

Arab Banking Corporation (B.S.C.)

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

31 MARCH 2025 (REVIEWED)

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF ARAB BANKING CORPORATION (B.S.C.)

Introduction

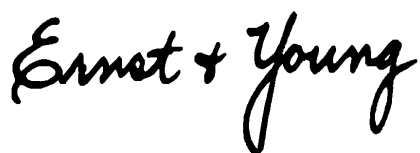
We have reviewed the accompanying interim condensed consolidated financial statements of Arab Banking Corporation (B.S.C.) [the "Bank"] and its subsidiaries [together the "Group"] as at 31 March 2025, comprising of the interim consolidated statement of financial position as at 31 March 2025, and the related interim consolidated statements of profit or loss, comprehensive income, cash flows and changes in equity for the three-month period then ended, and explanatory notes. The Bank's Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



11 May 2025
Manama, Kingdom of Bahrain

Arab Banking Corporation (B.S.C.)


INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION


31 March 2025 (Reviewed)

All figures in US\$ Million

	Notes	Reviewed 31 March 2025	Audited 31 December 2024
ASSETS			
Liquid funds		2,032	3,636
Trading securities		1,032	838
Placements with banks and other financial institutions		2,395	2,071
Securities bought under repurchase agreements		1,337	1,288
Non-trading investments	4	16,035	16,117
Loans and advances	5	19,353	18,649
Other assets		3,318	3,442
Premises and equipment		228	224
TOTAL ASSETS		45,730	46,265
LIABILITIES			
Deposits from customers		23,365	22,431
Deposits from banks		4,466	4,628
Certificates of deposit		265	244
Securities sold under repurchase agreements		8,620	10,086
Taxation		58	69
Other liabilities		2,711	2,783
Borrowings		1,504	1,381
Total liabilities		40,989	41,622
EQUITY			
Share capital		3,110	3,110
Treasury shares		(6)	(6)
Statutory reserve		598	598
Retained earnings		1,439	1,458
Other reserves		(1,265)	(1,343)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		3,876	3,817
Additional / perpetual tier-1 capital		390	390
Equity attributable to the shareholders of the parent and perpetual instrument holders		4,266	4,207
Non-controlling interests		475	436
Total equity		4,741	4,643
TOTAL LIABILITIES AND EQUITY		45,730	46,265

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 11 May 2025 and signed on their behalf by the Chairman, Deputy Chairman and the Group Chief Executive Officer.


H.E. Naji Issa Belgasem
Chairman


Abdulaziz Fahad Alhudaib
Deputy Chairman


Sael Al Waary
Group Chief Executive Officer

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS


Three-month period ended 31 March 2025 (Reviewed)

All figures in US\$ Million


	<i>Notes</i>	<i>Reviewed</i>	
		<i>Three months ended</i>	
		<i>31 March</i>	
		2025	2024
OPERATING INCOME			
Interest and similar income		741	827
Interest and similar expense		(510)	(594)
Net interest income		231	233
Other operating income	6	101	110
Total operating income		332	343
OPERATING EXPENSES			
Staff		124	122
Premises and equipment		14	14
Other		57	62
Total operating expenses		195	198
NET OPERATING PROFIT BEFORE CREDIT LOSS			
EXPENSE AND TAXATION		137	145
Credit loss expense	7	(25)	(36)
PROFIT BEFORE TAXATION		112	109
Taxation charge	8	(21)	(18)
PROFIT FOR THE PERIOD		91	91
Profit attributable to non-controlling interests		(15)	(16)
PROFIT ATTRIBUTABLE TO THE			
SHAREHOLDERS OF THE PARENT		76	75
BASIC AND DILUTED EARNINGS			
PER SHARE (EXPRESSED IN US\$)		0.022	0.021



H.E. Naji Issa Belgasem
Chairman



Abdulaziz Fahad Alhudaib
Deputy Chairman



Sael Al Waary
Group Chief Executive Officer

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Three-month period ended 31 March 2025 (Reviewed)

