

# **Barclays Bank PLC – Dubai Branch**

Financial statements

*For the year ended 31 December 2024*

# **Barclays Bank PLC - Dubai Branch**

**Financial statements  
For the year ended 31 December 2024**

	<b>Pages</b>
<b>Independent auditor's report</b>	<b>1 - 4</b>
<b>Statement of financial position</b>	<b>5</b>
<b>Statement of profit or loss and other comprehensive income</b>	<b>6</b>
<b>Statement of changes in Head Office account and reserves</b>	<b>7</b>
<b>Statement of cash flows</b>	<b>8</b>
<b>Notes to the financial statements</b>	<b>9 - 61</b>



هاتف : ٤ ٥١٨ ٦٦٦٦ +٩٧١  
فاكس : ٤ ٢٢٧ ٠١٥١ +٩٧١

الطابق ٢٣. برجمان برج المكاتب  
شارع الشيخ خليفة بن زايد.  
ص ب ١٩٦١. دبي. ا.ع. م

Tel: +971 4 518 6666  
Fax: +971 4 227 0151  
info@bdo.ae  
www.bdo.ae

23<sup>rd</sup> floor, Burjuman Office Tower  
Sheikh Khalifa Bin Zayed Road  
P O Box 1961, Dubai, UAE

## INDEPENDENT AUDITOR'S REPORT

To the Head Office of Barclays Bank PLC - Dubai Branch

Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Barclays Bank PLC - Dubai Branch (the "Branch"), which comprises the statement of financial position as at December 31, 2024, the statement of profit or loss and other comprehensive income, the statement of changes in Head Office account and reserves, the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of material accounting policies information.

In our opinion, the accompanying financial statements of the Branch give a true and fair view of the financial position of the Branch as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards).

### 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 Branch in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the other ethical requirements that are relevant to our audit of the financial statements in 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 Matter

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 period. 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.

بي دي أو محاسبون قانونيون ومستشارون شركة مساهمة مسجلة بدبي وعضو بشركات بي دي أو العالمية المحدودة. ويضمون محدود من المملكة المتحدة. وتشكل جزء من شبكة بي دي أو العالمية ذات عضوية مستقلة. BDO Chartered Accountants & Advisors, a partnership firm registered in Dubai, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms. Branch Offices: Abu Dhabi, ADGM, Dubai, Sharjah, JAFZA & SAIF Zone.

**INDEPENDENT AUDITOR'S REPORT**

**To the Head Office of Barclays Bank PLC - Dubai Branch (Continued)**

**Report on the Audit of the Financial Statements (Continued)**

**Key Audit Matter (Continued)**

Key Audit Matter	How our audit addressed the key audit matter
Measurement of Expected Credit Loss (“ECL”) on loans and advances	
<p>As described in Note 7 to the financial statements, the Branch had loans and advances to customers of AED 1,018.01 million (gross) as at December 31, 2024. The Branch carries the ECL allowance towards these loans and advances of AED 31.72 million of which AED 30.74 million relates to exposures classified under Stage 3 and the remaining ECL allowance pertains to exposures classified under Stage 1 and 2. Further, the Branch has recognised ECL allowance of AED 3.09 million on off-balance sheet exposure as at December 31, 2024. As the determination of the Branch’s ECL allowance is an accounting estimate involving significant management judgement, the same is considered as a key audit matter.</p> <p>Significant management judgement for various aspects such as probabilities of default, loss given default, determination of significant increase in credit risk and use of different modelling techniques may lead to financial statements risk. The management measure ECL for exposures classified as Stage 1 and 2 using ECL models with limited overrides or manual intervention. These ECL models and the parameters used for these ECL models are valid throughout the year and are subject to validation process.</p> <p>The exposures are classified as impaired as soon as there is doubt about the borrower’s ability to meet payment obligations to the Branch in accordance with the original contractual terms. For recognition of ECL for such impaired loans and advances, the management exercises its judgement in estimating the expected future cash flows related to individual exposures including value of underlying collaterals.</p> <p>For further information on this key audit matter, refer to notes 3 and 7 of the financial statements.</p>	<p>We performed the following audit procedures on the computation and reasonableness of the ECL included in the Branch's financial statements for the year ended December 31, 2024:</p> <ul style="list-style-type: none"> <li>• We obtained understanding of the Branch’s business process related to loans and advances measured at amortised cost including a review of the ECL methodology and assumptions used by the Branch. We involved our subject matter experts in auditing the ECL models as at December 31, 2024.</li> <li>• We understood and evaluated the ECL models by involving our subject matter experts to assess its compliance with the requirements of IFRS Accounting Standards. We assessed reasonableness of various inputs and assumptions used by management in determining ECL.</li> <li>• We assessed the Branch’s determination of SICR and the resultant basis for classification of exposures into various stages. For a sample of exposures, we assessed the Branch’s application of the staging criteria. We also traced a sample of inputs back to source data.</li> <li>• We selected samples of loans and advances measured at amortised cost and assessed the reasonableness of determining Exposure at Default (“EAD”), Probability of Default (“PD”) and the calculation of the Loss Given Default (“LGD”) used by management in their ECL calculations.</li> <li>• We performed an independent credit assessment for a sample of corporate exposures, by assessing quantitative and qualitative factors, including an assessment of the financial performance of the borrower, the history of repayments and credit risk mitigation.</li> <li>• For the exposure determined to be individually impaired we have noted that 100% ECL allowance has been recorded against the carrying amount.</li> <li>• We also assessed disclosures in the financial statements relating to this matter against the requirements of IFRS Accounting Standards.</li> </ul>



