

Arab Bank Europe SA

P3DH Report

Financial year 2025

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Introduction

Disclosure principle

This document presents the information of AB Europe SA in respect of the Pillar 3 disclosure requirements.

This document aims to provide useful information on the institution's capital and risk profile.

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 AB 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.

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. Governance

Disclosure on governance arrangements

The sections below describe the governance arrangements applicable to risk management.

a – The number of directorships held by members of the management body.

Directorships held by members of the Board:

The number of external directorships and partnerships, including their roles within the Group, held by the Executive and Non-Executive Directors who served on the Board as at 31st December 2025 are detailed below:

Name	Position	External directorships
Mr Haytham Kamhiyah	Non-Executive Director	1 (1 Executive AB Europe PLC)
Mr Mohammad Memon	Non-Executive Director	2 (1 Executive AB Europe PLC, 1 External)
Mr Matthieu Kiss	Independent Non-Executive Director	1 (1 External)

b – Information regarding the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise.

Board Recruitment and Composition:

The Nominations & Remuneration Committee will be responsible for identifying candidates for Board positions and nominating the selected candidates for Board approval.

The Committee, in the course of its work, will give full consideration to and regularly review the succession planning for Board members, taking into account the challenges and opportunities facing the Bank and the skills and expertise that are therefore needed for the future.

c – Information on the diversity policy with regard of the members of the management body.

The Bank acknowledges the benefits of having a diverse Board that includes and makes good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between Directors and sees increasing diversity at Board level as an important element in maintaining a competitive advantage for the Bank.

As part of the annual performance evaluation of its effectiveness, the Board will consider the balance of skills, experience, independence and the diversity of representation of the Board, including but not limited to gender, and other factors relevant to its effectiveness.

In reviewing Board composition, in order to enable it to discharge its duties and responsibilities effectively, the Committee will consider and give due weight to the benefits of all aspects of diversity including, but not limited to:

- educational and professional background
- gender
- age
- geographical provenance

Search firms appointed to support Board recruitment will be provided a brief that includes an appropriate emphasis on diversity, including but not limited to gender. The appointed search firm would be actively encouraged to put forward recommendations that include female and other diverse candidates of appropriate merit.

All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

d – Information whether or not the institution has set up a separate risk committee and the frequency of the meetings.

The governance of the Bank setup a Risk and Compliance Committee, whose main objectives are to ensure that risks are identified and assessed, that appropriate risk mitigation measures are in place and that the control environment of AB Europe SA is adapted to its needs.

This Committee seats at least 10 times a year and oversees all the risks of the Bank. It reports, in conjunction with the Credit Committee and the ALCO Committee, directly to the Executive Committee.

e – Description on the information flow on risk to the management body.

The Board is regularly informed of the alignment of the risk profile of the Bank with defined appetite limits, but also informed of the conclusions of the internal audit and permanent control reviews. The minutes of the Risk Compliance Committees are also circulated to Board's attention.

The Board of Directors also approves key elements of the Bank's risk infrastructure:

- Internal control policies,
- Internal risk appetite limits,
- The remuneration policy,
- Capital level and liquidity adequacy exercises,
- Credit Manual Policy,
- The recovery plan,
- The business continuity plan,
- The permanent control plan,
- The audit plan

2. Risk management objectives and policies

Institution risk management approach

The sections below describe the institution's risk management approach.

a – Disclosure of concise risk statement approved by the management body

The Board has approved a concise risk statement which provides an overview of the Bank's overall risk profile. This statement outlines the key risk categories to which the institution is exposed. It reflects the institution's risk appetite and strategic objectives. The Management confirms that the risk profile remains consistent with the approved risk appetite framework.

b – Information on the risk governance structure for each type of risk

The risk detection, management and monitoring system of AB Europe SA is based on the existence of 3 lines of defense:

- The first line of defense is composed of the operational departments which are responsible for identifying the risks of their activity and defining the necessary controls to align with the Bank's appetite. It shall maintain and disseminate the procedures and carry out the 1st level of control.

