

BNP PARIBAS - U.A.E. BRANCHES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

BNP PARIBAS - U.A.E. BRANCHES

FINANCIAL STATEMENTS

For the year ended 31 December 2025

Contents	Pages
Independent auditor's report	2-6
Statement of financial position	7
Statement of comprehensive income	8
Statement of changes in capital and reserves	9
Statement of cash flows	10
Notes to the financial statements	11 – 55

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF

BNP Paribas -S.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BNP Paribas – UAE Branches (the “Branches”), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report. We are independent of the Branches in accordance with the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the “IESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF

BNP Paribas -S.A. continued

Report on the Audit of the Financial Statements continued

Key audit matters continued

Key audit matter

Impairment of non-retail loans and advances to customers, net ***How our audit addressed the key audit matter***

The Branches recognise impairment allowances for credit exposures using expected credit loss (ECL) models. The determination of ECL requires significant management judgement, particularly in the selection and application of key modelling assumptions such as probability of default (PD), loss given default (LGD), exposure at default (EAD) and incorporation of forward-looking information.

For credit-impaired exposures classified under stage 3, impairment allowances are assessed individually. This assessment involves evaluating expected recovery strategies, timelines for realisation, and other qualitative and quantitative factors.

Given the level of judgement required, the complexity of the models, and the material impact on the Branches' financial statements, the determination of ECL is considered a Key Audit Matter.

We obtained an understanding of the Branches' credit risk governance and management process with a particular focus on ECL framework, policies and methodologies applied to determine the ECL allowance against the loans and advances.

We assessed the appropriateness of the Branches' accounting policies and methodologies for determining the ECL allowance against loans and advances in accordance with the requirements of IFRS Accounting Standards.

We performed an independent credit assessment for a sample of non-retail customers by assessing the quantitative and qualitative factors, including assessments of the financial performance of the customers, timely repayments and other relevant risk factors.

We assessed, on a sample basis, that reported exceptions to policies and procedures, if any, as outlined in the risk appetite statement of the Branches were approved by the Head Office and the approval process was formally documented.

For a sample of corporate credit facilities, we checked from reported exceptions to limits, if any, as set out in the approved delegation of authority matrix, were approved by the appropriate authority.

For a sample of stage 3 corporate customers, we assessed:

- the appropriateness of discounted cash flows, including the discount rates used and the probable scenario analysis; and
- the robustness of the Branches' processes and controls with respect to the valuation and enforceability of collateral, including the underlying assumptions.

The Branches also consider relevant regulatory requirements, in the context of the alignment of those requirements with IFRS Accounting Standards, in the estimation of expected credit losses (ECL) in respect of stage 3 exposures.

We assessed the adequacy of disclosures in the financial statements relating to this matter against the requirements of IFRS Accounting Standards.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF

BNP Paribas -S.A. continued

Report on the Audit of the Financial Statements continued

Responsibilities of management and the Directors for the financial statements

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

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

The Directors are responsible for overseeing the Branches' financial reporting process.

Auditor's 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branches' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF

BNP Paribas -S.A. continued

Report on the Audit of the Financial Statements continued

Auditor's responsibilities for the audit of the financial statements continued

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branches' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Branches to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) the Branches have maintained proper books of account;
- (ii) we have obtained all the information we considered necessary for the purposes of our audit;
- (iii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021, as amended;
- (iv) the financial information included in the report of the Directors is consistent with the books of account and records of the Branches;
- (v) based on the information that has been made available to us, the Branches have neither purchased nor invested in any shares or stocks during the year ended 31 December 2025;

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF

BNP Paribas -S.A. continued

Report on Other Legal and Regulatory Requirements continued

- (vi) there was no social contribution made during the year;
- (vii) note 26 reflects the related party transactions and the terms under which they were conducted; and
- (viii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Branches have contravened during the financial year ended 31 December 2025 any of the applicable provisions of the UAE Federal Law No. (32) of 2021, as amended which would have a material impact on their activities or their financial position as at 31 December 2025.

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

For Ernst & Young



Ahmad Al Dali
Registration No 5548

Date: 31 March 2026 (except for notes 16.2 and 34 for which the date is 31 August 2026)
Abu Dhabi, United Arab Emirates

BNP PARIBAS - U.A.E. BRANCHES

STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

	Notes	2025	2024
ASSETS			
Cash and balances with the Central Bank of the UAE	5	2,123,897	1,520,280
Due from other banks	6	11,724	34,378
Due from the Head Office and other branches	7	3,827,690	4,281,072
Financial asset measured at amortised cost	8	1,557,795	790,966
Loans and advances	9	1,467,306	1,295,118
Other assets	10	85,239	131,458
Property and equipment		7,707	9,642
TOTAL ASSETS		9,081,358	8,062,914
LIABILITIES AND CAPITAL AND RESERVES			
LIABILITIES			
Customers' deposits	11	6,837,810	5,937,898
Balances due to the Central Bank of the UAE	5	2,264	18,853
Balances due to other banks	13	5,199	611
Due to the Head Office and other branches	12	131,252	8,525
Other liabilities	14	229,142	213,373
TOTAL LIABILITIES		7,205,667	6,179,260
CAPITAL AND RESERVES			
Designated capital	15	446,431	446,431
Legal reserve	16	211,931	202,266
General reserve	16	114,816	120,011
Retained earnings		1,107,186	1,118,988
Actuarial loss		(4,673)	(4,042)
TOTAL CAPITAL AND RESERVES		1,875,691	1,883,654
TOTAL LIABILITIES AND CAPITAL AND RESERVES		9,081,358	8,062,914

These financial statements were approved for issue on 31 August 2026 and signed by:



Stephane GABORIAUD
General Manager



Ali AL MUTAWA
Chief Operating Officer

The accompanying notes 1 to 34 form an integral part of these financial statements.

BNP PARIBAS - U.A.E. BRANCHES

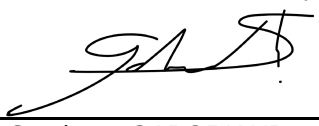
STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

	Notes	2025	2024
Interest income	17	307,511	337,241
Interest expense	18	(74,280)	(51,677)
Net interest income		233,231	285,564
Net fees and commission income	19	92,544	88,970
Gain / (loss) on foreign exchange transactions - net		2,081	(1,307)
Total operating income		327,856	373,227
Operating costs			
Operating expenses	21	(119,600)	(134,644)
(Charge) / reversal of expected credit losses - net	20	(13,225)	18,208
Total operating expenses		(132,825)	(116,436)
Profit for the year before taxation		195,031	256,791
Taxation	22	(46,741)	(63,633)
Net profit for the year		148,290	193,158
Other comprehensive loss for the year: <i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement of employees' end of service benefits	14	(631)	(334)
Total other comprehensive loss		(631)	(334)
Total comprehensive income for the year		147,659	192,824

These financial statements were approved for issue on 31 August 2026 and signed by:



Stephane GABORIAUD
General Manager



Ali AL MUTAWA
Chief Operating Officer

The accompanying notes 1 to 34 form an integral part of these financial statements.

BNP PARIBAS - U.A.E. BRANCHES

STATEMENT OF CHANGES IN CAPITAL AND RESERVES

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

	<i>Designated capital</i>	<i>Legal reserve</i>	<i>General reserve</i>	<i>Actuarial loss</i>	<i>Retained earnings</i>	<i>Total</i>
As at 1 January 2024	446,431	182,950	101,790	(3,708)	1,106,282	1,833,745
Net profit for the year	-	-	-	-	193,158	193,158
Other comprehensive income	-	-	-	(334)	-	(334)
	-	-	-	(334)	193,158	192,824
Profit repatriation to the Head office	-	-	-	-	(142,915)	(142,915)
Transfer to legal reserve (Note 16.1)	-	19,316	-	-	(19,316)	-
Transfer to general reserve (Note 16.2)	-	-	18,221	-	(18,221)	-
As at 31 December 2024	446,431	202,266	120,011	(4,042)	1,118,988	1,883,654
As at 1 January 2025	446,431	202,266	120,011	(4,042)	1,118,988	1,883,654
Net profit for the year	-	-	-	-	148,290	148,290
Other comprehensive income	-	-	-	(631)	-	(631)
	-	-	-	(631)	148,290	147,659
Profit repatriation to the Head office	-	-	-	-	(155,622)	(155,622)
Transfer to legal reserve (Note 16.1)	-	9,665	-	-	(9,665)	-
Transfer from general reserve (Note 16.2)	-	-	(5,195)	-	5,195	-
As at 31 December 2025	446,431	211,931	114,816	(4,673)	1,107,186	1,875,691

The accompanying notes 1 to 34 form an integral part of these financial statements.

BNP PARIBAS - U.A.E. BRANCHES**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

	Notes	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year before taxation		195,031	256,791
ADJUSTMENTS FOR NON-CASH ITEMS:			
Reversal (charge) of expected credit losses - net	20	13,225	(18,208)
Depreciation	21	2,332	2,651
Provision for employees' end of service benefits	14.1	1,331	1,154
		211,919	242,388
CHANGES IN OPERATING ASSETS AND LIABILITIES:			
Statutory deposits with the Central Bank of the UAE		(21,619)	(126,977)
Due from other banks		(298)	-
Due from the Head Office and other branches		(9,423)	-
Loans and advances		(172,723)	72,345
Other assets		41,437	(50,145)
Customers' deposits		899,912	987,381
Due to the Head Office and other branches		122,727	(292,935)
Balances due to other banks		4,588	611
Balances due to the Central Bank of the UAE		(16,589)	12,618
Other liabilities		(5,585)	(62,491)
Net cash flows generated from operations		1,054,346	782,795
Payment of employees' end of service benefits	14.1	(1,967)	(1,920)
Income tax paid		(33,291)	(33,207)
Net cash generated from operating activities		1,019,088	747,668
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of monetary bills issued by the Central Bank of the UAE		(766,829)	(344,217)
Purchase of property and equipment		(397)	(4,139)
Net cash used in investing activities		(767,226)	(348,356)
CASH FLOWS FROM FINANCING ACTIVITY:			
Profit repatriation to the Head Office		(155,622)	(142,915)
Net cash used in financing activity		(155,622)	(142,915)
Net increase in cash and cash equivalents		96,240	256,397
Cash and cash equivalents at the beginning of the year		5,289,453	5,033,056
Cash and cash equivalents at the end of the year	24	5,385,693	5,289,453

The accompanying notes 1 to 34 form an integral part of these financial statements.