All figures in US\$ Million

	<i>Reviewed</i>	
	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2025</i>	<i>2024</i>
PROFIT FOR THE PERIOD	91	91
Other comprehensive income (loss):		
<i>Other comprehensive income (loss)</i>		
<i>that will be reclassified (or recycled) to profit</i>		
<i>or loss in subsequent periods:</i>		
<u>Foreign currency translation:</u>		
Unrealised gain (loss) on exchange translation in foreign subsidiaries	82	(155)
<u>Debt instruments at FVOCI:</u>		
Net change in fair value during the period	28	39
	110	(116)
<i>Other comprehensive income (loss) that will not be reclassified (or recycled) to profit or loss in subsequent periods:</i>		
Net change in fair value of FVOCI equity securities during the period	1	(2)
	1	(2)
Other comprehensive income (loss) for the period	111	(118)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	202	(27)
Attributable to:		
Shareholders of the parent	154	(28)
Non-controlling interests	48	1
	202	(27)

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Three-month period ended 31 March 2025 (Reviewed)

All figures in US\$ million

	<i>Reviewed</i>	
	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2025</i>	<i>2024</i>
OPERATING ACTIVITIES		
Profit for the period	91	91
Adjustments for:		
Credit loss expense	25	36
Depreciation and amortisation	18	16
Gain on disposal of non-trading debt investments - net	(9)	(10)
Changes in operating assets and liabilities:		
Trading securities	(125)	(319)
Placements with banks and other financial institutions	(283)	(177)
Securities bought under repurchase agreements	11	683
Loans and advances	(129)	(123)
Other assets	256	(159)
Deposits from customers	354	(742)
Deposits from banks	(298)	372
Securities sold under repurchase agreements	(1,498)	(1,111)
Other liabilities	(204)	22
Other non-cash movements	1	(100)
Net cash used in operating activities	(1,790)	(1,521)
INVESTING ACTIVITIES		
Purchase of non-trading investments	(9,311)	(6,750)
Sale and redemption of non-trading investments	9,463	6,096
Purchase of premises and equipment	(11)	(5)
Sale of premises and equipment	1	1
Investment in subsidiaries - net	-	3
Net cash from (used in) investing activities	142	(655)
FINANCING ACTIVITIES		
Issue of certificates of deposit - net	21	84
Proceeds from borrowings	104	100
Interest paid on additional / perpetual tier-1 capital	(9)	(9)
Dividend paid to the Bank's shareholders	(85)	(70)
Dividend paid to non-controlling interests	(8)	(8)
Net cash from financing activities	23	97
Net change in cash and cash equivalents	(1,625)	(2,079)
Effect of exchange rate changes on cash and cash equivalents	21	(31)
Cash and cash equivalents at beginning of the period	3,636	4,466
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	2,032	2,356

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three-month period ended 31 March 2025 (Reviewed)

All figures in US\$ Million

	Equity attributable to the shareholders of the parent								Additional / perpetual tier-1 capital	Non- controlling interests	Total equity
	Other reserves										
	Share capital	Treasury shares	Statutory reserve	Retained earnings*	General reserve	Foreign exchange translation adjustments	Cumulative changes in fair value	Pension fund reserve	Total		
At 31 December 2024	3,110	(6)	598	1,458	100	(1,437)	28	(34)	3,817	390	4,643
Profit for the period	-	-	-	76	-	-	-	-	76	-	91
Other comprehensive income for the period	-	-	-	-	-	49	29	-	78	33	111
Total comprehensive income for the period	-	-	-	76	-	49	29	-	154	-	202
Dividend**	-	-	-	(85)	-	-	-	-	(85)	(8)	(93)
Interest paid on additional / perpetual tier-1 capital	-	-	-	(9)	-	-	-	-	(9)	-	(9)
Other equity movements in subsidiaries	-	-	-	(1)	-	-	-	-	(1)	(1)	(2)
At 31 March 2025 (reviewed)	3,110	(6)	598	1,439	100	(1,388)	57	(34)	3,876	390	4,741

* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$ 564 million (31 December 2024: US\$ 560 million).