## **INDEPENDENT AUDITOR'S REPORT**

**To the Head Office of Barclays Bank PLC - Dubai Branch (Continued)**

**Report on the Audit of the Financial Statements (Continued)**

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, 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 Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Branch's 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 judgement and maintain professional skepticism 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 Branch's 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 Head Office of Barclays Bank PLC - Dubai Branch (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 Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the 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 Branch 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 those charged with governance 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.

### Report on the Other Legal and Regulatory Requirements

Further, as required by Article (114) of the Decree Federal Law No. (14) of 2018 (as amended), we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.


  
**BDO CHARTERED ACCOUNTANTS & ADVISORS**  
Dubai  
Parag Harendrabhai Patadiya  
Reg. No. 1219  
March 17, 2025

## Barclays Bank PLC - Dubai Branch

### Statement of financial position

	Note	As at 31 December	
		2024 AED'000	2023 AED'000
<b>Assets</b>			
Cash and balances with the UAE Central Bank	4	3,911,031	3,140,582
Due from other banks	5	498,317	1,096,224
Due from Head Office and other branches	6	77,484	74,581
Loans and advances	7	986,287	995,259
Other assets	8	1,793	5,024
Intangible assets and Right-of-use assets	9	2,225	3,257
Deferred tax assets	10	4,501	32,032
<b>Total assets</b>		<b>5,481,638</b>	<b>5,346,959</b>
<b>Liabilities, Head Office account and reserves</b>			
<b>Liabilities</b>			
Due to customers	11	2,582,202	2,424,477
Due to Head Office and other branches	12	213,139	374,551
Other liabilities	13	65,194	46,610
<b>Total liabilities</b>		<b>2,860,535</b>	<b>2,845,638</b>
<b>Head Office account and reserves</b>			
Allocated capital	14	2,540,214	2,540,214
Legal reserve	15(a)	186,104	174,126
General reserve	15(b)	25,373	25,640
Accumulated losses		(130,588)	(238,659)
<b>Total Head Office account and reserves</b>		<b>2,621,103</b>	<b>2,501,321</b>
<b>Total liabilities, Head Office account and reserves</b>		<b>5,481,638</b>	<b>5,346,959</b>

These financial statements have been approved on 17 March 2025 and signed by:

  
 .....  
 Ramkumar Balasubramaniam  
 Chief Financial Officer

The independent auditor's report is set out on pages 1-4.  
 The notes from 9 to 61 form an integral part of these financial statements.

