB has committed to four long term strategic commitments:

- Continue to champion renewable and sustainable finance;
- Embed climate into our culture and decision making;
- Make our own operations Climate Neutral; and
- Identify harmful activity and reduce over agreed timeframe.

Social

EAB is committed to advancing social development including:

- Promoting diversity and inclusion across the Bank;
- Embedding ESG culture and learning among employees;
- Focus on staff welfare supported by awareness campaigns and benefits promoting physical and mental health;
- Promote charitable giving by the Bank and employees;
- Committed to giving back and serving the community; and
- Further improve customer inclusion through innovation of the Bank's product offerings.

Corporate Governance

EAB is committed to integrating ESG into its governance model, ensuring a comprehensive approach to regulatory compliance, risk management, and ethical business conduct. This includes:

- Embedding a robust governance structure with the implementation of appropriate committees, policies, and oversight frameworks to ensure transparency, accountability, and effective decision-making;
- Maintaining comprehensive business continuity plans to safeguard operational resilience and ensure uninterrupted service to customers during unplanned disruptions;
- Strengthening risk management and control frameworks, encompassing financial crime prevention, data protection, cyber security, and regulatory compliance to uphold the integrity of our operations; and
- Fostering a strong ethical culture, promoting responsible business conduct, and aligning ESG governance with stakeholder expectations and industry best practices.

The Bank's progress on various ESG elements is discussed below with further information included in the Governance section.

Climate Change

EAB recognises that financial services companies have an important part to play in supporting the transition to a carbon neutral economy and addressing the risks posed by climate change. EAB has been a provider of finance to the renewable energy sector in the MENA region for a number of years, supporting projects for wind, solar and hydro power developments. EAB is also aware of its responsibility to run its operations sustainably and continues to monitor ways to lower energy consumption, reduce emissions and increase recycling.

Risk of financial loss resulting from the physical or transitional impacts of climate change on the business model is also an emerging risk. Our ESG risk forum meets regularly to assess and determine our responses to the risks, opportunities and regulatory developments related to climate change, with oversight from the Chief Risk Officer and ultimately the Board. Careful consideration of environmental factors and potential risks now plays an integral role in the actions we take, alongside thoughtful evaluation of where opportunities may arise for EAB to make a meaningful difference through our business decisions.

In 2025 EAB made the decision to expand its existing climate risk framework to further consider risks from Environmental, Social and Governance (ESG) sources.

EAB has continued to enhance its climate risk framework, with the following key areas of priority in 2025:

- Transition existing climate risk framework to an ESG framework, following roadmap developed at the end of 2025;
- Further enhance climate risk specific aspects of the banks risk framework in line with the latest regulatory requirements released by the PRA in 2025 supervisory statement SS5/25;
- Further developing the Bank's Climate Risk Stress Testing capabilities to consider wider short-term and long-term climate risk scenarios, utilising the enhanced climate risk assessment data gathered through the client climate risk assessments;

Strategic Report

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- Continue to enhance the management information available to the Bank's Board and senior management;
- Enhance existing climate risk assessment data through the use of a Rating Agency Climate Risk tool; and
- Continue to collaborate with Arab Bank to align the Bank's ESG Risk frameworks.

Energy and emissions report

	2025	2024
Energy consumption used to calculate emissions (kWh)	0.39m kWh	0.32m kWh
Emissions in metric tonnes CO ₂ equivalent	68.73 tCO₂e	67.19 tCO ₂ e
Intensity ratio (emissions per average number of permanent employees in the UK)	0.57	0.64

The Bank has prepared this disclosure in accordance with the 2019 HM Government Environmental Reporting Guidelines. Our emissions are calculated following the GHG Reporting Protocol – Corporate Standard and utilise the 2025 UK Government's Conversion Factors for Company Reporting. The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per average number of permanent employees in the UK.

Consumer Duty and Customer Satisfaction

EAB has embraced the FCA's "Consumer Duty" which sets higher and clearer standards of consumer protection across financial services, and requires firms to put their customers' needs first. EAB is committed to upholding the highest standards of consumer protection and fulfilling its duty to customers as mandated by the Consumer Duty.

EAB mandates that its employees must act in the best interest of customers providing clear accurate and timely information to enable them to make informed decisions about the financial products and services EAB makes available to them.

EAB seeks to ensure that customer communication is always clear, transparent and easily understandable with regard to products and services and any associated risks associated with the financial services and products made available to them by EAB.

Furthermore, EAB is committed to only offering products and services which will be designed and delivered with the customer's needs, interests and understanding in mind, ensuring suitability and appropriateness.

EAB continues to prioritise testing of customer outcomes so as to evidence through enhanced MI, good customer outcomes.

EAB's Private Banking model is based on traditional direct and personal interactions with our clients, obtaining an in-depth understanding of their needs and offering customised solutions, this requisite standard is maintained where segments of EAB's customer base seek to utilise new online channels made available by the bank. To reinforce this commitment and to ensure that customer satisfaction is recognised, client centricity is one of the key criteria in performance assessment of customer facing staff.

Financial Crime

EAB's Anti-Money Laundering (AML) and Anti-Bribery & Corruption (ABC) framework is founded on a series of policies, procedures and risk assessments, which seek to protect the Bank from being used to further financial crime. Over and above regular due diligence reviews, measures are in place to ensure that clients are screened for politically exposed persons, sanctions and adverse media. Transactions are monitored and payments are subject to sanctions screening. All staff receive annual AML awareness training with additional financial crime modules allocated to those in relevant roles. Conflicts of interest protectors are in place to ensure no personal conflict arises through employees' external activities.

Suppliers

EAB is committed to maintaining a constructive and ethical relationship with its suppliers. When considering a supplier in a procurement process, the Bank undertakes appropriate due diligence in line with its various policies. The selection of any supplier follows consideration of various standards and legislation including anti-bribery, anti-corruption and anti-slavery regulations, the UK and EU regulatory expectations on outsourcing arrangements, as well as to social and environmental responsibilities.

Employees – Diversity, Equity & Inclusion

EAB understand that significant part of its potential to promote a positive impact for society lies in its ability to promote a positive working culture and a healthy and inclusive workplace, that encourages its employees' professional and personal development.

EAB is committed to promoting a safe and respectful environment which values diversity and promotes real inclusion, with a view to achieving equitable opportunities for all its employees. The Bank has adopted formal diversity statement and policies including our commitment to zero tolerance to discrimination and harassment and celebrated inclusion events throughout the year to raise awareness on important topics on this agenda.

The Bank has a series of initiatives with the aim of providing employees with access to training that is adequate and tailored to their personal and professional development in addition to mandatory training. Training needs are identified in an annual cycle with actions included in the personal development plans.

EAB also continued to invest in benefits and programmes specifically aimed at the physical and mental health of employees such as workplace anti-harassment awareness sessions, provision of lifestyle coaching, one to one counselling support, financial awareness sessions, access to premium health insurance benefits, free comprehensive medical check-ups, eye tests and flu vaccinations.

EAB is committed to protecting and supporting employees to speak up so that concerns or issues can be escalated and dealt with effectively. Employees, if need be, can raise concerns with an independent Non-Executive Director who acts as the whistleblowing champion or via an external confidential reporting service.

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for the Year Ended 31 December 2025

Employee Remuneration Policy

EAB's Remuneration Policy aligns with its business strategy, objectives, values and long-term interests and is in accordance with the regulatory Remuneration Code, being applied in an appropriate proportionate manner. The Policy promotes sound risk management and requires an appropriate ratio between fixed and variable remuneration.

The purpose of the Policy is to:

- Attract and retain people with the appropriate experience, competencies (technical and behavioural), knowledge and skills to deliver the strategy and plans;
- Incentivise employees to deliver sustained performance consistent with the strategy and objectives and effective risk management;
- Encourage behaviour consistent with the culture, values and principles of good governance;
- Deliver remuneration that is affordable and appropriate being in line with market practices and rates, employment market conditions and EAB's performance and ability to pay;
- Operate a fair and objective pay system, free from gender or other discriminatory bias in line with Equality Act 2010;
- Good corporate governance;
- Sound and effective risk management;
- Sustained and long-term value creation for shareholders;
- A fair and objective pay system that ensures talent attraction, motivation and retention;
- Positive customer-focused outcomes;
- Convergence of the interests of the shareholders, customers and employees; and
- Encourage behaviour consistent with the Bank's culture, values and principles of good governance.

The general principles of the Policy include:

- Performance will be assessed using pre-determined measures which may be both financial and non-financial;
- Performance measures may change annually to align with evolving business strategies, objectives and long-term interests of the firm; and
- The Risk, Compliance and Internal Audit functions will have input into the performance assessment of Senior Managers, to include where these functions have concerns about the behaviour of the individual(s) in relation to appropriate risk appetite and decisions and actions taken, or the riskiness of the business undertaken.

Stakeholder engagement

In performing their duty to act in the way they consider, in good faith, would be most likely to promote the success of the Bank for the benefit of its shareholder, the Directors have had regard to the matters set out in s172 (1) (a-f) of the Companies Act 2006. In particular:

a) the likely consequences of any decision in the long term

The Board regularly reviews and approves the three-year strategic plan at the annual Board Strategy meeting and monitors its implementation. As part of the review process, the Directors consider the long-term consequences of the strategic plan. The Board continued to focus on sustainable business growth while ensuring the Bank's operational and financial resilience and prudent management of capital and liquidity in line with the Bank's conservative risk appetite. In taking key decisions, the Board has consistently focused on the long term consequences of such decisions for the success of the Bank. The Board had overseen the steady progress on commitments to leverage technology for revenue enhancement, efficient operations and providing modern banking services to clients in the long term according to the digitalisation, optimisation and transformation vision for 2025 – 2027 approved by the Board in 2024.

b) the interests of the company's employees

The Board understands that the Bank's employees are fundamental to the long-term success of the Bank, and the Bank aims to be a responsible employer in its approach to pay and benefits in line with market practices. The Bank fosters an inclusive environment and practices. The health, safety and well-being of the Bank's employees are primary considerations for the way in which the Bank conducts its business. Such matters are regularly discussed and considered by the Board and the Nomination and Remuneration Committee. In line with market practices, the Bank has implemented a hybrid working model to attract and retain talents and offer a better work-life balance to its employees. Implementation of new tools and applications have been considered to reduce manual processes and paper based workflows, and enhance collaboration.

Regular engagement with staff has been maintained in a variety of ways throughout the year, including regular informal CEO meetings, which offer the opportunity for employees to ask questions and submit suggestions.

c) the need to foster the company's business relationships with suppliers, customers and others

The Board recognises that, for the Bank to be successful over the long term, it is important to build and maintain successful relationships with a wide range of stakeholders and for the Board to understand the views of key stakeholders. When taking decisions, the Board considers the interests of, and impact on, key stakeholders, including the Bank's shareholder, customers, regulators, employees and suppliers.

The Bank's customers are at the heart of what it does and the Board remains committed to understanding and addressing their needs. Treating customers fairly and equally has remained a major priority and the Bank has clear policies in place to protect them, in particular those most vulnerable. The Board has approved the

Strategic Report

for the Year Ended 31 December 2025

revised Consumer Duty Policy, and received the annual Consumer Duty Report 2025.

In 2025, the Bank launched Islamic Banking products, enhanced Wealth Management proposition, Consumer Banking loyalty program and new internet banking platform; continued to further digitalise customer channels and implement Customer Relationship Management system to enhance personalised customer experience and engagement.

On-boarding of suppliers and engagement with them have been maintained in accordance with the Bank's Third Party Management and Outsourcing Policy, a Board-approved document, with particular emphasis on the Bank's providers of outsourced services. The Bank maintains policies and controls to support the prevention, detection, management and reporting of slavery and human trafficking in its supply chain.

The Board continues to maintain a strong and open relationship with Bank's Regulators. The Board has regularly reviewed updates on key areas of regulatory focus and progress made in addressing key regulatory priorities. The Bank's Independent Non-Executive Directors also attend regular meetings with the PRA.

d) the impact of the Bank's operations on the community and the environment

While the operations of the Bank by their nature have a limited direct impact on the environment, the Directors support initiatives to minimise such impacts. In terms of its lending activities, the Bank has been a leading provider of finance to the renewable energy sector in the MENA region for a number of years, supporting projects for wind, solar and hydro power developments. Further details about the actions being undertaken to support the environment have been included under the Climate Change section. The Bank encourages employees to raise funds for charitable causes by making matching contributions to selected charities.

e) the desirability of the Bank maintaining a reputation for high standards of business conduct

As is reflected in EAB's Corporate Governance Code, the Board sets the tone for the Bank's culture based on its values and vision, including maintaining the highest standards of integrity in the Bank's dealings with its customers and other stakeholders. A number of the Bank's Policies regularly reviewed and approved by the Board are relevant to the maintenance of such standards. These are supported by regular management reporting to the Board on matters including conduct training, customer complaints and breaches. The Bank has a whistleblowing policy, approved by the Board, under which staff are supported in reporting any knowledge or suspicion of criminal activity or other wrongdoing to the Whistleblowing Champion.

f) the need to act fairly as between members of the Bank

The Bank is owned by a sole shareholder. The Board ensures that matters are referred to the sole shareholder in line with each company's Articles of Association and relevant statutory requirements.

Going Concern Basis

The business activities together with the performance and position, the principal risks and uncertainties and factors likely to affect EAB's future development are set out in this Report. In addition, notes to the financial statements include the objectives, policies and processes for managing the capital; financial risk management objectives; details of financial instruments and hedging activities; and the exposure to credit, market, liquidity and other risks.

EAB remains well positioned in each of its core businesses and is strongly capitalised, soundly funded and has access to the required levels of liquidity.

As part of the Directors' consideration of the appropriateness of adopting the going concern basis in preparing the Annual Report, a range of forward-looking severe, but plausible, scenario analyses have been considered. These scenarios incorporate a range of economic assumptions, including heightened geopolitical tensions and macroeconomic uncertainty in the MENA region, and their potential impact on market conditions, funding costs, liquidity and counterparty credit risk. In all such scenarios, the Bank is expected to continue operating with sufficient liquidity levels and capital for the next 12 months from the date of approval of these financial statements, with the capital ratios and capital resources in excess of regulatory requirements. In making this assessment, the Directors have also considered the operational resilience of the Bank.

In conclusion, the Directors have determined that the Bank is able to continue as a going concern for 12 months from the date of the approval of these financial statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Report.

Future Outlook

As we enter 2026, advanced economies are navigating a complex transition. Central banks, having successfully brought inflation down from peaks, have begun cautious monetary easing. Economic growth particularly in the UK and Eurozone remains modest. The MENA region also presents a mixed picture where oil exporting economies in Gulf Cooperation Council continue their economic transformation initiatives with relatively strong fiscal positions. The rest of the region is facing challenges from regional tensions or economic pressures reflecting modest growth trajectories. The trend toward global economic fragmentation affecting trade patterns and supply chains is likely to continue with new economic integrations and partnerships evolving.

The financial services landscape continues its rapid evolution with digital-first banks and fintech competitors gaining market share, customer expectations for seamless digital experiences rising, AI and machine learning creating new capabilities but also new risks and cyber security threats growing in sophistication and frequency.

All of the above elements could affect the operating results of EAB in the upcoming periods. As a niche Bank with a simple business model we are in a position to adjust quickly to a changing operating environment, albeit a sharp reduction in interest rates could require time to compensate for income levels. Our focus on financial resilience and prudent lending and investment standards allow us to withstand shocks to the external environment. Our conservative market risk appetite shall guide us through potential large movements in the interest rates, with some impact to operating income.

Strategic Report

for the Year Ended 31 December 2025

We benefit from a strong regional network of Arab Bank Group in the Middle East and work closely with the parent group in devising our business strategy, plans and risk management. The Bank has plans to continue investing in new products and services aligned to the evolving needs of our clients. Through investment in technology and leveraging investment made by the parent group, the Bank plans to enhance its processes and improve operational resilience. Finally, we will continue to invest in our staff through regular training and pursuing our values that guide the way we work with our clients, business partners and each other.

Approved by the Board and signed on its behalf by:



Ms. Dagmar Moravkova

Company Secretary

27 February 2026

Corporate Governance

The Board of Directors of EAB (“the Board”) is responsible for the overall governance of the Bank. The Board is committed to ensuring that the Bank maintains high standards of corporate governance. In 2025, the Board approved the latest revision of the Europe Arab Bank plc Corporate Governance Code, which incorporates the Principles set out in the latest revision of the UK Corporate Governance Code (the ‘UK Code’), modified as considered appropriate for an organisation of the Bank’s size and type. The UK Code is not itself directly applicable to the Bank.

The key objectives of the Board are to ensure that the business of the Bank is conducted in an efficient and effective manner in order to promote the success of the Bank within an established framework of effective systems of internal control, risk management and compliance, in accordance with relevant statutory and regulatory requirements.

The primary responsibilities of the Board include:

- Setting the Banks’s strategy taking into account stakeholder interests;
- Ensuring that the business has an effective system of internal control and management of business risks, and is conducted in accordance with the FCA’s and PRA’s Principles for Business;
- Monitoring financial information and reviewing the overall financial condition of the Bank and its position as a going concern;
- Reviewing major developments in business lines and support units;
- Reviewing the priorities for allocating capital and operating resources;
- Monitoring of regulatory compliance and financial crime oversight and reputational issues;
- Reviewing the market, credit and liquidity risks and exposures with additional oversight and control over credit risk management; and
- Reviewing the application of stress tests and appropriateness of the Bank’s stress testing policy.

The Directors who served during the period are listed in the Directors’ Report. As at the end of the year, two of the serving Non-Executive Directors are independent from Europe Arab Bank plc and Arab Bank plc.

The Board has compiled a list of matters reserved for which the Board’s approval is required and has delegated authority and responsibility for day-to-day management of the Bank to the Chief Executive Officer, who is supported by the Executive Management Committee.

To help carry out its responsibilities, the Board has also established the following committees with terms of reference setting out matters relevant to the committee’s composition, responsibilities and administration:

- Board Audit & Risk Committee
- Nomination & Remuneration Committee

Board Audit & Risk Committee

The Board Audit & Risk Committee’s primary responsibilities are to:

- Review and provide challenge to the Bank’s financial reporting;

- Review the Banks’s key internal control policies, processes and procedures and assess and monitor the effectiveness of those internal controls and accompanying internal and external audit and risk assurance processes;
- Review the Bank’s overall approach to regulatory compliance and financial crime oversight and associated procedures and processes;
- Consider the appointment and independence of the external auditors, and review regularly the findings of their work;
- Review the Bank’s overall approach to risk, its management and reporting line frameworks, including (1) reviewing and monitoring the effectiveness, integrity and quality of risk identification, assessment and management processes and risk strategies; (2) overseeing risk management accountability, reporting and compliance with risk management policies; and (3) ensuring all material risks are brought to the attention of the Committee and Board in a timely manner;
- Assess how management understands, monitors and responds to customer outcomes and to ensure the implementation and embedment of Consumer Duty; and
- Assist in the provision of parent oversight of EAB SA, including in relation to Risk, Compliance and Internal Audit.

The membership of the Committee comprises three Non-Executive Directors, two of whom are independent. The Committee is chaired by Mr Quentin Aylward, Independent Non-Executive Director; the Committee members are Mr John Kerr, Independent Non-Executive Director and Mr Serge Robin, Non-Executive Director. At the invitation of the Chairman of the Committee, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the Head of Internal Audit, the Chief Risk Officer, the Head of Compliance, and the External Auditors regularly attend meetings.

Key activities of the Committee for the year ended 31 December 2025 included:

- Met regularly to review quarterly reports received from the Executive Risk & Compliance Committee, Chief Risk Officer, Head of Internal Audit and Head of Compliance. Six meetings took place during the year;
- Reviewed and recommended for approval the Bank’s Annual Report and Financial Statements for the financial year ended 31 December 2024;
- Recommended to the Board appointment of the new Statutory Auditor, approved the Audit Plan for the FY 2025, and reviewed Auditor’s Independence;
- Reviewed the Bank’s ICAAP and associated Board decision-making processes as well as the Company’s ILAAP, and the Company’s Recovery Plan and Resolution Pack;
- Reviewed the Bank’s Risk Management Framework and Risk Map; monitored compliance with Risk Appetite Statements and Measures along with corresponding Values of Appetite and Overarching Risk Appetite Summary;
- Reviewed the Bank’s Risk Dashboards and critical risks reported to the Board by the Chief Risk Officer and reviewed Risk Priorities for 2026; the Committee was updated on the steps the Bank was taking in addressing the risks posed by Climate Change and on the ESG transition plan to meet relevant regulatory requirements;

Corporate Governance

- Reviewed the Bank's Operational Resilience Self-Assessment and Operational Resilience Policy, and received quarterly updates on Operational Resilience scenario testing;
- Reviewed Outsourcing and Third Party Framework and Policy, and the Strategic Business Continuity Plan, Framework and Policy;
- Received regular updates from the subsidiary EAB SA on Risk, Compliance and Internal Audit;
- Reviewed the Internal Audit Strategy and Plan for 2026; Internal Audit Reports; the Internal Audit Themes Assessment and the Internal Audit Charter;
- Reviewed various compliance and financial crime prevention, anti-bribery and corruption and anti-tax evasion related policies; reviewed the Bank's Client Assets Sourcebook (CASS) Annual report; reviewed the Bank's Money Laundering Reporting Officer's report 2024 and Anti-Money Laundering and Combating the Financing of Terrorism Enterprise Wide Risk Assessment;
- Reviewed the Bank's Compliance Monitoring Plan; Market Abuse Policy, Data Protection Policy, the Senior Management and Certification Regime Breach Management Framework; Consumer Duty Policy; Responsibilities Map; Modern Slavery Statement;
- Reviewed Regulatory Priorities; Dear CEO and CRO Letters;
- Reviewed Committee's Terms of Reference; and
- Performed oversight of Internal and External Audit.