BNP PARIBAS - U.A.E. BRANCHES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

1 ESTABLISHMENT AND OPERATIONS

BNP Paribas SA ("the Bank" / "Head Office") is a public limited company incorporated in France and the address of its registered office is 16, Boulevard des Italiens, 75009, Paris. The principal activity of the Bank in the United Arab Emirates ("UAE") is commercial banking which is carried out from its Branches in Abu Dhabi and Dubai ("the Branches").

Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 and has come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the "2015 Law"). The Branches have applied the requirements of these laws including the UAE Federal Decree Law No. (6) of 2025 during the year ended 31 December 2025.

These financial statements comprise the combined assets, liabilities and results of the Branches of the Bank.

2 APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

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

In the current year, the Branches have applied a number of amendments to IFRS Accounting Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2025.

The following new and revised IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 January 2025, have been adopted in these financial statements. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New standards, amendments, and interpretations	Effective for annual periods beginning on or after
Lack of exchangeability – Amendments to IAS 21	1 January 2025

2.2 New and revised IFRS Accounting Standards issued but not yet effective and not early adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Branches' financial statements are disclosed below. The Branches intend to adopt these new and amended standards and interpretations, if applicable, when they become effective.

New standards, amendments, and interpretations	Effective for annual periods beginning on or after
Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	1 January 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	1 January 2026
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9	1 January 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	1 January 2027
Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	Deferred indefinitely

The Branches are currently assessing the impact of the adoption of these new and amended standards and interpretations on its financial statements.

BNP PARIBAS - U.A.E. BRANCHES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

3 MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation

The financial statements are prepared in accordance with and comply with IFRS Accounting Standards and applicable laws. The financial statements are prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Branches' accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The material accounting policies are set out below:

3.2 Foreign currencies

Functional and presentational currency

Items included in the financial statements of the Branches are measured using the currency of the primary economic environment in which the entities operates (the "functional currency"). The financial statements are prepared in AED, which is the Branches' functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3.3 Derivative financial instruments

Derivative financial instruments include foreign exchange contracts, interest rate swaps, options (both written and purchased) and other derivative financial instruments. Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative, with the gain or loss taken to profit or loss.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

3.4 Reverse repurchase agreements

Securities temporarily acquired under reserve repurchase agreement are not recognized in the Branches' statement of financial position. The corresponding receivables are recognised at amortised cost under due from the Head Offices and other branches in the statement of financial position.

3.5 Income and expense

Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**3.5 Income and expense (continued)***Interest income and expense (continued)*

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated 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 financial asset or financial liability.

When calculating the effective interest rate, the Branches estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but do not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Branches retained no part of the loan package for itself or retained a part at the same effective interest rate for the other participants.

3.6 Leases

Rental contracts may contain both lease and non-lease components. The Branches allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Branches are a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Branches.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**3.6 Leases (continued)**

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Branches, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Branches:

- where possible, use recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- use a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Branches, which do not have recent third party financing, and
- make adjustments specific to the lease, term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Branches are reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low value asset comprise items with a value of less than AED 18,000.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Branches. These are used to maximise operational flexibility in terms of managing the assets used in the Branches' operations.

3.7 Financial assets and liabilities*Measurement methods**Amortised cost and effective interest rate*

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability.

BNP PARIBAS - U.A.E. BRANCHES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.7 Financial assets and liabilities (continued)

Measurement methods (continued)

Amortised cost and effective interest rate (continued)

The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ("POCI") financial assets – assets that are credit-impaired at initial recognition the Branches calculate the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Branches revise the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- (a) POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
- (b) Financial assets that are not "POCI" but have subsequently become credit - impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Branches commit to purchase or sell the asset.

At initial recognition, the Branches measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

Financial assets

Classification and subsequent measurement

The Branches have applied IFRS 9 and classify their financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL); or
- Amortised cost.

The classification requirements for debt instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, governments and corporate bonds.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**3.7 Financial assets and liabilities (continued)****Financial assets (continued)***Debt instruments (continued)*

Classification and subsequent measurement of debt instruments depend on:

- the Branches' business model for managing the asset; and
- the cash flow characteristics of the asset.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represents solely payments of principal and interest ('SPPI') that are not designated as FVPL are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through profit or loss (FVPL): The Branches classified their derivative instruments at FVPL.

Business model

The business model reflects how the Branches manage the assets in order to generate cash flows. That is, whether the Branches' objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes) the financial assets are classified as part of 'other' business model held for trading purposes, then the financial assets are measured at FVPL. Factors considered by the Branches in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Branches assess whether the financial instruments; cash flows represent solely payments of principal and interest (the 'SPPI' test). In making the assessment, the Branches consider whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

Impairment

The Branches assess on a forward looking basis the expected credit losses ('ECL') associated with their debt instrument assets carried at amortised cost and with the exposure arising from loan commitments and financial guarantee contracts. The Branches recognise a loss allowance for such losses at each reporting date.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

BNP PARIBAS - U.A.E. BRANCHES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.7 Financial assets and liabilities (continued)

Financial assets (continued)

Modification of loans

The Branches sometimes renegotiate or otherwise modify the contractual cash flows of loans. When this happens, the Branches assess whether or not the new terms are substantially different to the original terms. The Branches do this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Branches derecognise the original financial asset and recognise a 'new' asset at fair value and recalculate a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred.

However, the Branches also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Branches recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognise a modification gain or loss in profit or loss.

Derecognition other than due to modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Branches transfer substantially all the risks and rewards of ownership, or (ii) the Branches neither transfer nor retain substantially all the risks and rewards of ownership and the Branches have not retained control.

Financial liabilities

Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified and subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss: this classification is applied to derivatives.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

BNP PARIBAS - U.A.E. BRANCHES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.8 Offsetting financial instruments

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

3.9 Provisions

Provisions are recognised when the Branches have a present obligation (legal or constructive) as a result of a past event, it is probable that the Branches will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.10 Property and equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Branches and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is computed using the straight-line method at rates calculated to reduce the cost of assets to their estimated residual values over their expected useful lives, as follows:

	Years
Furniture and fixtures	5
Computer and office equipment	3 to 5
Motor vehicles	5
Leasehold improvements	Lesser of lease period and 5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with effect of any changes in estimate accounted for on a prospective basis.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in profit or loss.

3.11 Provision for employees' end of service benefits

The pension contributions in respect of international / expatriate staff are made in accordance with BNP Paribas group policy and are made in lieu of the terminal gratuity payable under the UAE Labour Law. The liability for international / expatriate staff pension is settled through the Head Office account and accounted as a charge in profit or loss.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**3.11 Provision for employees' end of service benefits (continued)**

In accordance with the provisions of the UAE Federal Law No.(7), 1999, for Pension and Social Security, contributions for UAE national employees are made and deposited with the United Arab Emirates General Provision and Social Security Authority and are charged to profit or loss and are disclosed under other liabilities.

The Branches currently operates an unfunded scheme for defined benefits in accordance with the applicable provisions of the UAE Federal Labour Law and is based on periods of cumulative service and levels of employees' basic salaries at the end of their employment contract. The Branches net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods discounted to determine its present value. Any unrecognized past service costs are deducted.

The calculation of defined benefit obligation is performed periodically by a qualified actuary using the projected unit credit method. When benefits of the plan are improved, the portion of the increased benefit related to past service by employees is recognised in the statement of comprehensive income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in the statement of comprehensive income. The Branches recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans within statement of comprehensive income.

3.12 Taxation

Provision for taxation is made in respect of the Branches' operations in the Emirates of Dubai and Abu Dhabi whereby tax is payable at the rate of 20% of the adjusted net profit generated during the year in each of the Emirates, in accordance with the relevant legislation of each Emirate.

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime has become effective for accounting periods beginning on or after 1 June 2023. The Cabinet of Ministers Decision No. 116 of 2022 (widely accepted to be effective from 16 January 2023) specified the threshold of taxable income to which the 0% UAE CT rate would apply, and above which the 9% UAE CT rate would apply. It is widely considered that this would constitute 'substantive enactment' of the UAE CT Law for the purposes of IAS 12, the objective of which is to prescribe the basis for accounting for Income Taxes.

Current Tax:

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the country where the Branches operate and generate taxable income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**3.12 Taxation (continued)**

Deferred tax:

Deferred tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax (VAT)

The Branches are subject to indirect tax in the UAE under VAT Decree-Law No. (8) of 2017. The Branches are required to calculate on a quarterly basis, the amount of tax payable to the federal tax authority (FTA) and submit corresponding details in the form of VAT Returns as per prescribed format. The payment needs to be acknowledged by the FTA no later than the 28th of the month following a quarter end.