** A dividend of US\$ 0.0275 per share (2023: US\$ 0.0225 per share) for the year 2024 was approved for payment at the Annual General Meeting held on 16 March 2025 and paid during the period.

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Arab Banking Corporation (B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three-month period ended 31 March 2025 (Reviewed)

All figures in US\$ Million

	Equity attributable to the shareholders of the parent								Additional / perpetual tier-1 capital	Non- controlling interests	Total equity	
	Other reserves											
	Share capital	Treasury shares	Statutory reserve	Retained earnings*	General reserve	Foreign exchange translation adjustments	Cumulative changes in fair value	Pension fund reserve	Total			
At 31 December 2023	3,110	(6)	569	1,283	100	(1,126)	13	(33)	3,910	390	504	4,804
Profit for the period	-	-	-	75	-	-	-	-	75	-	16	91
Other comprehensive (loss) income for the period	-	-	-	-	-	(140)	37	-	(103)	-	(15)	(118)
Total comprehensive income (loss) for the period	-	-	-	75	-	(140)	37	-	(28)	-	1	(27)
Dividend**	-	-	-	(70)	-	-	-	-	(70)	-	(8)	(78)
Interest paid on additional / perpetual tier-1 capital	-	-	-	(9)	-	-	-	-	(9)	-	-	(9)
Other equity movements in subsidiaries	-	-	-	4	-	-	-	-	4	-	13	17
At 31 March 2024 (reviewed)	3,110	(6)	569	1,283	100	(1,266)	50	(33)	3,807	390	510	4,707

* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$ 558 million as at 31 March 2024 (31 December 2023: US\$ 555 million).

** A dividend of US\$ 0.0225 per share for the year 2023 was approved for payment at the Annual General Meeting held on 24 March 2024 and paid during the period ended 31 March 2024.

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

31 March 2025 (Reviewed)

All figures in US\$ million

1 INCORPORATION AND ACTIVITIES

Arab Banking Corporation (B.S.C.) [the "Bank"] is incorporated in the Kingdom of Bahrain by an Amiri decree and operates under a wholesale banking licence issued by the Central Bank of Bahrain (the "CBB"). The Bank is a Bahraini Shareholding Company with limited liability and is listed on the Bahrain Bourse. The Central Bank of Libya is the ultimate parent of the Bank and its subsidiaries (together the "Group").

The Bank's registered office is at ABC Tower, Diplomatic Area, P.O. Box 5698, Manama, Kingdom of Bahrain. The Bank is registered under commercial registration number 10299 issued by the Ministry of Industry and Commerce, Kingdom of Bahrain.

The Group is a leading provider of Trade Finance, Treasury, Project & Structured Finance, Syndications, Corporate & Institutional Banking, Islamic Banking services and the digital, mobile-only banking space named "ila Bank" within retail consumer banking services. Retail banking services are only provided in the MENA region.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the three-month period ended 31 March 2025 have been prepared in accordance with IAS 34 Interim Financial Reporting (IAS 34).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2024. In addition, results for the three-month period ended 31 March 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

2.2 New and amended standards and interpretations adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024. On 1 January 2025, the Group adopted Amendments to IAS 21: The effects of Change in Foreign Exchange Rates. The adoption of the amendments had minimal impact on the Group. The Group has not early adopted any new and amended standard or interpretation that has been issued but is not yet effective.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2024 except for adoption of new standards and amendments effective from 1 January 2025.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2025 (Reviewed)

All figures in US\$ million

4 NON-TRADING INVESTMENTS

	<i>Reviewed</i> <i>31 March</i> <i>2025</i>	<i>Audited</i> <i>31 December</i> <i>2024</i>
Debt securities		
At amortised cost	8,822	9,283
At FVOCI	7,265	6,888
	16,087	16,171
ECL allowance	(75)	(75)
Debt securities - net	16,012	16,096
Equity securities		
At FVOCI	23	21
	23	21
	16,035	16,117

Following are the stage wise break-up of debt securities as of 31 March 2025 and 31 December 2024:

	<i>31 March 2025 (Reviewed)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Debt securities, gross	16,023	-	64	16,087
ECL allowance	(11)	-	(64)	(75)
	16,012	-	-	16,012
	<i>31 December 2024 (Audited)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Debt securities, gross	16,107	-	64	16,171
ECL allowance	(11)	-	(64)	(75)
	16,096	-	-	16,096

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2025 (Reviewed)

All figures in US\$ million

5 LOANS AND ADVANCES

<i>31 March 2025 (Reviewed)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Loans and advances, gross	18,710	623	668	20,001
ECL allowances	(139)	(69)	(440)	(648)
	18,571	554	228	19,353
<i>31 December 2024 (Audited)</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Loans and advances, gross	17,984	583	699	19,266
ECL allowances	(136)	(68)	(413)	(617)
	17,848	515	286	18,649

An analysis of movement in the ECL allowance during the period ended 31 March 2025 and 31 March 2024 are as follows:

<u>Reviewed</u>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
As at 1 January 2025	136	68	413	617
Net transfers between stages	1	7	(8)	-
Amounts written-off	-	-	(5)	(5)
Charge for the period - net	2	(6)	30	26
Exchange adjustments and other movements	-	-	10	10
As at 31 March 2025	139	69	440	648
<u>Reviewed</u>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
As at 1 January 2024	139	74	435	648
Net transfers between stages	-	(6)	6	-
Amounts written-off	-	-	(11)	(11)
Charge for the period - net	2	6	27	35
Exchange adjustments and other movements	(1)	(2)	(19)	(22)
As at 31 March 2024	140	72	438	650

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2025 (Reviewed)

All figures in US\$ million

6 OTHER OPERATING INCOME

	<i>Reviewed</i>	
	<i>31 March</i>	<i>31 March</i>
	<i>2025</i>	<i>2024</i>
Fee and commission income*	56	59
Fee and commission expense	(1)	(1)
Fee and commission income - net*	55	58
Bureau processing income	8	11
Net gain from trading book (including foreign currencies transaction)	8	12
Gain on disposal of non-trading debt investments - net	9	10
Merchant acquiring income	5	4
Brokerage income - net	3	3
Others - net	13	12
	101	110

*Included in the fee and commission income is US\$ 4 million (31 March 2024: US\$ 3 million) of fee income relating to funds under management.

7 CREDIT LOSS EXPENSE

	<i>Reviewed</i>	
	<i>31 March</i>	<i>31 March</i>
	<i>2025</i>	<i>2024</i>
Non-trading debt investments	1	1
Loans and advances	26	35
Credit commitments and contingent items	(1)	-
Other financial assets	(1)	-
	25	36

8 TAXATION

The tax expense for the period was as follows:

	<i>Reviewed</i>	
	<i>31 March</i>	<i>31 March</i>
	<i>2025</i>	<i>2024</i>
Taxation related to parent	(2)	-
Taxation related to subsidiaries	(19)	(18)
	(21)	(18)

The Group is within the scope of the Organisation for Economic Co-operation and Development (OECD) Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) Pillar 2 model rules, under which multinational entities (MNE Group) whose revenue exceeds EUR 750 million are liable to pay corporate income tax at a minimum effective tax rate of 15% in each jurisdiction they operate. Most of the jurisdiction in which the Group operates have enacted the Pillar 2 legislation, of which Kingdom of Bahrain would be the most impactful for the Group, since there was no tax in the Kingdom of Bahrain.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2025 (Reviewed)

All figures in US\$ million

8 TAXATION (continued)

The Kingdom of Bahrain issued Decree-Law no (11) of 2024 (the "Law") on 1 September 2024 introducing DMTT effective from the year 2025 on entities which are part of MNE Group with annual revenues of EUR 750 million or more. This was followed by Executive regulations issued on 15 December 2024 under decision no (172) of 2024. The Group has performed an assessment and estimated the top-up tax charge for the period ended 31 March 2025 in line with the regulations and based on OECD guidelines. As the regulatory framework continues to evolve and implementation guidance is further clarified, the Group continues to monitor developments and assess the impact of evolving Pillar 2 tax regulations on its future financial performance and resultant tax obligations.