## Barclays Bank PLC - Dubai Branch

### Statement of profit or loss and other comprehensive income

	Note	Year ended 31 December	
		2024 AED'000	2023 AED'000
Interest income	18	308,920	324,771
Interest expense	19	(92,414)	(113,314)
<b>Net interest income</b>		<b>216,506</b>	<b>211,457</b>
Fee and commission income	20	38,557	37,072
Net foreign exchange income		10,325	5,233
<b>Operating income</b>		<b>265,388</b>	<b>253,762</b>
Operating expenses	21	(105,815)	(100,122)
Impairment release on financial instruments	3.2.3	2,301	9,362
<b>Profit before taxation</b>		<b>161,874</b>	<b>163,002</b>
Income tax (expense) /credit	22	(42,092)	22,710
<b>Profit for the year</b>		<b>119,782</b>	<b>185,712</b>
<b>Other comprehensive income</b>			
<i>Items that will or may be reclassified to profit or loss:</i>			
Tax release on fair value gain on Investments measured at fair value through other comprehensive income (FVOCI)	22	-	1,961
<b>Total comprehensive income for the year</b>		<b>119,782</b>	<b>187,673</b>

The independent auditor's report is set out on pages 1-4.  
The notes from 9 to 61 form an integral part of these financial statements.

## Barclays Bank PLC - Dubai Branch

### Statement of changes in Head Office account and reserves

	Note	Allocated capital AED'000	Legal reserve AED'000	General reserve AED'000	Revaluation reserve AED'000	Accumulat ed losses AED'000	Total AED'000
<b>At 1 January 2023</b>		2,540,214	155,555	27,169	8,215	(407,328)	<b>2,323,825</b>
<b>Total comprehensive income for the year</b>							
Profit for the year		-	-	-	-	185,711	<b>185,711</b>
Transfer to statement of profit or loss		-	-	-	(10,176)	-	<b>(10,176)</b>
<b>Other equity movement</b>							
Transfer to legal reserve	15(a)	-	18,571	-	-	(18,571)	-
Transfer from general reserve	15(b)	-	-	(1,529)	-	1,529	-
Tax release on fair value gain on Investments measured at fair value through other comprehensive income (FVOCI)		-	-	-	1,961	-	<b>1,961</b>
<b>Total movement</b>		-	18,571	(1,529)	(8,215)	168,669	<b>177,496</b>
<b>At 31 December 2023</b>		<b>2,540,214</b>	<b>174,126</b>	<b>25,640</b>	-	<b>(238,659)</b>	<b>2,501,321</b>
<b>At 1 January 2024</b>		2,540,214	174,126	25,640	-	(238,659)	<b>2,501,321</b>
<b>Total comprehensive income for the year</b>							
Profit for the year		-	-	-	-	119,782	<b>119,782</b>
<b>Other equity movement</b>							
Transfer to legal reserve	15(a)	-	11,978	-	-	(11,978)	-
Transfer from general reserve	15(b)	-	-	(267)	-	267	-
<b>Total movement</b>		-	11,978	(267)	-	108,071	<b>119,782</b>
<b>At 31 December 2024</b>		<b>2,540,214</b>	<b>186,104</b>	<b>25,373</b>	-	<b>(130,588)</b>	<b>2,621,103</b>

The independent auditor's report is set out on pages 1-4.

The notes from 9 to 61 form an integral part of these financial statements.

## Barclays Bank PLC - Dubai Branch

### Statement of cash flows

	Note	Year ended 31 December	
		2024 AED'000	2023 AED'000
<b>Operating activities</b>			
Profit for the year before taxation		161,874	163,002
<b>Adjustments for:</b>			
Depreciation	9	1,032	2,485
Interest expense on finance lease	23	142	42
End of service benefits charge for the year	13(a)	239	246
Net impairment release on financial instruments		(2,301)	(9,362)
<b>Operating cash flows before end of service benefits and tax paid and changes in assets and liabilities</b>		<b>160,986</b>	<b>156,413</b>
<b>Changes in operating assets and liabilities:</b>			
Balances with the UAE Central Bank excluding amounts considered as cash and cash equivalents	4,24	(118,734)	18,491
Due from other banks excluding amounts considered as cash and cash equivalents	5,24	615,034	1,864,563
Due from Head Office and other branches excluding amounts considered as cash and cash equivalents	6,24	6,433	9,417
Loans and advances	7	9,365	(29,483)
Other assets	8	3,231	475
Due to customers	11	157,725	147,016
Due to Head Office and other branches	12	(161,412)	(1,399,921)
Other liabilities	13	5,891	(5,365)
		678,519	761,606
Tax Paid during the year		(10)	-
<b>Net cash from / (used in) operating activities</b>		<b>678,509</b>	<b>761,606</b>
<b>Investing activities</b>			
Purchase of investments at FVOCI		-	(413,460)
Proceeds on maturity of investments at FVOCI		-	1,540,891
<b>Net cash from investing activities</b>			<b>1,127,431</b>
<b>Financing activities</b>			
Payment of lease liabilities (Principal portion)	23(iii)	(391)	(453)
Payment of lease liabilities (Interest portion)	23(iii)	(142)	(42)
<b>Net cash used in financing activities</b>		<b>(533)</b>	<b>(495)</b>
<b>Net increase in cash and cash equivalents</b>		<b>677,976</b>	<b>1,888,542</b>
Cash and cash equivalents at the beginning of the year		3,124,735	1,236,193
<b>Cash and cash equivalents at the end of the year</b>	24	<b>3,802,711</b>	<b>3,124,735</b>