Internal Audit

The EAB Board Audit and Risk Committee ("the Committee") reviewed the purpose, mandate and performance of the EAB Internal Audit function for the year 2025. In line with responsibilities under the Internal Audit Code of Practice (January 2025) issued by the Chartered Institute of Internal Auditors (IIA), the Committee confirmed that:

- The internal audit function's purpose and mandate remain clearly articulated in the available Internal Audit Charter, which sets out its role in providing independent, risk-based assurance, advice, insights and foresight to the Board and senior management.
- The main activities of internal audit during the period included:
 - Delivery of the risk-based internal audit plan, approved by the BARC, with adjustments made where significant emerging risks arose;
 - Assurance engagements across key business units, system and processes, including evaluation of governance arrangements, risk management and internal control effectiveness;
 - Co-ordination with other assurance providers (first and second line) to enhance coverage of the organisation's risk universe and reduce unnecessary assurance overlap; and
 - Execution of quality assurance and improvement programme, including self-assessment and reporting of conformance to the code and relevant standards.
- Based on the Committee's oversight of the work completed by the internal audit function, the Committee concluded that the internal audit function operated with independence and objectivity during the year, and delivered a level of assurance

which supports the Board's oversight of governance, risk and control.

The Committee also considered whether the internal audit function has the necessary skills, experience, independence, and budget to deliver its mandate effectively. The Committee confirmed that:

- The internal audit function's staffing and external co-sourcing arrangements were reviewed, and that the current team structure was appropriate to provide independent challenge, insight and assurance across the full audit universe, including emerging and systemic risks; and
- The budget allocated to the internal audit function was sufficient to enable the timely delivery of the risk-based internal audit plan, effective follow up of management actions, and incorporation of new tools and technologies.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee's primary responsibilities are to:

- Consider and recommend candidates for appointment to the Board of Directors and Board Committees;
- Appoint the Executive Committee;
- Regularly review succession planning;
- Set the remuneration packages of the Directors and the Executive Committee;
- Recommend the terms of the Bank's Remuneration Policy and undertake the annual review of the Remuneration Policy Statement in line with regulatory rules and expectations on remuneration; and
- Recommend Key Performance Indicators for Senior Management, review their performance assessments, bonuses and salary proposals taking into consideration input from risk management functions.

The membership of the Committee comprises Non-Executive Directors, two of whom are independent. The members of the Committee are Mr Nemeh Sabbagh (Chairman of the Committee), Mr Quentin Aylward and Mr John Kerr.

Key routine activities for the year ended 31 December 2025 included:

- Reviewed Senior Management's KPIs and performance assessments, bonus and salary proposals taking into consideration input from Risk, Compliance and Internal Audit;
- Reviewed and approved the Bank's Remuneration Policy;
- Reviewed Board composition, Board Skills Matrix and Board Diversity policy;
- Reviewed the Board and Executive Management Succession Plan;
- Reviewed hybrid working arrangements;
- Conducted an annual self-assessment by way of a comprehensive performance effectiveness evaluation questionnaire covering all aspects of the workings of the Committee; and
- Reviewed Committee's Terms of Reference.

Corporate Governance

A summary of the Bank's Employee Remuneration Policy is contained in the Strategic Report.

Executive Management Committee

The Executive Management Committee represents the principal forum for conducting the business of the Bank and takes day-to-day responsibility for the efficient running of the business. Whilst retaining the overall responsibility for the matters within its remit, the Executive Management Committee has delegated certain responsibilities to the following standing sub-committees:

- Asset & Liability Committee (ALCO)
- Executive Risk & Compliance Committee (ERCC)
- Executive Credit Committee (ECC)
- EAB Projects Oversight Committee (EPOC)
- IT Service, Security & Governance Committee (ITSSG)

Directors' Report

for the Year Ended 31 December 2025

The Directors present their annual report on the affairs of Europe Arab Bank plc ("EAB" or "the Bank"), together with the Strategic Report, Corporate Governance Report, Financial Statements and Auditor's Report, for the year ended 31 December 2025. EAB is registered in England and Wales with number 5575857 and is authorised by the PRA and regulated by the FCA and the PRA.

Results	The profit after taxation for the year amounts to €16.6m (2024: €16.9m). The Directors do not propose any dividend to be paid for 2025 (2024: €nil).
Financial risk management objectives and policies	The Bank's objectives and policies with regard to financial and other risks are discussed in the Strategic Report and also set out in Note 36 to the financial statements, together with an indication of the exposure to financial risk.
Going concern and future developments	These financial statements have been prepared on a going concern basis as the Directors are satisfied that the Bank has the resources to continue in business for the foreseeable future. This is discussed further in the Strategic Report alongside the assessment of future outlook for the Bank.
Engagement with suppliers, customers and other relationships	<p>The Bank places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Bank.</p> <p>The Bank's policy is to agree on terms of payments with suppliers and abide by the agreed terms of payment, provided the supplier performs according to the terms of the contract.</p> <p>The Board and the Executive Committee maintains an open and transparent relationship with the regulators. The Bank ensures at all times that the regulatory impact of its activities is taken fully into consideration.</p> <p>For further details refer to the Strategic Report.</p>
Changes in accounting policies	Changes in accounting policies during the year are included in Note 1 of the financial statements.
Corporate governance	<p>The Bank attaches considerable importance to good corporate governance practices and is committed to applying the highest standards of professional competence in all its activities. It has a well established framework for good corporate governance which provides a solid basis for an effective relationship between the Bank, its Board of Directors, its shareholder and other interest groups. The Bank complies with the Board approved EAB Corporate Governance Code, which adopts and incorporates the general Principles set out in the latest revision of the UK Corporate Governance Code, modified as considered appropriate for an organisation of the Bank's size and type. Refer to Corporate Governance report.</p> <p>The corporate governance statement has been included within the Strategic Report due to its strategic importance.</p>
Consolidated financial statements	The Bank has availed itself of the exemption in accordance with Section 401 of the Companies Act 2006 where it has not published consolidated financial statements for the Bank and its subsidiaries. For further details refer to note 1(w).
Post-balance sheet events	There are no unadjusted or reportable events subsequent to the statement of financial position date.
Political donations	The Bank made no political donations during the year.
Overseas operations	The Bank does not have any branches outside the United Kingdom and operates via a subsidiary in EU, Europe Arab Bank SA. The results of the subsidiary are not consolidated in these financial statements.
Environmental matters	For energy and carbon disclosures, including the annual quantity of emissions and the methodologies used in their calculation, please see the Energy and Emissions Report contained within the Strategic Report.

Directors' Report

for the Year Ended 31 December 2025

Directors' of the company	<p>The Directors, who held office during the year, were as follows:</p> <ul style="list-style-type: none"> – Mr. Nemeh Sabbagh – <i>Chairman</i> – Mr. Haytham Kamhiyah – (<i>Chief Executive Officer</i>) – <i>Executive Director</i> – Mr. Mohammad Shoaib Memon – (<i>Chief Operating Officer</i>) – <i>Executive Director</i> – Mr. Quentin Aylward – <i>Independent Non-Executive Director</i> – Mr. John Kerr – <i>Independent Non-Executive Director</i> – Mr. Eric Modave – <i>Non-Executive Director</i> – Mr. Saleem Shadeed – <i>Non-Executive Director (ceased 10 April 2025)</i> – Mr. Serge Robin – <i>Non-Executive Director (appointed 10 April 2025)</i> <p>None of the Directors holds or has held shares in the Bank or any of its subsidiary.</p> <p>The term of office of Mr Quentin Aylward as an Independent Non-Executive Director will expire on 28 February 2026. On 11 December 2025, the Board appointed Mr Ian Bryden as a new Independent Non-Executive Director with effect from 1 March 2026, to hold office until the next Annual General Meeting of the Company, where he will stand for election by the Shareholder.</p>
Directors' indemnities	<p>The Articles of Association of EAB provide that, subject to the Companies Act 2006, Directors and other officers are entitled to be indemnified out of the assets of the Bank and its subsidiaries against all costs, charges, expenses, losses or liabilities arising in connection with the performance of their functions. Such indemnity provisions have been in place during the period and remain in force at the date of this report; appropriate insurance cover in respect of such liability is maintained.</p>
Reappointment of auditors	<p>Each of the persons who is a Director at the date of approval of this report confirms that:</p> <ul style="list-style-type: none"> • So far as the Director is aware, there is no relevant audit information of which the Bank's Auditor is unaware; and • The Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Bank's Auditor is aware of that information. <p>This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.</p> <p>Deloitte LLP resigned as Statutory Auditors of the Company during the financial year and Forvis Mazars LLP were appointed as the new Statutory Auditors with effect from 16 September 2025. Forvis Mazars LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.</p> <p>The Bank has a policy governing the appointment of the external auditor for non-audit engagements, which allows monitoring of independence of the external auditor.</p>

Finally, the Directors would like to extend their gratitude to all the staff for their admirable dedication and commitment to EAB during 2025.

Approved by the Board and signed on its behalf by:



Ms. Dagmar Moravkova

Company Secretary

27 February 2026

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable UK laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK adopted International Financial Reporting Standards (IFRSs). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Bank and of the profit or loss of the Bank for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Bank's financial position and financial performance;
- In respect of the parent company financial statements, state whether UK-adopted international accounting standards, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the Bank and/ or the group will not continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Bank and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, Directors' report, and corporate governance statement that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Bank's website.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Bank;
- that the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the Bank and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that we consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Bank's position, performance, business model and strategy.

Approved by the Board and signed on its behalf by:



Ms. Dagmar Moravkova

Company Secretary

27 February 2026

Independent Auditor's Report

to the Members of Europe Arab Bank plc

Opinion

We have audited the financial statements of Europe Arab Bank plc (the 'Bank') for the year ended 31 December 2025, which comprise the income statement, the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Notes to the Financial Statements, including significant accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the Bank's affairs as at 31 December 2025 and of the Bank's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council ("FRC") Ethical Standard, as applied to public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the Bank's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Obtaining the directors' going concern assessment, including the cash flow forecast for the going concern period covering 12 months from when the financial statements are authorised for issue;

- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the Bank's future financial performance;
- Reviewing the directors' going concern assessment to determine that it appropriately considers an assessment of key business risks including assessing the sufficiency of the Bank's capital and liquidity taking into consideration the most recent Internal Capital Adequacy Process ("ICAAP") and Internal Liquidity Adequacy Assessment Process ("ILAAP");
- Assessing the appropriateness and reasonableness of the assumptions used in the directors' going concern assessment, including assessing key assumptions and mitigating actions put in place in response to external factors such as, but not limited to, geopolitical risks;
- Incorporating back-testing to assess the historical accuracy of directors' forecasting and budgeting ability;
- Inspecting correspondence with the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA") and inspecting minutes of meetings of the Board of Directors to identify events or conditions that may impact the Bank's ability to continue as a going concern;
- Considering whether there were events subsequent to the balance sheet date, or relevant information included in the financial statement of Arab Bank plc, the Bank's parent company, which could have a bearing on the Bank's going concern conclusion;
- Assessing the consistency of the directors' forecasts with other areas of the annual report and financial statements and our audit; and
- Evaluating the appropriateness of the disclosures in the financial statements in relation to the description of the directors' assessment of going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Bank's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. 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.

Independent Auditor's Report

to the Members of Europe Arab Bank plc

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	<p>Allowance for credit loss - Expected Credit Loss ("ECL") on loans and advances to customers (2025: €35.6m, 2024: €36.2m)</p> <p>Refer to the following notes to the financial statements:</p> <ul style="list-style-type: none"> Note 1 (e) (i) Accounting policies Note 10 Impairment losses Note 17 Loans and advances to customers Note 31 Credit related commitments Note 36.2 Credit risk <p>IFRS 9 requires loan impairment provision to be recognised on a forward-looking Expected Credit Losses basis. The measurement of ECL requires significant judgement and estimation by management which involves a high degree of subjectivity and estimation uncertainty.</p> <p>The Bank has a wide range of credit exposures across counterparties in the Middle East and North Africa (MENA), the UK, France, Germany, and other European countries, through its Corporate Institutional Banking, Private Banking, and Treasury portfolios. This business model involves providing credit to counterparties with connections to jurisdictions that may experience heightened political and economic instability. This increases the complexity of assessing credit risk and determining appropriate impairment provisions under IFRS 9.</p> <p>ECL for stage 1 and 2 exposures is determined through statistical models reliant on forward-looking assumptions and key parameters such as Probabilities of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD) which are primarily sourced from reputable external sources.</p> <p>Loans classified as stage 3 are subject to individual impairment assessments. This assessment is a manual and judgemental process involving assumptions around the present value of future cash flows arising primarily from the sale or repossession of collateral.</p>
How our scope addressed this matter	<p>As part of our audit procedures we obtained an understanding of the overall ECL and related processes, including credit origination to identify the relevant risks, IT applications and relevant data inputs by performing end to end walkthroughs. In addition:</p> <p>We tested the design and operating effectiveness of the key controls over:</p> <ul style="list-style-type: none"> Areas involving significant judgment, including the ECL modelling methodology, management's assumptions, the selection and weighting of macroeconomic scenarios, and the determination and application of post-model adjustments; Credit risk monitoring, encompassing internal credit ratings, the watchlist process, the identification of SICR indicators, and the completeness of provisioning watchlists; Collateral management, including controls over the monitoring of the Bank's rights to collateral and the valuation processes applied; The completeness and appropriateness of key model inputs, as well as the accuracy of the resulting ECL outputs; and Individually assessed exposures, including the review of individual credit assessments and cash flow models for Stage 3 exposures. <p>With the assistance of our credit modelling specialists, we:</p> <ul style="list-style-type: none"> Assessed the compliance of the ECL methodology with IFRS 9 requirements; Reperformed on a sample basis, the calculations of probability of default ("PD") and loss given default ("LGD") curves used as inputs to the ECL model to assess the implementation of the methodology used for deriving these parameters; and Independently recomputed the modelled ECL across the entire portfolio to test the appropriate implementation of the ECL methodology.

Independent Auditor's Report

to the Members of Europe Arab Bank plc

How our scope addressed this matter (continued)

We have assessed that the most significant credit risk arises from loans and advances to customers, which include both secured and unsecured lending to corporate clients.

The most significant areas where we identify a greater level of management judgment are:

- 1. Staging of loans and timely identification of significant increases in credit risk (SICR) within the CIB portfolio:** the Bank's CIB portfolio primarily comprises loans internally rated using a combination of quantitative and qualitative factors, with rating movements considered a key SICR trigger. Significant judgement is required in determining internal ratings and in assessing whether a SICR has occurred. This risk is heightened by the Bank's exposure to counterparties in regions subject to elevated economic and political uncertainty.
- 2. Selection and weighting of macroeconomic scenarios:** EAB obtains forward-looking macroeconomic scenarios (MES) and the associated macroeconomic variables (MEVs) from a reputable independent source. Management then applies judgement to select the MES and determine the weighting of each scenario. This process involves significant judgement, particularly given the Bank's exposure to MENA countries, where economic and political instability as well as limited availability of reliable macroeconomic data increase complexity.
- 3. ECL post-model adjustments ("PMAs"):** PMAs may be applied by Management to reflect emerging risks or the impact of economic and political uncertainty within specific industries or sectors. This additional layer of judgement increases the subjectivity of the final ECL outcome.
- 4. Valuation of stage 3 loans based on individual impairment assessments:** Stage 3 ECL represents the largest portion of the overall ECL allowance. Significant judgment is applied by management in deriving cash flows to determine the impairment provision on a case-by-case basis. This results in a higher degree of estimation uncertainty.

As described above, the ECL estimate relies on significant judgement and subjectivity which may introduce a heightened inherent risk of fraud.

With assistance from our economist experts, we have:

- Assessed the appropriateness and reasonableness of the macro-economic variables used by management in determining the various scenarios;
- Assessed the reasonableness of the methodology used to determine macro-economic scenarios applied in the ECL model as well as the appropriateness of the probability weights assigned to each scenario;
- Assessed the competence, capability and objectivity of the third-party expert engaged by the Bank in forming their forward-looking assessment of macro-economic variables; and
- Assessed and challenged the completeness, appropriateness and reasonableness of the PMAs.

We have also performed the following substantive procedures:

- With the support of our IT specialists, reviewed the Service Organisation Controls ("SOC") reports and bridging letters for the ECL model, evaluating the scope, period, and opinion expressed;
- Tested key data inputs to the ECL calculation on a sample basis including the accuracy of internal and external credit ratings;
- Tested the implementation of the SICR criteria used by the Bank and performed independent credit review testing on a sample of stage 1 and on the full stage 2 population to assess the appropriateness of the staging and associated ECL estimate;
- Independently recalculated the ECL for all stage 3 loans to assess the present values of future cash flows under various recovery scenarios, including evaluating and challenging where necessary management's assessment of the probability weighting for each scenario and the incorporation of forward-looking information;
- With the assistance of our in-house property valuation experts, assessed and challenged the reasonableness of collateral valuations used by management within the individual impairment assessments on a risk-based basis, which included assessment of the competence, capability and objectivity of the third-party valuers engaged by the Bank; and
- Assessed the appropriateness of disclosures to ensure it reflects the uncertainty which exists when determining the ECL estimate, including disclosures in relation to sensitivity analysis and key judgements.

Independent Auditor's Report

to the Members of Europe Arab Bank plc

Our observations

Based on the audit procedures performed we found that the ECL approach taken is compliant with the IFRS 9. We concluded that the allowance for credit losses recognised as at 31 December 2025 is reasonable.

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality

Overall materiality	€3,442k
How we determined it	1% of net assets
Rationale for benchmark applied	<p>Net assets have been chosen for the basis of materiality. In making this election we have considered the primary users of the Bank's financial statements, including the regulators, who would primarily focus on the Bank's regulatory capital. The performance indicators used by management to assess the Bank focus primarily on equity and assets.</p> <p>In our view, net assets, an audited component of the balance sheet and the primary component of regulatory capital is considered an appropriate benchmark.</p>
Performance materiality	<p>Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.</p> <p>We set performance materiality at €1,721k, which represents 50% of overall materiality.</p> <p>When setting performance materiality at this percentage, we have considered the internal control environment of the Bank and reflected that this is the first-year audit for Forvis Mazars.</p>
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above €103k as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Bank, its environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Arab Bank plc, the Bank's Parent Company, operates common controls across one of the core IT systems, which is located in Jordan. Consequently, we instructed the Parent Company's auditors, acting as component auditors for the Bank's audit, to perform specific audit procedures in relation to general information technology controls and information technology automated controls over systems domiciled in Jordan which are relevant to the Bank.

We determined the level of involvement we needed as the Bank's auditor in the work of the Parent Company's auditors to be able to conclude whether sufficient and appropriate audit evidence was obtained to provide a basis for opinion on the financial statements as a whole. We maintained oversight of the Parent Company's auditors' audit work relevant to the Bank. This included setting the scope of work, including processes and controls, communicating with the Parent Company's auditors through the audit, evaluating their reporting to us and reviewing and challenging selected key work papers supporting the conclusions. We have concluded that the procedures performed on our behalf were sufficient for the purpose of issuing our opinion.

Other information

The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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to the Members of Europe Arab Bank plc

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Bank and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Bank, or returns adequate for our audit have not been received from branches not visited by us; or
- the Banks' financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 26, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditor Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Bank and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: financial crime regulations, and regulatory and supervisory requirements from the regulatory authorities, including primarily the PRA and FCA.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the Bank, the industry in which it operates and considering the risk of acts by the Bank which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the Bank is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities, primarily the PRA and the FCA during the year and up until the date of the approval of the financial statements;
- Holding a bilateral meeting with the PRA to enhance our understanding of the regulator's focus and potential concerns related to the Bank;
- Inspecting minutes of directors' meetings held during the year and up until the date of approval of the financial statements;
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance throughout our audit; and
- Focusing on areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussions with those charged with governance and senior management, review of regulatory and legal correspondence, and review of minutes of meetings of the Board of Directors held during the year and up until the date of approval of the financial statements.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual and automated journal entries to manipulate financial performance, revenue recognition, in relation to the accuracy, completeness and cut-off assertions, management bias through

Independent Auditor's Report

to the Members of Europe Arab Bank plc

judgements, and assumptions in significant accounting estimates, in particular the expected credit loss in relation to loans and advances to customers, which we pinpointed to the valuation assertion.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Verifying that related parties transactions were conducted at arm's length;
- Addressing the risks of fraud through management override of controls by performing journal entry testing and by incorporating elements of unpredictability in our audit procedures; and
- Being sceptical to the potential of management bias through judgements and assumptions in significant accounting estimates.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Board Audit and Risk Committee on 8 December 2025 to audit the financial statements for the year ending 31 December 2025 and subsequent financial periods. The period of total uninterrupted engagement is 1 year, covering the year ending 31 December 2025.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Bank and we remain independent of the Bank in conducting our audit.

Our audit opinion is consistent with our additional report to the audit committee.

Use of our report

This report is made solely to the Bank's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Bank's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's members as a body for our audit work, for this report, or for the opinions we have formed.



Pauline Pelissier (Senior Statutory Auditor)

For and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor

30 Old Bailey
London
EC4M 7AU
UK

02 March 2026

Income Statement

for the Year Ended 31 December 2025

	Note	31 December 2025 € 000	31 December 2024 € 000
Interest and similar income	2	109,179	116,296
Other interest and similar income	2	7,767	15,926
Interest and similar expense	2	(66,773)	(80,363)
Net interest and similar income		50,173	51,859
Fee and commission income	3	5,632	5,114
Fee and commission expense	3	(536)	(507)
Net trading gains	4	7,326	4,052
Other operating income	5	4,699	4,302
Net operating income		67,294	64,820
Depreciation of property, plant and equipment and right-of-use assets	21, 22	(3,674)	(3,228)
Other operating expenses	6	(38,600)	(36,747)
Total operating expenses before impairment losses		(42,274)	(39,975)
Operating profit before impairment loss expense and tax expense		25,020	24,845
Impairment losses	10	(5,738)	(5,401)
Profit before tax		19,282	19,444
Tax charge	11	(2,690)	(2,575)
Profit for the year		16,592	16,869

The above results were derived from continuing operations.

The notes on pages 32 to 110 form an integral part of these financial statements.