These returns are compiled in accordance with the applicable VAT regulations issued by the FTA. In addition, these returns may be periodically reviewed and audited by the governing authority, however, as of the reporting date, no review or audit by the governing authority was conducted or is in progress.

3.13 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, amounts due from other banks, the Head Office and other branches and certificates of deposit with the Central Bank of the UAE with an original maturity of three months or less (excluding the minimum reserve deposit placed with the Central Bank of the UAE in compliance with the statutory requirements applicable in the UAE).

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Branches make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Measurement of the expected credit loss allowance ("ECL")

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 3.7, which also sets out key sensitivities of the ECL to changes in these elements.

BNP PARIBAS - U.A.E. BRANCHES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

4.1 Measurement of the expected credit loss allowance ("ECL") (continued)

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

4.2 Income taxes

The Branches are subject to income taxes in the Emirates of Abu Dhabi and Dubai. Significant estimates are required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Branches recognise liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact income tax and deferred tax.

The deferred tax assets recognised at 31 December have been based on future profitability assumptions. In the event of changes to these profitability assumptions, the tax assets recognised may be adjusted.

5 CASH AND BALANCES WITH THE CENTRAL BANK OF THE UAE

	2025	2024
Balances due from the Central Bank of UAE:		
- Statutory deposits	567,897	546,278
- Overnight placements	1,556,000	974,000
	2,123,897	1,520,278
Cash in hand	-	2
Cash and balances with the Central Bank of the UAE	2,123,897	1,520,280
Balances due to the Central Bank of the UAE	2,264	18,853

The statutory deposits with the Central Bank of the UAE amounting to AED 568 million (2024: AED 546 million) are not available to finance the day-to-day operations of the Branches.

As at 31 December 2025, overnight placements carry an interest rate of 3.65% (2024: 4.40%) per annum.

6 DUE FROM OTHER BANKS

	2025	2024
Placements	1,860	22,795
Current accounts	9,864	11,584
Less: ECL allowance	-	(1)
	11,724	34,378

BNP PARIBAS - U.A.E. BRANCHES**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

6 DUE FROM OTHER BANKS (continued)

Placements earn annual interest at rates ranging between 5.34% to 6.27% (31 December 2024: 4.77% to 4.84%).

	2025	2024
By geographical area:		
Other GCC countries	7,850	24,118
OECD countries	3,026	7,208
Others	848	3,052
	11,724	34,378

7 DUE FROM THE HEAD OFFICE AND OTHER BRANCHES

	2025	2024
Placements	3,807,927	4,273,242
Current accounts	10,339	7,830
Bill discounted	9,424	-
	3,827,690	4,281,072

	2025	2024
By geographical area:		
Other GCC countries	1,711,193	2,347,648
OECD countries	2,116,341	1,933,294
Others	156	130
	3,827,690	4,281,072

As at 31 December 2025, placements due from the Head Office and other branches carry interest at rates ranging between 0.75% to 5.1% (2024: 0.75% to 4.7%) per annum.

8 FINANCIAL ASSET MEASURED AT AMORTISED COST

	2025	2024
Monetary bills issued by the Central Bank of the UAE classified:		
at amortised cost	1,557,796	790,966
Less: expected credit losses	(1)	-
	1,557,795	790,966

These monetary bills carry interest at rates ranging from 4.025% to 4.684% (31 December 2024: 4.91% to 5.62%) with latest maturity of 11 Nov 2026 (31 December 2024: 25 June 2025).

BNP PARIBAS - U.A.E. BRANCHES**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

9 LOANS AND ADVANCES**9.1 Loans and advances**

	2025	2024
Loans and advances	1,576,850	1,464,318
Less: Expected credit losses	(51,990)	(74,431)
Less: interest in suspense	(57,554)	(94,769)
	1,467,306	1,295,118

9.2 Analysis of loans and advances

	2025	2024
By type:		
Overdrafts	134,521	67,518
Loans	1,041,244	1,064,202
Trust receipts	199,556	162,364
Bills discounted	201,529	170,234
	1,576,850	1,464,318

	2025	2024
By geographical area:		
Within UAE	1,356,462	1,255,153
Other GCC countries	2,308	1,783
OECD countries	32,048	4,383
Others	186,032	202,999
	1,576,850	1,464,318

	2025	2024
By economic sector		
Trade and commerce	186,290	265,374
Construction	34,096	87,810
Manufacturing	494,971	418,927
Services	20,664	37,179
Transport, storage and communication	32,052	4,148
Mining and quarrying	57,643	18,667
Financial institutions	405,815	405,811
Government	341,700	222,848
Others	3,619	3,554
	1,576,850	1,464,318

9.3 Expected credit losses**Movement in ECL on loans and advances**

	2025	2024
As at 1 January	74,431	100,083
Charge / (Reversal) for the year - net	535	(9,586)
Written off during the year	(22,976)	(16,066)
As at 31 December	51,990	74,431

BNP PARIBAS - U.A.E. BRANCHES**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

9 LOANS AND ADVANCES (continued)

At 31 December 2025, the aggregate amount of non-performing loans and advances including interest amounted to AED 109 million (2024: AED 169 million).

10 OTHER ASSETS

	2025	2024
Derivative financial instruments (Note 28)	3,188	12,394
Deferred tax asset (Note 10.1)	10,298	15,080
Prepayments	97	78
Interest receivable	11,146	8,780
Other receivables	60,510	95,126
	85,239	131,458

10.1 Deferred tax asset

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 20%.

The movement on the deferred tax asset account is as follows:

	2025	2024
As at 1 January	15,080	20,550
Charge for the year (Note 22)	(4,782)	(5,470)
As at 31 December	10,298	15,080

Deferred tax assets are recognised only to the extent that realisation of the related tax benefit is probable. The temporary timing difference primarily arises on account of impairment of loans and advances disallowed for tax purposes.

11 CUSTOMERS' DEPOSITS

	2025	2024
Term deposits	2,938,988	2,520,047
Current accounts	3,442,742	3,173,509
Savings accounts	447,521	234,836
Margin deposits	8,559	9,506
	6,837,810	5,937,898

Ten largest customers accounted for 48% (2024: 51%) of the customers' deposits outstanding at the year end.

Customers' deposits include AED 31 million (2024: AED 21 million) representing deposits from related parties.

By geographical area:

	2025	2024
Within UAE	6,164,076	5,436,357
Other GCC countries	75,250	74,900
OECD countries	145,187	116,055
Others	453,297	310,586
	6,837,810	5,937,898

BNP PARIBAS - U.A.E. BRANCHES**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

12 DUE TO THE HEAD OFFICE AND OTHER BRANCHES

	2025	2024
Borrowings	100,800	-
Current accounts	30,452	8,525
	131,252	8,525
	2025	2024
By geographical area:		
Other GCC countries	111,333	1,607
OECD countries	19,919	6,918
	131,252	8,525

13 DUE TO OTHER BANKS

	2025	2024
Current accounts	5,199	611
	2025	2024
By geographical area:		
Other GCC countries	5,174	550
OECD countries	25	61
	5,199	611

14 OTHER LIABILITIES

	2025	2024
Derivative financial instruments (Note 28)	3,188	12,397
Fees and commissions received in advance	19,143	18,111
Accrued expenses	71,875	63,344
Provision for bonus	2,704	3,066
Provision for employees' end of service benefits (Note 14.1)	9,549	9,554
Interest payable	5,451	5,955
Provision for credit losses arising on letters of credit and guarantees issued (Note 30)	41,737	29,047
Income tax payable	61,021	52,352
Other liabilities (Note 14.2)	14,474	19,547
	229,142	213,373

14.1 Movement in provision for employees' end of service benefits

	2025	2024
As at 1 January	9,554	9,986
Provision made during the year (Note 23)	1,331	1,154
Payments made during the year	(1,363)	(1,920)
Amount settled for transfer to a branch	(604)	-
Actuarial loss	631	334
As at 31 December	9,549	9,554

BNP PARIBAS - U.A.E. BRANCHES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

14 OTHER LIABILITIES (continued)

14.1 Movement in provision for employees' end of service benefits (continued)

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations as at 31 December 2025 and 2024, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE Labour Law. The expected liability at the date of leaving the service has been discounted to net present value using a discount rate of 4.50% (2024: 4.80%). Under this method an assessment has been made of an employee's expected service life with the Branches and the expected basic salary at the date of leaving the service. Management has assumed average increment/promotion costs of 4.60% (2024: 4.60%).

The maturity profile of the Branches' end-of-service benefit obligation indicates that 11% of the expected payments are due within one year (2024: 19%), 45% are expected to fall due between two to five years (2024: 52%), and the remaining 44% are expected to be settled after five years (2024: 30%).

The charge for the year comprises 31% (2024: 43%) in respect of interest cost and 69% (2024: 57%) relating to current service cost.

14.2 This includes accrual for Head Office charges amounting to AED 0.62 million (2024: AED 0.44 million).

15 DESIGNATED CAPITAL

In accordance with the UAE Federal Decree Law No. (32) of 2021, designated capital represents an interest free deposit provided by the Head Office.

As at 31 December 2025 designated capital was AED 446.4 million (31 December 2024: AED 446.4 million). During the year ended 31 December 2025, no additional capital was received from Head Office as an addition to designated capital.

16 RESERVES

16.1 Legal reserve

In accordance with Article 241 of the UAE Federal Law No. 32 of 2021, 10% of the profit for the year is required to be transferred to a legal reserve which is non-distributable. Allocations to this reserve are required to be made until such time as the balance in the reserve equals 50% of the designated capital. Accordingly, an amount of AED 9.67 million (2024: AED 19.3 million) has been transferred to the legal reserve for the year ended 31 December 2025. This reserve is not available for distribution.