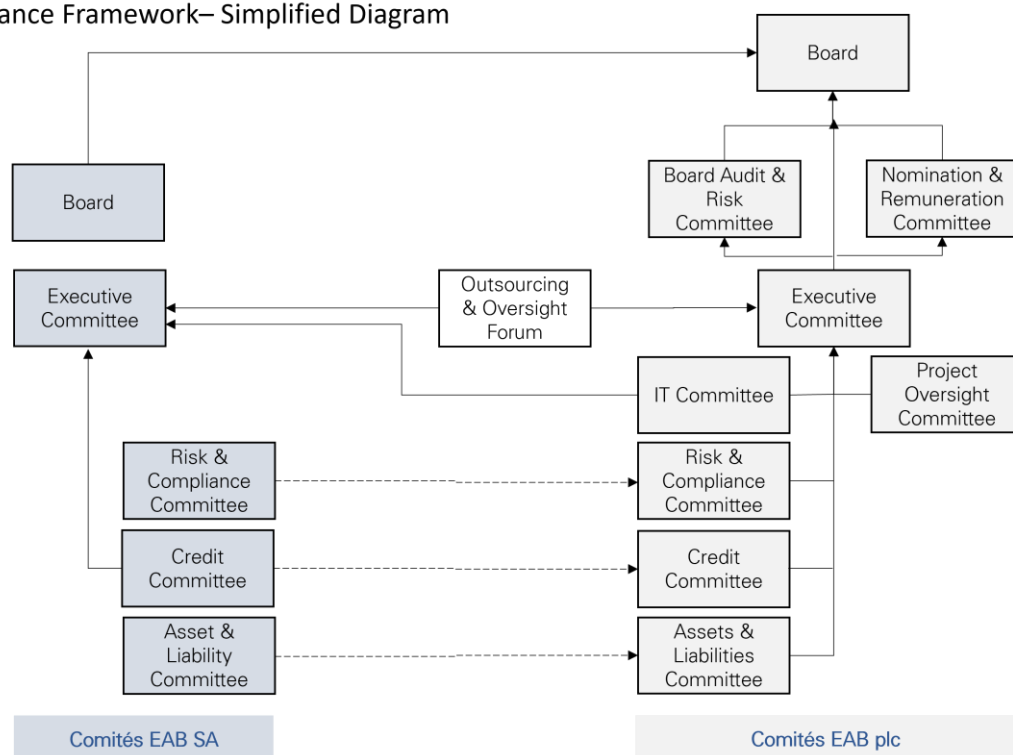
- The second line of defense is composed of the Risk, Compliance and Permanent Control. These functions are independent of operational functions and report to Executive Risk Committees;
- The third line of defense is provided by the Internal Audit function, which independently carries out an audit plan approved by the Board of Directors.

The governance of AB Europe SA is organised around the key following bodies:

- A Board of Directors, whose main objectives are to define the strategy as well as to determine the mode of organization of AB Europe SA,
- An Executive Committee, taking decisions on the organisation, operation of the Bank and, where appropriate, on the subjects to be escalated to the Board of Directors,
- A Risk and Compliance Committee, who oversee all the risks of the bank and reports to the Executive Committee,
- A Credit Committee, monitoring the credit risk profile of the Bank and approving credit proposals,
- An Asset and Liability Committee, in charge of discussing matters relating to the strategic and tactical management of asset, liability and capital related risks faced by the Bank.

But also reporting lines to the AB Europe Group governance.

Governance Framework– Simplified Diagram



c – Declaration approved by the management body on the adequacy of the risk management arrangements.

The Board declares that the risk management arrangements are adequate with regard to the Bank's profile and strategy. These arrangements provide reasonable assurance that risks are appropriately identified, measured, managed, monitored and reported. The governance framework, internal control and risk management processes are considered effective and proportionate to the nature and scale of the Bank's activities.

d – Disclosure on the scope and nature of risk disclosure and/or measurement systems.

AB Europe SA recognized the following material risks which structure the risk management framework, risk monitoring and management tools of the Bank.

e – Disclose information on the main features of risk disclosure and measurement systems.

- Credit: The risk arising from an obligor's failure to meet the terms of any borrowing agreement and/or the possibility of default. This risk includes counterparty default risk and concentration risk.
- Liquidity: the risk that AB Europe SA's liquid assets are insufficient to meet its short-term commitments, or the risk that AB Europe SA's business model develops in a way that causes difficulty attracting adequate funding on reasonable terms and/or the risk that the structure of the balance sheet is unduly exposed to disruption in its funding markets, or the risk that AB Europe SA experiences unexpected and/or acute liquidity shocks.
- Operational: The risk arising from inadequate or failed internal processes, people and systems or from external events. This includes Fraud, Legal, Information Technology and Outsourcing.
- Market: The risk to earnings and capital arising from adverse movements in securities, or foreign exchange rates.
- Business: The risk arising from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment.
- Regulatory: The risk arising from the failure to comply with regulations applicable to the activities in which AB Europe SA may engage, resulting in fines, censure, restrictions on ability to do business.
- Conduct: The risk that the conduct, acts or omissions of the firm, or individuals within the firm, will either deliver poor or unfair outcomes for the customer.
- Financial Crime: The risk of AB Europe SA being used to facilitate financial crime, including money laundering, terrorist financing,
- Capital: The risk of having insufficient or inadequate economic or regulatory capital to support AB Europe SA's risk-taking activities.