The independent auditor's report is set out on pages 1-4.  
The notes from 9 to 61 form an integral part of these financial statements.

## **Barclays Bank PLC - Dubai Branch**

### **Notes to the financial statements For the year ended 31 December 2024**

#### **1 Establishment and operations**

Barclays Bank PLC (the “Head Office”) is a public limited company incorporated in the United Kingdom and the address of its registered office is 1 Churchill Place, London E14 5HP. The principal activity of Barclays Bank PLC in the United Arab Emirates (“UAE”) is wholesale banking which it carried out from its Branch in Dubai (the “Bank” or “the Branch”). The registered address of the Dubai Branch is Office No.109, Level 1, The Offices 3, One Central, Dubai World Trade Centre, Dubai, UAE.

#### **2 Material accounting policies information**

The material accounting policies information applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **(a) Basis of preparation**

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS Accounting Standards), as issued by the International Accounting Standards Board (IASB), interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) and the applicable requirements of laws of the United Arab Emirates. The financial statements are prepared under the historical cost convention except for derivative financial instruments measured at fair value and Investments measured at fair value through other comprehensive income (FVOCI).

Amounts are rounded to the nearest thousand, unless otherwise stated.

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 Bank’s 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 2(p).

##### **(b) Financial assets and liabilities**

###### *Recognition and initial measurement*

The Bank initially recognises loans and advances, and deposits on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at Fair Value through the Statement of Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

###### *Classification*

On initial recognition, a financial asset is classified as measured at: amortised cost, Fair Value through Other Comprehensive Income (FVOCI) or FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## **Barclays Bank PLC - Dubai Branch**

### **Notes to the financial statements (continued) For the year ended 31 December 2024**

#### **2 Material accounting policies information (continued)**

##### **(b) Financial assets and liabilities (continued)**

###### *Classification (continued)*

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### **Business model assessment**

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, realising cash flows through the sale of the assets and holding it for liquidity purposes;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

## **Barclays Bank PLC - Dubai Branch**

### **Notes to the financial statements (continued) For the year ended 31 December 2024**

#### **2 Material accounting policies information (continued)**

##### **(b) Financial assets and liabilities (continued)**

###### *Classification (continued)*

###### **Assessment of whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs).

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Bank’s claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

###### **Reclassification**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

###### **Financial liabilities**

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

###### *Derecognition*

###### **Financial assets**

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities.

## **Barclays Bank PLC - Dubai Branch**

### **Notes to the financial statements (continued) For the year ended 31 December 2024**

#### **2 Material accounting policies information (continued)**

##### **(b) Financial assets and liabilities (continued)**

###### **Financial liabilities**

Financial liabilities are derecognised when they are extinguished – that is, when the obligation is discharged, cancelled, or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss.

##### **(c) Impairment of financial assets**

The Bank applies a three-stage approach to measuring expected credit losses (ECL) on financial assets carried at amortised cost and debt instruments classified as FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1 – the recognition of 12 month expected credit losses (ECL), that is the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, if credit risk has not increased significantly since initial recognition.

Stage 2 – lifetime expected credit losses for financial instruments for which credit risk has increased significantly since initial recognition; and

Stage 3 – lifetime expected credit losses for financial instruments which are credit impaired.

Refer to note 3 for further details regarding the impairment requirements.

###### *Accounting for the impairment of financial assets*

The Bank recognises expected credit losses (ECLs) based on unbiased forward-looking information for all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. Intercompany exposures, including loan commitments and financial guarantee contracts, are also in scope of IFRS 9 for ECL purposes. The ECL for intercompany exposures is immaterial.