16.2 General reserve

As per the new Credit Risk Management Standards (CRMS) issued by CBUAE, the Branches must ensure that the total provision corresponding to all stage 1 and stage 2 exposures is not less than 1.50% of the Credit Risk Weighted Assets (CRWA) as computed under the CBUAE capital regulations. Where the collective provisions held are lower, the shortfall may be held in a dedicated non-distributable statement of financial position reserve called the 'general reserve'. The amount held in the general reserve must be deducted from the capital base (tier 1 capital) when computing the regulatory capital.

	2025	2024
Minimum provision for stage 1 & 2 exposure as per CBUAE requirements	114,816	120,011
Less: stage 1 and 2 impairment provision taken against income	(1,068)	(779)
Shortfall in stage 1 & 2 provision to meet minimum CBUAE requirements	<u>113,748</u>	<u>119,232</u>
General reserve as at 1 January	120,011	101,790
Movement related to non-distributable reserve during the year	(5,195)	18,221
General reserve as at 31 December	<u>114,816</u>	<u>120,011</u>

BNP PARIBAS - U.A.E. BRANCHES**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

17 INTEREST INCOME

	2025	2024
Loans and advances	54,206	62,552
Head Office and other branches (Note 26)	123,677	156,615
Other banks	129,628	118,074
	307,511	337,241

17 INTEREST INCOME (continued)

	2025	2024
By geographical area:		
Within the UAE		
- Government	17,815	16,286
- Non-Government	152,434	145,778
Outside the UAE	137,262	175,177
	307,511	337,241

18 INTEREST EXPENSE

	2025	2024
Customers' deposits	61,941	44,344
Head Office and other branches (Note 26)	12,338	7,292
Other banks	1	41
	74,280	51,677

	2025	2024
By geographical area:		
Within the UAE		
- Government	8,840	-
- Non-Government	46,508	38,254
Outside the UAE	18,932	13,423
	74,280	51,677

19 NET FEES AND COMMISSION INCOME

	2025	2024
<i>Commission income:</i>		
- On documentary credits and guarantees	39,340	37,312
- On transfers	4,267	4,260
- On others (Note 19.1)	56,420	54,005
	100,027	95,577
Less: commission expense (Note 19.2)	(7,483)	(6,607)
Net fee and commission income	92,544	88,970

	2025	2024
<i>Commission income:</i>		
Within the UAE		
- Government	4,969	3,663
- Non-Government	49,278	48,375
Outside the UAE		
- Government	15	-
- Non-Government	45,765	43,539
	100,027	95,577

BNP PARIBAS - U.A.E. BRANCHES**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

19 NET FEES AND COMMISSION INCOME (continued)

<i>Commission expense:</i>	2025	2024
Within the UAE		
- Government	1,420	589
- Non-Government	1,854	1,094
Outside the UAE	4,209	4,924
	7,483	6,607

19.1 This includes account maintenance charges and fee income allocated by the Head Office of AED 17.2 million (2024: AED 17.5 million) and commission on forex booking of AED 10.1 million (2024: AED 7.3 million).

19.2 This includes subordinated cost from related parties of AED 2.08 million (2024: AED 2.7 million).

20 (CHARGE) / REVERSAL OF EXPECTED CREDIT LOSSES - NET

	2025	2024
Net (charge) / reversal on loans and advances (Note 9.3)	(535)	9,586
Net reversal of interest in suspense	-	3,239
Net (charge) / reversal on due from other banks	(1)	1
Net (charge) / reversal on contingencies and commitments	(12,690)	5,373
Net charge on financial asset measured at amortised cost (Note 8)	1	9
	(13,225)	18,208

21 OPERATING EXPENSES

	2025	2024
Staff costs (Note 23)	24,950	26,765
Outsourced support costs (Note 26)	26,905	22,693
Information technology expenses	12,170	9,743
Depreciation	2,332	2,651
Head Office charges - net (Note 26)	716	651
Others	52,527	72,141
	119,600	134,644

22 INCOME TAX

The income tax rate applicable to the Branches' 2025 income is 11% at Emirate level and 9% at Federal Level (2024: 20%)

Further information about deferred income tax is presented in Note 10. The tax on the Branches' profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Branches as follows:

	2025	2024
Current income tax	41,959	58,163
Deferred tax	4,782	5,470
	46,741	63,633

BNP PARIBAS - U.A.E. BRANCHES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

23 STAFF COSTS

	2025	2024
Wages and salaries	15,026	15,662
Employees' end of service benefits (Note 14.1)	1,331	1,154
Other benefits	8,593	9,949
	24,950	26,765

24 CASH AND CASH EQUIVALENTS

	2025	2024
Cash in hand (Note 5)	-	2
Placements with the Central Bank of the UAE (Note 5)	1,556,000	974,000
Due from other banks with an original maturity of three months or less (Note 6)	11,426	34,379
Due from the Head Office and other branches with an original maturity of three months or less (Note 7)	3,818,267	4,281,072
	5,385,693	5,289,453

25 FINANCIAL ASSETS AND LIABILITIES MATURITY PROFILE

The maturities of financial assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Branches and its exposure to changes in interest rates and exchange rates.

The table below analyses financial assets and liabilities of the Branches into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date.

Financial assets and liabilities	Up to 3 months	4 - 12 months	2 - 5 years	Over 5 years	Total
31 December 2025					
Assets					
Cash and balances with the Central Bank of the UAE	2,123,897	-	-	-	2,123,897
Due from other banks	11,724	-	-	-	11,724
Due from the Head Office and other branches	3,818,267	9,423	-	-	3,827,690
Financial asset measured at amortised cost	653,980	903,815	-	-	1,557,795
Loans and advances	632,581	223,266	405,811	205,648	1,467,306
Other assets (excluding deferred tax asset and prepayments)	74,844	-	-	-	74,844
Total assets	7,315,293	1,136,504	405,811	205,648	9,063,256
Liabilities					
Customers' deposits	6,681,270	150,193	37	6,310	6,837,810
Due to the Head Office and other branches	131,252	-	-	-	131,252
Due to other banks	5,199	-	-	-	5,199
Balances due to the Central Bank of the UAE	2,264	-	-	-	2,264
Other liabilities (excluding provision for credit losses, taxation, employees' end of service benefits and fees and commissions received in advance)	22,297	-	3,521	-	25,818
Total liabilities	6,842,282	150,193	3,558	6,310	7,002,343
Net liquidity gap	473,011	986,311	402,253	199,338	2,060,913

BNP PARIBAS - U.A.E. BRANCHES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

25 FINANCIAL ASSETS AND LIABILITIES MATURITY PROFILE (continued)

Financial assets and liabilities	Up to 3 months	4 - 12 months	2- 5 years	Over 5 years	Total
31 December 2024					
Assets					
Cash and balances with the Central Bank of the U.A.E.	1,520,280	-	-	-	1,520,280
Due from other banks	34,378	-	-	-	34,378
Due from the Head Office and other branches	4,281,072	-	-	-	4,281,072
Financial asset measured at amortised cost	546,988	243,978	-	-	790,966
Loans and advances	840,975	46,978	407,165	-	1,295,118
Other assets (excluding deferred tax asset and prepayments)	116,300	-	-	-	116,300
Total assets	7,339,993	290,956	407,165	-	8,038,114
Liabilities					
Customers' deposits	5,731,904	198,768	-	7,226	5,937,898
Due to the Head Office and other branches	8,525	-	-	-	8,525
Due to other banks	611	-	-	-	611
Balances due to the Central Bank of the UAE	18,853	-	-	-	18,853
Other liabilities (excluding provision for credit losses, taxation, employees' end of service benefits and fees and commissions received in advance)	36,048	-	4,917	-	40,965
Total liabilities	5,795,941	198,768	4,917	7,226	6,006,852
Net liquidity gap	1,544,052	92,188	402,248	(7,226)	2,031,262

26 RELATED PARTY TRANSACTIONS AND BALANCES

A number of banking transactions are entered into with the Head Office and other branches in the normal course of business. In addition to the balances reflected in Notes 7, 10, 12 and 14 to the financial statements, the following transactions were carried out on commercial terms and conditions and / or approved by the management of the Branches.

	2025	2024
Transactions:		
Interest income (Note 17)	123,677	156,615
Interest expense (Note 18)	12,338	7,292
Head Office charges - net (Note 21)	716	651
Outsourced support costs (Note 21)	26,905	22,693
Cash management and trade services expenses	38,794	56,353
Transaction banking expenses	4,059	3,989
ITO and function related expenses	9,130	6,667
Global banking central services	1,005	-
Maintenance charges and fee income allocated by the Head Office (Note 19)	17,200	17,549
Commission on forex booking (Note 19)	10,115	7,347
Subordinated cost (Note 19)	2,084	2,681
Employees' end of service benefits transferred to other branches (Note 14.1)	604	-

BNP PARIBAS - U.A.E. BRANCHES**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

26 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	2025	2024
Balances		
Due from the Head Office and other branches	3,827,690	4,281,072
Other assets	44,121	113,490
Customers' deposits	31,146	21,195
Due to the Head Office and other branches	131,252	8,525
Other liabilities	19,116	63,942
Key management personnel		
Short term benefits	736	422
Total compensation to key management personnel	2,682	2,725
Number of key management personnel	2	2
Off balance sheet items		
Letters of guarantees and counter guarantees	4,959,673	5,026,298
Letters of credit	143,707	240,720
Acceptances	-	274,594
Derivative financial instruments	4,146,744	9,086,827

At 31 December 2025, letters of guarantees and counter guarantees include guarantees amounting to AED 4,960 million (2024: AED 5,026 million) and letters of credit of AED 144 million (2024: AED 241 million) which are counter guaranteed by the Head Office and other branches.