- Climate risk: The risk to the strategy, viability and financial soundness caused by physical and transitional impacts.

f – Strategies and processes to manage risks for each separate category of risk.

The Board of Directors determined an appetite for risk for each of risk items identified, which the Management should comply with.

The appetite for risk is revised at least annually and thresholds determined: warning levels and appetite limits.

The Risk Framework of the Bank describes roles (first and second level) in charge of monitoring the risk profile in line with Bank's appetite, reporting and transmission channels to the Governance bodies of the Bank.

g – Information on the strategies and processes to manage, hedge and mitigate risks, as well as on the monitoring of the effectiveness of hedges and mitigants.

A permanent control plan is rolled out annually (endorsed by Compliance and Permanent Control Department and reporting directly to the COO of the Bank) and provide an independent assessment of the effectiveness of the control framework of the Bank. The plan covers regular controls on all the activities of the Bank. It provides a useful information to the Management on the robustness of the controls in place and their respects.

3. Key metrics

Key metrics

The table below presents the key metrics of the institution's prudential situation.

The key metrics of the Bank as at 31 December 2025 reflect a sound prudential position.

Leverage and Liquidity: The Leverage Ratio stands at 6.5%, reflecting a stable balance sheet structure. Our average Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) remain very strong at 276% and 139% respectively, showcasing a highly liquid funding profile well above the minimum statutory requirements.

Own Funds and RWAs: The capital of the Bank is entirely composed of Tier1 instruments and the capital ratio reached 15.7% by year-end, decreasing from last year as a consequence of the development of the credit portfolio of the Bank.

	2025	2024
Available own funds (amounts)		
Common Equity Tier 1 (CET1) capital	69,449,539	68,447,817
Tier 1 capital	69,449,539	68,447,817
Total capital	69,449,539	68,447,817
Risk-weighted exposure amounts		
Total risk exposure amount	440,917,666	403,695,836
Total risk exposure pre-floor	440,917,666	
Capital ratios (as a percentage of risk-weighted exposure amount)		
Common Equity Tier 1 ratio (%)	15.75%	16.96%
Not applicable		
Common Equity Tier 1 ratio considering unfloored TREA (%)		
Tier 1 ratio (%)	15.75%	16.96%
Not applicable		
Tier 1 ratio considering unfloored TREA (%)		
Total capital ratio (%)	15.75%	16.96%
Not applicable		
Total capital ratio considering unfloored TREA (%)		
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)		
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	11.00%	11.00%
of which: to be made up of CET1 capital (percentage points)	6.19%	6.19%
of which: to be made up of Tier 1 capital (percentage points)	8.25%	8.25%
Total SREP own funds requirements (%)	11.00%	11.00%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)		
Capital conservation buffer (%)	2.50%	2.50%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%

Institution specific countercyclical capital buffer (%)	0.00%	0.68%
Systemic risk buffer (%)	0.00%	0.00%
Global Systemically Important Institution buffer (%)	0.00%	0.00%
Other Systemically Important Institution buffer (%)	0.00%	0.00%
Combined buffer requirement (%)	2.50%	3.18%
Overall capital requirements (%)	13.50%	14.18%
CET1 available after meeting the total SREP own funds requirements (%)	11.25%	12.46%

Leverage ratio

Total exposure measure	1,064,610,783	881,292,847
Leverage ratio (%)	6.52%	7.77%

Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)

Additional own funds requirements to address the risk of excessive leverage (%)

of which: to be made up of CET1 capital (percentage points)		
Total SREP leverage ratio requirements (%)	3.00%	3.00%

Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)

Leverage ratio buffer requirement (%)	0	0
Overall leverage ratio requirement (%)	3.00%	3.00%

Liquidity Coverage Ratio

Total high-quality liquid assets (HQLA) (Weighted value -average)	207,334,681	182,291,761
Cash outflows - Total weighted value	266,303,109	198,333,312
Cash inflows - Total weighted value	191,352,212	130,206,485
Total net cash outflows (adjusted value)	74,950,897	68,126,827
Liquidity coverage ratio (%)	276.63%	267.58%

Net Stable Funding Ratio

Total available stable funding	418,546,290	323,038,436
Total required stable funding	300,868,398	252,193,460
NSFR ratio (%)	139.11%	128.09%

4. Own funds and risk exposure

Overview of total risk exposure amounts

The table below presents the breakdown of risk exposures and capital requirements.

AB Europe SA follows the standardised approach (SA) for assessing the risk weighted assets (RWAs), it doesn't use internal models. The total risk exposure of the Bank is predominantly driven by credit risk. The Bank is not materially exposed to market risk.