9 OPERATING SEGMENTS

For management purposes, the Group is organised into five operating segments which are based on business units and their activities. The Group has accordingly been structured to place its activities under the distinct divisions which are as follows:

- **MENA subsidiaries** cover retail, corporate and treasury activities of subsidiaries in North Africa and Levant;
- **International wholesale banking** encompasses corporate and structured finance, trade finance, Islamic banking services and syndications;
- **Group treasury** comprises treasury business of Bahrain Head Office, New York and London;
- **ABC Brasil** primarily reflects the commercial banking and treasury activities of the Brazilian subsidiary Banco ABC Brasil S.A., focusing on the corporate and middle market segments in Brazil and its related holding company; and
- **Others** includes activities of the Head Office, Arab Financial Services Company B.S.C. (c) and ila Bank.

Three-month period ended 31 March 2025 (Reviewed)	<i>International</i>		<i>Group treasury</i>	<i>ABC Brasil</i>	<i>Others</i>	<i>Total</i>
	<i>MENA subsidiaries</i>	<i>wholesale banking</i>				
Net interest income	51	63	8	76	33	231
Other operating income	12	27	18	28	16	101
Total operating income	63	90	26	104	49	332
Operating expenses	(37)	(38)	(9)	(46)	(28)	(158)
Profit before taxation, credit loss and unallocated operating expenses	26	52	17	58	21	174
Credit loss expense	3	(11)	-	(17)	-	(25)
Taxation charge						(21)
Unallocated operating expenses						(37)
Profit for the period						91
Operating assets as at 31 March 2025	4,975	11,101	17,774	10,830	1,050	45,730
Operating liabilities as at 31 March 2025	4,325	-	25,892	9,662	1,110	40,989

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2025 (Reviewed)

All figures in US\$ million

9 OPERATING SEGMENTS (continued)

Three-month period ended	<i>MENA</i>	<i>International</i>	<i>Group</i>	<i>ABC</i>		
31 March 2024 (Reviewed)	<i>subsidiaries</i>	<i>wholesale banking</i>	<i>treasury</i>	<i>Brasil</i>	<i>Others</i>	<i>Total</i>
Net interest income	57	50	11	74	41	233
Other operating income	13	27	19	35	16	110
Total operating income	70	77	30	109	57	343
Operating expenses	(34)	(39)	(9)	(52)	(27)	(161)
Profit before taxation, credit loss and unallocated operating expenses	36	38	21	57	30	182
Credit loss expense	(8)	(15)	-	(13)	-	(36)
Taxation charge						(18)
Unallocated operating expenses						(37)
Profit for the period						91
Operating assets as at 31 December 2024 (Audited)	4,896	11,001	19,068	10,652	648	46,265
Operating liabilities as at 31 December 2024 (Audited)	4,196	-	26,879	9,585	962	41,622

10 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables provide the fair value measurement hierarchy of the Group's financial assets and financial liabilities measured at fair value in these financial statements.

Quantitative disclosure of fair value measurement hierarchy for assets as at 31 March 2025 (Reviewed):

Financial assets measured at fair value:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Trading securities	626	273	133	1,032
Non-trading investments	6,640	643	5	7,288
Loans and advances	-	1,035	-	1,035
Derivatives held for trading	493	427	-	920
Derivatives held as hedges	-	92	-	92

Quantitative disclosure of fair value measurement hierarchy for liabilities as at 31 March 2025 (Reviewed):

Financial liabilities measured at fair value:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Derivatives held for trading	356	245	-	601
Derivatives held as hedges	-	53	-	53

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2025 (Reviewed)

All figures in US\$ million

10 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Quantitative disclosure of fair value measurement hierarchy for assets as at 31 December 2024 (Audited):

Financial assets measured at fair value:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Trading securities	548	174	116	838
Non-trading investments	6,265	640	4	6,909
Loans and advances	-	547	-	547
Derivatives held for trading	563	541	-	1,104
Derivatives held as hedges	-	121	-	121

Quantitative disclosure of fair value measurement hierarchy for assets as at 31 December 2024 (Audited):

Financial liabilities measured at fair value:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Derivatives held for trading	467	285	-	752
Derivatives held as hedges	-	34	-	34

Fair values of financial instruments not carried at fair value

Except for the following, the fair value of financial instruments which are not carried at fair value are not materially different from their carrying value.