Statement of Comprehensive Income

for the Year Ended 31 December 2025

	Note	31 December 2025 € 000	31 December 2024 € 000
Profit for the year		16,592	16,869
Items that will not be reclassified subsequently to the profit and loss			
Re-measurement gain / (loss) on net defined benefit pension liability	24	3,532	(1,182)
Exchange differences on translation of non-Euro denominated operations		-	3
Items that may be reclassified subsequently to profit or loss			
Fair value gain / (loss) taken to equity on financial investments – debt		2,397	(861)
Fair value gain taken to equity on derivatives – cash flow hedge		577	24
Other comprehensive income / (loss) for the year		6,506	(2,016)
Total comprehensive income for the year		23,098	14,853

The notes on pages 32 to 110 form an integral part of these financial statements.

Statement of Financial Position

as at 31 December 2025

	Note	2025 € 000	2024 € 000
Assets			
Cash and balances at central banks	13	371,417	224,962
Due from banks	14	390,065	434,129
Financial assets at fair value through profit and loss	15	3,384	10,006
Financial investments at fair value through OCI	16	239,944	136,308
Loans and advances to customers	17	1,064,684	1,023,804
Financial investments at amortised cost	16	519,028	513,455
Derivative financial assets	18	12,892	41,899
Investments in subsidiaries	19	75,000	75,000
Property, plant and equipment	21	7,950	7,884
Right-of-use assets	22	5,629	6,494
Other assets	23	23,888	10,557
Deferred tax assets	12	5,775	5,775
Total assets		2,719,656	2,490,273
Liabilities and Equity			
Liabilities			
Deposits by banks	25	834,596	541,985
Deposits by customers	26	1,399,952	1,460,718
Derivative financial liabilities	18	7,918	17,389
Other liabilities	27	16,719	13,004
Current tax liabilities		895	2,197
Lease liabilities	28	7,296	8,683
Retirement benefits – defined benefit scheme	24	1,426	4,610
Subordinated liabilities	29	106,592	120,523
Total liabilities		2,375,394	2,169,109
Equity			
Share capital	30	569,998	569,998
Retained earnings		(226,147)	(246,271)
Fair value reserves		(309)	(2,706)
Cash flow hedging reserve		720	143
Total equity		344,262	321,164
Total equity and liabilities		2,719,656	2,490,273

These financial statements have been approved by the Board of Directors and authorised for issue.

Signed on behalf of the Board of Directors:



Mr. Haytham Kamhiyah
Chief Executive Officer

27 February 2026



Mr. Mohammad Shoab Memon
Chief Operating Officer

27 February 2026

The notes on pages 32 to 110 form an integral part of these financial statements.

Statement of Changes in Equity

for the Year Ended 31 December 2025

	Share capital € 000	Fair value reserves € 000	Cash flow hedging reserve € 000	Retained earnings € 000	Total € 000
At 1 January 2025	569,998	(2,706)	143	(246,271)	321,164
Profit for the year	-	-	-	16,592	16,592
Other comprehensive income	-	2,397	577	3,532	6,506
Total comprehensive income	-	2,397	577	20,124	23,098
At 31 December 2025	569,998	(309)	720	(226,147)	344,262
	Share capital € 000	Fair value reserves € 000	Cash flow hedging reserve € 000	Retained earnings € 000	Total € 000
At 1 January 2024	569,998	(1,845)	119	(261,961)	306,311
Profit for the year	-	-	-	16,869	16,869
Other comprehensive income	-	(861)	24	(1,179)	(2,016)
Total comprehensive income	-	(861)	24	15,690	14,853
At 31 December 2024	569,998	(2,706)	143	(246,271)	321,164

The notes on pages 32 to 110 form an integral part of these financial statements.

Statement of Cash Flows

for the Year Ended 31 December 2025

	Note	31 December 2025 € 000	31 December 2024 € 000
Cash flows from operating activities			
Profit before tax		19,282	19,444
Depreciation	21, 22	3,674	3,228
Impairment losses		5,738	5,378
Net foreign exchange (gains)/losses on subordinated liability		(13,931)	7,620
Interest expense on lease liabilities		324	411
Trading gains on securities and derivatives	4	(5,846)	(1,334)
FX adjustments on ECL		(2,910)	1,757
FX adjustments on lease liability		(230)	(340)
		6,101	36,164
(Increase)/Decrease in operating and other assets			
Loans advanced to customers		(37,616)	(99,312)
Fair value through profit or loss and derivatives		32,004	(1,689)
Other assets		(13,331)	(4,068)
		(18,943)	(105,069)
Increase/(Decrease) in operating and other liabilities			
Customer deposits		(60,766)	231,252
Funds received from banks		292,611	(9,181)
Other liabilities and retirement benefit liabilities		531	(768)
		232,376	221,303
Income taxes paid	11	(3,929)	(2,289)
Net cash flow from operating activities		215,605	150,109
Cash flows from investing activities			
Fair value through other comprehensive income		(103,651)	(33,386)
Financial investments at amortised cost		(5,307)	(79,759)
Acquisitions of property plant and equipment		(2,611)	(3,251)
Net cash (outflows)/ inflows from investing activities		(111,569)	(116,396)
Cash flows from financing activities			
Payment of lease liabilities		(1,645)	(1,177)
Net cash flows from financing activities		(1,645)	(1,177)
Net increase/(decrease) in cash and cash equivalents		102,391	32,536
Cash and cash equivalents at 1 January		659,091	626,555
Cash and cash equivalents at 31 December		761,482	659,091
Operational cash flows from interest and dividends			
Interest paid		(69,696)	(80,495)
Interest received		118,422	137,659
Dividend received		-	-

The notes on pages 32 to 110 form an integral part of these financial statements.

Notes to the Financial Statements

for the Year Ended 31 December 2025

01 Accounting policies

Corporate information

Europe Arab Bank plc, a public company limited by shares, is incorporated and registered in England and Wales with registration number 05575857 and provides a wide range of Banking and financial services including Corporate & Institutional Banking, Private Banking and Treasury services. The registered office is at 35 Park Lane, Mayfair, London, W1K 1RB.

Principal activity

Europe Arab Bank plc, provides a wide range of Banking and financial services including Corporate & Institutional Banking, Private Banking and Treasury services.

Basis of preparation

The financial statements of Europe Arab Bank plc ('the Bank') have been prepared in accordance with UK-adopted international accounting standards, as applied in accordance with the provisions of the Companies Act 2006.

The financial statements are presented in Euros (€), which is the functional currency of the Bank. The financial statements have been prepared under a going concern basis as set out in the Strategic Report.

Regarding climate change, the Directors have concluded that the relatively short-dated tenor and diversification of the Bank's assets mitigates any material climate risk exposure to the overall financial statements. This may change as time passes and as the legal or societal responses develop.

Going concern

The notes to the financial statements include the objectives, policies and processes for managing the capital; financial risk management objectives; details of financial instruments and hedging activities; and the exposure to credit, market, liquidity and other risks.

EAB remains well positioned in each of its core businesses and is strongly capitalised, soundly funded and has access to the required levels of liquidity.

As part of the Directors' consideration of the appropriateness of adopting the going concern basis in preparing the Financial Statements, a range of forward-looking severe, but plausible, scenario analyses have been considered. The scenarios modelled are based on a range of economic assumptions. The Bank in all such scenarios is expected to continue to operate with sufficient levels of liquidity and capital for next twelve months from the date of signing of these financial statements, with the capital ratios and capital resources in excess of regulatory requirements. In making this assessment, the Directors have also considered the operational resilience of the Bank, noting that the business has successfully adapted to new ways of working and that operational and system performance have been maintained, and are expected to continue to be.

In conclusion, the Directors have determined that the Bank is able to continue as a going concern for 12 months from the date of the approval of these financial statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Report.

Accounting convention

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services when first acquired.

New and amended IFRS Accounting Standards that are effective for the current year

There have not been any new or amended IFRS Accounting Standards that are applicable in the current year that begins on or after 1 January 2025.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the bank has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

- IFRS 18 Presentation and Disclosures in Financial Statements

The directors do not expect that the adoption of the standard listed above will have a material impact on the financial statements of the bank in future periods, except if indicated below.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. This is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows.

IFRS 18 introduces new requirements to:

- A defined structure for the statement of profit or loss, introducing operating, investing and financing categories;
- New required subtotals, including operating profit;
- Enhanced principles on aggregation and disaggregation of information; and
- New disclosure requirements for management-defined performance measures (MDPMs) included outside the financial statements.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. IFRS 18 requires retrospective application with specific transition provisions.

IFRS 18 is expected to impact presentation and disclosures only. It will not affect the Bank's total profit, equity or regulatory capital. The Bank is currently assessing the impact on the format of its primary statements and related note disclosures.

Notes to the Financial Statements

for the Year Ended 31 December 2025

01 Accounting policies (continued)

Significant accounting policies

(a) Interest and similar income and expense

Interest and similar income on financial assets that are classified as loans and advances to customers, financial assets other than those measured at fair value through profit or loss and interest expense on financial liabilities other than those at fair value through profit or loss, are recognised in the 'Interest and similar income' and 'Interest and similar expense' sections of the income statement using the effective interest rates of the financial assets or financial liabilities to which they relate. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. Calculation of the effective interest rate takes into account fees receivable that are an integral part of the instrument's yield, premiums or discounts on acquisition, early redemption fees and transaction costs. Other interest income includes interest on financial assets measured at fair value through profit or loss ('FVTPL') and Derivatives using the contractual interest rate.

(b) Non-interest income: Fee and commission income

Fee and commission income is accounted for depending on the services to which the income relates:

- Income earned on the execution of a significant item is recognised in 'Fee income' when the act is completed;
- Income earned in respect of services is recognised in 'Fee income' as the services are provided; and
- Income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate and recorded in 'Interest and similar income' (Note 1(a)).

(c) Net trading income

Net trading income comprises all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading and related dividends.

Financial instruments

(d) Financial assets

Classification and measurement

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest (SPPI)'), measured at either:

- Amortised Cost;
- Fair Value through Other Comprehensive Income (FVOCI); and
- Fair Value through Profit or Loss (FVTPL).

Initial recognition

Management determines the classification of financial assets at initial recognition.

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its

business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Bank's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets at amortised cost

Financial assets that are held in a business model to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are SPPI. The carrying value of these financial assets at initial recognition includes any directly attributable transactions costs.

In determining whether the business model is a 'hold to collect' model, the objective of the business model must be to hold the financial asset to collect contractual cash flows rather than holding the financial asset for trading or short-term profit taking purposes. While the objective of the business model must be to hold the financial asset to collect contractual cash flows this does not mean the Bank is required to hold the financial assets until maturity. When determining if the business model objective is to collect contractual cash flows the Bank will also consider past sales and expectations about future sales.

Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets that are held in a business model to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are SPPI. They are subsequently remeasured at fair value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) are recognised in other comprehensive income until the assets are sold, except for equity instruments. Upon disposal, the cumulative gains and losses in other comprehensive income are recognised in the income statement.

When determining if the business model is achieved by both collecting contractual cash flows and selling financial assets, the Bank will also consider past sales and expectations about future sales.

For equity instruments that are not held for trading, the Bank may make an irrevocable election to present subsequent changes in the fair value of the instrument in other comprehensive income except for dividend income which is recognised in profit or loss. The Bank recognises dividends as income if the Bank's right to

Notes to the Financial Statements

for the Year Ended 31 December 2025

01 Accounting policies (continued)

receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

Gains or losses on the derecognition of these equity securities are not transferred to profit or loss. These assets are also not subject to impairment requirements and therefore no amounts are recycled to the income statement.

Where the Bank has not made the irrevocable election to present subsequent changes in the fair value of the instrument in other comprehensive income, equity securities are measured at fair value through profit or loss.

Financial assets at fair value through the profit or loss (FVTPL)

Financial assets that are held for trading are recognised at fair value through profit or loss. In addition, financial assets are held at fair value through profit or loss if they do not contain contractual terms that give rise on specified dates to cash flows that are SPPI, or if the financial asset is not held in a business model that is either (i) a business model to collect the contractual cash flows or (ii) a business model that is achieved by both collecting contractual cash flows and selling. Subsequent changes in fair value are recognised in the income statement.

(e) Impairment of financial assets

The Bank has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and guarantees given to third parties, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Bank.

The Bank considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the group to actions such as realising security (if any is held), or the borrower is more than 90 days past due on any material credit obligations to the Bank. In assessing whether a borrow is in default, the Bank considers indicators that are:

- Qualitative: e.g. breach of covenant;
- Quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
- Based on data developed internally and obtained from external sources.

The Bank has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from default. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL) unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The Bank assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments.

Exposures are considered to have resulted in a significant increase in credit risk and are moved to Stage 2 when (i) there is a drop of more than one notch in the credit rating which is mapped to the relevant PD as defined below (Quantitative test), (ii) Accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring (Qualitative test), (iii) Accounts that are 30 calendar days or more past due.

The 12m ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. ECLs are calculated on an individual basis.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Bank groups its financial instruments into Stage 1, Stage 2, Stage 3 and Purchased or originated credit impaired assets ('POCI'), as described below:

- **Stage 1:** When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- **Stage 2:** When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- **Stage 3:** Financial instruments considered credit-impaired. The Bank records an allowance for the LTECLs. A financial asset is credit-impaired when principal or interest remains unpaid for 90 days after its due date and/or objective evidence, which includes a range factors such as observable data events or forecasts that substantiate the assessment of a significant increase in credit risk or the expectation of credit losses on a financial instrument, that credit risk has increased to the point that it is considered non-performing.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The calculation of ECLs

The Bank calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The key elements of the ECL calculations are outlined below:

- The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Notes to the Financial Statements

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01 Accounting policies (continued)

- The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The mechanics of the ECL method are summarised below:

- **Stage 1:** The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date.

These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- **Stage 3:** For loans considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Loan commitments, letters of credit and guarantees given to third parties

When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

The Bank's liability under each guarantee given to third parties is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECLs related to guarantees given to third parties are recognised within other liabilities.

The premium received is recognised in the statement of income net of fees and commission income on a straight-line basis over the life of the guarantee.

Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

Forward looking information

In accordance with IFRS 9, ECLs are measured using reasonable and supportable forward-looking information that is available without undue cost or effort. The Bank incorporates forward-looking information into its ECL models through the use of multiple, probability-weighted macroeconomic scenarios, reflecting management's assessment of a range of possible economic outcomes in the jurisdictions in which the Bank operates. The macroeconomic variables used in these scenarios include, but are not limited to:

- GDP growth
- Commodity prices
- Unemployment rates
- Central Bank base rates
- House price and stock market indices

The scenarios, together with their associated weightings, are reviewed and updated at each reporting date to ensure they remain appropriate in light of current conditions and forward-looking economic expectations.

Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing their recovery.

Forebearance policy

Borrower seeking a financial restructure and or where concessions are made to the contractual terms of the facility being restructured that constitute forbearance.

Financial liabilities

The Bank classifies its financial liabilities in the following categories:

- Financial liabilities designated at fair value through profit or loss; and
- Other financial liabilities.

Management determines the classification of all financial liabilities at initial recognition.

Financial liabilities at fair value through the profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, and those designated by management as being at fair value through profit or loss on initial recognition.

Notes to the Financial Statements

for the Year Ended 31 December 2025

01 Accounting policies (continued)

Financial liabilities are classified as held for trading if they are acquired principally for the purposes of generating a profit from short-term fluctuations in price or dealers' margin, or form part of a portfolio of similar liabilities for which there is evidence of a recent actual pattern of short-term profit-taking, or they are derivatives (not designated into a qualifying hedge relationship). Financial liabilities may be designated at fair value through profit or loss only if such a designation: (a) eliminates or significantly reduces a measurement or recognition inconsistency; (b) applies to a group of financial assets, financial liabilities, or both that the Bank manages and evaluates on a fair value basis; or (c) relates to an instrument that contains an embedded derivative which is not evidently closely related to the host contract.

Financial liabilities at fair value through profit or loss are recognised initially at fair value, with transaction costs recognised in the income statement. Subsequently, gains and losses arising from changes in fair value are recognised as they arise in the income statement.

Other financial liabilities

Other financial liabilities are measured at amortised cost, using the effective interest rate method (note 1(a)). Financial assets are derecognised when the right to receive cash flows from the assets has expired; or when the Bank has transferred its contractual right to receive the cash flows of the financial assets, and substantially all the risks and rewards of ownership; or where control is not retained.

Financial liabilities are derecognised when they are extinguished, that is when all obligations are discharged, cancelled or have expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

(f) Determining fair value

All financial instruments are recognised initially at fair value. The fair value of a financial instrument on initial recognition is normally the transaction price. Subsequently, the fair value of financial instruments that are quoted in an active market are based on bid price (for assets) and offer price (for liabilities). Where there is no quoted market price in an active market, fair values are determined using valuation techniques which refer to observable market data. These include comparison with similar market instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Where the fair value cannot be reliably determined for an investment in an equity instrument, the instrument is measured at cost.

(g) Derivative financial instruments

Derivatives are classified as held for trading at fair value through profit or loss and accounted for in accordance with note 1(d). Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset in accordance with note 1(k) below.

Hedge accounting

The Bank makes use of derivative instruments to manage exposures to interest rate and foreign currency risks, including exposures arising from highly probable forecast transactions and firm commitments. In order to manage particular risks, the Bank applies hedge accounting under IAS 39 (as permitted by IFRS 9) for transactions which meet specified criteria.

At inception of the hedge relationship, the Bank formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedge relationship at inception and on an ongoing basis.

At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis and demonstrate that it was effective (retrospective effectiveness) for the designated period in order to qualify for hedge accounting. A formal assessment is undertaken by comparing the hedging instrument's effectiveness in offsetting the changes in fair value attributable to the hedged risk in the hedged item, at inception and on an ongoing basis. A hedge is expected to be highly effective if the changes in fair value attributable to the hedged risk during the period for which the hedge is designated were offset by the hedging instrument in a range of 80% to 125% and were expected to achieve such offset in future periods.

Fair value hedges

The Bank applies fair value hedge accounting to keep interest rate sensitivities within its established limits. Applying fair value hedge accounting enables the Bank to reduce fair value fluctuations of fixed rate financial assets as if they were floating rate instruments linked to the attributable benchmark rates. From a hedge accounting point of view, the Bank designates the hedged risk as the exposure to changes in the fair value of a recognised financial asset or liability or an unrecognised firm commitment, or an identified portion of such financial assets, liabilities or firm commitments that is attributable to a particular risk and could affect profit or loss. The Bank only hedges changes due to interest rates such as benchmark rates, which are typically the most significant component of the overall fair value change. The Bank assesses hedge effectiveness by comparing fair value movements of the hedging instruments and the hedged items attributable to changes in these benchmark rates using the dollar offset method as set out above. Within its risk management and hedging strategies, the Bank differentiates between micro and macro fair value hedging strategies.

If a hedge relationship no longer meets the criteria for hedge accounting, hedge accounting is discontinued and the cumulative adjustment to the carrying amount of the hedged item is amortised to the income statement on a recalculated effective interest rate, unless the hedged item has been derecognised, in which case it is recognised in the income statement immediately.

In accordance with its hedging strategy, the Bank matches the principal of the hedging instruments to the principal of the hedged items, including prepayment expectations. The Bank uses pay fixed/receive floating interest rate swaps to hedge its fixed rate

Notes to the Financial Statements

for the Year Ended 31 December 2025

01 Accounting policies (continued)

debt instruments and loans and pay floating/receive fixed interest rate swaps to hedge its fixed rate liabilities.

Cash flow hedges

The Bank applies cash flow hedge accounting to minimize the impact from variability of exchange rate when converting future sterling denominated cost and future US\$ denominated revenue streams converted respectively in EUR as presentation currency of the Bank. The Bank uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions. The Bank designates all element of forward contracts as a hedging instrument. The Bank assesses hedge effectiveness by using hypothetical derivatives method. The ineffective portion relating to foreign currency contracts is recognised as net trading income. Refer to note 15 for more details.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Hedge ineffectiveness

Hedge ineffectiveness is recognised in the income statement in 'Net trading income'. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the statement of financial position and is also recognised in the income statement in Net trading income.

Hedge ineffectiveness can arise from:

- Differences in timing of cash flows of hedged items and hedging instruments;
- Different interest rate curves applied to discount the hedged items and hedging instruments;
- Derivatives used as hedging instruments having a non-nil fair value at the time of designation; and
- The effect of changes in counterparties' credit risk on the fair values of hedging instruments or hedged items.

Embedded derivatives

Derivatives may be embedded in other financial instruments. Embedded derivatives are treated as separate derivatives when the host liability economic characteristics and risks are not clearly and closely related to those of the host contract; the terms of the embedded derivative are the same as those of a stand-alone derivative; and the combined contract is not held for trading or designated at fair value through profit or loss.

(h) Sale and repurchase agreements

Investment and other securities may be lent or sold subject to a commitment to repurchase them (a 'repo'). Such securities are retained on the statement of financial position when substantially all the risks and rewards of ownership remain with the Bank, and the counterparty liability is included separately in deposits by Banks on the statement of financial position as appropriate. Similarly, where

the Bank borrows or purchases securities subject to a commitment to resell them (a 'reverse repo') but does not acquire the risks and rewards of ownership, the transactions are treated as collateralised loans, and the securities are not included in the statement of financial position. The difference between sale and repurchase price is accrued over the life of the agreements using the effective interest method (see note 1(a)).

(i) Offset of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position where there is a legal right to offset the recognised amounts and the parties intend to settle the cash flows on a net basis, or realise the asset and settle the liability simultaneously.

(j) Investment in subsidiaries

The European Banking subsidiary is accounted for at cost less impairment.

(k) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

At each statement of financial position date property, plant and equipment are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount: the higher of the asset's net selling price and its value in use. Net selling price is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in an arm's length transaction evidenced by an active market or recent transactions for similar assets. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market-based discount rate on a pre-tax basis.

The carrying values of fixed assets are written down by the amount of any impairment and this loss is recognised in the income statement in the period in which it occurs. A previously recognised impairment loss relating to a fixed asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount.

