

Arab Bank Europe SA

P3DH Report – Remuneration disclosures

Financial year 2025

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Introduction

Disclosure principle

This document presents the remuneration disclosures of Arab Bank Europe SA ("AB Europe SA") required under Part Eight of Regulation (EU) No 575/2013 (Article 450 CRR), forming part of the institution's Pillar 3 disclosures.

This document aims to provide useful information on the institution's remuneration policy and practices.

The report is prepared in accordance with Part Eight of Regulation (EU) No 575/2013, as amended by Regulation (EU) 2024/1623, and Commission Implementing Regulation (EU) 2024/3172, applying the disclosure requirements applicable to "other non-listed institutions".

Scope

AB Europe SA is a wholly-owned subsidiary of Arab Bank Europe Plc, established on 31 March 2020 and regulated by the ACPR. AB Europe SA operates two main business lines: a Private Banking (PB) activity for non-resident clients managed from Paris, and a Corporate and Institutional Banking (CIB) business operated from Paris, mainly focused on export finance to the Middle East and North Africa region as well as project finance in that region.

AB Europe SA and its shareholder Arab Bank Europe Plc are part of the Arab Bank Group, which has a strong presence in the Middle East and North Africa.

This report has been prepared on the scope of AB Europe SA as at 2025-12-31 and covers the remuneration disclosures for the financial year then ended.

Review of this report

The information in this report has been reviewed and approved by the Board of Directors.

All of the amount in this document are expressed in EUR.

The figures in this report are prepared in accordance with French Generally Accepted Accounting Principles (French GAAP).

Attestation (Article 431(3) CRR)

The undersigned, Kim Tran, Chief Executive Officer, attests that the disclosures provided in this Pillar 3 report have been prepared in accordance with the formal disclosure policy and the internal processes, systems and controls of Arab Bank Europe, and that they have been subject to the same level of internal verification as the management report included in the institution's financial report.

Done at Paris, on 2026-06-30



Key elements of the disclosure policy

- The Pillar 3 disclosure policy is approved by the Executive Committee and reviewed at least annually.
- Quantitative information is produced from the institution's regulatory reporting data (COREP/FINREP) through a controlled, tool-based process, with reconciliation to the financial statements and to prudential reporting.
- Disclosures are reviewed by the relevant functions in the Bank, then and approved by the Executive Committee prior to publication.
- Frequency: annual disclosure in accordance with Article 433c CRR; data as at 31 December 2025.
- Any omission on grounds of materiality or confidentiality (Article 432 CRR) is documented and justified in this report

1. Remuneration

Remuneration policy

The sections below describe the institution's remuneration policy.

a – Information relating to the bodies that oversee remuneration.

The Board of Directors oversees the remuneration of the Bank. It has the authority to:

Define a remuneration policy to attract and retain the skills needed by the institution while respecting the applicable regulatory obligations,

Determine the level of remuneration of officers,

Determine the overall variable remuneration envelope of the institution and approve the variable remuneration of executive officers and management,

Appoint ExCo members,

Appoint employees above a certain level of remuneration

b – Information relating to the design and structure of the remuneration system for identified staff.

The main principles of the remuneration policy are to:

- Promote a sound risk culture
- Encourage desired behaviors that are in line with the culture, values and principles of good governance
- Attract and retain people with the appropriate experience, skills, knowledge and skills to implement the strategy
- Be affordable in accordance with labor market practices and conditions and the remuneration structures of counterpart organizations;
- Be consistent with performance and pay capacity

Diversity & Inclusion:

As part of its commitment to equal opportunities, the Bank aims to ensure equal pay for all staff regardless of gender, ethnic origin, political opinion, sexual orientation, age or other discriminatory factors. Equal remuneration means all forms of contractual, financial and non-financial remuneration.

Remuneration for Control Functions:

Remuneration for the Heads of Control functions is not linked to the performance of any individual business unit but to the overall performance of the Bank as a whole. Remuneration is determined by benchmarking against market data of the relevant peer group organizations, and the performance – related element of such remuneration/any variable pay is designed with the best interests of all AB Europe stakeholders. The performance objectives and the proposed remuneration of the Heads of the Control Functions are reviewed and approved by the Board, which is itself independent of the business units.

Performance & Remuneration:

Performance shall be assessed by predetermined measures, including financial and non-financial measures, in order to promote the desired behaviors, values and objectives.

Material Risk Takers (MRTs):

This is a group of employees, confirmed by the Compliance and HR departments as meeting the assessment against the regulatory qualitative and quantitative criteria for the purposes of the Remuneration Code and have key responsibilities and/or crucial impact on the Bank's financial stability and/or risk profile. The MRT list is maintained and owned by the Human Resources and Compliance departments, then presented to the Board annually for review.

As of Dec 25, the following roles were considered:

- Board members
- ExCo voting members
- Head of Periodic Controls

c – Description of the ways in which current and future risks are taken into account in the remuneration processes.

Performance-based remuneration motivates, rewards and drives the right behaviour and performance according to set expectations/objectives for the employee, reflecting specific requirements for performance at Bank's, department and individual level. The agreed objectives will be in line with the financial targets/budget, the desired behaviours that support the Bank's compliance and company culture and will require individuals to act in accordance with the Code of Conduct, all compliance and risk management policies.