Over the last 12 months, the RWA increased by 7%, to EUR 440.9 m, reflecting a development of the credit portfolio of the Bank.

	Total risk exposure amounts (TREA)	
	2025	2024
Credit risk (excluding CCR)	415,442,666	380,930,480
Of which the standardised approach	415,442,666	380,930,480
Of which the Foundation IRB (F-IRB) approach		
Of which slotting approach		
Of which equities under the simple risk weighted approach		
Of which the Advanced IRB (A-IRB) approach		
Counterparty credit risk - CCR		
Of which the standardised approach		
Of which internal model method (IMM)		
Of which exposures to a CCP		
Of which other CCR		
Credit valuation adjustments risk - CVA risk		
Of which the standardised approach (SA)		
Of which the basic approach (F-BA and R-BA)		
Of which the simplified approach		
Not applicable		
Not applicable		

Not applicable		
Not applicable		
Settlement risk		
Securitisation exposures in the non-trading book (after the cap)		
Of which SEC-IRBA approach		
Of which SEC-ERBA (including IAA)		
Of which SEC-SA approach		
Of which 1250% / deduction		
Position, foreign exchange and commodities risks (Market risk)		
Of which the Alternative standardised approach (A-SA)		
Of which the Simplified standardised approach (S-SA)		
Of which Alternative Internal Model Approach (A-IMA)		
Large exposures		
Reclassifications between the trading and non-trading books		
Operational risk	25,475,000	22,765,356
Exposures to crypto-assets		
Amounts below the thresholds for deduction (subject to 250% risk weight)		
Output floor applied (%)		
Floor adjustment (before application of transitional cap)	0	
Floor adjustment (after application of transitional cap)	0	
Total	440,917,666	403,695,836

ICAAP information

The sections below describe the internal capital adequacy assessment process (ICAAP).

a – Approach to assessing the adequacy of the internal capital

AB Europe SA follows the standard approach for assessing its capital requirement (as per Pillar 1), covering the credit, market and operational risk of the bank.

Additionally, AB Europe SA developed an internal approach for assessing its internal (or economic) capital requirement, covering the most material risks of the bank, beyond the risk items covered by the Pillar 1.

Adequacy of the capital level of the bank is finally tested through stress test scenarios elaborated to ensure robustness against severe crisis.

b – Upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process

Omitted – Art. 432(2) CRR. ICAAP result provided upon supervisor's request.

Comparison of modelled and standardised risk-weighted exposure amounts

This template is disclosed only by institutions using internal models approved by the competent authority. AB Europe SA applies the standardised approach exclusively and uses no internal models, modelled amounts are reported as nil.

Comparison of modelled and standardised risk-weighted exposure amounts for credit risk

In the absence of any internal ratings-based (IRB) credit risk model, the comparison of modelled vs standardised risk-weighted exposure amounts for credit risk is not applicable.

Composition of regulatory own funds

The table below presents the detailed composition of regulatory own funds.

Regulatory own funds are composed exclusively of Common Equity Tier 1 (CET1) - share capital, reserves and retained earnings - amounting to 69.9 EUR m.

	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves		
Capital instruments and the related share premium accounts	75,000,000	
of which: Instrument type 1		
of which: Instrument type 2		
of which: Instrument type 3		
Retained earnings	-6,050,461	
Accumulated other comprehensive income (and other reserves)		
Funds for general banking risk	500,000	
Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1		
Minority interests (amount allowed in consolidated CET1)		
Independently reviewed interim profits net of any foreseeable charge or dividend		
Common Equity Tier 1 (CET1) capital before regulatory adjustments	69,449,539	
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
Additional value adjustments (negative amount)		
Intangible assets (net of related tax liability) (negative amount)		
Not applicable		
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)		

Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value

Negative amounts resulting from the calculation of expected loss amounts

Any increase in equity that results from securitised assets (negative amount)

Gains or losses on liabilities valued at fair value resulting from changes in own credit standing

Defined-benefit pension fund assets (negative amount)

Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)

Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)

Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)

Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)

Not applicable

Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative

of which: qualifying holdings outside the financial sector (negative amount)

of which: securitisation positions (negative amount)

of which: free deliveries (negative amount)

Deferred tax assets arising from temporary differences
(amount above 10% threshold, net of related tax liability
where the conditions in Article 38 (3) CRR are met) (negative
amount)

Amount exceeding the 17,65% threshold (negative amount)

of which: direct, indirect and synthetic holdings by the
institution of the CET1 instruments of financial sector entities
where the institution has a significant investment in those
entities