The carrying amount of the fixed asset will only be increased up to the amount that it would have been had the original impairment not been recognised.

Depreciation

Property, plant and equipment are depreciated at their depreciable amounts according to the straight-line method over the estimated useful life of each class of asset. Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. The useful life for each class of asset is as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Over the remaining life of the lease
Furniture, fixtures and fittings	6 years

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01 Accounting policies (continued)

Software related to hardware	5 years
Computer and communication equipment	3 years

(l) Intangible assets acquired separately

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

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

At each statement of financial position date, the Bank reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Amortisation

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

Asset class	Amortisation method and rate
Software	5 years

(m) Leases

Definition

The Bank assesses at inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Initial recognition and measurement

The Bank applied a single recognition and measurement approach for all leases. The Bank recognises lease liabilities to make lease

payments and right-of-use assets representing the right to use the underlying assets.

The Bank recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The Bank also recognises lease liabilities at the commencement date of the lease, measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments and variable lease payments that depend on an index/rate.

Subsequent measurement

Lease liabilities are recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial recognition. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Bank is not exposed to leases as a lessor.

(n) Employee benefits

Short-term employee benefits, such as salaries, paid absences and other benefits, are accounted for on an accruals basis over the period which employees have provided services in the year. Bonuses are recognised to the extent that the Bank has a present obligation to its employees that can be measured reliably. All expenses related to employee benefits are recognised in the income statement in staff costs, which is included within operating expenses. The Bank provides both defined benefit and defined contribution pension scheme for its staff.

Defined benefit pension obligation

For the defined benefit scheme, the cost of providing benefits is determined using the projected unit credit method with actuarial valuations being carried at the end of each reporting period. Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on scheme assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled. Past service cost is recognised in the income statement in the period of scheme amendment. Net-interest is calculated by applying a discount rate to the net defined benefit liability or asset.

The retirement benefit obligation recognised in the statement of financial position represents the deficit or surplus in the Bank's defined benefit scheme. Any surplus resulting from this calculation

Notes to the Financial Statements

for the Year Ended 31 December 2025

01 Accounting policies (continued)

is limited to the present value of any economic benefits available in the form of refunds from the scheme or reductions in the future contributions to the scheme.

Defined contribution pension obligation

For defined contribution schemes, the Bank recognises contributions due in respect of the accounting period in the income statement. Any contributions unpaid at the statement of financial position date are included as a liability.

(o) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a current legal or constructive obligation as a result of past events, and a reliable estimate can be made of the amount of the obligation.

(p) Tax

Income tax on the profit or loss for the year comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in shareholders' equity, in which case it is recognised in shareholders' equity.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the statement of financial position date, and any adjustment to tax payable in respect of previous year.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is determined using tax rates and legislation enacted, or substantively enacted, by the statement of financial position date and is expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(q) Foreign currency transactions and balances

Transactions in foreign currencies are translated into Euros at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Euros at the rates of exchange ruling at the statement of financial position date. Foreign exchange differences arising on translation are recognised in profit or loss except for differences arising on cash flow hedges. Non-monetary items denominated in foreign currencies that are stated at fair value are translated into Euros at foreign exchange rates ruling at the dates the values were determined. Translation differences arising on non-monetary items measured at fair value are recognised in profit or loss except for differences arising on financial instrument at

FVOCI non-monetary financial assets, such as equity shares, which are included in the financial instrument at FVOCI reserve in equity unless the asset is the hedged item in a fair value hedge.

(r) Capital instruments

The Bank classifies a financial instrument that it issues as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. An instrument is classified as a liability if it is a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities on potentially unfavourable terms. An instrument is classified as equity if it evidences a residual interest in the assets of the Bank after the deduction of liabilities.

The components of a compound financial instrument issued by the Bank are classified and accounted for separately as financial liabilities or equity as appropriate.

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash and balances with central banks, balances with other financial institutions, and securities with a remaining contractual maturity of less than 3 months.

(t) Segment reporting

The Bank's segmental reporting is based on the following strategic business units: Corporate & Institutional Banking; Treasury; Private Banking and Others (which includes centralised functions).

(u) Exemption from preparing group accounts

The Bank is a wholly-owned subsidiary of Arab Bank plc, a company incorporated in Jordan and registered at Shmeisani PO Box 144186, Amman 11814, Jordan, and in accordance with Section 401 of the Companies Act 2006, is not required to produce, and has not published, consolidated financial statements.

(v) Fair value of financial instruments

Where the fair values of financial assets and liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include use of mathematical models. The inputs to these models are largely derived from observable market data, but where observable market data is not available, judgement is required to establish fair values.

(w) Judgements and estimates

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The key areas involving a higher degree of judgement or areas involving significant sources of estimation uncertainty made by management in applying the Bank's accounting policies are as follows:

Notes to the Financial Statements

for the Year Ended 31 December 2025

01 Accounting policies (continued)

(i) Significant judgements

Impairment losses on financial assets

The measurement of impairment losses across all categories of financial assets requires judgment. The most significant areas of judgement are:

- assessment of a significant increase in credit risk; and
- the approach to identifying credit impaired loans.

The Bank has considered the potential impact of climate change on impairment provisions beyond their impact on economic assumptions and has concluded that an adjustment to modelled provisions is not currently appropriate.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments:

- The Bank's internal credit rating model, which assigns PDs to the individual grades;
- The Bank's criteria for assessing if there has been a significant increase in credit risk;
- Development of ECL models, including the various formulas and the choice of inputs; and
- Determination of associations between macroeconomic scenarios and economic inputs.

Estimates

The Bank has made the following estimates in the application of the accounting policies that have a significant risk of material adjustment to the carrying amount of assets and liabilities within the next financial year:

(i) Expected credit loss

Set out below are details of the critical accounting estimates which underpin expected credit loss ("ECL") calculations. Less significant estimates are not discussed as they do not have a material effect.

The Bank has recognised total impairments of €45.5m (2024: €45.6m) at the reporting date as disclosed in note 36.2.

Modelled ECL provision

Modelled provision assessments are also subject to estimation uncertainty, underpinned by a number of estimates being made by management which are utilised within ECL calculations. Key areas of estimation within modelled provisioning calculations include those regarding the loan to value (LTV) ratios and forward-looking macroeconomic scenarios.

Forward-looking macroeconomic scenarios

The forward-looking macroeconomic scenarios affect all model components of the ECL thus the calculation remains sensitive to both the scenarios utilised and their associated probability weightings. The Bank has adopted an approach which utilises three macroeconomic scenarios. These scenarios are provided by an industry leading economics advisory firm, that provide management and the Board with advice on which scenarios to utilise and the probability weightings to attach to each scenario. A base case forecast is provided, together with a plausible upside scenario and a downside scenario. The Bank's macroeconomic scenarios can be found in the Credit Risk section in note 36.2.

For the purposes of IFRS9 EAB utilise three macro variable scenarios from a well reputed third party, who are a global leader in economic and default data studies. These forward-looking Macro variables scenarios are based on a set of macroeconomic variables such as GDP, Equity, Interest Rate, Inflation Rate, Oil Price assumptions and Unemployment factors.

The three macroeconomic variable scenarios used by EAB are i) Baseline Scenario. The current and most likely economic forward-looking scenario; ii) Alternative Scenario (Upside). The upside scenario reflects a common set of assumptions based on the probability that the economy will outperform the baseline scenario iii) Alternative Scenario (Downside). The downside scenario reflects a common set of assumptions based on the probability the economy will underperform the baseline scenario.

2025	ECL € 000	100% Base € 000	100% Upside € 000	100% Downside € 000
Loans and advances to customers				
Modelled ECL	2,549	2,206	1,924	3,397
Investment at amortised cost				
Reported ECL	536	435	353	783

Notes to the Financial Statements

for the Year Ended 31 December 2025

01 Accounting policies (continued)

Non-modelled ECL provision

The Bank's provisioning process requires individual assessment for high exposure or higher risk loans, where Law of Property Act (LPA) receivers have been appointed, or the property is taken into possession, or there are other events that suggest a high probability of credit loss. Loans are considered at a connection level, i.e. including all loans connected to the customer. The Bank estimates cash flows from these loans, including expected interest and principal payments, rental or sale proceeds, selling and other costs. At year end these loans are 65% provided besides 75% average loan to value ratio on these loans, where there is collateral. Hence, the Bank doesn't see any necessity for further stress. The following table presents upside, base case and downside scenarios on these loans.

	Scenarios			
	Actual	Upside	Base case	Downside
Stage 3 Exposure, € m	43.4	43.4	43.4	43.4
Stage 3 ECL, € m	32.2	10.4	17.4	36.7
Stage 3 ECL, Coverage %	74.0	24.0	40.0	85.0

The Bank's individually assessed loan population policy and associated details are disclosed in note 17.

(ii) Other judgements and estimates

Retirement benefit obligations

The cost of the defined benefit pension plan is determined using an actuarial valuation. Actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of the plan, such estimates are subject to uncertainty.

Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted therefore recognition involves judgment regarding the future financial performance of the Bank. The management considers the expected timing of reversal of taxable temporary differences, forecast taxable profits based on approved business plans, and the availability of feasible tax planning strategies. Where deferred tax assets relate to tax losses or capital allowances, additional judgement is applied due to uncertainty over the timing and sustainability of future taxable profits. The carrying amount of deferred tax assets is reviewed at each reporting date.

Impact of climate risk on accounting judgments and estimates

The Bank and its customers are exposed to the physical risks from climate change and risks of transitioning to a net-zero economy. Most climate-related physical risks are estimated to manifest over a term that is generally longer than the maturity of most of the outstanding exposures. The following balances may be impacted by physical and transition risks:

- **Expected credit losses (ECL):** Customers and portfolios with exposure to climate risk may have a resultant deterioration in creditworthiness, which has an impact on ECL. An analysis was performed of the exposure of counterparties to climate risk, which determined that, on the whole, counterparties are not expected to be materially impacted by physical or transition risks associated with climate change.

The majority of the counterparties are not employed, or do not operate, in high risk sectors, nor are they located in high risk geographical areas.

- **Fair value measurement:** The Bank has assumed that any climate change variables incorporated in fair value measurement are those that market participants would consider when pricing the asset or liability, in line with IFRS 13 Fair Value Measurement. The Bank has concluded that climate risk has been adequately reflected within the fair value. Where prices are observable, it is assumed that the fair value already incorporates market participants' view of climate risk variables.

Notes to the Financial Statements

for the Year Ended 31 December 2025

02 Interest and similar income and expense

	31 December 2025 € 000	31 December 2024 € 000
Interest and similar income*		
Cash and balances at central banks	8,711	10,536
Due from banks	11,236	21,325
Loans and advances to customers	62,956	64,791
Financial investments at amortised cost	19,503	17,026
Financial investments through OCI	6,773	2,618
	109,179	116,296
Other interest and similar income		
Financial investments measured at fair value through profit and loss	436	860
Derivatives – net income	7,331	15,066
	7,767	15,926
Total interest and similar income	116,946	132,222
Interest and similar expense*		
Deposits by banks	(19,959)	(24,105)
Customer accounts	(41,154)	(49,346)
Subordinated liabilities	(5,420)	(6,756)
Other	(240)	(156)
Total interest and similar expense	(66,773)	(80,363)
Net interest and similar income	50,173	51,859

*Interest income and expense are calculated under effective interest method

03 Fees and commission income and expense

	31 December 2025 € 000	31 December 2024 € 000
Banking and credit related fees and income	4,566	4,409
Other commission and fee income	1,066	705
Fees and commission income	5,632	5,114
Fees and commission expense	(536)	(507)

Notes to the Financial Statements

for the Year Ended 31 December 2025

04 Net trading gains

	31 December 2025 € 000	31 December 2024 € 000
Foreign exchange dealings – net	1,480	718
Securities and derivatives	5,846	3,334
	7,326	4,052

Net interest income on held for trading financial instruments has been included in Interest and similar income and expense (note 2). Foreign exchange dealing includes foreign exchange differences arising on translation of monetary assets and liabilities denominated in foreign currencies. Securities and derivatives includes the net gains on financial instruments recognised at fair value.

05 Other operating income

	31 December 2025 € 000	31 December 2024 € 000
Revenue from services	63	66
Income from subsidiary	4,061	4,218
Other revenue	575	18
	4,699	4,302

06 Other operating expenses

	31 December 2025 € 000	31 December 2024 € 000
Staff costs (note 8)	21,869	21,437
Administrative expenses	9,425	7,690
Auditor's remuneration (note 7)	856	882
Other expenses	6,126	6,327
Interest expense on lease liabilities	324	411
	38,600	36,747

07 Auditors' remuneration

Amounts paid and payable to the Bank's principal auditors were as follows:

	31 December 2025 € 000	31 December 2024 € 000
Audit of the financial statements	774	765
Other fees to auditors		
Audit-related assurance services	82	117

Included in the auditors remuneration is €196,000 of fees paid to Deloitte LLP for audit and related services during the year 2025, who were not the principal auditor for the Bank as at the year end.

Notes to the Financial Statements

for the Year Ended 31 December 2025

08 Staff costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	31 December 2025 € 000	31 December 2024 € 000
Salaries, wages and allowances	17,765	17,707
Social security costs	2,553	2,291
Pension costs, defined contribution scheme	1,551	1,439
	21,869	21,437

The average monthly number of permanent persons employed by the Bank (including Directors) during the year, analysed by category was as follows:

	31 December 2025 No.	31 December 2024 No.
Strategic business units and credit administration	46	44
Support units	51	46
Control and risk functions	23	25
	120	115

The total number of employees at the end of 2025 was 119 (2024: 120).

09 Directors' remuneration

The Chairman and Directors' remuneration for the year was as follows:

	31 December 2025 € 000	31 December 2024 € 000
Remuneration	2,168	2,093
Retirement and termination benefits	80	71
	2,248	2,164
Non-Executive Directors – emoluments	181	183
Total emoluments	2,429	2,347

During the year the number of Directors who were receiving benefits were as follows:

	31 December 2025 No.	31 December 2024 No.
Accruing benefits under defined benefit pension scheme	1	1

In respect of the highest paid Director:

	31 December 2025 € 000	31 December 2024 € 000
Remuneration	1,569	1,512
Benefits under long-term incentive schemes (excluding shares)	80	71

Notes to the Financial Statements

for the Year Ended 31 December 2025

10 Impairment losses

The table below shows the expected credit losses (ECLs) charges/(reversals) on financial instruments for the year recorded in the income statement:

In € 000	Stage 1	Stage 2	Stage 3	Year ended 31 December
2025				
Due from banks	(16)	-	-	(16)
Loans and advances to customers	841	28	3,364	4,233
Debt instruments measured at FV through OCI	17	-	-	17
Debt instruments measured at amortised cost	(167)	-	-	(167)
Guarantees, letters of credit and other commitments	51	10	1,610	1,671
Total Impairment loss	726	38	4,974	5,738

In € 000	Stage 1	Stage 2	Stage 3	Year ended 31 December
2024				
Due from banks	23	-	-	23
Loans and advances to customers	(1,464)	25	7,633	6,194
Debt instruments measured at FV through OCI	13	-	-	13
Debt instruments measured at amortised cost	(660)	-	-	(660)
Guarantees, letters of credit and other commitments	(166)	(3)	-	(169)
Total Impairment loss	(2,254)	22	7,633	5,401

Notes to the Financial Statements

for the Year Ended 31 December 2025

11 Tax charge

Tax charged/(credited) in the income statement

	31 December 2025 € 000	31 December 2024 € 000
Current taxation		
UK corporation tax	3,886	2,575
UK corporation tax adjustment to prior periods	(1,196)	-
	2,690	2,575
Deferred taxation		
Deferred tax charge for the year	(1,180)	1,206
Deferred tax – adjustment in respect of prior years	1,180	(1,206)
Total deferred taxation	-	-
Tax expense in the income statement	2,690	2,575

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2024 - the same as the standard rate of corporation tax in the UK) of 25% (2024 - 25%).

The differences are reconciled below:

	31 December 2025 € 000	31 December 2024 € 000
Profit before tax	19,282	19,444
Corporation tax at standard rate	4,821	4,861
Permanent disallowables	133	107
Adjustment in respect of prior years	(1,872)	1,206
Movement in unrecognised deferred tax asset	(392)	(3,599)
Total tax charge	2,690	2,575

Notes to the Financial Statements

for the Year Ended 31 December 2025

12 Deferred tax assets and liabilities

Deferred tax assets

The deferred tax asset is made up as follows:

	2025 € 000	2024 € 000
Accelerated capital allowances	922	598
Pension costs	(125)	(125)
Unutilised tax losses recognised	4,783	4,997
Adoption of IFRS 9 – ECL take on	195	292
Other temporary differences	-	13
	5,775	5,775

The movement in deferred tax is shown below:

	2025 € 000	2024 € 000
Balance at 1 January	5,775	5,776
Recognised in Income Statement	(676)	1,206
Adjustment in respect of prior years	676	(1,207)
	5,775	5,775

At December 2025, the Bank has unused tax losses of €342m (2024: €348m) and other temporary differences of €1m (2024: €5m) available for offset against future profits. A deferred tax asset has been recognised on losses of €19m (2024: €20m) and gross temporary differences of €4m (2024: €3m).

There are €3m of deductible temporary differences (2024: €2m) and €322m of unused tax losses (2024: €328m) for which no deferred tax asset is recognised in the statement of financial position date due to limitation with respect to forecasting profits over extended future periods.

13 Cash and balances at central Banks

	2025 € 000	2024 € 000
Cash in hand	416	309
Balances with central Banks	371,001	224,653
	371,417	224,962

Notes to the Financial Statements

for the Year Ended 31 December 2025

14 Due from banks

	2025 € 000	2024 € 000
Due from banks before impairment	397,213	442,270
Interest receivable	109	55
	397,322	442,325
Less: impairment loss allowances	(7,257)	(8,196)
	390,065	434,129
Amounts above include:		
Due from parent company	5,188	33,175
Due from fellow subsidiaries of Arab Bank Group	19,883	15,578
Due from subsidiary	122,881	53,384
	147,952	102,137

The table below discloses the credit quality and maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Internal rating grade In € 000	Stage 1	Stage 2	Stage 3	Total
2025				
1-3 – investment grade	241,665	-	-	241,665
4-5 – standard monitoring	148,298	-	-	148,298
6 – special monitoring	2	-	-	2
8-10 – classified	-	-	7,248	7,248
	389,965	-	7,248	397,213
Interest receivable				109
Total				397,322

Internal rating grade In € 000	Stage 1	Stage 2	Stage 3	Total
2024				
1-3 – investment grade	331,453	-	-	331,453
4-5 – standard monitoring	87,228	-	-	87,228
6 – special monitoring	15,393	-	-	15,393
7 – watch	-	-	8,196	8,196
	434,074	-	8,196	442,270
Interest receivable				55
Total				442,325

Notes to the Financial Statements

for the Year Ended 31 December 2025

14 Due from banks (continued)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

In € 000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2025	434,074	-	8,196	442,270
New assets originated or purchased	283,176	-	-	283,176
Assets derecognised or repaid (excluding write offs)	(320,181)	-	-	(320,181)
Foreign exchange adjustments	(7,104)	-	(948)	(8,052)
At 31 December 2025	389,965	-	7,248	397,213
Interest receivable				109
Total				397,322

In € 000	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2025	2	-	8,196	8,198
Charged to income relating to new facilities	(16)	-	-	(16)
Net charge to income (increase/decrease in outstanding balances)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Adjustments during the period	23	-	-	23
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	(948)	(948)
At 31 December 2025	9	-	7,248	7,257

Notes to the Financial Statements

for the Year Ended 31 December 2025

14 Due from banks (continued)

In € 000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	489,315	-	7,677	496,992
New assets originated or purchased	277,135	-	-	277,135
Assets derecognised or repaid (excluding write offs)	(256,077)	-	-	(256,077)
Transfers to Stage 1	-	-	-	-
Adjustments during the period	(68,101)	-	519	(67,582)
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	(8,198)	-	-	(8,198)
At 31 December 2024	434,074	-	8,196	442,270
Interest receivable				55
Total				442,325

In € 000	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2024	2	-	7,677	7,679
Charged to income relating to new facilities	-	-	-	-
Net charge to income (increase/decrease in outstanding balances)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Adjustments during the period	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	519	519
At 31 December 2024	2	-	8,196	8,198

Cash and cash equivalents is the total of cash and balances at central Banks (note 13) and due from Banks (note 14).

Notes to the Financial Statements

for the Year Ended 31 December 2025

15 Financial investments at fair value through profit or loss

	2025 € 000	2024 € 000
Held for trading – bonds	3,359	9,812
Interest receivable	25	194
	3,384	10,006

16 Financial investments other than those measured at FVTPL

	2025 € 000	2024 € 000
Financial investments at fair value through OCI		
Government bonds (quoted)	162,659	116,003
Banks and financial institutions bonds (quoted)	73,786	13,929
Corporate bonds (quoted)	-	4,902
Interest receivable	3,499	1,474
Total financial investments at FV through OCI	239,944	136,308
Financial investments at amortised cost		
Banks and financial institutions bonds (quoted)	229,688	219,421
Government bonds (quoted)	91,937	124,082
Corporate bonds (quoted)	191,711	165,767
Interest receivable	6,418	5,177
	519,754	514,447
Impairment loss allowance	(726)	(992)
	519,028	513,455
Total financial investments other than those measured at FVTPL	758,972	649,763

Notes to the Financial Statements

for the Year Ended 31 December 2025

16 Financial investments other than those measured at FVTPL (continued)

The table below discloses the credit quality and maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Interest receivable amount of €1.4mn has been represented and is included in the FVTOCI section.