At 31 December 2025, derivative financial instruments amounting to AED 4,146 million (2024: AED 9,087 million) have been entered with the Head Office and other branches.

27 CONTINGENT LIABILITIES AND COMMITMENTS

The Branches are a party to the following financial instruments which are subject to normal credit standards, financial controls and risk management and monitoring procedures:

	2025	2024
Letters of credit	333,069	581,509
Letters of guarantees and counter guarantees	11,167,750	10,641,667
Acceptances	43,137	629,093
Undrawn commitments	290,127	223,014
	11,834,083	12,075,283

At 31 December 2025, provisions for expected credit losses in respect of contingent liabilities amounted to AED 42 million (2024: AED 29 million) (Note 30).

Guarantees and standby letters of credit, which represent irrevocable assurances that the Branches will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Branches on behalf of a customer authorising a third party to draw drafts on the Branches up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore have significantly less risk. Cash requirements under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Branches do not generally expect the third party to draw funds under the agreement.

BNP PARIBAS - U.A.E. BRANCHES**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

27 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

	2025	2024
By geographical area:		
Within UAE	5,996,356	5,886,815
Other GCC countries	99,041	127,104
OECD countries	4,276,853	4,273,264
Others	1,461,833	1,788,100
	11,834,083	12,075,283

28 DERIVATIVE FINANCIAL INSTRUMENTS

The Branches enter into derivative financial instruments with the Head Office in the normal course of business. Derivative financial contracts with the customers of the Branches are executed with the Head Office on a back to back basis. The Branches are exposed to credit risk on derivative financial instruments with the customers only to the extent of their carrying amount, which is their fair value.

Following are the derivative financial instruments undertaken by the Branches and are outstanding at the year-end:

	<i>Contract amount</i>	<i>Fair value assets</i>	<i>Fair value liabilities</i>
31 December 2025			
Forward foreign exchange contracts	4,814,961	3,188	3,188
	4,814,961	3,188	3,188
31 December 2024			
Forward foreign exchange contracts	9,615,315	12,394	12,397
	9,615,315	12,394	12,397

29 FINANCIAL INSTRUMENTS**29.1 Categories of financial instruments**

	2025	2024
Financial assets:		
At amortised cost	9,060,068	8,025,720
At fair through profit or loss	3,188	12,394
	9,063,256	8,038,114
Financial liabilities:		
At amortised cost	6,999,155	5,994,455
At fair value through profit or loss	3,188	12,397
	7,002,343	6,006,852

29.2 Fair value of financial instruments

The fair values of financial assets and liabilities at year end approximate their carrying amounts in the statement of financial position.

30 FINANCIAL RISK MANAGEMENT**Financial risk factors**

The Branches' activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial services business, and the operational risks are an inevitable consequence of being in business. The Branches aim to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Branches' financial performance.

The Branches' risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of realisable and up-to-date information systems. Senior management regularly reviews the Branches' risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the senior management under policies that are approved by the Bank. The regional management is responsible for the independent review of risk management and the control environment. The most important types of risk are credit risk, market risk and liquidity risk.

Risk controlling

The regional management is responsible for monitoring compliance with risk principles, policies and limits, within the Branches as well as for managing the Branches' assets and liabilities and overall financial structure. In addition to that, the Bank is primarily responsible for the funding and liquidity risks of the Branches.

Internal audit

Risk management processes in the Branches are audited by the internal audit that examines both the adequacy of the procedures and the Branches' compliance with the procedures approved by the Bank. The internal auditor discusses the results of all assessments with management, and reports its findings and recommendations to the management and Bank.

Credit risk

Credit risk is the risk of suffering financial loss, should any of the Branches' customers, client or market counterparties fail to fulfil their contractual obligations to the Branches.

Credit risk arises mainly from balances and placements with other banks, due from other offices of the Bank, loans and advances to other banks and customers, monetary bills issued by the Central Bank of UAE, other assets and off-balance sheet credit related commitments, such as loan commitments and guarantees.

Credit risk measurement

Loans and advances (including loan commitments and guarantees).

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Branches measure credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

Credit risk grading

The Branches use internal credit risk gradings that reflect their assessment of the probability of default of individual counterparties. The Branches use internal rating models tailored to the various categories of counterparty. In addition, the models enable expert judgement from the Head Office to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

BNP PARIBAS - U.A.E. BRANCHES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT (continued)

Credit risk measurement (continued)

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade.

The rating methods are subject to an annual validation and recalibration so that they reflect the latest projections in light of all actually observed defaults. The Branches' internal rating scale is set out below:

Bank's rating	Description of the class	External rating: Standard & Poor's equivalent
1-5	Investment grade	AAA, AA+, AA-, A+, A-, BBB+, BBB, BBB-
6-10	Standard monitoring	BB+, BB, BB-, B+, B, B-, CCC to C
11-12	Sub-standard	D

Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Branches.
- If significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The key judgements and assumptions adopted by the Branches in addressing the requirements of the standard are discussed below:

Significant increase in credit risk (SICR)

The Branches consider a financial instrument to have experienced a significant increase in credit risk based on quantitative, qualitative or backstop criteria.

Definition of default and credit-impaired assets

The Branches define a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

Quantitative criteria

The existence of any uncured, missed or delayed payment (principal, interest, fees in the case of loans) outstanding for more than 90 days (except for situations where the payment default is demonstrably not related to the counterparty's insolvency).

30 FINANCIAL RISK MANAGEMENT (continued)**Credit risk measurement (continued)****Definition of default and credit-impaired assets (continued)**

The borrower meets unlikelihood to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- Probable or undoubted risk of payment default, likely to generate a partial or total non-recovery of the Branches' exposure, without taking into account any of the potential recoveries resulting from the enforcement of collaterals or guarantees received.
- Any judicial, administrative or other proceedings (such as bankruptcy and insolvency).
- Any protection from creditors which is sought or commenced against the counterparty (whoever requested it) and which might avoid, suspend, differ or reduce the counterparty's payment obligation.

The criteria above have been applied to all financial instruments held by the Branches and are consistent with the definition of default used for internal credit risk management purposes.

The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Branches' expected loss calculations.

A counterparty is deemed to emerge from the default status when none of the above default events remains and when payments have resumed on a regular basis according to the initial or new contractual terms.

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per Definition of default and credit-impaired above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Branches expect to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- LGD represents the Branches' expectation of the extent of loss on a defaulted exposure. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

30 FINANCIAL RISK MANAGEMENT (continued)**Credit risk measurement (continued)****Measuring ECL – Explanation of inputs, assumptions and estimation techniques (continued)**

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Branches have performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

Economic variable assumptions

The most significant assumptions affecting the ECL allowance are set out below:

- A baseline scenario which describes the most likely path of the economy over the projection horizon. This scenario is updated on a quarterly basis. It is designed by Group Economic Research in collaboration with various experts within the Head office. Projections are provided for key markets, through main macro-economic variables (GDP and its components, unemployment rate, consumer prices, interest rates, foreign exchange rates, oil prices and real estate prices) which are drivers for risk parameter models used downstream in the credit stress testing process;
- An adverse scenario which describes the impact of the materialisation of some of the risks weighing on the baseline scenario, resulting in a much less favourable economic path. The starting point is a shock on GDP. This shock on GDP is applied with variable magnitudes, but simultaneously among economies when the crisis considered is a global contemporaneous crisis. Other variables (unemployment, inflation and interest rate) are deducted on the basis of econometric relationships and expert judgment; and
- A favourable scenario which reflects the impact of the materialisation of some of the upside risks for the economy, resulting in a much more favourable economic path. To achieve an unbiased estimation of provisions, the favourable scenario is designed in such a way that the probability of the shock on GDP growth (on average over the cycle) is equal to the probability of the corresponding shock in the adverse scenario. Other variables (unemployment, inflation and interest rate) are deducted in the same way as in the adverse scenario.

Credit risk exposure**Maximum exposure to credit risk - Financial instruments subject to impairment**

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Branches' maximum exposure to credit risk on these assets.

BNP PARIBAS - U.A.E. BRANCHES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT (continued)

Credit risk exposure (continued)

Maximum exposure to credit risk - Financial instruments subject to impairment (continued)

	2025			
	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balances with the Central Bank of the UAE				
Investment grade	2,123,897	-	-	2,123,897
Impairment loss allowance	-	-	-	-
Carrying amount	2,123,897	-	-	2,123,897
	2025			
	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Due from other banks				
Investment grade	7,087	-	-	7,087
Standard monitoring	4,637	-	-	4,637
Impairment loss allowance	-	-	-	-
Carrying amount	11,724	-	-	11,724
	2025			
	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Financial asset measured at amortised cost				
Investment grade	1,557,796	-	-	1,557,796
Impairment loss allowance	(1)	-	-	(1)
Carrying amount	1,557,795	-	-	1,557,795
	2025			
	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Loans and advances				
Investment grade	1,389,230	-	-	1,389,230
Standard monitoring	78,452	-	-	78,452
Default	-	-	109,168	109,168
	1,467,682	-	109,168	1,576,850
Less interest in suspense	-	-	(57,554)	(57,554)
Impairment loss allowance	(788)	-	(51,202)	(51,990)
Carrying amount	1,466,894	-	412	1,467,306

BNP PARIBAS - U.A.E. BRANCHES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT (continued)

Credit risk exposure (continued)

Maximum exposure to credit risk - Financial instruments subject to impairment (continued)