At the reporting date, an allowance (or provision for loan commitments and financial guarantees) is required for the 12 month ECLs. If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3), an allowance (or provision) should be recognised for the lifetime ECLs.

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD).

The 12 month ECL is calculated by multiplying the 12 month PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively.

The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 2 Material accounting policies information (continued)

##### (c) Impairment of financial assets (continued)

###### *Accounting for the impairment of financial assets (continued)*

Determining a significant increase in credit risk since initial recognition:

The Bank assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. The credit risk of an exposure is considered to have significantly increased when:

###### i) Quantitative test

The annualised lifetime PD has increased by more than an agreed threshold relative to the equivalent at origination.

PD deterioration thresholds are defined as percentage increases and are set at an origination score band and segment level to ensure the test appropriately captures significant increases in credit risk at all risk levels. Generally, thresholds are inversely correlated to the origination PD, i.e. as the origination PD increases, the threshold value reduces.

The assessment of the point at which a PD increase is deemed 'significant', is based upon analysis of the portfolios' risk profile against a common set of principles and performance metrics (consistent across both retail and wholesale businesses), incorporating expert credit judgement where appropriate.

For existing/historical exposures where origination point scores/data are no longer available or do not represent a comparable estimate of lifetime PD, a proxy origination score is defined, based upon:

- Back-population of the approved lifetime PD score either to origination date or, where this is not feasible, as far back as possible, (subject to a data start point no later than 1 January 2015); or
- Use of available historic account performance data and other customer information, to derive a comparable 'proxy' estimation of origination PD.

###### ii) Qualitative test

Accounts meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

High risk customers may not be in arrears but either through an event or an observed behavior exhibit credit distress. The definition and assessment of high risk includes as wide a range of information as reasonably available, including industry and Head Office wide customer level data wherever possible or relevant.

Whilst the high-risk populations applied for IFRS 9 impairment purposes are aligned with risk management processes, they are also regularly reviewed and validated to ensure that they capture any incremental segments where there is evidence of credit deterioration.

###### iii) Backstop criteria

Accounts that are 30 calendar days or more past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into Stage 2.

## **Barclays Bank PLC - Dubai Branch**

### **Notes to the financial statements (continued)**

#### **For the year ended 31 December 2024**

## **2 Material accounting policies information (continued)**

### **(c) Impairment of financial assets (continued)**

#### *Accounting for the impairment of financial assets (continued)*

#### iii) Backstop Criteria (continued)

Exposures will move back to Stage 1 once they no longer meet the criteria for a significant increase in credit risk. This means that, at minimum: all payments must be up to date, the PD deterioration test is no longer met, the account is no longer classified as high risk, and the customer has evidenced an ability to maintain future payments. The Bank monitor such financial instruments for a minimum probationary period of 12 months to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Stage 2 to Stage 1.

The Bank does not rely on the low credit risk exemption which would assume facilities of investment grade are not significantly deteriorated.

Management overlays and other exceptions to model outputs are applied only if consistent with the objective of identifying significant increases in credit risk.

#### *Forward-looking information*

The measurement of ECL involves complexity and judgement, including estimation of PDs, LGD, a range of unbiased future economic scenarios, estimation of expected lives (where contractual life is not appropriate), and estimation of EAD and assessing significant increases in credit risk.

Credit losses are the expected cash shortfalls from what is contractually due over the expected life of the financial instrument, discounted at the original effective interest rate (EIR). ECLs are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions. When there is a non-linear relationship between forward-looking economic scenarios and their associated credit losses, five forward-looking economic scenarios are considered to ensure a sufficient unbiased representative sample of the complete distribution is included in determining the expected loss. Stress testing methodologies are leveraged within forecasting economic scenarios.

The Bank utilises an external consensus forecast as the baseline scenario. In addition, two adverse and two favorable scenarios are derived, with associated probability weightings. The adverse scenarios are calibrated to a similar severity to internal stress tests, whilst also incorporating IFRS 9 specific sensitivities and non-linearity. The most adverse scenarios are benchmarked to the Bank of England's annual cyclical scenarios and to the most severe scenarios from Moody's inventory but are not designed to be the same. The favorable scenarios are calibrated to be symmetric to the adverse scenarios, subject to a ceiling calibrated to relevant recent favorable benchmark scenarios. The scenarios include six core variables, (GDP, unemployment, and House Price Index in both the UK & US markets), and expanded variables which include emerging market indicators, using statistical models based on historical correlations. The Head Office considers these macroeconomic forecasts as reasonable proxy of the economic environment of the Branch.