Debt instruments at FV through OCI

Internal rating grade In € 000	Stage 1	Stage 2	Stage 3	Total
2025				
1-3 – investment grade	226,265	-	-	226,265
4-5 – standard monitoring	10,180	-	-	10,180
6 – special monitoring	-	-	-	-
7 – watch	-	-	-	-
8-10 – classified	-	-	-	-
	236,445	-	-	236,445
Interest receivable				3,499
Total				239,944

Internal rating grade In € 000	Stage 1	Stage 2	Stage 3	Total
2024				
1-3 – investment grade	129,721	-	-	129,721
4-5 – standard monitoring	5,113	-	-	5,113
6 – special monitoring	-	-	-	-
7 – watch	-	-	-	-
8-10 – classified	-	-	-	-
	134,834	-	-	134,834
Interest receivable				1,474
Total				136,308

Notes to the Financial Statements

for the Year Ended 31 December 2025

16 Financial investments other than those measured at FVTPL (continued)

Debt instruments at amortised cost

Internal rating grade In € 000	Stage 1	Stage 2	Stage 3	Total
2025				
1-3 – investment grade	272,373	-	-	272,373
4-5 – standard monitoring	236,699	-	-	236,699
6 – special monitoring	4,264	-	-	4,264
7 – watch	-	-	-	-
8-10 – classified	-	-	-	-
	513,336	-	-	513,336
Interest receivable				6,418
Total				519,754

Internal rating grade In € 000	Stage 1	Stage 2	Stage 3	Total
2024				
1-3 – investment grade	259,202	-	-	259,202
4-5 – standard monitoring	245,242	-	-	245,242
6 – special monitoring	4,826	-	-	4,826
7 – watch	-	-	-	-
8-10 – classified	-	-	-	-
	509,270	-	-	509,270
Interest receivable				5,177
Total				514,447

Notes to the Financial Statements

for the Year Ended 31 December 2025

16 Financial investments other than those measured at FVTPL (continued)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

Debt instruments at FV through OCI

In € 000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2025	134,864	-	-	134,864
New assets originated or purchased	119,248	-	-	119,248
Assets derecognised or repaid (excluding write offs)	(15,127)	-	-	(15,127)
Adjustments during the period	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Recoveries	-	-	-	-
Foreign exchange adjustments	(2,495)	-	-	(2,495)
Amounts written off	-	-	-	-
At 31 December 2025	236,490	-	-	236,490
Interest receivable				3,499
Total				239,989

In € 000	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2025	29	-	-	29
Charged to income relating to new facilities	22	-	-	22
Net charge to income (increase/decrease to staging)	(1)	-	-	(1)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Adjustments during the period	-	-	-	-
Recoveries	(4)	-	-	(4)
Foreign exchange adjustments	(1)	-	-	(1)
At 31 December 2025	45	-	-	45

Notes to the Financial Statements

for the Year Ended 31 December 2025

16 Financial investments other than those measured at FVTPL (continued)

In € 000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	101,464	-	-	101,464
New assets originated or purchased	98,787	-	-	98,787
Assets derecognised or repaid (excluding write offs)	(66,298)	-	-	(66,298)
Adjustments during the period	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Recoveries	-	-	-	-
Foreign exchange adjustments	911	-	-	911
At 31 December 2024	134,864	-	-	134,864
Interest receivable				1,474
Total				136,338

In € 000	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2024	15	-	-	15
Charged to income relating to new facilities	14	-	-	14
Net charge to income (increase/decrease to staging)	7	-	-	7
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Adjustments during the period	-	-	-	-
Recoveries	(8)	-	-	(8)
Foreign exchange adjustments	1	-	-	1
At 31 December 2024	29	-	-	29

Notes to the Financial Statements

for the Year Ended 31 December 2025

16 Financial investments other than those measured at FVTPL (continued)

Debt instruments at amortised cost

In € 000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2025	509,270	-	-	509,270
New assets originated or purchased	192,031	-	-	192,031
Assets derecognised or repaid (excluding write offs)	(162,221)	-	-	(162,221)
Adjustments during the period	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Recoveries	-	-	-	-
Foreign exchange adjustments	(25,744)	-	-	(25,744)
Amounts written off	-	-	-	-
At 31 December 2025	513,336	-	-	513,336
Interest receivable				6,418
Total				519,754

In € 000	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2025	992	-	-	992
Charged to income relating to new facilities	406	-	-	406
Net charge to income (increase/decrease to staging)	(216)	-	-	(216)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Adjustments during the period	-	-	-	-
Recoveries	(357)	-	-	(357)
Foreign exchange adjustments	(99)	-	-	(99)
At 31 December 2025	726	-	-	726

Notes to the Financial Statements

for the Year Ended 31 December 2025

16 Financial investments other than those measured at FVTPL (continued)

In € 000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	431,232	-	-	431,232
New assets originated or purchased	105,501	-	-	105,501
Assets derecognised or repaid (excluding write offs)	(56,153)	-	-	(56,153)
Adjustments during the period	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Recoveries	-	-	-	-
Foreign exchange adjustments	28,690	-	-	28,690
At 31 December 2024	509,270	-	-	509,270
Interest receivable				5,177
Total				514,447

In € 000	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2024	1,580	-	-	1,580
Charged to income relating to new facilities	270	-	-	270
Net charge to income (increase/decrease to staging)	(672)	-	-	(672)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Adjustments during the period	-	-	-	-
Recoveries	(258)	-	-	(258)
Foreign exchange adjustments	72	-	-	72
At 31 December 2024	992	-	-	992

Notes to the Financial Statements

for the Year Ended 31 December 2025

17 Loans and advances to customers

	2025 € 000	2024 € 000
Discounted bills	57,169	70,359
Corporate loans and advances	905,879	956,089
Other loans and advances	131,338	102,681
Interest receivable	8,863	12,057
	1,103,249	1,141,186
Impaired interest	(2,955)	(81,190)
	1,100,294	1,059,996
Expected credit allowances	(35,610)	(36,192)
	1,064,684	1,023,804

The table below discloses the credit quality and maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Internal rating grade In € 000	Stage 1	Stage 2	Stage 3	Total
2025				
1-3 – investment grade	234,514	1,172	-	235,686
4-5 – standard monitoring	671,972	35,893	-	707,865
6 – special monitoring	97,164	8,192	-	105,356
7 – watch	-	-	10,623	10,623
8-10 – classified	-	-	31,901	31,901
	1,003,650	45,257	42,524	1,091,431
Interest receivable				8,863
Total				1,100,294

Internal rating grade In € 000	Stage 1	Stage 2	Stage 3	Total
2024				
1-3 – investment grade	281,753	1,238	-	282,991
4-5 – standard monitoring	613,830	11,462	-	625,292
6 – special monitoring	81,135	9,296	-	90,431
7 – watch	-	-	9,846	9,846
8-10 – classified	-	-	39,379	39,379
	976,718	21,996	49,225	1,047,939
Interest receivable				12,057
Total				1,059,996

Notes to the Financial Statements

for the Year Ended 31 December 2025

17 Loans and advances to customers (continued)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

In € 000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2025	976,718	21,996	49,225	1,047,939
New assets originated or purchased	371,392	7,957	-	379,349
Assets derecognised or repaid (excluding write offs)	(268,358)	(6,068)	(5,942)	(280,368)
Transfers to Stage 1	6,962	(6,463)	(499)	-
Transfers to Stage 2	(28,584)	30,558	(1,974)	-
Foreign exchange adjustments	(54,480)	(2,723)	3,719	(53,484)
Amounts written off	-	-	(2,005)	(2,005)
At 31 December 2025	1,003,650	45,257	42,524	1,091,431
Interest receivable				8,863
Total				1,100,294
ECL allowance as at 1 January 2025	3,155	50	32,987	36,192
Charged to income	2,656	17	3,921	6,594
Net charge to income (increase/decrease to staging)	(1,073)	21	-	(1,052)
Transfers to Stage 1	1,377	(39)	(1,338)	-
Transfers to Stage 2	(19)	22	(3)	-
Transfers to Stage 3	(1,600)	-	1,600	-
Adjustments during the period	-	-	-	-
Recoveries	(742)	(10)	(557)	(1,309)
Foreign exchange adjustments	(467)	(1)	(2,342)	(2,810)
Amounts written off	-	-	(2,005)	(2,005)
At 31 December 2025	3,287	60	32,263	35,610

Notes to the Financial Statements

for the Year Ended 31 December 2025

17 Loans and advances to customers (continued)

In € 000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	850,363	20,240	91,057	961,660
New assets originated or purchased	463,910	9,295	-	473,205
Assets derecognised or repaid (excluding write offs)	(365,827)	(6,943)	(34,951)	(407,721)
Adjustments during the period	-	-	-	-
Transfers to Stage 1	10,812	(10,812)	-	-
Transfers to Stage 2	(12,233)	12,233	-	-
Transfers to Stage 3	156	(2,485)	2,329	-
Recoveries	-	-	-	-
Foreign exchange adjustments	29,537	468	2,683	32,688
Amounts written off	-	-	(11,893)	(11,893)
At 31 December 2024	976,718	21,996	49,225	1,047,939
Interest receivable				12,057
Total				1,059,996
ECL allowance as at 1 January 2024	5,759	55	33,240	39,054
Charged to income	429	9	3	441
Net charge to income (increase/decrease to staging)	(2,946)	18	8,968	6,040
Transfers to Stage 1	52	(52)	-	-
Transfers to Stage 2	(21)	21	-	-
Transfers to Stage 3	-	-	-	-
Adjustments during the period	-	-	-	-
Recoveries	(285)	(3)	-	(288)
Foreign exchange adjustments	167	2	2,669	2,838
Amounts written off	-	-	(11,893)	(11,893)
At 31 December 2024	3,155	50	32,987	36,192

Included in the ECL allowance are assets with a balance of €30.8m (2024: €31.9m) which have been placed under administration and/or liquidation.

Notes to the Financial Statements

for the Year Ended 31 December 2025

18 Derivatives held for risk management and hedge accounting

The Bank's objectives and policies on managing the risks that arise in connection with derivatives are included in note 1(i) and note 36.

The gross notional amounts represent the amounts of all outstanding contracts at year-end. It is the sum of the absolute amount of all purchases and sales of derivative instruments. The notional amounts of the derivatives provide a basis for comparison with instruments recognised on the statement of financial position, but does not indicate the amounts of future cash flows involved or the current fair value of the instruments and therefore, do not indicate the Bank's exposure to credit or price risks.

Derivatives are measured at their fair value, which is calculated as the present value of future expected net contracted cash flows at market related rates as of the statement of financial position date.

The Bank enters into the following main types of derivative contracts:

Interest rate swaps

These are agreements between two parties to exchange periodic payments of interest over a set period based on notional principal amounts. The Bank enters into interest rate swaps, exchanging fixed rates for floating rates of interest based on notional amounts.

Currency forward contracts

Forward foreign exchange contracts are over the counter (OTC) agreements to deliver, or take delivery of, a specified amount of an asset or financial instrument based on a specified rate

applied against the underlying asset or financial instrument, at a specified date.

Derivative financial instruments held or issued for trading purposes

Most of the Bank's derivatives trading activities relate to deals with customers that are normally offset by transactions with other counterparties. The Bank may also, from time to time, take limited short-term positions within the prescribed market risk limits approved by the Board of Directors.

Also included under the classification are any derivatives entered into for risk management purposes that do not meet the IAS 39 hedge accounting criteria.

Derivative financial instruments held or issued for hedging purposes

As part of its asset and liability management, the Bank uses derivatives for hedging purposes in order to reduce its exposure to market risk. This is achieved by hedging specific financial instruments, portfolios of fixed rate financial instruments and forecast transactions.

The accounting treatment, explained in note 1(i) hedge accounting, depends on the nature of the item hedged and compliance with IAS39 hedge accounting criteria.

The fair values and notional amounts of derivative instruments are set out in the following table:

	2025			2024		
	Notional € 000	Fair value asset € 000	Fair value liability € 000	Notional € 000	Fair value asset € 000	Fair value liability € 000
Derivatives held for trading						
Interest rate swaps	-	-	-	327,900	19	110
Currency forward contracts	635,709	854	4,445	394,017	4,623	1,164
	635,709	854	4,445	721,917	4,642	1,274
Derivatives used as fair value hedges						
Interest rate swaps	712,313	11,318	3,473	1,051,238	36,929	15,929
Derivatives used as cash flow hedges						
Currency forward contracts	43,391	720	-	45,938	328	186
Total recognised derivative assets and liabilities	1,391,413	12,892	7,918	1,819,093	41,899	17,389

Notes to the Financial Statements

for the Year Ended 31 December 2025

18 Derivatives held for risk management and hedge accounting (continued)

Fair value hedges

Fair value hedges are used by the Bank to protect it against changes in the fair value of financial assets and financial liabilities due to movements in interest rates. The financial instruments hedged for interest rate risk include fixed rate loans, debt securities at amortised cost and other borrowed funds. The Bank uses interest rate swaps to hedge interest rate risk.

The impact of the hedged item on the statement of financial position as at 31 December 2025 is as follows:

	Carrying amount (before fair value hedge adjustments)*	Accumulated amount of fair value hedge adjustments
Fixed-rate debt securities at amortised cost	493,148	4,024
Fixed-rate debt securities at Fair Value through OCI	183,074	3,868

* The carrying amount presented in the table above is prior to the application of the accumulated amount of fair value hedge adjustments.

Fixed-rate loans are included under 'Loans and advances to customers' whereas fixed-rate debt securities at amortised cost are included under 'Financial investments at amortised cost on the statement of financial position. Fixed rate debt securities at fair value through OCI are included under 'Financial Assets at fair value through other comprehensive income'.

Gains or losses due to changes on fair value hedges for the year:

	2025 € 000	2024 € 000
Gains/(losses) on:		
Hedging instruments	(7,845)	(3,913)
Hedged items attributable to the hedged risk	7,892	3,748
Hedge ineffectiveness	47	(165)

Hedge ineffectiveness is included under Net trading gains/(losses) in the Income Statement.

At 31 December 2025, the notional values of the interest rate swaps and weighted average rate were as follows:

	Maturity 2025			Maturity 2024		
	Less than 1 Year	1-5 Years	More than 5 Years	Less than 1 Year	1-5 Years	More than 5 Years
Nominal Amount (EUR mn)	218	341	154	110	787	483
Average Rate	1.7%	5.2%	1.0%	6.5%	2.1%	1.1%

Cash flow hedges

The table below shows the changes in fair value of hedging instrument used for measuring hedge ineffectiveness.

	Notional amount € 000	Asset € 000	Liabilities € 000	FV Total € 000	Recognised in OCI € 000	Recognised in the income statement in net trading income € 000
Currency forward USD	27,031	492	-	492	492	-
Currency forward GBP	16,360	228	-	228	228	-
Total	43,391	720	-	720	720	-

Notes to the Financial Statements

for the Year Ended 31 December 2025

19 Investments

The wholly owned subsidiaries of the Bank and their activities are noted below.

Subsidiaries

	€ 000
Cost or valuation	
At 1 January 2024	75,000
At 31 December 2024	75,000
At 1 January 2025	75,000
At 31 December 2025	75,000
Carrying amount	
At 31 December 2025	75,000
At 1 January 2024	75,000

Details of the subsidiaries as at 31 December 2025 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2025	2024
EAB Nominee LTD	Dormant	35 Park Lane, Mayfair, London, W1K 1RB England and Wales	100%	100%
Europe Arab Bank SA*	Banking	41 Avenue de Friedland, 75008 Paris, France	100%	100%

* 1 share is owned by EAB Nominee LTD

20 Intangible assets

There were no additions or disposals of intangible assets in 2025 (2024: nil). The Bank has intangible assets at cost amounting to €1.2 million (2024: €1.2 million) which are fully amortised (2024: fully amortised).

Notes to the Financial Statements

for the Year Ended 31 December 2025

21 Property, plant and equipment

	Freehold and leasehold improvements € 000	Furniture, fittings and equipment € 000	Computer and communication equipment € 000	Total € 000
Cost or valuation				
At 1 January 2024	4,395	747	19,855	24,997
Additions	261	58	2,932	3,251
At 31 December 2024	4,656	805	22,787	28,248
At 1 January 2025	4,656	805	22,787	28,248
Additions	-	15	2,596	2,611
At 31 December 2025	4,656	820	25,383	30,859
Depreciation				
At 1 January 2024	2,019	399	15,769	18,187
Charge for year	373	74	1,730	2,177
At 31 December 2024	2,392	473	17,499	20,364
At 1 January 2025	2,392	473	17,499	20,364
Charge for the year	385	79	2,081	2,545
At 31 December 2025	2,777	552	19,580	22,909
Carrying amount				
At 31 December 2025	1,879	268	5,803	7,950
At 31 December 2024	2,264	332	5,288	7,884

Notes to the Financial Statements

for the Year Ended 31 December 2025

22 Right of use assets

	Total € 000
Cost or valuation	
At 1 January 2024	9,378
At 31 December 2024	9,378
At 1 January 2025	9,378
Prior Year Adjustment	351
At 31 December 2025	9,729
Depreciation	
At 1 January 2024	1,725
Charge for year	1,051
Foreign Exchange Adjustments	108
At 31 December 2024	2,884
At 1 January 2025	2,884
Prior Year Adjustment	317
Charge for the year	1,129
Foreign Exchange Adjustments	(230)
At 31 December 2025	4,100
Carrying amount	
At 31 December 2025	5,629
At 31 December 2024	6,494

All right-of-use assets pertain to office leases.

23 Other assets

	2025 € 000	2024 € 000
Prepayments	5,195	5,735
Current tax receivable	1,030	1,154
Accrued interest receivable	-	1,431
Other assets and receivables	17,663	2,237
	23,888	10,557
Amounts above include:		
Due from parent company	359	67

Notes to the Financial Statements

for the Year Ended 31 December 2025

24 Pension and other schemes

Defined contribution pension scheme

The Bank operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Bank to the scheme and amounted to €1,551,224 (2024: €1,439,000).

Defined benefit scheme

The Bank sponsors the scheme which is a funded defined benefit arrangement, closed to new members and future accrual. This is a separate trustee administered fund holding the pension plan assets to meet long term pension liabilities for 349 past members as at 31 December 2025 (31 December 2024: 395). The level of retirement benefit is principally based on salary earned in the last three years of employment prior to leaving active service and is linked to changes in inflation up to retirement.

The scheme is subject to the funding legislation, which came into force on 30 December 2005, outlined in the Pensions Act 2004. This, together with documents issued by the Pensions Regulator, and Guidance Notes adopted by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension plans in the UK.

The trustees of the scheme are required to act in the best interest of the plan's beneficiaries. The appointment of the trustees is determined by the plan's trust documentation. It is policy that one third of all trustees should be nominated by the members.

The scheme was most recently valued on 31 December 2021. A full actuarial valuation, usually taking place every three years, was carried out as at 31 December 2021 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the plan is agreed between the Bank and the trustees in line with those requirements. These in particular require the surplus/deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.

The actuarial valuation as at 31 December 2021 showed a deficit. The Bank's management agreed with the trustees a recovery plan which the deficit would be eliminated through annual deficit contributions. In accordance with this recovery plan, the Bank made deficit funding contributions in 2022 and 2023. No further deficit funding contributions are required in 2024 and 2025. In addition, and in accordance with the actuarial valuation, the Bank has agreed with the trustees that it will meet the expenses of the scheme and levies payable to the Pension Protection Fund.

For the purposes of IAS19 the actuarial valuation as at 31 December 2021 has been updated on an approximate basis to 31 December 2025. There have been no changes in the valuation methodology adopted for this period's disclosures compared to the previous period's disclosures.

The Virgin Media Ltd v NTL Pension Trustees II decision was handed down by the High Court on 16th June 2023 considered the implications of section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Scheme Act 1993 only allowed the rules of contracted out schemes in respect to benefits to be altered where certain requirements were met. The court decision was subject to appeal with the court of appeal judgement published on 25 July 2024 upholding the High Court ruling.

The Trustees have no reason to believe that any amending documents were not executed correctly and therefore have assessed the risk of identifying additional liabilities as low. Following the Government statement issued in June 2025 confirming that no further appeals will be pursued, the Trustees do not consider that a present obligation exists as at the reporting date and do not expect any material impact on the defined benefit obligation recognised.

The Trustees and the bank will continue to monitor any future legislative or regulatory developments, should these arise.

Notes to the Financial Statements

for the Year Ended 31 December 2025

24 Pension and other schemes (continued)

Risks

Reconciliation of scheme assets and liabilities to assets and liabilities recognised.

The amounts recognised in the statement of financial position are as follows:

	2025 € 000	2024 € 000	2023 € 000	2022 € 000	2021 € 000
Present value of scheme liabilities	(46,728)	(50,341)	(51,257)	(49,803)	(88,746)
Fair value of scheme assets	45,302	45,731	48,157	46,233	82,585
Defined benefit pension scheme deficit	(1,426)	(4,610)	(3,100)	(3,570)	(6,161)

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2025 € 000	2024 € 000
Present value at start of year	50,341	51,257
Interest cost	2,546	2,480
Actuarial (gains) / losses	(1,484)	(3,731)
Benefits paid	(2,071)	(2,167)
Foreign exchange differences	(2,604)	2,502
Present value at end of year	46,728	50,341

The present value of defined benefit obligation decreased by €3.61m in the current year. The change in the discount rate contributed to this (5.65% for 2025; 5.45% for 2024).

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2025 € 000	2024 € 000
Fair value at start of year	45,731	48,157
Interest income	2,306	2,326
Return on plan assets, excluding amounts included in interest income/(expense)	1,701	(4,904)
Benefits paid	(2,071)	(2,167)
Translation adjustments	(2,365)	2,319
Fair value at end of year	45,302	45,731

Analysis of assets

The major categories of scheme assets are as follows:

	2025 € 000	2024 € 000
Equity instruments	8,921	4,431
Debt instruments	16,563	23,493
Diversified growth fund	1,515	1,396
Property	2,584	3,682
Cash and cash equivalents	3,625	970
Insured assets	12,094	11,759
	45,302	45,731

Notes to the Financial Statements

for the Year Ended 31 December 2025

24 Pension and other schemes (continued)

Actual return on scheme's assets

	2025 € 000	2024 € 000
Actual return on scheme assets	4,007	(2,577)

The positive return on plan assets reflects favourable market performance during the year.

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the Bank.