	2025			
	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Contingencies and commitments				
Investment grade	11,548,540	2	-	11,548,542
Standard monitoring	211,055	32,582		243,637
Default	-	-	41,904	41,904
Carrying amount	11,759,595	32,584	41,904	11,834,083
Impairment loss allowance	277	1	41,459	41,737
2024				
	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
	ECL	ECL	ECL	
Balances with the Central Bank of the UAE				
Investment grade	1,520,280	-	-	1,520,280
Impairment loss allowance	-	-	-	-
Carrying amount	1,520,280	-	-	1,520,280
2024				
	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
	ECL	ECL	ECL	
Due from other banks				
Investment grade	33,726	-	-	33,726
Standard monitoring	653	-	-	653
Impairment loss allowance	(1)	-	-	(1)
Carrying amount	34,378	-	-	34,378
2024				
	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
	ECL	ECL	ECL	
Financial asset measured at amortised cost				
Investment grade	790,966	-	-	790,966
Impairment loss allowance	-	-	-	-
Carrying amount	790,966	-	-	790,966

BNP PARIBAS - U.A.E. BRANCHES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT (continued)

Credit risk exposure (continued)

Maximum exposure to credit risk - Financial instruments subject to impairment (continued)

	2024			
	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Loans and advances				
Investment grade	1,262,281	3	-	1,262,284
Standard monitoring	32,676	-	-	32,676
Default	-	-	169,358	169,358
	1,294,957	3	169,358	1,464,318
Less interest in suspense	-	-	(94,769)	(94,769)
Impairment loss allowance	(254)	-	(74,177)	(74,431)
Carrying amount	1,294,703	3	412	1,295,118
	2024			
	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Contingencies and commitments				
Investment grade	11,635,886	288	-	11,636,174
Standard monitoring	378,230	18,792	-	397,022
Default	-	-	42,087	42,087
	12,014,116	19,080	42,087	12,075,283
Carrying amount	12,014,116	19,080	42,087	12,075,283
Impairment loss allowance	495	29	28,523	29,047

Collateral

The Branches employ a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security in the form of pledge and margin deposits, which is common practice. The Branches implement guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The fair value of the collaterals held for Off-balance sheet commitments as at 31 December 2025 amounts to AED 46 million (2024: AED 52 million).

Loss allowance

	2025			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Financial asset measured at amortised cost				
Loss allowance as at 1 January	-	-	-	-
Charge for the year - net	1	-	-	1
Loss allowance as at 31 December	1	-	-	1

BNP PARIBAS - U.A.E. BRANCHES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT (continued)

Credit risk exposure (continued)

Loss allowance (continued)

	2025			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Due from other banks				
Loss allowance as at 1 January	1	-	-	1
Reversal for the year - net	(1)	-	-	(1)
Loss allowance as at 31 December	-	-	-	-

	2025			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Loans and advances				
Loss allowance as at 1 January	254	-	74,177	74,431
Write off			(22,976)	(22,976)
Charge for the year - net	535	-	-	535
Loss allowance as at 31 December	789	-	51,201	51,990

	2025			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Contingencies and commitments				
Loss allowance as at 1 January	495	29	28,523	29,047
Charge (reversal) for the year - net	(218)	(28)	12,936	12,690
Loss allowance as at 31 December	277	1	41,459	41,737

	2024			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Financial asset measured at amortised cost				
Loss allowance as at 1 January	9	-	-	9
Reversal for the year - net	(9)	-	-	(9)
Loss allowance as at 31 December	-	-	-	-

	2024			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Due from other banks				
Loss allowance as at 1 January	2	-	-	2
Reversal for the year - net	(1)	-	-	(1)
Loss allowance as at 31 December	1	-	-	1

BNP PARIBAS - U.A.E. BRANCHES**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT (continued)**Credit risk exposure (continued)****Loss allowance (continued)**

	2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loans and advances				
Loss allowance as at 1 January	3,707	1,180	95,196	100,083
Write off	-	-	(16,066)	(16,066)
Reversal for the year - net	(3,453)	(1,180)	(4,953)	(9,586)
Loss allowance as at 31 December	254	-	74,177	74,431

	2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Contingencies and commitments				
Loss allowance as at 1 January	4,252	570	29,598	34,420
Reversal for the year - net	(3,757)	(541)	(1,075)	(5,373)
Loss allowance as at 31 December	495	29	28,523	29,047

Gross carrying amount

	2025			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balances with the Central Bank of the UAE				
Gross carrying amount as at 1 January	1,520,280	-	-	1,520,280
New financial assets and repayments during the year - net	603,617	-	-	603,617
Gross carrying amount as at 31 December	2,123,897	-	-	2,123,897

	2025			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Financial assets at amortised cost				
Gross carrying amount as at 1 January	790,966	-	-	790,966
New financial assets and repayments during the year - net	766,829	-	-	766,829
Gross carrying amount as at 31 December	1,557,795	-	-	1,557,795

BNP PARIBAS - U.A.E. BRANCHES**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT (continued)**Credit risk exposure (continued)****Gross carrying amount (continued)**

	2025			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Due from other banks				
Gross carrying amount as at 1 January	34,379	-	-	34,379
New financial assets and repayments during the year - net	(22,655)	-	-	(22,655)
Gross carrying amount as at 31 December	11,724	-	-	11,724

	2025			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Loans and advances				
Gross carrying amount as at 1 January (net of interest in suspense)	1,294,957	3	74,589	1,369,549
New financial assets and repayments during the year – net	172,725	(3)	(22,975)	149,747
Gross carrying amount as at 31 December (net of interest in suspense)	1,467,682	-	51,614	1,519,296

	2025			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Contingencies and commitments				
Gross carrying amount as at 1 January	12,014,116	19,080	42,087	12,075,283
Net movement during the year	(254,521)	13,504	(183)	(241,200)
Gross carrying amount as at 31 December	11,759,595	32,584	41,904	11,834,083

	2024			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Balances with the Central Bank of the UAE				
Gross carrying amount as at 1 January	1,465,301	-	-	1,465,301
New financial assets and repayments during the year - net	54,979	-	-	54,979
Gross carrying amount as at 31 December	1,520,280	-	-	1,520,280

BNP PARIBAS - U.A.E. BRANCHES**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT (continued)**Credit risk exposure (continued)****Gross carrying amount (continued)**

	2024			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Financial assets at amortised cost				
Gross carrying amount as at 1 January	446,749	-	-	446,749
New financial assets and repayments during the year - net	344,217	-	-	344,217
Gross carrying amount as at 31 December	790,966	-	-	790,966
	2024			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Due from other banks				
Gross carrying amount as at 1 January	47,588	-	-	47,588
New financial assets and repayments during the year - net	(13,209)	-	-	(13,209)
Gross carrying amount as at 31 December	34,379	-	-	34,379
	2024			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Loans and advances				
Gross carrying amount as at 1 January				
(net of interest in suspense)	1,300,713	19,219	134,789	1,454,721
New financial assets and repayments during the year – net	(5,756)	(19,216)	(60,200)	(85,172)
Gross carrying amount as at 31 December				
(net of interest in suspense)	1,294,957	3	74,589	1,369,549
	2024			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Contingencies and commitments				
Gross carrying amount as at 1 January	11,054,229	9,265	43,136	11,106,630
Net movement during the year	959,887	9,815	(1,049)	968,653
Gross carrying amount as at 31 December	12,014,116	19,080	42,087	12,075,283

The other financial assets of the Branches were in Stage 1 throughout the year and therefore have insignificant ECLs. Accordingly, there have been no significant movements between stages in respect of these financial instruments.

BNP PARIBAS - U.A.E. BRANCHES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT (continued)

Write-off policy

The Branches write off financial assets, in whole or in part, when they have exhausted all practical recovery efforts and have concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Branches' recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

Credit risk and concentrations of risk

The Branches take on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Branches by failing to discharge an obligation. Financial assets which potentially subject the Branches to concentrations of credit risk consist principally of balances and placement with other banks, due from other offices of the Bank, monetary bills issued by the Central Bank of the UAE, loans and advances to other banks and customers and other assets. Credit risk is the most important risk for the Branches' business; management therefore carefully manages its exposure to credit risk. There is also credit risk in off-balance sheet credit related commitments, such as loan commitments and guarantees.

Industry segmentation

The Branches' industry concentration of financial assets and off-balance sheet items is set out below:

	<i>Financial assets</i>	<i>Contingent liabilities and commitments</i>
At 31 December 2025		
Industry sectors		
Trading and manufacturing	597,651	152,487
Banks and financial institutions	7,926,921	5,778,658
Construction	11,781	252,226
Other	526,903	5,650,712
	9,063,256	11,834,083
At 31 December 2024		
Industry sectors		
Trading and manufacturing	541,927	224,476
Banks and financial institutions	7,044,033	6,100,141
Construction	65,393	213,538
Other	386,761	5,537,128
	8,038,114	12,075,283

Market risk

Market risk is the risk that the value of the financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Branches limit market risk through their Head Office by maintaining a diversified portfolio, proactively monitoring the key factors that affect market movements and periodically analysing the operating and financial performance of its customers.

BNP PARIBAS - U.A.E. BRANCHES**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT (continued)**Market risk (continued)****Currency risk**

Currency risk represents the risk of change in the value of financial instruments due to changes in foreign exchange rates. The Branches have set limits on positions by currencies, which are monitored daily, and hedging strategies are also used to ensure that positions are maintained within the limits.

The Branches' assets are typically funded in the same currency as that of the business transacted in order to eliminate foreign exchange exposure. However, the Branches maintain a position in United States Dollar ("USD") within limits approved by the management of the Branches.

The Branches take positions on exposures to manage the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. The Head Office sets limits on the level of exposures by currency and in total, which are monitored regularly.