The probability weights of the scenarios are estimated such that the baseline (reflecting current consensus outlook) has the highest weight and the weights of adverse and favorable scenarios depend on the deviation from the baseline; the further from the baseline, the smaller the weight. A single set of five scenarios is used across all portfolios and all five weights are normalised to equate to 100%. The impacts across the portfolios are different because of the sensitivities of each of the portfolios to specific macroeconomic variables.

## **Barclays Bank PLC - Dubai Branch**

### **Notes to the financial statements (continued) For the year ended 31 December 2024**

#### **2 Material accounting policies information (continued)**

##### **(c) Impairment of financial assets (continued)**

###### *Forward-looking information (continued)*

###### *Definition of default, credit impaired assets, write-offs, and interest income recognition*

The definition of default for the purpose of determining ECLs has been aligned to the applicable UAE requirement of default (the institution considers that the obligor is unlikely to pay its credit obligations to the institution, the parent undertaking or any of its subsidiaries in full, without recourse by the institution to actions such as realising security), which considers indicators that the debtor is unlikely to pay, includes exposures in forbearance and is no later than when the exposure is more than 90 days past due. When exposures are identified as credit impaired or purchased or originated as such interest income is calculated on the carrying value net of the impairment allowance.

Credit impaired is when the exposure has defaulted which is also anticipated to align to when an exposure is identified as individually impaired.

Uncollectible loans are written off against the related allowance for loan impairment on completion of the Bank's internal processes and when all reasonably expected recoverable amounts have been collected. Subsequent recoveries of amounts previously written off are credited to the income statement.

###### *Loan modifications and renegotiations that are not credit impaired.*

When modification of a loan agreement occurs as a result of commercial restructuring activity rather than due to credit risk of the borrower, an assessment must be performed to determine whether the terms of the new agreement are substantially different from the terms of the existing agreement. This assessment considers both the change in cash flows arising from the modified terms as well as the change in overall instrument risk profile. With regards to exposures that are restructured, the Bank observe a probationary period of a minimum of 3 instalments (for repayments which are on a quarterly basis or shorter) and 12 months (in cases where instalments are on a longer frequency than quarterly) after the restructuring, before upgrading from Stage 3 to 2. No loan modification has occurred during the reporting period.

Where terms are substantially different, the existing loan will be derecognised and new loan recognised at fair value, with any difference in valuation recognised immediately within the income statement, subject to observability criteria.

Where terms are not substantially different, the loan carrying value will be adjusted to reflect the present value of modified cash flows discounted at the original EIR, with any resulting gain or loss recognised immediately within the income statement as a modification gain or loss.

## **Barclays Bank PLC - Dubai Branch**

### **Notes to the financial statements (continued) For the year ended 31 December 2024**

#### **2 Material accounting policies information (continued)**

##### **(c) Impairment of financial assets (continued)**

###### *Expected life.*

Lifetime ECLs must be measured over the expected life. This is restricted to the maximum contractual life and takes into account expected prepayment, extension, call and similar options. The exceptions are certain revolver financial instruments, such as bank overdrafts, that include both a drawn and an undrawn component where the entity's contractual ability to demand repayment and cancel the undrawn commitment does not limit the entity's exposure to credit losses to the contractual notice period. For revolving facilities, expected lifetime is analytically derived to reflect behavioral life of the asset, i.e. the full period over which the business expects to be exposed to credit risk. Behavioral life is typically based upon historical analysis of the average time to default, closure or withdrawal of facility. Where data is insufficient or analysis inconclusive, an additional 'maturity factor' may be incorporated to reflect the full estimated life of the exposures, based upon experienced judgement and/or peer analysis. Potential future modifications of contracts are not taken into account when determining the expected life or EAD until they occur.

###### *Discounting*

ECLs are discounted at the EIR at initial recognition or an approximation thereof and consistent with income recognition. For loan commitments the EIR is the rate that is expected to apply when the loan is drawn down and a financial asset is recognised. Issued financial guarantee contracts are discounted at the risk-free rate. Lease receivables are discounted at the rate implicit in the lease. For variable/floating rate financial assets, the spot rate at the reporting date is used and projections of changes in the variable rate over the expected life are not made to estimate future interest cash flows or for discounting.