Amounts recognised in the income statement

	2025 € 000	2024 € 000
Amounts recognised in finance income or costs		
Net interest	239	154
Total recognised in the income statement	239	154

Amounts taken to the statement of comprehensive income

	2025 € 000	2024 € 000
Return on plan assets (excluding amounts included in net interest cost)	1,733	(4,904)
Experience gains/(losses)	428	(666)
Effects of change in demographic assumptions	(762)	102
Effects of change in financial assumptions	1,847	4,296
Translation adjustments	286	(10)
Amounts recognised in the statement of comprehensive income	3,532	(1,182)

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

Post retirement mortality assumptions

The mortality assumptions adopted imply the following life expectancies:

	Life expectancy at age 65 (years)
Current UK pensioners at retirement age – male	22.10
Current UK pensioners at retirement age – female	24.70
Future UK pensioners at retirement age – male	23.40
Future UK pensioners at retirement age – female	26.10

	2025		2024	
	Liabilities %	Assets %	Liabilities %	Assets %
Discount rate	5.65	5.40	5.45	5.35
Expected rate of inflation (RPI)	2.90	2.85	3.20	3.30
Expected rate of inflation (CPI)	2.60	2.60	2.55	2.65
Allowance for commutation of pension for cash at retirement	20.00	20.00	20.00	20.00

Notes to the Financial Statements

for the Year Ended 31 December 2025

24 Pension and other schemes (continued)

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	2025			2024		
Adjustment to discount rate	+ 0.1% € 000	0.0% € 000	- 0.1% € 000	+ 0.1% € 000	0.0% € 000	- 0.1% € 000
Present value of total obligation	(1,402)	-	1,402	(1,762)	-	1,762

	2025			2024		
Adjustment to rate of inflation	+ 0.25% € 000	0.0% € 000	- 0.25% € 000	+ 0.25% € 000	0.0% € 000	- 0.25% € 000
Present value of total obligation	561	-	(561)	705	-	(705)

	2025			2024		
Adjustment to mortality age rating assumption	+ 0.25% € 000	0.0% € 000	- 0.25% € 000	+ 0.25% € 000	0.0% € 000	- 0.25% € 000
Present value of total obligation	280	-	(280)	252	-	(252)

The defined benefit obligation is sensitive to changes in key actuarial assumptions. A decrease of 0.25 percentage points in the discount rate would increase the liabilities by approximately 3.5%, reflecting the longer present value of future cash flows. An increase of 0.25 percentage points in the inflation assumption would result in an increase in liabilities of approximately 1.4%, driven by higher expected future pension payments. In addition, an increase in life expectancy of 0.25% would increase the liabilities by approximately 0.5%, as benefits would be payable over a longer period. Each sensitivity has been calculated independently, with all other assumptions held constant.

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation and pension increases.

The scheme typically exposes the Bank to actuarial risks such as investment risk, interest rate risk, mortality risk and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to plan liabilities. This would detrimentally impact the statement of financial position and may give rise to increased charges in future. This effect would be partially offset by an increase in the value of the plan's bond holdings. Additionally, caps on inflationary increases are in place to protect the plan against extreme inflation.

The average duration of the defined benefit obligation at the period ended 31 December 2025 is 13 years (2024: 12 years).

Notes to the Financial Statements

for the Year Ended 31 December 2025

25 Deposits by banks

	2025 € 000	2024 € 000
Due to other banks	834,596	541,985
Amounts above include:		
Due to parent company	337,415	87,998
Due to fellow subsidiaries of Arab Banking Group	85,273	96,418
Due to subsidiaries	227,241	130,905
	649,929	315,321

26 Deposits by customers

	2025 € 000	2024 € 000
Deposits by customers	1,399,952	1,460,718

27 Other liabilities

	2025 € 000	2024 € 000
Accruals	15,932	12,310
Deferred income	787	439
Other payables and liabilities	-	255
	16,719	13,004
Amounts above include:		
Due to parent company	559	387
Due to fellow subsidiaries of Arab Banking Group	639	1,768
	1,198	2,155

Notes to the Financial Statements

for the Year Ended 31 December 2025

28 Leases

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on contractual undiscounted gross cash flow is reported in the table below:

	2025 € 000	2024 € 000
Less than one year	1,629	1,718
One to five years	6,307	8,369
More than five years	-	-
Total lease liabilities (undiscounted)	7,936	10,087
Lease liabilities included in the statement of financial position at 31 December	7,296	8,683

29 Subordinated liabilities

	2025 € 000	2024 € 000
USD 125 million floating rate notes USD 3M SOFR plus margin	106,592	120,523
	106,592	120,523

The Notes are perpetual, subordinated to all other creditors and are listed on the Channel Islands Stock Exchange. The Notes count as upper tier 2 capital for the Bank's regulatory capital base.

30 Share capital

Allotted, called up and fully paid shares

	2025		2024	
	No. 000	€ 000	No. 000	€ 000
Deferred shares of 1 each	50	72	50	72
Fully paid up ordinary shares of 1 each	569,926	569,926	569,926	569,926
	569,976	569,998	569,976	569,998

Notes to the Financial Statements

for the Year Ended 31 December 2025

31 Credit related commitments

Contingent obligations and banking commitments, which the Bank has entered into on behalf of customers and for which there are corresponding obligations from customers, are not included in assets and liabilities. The nominal values of such commitments are listed below:

	2025 € 000	2024 € 000
Letters of credit	82,138	120,198
Acceptances	2,116	2,311
Guarantees given to third parties	457,388	491,686
Unused credit facilities and forward contract trades	81,743	65,112
	623,385	679,307
Impairment loss allowance	(1,902)	(256)
	621,483	679,051

Letters of credit, acceptances and guarantees commit the Bank to make payments on behalf of customers in the event of a specific act including relating to imports and exports of goods. Unused credit facilities and forward contract trades refer to commitments to make loans and revolving credits.

Commitments generally have fixed expiry dates or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements. The potential credit loss is less than the total commitments since most commitments to extend credit are contingent upon customers maintaining specific standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Credit related commitments

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating and year-end stage classification.

Internal rating grade In € 000	Stage 1	Stage 2	Stage 3	Total
2025				
1-3 – investment grade	73,007	-	-	73,007
4-5 – standard monitoring	525,888	10,544	-	536,432
6 – special monitoring	9,909	1	-	9,910
7 – watch	-	-	-	-
8-10 – classified	-	-	4,036	4,036
Total	608,804	10,545	4,036	623,385
2024				
1-3 – investment grade	77,267	-	-	77,267
4-5 – standard monitoring	563,977	25,421	-	589,398
6 – special monitoring	7,967	625	-	8,592
7 – watch	-	-	-	-
8-10 – classified	-	-	4,050	4,050
Total	649,211	26,046	4,050	679,307

Notes to the Financial Statements

for the Year Ended 31 December 2025

31 Credit related commitments (continued)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

In € 000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2025	649,210	26,046	4,050	679,306
New assets originated or purchased	245,166	3,029	-	248,195
Assets derecognised or repaid (excluding write offs)	(264,875)	(6,939)	-	(271,814)
Adjustments during the period	1,235	-	-	1,235
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Foreign exchange adjustments	(21,932)	(11,591)	(14)	(33,537)
Amounts written off	-	-	-	-
At 31 December 2025	608,804	10,545	4,036	623,385
ECL allowance as at 1 January 2025	212	26	18	256
Charged to income relating to new facilities	107	11	1,610	1,728
Net charge to income	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(56)	(1)	-	(57)
Adjustments during the period	(3)	-	-	(3)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Recoveries	-	-	-	-
Foreign exchange adjustments	(20)	(2)	-	(22)
Amounts written off	-	-	-	-
At 31 December 2025	240	34	1,628	1,902

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31 Credit related commitments (continued)

In € 000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	569,725	17,665	3,908	591,298
New assets originated or purchased	232,611	1,962	-	234,573
Assets derecognised or repaid (excluding write offs)	(154,103)	(5,759)	(107)	(159,969)
Adjustments during the period	(1,592)	(59)	-	(1,651)
Transfers to Stage 1	16,037	(12,291)	(3,746)	-
Transfers to Stage 2	(23,869)	23,869	-	-
Transfers to Stage 3	(3,974)	-	3,974	-
Foreign exchange adjustments	14,375	659	21	15,055
Amounts written off	-	-	-	-
At 31 December 2024	649,210	26,046	4,050	679,306
ECL allowance as at 1 January 2024	355	35	18	408
Charged to income relating to new facilities	57	-	-	57
Net charge to income	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(66)	(4)	-	(70)
Adjustments during the period	(157)	2	-	(155)
Transfers to Stage 1	31	(31)	-	-
Transfers to Stage 2	(24)	24	-	-
Transfers to Stage 3	-	-	-	-
Recoveries	-	-	-	-
Foreign exchange adjustments	16	-	-	16
Amounts written off	-	-	-	-
At 31 December 2024	212	26	18	256

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for the Year Ended 31 December 2025

32 Related party transactions

The immediate and ultimate controlling party of the Bank and the parent of the smallest and the largest company into which the results of the Bank are consolidated is Arab Bank plc, a company incorporated in Jordan. Details of transactions between the Bank and related parties are disclosed below.

(a) Trading transactions

During the year, the Bank entered into the following trading transactions with related parties:

	Interest, fees and other income received		Interest, fees and other expense paid		Amounts owed by related parties		Amounts owed to related parties		Guarantees, acceptances and letters of credit	
	2025 € 000	2024 € 000	2025 € 000	2024 € 000	2025 € 000	2024 € 000	2025 € 000	2024 € 000	2025 € 000	2024 € 000
Parent company	397	1,040	3,616	4,248	5,188	33,176	337,974	88,385	48,200	52,793
Subsidiaries	4,061	4,219	-	-	122,881	53,384	227,241	130,905	-	-
Fellow subsidiaries*	386	727	9,998	11,805	32,206	15,578	192,504	218,709	4,820	7,165
Associates**	77	96	207	1	6,131	295	-	-	-	-
Other related parties***	238	136	1,634	1,943	-	2,009	45,714	48,521	-	-
	5,159	6,218	15,455	17,997	166,406	104,442	803,433	486,520	53,020	59,958

* Fellow subsidiaries include subsidiaries of parent company, Arab Bank plc.

** Associates include entities where the parent company, Arab Bank plc, has a significant influence over the financial and operating policy decisions, and in which it holds between 20% and 50% of the voting rights.

*** Amounts owed by other related parties includes ECL of €nil (2024: €0.1m).

The above transactions were unsecured and settled in cash. In addition, the transactions were typically made in the ordinary course of business and substantially on the same terms as for comparable transactions with third party counterparties. The expense recognised in the year for bad or doubtful debts in respect of the amounts owed by a related party was nil (2024: nil).

(b) Compensation of key management personnel

Key management compensation

	2025 € 000	2024 € 000
Short term employee benefits	5,533	5,392
Post-employment benefits	312	256
Termination benefits	545	-
	6,390	5,648

Transactions with key management personnel and each of their connected persons

Directors, other key management personnel and their connected persons have undertaken the following transactions with the Bank in the normal course of Banking business.

	2025		2024	
	No. of persons	€ 000	No. of persons	€ 000
Loans	2	9	2	14
Deposits	8	13,204	8	15,235

The transactions with Directors, key management personnel and their connected persons were transacted in the normal course of business with terms prevailing for comparable transactions and on the same terms and conditions applicable to other employees of the Bank.

Notes to the Financial Statements

for the Year Ended 31 December 2025

33 Parent and ultimate parent undertaking

The Bank's immediate parent is Arab Bank plc.

The most senior parent entity producing publicly available financial statements is Arab Bank plc.

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Arab Bank plc, incorporated in Jordan.

34 Fair value measurement

The table below provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Assets measured at fair value

	2025			
Date of valuation	Level 1 € 000	Level 2 € 000	Level 3 € 000	Total € 000
Financial assets at FVTPL	-	-	3,384	3,384
Derivative financial instruments – assets	-	12,892	-	12,892
Financial assets at fair value through – OCI	239,944	-	-	239,944
	239,944	12,892	3,384	256,220

Liabilities measured at fair value

	2025			
Date of valuation	Level 1 € 000	Level 2 € 000	Level 3 € 000	Total € 000
Derivative financial instruments – liabilities	-	7,918	-	7,918
	-	7,918	-	7,918

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. This category comprises debt securities where observable prices are available in the market.

Level 2 fair value measurements are those derived from quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data. This category comprises instruments such as interest rate swaps and forward currency contracts, valued using data such as yield curves and exchange rates, requiring little management judgement.

During the year, there are no transfers between Level 1 and Level 2.

Notes to the Financial Statements

for the Year Ended 31 December 2025

34 Fair value measurement (continued)

Level 3 fair value measurements are those derived from valuation techniques using significant unobservable inputs. Where the fair value cannot be reliably determined for an investment in equity instrument, the instrument is measured at cost except for the foreign exchange movement which is revalued through the fair value reserve.

The valuation methodology involves the Level 3 Emerald notes being valued using discounted cash flow models. Key unobservable inputs include discount rates, default probabilities and recovery rates, derived from internal assumptions given the limited market activity for such legacy financial instruments. Valuations are performed at least annually.

Level 3 recurring fair value measurements

					2025
	Opening balance € 000	Forex adjustments € 000	Fair value adjustments € 000	Redemptions € 000	Closing balance € 000
Level 3 financial assets at FVTPL	10,006	21	-	(6,643)	3,384
	10,006	21	-	(6,643)	3,384

Sensitivity of fair value of Level 3 financial instruments to unobservable inputs

The primary unobservable inputs for these securitisation positions are the discount rate and default probabilities of the underlying pool. A reasonable shift of +/- 1% in the discount rate or probability of Default would not result in a significant change to the overall fair value of the level 3 financial instruments at 31 December 2025.

Fair values of financial instruments carried at amortised cost

For financial assets and liabilities carried at amortised cost, the fair values are not materially different from the book values considering the underlying nature of the portfolios except for the following:

	2025 Fair value € 000	2025 Book value € 000	2024 Fair value € 000	2024 Book value € 000
Financial investments at amortised cost	518,247	519,028	514,196	515,123
	518,247	519,028	514,196	515,123

The Bank did not hold any material compound instruments or embedded derivatives at the year-end (2024: nil).

All Financial investments at amortised cost are classified as Level 1.

Notes to the Financial Statements

for the Year Ended 31 December 2025

35 Operating segments

For management purposes, the Bank is organised into three strategic business units based on products and services as follows:

- **Corporate & Institutional Banking ("CIB"):** principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers.
- **Treasury:** principally handling funding and liquidity for the Bank. The main focus is on money markets, foreign exchange and capital markets. Treasury also provides risk management and structured product solutions for customers of other segments of the Bank.
- **Private Banking:** principally providing high net worth clients with personal Banking services tailored to their needs. Key products include deposits, loans, overdrafts, credit cards facilities, funds transfer facilities, structured investment products, offshore Banking facilities and wealth management.

- **Other:** includes items that are not allocated to the business units, such as income from asset and liability management as well as overhead expenses.

The segmental data is prepared on a statutory basis of accounting, in line with the accounting policies set out in Note 1. Transactions between segments are on normal commercial terms and conditions. Management monitors the operating results of each of the business units separately for the purpose of performance assessment. Certain items of revenue and costs are managed on a central basis and are not allocated to business units. Interest or similar income is reported net. Management primarily relies on net interest revenue, not the gross interest revenue and expense amounts. No revenue transactions with a single non-related customer or counterparty amounted to 10% or more of the total revenue of the Bank in 2025 or 2024.

2025

	CIB € 000	Treasury € 000	Private Banking € 000	Other € 000	Total € 000
Net operating income	50,643	27,730	(6,616)	(1,094)	70,663
Inter-segment revenue	(20,705)	(18,758)	30,009	6,085	(3,369)
Total operating revenue	29,938	8,972	23,393	4,991	67,294
Net business unit contribution after allocated expenses	15,729	(258)	7,005	2,544	25,020
Impairment loss expense	(4,021)	337	(21)	(2,033)	(5,738)
Profit/(loss) before tax	11,708	79	6,984	511	19,282
Tax (expense)/credit	-	-	-	(2,690)	(2,690)
Profit/(loss) for the year	11,708	79	6,984	(2,179)	16,592

2024

	CIB € 000	Treasury € 000	Private Banking € 000	Other € 000	Total € 000
Net operating income	47,593	37,484	(15,576)	(2,744)	66,757
Inter-segment revenue	(22,637)	(22,455)	36,423	6,732	(1,937)
Total operating revenue	24,956	15,029	20,847	3,988	64,820
Net business unit contribution after allocated expenses	10,204	6,132	6,304	2,205	24,845
Impairment loss expense	(6,262)	827	31	3	(5,401)
Profit/(loss) before tax	3,942	6,959	6,335	2,208	19,444
Tax (expense)/credit	-	-	-	(2,575)	(2,575)
Profit/(loss) for the year	3,942	6,959	6,335	(367)	16,869

Notes to the Financial Statements

for the Year Ended 31 December 2025

35 Operating segments (continued)

The assets and liabilities held by the business units of the Bank are detailed below:

	CIB € 000	Treasury € 000	Private Banking € 000	Other € 000	Total € 000
Segment assets	967,293	1,199,262	433,569	119,532	2,719,656
Segment liabilities	270,148	843,785	1,111,492	149,969	2,375,394

	CIB € 000	Treasury € 000	Private Banking € 000	Other € 000	Total € 000
Segment assets	898,350	984,415	395,652	211,856	2,490,273
Segment liabilities	299,816	518,047	1,194,213	157,034	2,169,110

The analysis of net operating income below is based on the location of the customer giving rise to the revenue.

Countrywise breakdown	2025	2024
United Kingdom	57,783	46,848
Germany	8,032	17,452
France	7,668	5,942
Oman	7,240	8,082
Jordan	(19,368)	(23,534)
Other	9,308	11,967
	70,663	66,757

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management

36.1 Risk management policies

The Bank's Risk Appetite is approved by the Board of Directors, and defines the types and amounts of risk that the Bank is willing to take in pursuit of its business strategy. This is reviewed regularly and provides qualitative statements, quantitative measures and detailed underlying limits for the purposes of the management and monitoring of risk appetite.

The Bank's risks are managed taking into account the following principles:

- risk management accountability rests with each department concerned;
- there is independent and effective risk oversight and assurance;
- the process is underpinned by comprehensive, proportionate, transparent and objective disclosure of risk exposures to senior management, the Board of Directors, oversight committees, regulators, rating agencies, Arab Bank Group and other stakeholders;
- capital, liquidity and earnings are protected by the effective controlling of the risk exposures across all material risk types and businesses; and
- a strong ethical and risk culture is maintained so that risk awareness is embedded into all activities.

The Bank maintains high standards of internal controls, with clear accountabilities for risk management, applying a governance model which enables oversight and management of risks.

The Board of Directors has an established Committee of the Board, the Board Audit & Risk Committee, to assist the Board of Directors in fulfilling its oversight responsibilities. The function of the Board Audit & Risk Committee is to encourage and safeguard the highest standards of integrity, financial reporting, risk management and internal control on behalf of the Board of Directors.

The Chief Risk Officer ("CRO") is a senior executive who works closely with the Chief Executive Officer ("CEO"), and liaises with the Board of Directors through the Board Audit & Risk Committee. The CRO is responsible for ensuring that effective best practice risk mitigation is in place in the Bank. The CRO is tasked with taking a comprehensive view of risks that might impact on the Bank, embedding an effective EAB Risk Management (ERM) Framework into the overall strategy and operations, and continually strengthening the Bank's approach to risk management.

EAB's risk governance is predicated on the industry standard three lines of defence model. Line One includes the Strategic Business Units and Support Units and has the responsibility for risk management and control. Line Two is responsible for risk oversight, providing independent oversight and challenge of risk and compliance issues, and includes Risk and Compliance. Line Three is Internal Audit and is responsible for risk assurance, providing confirmation that Lines One and Two are operating effectively and in accordance with the stipulated risk governance arrangements. The Bank recognises the risk posed by climate change and the importance of supporting the transition to a carbon neutral economy. The relatively short-dated tenor and diversification of the Bank's assets mitigates any material climate risk exposure to the overall financial statements in the short term. However, the work to further review the longer-term risks and opportunities posed by climate change remains ongoing at present.

The information in note 36 describes the main Banking risks, committees with responsibility for these risks and the policies of the Bank to manage them. The Directors are confident that the current risk management structure is sufficient for identification, monitoring and control of significant financial risks to the Bank at present.

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.2 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Bank. The Bank has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from default.

The Executive Credit Committee is responsible for approving credit recommendations and making other credit decisions in accordance with the delegated lending authorities within the Credit Policy Manual. This includes decisions on individual credits, and reviewing and making recommendations above the delegated authorities, to the Board of Directors.

The Bank's lending priorities are a function of the credit skills and experience of its lending officers. For reasons of safety and soundness and to maintain the quality of the portfolio, the Bank will concentrate in those areas in which it has a competitive advantage, knowledge of the particular market and a good understanding of the commercial and political risks involved within those markets.

The Credit Policy Manual refers to all direct (loans or overdrafts), indirect (typically construction bonds) and contingent (letters of credit) credit exposures. It includes details on lending authorities, large exposures, portfolio management, transactions with parent and affiliates, country risk exposure, problematic exposures, limit management (e.g. obligor, industry & country limits), collateral and provisioning.

The Board of Directors approves the Credit Policy Manual and any interim amendments.

The Bank also measures concentration exposure to each industry sector and country of risk. Credit exposures are also stress tested regularly. Portfolio risk and credit stress testing are reviewed by the Executive Risk and Compliance Committee, chaired by the CRO.

Impairment

The Bank's policy is to recognise an impairment allowance based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss) or LTECL, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The Bank assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. Exposures are considered to have resulted in a significant increase in credit risk when (i) there is a drop in the credit rating which is mapped to the relevant PD as defined in 1(e), (ii) Accounts meet the portfolio's 'high risk' criteria, defined as an internal rating of 7 and above, and are subject to closer credit monitoring (Qualitative test), (iii) Accounts that are 30 calendar days or more past due.