The Bank's overall bonus pool and ability to pay bonuses is determined based on evaluation of financial performance, performance against appropriate risk metrics and assessments of current and future risks, controls, and conduct and affordability. The size of the bonus pool will be in line with the Bank's ability to pay, including not adversely impacting the Bank's Capital Adequacy Ratio.

d – The ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) CRD.

Within 2025, the fixed remuneration amounted to 79% of the total revenue allocated to the MRTs of the Bank.

e – Description of the ways in which the institution seeks to link performance during a performance measurement period with levels of remuneration.

As a general rule:

Incentive award arrangements are entirely discretionary and paid on an annual basis.

Incentive awards can be cancelled or reduced to zero if the situation determined this to be a proportionate action.

Incentive awards vary with performance achievement and line managers, the CEO and the Board (in the case of Senior Management) have the discretion to assess the extent to which performance has been achieved.

Awards are determined on the basis of meeting annual financial and non-financial measures consistent with the medium to long-term strategy, shareholder interest and adherence to the Bank's values. Focus is on individual performance and contribution, considering "what" a person achieves and "how" they achieve it (i.e. including their behavioural competency delivery).

Annual bonus levels are paid in the form of cash and will be in line with market practices and rates, employment market conditions and the Bank's performance and ability to pay

An appropriate ratio will be maintained between the variable and fixed components of remuneration for all Material Risk Takers (MRTs). The Bank will apply a bonus cap in accordance with the regulatory requirements and will ensure that variable compensation never exceeds 100% (bonus cap) of the fixed remuneration components.

f – Description of the ways in which the institution seeks to adjust remuneration to take account of long-term performance.

As indicated, the Bank's overall bonus pool and ability to pay bonuses is determined based on evaluation of financial performance, performance against appropriate risk metrics and assessments of current and future risks, controls, and conduct and affordability.

The Bank does not apply bonus deferral at present.

Awards granted to employees identified as MRTs are subject to "malus" and "clawback"

- "Malus" – Taking back bonus before it is vested and is a performance adjustment that can occur on all or part of non-vested bonus.
- "Clawback" – The Bank's reserved right to require repayment of all or part of an individual's bonus that has already been vested on a net basis where it becomes necessary to make a performance adjustment to take account of developments after vesting.

Long Term Awards:

- The Bank may consider the future implementation of Long-Term Incentive Plans (LTIP) as deemed appropriate.
- LTIP arrangements would be developed in accordance with the Bank's Remuneration Policy and principles with appropriate consideration given to the remuneration regulations.

g – The description of the main parameters and rationale for any variable components scheme and any other non-cash benefit in accordance with point (f) of Article 450(1) CRR. Disclosures shall include:

No variable components scheme or other non-cash benefit were granted in 2025

h – Upon demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management.

Omitted – Art. 432(2) CRR. Individual remuneration provided upon supervisor's request.

i – Information on whether the institution benefits from a derogation laid down in Article 94(3) CRD in accordance with point (k) of Article 450(1) CRR.

The Institution benefits from the proportionality derogation laid down in point (a) of Article 94(3) CRD, as its four-year average asset size sits below the statutory threshold. On this basis, the Institution applies a full derogation from the requirements regarding remuneration in instruments (Article 94(1)(l) CRD), variable remuneration deferrals (Article 94(1)(m) CRD), and the application of discretionary pension benefits (Article 94(1)(o) CRD) for all identified Material Risk Takers (MRTs).

j – Large institutions shall disclose the quantitative information on the remuneration of their collective management body, differentiating between executive and non-executive members in accordance with Article 450(2) CRR.

Omitted – Art. 432(1) CRR. Not applicable – institution not classified as large institution.

2. Remuneration awarded for the financial year 2025

The table below presents the remuneration awarded for the financial year.

		MB Supervisory function	MB Management function	Other senior management	Other identified staff
Fixed remuneration	Number of identified staff	3		9	1
	Total fixed remuneration	40,000		1,166,324	103,000
	Of which: cash-based	40,000		1,166,324	103,000
	(Not applicable in the EU)				
	Of which: shares or equivalent ownership interests				
	Of which: share-linked instruments or equivalent non-cash instruments				
	Of which: other instruments				
	(Not applicable in the EU)				
	Of which: other forms				
	(Not applicable in the EU)				
Variable remuneration	Number of identified staff	3		9	1
	Total variable remuneration	0		330,000	17,000
	Of which: cash-based	0		330,000	17,000
	Of which: deferred				
	Of which: shares or equivalent ownership interests				
	Of which: deferred				
	Of which: share-linked instruments or equivalent non-cash instruments				
	Of which: deferred				
	Of which: other instruments				
	Of which: deferred				
	Of which: other forms				
	Of which: deferred				
Total remuneration (2 + 10)		40,000		1,496,324	120,000

Special payments to staff whose professional activities have a material impact on the institution's risk profile (identified staff)

Not applicable for year 2025

Deferred remuneration

Not applicable for year 2025

Remuneration of EUR 1 million or more per year

Not applicable for year 2025