Not applicable

of which: deferred tax assets arising from temporary
differences

Losses for the current financial year (negative amount)

Foreseeable tax charges relating to CET1 items except where
the institution suitably adjusts the amount of CET1 items
insofar as such tax charges reduce the amount up to which
those items may be used to cover risks or losses (negative
amount)

Not applicable

Qualifying AT1 deductions that exceed the AT1 items of the
institution (negative amount)

Other regulatory adjustments

Total regulatory adjustments to Common Equity Tier 1 (CET1)

Common Equity Tier 1 (CET1) capital

69,449,539

Additional Tier 1 (AT1) capital: instruments

Capital instruments and the related share premium
accounts

of which: classified as equity under applicable accounting
standards

of which: classified as liabilities under applicable
accounting standards

Amount of qualifying items referred to in Article 484 (4) CRR
and the related share premium accounts subject to phase
out from AT1

Amount of qualifying items referred to in Article 494a(1) CRR
subject to phase out from AT1

Amount of qualifying items referred to in Article 494b(1) CRR
subject to phase out from AT1

Qualifying Tier 1 capital included in consolidated AT1 capital
(including minority interests not included in row 5) issued by
subsidiaries and held by third parties

of which: instruments issued by subsidiaries subject to
phase out

Additional Tier 1 (AT1) capital before regulatory
adjustments

Additional Tier 1 (AT1) capital: regulatory adjustments

Direct, indirect and synthetic holdings by an institution of
own AT1 instruments (negative amount)

Direct, indirect and synthetic holdings of the AT1 instruments
of financial sector entities where those entities have
reciprocal cross holdings with the institution designed to
inflate artificially the own funds of the institution (negative
amount)

Direct, indirect and synthetic holdings of the AT1 instruments
of financial sector entities where the institution does not
have a significant investment in those entities (amount
above 10% threshold and net of eligible short positions)
(negative amount)

Direct, indirect and synthetic holdings by the institution of
the AT1 instruments of financial sector entities where the
institution has a significant investment in those entities (net
of eligible short positions) (negative amount)

Not applicable

Qualifying T2 deductions that exceed the T2 items of the
institution (negative amount)

Other regulatory adjustments to AT1 capital

Total regulatory adjustments to Additional Tier 1 (AT1) capital

Additional Tier 1 (AT1) capital

Tier 1 capital (T1 = CET1 + AT1)

69,449,539

Tier 2 (T2) capital: instruments

Capital instruments and the related share premium accounts

Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR

Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2

Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2

Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties

of which: instruments issued by subsidiaries subject to phase out

Credit risk adjustments

Tier 2 (T2) capital before regulatory adjustments

Tier 2 (T2) capital: regulatory adjustments

Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)

Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)

Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)

Not applicable

Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial

sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)

Not applicable

Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)

Other regulatory adjustments to T2 capital

Total regulatory adjustments to Tier 2 (T2) capital

Tier 2 (T2) capital

Total capital (TC = T1 + T2)	69,449,539
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Total Risk exposure amount	440,917,666
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Capital ratios and requirements including buffers

Common Equity Tier 1 capital	15.75%
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Tier 1 capital	15.75%
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Total capital	15.75%
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Institution CET1 overall capital requirements	8.69%
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of which: capital conservation buffer requirement	2.50%
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of which: countercyclical capital buffer requirement	0.00%
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of which: systemic risk buffer requirement	1.69%
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of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.00%
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of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.69%
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Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	0
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National minima (if different from Basel III)

Not applicable

Not applicable

Not applicable

Amounts below the thresholds for deduction (before risk weighting)

Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)

Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)

Not applicable

Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)

Applicable caps on the inclusion of provisions in Tier 2

Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap) 243,233

Cap on inclusion of credit risk adjustments in T2 under standardised approach

Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)

Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach

Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)

Current cap on CET1 instruments subject to phase out arrangements

Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)

Current cap on AT1 instruments subject to phase out arrangements

Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)

Current cap on T2 instruments subject to phase out arrangements

Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)

Reconciliation of regulatory own funds to balance sheet in the audited financial statements

The table below presents the reconciliation between regulatory own funds and the balance sheet in the audited financial statements for end of year 2025.