The following table summarises the Branches' exposure to foreign currency exchange rate risk at 31 December 2025 and 2024. Included in the table are the Branches' financial assets and liabilities at carrying amounts, categorised by currency.

31 December 2025	AED	USD	EUR	Others	Total
Assets					
Cash and balances with the Central Bank of the U.A.E.	2,123,897	-	-	-	2,123,897
Due from other banks	1,254	606	-	9,864	11,724
Due from the Head Office and other branches	-	3,336,575	202,763	288,352	3,827,690
Financial asset measured at amortised cost	1,557,795	-	-	-	1,557,795
Loans and advances	130,910	1,290,840	37,546	8,010	1,467,306
Other assets	47,171	12,920	14,649	104	74,844
Total	3,861,027	4,640,941	254,958	306,330	9,063,256
	AED	USD	EUR	Others	Total
Liabilities					
Customers' deposits	2,845,928	3,306,773	220,924	464,185	6,837,810
Due to the Head Office and other branches	131,252	-	-	-	131,252
Due to other banks	-	-	-	5,199	5,199
Due to Central Bank of the UAE	2,264	-	-	-	2,264
Other liabilities	15,487	5,216	5,087	28	25,818
Total	2,994,931	3,311,989	226,011	469,412	7,002,343
Net balance sheet position	866,096	1,328,952	28,947	(163,082)	2,060,913

BNP PARIBAS - U.A.E. BRANCHES**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT (continued)**Market risk (continued)****Currency risk (continued)**

31 December 2024	AED	USD	EUR	Others	Total
Assets					
Cash and balances with the Central Bank of the UAE	1,520,280	-	-	-	1,520,280
Due from other banks	-	22,794	-	11,584	34,378
Due from the Head Office and other branches	1,407	2,250,978	1,972,196	56,491	4,281,072
Financial asset measured at amortised cost	790,966	-	-	-	790,966
Loans and advances	102,090	1,166,356	22,084	4,588	1,295,118
Other assets	77,621	18,034	12,436	8,209	116,300
Total assets	2,492,364	3,458,162	2,006,716	80,872	8,038,114
	AED	USD	EUR	Others	Total
Liabilities					
Customers' deposits	2,510,576	2,922,937	183,560	320,825	5,937,898
Due to the Head Office and other branches	7,876	649	-	-	8,525
Due to other banks	-	-	-	611	611
Due to Central Bank of the UAE	18,853	-	-	-	18,853
Other liabilities	26,426	5,484	857	8,198	40,965
Total liabilities	2,563,731	2,929,070	184,417	329,634	6,006,852
Net balance sheet position	(71,367)	529,092	1,822,299	(248,762)	2,031,262

The net balance sheet denominated in Euros and other currencies are subject to foreign exchange risk. The net currency position denominated in US Dollars is not subject to foreign exchange risk as the Emirati Dirham is pegged to the US Dollar at the rate of AED 3.67 / USD.

Interest rate risk

Interest rate risk arises from the possibility that the changes in interest rates will affect either the fair values or the future cash flows of the financial instruments. The Branches have established interest rate gap limits for stipulated periods. The Branches monitors positions daily and uses hedging strategies to ensure maintenance of positions within the established gap limits.

BNP PARIBAS - U.A.E. BRANCHES**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT (continued)**Market risk (continued)****Interest rate risk (continued)**

The following table summarises the Branches' financial assets and liabilities at carrying amounts, categorised by original maturity dates.

	<i>Less than 3 months</i>	<i>4 months to 1 year</i>	<i>2 - 5 years and above</i>	<i>Non-interest bearing</i>	<i>Effective Total Interest rate%</i>
31 December 2025					
Assets					
Cash and balances with the Central Bank of the UAE	1,556,000	-	-	567,897	2,123,897 3.65%
Due from other banks	1,562	298		9,864	11,724 6.11%
Due from the Head Office and other branches	3,818,267	9,423	-	-	3,827,690 1.58%
Financial asset measured at amortised cost	197,980	1,359,815	-	-	1,557,795 4.38%
Loans and advances:					
Gross	607,255	358,136	611,459	-	1,576,850 4.05%
Provision	-	-	-	(51,990)	(51,990)
Interest in suspense	-	-	-	(57,554)	(57,554)
Other assets	-	-	-	74,844	74,844
Total	6,181,064	1,727,672	611,459	543,061	9,063,256
	<i>Less than 3 months</i>	<i>4 months to 1 year</i>	<i>2 - 5 years and above</i>	<i>Non-interest bearing</i>	<i>Effective Total Interest rate%</i>
Liabilities					
Customers' deposits	2,671,988	267,000	-	3,898,822	6,837,810 3.71%
Due to Head Office and Branches	100,800	-	-	30,452	131,252 3.45%
Due to other banks	-	-	-	5,199	5,199 -
Balances due to the Central Bank of the UAE	-	-	-	2,264	2,264 -
Other liabilities	-	-	-	25,818	25,818 -
Total	2,772,788	267,000	-	3,962,555	7,002,343
Net position	3,408,276	1,460,672	611,459		

BNP PARIBAS - U.A.E. BRANCHES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk (continued)

	<i>Less than 3 months</i>	<i>4 months to 1 year</i>	<i>2 - 5 years and above</i>	<i>Non-interest bearing</i>	<i>Total</i>	<i>Effective Interest rate%</i>
31 December 2024						
Assets						
Cash and balances with the Central Bank of the UAE	974,000	-	-	546,280	1,520,280	4.40%
Due from other banks	34,379	-	-	(1)	34,378	4.44%
Due from the Head Office and other branches	4,281,072	-	-	-	4,281,072	2.48%
Financial asset measured at amortised cost	546,988	243,978	-	-	790,966	5.29%
Loans and advances:						
Gross	1,010,175	46,978	407,165	-	1,464,318	5.84%
Provision	-	-	-	(74,431)	(74,431)	
Interest in suspense	-	-	-	(94,769)	(94,769)	
Other assets	-	-	-	116,300	116,300	
Total	6,846,614	290,956	407,165	493,379	8,038,114	
	<i>Less than 3 months</i>	<i>4 months to 1 year</i>	<i>2 - 5 years and above</i>	<i>Non-interest bearing</i>	<i>Total</i>	<i>Effective Interest rate%</i>
Liabilities						
Customers' deposits	2,556,158	198,725	-	3,183,015	5,937,898	4.02%
Due to the Head Office and other branches	-	-	-	8,525	8,525	-
Due to other banks	-	-	-	611	611	-
Balances due to the Central Bank of the UAE	-	-	-	18,853	18,853	-
Other liabilities	-	-	-	40,965	40,965	-
Total	2,556,158	198,725	-	3,251,969	6,006,852	
Net position	4,290,456	92,231	407,165			

The Branches' exposure to interest rate mismatches arise from interest bearing financial assets and financial liabilities which are re-priced periodically. Management monitors interest rate risk through the use of a detailed gap report and stress tests to analyse the impact of anticipated movements in interest rates.

The following table depicts the sensitivity to a reasonable possible change in interest rates, with other variables held constant, on the Branches' profit or loss. The sensitivity of the income is the effect of the assumed changes in interest rates on the net interest income for one year, as at 31 December. All banking book exposures are monitored and analysed in currency concentrations and relevant sensitivities are disclosed:

	2025	2024
Effect of a $\pm$ 25 bps change in EIBOR	13,701	11,975

30 FINANCIAL RISK MANAGEMENT (continued)**Market risk (continued)****Interest rate risk (continued)**

The interest rate sensitivities set out above employ simplified scenarios. They are based on AED 8,520 million (2024: AED 7,544 million) interest bearing assets and AED 3,039 million (2024: AED 2,754 million) interest bearing liabilities. The sensitivity does not incorporate actions that could be taken by management to mitigate the effect of interest rate movements.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Branches take on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Head Office sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily.

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset at a price that approximates its fair value. Liquidity risk is managed by regular monitoring of the availability of sufficient funds to meet future commitments. Head Office funding is available for any liquidity need of the Branches.

Liquidity risk management process

The Branches' liquidity management process, as carried out within the Branches and monitored by the Treasury Department includes:

- As a starting point, the Branches analyses the contractual maturity of the financial liabilities and the expected collection date of all the financial assets at each currency level. The assets without contractual maturity are spread over a period based on BNP Paribas group methodology and statistical behavior of the asset.
- Based on the net result and gap analysis, treasury decides to borrow the shortages / lend the excesses in the interbank market. The Head Office offers liquidity to the Branches for their lending and borrowing needs.
- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature.

The Branches manage their liquidity in accordance with the requirements of the Central Bank of the UAE and the Branches' internal guidelines. The Central Bank of the UAE has prescribed reserve requirements of 14% and 1% on demand and time deposits. The Central Bank of the UAE also imposes mandatory 1:1 advances to deposit ratio whereby loans and advances (combined with inter-bank placements having a remaining term of greater than three months) should not exceed stable funds as defined by the Central Bank of the UAE. The management of the Branches monitor the liquidity ratios on a regular basis.