	<i>Reviewed</i>		<i>Audited</i>	
	<i>31 March 2025</i>		<i>31 December 2024</i>	
	<i>Carrying value</i>	<i>Fair value</i>	<i>Carrying value</i>	<i>Fair value</i>
Financial assets				
Non-trading debt investments				
at amortised cost - gross (level 1 and 2)	8,822	8,811	9,283	9,280
Financial liabilities				
Borrowings - perpetual (level 1)	257	283	238	253

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2025 (Reviewed)

All figures in US\$ million

10 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Financial instruments in level 3

The fair value of financial instruments that are neither traded in an active market nor have observable inputs is determined by valuation techniques. These valuation techniques include an internal model which uses observable market yield curves and expected loss methodology for securities. Quotes provided by fund administrators are used for funds valuation.

Transfers between level 1, level 2 and level 3

There were no transfers between level 1, level 2 and level 3 during the current and prior period.

11 CREDIT COMMITMENTS AND CONTINGENT ITEMS

a) Exposure (after applying credit conversion factor) and ECL by stage

	<i>31 March 2025 (Reviewed)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Credit commitments and contingencies	4,338	99	33	4,470
ECL allowance	9	11	13	33
	<i>31 December 2024 (Audited)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Credit commitments and contingencies	4,179	83	38	4,300
ECL allowance	8	11	10	29

An analysis of movement in the ECL allowance during the period are as follows:

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
As at 1 January 2025	8	11	10	29
ECL movements for the period - net	1	-	3	4
As at 31 March 2025 (reviewed)	9	11	13	33

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2025 (Reviewed)

All figures in US\$ million

11 CREDIT COMMITMENTS AND CONTINGENT ITEMS (continued)

a) Exposure (after applying credit conversion factor) and ECL by stage (continued)

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
As at 1 January 2024	8	13	11	32
ECL movements for the period - net	-	(1)	-	(1)
As at 31 March 2024 (reviewed)	8	12	11	31

b) Credit commitments and contingencies

	<i>Reviewed 31 March 2025</i>	<i>Audited 31 December 2024</i>
Short-term self-liquidating trade and transaction-related contingent items	4,205	4,135
Direct credit substitutes, guarantees	3,003	2,861
Undrawn loans and other commitments	3,049	3,073
	10,257	10,069
Credit exposure after applying credit conversion factor	4,470	4,300
Risk weighted equivalents	3,689	3,591

c) Derivatives

The outstanding notional amounts at the reporting date were as follows:

	<i>Reviewed 31 March 2025</i>	<i>Audited 31 December 2024</i>
Interest rate swaps	25,302	21,997
Currency swaps	1,682	982
Forward foreign exchange contracts	12,679	11,294
Options	14,639	13,537
Futures	3,174	3,210
	57,476	51,020
Risk weighted equivalents (credit and market risk)	2,319	1,928

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2025 (Reviewed)

All figures in US\$ million

12 RISK MANAGEMENT**Liquidity risk**

The Group is required to comply with the liquidity requirements as stipulated by its regulator, the CBB. These requirements relate to maintaining a minimum of 100% for liquidity coverage ratio (LCR) and net stable funding ratio (NSFR). LCR is calculated as a ratio of its stock of high quality liquid assets (HQLA) and net outflows over the next 30 calendar days. NSFR is calculated as a ratio of 'available stable funding' to 'required stable funding'. As at 31 March 2025, the Group's LCR and NSFR were at 209% (31 December 2024: 198%) and 126% (31 December 2024: 123%) respectively.