Type of assets	Balance sheet as in published financial statements	Under regulatory scope of consolidation	c Reference
	a As at period end	b As at period end	

Assets – Breakdown by asset classes according to the balance sheet in the published financial statements

Cash and balances at central banks	460,292,823	460,292,823
Loans and advances	331,713,770	331,713,770
Tangible assets	146,096	146,096
Intangible assets	1,151,049	1,151,049
Other assets	2,853,957	2,853,957
Total assets	796,157,695	796,157,695

Liabilities – Breakdown by liability classes according to the balance sheet in the published financial statements

Non-trading financial liabilities	720,144,673	720,144,673
Provisions	1,170,628	1,170,628
Tax liabilities	145,291	145,291
Other liabilities	4,164,423	4,164,423

Total liabilities	725,625,015	725,625,015
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Shareholders' Equity			
Capital	75,000,000	75,000,000	1
Retained earnings	-6,050,462	-6,050,462	2
Other reserves	500,000	500,000	3
Profit or loss attributable to owners of the parent	1,083,142	1,083,142	EU-5a
Total shareholders' equity	70,532,680	70,532,680	

Exposures to crypto-assets

AB Europe SA does not hold any exposures to crypto-assets within the meaning of Article 501d(2) CRR

5. Credit risk

General qualitative information about credit risk

The sections below describe the institution's general approach to credit risk.

a – In the concise risk statement in accordance with point (f) of Article 435(1) CRR, how the business model translates into the components of the institution's credit risk profile.

Credit risk management:

As a key premise of its operations' selection policy, AB Europe is dedicated to the "Bridge to MENA Strategy". AB Europe brand marks it as the bank that any European company seeking to do business in the MENA region. For its CIB activity, AB Europe focuses on European corporates having a sizeable amount of their turnover/export in the MENA region and/or having operating units in the MENA region. For its Private Banking ("PB") activity, AB Europe focuses on individuals/families from the MENA region aiming to acquire real estate assets in Europe, and most specifically in France concerning AB Europe SA.

Overall, AB Europe SA's Bridge to MENA strategy is illustrated by the predominance of its credit exposure to European counterparties (as of 31.12.2025, AB Europe SA's credit portfolio was composed at 80% of European exposures).

AB Europe SA is committed to having a strong credit function under which the Bank's exposures are controlled within a well-defined credit risk appetite, laid down by the Board of Directors. The credit systems and controls ensure that the exposures that the Bank enters into are prudent and are aligned with its strategy. This risk appetite clearly indicates that AB Europe SA is taking a conservative approach to credit risk, and will not sacrifice credit quality for short-term gains.

AB Europe SA adopts a conservative approach. Vulnerable exposures are few, provisioned where necessary and specifically monitored. Counterparties under special monitoring represented less than 3% of the credit portfolio by December-end 2025 and non-performing loans 0.1%.

b – When discussing their strategies and processes to manage credit risk and the policies for hedging and mitigating that risk in accordance with points (a) and (d) of Article 435(1) CRR, the criteria and approach used for defining the credit risk management policy and for setting credit risk limits.

Credit approval decisions are taken by designated sanctioning bodies, not through individuals.

A robust control environment is in place with daily monitoring of commitments carried out by the Credit department and the results are communicated to the Relationship Director when a deterioration or anomaly is identified. Through monitoring processes, Relationship Directors and Credit Officers will be able to detect early signs of potential credit deterioration. Any deteriorating event is reported to the Executive Credit Committee ("ECC"), to the Executive Committee ("EXCO") and to the Board of Directors ("Board").

AB Europe SA's policy is to rely primarily on the obligor's business operations and cash flows to service its obligations. Often, however, AB Europe SA will take additional support as a "second way out," or as "mitigation of economic risk". The form of this support might be by guaranteed and collaterals.

c – When informing on the structure and organisation of the risk management function in accordance with point (b) of Article 435(1) CRR, the structure and organisation of the credit risk management and control function.

Omitted – Art. 432(2) CRR. Credit risk function organisation is proprietary.

d – When informing on the authority, status and other arrangements for the risk management function in accordance with point (b) of Article 435(1) CRR, the relationships between credit risk management, risk control, compliance and internal audit functions.

Omitted – Art. 432(2) CRR. Relationships between control functions are proprietary.

Credit quality of performing and non-performing exposures by past due days

The table below presents the credit quality of performing and non-performing exposures by past due days.

Amounts in template EU CQ3 are reported as gross carrying amount, i.e. before accumulated impairment and provisions and after write-offs, in line with Part 1 §34 of Annex V to Regulation (EU) 680/2014. Past-due exposures are limited and concentrated in the shorter ageing buckets, consistent with the sound quality of the credit portfolio; ageing buckets with no exposure are left empty (treated as nil) in accordance with the EBA Filing Rules ("empty is not zero").