In its ECL models, the Bank relies on a broad range of forward-looking information as economic inputs in the regions in which it operates, such as:

- GDP growth
- Commodity prices
- Unemployment rates
- Central Bank base rates
- House price and stock market indices

ECLs are calculated on an individual basis.

Most of the ECL losses relate to Stage 3 assets which are at different stages of resolution or foreclosure. The Bank uses various scenarios and weights to calculate the modelled ECL losses for such assets. All scenarios and weights, which are bespoke to each asset, are reviewed on a regular basis and involve estimates including collateral valuation, restructuring and foreclosure amongst others. The table showing the sensitivity analysis for Stage 3 assets based on different scenarios as at 31 December 2025 is detailed in note 1 significant accounting policies, modelled ECL provision above.

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.2 Credit risk (continued)

Quality of assets

Financial assets split by external ratings (excluding derivatives and other financial assets at fair value), where available, for 2025 and 2024. Interest receivable pertains to stage 1 and 2 assets:

	Gross € 000	Total € 000			
Debt investments at amortised cost					
Investment Grade	513,336	513,336			
Gross carrying amount	513,336	513,336			
Debt investments at FVOCI					
Investment Grade	236,445	236,445			
Gross carrying amount	236,445	236,445			
	2025				
	Cash, balances with central banks and due from banks € 000	Loans and advances to customers € 000	Financial assets at amortised cost € 000	Guarantees, letters of credit and unused credit facilities € 000	Total € 000
Stage 1					
AAA to AA-	419,930	-	63,413	17,122	500,465
A+ to A-	192,737	9,482	208,960	55,135	466,314
BBB+ to B-	126,712	115,105	219,117	536,547	997,481
Below B-	-	-	-	-	-
Unrated	22,003	877,266	21,846	-	921,115
	761,382	1,001,853	513,336	608,804	2,885,375
Past due but not impaired	-	1,797	-	-	1,797
Stage 2					
AAA to AA-	-	-	-	-	-
A+ to A-	-	-	-	-	-
BBB+ to B-	-	-	-	10,545	10,545
Below B-	-	1,076	-	-	1,076
Unrated	-	44,181	-	-	44,181
	-	45,257	-	10,545	55,802
Past due but not impaired	-	-	-	-	-

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for the Year Ended 31 December 2025

36 Risk management (continued)

36.2 Credit risk (continued)

					2025
	Cash, balances with central banks and due from banks € 000	Loans and advances to customers € 000	Financial assets at amortised cost € 000	Guarantees, letters of credit and unused credit facilities € 000	Total € 000
Stage 3					
AAA to AA-	-	-	-	-	-
A+ to A-	-	-	-	-	-
BBB+ to B-	-	-	-	-	-
Below B-	7,248	-	-	-	7,248
Unrated	-	42,524	-	4,036	46,560
	7,248	42,524	-	4,036	53,808
Gross	768,630	1,091,431	513,336	623,385	2,996,782
ECLs					
Stage 1	9	3,287	726	239	4,261
Stage 2	-	60	-	35	95
Stage 3	7,248	32,263	-	1,628	41,139
	7,257	35,610	726	1,902	45,495
Net before interest receivable	761,373	1,055,821	512,610	621,483	2,951,287
Interest receivable	109	8,863	6,418	-	15,390
Net	761,482	1,064,684	519,028	621,483	2,966,677

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.2 Credit risk (continued)

					2024
	Cash, balances with central banks and due from banks € 000	Loans and advances to customers € 000	Financial assets at amortised cost € 000	Guarantees, letters of credit and unused credit facilities € 000	Total € 000
Stage 1					
AAA to AA-	325,434	-	68,308	19,302	413,044
A+ to A-	231,182	55,425	190,895	57,965	535,467
BBB+ to B-	102,161	73,244	250,067	571,943	997,415
Below B-	-	-	-	-	-
Unrated	309	847,622	-	-	847,931
	659,086	976,291	509,270	649,210	2,793,857
Past due but not impaired	-	427	-	-	427
Stage 2					
AAA to AA-	-	-	-	-	-
A+ to A-	-	-	-	-	-
BBB+ to B-	-	-	-	26,046	26,046
Below B-	-	-	-	-	-
Unrated	-	21,996	-	-	21,996
	-	21,996	-	26,046	48,042
Past due but not impaired	-	-	-	-	-
Stage 3					
AAA to AA-	-	-	-	-	-
A+ to A-	-	-	-	-	-
BBB+ to B-	-	-	-	-	-
Below B-	8,196	1,829	-	-	10,025
Unrated	-	50,800	-	4,050	54,850
	8,196	52,629	-	4,050	64,875
Gross	667,282	1,051,343	509,270	679,306	2,907,201
ECLs					
Stage 1	50	3,155	992	212	4,409
Stage 2	-	50	-	26	76
Stage 3	8,196	32,987	-	18	41,201
	8,246	36,192	992	256	45,686
Net before interest receivable	659,036	1,015,151	508,278	679,050	2,861,515
Interest receivable	55	8,653	5,177	-	13,885
Net	659,091	1,023,804	513,455	679,050	2,875,400

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.2 Credit risk (continued)

Internal ratings are mapped to a range of external ratings but also take into account other behavioural aspects of the counterparty and historical performance:

Quality of assets split by Bank's internal credit rating system (excluding derivatives and other financial assets at fair value). Interest receivable pertains to stage 1 and 2 assets:

					2025
	Cash, balances with central banks and due from banks € 000	Loans and advances to customers € 000	Financial assets at amortised cost € 000	Guarantees, letters of credit and unused credit facilities € 000	Total € 000
Stage 1 – net of ECL					
1-3 – investment grade	613,073	234,494	272,248	73,007	1,192,822
4-5 – standard monitoring	148,298	669,937	236,103	525,650	1,579,988
6 – special monitoring	2	95,932	4,259	9,909	110,102
7 – watch	-	-	-	-	-
8-10 – classified	-	-	-	-	-
	761,373	1,000,363	512,610	608,566	2,882,912
Stage 2 – net of ECL					
1-3 – investment grade	-	1,170	-	-	1,170
4-5 – standard monitoring	-	35,837	-	10,509	46,346
6 – special monitoring	-	8,190	-	1	8,191
7 – watch	-	-	-	-	-
8-10 – classified	-	-	-	-	-
	-	45,197	-	10,510	55,707
Stage 3 – net of ECL					
1-3 – investment grade	-	-	-	-	-
4-5 – standard monitoring	-	-	-	-	-
6 – special monitoring	-	-	-	-	-
7 – watch	-	1,759	-	-	1,759
8-10 – classified	-	8,502	-	2,407	10,909
	-	10,261	-	2,407	12,668
Net before interest receivable	761,373	1,055,821	512,610	621,483	2,951,287
Interest receivable	109	8,863	6,418	-	15,390
Net	761,482	1,064,684	519,028	621,483	2,966,677

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for the Year Ended 31 December 2025

36 Risk management (continued)

36.2 Credit risk (continued)

					2024
	Cash, balances with central banks and due from banks € 000	Loans and advances to customers € 000	Financial assets at amortised cost € 000	Guarantees, letters of credit and unused credit facilities € 000	Total € 000
Stage 1 – net of ECL					
1-3 – investment grade	557,034	281,718	258,829	77,267	1,174,848
4-5 – standard monitoring	101,993	612,174	234,785	563,754	1,512,706
6 – special monitoring	9	79,671	14,664	7,978	102,322
7 – watch	-	-	-	-	-
8-10 – classified	-	-	-	-	-
	659,036	973,563	508,278	648,999	2,789,876
Stage 2 – net of ECL					
1-3 – investment grade	-	1,236	-	-	1,236
4-5 – standard monitoring	-	11,423	-	25,394	36,817
6 – special monitoring	-	9,287	-	625	9,912
7 – watch	-	-	-	-	-
8-10 – classified	-	-	-	-	-
	-	21,946	-	26,019	47,965
Stage 3 – net of ECL					
1-3 – investment grade	-	-	-	-	-
4-5 – standard monitoring	-	-	-	-	-
6 – special monitoring	-	-	-	-	-
7 – watch	-	2,377	-	-	2,377
8-10 – classified	-	17,265	-	4,032	21,297
	-	19,642	-	4,032	23,674
Net before interest receivable	659,036	1,015,151	508,278	679,050	2,861,515
Interest receivable	55	8,653	5,177	-	13,885
Net	659,091	1,023,804	513,455	679,050	2,875,400

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36 Risk management (continued)

36.2 Credit risk (continued)

Derivative and other financial assets at fair value balances split by external and internal ratings for 2025 and 2024:

				2025
	Derivative assets	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Total
	€ 000	€ 000	€ 000	€ 000
External ratings				
AAA to AA-	342	-	185,949	186,291
A+ to A-	11,752	-	40,316	52,068
BBB+ to B-	67	-	10,180	10,247
Below B-	-	-	-	-
Unrated	731	3,359	-	4,090
	12,892	3,359	236,445	252,696
Interest receivable		25	3,499	3,524
Total		3,384	239,944	256,220
Internal ratings				
1-3 – investment grade	12,813	-	226,265	239,078
4-5 – standard monitoring	79	3,359	10,180	13,618
6 – special monitoring	-	-	-	-
7 – watch	-	-	-	-
8-10 – classified	-	-	-	-
	12,892	3,359	236,445	252,696
Interest receivable		25	3,499	3,524
Total		3,384	239,944	256,220

Debt securities under financial assets at fair value through OCI are neither past due nor impaired as at 31 December 2025.

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.2 Credit risk (continued)

				2024
	Derivative assets € 000	Financial assets at fair value through profit or loss € 000	Financial assets at fair value through OCI € 000	Total € 000
External ratings				
AAA to AA-	821	-	124,515	125,336
A+ to A-	24,284	-	5,202	29,486
BBB+ to B-	16,077	3,970	5,117	25,164
Below B-	-	5,842	-	5,842
Unrated	717	-	-	717
	41,899	9,812	134,834	186,545
Interest receivable		194	1,474	1,668
Total		10,006	136,308	188,213
Internal ratings				
1-3 – investment grade	25,619	-	129,717	155,336
4-5 – standard monitoring	16,280	3,970	5,117	25,367
6 – special monitoring	-	-	-	-
7 – watch	-	-	-	-
8-10 – classified	-	5,842	-	5,842
	41,899	9,812	134,834	186,545
Interest receivable		194	1,474	1,668
Total		10,006	136,308	188,213

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.2 Credit risk (continued)

Concentration of risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same risk country, or have similar economic features that would cause their ability to meet contractual obligations to be affected by changes in economic, political or other conditions. The Bank monitors credit concentration risk through the Executive Risk and Compliance Committee and in turn reports material exposures and concerns to the Board Audit and Risk Committee and the Board of Directors. The Bank also uses a number of controls and processes to mitigate undue concentrations of exposure including portfolio and counterparty limits, approval and review controls, and stress testing.

Industrial exposure to financial assets and credit related contingent liabilities and commitments as at 31 December 2025 and 31 December 2024 (excluding derivatives and other financial assets at fair value). Interest receivable pertains to stage 1 and 2 assets:

					2025
	Cash, balances with central banks and due from banks € 000	Loans and advances to customers € 000	Financial assets at amortised cost € 000	Guarantees, letters of credit and unused credit facilities € 000	Total € 000
Stage 1 – net of ECL					
Central and local government	-	-	91,851	-	91,851
Financial institutions	761,373	50,787	229,587	69,874	1,111,621
Individuals	-	118,241	-	-	118,241
Industrial and commercial	-	831,335	191,172	538,692	1,561,199
	761,373	1,000,363	512,610	608,566	2,882,912
Stage 2 – net of ECL					
Central and local government	-	-	-	-	-
Financial institutions	-	8,190	-	-	8,190
Individuals	-	10,124	-	-	10,124
Industrial and commercial	-	26,883	-	10,510	37,393
	-	45,197	-	10,510	55,707
Stage 3 – net of ECL					
Central and local government	-	-	-	-	-
Financial institutions	-	-	-	-	-
Individuals	-	329	-	-	329
Industrial and commercial	-	9,932	-	2,407	12,339
	-	10,261	-	2,407	12,668
Net before interest receivable	761,373	1,055,821	512,610	621,483	2,951,287
Interest receivable	109	8,863	6,418	-	15,390
Net	761,482	1,064,684	519,028	621,483	2,966,677

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.2 Credit risk (continued)

					2024
	Cash, balances with central banks and due from banks € 000	Loans and advances to customers € 000	Financial assets at amortised cost € 000	Guarantees, letters of credit and unused credit facilities € 000	Total € 000
Stage 1 – net of ECL					
Central and local government	-	-	123,738	-	123,738
Financial institutions	659,036	32,287	219,178	56,929	967,430
Individuals	-	121,869	-	-	121,869
Industrial and commercial	-	819,407	165,362	592,025	1,576,794
	659,036	973,563	508,278	648,954	2,789,831
Stage 2 – net of ECL					
Central and local government	-	-	-	-	-
Financial institutions	-	9,286	-	-	9,286
Individuals	-	7,660	-	-	7,660
Industrial and commercial	-	5,000	-	26,046	31,046
	-	21,946	-	26,046	47,992
Stage 3 – net of ECL					
Central and local government	-	-	-	-	-
Financial institutions	-	-	-	-	-
Individuals	-	165	-	-	165
Industrial and commercial	-	19,477	-	4,050	23,527
	-	19,642	-	4,050	23,692
Net before interest receivable	659,036	1,015,151	508,278	679,050	2,861,515
Interest receivable	55	8,653	5,177	-	13,885
Net	659,091	1,023,804	513,455	679,050	2,875,400

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.2 Credit risk (continued)

					2025
	Cash, balances with central banks and due from banks € 000	Loans and advances to customers € 000	Financial assets at amortised cost € 000	Guarantees, letters of credit and unused credit facilities € 000	Total € 000
Stage 1 – net of ECL					
UK	378,371	584,640	54,388	19,581	1,036,980
Europe	129,707	105,628	69,432	445,162	749,929
Arab Countries	129,264	307,805	292,238	81,611	810,918
North America	123,534	2,278	23,250	62,212	211,274
Asia	410	-	-	-	410
Other	87	12	73,302	-	73,401
	761,373	1,000,363	512,610	608,566	2,882,912
Stage 2 – net of ECL					
UK	-	37,007	-	-	37,007
Europe	-	-	-	10,317	10,317
Arab Countries	-	8,190	-	-	8,190
North America	-	-	-	193	193
Asia	-	-	-	-	-
Other	-	-	-	-	-
	-	45,197	-	10,510	55,707
Stage 3 – net of ECL					
UK	-	-	-	-	-
Europe	-	-	-	2,407	2,407
Arab Countries	-	10,261	-	-	10,261
North America	-	-	-	-	-
Asia	-	-	-	-	-
Other	-	-	-	-	-
	-	10,261	-	2,407	12,668
Net before interest receivable	761,373	1,055,821	512,610	621,483	2,951,287
Interest receivable	109	8,863	6,418	-	15,390
Net	761,482	1,064,684	519,028	621,483	2,966,677

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.2 Credit risk (continued)

					2024
	Cash, balances with central banks and due from banks € 000	Loans and advances to customers € 000	Financial assets at amortised cost € 000	Guarantees, letters of credit and unused credit facilities € 000	Total € 000
Stage 1 – net of ECL					
UK	232,133	557,721	59,414	34,173	883,441
Europe	242,858	101,519	95,670	509,556	949,603
Arab Countries	50,889	312,184	286,695	43,556	693,324
North America	84,441	2,139	33,392	61,669	181,641
Asia	48,599	-	-	-	48,599
Other	116	-	33,107	-	33,223
	659,036	973,563	508,278	648,954	2,789,831
Stage 2 – net of ECL					
UK	-	7,660	-	624	8,284
Europe	-	5,000	-	25,204	30,204
Arab Countries	-	9,286	-	-	9,286
North America	-	-	-	218	218
Asia	-	-	-	-	-
Other	-	-	-	-	-
	-	21,946	-	26,046	47,992
Stage 3 – net of ECL					
UK	-	1,826	-	-	1,826
Europe	-	-	-	4,050	4,050
Arab Countries	-	17,816	-	-	17,816
North America	-	-	-	-	-
Asia	-	-	-	-	-
Other	-	-	-	-	-
	-	19,642	-	4,050	23,692
Net before interest receivable	659,036	1,015,151	508,278	679,050	2,861,515
Interest receivable	55	8,653	5,177	-	13,885
Net	659,091	1,023,804	513,455	679,050	2,875,400

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.2 Credit risk (continued)

Industrial and geographical exposure to derivative assets, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income balances as at 31 December 2025 and 31 December 2024 is presented below:

				2025
	Derivative assets	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Total
	€ 000	€ 000	€ 000	€ 000
Industrial exposure				
Central and local government	-	-	143,896	143,896
Financial institutions	12,892	-	73,784	86,676
Industrial and commercial	-	3,359	18,765	22,124
Others	-	-	-	-
	12,892	3,359	236,445	252,696
Interest receivable		25	3,499	3,524
Total		3,384	239,944	256,220
Geographical exposure				
UK	5,071	-	39,093	44,164
Europe	7,662	-	166,650	174,312
Arab Countries	79	-	9,375	9,454
Asia	80	-	21,327	21,407
Others	-	3,359	-	3,359
	12,892	3,359	236,445	252,696
Interest receivable		25	3,499	3,524
Total		3,384	239,944	256,220

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.2 Credit risk (continued)

				2024
	Derivative assets € 000	Financial assets at fair value through profit or loss € 000	Financial assets at fair value through OCI € 000	Total € 000
Industrial exposure				
Central and local government	-	-	116,003	116,003
Financial institutions	41,899	-	13,929	55,828
Industrial and commercial	-	9,812	4,902	14,714
Others	-	-	-	-
	41,899	9,812	134,834	186,545
Interest receivable		194	1,474	1,668
Total		10,006	136,308	188,213
Geographical exposure				
UK	21,312	5,842	34,744	61,898
Europe	20,141	-	100,090	120,231
Arab Countries	203	-	-	203
Asia	243	-	-	243
Others	-	3,970	-	3,970
	41,899	9,812	134,834	186,545
Interest receivable		194	1,474	1,668
Total		10,006	136,308	188,213

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.2 Credit risk (continued)

Credit derivatives and collateral

The Bank did not hold any credit derivatives during the year (2024: nil) to reduce the exposure to credit risk on any of the instruments.

The Bank accepts certain forms of collateral subject to legal review and appropriate documentation in accordance with the Credit policy manual. As a principle, assets held as collateral in favour of the Bank must be sufficiently liquid and their value over time sufficiently stable to provide the Bank with acceptable certainty as to the value of the risk mitigation upon which it relies. Exceptions have to be approved through the credit process.

The Credit department keeps a comprehensive record of collateral received. The Bank primarily accepts the following forms of collateral, subject to meeting the necessary legal and risk requirements:

- Cash;
- Support instruments including Bank, corporate and personal guarantees;
- Debt securities subject to meeting the external and/or internal rating criteria;
- Equities from companies within European Economic Area ("EEA") subject to rating, listing and liquidity requirements;
- Property, residential and/or commercial situated within EEA states or the MENA region subject to meeting the specified criteria; or
- Other security including trade and other receivables, stocks and inventories, plant and machinery and specialised assets such as aircraft and ships, etc.

The Credit department is responsible for regular updates to the valuation of the underlying collateral as required by the Credit policy manual. The documentation entered into with the obligor specifies the Bank's rights and ability to liquidate the collateral, if required. The Executive Credit Committee is responsible for decisions regarding liquidation or appropriation of collateral based on recommendations from the Head of Credit and advice from the Legal department.

During the year, and also in the preceding year, there was no possession of underlying collateral by the Bank.

The carrying amount of financial assets recorded in the statement of financial position, net of any allowances for losses, represents the Bank's maximum exposure to credit risk without taking account of any collateral obtained.

The tables below show the maximum exposure to credit risk by class of financial asset. They also show the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.2 Credit risk (continued)

	Outstanding balance	Fair value of collateral					Total collaterals	Net outstanding balance	ECL
		Cash margin	Shares	Bank guarantees	Real estate	Other			
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
2025									
Loans and advances to customers:	1,100,294	14,106	24,626	511	203,926	106,992	350,161	1,064,684	35,610
Guarantees, letters of credit and other commitments	623,385	16,792	-	-	-	-	16,792	621,483	1,902
	1,723,679	30,898	24,626	511	203,926	106,992	366,953	1,686,167	37,512
2024									
Loans and advances to customers:	1,059,996	5,638	32,991	512	211,198	142,613	392,952	1,023,804	36,192
Guarantees, letters of credit and other commitments	679,307	16,792	-	-	-	-	16,792	679,051	256
	1,739,303	22,430	32,991	512	211,198	142,613	409,744	1,702,855	36,448

In general collateral held cannot be pledged or resold unless on default of the counter-party. No assets were pledged as collateral for liabilities.

Offsetting of financial assets and liabilities

The Bank does not regularly use netting agreements except those embedded within the ISDA agreements, plus specific netting agreements with certain Arab Bank Group entities largely for contingent facilities. Note 36.4 discloses the gross contractual cash flows of the Bank's interest rate swaps and forward currency contracts. At 31 December 2025, the Bank has placed €1.8m of cash collateral in respect of its forward currency contracts, and holds €1.4m cash collateral for its interest rate swaps.

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.3 Market risk

The Bank's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Risks are managed individually through the use of limits and restricting product exposures. The Asset & Liability Committee ("ALCO") sets and monitors the market risk limits and meets once a month but receives risk reports regularly. The committee is also convened whenever the business encounters heightened market risk conditions.

36.3.1 Interest rate risk management

The Bank is exposed to interest rate risk as the Bank borrows / lends funds at both fixed and floating interest rates.