BNP PARIBAS - U.A.E. BRANCHES**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT (continued)**Liquidity risk (continued)****Non-derivative cash flows**

The table below presents the cash flows payable by the Branches under non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<i>Up to 3 months</i>	<i>4 - 12 months</i>	<i>2 - 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
31 December 2025					
Customers' deposits	6,681,270	150,193	37	6,310	6,837,810
Due to the Head Office and other branches	131,252	-	-	-	131,252
Due to other banks	5,199	-	-	-	5,199
Balances due to the Central Bank of the UAE	2,264	-	-	-	2,264
Other liabilities	22,297	-	3,521	-	25,818
Total	6,842,282	150,193	3,558	6,310	7,002,343
	<i>Up to 3 months</i>	<i>4 - 12 months</i>	<i>2 - 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
31 December 2024					
Customers' deposits	5,731,904	198,768	-	7,226	5,937,898
Due to the Head Office and other branches	8,525	-	-	-	8,525
Due to other banks	611	-	-	-	611
Balances due to the Central Bank of the UAE	18,853	-	-	-	18,853
Other liabilities	36,048	-	4,917	-	40,965
Total	5,795,941	198,768	4,917	7,226	6,006,852

Derivative cash flows

The Branches' derivatives that will be settled on a gross basis include foreign exchange contracts.

The table below analyses Branches' derivative financial instruments that will be settled on a gross basis into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<i>Up to 1 month</i>	<i>2 - 3 months</i>	<i>4 - 12 months</i>	<i>2 - 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
31 December 2025						
Foreign exchange contracts						
- Outflow	1,497,007	557,828	352,984	-	-	2,407,819
- Inflow	1,496,436	557,722	352,984	-	-	2,407,142
	<i>Up to 1 month</i>	<i>2 - 3 months</i>	<i>4 - 12 months</i>	<i>2 - 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
31 December 2024						
Foreign exchange contracts,						
- Outflow	1,632,568	2,941,812	215,980	-	-	4,790,360
- Inflow	1,631,847	2,977,128	215,980	-	-	4,824,955

BNP PARIBAS - U.A.E. BRANCHES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Off-balance sheet items	Up to 1 year	2 - 5 years	Over 5 years	Total
31 December 2025				
Contingent liabilities and commitments	3,925,844	3,159,363	4,748,876	11,834,083
31 December 2024				
Contingent liabilities and commitments	5,173,655	3,196,980	3,704,648	12,075,283

Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The estimated fair value of the Branches' assets and liabilities measured at amortised cost are not significantly different from their respective carrying values.

Capital management

Capital management is performed at the Head Office level. The Bank maintains sufficient fund at the Branches' level to support the development of their business.

BNP Paribas SA will continue to provide such financial support to meet the Branches' ongoing financial commitments as may be required.

For assessment of current capital requirements, as specified below, by the Central Bank of the UAE, the Branches calculate their risk asset ratio in accordance with guidelines established by the Central Bank of the UAE prescribing the ratio of total capital to total risk-weighted assets.

Capital structure and capital adequacy as per Basel III requirement

	2025 Minimum requirement	2025 Actual ratio
Common equity tier 1 ratio	7.00%	21.07%
Tier 1 capital ratio	8.50%	21.07%
Capital adequacy ratio	13.00%	21.07%
	2024 Minimum requirement	2024 Actual ratio
Common equity tier 1 ratio	7.00%	18.62%
Tier 1 capital ratio	8.50%	18.62%
Capital adequacy ratio	13.00%	19.79%

Including capital conservation buffer requirement of 2.5% (2024: 2.5%)

BNP PARIBAS - U.A.E. BRANCHES**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT (continued)**Capital management (continued)**

The consolidated ratio of the branches is in line with the assessment of capital adequacy ratio in accordance with the Basel III Accord as shown in the following table:

	2025	2024
Tier 1 capital		
Allocated capital	446,431	446,431
Legal reserves	211,931	202,266
Retained earnings	1,107,186	963,367
Actuarial loss	(4,673)	(4,042)
	1,760,875	1,608,022
Regulatory deductions		
Deferred tax asset	(10,298)	(15,080)
Total Tier 1 Capital	1,750,577	1,592,942
Tier 2 capital		
General reserves	-	100,009
Total regulatory capital	1,750,577	1,692,951
Risk weighted assets		
Credit risk**	7,654,408	8,000,709
Market risk	20,267	11,684
Operational risk	632,576	540,362
Total risk weighted assets	8,307,251	8,552,755
Capital adequacy ratio on regulatory capital	21.07%	19.79%
Capital adequacy ratio on tier 1 capital	21.07%	18.62%

**Includes RWA for CVA risk of AED 4.9 million (2024: AED 19 million) and Credit risk of AED 7,650 million (2024: AED 7,982 million).

Analysis of Branches' exposure based on Basel III standardised approach

RWA for CVA Risk reported under credit risk relating to derivative transaction is AED 4.9 million (2024: AED 18 million).

BNP PARIBAS - U.A.E. BRANCHES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT (continued)

Capital management (continued)

Credit risk

			Credit Risk Mitigation (CRM)			Risk weighted assets
			Exposure before CRM	CRM	After CRM and CCF	
	On balance sheet gross outstanding	Off balance sheet net exposure before credit conversion	Exposure before CRM	CRM	After CRM and CCF	Risk weighted assets
31 December 2025						
Claims on sovereigns	3,681,693	-	3,681,693	-	3,681,693	-
Claims on banks	4,245,226	3,814	4,249,040	(2,100,196)	2,148,844	556,635
Claims on corporates	1,061,868	11,752,358	12,814,226	(45,922)	7,005,316	7,005,316
Past due loans	109,169	41,904	859	-	859	859
Other assets	89,739	-	89,739	-	89,739	86,704
Total claims	9,187,695	11,798,076	20,835,557	(2,146,118)	12,926,451	7,649,514

			Credit Risk Mitigation (CRM)			Risk weighted assets
			Exposure before CRM	CRM	After CRM and CCF	
	On balance sheet gross outstanding	Off balance sheet net exposure before credit conversion	Exposure before CRM	CRM	After CRM and CCF	Risk weighted assets
31 December 2024						
Claims on sovereigns	2,342,191	-	2,342,191	-	2,342,191	-
Claims on banks	4,721,261	6,224	4,727,485	(1,927,760)	2,799,725	683,232
Claims on corporates	889,149	12,049,426	12,938,575	(51,536)	12,887,039	7,169,717
Past due loans	169,358	42,087	13,976	-	13,976	13,976
Other assets	128,713	-	128,713	-	128,713	114,961
Total claims	8,250,672	12,097,737	20,150,940	(1,979,296)	18,171,644	7,981,886

	CRM Risk weighted assets		Capital charge	
	2025	2024	2025	2024
Foreign exchange risk	20,267	11,684	1,621	935

Capital charge for the year ended 31 December 2025 has been calculated at 8% (2024: 8%).

BNP PARIBAS - U.A.E. BRANCHES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

31 LEASES

This note provides information for leases where the Branches is a lessee.

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases (net of depreciation):

	2025	2024
Right of use assets		
Leasehold properties	4,417	5,829
Vehicles	97	220
	4,514	6,049
Lease liabilities	3,521	4,917

Additions to right of use assets during 2025 was AED nil (2024: AED 2,517 thousand).

Right of use assets are included under property and equipment whereas lease liabilities are included under other liabilities.

(ii) Amounts recognised in the statement of profit or loss

The statement of comprehensive income shows the following amounts relating to leases:

	2025	2024
Depreciation charge of right of use assets	1,535	1,508
Interest expense	88	59

The total cash outflow for leases in 2025 was AED 1,484 thousand (2024: AED 1,450 thousand).

32 PILLAR 2 RULES

The Branches are in the scope of the Pillar Two Global Anti-Base Erosion Rules (GloBE rules or Pillar Two rules) issued by the Organization for Economic Co-operation and Development (OECD) as the annual consolidated revenue of the Ultimate Parent Company exceeds Euro 750 million threshold. These rules provide a coordinated system to ensure that multinational enterprises (MNEs) with revenue equal to or above Euro 750 million pay at least an effective tax rate of 15% in each of the jurisdiction in which they operate. The UAE published Federal Decree-Law No. 60 of 2023, amending specific provisions of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, as part of its commitment to the OECD guidelines. The amendments introduced by Federal Decree-Law No. 60 of 2023 are intended to prepare for the introduction of the BEPS 2.0 Pillar Two Rules. The UAE substantively enacted the Pillar 2 legislation with Cabinet Decision No. 142 of 2024.

The Global minimum top-up tax relates to the Group's operation in United Arab Emirates, where the statutory tax rate is 9%. However, BNP is also subject to additional taxes in the form of emirates level taxation. As such, BNP's effective tax rate significantly exceeds the 15% threshold within the UAE, and meets the CbC ETR safe harbor test. The Branches will continue to monitor its obligations from a Pillar 2 perspective in the coming periods.

On 23 May 2023, the International Accounting Standards Board (IASB) issued amendments to IAS 12 'Income taxes' introducing a mandatory temporary exception to the requirements of IAS 12 under which an entity does not recognise or disclose information about deferred tax assets and liabilities related to the Pillar Two rules. In line with IAS 12 (as amended), the Branches have applied the exception with regards to the above.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in thousands of AED unless otherwise stated)

33 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were reapproved on behalf of the Head Office and authorised for reissue on 31 August 2026.

34 SUBSEQUENT EVENTS

Subsequent to the original approval of the financial statements on 31 March 2026, it was identified that the general provision is less than 1.50% of the Credit Risk Weighted Assets (CRWA), as computed under the CBUAE capital regulations, which required an adjustment to increase general reserve by AED 14,862 thousand. As a result, transfer from general reserve is reduced from AED 20,057 thousand as reported in the withdrawn financial statements to AED 5,195 thousand and as a result, retained earnings decreased from AED 1,122,048 thousand as reported in the withdrawn financial statements to AED 1,107,186 thousand and general reserve increased from AED 99,954 thousand as reported in the withdrawn financial statements to AED 114,816 thousand. The financial statements have been amended solely to reflect the impact of this matter and no other adjustments have been made. The financial statements were reapproved on 31 August 2026 solely in respect of this amendment.