Gross carrying amount/nominal amount											
Performing exposures				Non-performing exposures							
	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
Cash balances at central banks and other demand deposits											

Loans and advances	776,714,745	776,714,745	14,925,296	
Central banks	211,021,265	211,021,265		
General governments			243,233	243,233
Credit institutions	249,444,487	249,444,487		
Other financial corporations				
Non-financial corporations	302,399,368	302,399,368	14,682,064	14,682,064
Of which SMEs				
Households	13,849,625	13,849,625		
Debt securities				
Central banks				
General governments				
Credit institutions				
Other financial corporations				

Non-financial corporations			
Off-balance-sheet exposures	519,258,275		
Central banks			
General governments			
Credit institutions	2,437,694		
Other financial corporations			
Non-financial corporations	516,605,335		
Households	215,245		
Total	1,295,973,020	14,925,296	

Performing and non-performing exposures and related provisions

The table below presents the credit quality of performing and non-performing exposures and the related provisions.

The "of which: stage 1 / stage 2 / stage 3" columns of template EU CR1 are not populated. The Institution's loan book does not present a staged credit-risk profile that would require a breakdown: exposures showing a significant increase in credit risk (IFRS 9 stage 2) or credit impairment (stage 3) are negligible, consistent with a non-performing loan ratio of approximately 1.9% and with the absence of such a breakdown in the Institution's FINREP F 18.00 return. Accumulated partial write-offs (column m) are nil: the Institution's lending activity, predominantly secured residential and commercial mortgage lending, has not given rise to write-offs during the period, which is why no such amount is reported in FINREP either. These items are omitted on materiality grounds in accordance with Article 432 CRR.

Gross carrying amount/nominal amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				Accumulated partial write-off	Collateral and financial guarantees received		
Performing exposures		Non-performing exposures		Performing exposures – accumulated impairment and provisions		Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			On performing exposures	On non-performing exposures	
Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3	Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3				

Cash balances at central
banks and other demand
deposits

Loans and advances	776,714,745	14,925,296
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Central banks	211,021,265	
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General governments		243,233
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Credit institutions	249,444,487	
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Other financial corporations

Non-financial corporations	302,399,368	14,682,064
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Of which SMEs

Households	13,849,625	
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Debt securities

Central banks

General governments

Credit institutions

Other financial corporations

Non-financial corporations

Off-balance-sheet exposures	519,258,275	
Central banks		
General governments		
Credit institutions	2,437,694	
Other financial corporations		
Non-financial corporations	516,605,335	267,963,294
Households	215,245	
Total	1,295,973,020	14,925,296

Credit quality of forborne exposures

AB Europe SA had no exposure subject to forbearance measures in 2025. Template EU CQ1 is presented at the level of granularity required by the disclosure; any additional detail is not requested by the P3 template (e.g. provision breakdown).

Collateral obtained by taking possession and execution processes

The institutions enforce collateral rights as a last resort when credit recovery efforts are exhausted.

By December 25, the Bank didn't take possession of collateral assets.

RWEA flow statements of CVA risk under the Standardised Approach

The institution has no material derivatives activity subject to CVA risk; this template is therefore not material / not applicable.

6. Liquidity risk

Liquidity risk management

The sections below describe the institution's approach to liquidity risk management.

a – Strategies and processes in the management of the liquidity risk, including policies on diversification in the sources and tenor of planned funding,

The level of appetite for liquidity risk of AB Europe SA is expressed as the desire to maintain a liquidity level sufficient to cover:

- The regulatory requirements of pillar 1;
- The needs or requirements identified under pillar 2;
- And the extra liquidity that may be required by the Board of Directors to cope with stress.
- In addition, maintain the level of liquidity stable, as measured by the NSFR, above the levels required by regulation

The Board of Directors also imposed limits in the concentration of source of fundings

b – Structure and organisation of the liquidity risk management function (authority, statute, other arrangements).

Omitted – Art. 432(2) CRR. Liquidity function organisation is proprietary.

c – A description of the degree of centralisation of liquidity management and interaction between the group's units

Omitted – Art. 432(2) CRR. Liquidity centralisation structure is proprietary.

d – Scope and nature of liquidity risk reporting and measurement systems.

Omitted – Art. 432(1) CRR. Liquidity measurement systems not material.

e – Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants.

AB Europe SA manages and controls liquidity and financing risks jointly with the treasury department of AB Europe Plc, which is responsible in particular for the execution of foreign exchange transactions, the recording of treasury transactions, the management of deposits and investments with the ECB, the management of interest rate and liquidity risk within the constraints imposed by AB Europe SA.

The Bank closely monitors its liquidity risk exposure: daily reporting on short term positions, regular projections based on the Business pipeline, regular stress test exercises ensuring the liquidity position of the Bank is adequate to face severe crisis. All of these aspects are discussed in ALCO meetings and reported to the Executive Committee.

f – An outline of the banks contingency funding plans.

Omitted – Art. 432(2) CRR. Contingency funding plan is confidential.

g – An explanation of how stress testing is used.