	31 March 2025					31 December 2024				
	Unweighted Values (i.e. before applying relevant factors)					Unweighted Values (i.e. before applying relevant factors)				
	No specified maturity	Less than 6 months	Over 6 months and less than one year	Over one year	Total weighted value	No specified maturity	Less than 6 months	Over 6 months and less than one year	Over one year	Total weighted value
Available Stable Funding (ASF):										
Capital:										
Regulatory Capital	4,192	-	-	-	4,192	4,112	-	-	-	4,112
Other Capital Instruments	487	-	-	337	824	488	-	-	327	815
Retail deposits and deposits from small business customers:										
Stable deposits	-	-	-	-	-	-	-	-	-	-
Less stable deposits	-	2,322	180	306	2,557	-	2,098	277	259	2,397
Wholesale funding:										
Operational deposits	-	-	-	-	-	-	-	-	-	-
Other wholesale funding	-	25,135	4,239	6,484	13,776	-	25,060	4,481	7,217	13,524
Other liabilities:										
NSFR derivative liabilities	-	-	-	-	-	-	-	-	-	-
All other liabilities not included in the above categories	-	1,278	-	-	-	-	1,117	-	-	-
Total ASF (A)					21,349					20,848

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2025 (Reviewed)

All figures in US\$ million

12 RISK MANAGEMENT (continued)

	31 March 2025					31 December 2024				
	Unweighted Values (i.e. before applying relevant factors)					Unweighted Values (i.e. before applying relevant factors)				
	No specified maturity	Less than 6 months	Over 6 months and less than one year	Over one year	Total weighted value	No specified maturity	Less than 6 months	Over 6 months and less than one year	Over one year	Total weighted value
Required Stable Funding (RSF):										
Total NSFR high-quality liquid assets (HQLA)	16,282	395	-	-	1,183	15,736	175	-	-	1,163
Deposits held at other financial institutions for operational purposes	-	-	-	-	-	-	-	-	-	-
Performing loans and securities:										
Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-	-	-	-	-	-
Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions	-	4,012	1,396	853	2,112	-	3,884	919	727	1,730
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	7,145	2,287	5,851	9,690	-	7,130	2,653	5,484	9,553
With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	-	-	305	198	-	-	-	323	210
Performing residential mortgages, of which:										
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	-	-	-	-	-	-	-
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	273	472	1,817	1,917	-	173	259	1,531	1,517
Other assets:										
Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-	-	-	-	-	-
NSFR derivative assets	-	45	-	-	45	-	106	-	-	106
NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-	-	-	-	-	-
All other assets not included in the above categories	2,247	407	9	979	1,227	3,765	506	6	1,882	2,209
OBS items	-	10,667	-	-	533	-	10,370	-	-	518
Total RSF (B)					16,905					17,006
NSFR (A/B)					126%					123%

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

31 March 2025 (Reviewed)

All figures in US\$ million

13 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties represent the ultimate parent, major shareholders, associates, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

The period-end and year-end balances in respect of related parties included in the interim consolidated statement of financial position are as follows:

	<i>Ultimate parent</i>	<i>Major share- holder</i>	<i>Directors</i>	<i>31 March 2025 (Reviewed)</i>
Deposits from customers	2,794	-	-	2,794
Borrowings	1,115	-	-	1,115
Additional / perpetual tier-1 capital*	390	-	-	390
Short-term self-liquidating trade and transaction-related contingent items	931	-	-	931
	<i>Ultimate parent</i>	<i>Major share- holder</i>	<i>Directors</i>	<i>31 December 2024 (Audited)</i>
Deposits from customers	2,795	-	38	2,833
Borrowings	1,115	-	-	1,115
Additional / perpetual tier-1 capital*	390	-	-	390
Short-term self-liquidating trade and transaction-related contingent items	1,049	-	-	1,049

* During the period, the Group has paid interest on additional / perpetual tier-1 capital amounting to US\$ 9 million (31 March 2024: US\$ 9 million) which has been charged to the interim consolidated statement of changes in equity.

The income and expenses in respect of transactions with related parties included in the interim consolidated statement of profit or loss are as follows:

	<i>31 March 2025 Reviewed</i>	<i>31 March 2024</i>
Commission income	6	6
Interest expense	58	64