The Bank identifies the following types of interest rate risk:

- **Re-pricing risk** – This risk results from differences between the timing of interest rate fixings for assets and liabilities.
- **Yield curve risk** – This risk arises from changes in the shape and slope of the yield curve.
- **Other risks** – Other market risks that may become more relevant in the future include basis risk (arising from imperfect correlation in the adjustment of the rates earned and paid on different instruments with otherwise similar re-pricing characteristics); optionality risk (arising from the options embedded in Bank assets, liabilities and off- balance sheet portfolios); and reinvestment risk (arising from changing interest rates generating increasing interest costs but not increasing interest revenues). The Bank recognises that reinvestment risk may become material in future years and plans to add appropriate measurement, monitoring and reporting capabilities when necessary.

The interest rate risks that have been identified can have an impact on both the earnings and economic value of the Bank and as a consequence the Board of Directors seeks to manage these risks to ensure the achievement of its business objectives.

The ALCO manages interest rate risk by the establishment of a Market risk policy that reflects the overall risk appetite. The overall risk appetite is approved by the Board of Directors and reviewed regularly.

The ALCO manages interest rate risk through the use of:

- List of permitted products.
- Interest rate risk limits: a maximum basis point value amount (segmented into sub-limits by major currency and time bucket).
- A suite of stress tests that models changes to yield curves both in absolute terms and in terms of changes to the shapes of the curves.

The day-to-day management of interest rate risk lies with the Treasury team. The monitoring and reporting of interest rate risk on a daily basis is performed by an independent Treasury valuation control function that reports to the CFO. The system of controls over interest rate risk is subject to oversight by the Risk control team which reports to the Chief Risk Officer.

The following tables provide a summary of the interest rate re-pricing profile of the Bank's assets and liabilities. Assets and liabilities have been allocated to time bands by reference to the earlier of the next interest rate reset date and the contractual maturity date. Financial assets and liabilities with a floating rate are exposed to cash flow interest rate risk, and this risk is reflected predominantly in the time bands below twelve months. Financial assets and liabilities with a fixed rate are exposed to fair value interest rate risk, which is reflected predominantly in the time bands beyond twelve months. Financial assets and liabilities not directly exposed to interest rate risk will appear in the non-interest bearing time band. The table does not take account of notional amount of derivative financial instruments whose effect is to alter the interest basis of the Bank's assets and liabilities.

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.3 Market risk (continued)

36.3.1 Interest rate risk management (continued)

								2025
	Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 12 months	1 to 3 years	After 3 years	Non-interest bearing balances	Total
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Assets								
Cash and balances at central banks	371,417	-	-	-	-	-	-	371,417
Due from banks	292,904	19,187	-	-	-	-	77,974	390,065
Fair value through profit or loss	3,384	-	-	-	-	-	-	3,384
Fair value through OCI	10,456	5,757	229	30,323	48,936	144,243	-	239,944
Loans and advances to customers	780,096	161,125	121,081	-	-	2,316	66	1,064,684
Financial investments at amortised cost	81,916	55,667	18,235	37,835	78,723	246,652	-	519,028
Derivatives	713	405	502	923	2,418	6,356	1,575	12,892
Other assets	-	-	-	-	-	-	118,242	118,242
Total assets	1,540,886	242,141	140,047	69,081	130,077	399,567	197,857	2,719,656
Liabilities and equity								
Deposits by banks	600,460	112,446	37,126	51,586	-	-	32,978	834,596
Customer accounts	461,352	302,481	221,370	109,916	-	-	304,833	1,399,952
Derivatives	248	11	134	-	703	2,377	4,445	7,918
Other liabilities	-	-	-	-	-	-	26,336	26,336
Subordinated liabilities	-	106,592	-	-	-	-	-	106,592
Shareholders' equity	-	-	-	-	-	-	344,262	344,262
Total liabilities and equity	1,062,060	521,530	258,630	161,502	703	2,377	712,854	2,719,656
Interest rate sensitivity gap	478,826	(279,389)	(118,583)	(92,421)	129,374	397,190	(514,997)	

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.3 Market risk (continued)

36.3.1 Interest rate risk management (continued)

								2024
	Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 12 months	1 to 3 years	After 3 years	Non-interest bearing balances	Total
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Assets								
Cash and balances at central banks	224,962	-	-	-	-	-	-	224,962
Due from banks	404,804	-	4,364	-	-	-	24,961	434,129
Fair value through profit or loss	4,007	5,999	-	-	-	-	-	10,006
Fair value through OCI	654	379	103	338	57,654	77,180	-	136,308
Loans and advances to customers	783,262	113,931	124,243	-	-	2,368	-	1,023,804
Financial investments at amortised cost	7,347	15,707	29,148	44,767	222,524	193,242	720	513,455
Derivatives	38,338	1,755	1,806	-	-	-	-	41,899
Other assets	-	-	-	-	-	-	105,710	105,710
Total assets	1,463,374	137,771	159,664	45,105	280,178	272,790	131,391	2,490,273
Liabilities and equity								
Deposits by banks	252,766	66,204	51,419	23,140	-	-	148,456	541,985
Customer accounts	470,667	397,399	186,917	119,944	-	-	285,791	1,460,718
Derivatives	8,346	2,811	5,417	815	-	-	-	17,389
Other liabilities	-	-	-	-	-	-	28,494	28,494
Subordinated liabilities	-	120,523	-	-	-	-	-	120,523
Shareholders' equity	-	-	-	-	-	-	321,164	321,164
Total liabilities and equity	731,779	586,937	243,753	143,899	-	-	783,905	2,490,273
Interest rate sensitivity gap	731,595	(449,166)	(84,089)	(98,794)	280,178	272,790	(652,514)	

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.3 Market risk (continued)

36.3.2 Foreign currency risk management

Most of the Bank's activities fall into one of three currencies: EUR, GBP and USD. However, the Bank has business interests in a number of different geographic regions and thus additional foreign currency positions are held.

The Bank identifies foreign exchange rate risk as the risk to future cash-flows from adverse foreign exchange movements.

Foreign exchange rate risk can have an impact on both the earnings and economic value of the Bank and as a consequence the Board of Directors seeks to manage these risks to ensure the achievement of its business objectives.

The ALCO manages foreign exchange rate risk by the establishment of a Market Risk Policy that reflects the overall risk appetite and which is approved by the Board of Directors and reviewed regularly.

The ALCO manages foreign exchange risk through the use of:

- List of permitted trading currencies;
- Foreign exchange trading limits – maximum daylight and overnight limits are set for both spot and forward foreign exchange trades;

- Foreign exchange stop loss limits – maximum limits are set per book for the time horizons of day, month and year; and
- A suite of stress tests that models changes to foreign exchange rates.

Management information systems are in place to measure foreign exchange risk, which is measured as the estimate of the exposures/liabilities accepted in non-Euro currencies which are not offset by a corresponding position or derivative transaction. The day-to-day management of foreign exchange risk lies with the Treasury team. The monitoring and reporting of foreign exchange risk on a daily basis is performed by an independent Treasury Valuation Control function that reports to the Head of Finance. The system of controls over foreign exchange risk is subject to oversight by the Risk Control team which reports to the Chief Risk Officer. Senior management receive market risk reports, including foreign exchange, and are notified immediately of any breaches of the foreign exchange limits.

Utilisation of foreign exchange limits is measured as the sum of the absolute Euro equivalent values of all non-Euro currency positions. Throughout the period the utilisation has not exceeded the limit.

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.3 Market risk (continued)

36.3.2 Foreign currency risk management (continued)

Currency	2025 CCY 000	2025 € 000	2024 CCY 000	2024 € 000
UAE Dirham	41	10	1,049	275
Australian Dollar	32	18	91	55
Bahraini Dinar	7	17	41	106
Canadian Dollar	5	3	(5)	(3)
Swiss Franc	(24)	(26)	27	29
Danish Kroner	-	-	-	-
Algerian Dinars	1,943	13	1,016	7
Egyptian Pounds	(248)	(4)	144	3
Euro	2,870	2,870	2,792	2,792
Sterling	(31)	(36)	183	221
Israeli Shekel	60	16	24	6
Indian Rupee	-	-	-	-
Jordanian Dinar	14	17	(69)	(94)
Japanese Yen	872	5	36	-
Kuwaiti Dinar	4	10	22	69
Moroccan Dirham	65	6	5	1
Norwegian Kroner	-	-	(1)	-
New Zealand Dollars	-	-	-	-
Omani Rial	24	54	20	51
Qatari Riyals	279	65	86	23
Saudi Riyals	241	55	(62)	(16)
Swedish Kroner	(10)	(1)	-	-
Tunisian Dinar	(10)	(3)	(5)	(1)
Singapore Dollar	-	-	-	-
US Dollar	(120)	(102)	(1,189)	(1,146)
Yemen Riyals	15	-	15	-
Total (excluding EUR balance)		117		(414)

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.3 Market risk (continued)

36.3.3 Sensitivity analysis

The following table details the Bank's sensitivity to various risk variables. The analysis has been performed using the following assumptions:

- Reasonable changes in interest rates are considered based on internal reporting to key management personnel and different economic environments.
- The Bank has measured the EUR equivalent of movements in interest rates for GBP, EUR and USD. The Bank does not have a material exposure to changes in other foreign currency rates and foreign interest rates and as such sensitivity has not been performed for other currencies.
- A positive number indicates an increase in profit and a negative number indicates increase in loss.

All scenarios should be considered in isolation as they represent different risks and were calculated holding all other variables constant.

	31 December 2025 € 000	31 December 2024 € 000
100bps increase in interest rate	171	558
100bps decrease in interest rate	(171)	(558)

The impact on the Bank's equity of the above was not considered material.

Foreign currency risk sensitivity

The net impact of changes in foreign exchange rates on the Bank's foreign currency assets and liabilities, including derivative positions, at the reporting date are shown in the table below:

	31 December 2025 € 000	31 December 2024 € 000
EUR appreciates 10%	15	(38)
EUR appreciates 20%	28	(69)
EUR depreciates 10%	(15)	38
EUR depreciates 20%	(28)	69

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for the Year Ended 31 December 2025

36 Risk management (continued)

36.4 Liquidity risk

The ultimate responsibility for liquidity risk management and for setting the Bank's liquidity risk appetite rests with the Board of Directors, with the ALCO having responsibility to build an appropriate liquidity risk management framework for the management of the Bank's short, medium and long-term funding and liquidity management requirements on a day-to-day basis. The Bank manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring actual, forecast and stressed cash flows and matching the maturity profiles of financial assets and liabilities.

The measurement, management and monitoring of liquidity risk in EAB incorporates liquidity policies, systems and controls that the Bank have implemented to manage liquidity risk within tolerance levels approved by the Board of Directors. These incorporate a range of tools to calculate key liquidity metrics, measure and monitor these against risk appetite limits and stress test the Bank's cash flows including its contingent liabilities. The Bank's Internal Liquidity Adequacy Assessment Process (ILAAP) document sets out the details of its approach to measuring, monitoring and controlling liquidity risk.

The Bank follows a conservative approach to liquidity risk, and maintains a liquid asset buffer of High-Quality Liquid Assets as required by the UK CRR in addition to a portfolio of marketable securities which is held as a liquidity buffer if short-term funds are urgently needed.

The Bank assesses its exposure to liquidity risk in three main categories and seeks to ensure that appropriate mitigation is affected where possible, and that adequate insurance and contingency plan steps have been adopted to address the possibility of severe liquidity shocks.

The three categories are:

- **Short-term tactical liquidity risk**

The risk that the Bank's liquid assets are insufficient to meet its short-term commitments.

- **Structural liquidity risk**

The risk that the Bank's business model (and consequently, its statement of financial position) develops in a way that causes difficulty attracting adequate funding on reasonable terms; and/or

The risk that the structure of the statement of financial position is unduly exposed to disruption in its funding markets.

- **Contingency liquidity risk**

The risk that the Bank experiences unexpected and/or acute liquidity shocks.

The Bank has also identified several risk factors which form components of the Bank's overall liquidity risk profile. These include but are not limited to:

- Wholesale secured and unsecured funding risk;
- Retail funding risk;
- Intra-day liquidity risk;
- Intra-group liquidity risk;
- Cross-currency liquidity risk;
- Off-balance sheet liquidity risk;
- Franchise viability risk;
- Marketable assets risk;
- Non-marketable assets risk; and
- Funding concentration risk.

Tactical liquidity management is performed by Treasury under delegated authority from ALCO. Structural liquidity management is carried out by ALCO, within the parameters set out in the Bank's ILAAP document.

The Treasury team is responsible for intra-day and end-of-day liquidity. Liquidity risk is measured at an overall Bank level through regular reporting produced by the regulatory reporting team within Finance. Additional reporting is provided in the form of monthly liquidity reports submitted to the PRA. Regulatory liquidity requirements are calculated and monitored internally on a daily basis and are complemented by other internal liquidity limits set by the Bank. The system of controls over liquidity risk is subject to oversight by the risk team which reports to the Chief Risk Officer.

The ALCO is responsible for monitoring and reviewing liquidity positions and ensuring these positions are within the limits set.

The following tables analyse assets and liabilities into relevant maturity groupings based on the remaining period to contractual maturity. The maturity profiles disclosed below do not include the impact of behavioural characteristics observed by the Bank. This has a material impact on the maturity profile and forms a key part of our liquidity management and stress testing. In addition, the Bank also maintains a portfolio of securities that can be liquidated in the event of unforeseen interruption of cash flow.

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.4 Liquidity risk (continued)

							2025
	Within 1 month € 000	1 month to 3 months € 000	3 months to 6 months € 000	6 months to 12 months € 000	1 to 3 years € 000	After 3 years € 000	Total € 000
Assets							
Cash and balances at central banks	371,417	-	-	-	-	-	371,417
Due from banks	390,065	-	-	-	-	-	390,065
Fair value through profit or loss	-	-	-	-	-	3,384	3,384
Fair value through OCI	8,528	-	5,139	29,825	48,936	147,516	239,944
Loans and advances to customers	17,172	90,407	18,237	75,706	256,141	607,021	1,064,684
Financial investments at amortised cost	69,969	54,387	16,975	38,447	84,126	255,124	519,028
Derivatives	760	680	1,048	1,706	2,578	6,120	12,892
Other assets	98,561	-	-	-	4,120	15,561	118,242
Total assets	956,472	145,474	41,399	145,684	395,901	1,034,726	2,719,656
Liabilities and equity							
Deposits by banks	813,278	-	-	21,318	-	-	834,596
Customer accounts	762,658	308,687	219,599	109,008	-	-	1,399,952
Derivatives	613	2,687	1,224	390	863	2,141	7,918
Other liabilities	25,552	345	97	57	186	99	26,336
Subordinated liabilities	-	-	-	-	-	106,592	106,592
Shareholders' equity	-	-	-	-	-	344,262	344,262
Total liabilities and equity	1,602,101	311,719	220,920	130,773	1,049	453,094	2,719,656

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.4 Liquidity risk (continued)

							2024
	Within 1 month € 000	1 month to 3 months € 000	3 months to 6 months € 000	6 months to 12 months € 000	1 to 3 years € 000	After 3 years € 000	Total € 000
Assets							
Cash and balances at central banks	224,962	-	-	-	-	-	224,962
Due from banks	429,765	-	4,364	-	-	-	434,129
Fair value through profit or loss	-	-	-	-	-	10,006	10,006
Fair value through OCI	-	-	-	-	57,664	78,644	136,308
Loans and advances to customers	183,090	90,144	42,170	12,306	135,972	560,122	1,023,804
Financial investments at amortised cost	-	14,446	22,813	50,466	229,567	196,163	513,455
Derivatives	2,549	1,558	1,355	1,634	17,330	17,473	41,899
Other assets	90,512	-	-	638	4,166	10,394	105,710
Total assets	930,878	106,148	70,702	65,044	444,699	872,802	2,490,273
Liabilities and equity							
Deposits by banks	204,674	22,176	291,995	23,140	-	-	541,985
Customer accounts	611,338	546,558	184,150	118,672	-	-	1,460,718
Derivatives	297	450	736	361	5,989	9,556	17,389
Other liabilities	27,728	348	114	66	185	53	28,494
Subordinated liabilities	-	-	-	-	-	120,523	120,523
Shareholders' equity	-	-	-	-	-	321,164	321,164
Total liabilities and equity	844,037	569,532	476,995	142,239	6,174	451,296	2,490,273

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.4 Liquidity risk (continued)

Financial liabilities

The following table details the Bank's remaining contractual maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will accrue to those liabilities except where the Bank is entitled and intends to repay the liability before its maturity.

Gross contractual cash flows

	Within 1 month € 000	1 month to 3 months € 000	3 months to 6 months € 000	6 months to 12 months € 000	1 to 3 years € 000	After 3 years € 000	Total € 000
2025							
Deposits by banks	813,453	193	91	21,965	-	-	835,702
Customer deposits	763,205	310,115	221,899	110,933	-	-	1,406,152
Subordinated liabilities	-	-	-	-	-	106,592	106,592
Total non-derivative financial liabilities	1,576,658	310,308	221,990	132,898	-	106,592	2,348,446
2024							
Deposits by banks	204,765	22,327	292,108	23,747	-	-	542,947
Customer deposits	611,698	549,331	186,863	121,440	-	-	1,469,332
Subordinated liabilities	-	-	-	-	-	120,523	120,523
Total non-derivative financial liabilities	816,463	571,658	478,971	145,187	-	120,523	2,132,802

The table below presents the contractual maturity date of letters of credit, guarantees and un-drawn committed facilities issued by the Bank.

	Within 3 months € 000	3 to 12 months € 000	1 to 3 years € 000	After 3 years € 000
2025				
Letters of credit and acceptances	66,438	11,429	-	6,388
Guarantees given to third parties	141,039	120,823	85,896	109,630
Un-drawn commitments	-	-	23,117	58,625
2024				
Letters of credit and acceptances	105,238	10,672	723	5,876
Guarantees given to third parties	215,505	108,930	119,776	47,474
Un-drawn commitments	-	-	8,625	56,487

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.4 Liquidity risk (continued)

The following table details the Bank's expected maturity for its derivative financial instruments. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

The table below presents the contractual maturity date of derivative financial instruments that will be settled on a net basis.

Gross contractual cash flows

	Within 3 months € 000	3 to 12 months € 000	1 to 3 years € 000	After 3 years € 000
2025				
Interest rate swaps – net outflow	5,038	64	(112)	1,357
2024				
Interest rate swaps – net outflow	139	1,511	11,341	7,590
2025				
Outflow	114,342	33,830	-	-
Inflow	113,983	33,279	-	-
2024				
Outflow	212,847	74,552	-	-
Inflow	91,122	18,980	-	-

Encumbered assets

Certain assets are pledged as collateral to secure liabilities under repurchase agreements, Credit Support Annex ("CSA") for derivative liabilities and as security deposits relating to futures, options and exchange memberships. The holders of these securities do not have the right to sell or re-pledge the asset except where specifically disclosed.

The aggregate amount of collateral pledged under CSAs is €13m (2024: €13m).

The Bank has pledged Nil (2024: €26m) worth of investment securities and cash as collateral against its clearing operations.

Notes to the Financial Statements

for the Year Ended 31 December 2025

36 Risk management (continued)

36.5 Operational risk

The Bank is exposed to risk of loss arising from inadequate or failure in systems, products, processes and activities. This can include, but is not limited to internal and external factors, systems impacts, cyber security incidents, regulatory or conduct breaches, payments impacts, third party involvement or, potential personal data breaches. The Bank actively manages operational risk in accordance with regulation and guidance from the UK Financial Conduct Authority ("FCA") and Prudential Regulation Authority ("PRA"), as well as guidelines stipulated by other regulatory bodies.

The Bank has limited appetite for operational losses that may arise from doing business. EAB ensures that high levels of operational resilience are maintained through thorough operational risk assessment and measurement, in line with the Bank's ERM framework. Consequently, the Bank uses key tools such as risk mapping, risk rating and assessment grids, risk and control self-assessment and risk incident reporting.

Independent review and oversight of operational risk is provided by the Head of Operational Risk, who reports directly to the Chief Risk Officer.

This structure is supported by close collaboration with strategic business units across geographical locations, an Operational risk committee, an Operational risk policy and systems and controls which set the standards, approach and framework for identifying, assessing, measuring, reporting, controlling and managing operational risks.

The Bank adopts the standardised approach for calculating operational risk capital as set out in the CRR and consequently embarks on rigorous risk identification exercises to establish any Pillar Two requirement for operational risk.

36.6 Capital management and risk

The Bank maintains an actively managed capital base to cover risks inherent in the business. The primary objectives of the Bank's capital management are to ensure that the Bank complies with both external and internal capital requirements and that the Bank maintains healthy capital ratios in order to support its business and maximise shareholders' value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions, risk characteristics of its activities and regulatory requirements.

The adequacy of the Bank's capital is monitored using, amongst others, the rules and ratios established by the PRA. During the past year, the Bank had complied in full with all its externally imposed capital requirements.

Europe Arab Bank's capital comprises net equity of €330m (2024: 320m) and perpetual liabilities of €107m (2024: €121m).

The subordinated liabilities count as upper tier 2 capital for the regulatory capital base. The regulatory capital base differs slightly from amounts reported above due to differing treatment of certain reserves and consolidation adjustments.

The Bank's Internal Capital Adequacy Assessment Process (ICAAP) document sets out the details of its approach to measuring, monitoring and controlling capital risk and to managing its capital. The ICAAP is an assessment of the Bank's capital position, outlining both regulatory and internal capital resources and requirements with EAB's business model, strategy, risk to capital, and the implications of stress testing to capital.

Notes to the Financial Statements

for the Year Ended 31 December 2025

37 Country by Country reporting (unaudited)

The Bank is required as a CRD IV regulated institution to disclose annually under UK legislation the following information for the EAB Group:

Country	Type of Operations	Turnover € 000	Operating profit / (loss) before taxation € 000	Net corporation tax payment € 000	Average number of Full Time Employees	Government subsidies received € 000
United Kingdom	CIB, Private Banking and Treasury	67,294	19,281	3,929	120	-
France	CIB and Private Banking	13,783	1,176	401	27	-
Germany	CIB	272	(137)	-	1	-
Grand Total		81,349	20,320	4,330	148	-

38 Events after the balance sheet date

There have been no significant events between 31 December 2025 and the date of approval of these financial statements which would require a change to or additional disclosure in the financial statements.