Omitted – Art. 432(2) CRR. Stress test methodology is proprietary.

h – A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy.

The Board declares that the liquidity risk management framework in place is adequate in light of Bank's risk profile and business model.

The framework ensures that liquidity risk is effectively identified, measured, managed, monitored, thus reported. The Board is satisfied that the Bank's liquidity risks management

arrangements provide reasonable assurance that liquidity risks are managed in a prudent and effective manner consistent with the Bank's risk appetite.

i – A concise liquidity risk statement approved by the management body succinctly describing the institution's overall liquidity risk profile associated with the business strategy.

The liquidity risk profile of AB Europe SA shows certain specificities inherent in its business model:

- A very stable source of funding coming from its retail base, deposits mainly originating from the MENA region;
- A concentration of deposits on its corporate base;
- Absence of a long-term debt. AB Europe SA capital is only composed of Tier1 capital;
- A very high level of liquidity, placed in Central Bank and immediately available;
- Absence of encumbered assets;
- Additional source of fundings identified and easily reachable

AB Europe SA maintains a prudent liquidity position through diversified funding strategy, access to stable funding sources and holding of an adequate buffer of high-quality liquid assets. Liquidity risk metrics are regularly monitored and reported to senior management and the Board. the framework is further strengthened by comprehensive stress testing, as well as by a contingency funding plan.

7. Market and operational risk

Qualitative disclosure requirements related to market risk

The sections below describe the institution's approach to market risk.

a – A description of the institution's strategies and processes to manage market risk and a description of the institution's policies for hedging and mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges.

Market risk management:

AB Europe SA doesn't hold a trading book, no market activities were carried out on its own account in 2025. AB Europe SA liquidity is managed through Money Market operations with European Central Banks, its parent company or well-known financial institutions

AB Europe SA is nevertheless exposed to interest rate risk, recognized within the market risk field. Interest rate risk is defined as the risk of loss arising from interest rate movements.

The Board of Directors of AB Europe SA has established limits, based on the sensibility of the portfolio to interest rate movements of 1 basis point (PV01) on the EVE, followed on a daily basis, by the Treasury Department as the front line, and then by the Head of Risk. AB Europe SA has a low appetite for the interest rate risk, then takes a conservative approach and does not take a position to generate short-term gains.

The primary protection mechanism used by the Bank to mitigate its interest rate risk lies in the predominance of variable rates for customer credit operations. Any exception of fixed rate lending operations shall be systematically backed through a matching loan in the same conditions or the use of a hedging instrument.

b – A description of the structure and organisation of the market risk management function, including a description of the market risk governance structure established to implement the strategies and processes of the institution discussed in row (a) above, and that describes the relationships and the communication mechanisms between the different parties involved in market risk management.

Omitted – Art. 432(2) CRR. Market risk function organisation is proprietary.

c – Scope and nature of risk reporting and measurement systems

Omitted – Art. 432(1) CRR. Market risk measurement systems not material.

EU d – A general overview of the trading book positions for institutions that use the Simplified Standardised Approach or the Alternative Standardised Approach.

The interest rate risk on AB Europe SA Balance sheet is considered low given the floating-rate nature of our assets and liabilities and the lack of sophistication of our operations (no optionality).

Qualitative information on operational risk

The sections below describe the institution's approach to operational risk.

a – Disclosure of the risk management objectives and policies

AB Europe SA recognises all operational risks categories, as identified by the Basel Committee: internal and external fraud, employment and safety practices, product and business customers, damage to physical assets, business interruptions and system malfunctions, and execution, delivery and process management

The Board defined tolerance for Operational Risk with low risk appetite for Operational Risk losses, limited appetite for any outsourced or third-party arrangements that fail to adhere to SLAs and zero tolerance for information and personal data breaches. The Board also defined objectives to continuously invest in and strengthen Cyber Risk mitigation and implement disaster recovery and business continuity programs ensures that it is able to continue delivery of products and services at acceptable predefined levels following a disruptive incident.

A robust Operational risk framework is in place, held by the Risk department and oversees by the Executive Committee

b – Disclosure of the structure and organisation of the operational risk management function

Omitted – Art. 432(2) CRR. Operational risk function organisation is proprietary.

c – Description of the scope and nature of the measurement system

Omitted – Art. 432(1) CRR. Operational risk measurement system not material.

d – Description of the scope and nature of the operational risk reporting framework

Omitted – Art. 432(1) CRR. Operational risk reporting framework not material.

e – Description of the policies and strategies of the risk mitigation and risk hedge

Omitted – Art. 432(2) CRR. Operational risk mitigation policies are proprietary.