###### *Modelling techniques*

ECLs are calculated by multiplying three main components, being the PD, LGD and the EAD, discounted at the original EIR. The regulatory Basel Committee of Banking Supervisors (BCBS) ECL calculations are leveraged for IFRS 9 modelling but adjusted for key differences which include:

- BCBS requires 12 months through the economic cycle losses whereas IFRS 9 requires 12 months or lifetime point in time losses based on conditions at the reporting date and multiple forecasts of the future economic conditions over the expected lives.
- IFRS 9 models do not include certain conservative BCBS model floors and downturn assessments and require discounting to the reporting date at the original EIR rather than using the cost of capital to the date of default.
- Management adjustments are made to modelled output to account for situations where known or expected risk factors and information have not been considered in the modelling process, for example forecast economic scenarios for uncertain political events.
- ECL is measured at the individual financial instrument level, however a collective approach where financial instruments with similar risk characteristics are grouped together, with apportionment to individual financial instruments, is used where effects can only be seen at a collective level, for example for forward-looking information.

## **Barclays Bank PLC - Dubai Branch**

### **Notes to the financial statements (continued)**

#### **For the year ended 31 December 2024**

## **2 Material accounting policies information (continued)**

### **(c) Impairment of financial assets (continued)**

#### *Modelling techniques (continued)*

For the IFRS 9 impairment assessment, Banks' risk models are used to determine the PD, LGD and EAD. For Stage 2 and 3, Bank applies lifetime PDs but uses 12-month PDs for Stage 1. The ECL drivers of PD, EAD and LGD are modelled at an account level which considers vintage, among other credit factors. Also, the assessment of significant increase in credit risk is based on the initial lifetime PD curve, which accounts for the different credit risk underwritten over time.

#### *Forbearance*

A financial asset is subject to forbearance when it is modified due to the credit distress of the borrower. A modification made to the terms of an asset due to forbearance will typically be assessed as a non-substantial modification that does not result in de-recognition of the original loan, except in circumstances where debt is exchanged for equity.

Both performing and non-performing forbearance assets are classified as Stage 3 except where it is established that the concession granted has not resulted in diminished financial obligation and that no other regulatory definitions of default criteria has been triggered, in which case the asset is classified as Stage 2. The minimum probationary period for non-performing forbearance is 12 months and for performing forbearance, 24 months. Hence, a minimum of 36 months is required for non-performing forbearance to move out of a forborne state.

No financial instrument in forbearance can transfer back to Stage 1 until all of the Stage 2 thresholds are no longer met and can only move out of Stage 3 when no longer credit impaired.

### **Presentation of allowance for ECL in the statement of financial position**

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve;
- for loan commitments and financial guarantee contracts: generally, as a provision; and
- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

#### *Write-off*

Loans and advances and debt securities are written-off when the Bank has no reasonable expectations of recovering the financial asset (either partially or in full). This is the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. A write-off constitutes a derecognition event. The Bank may apply enforcement activities to financial assets written-off. Recoveries of amounts previously written-off are included in 'recoveries' in the Banks statement of profit or loss.

## **Barclays Bank PLC - Dubai Branch**

### **Notes to the financial statements (continued) For the year ended 31 December 2024**

#### **2 Material accounting policies information (continued)**

##### **(d) Intangible Assets**

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line method over their estimated useful life, on following bases:

Computer Software - 6 Years

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

##### **(e) Derivative financial instruments**

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

##### **(f) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

##### **(g) Provision for staff benefits**

The end of service benefits for international staff are provided in accordance with Head Office policy, which is in line with the requirements of IAS 19, and are in lieu of the end of service benefits payable under UAE Labour Law. The liability for these benefits is settled through the Head Office current account and recorded as a charge in the income statement.

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with Federal Law No. (7), 1999 for Pension and Social Security.

Provision is also made for the end of service benefits due to the non-UAE national employees in accordance with the UAE Labour Law for their periods of service up to the balance sheet date.

A provision is made for the estimated liability for airfares as a result of services rendered by employees up to the balance sheet date.

##### **(h) Provisions**

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

## **Barclays Bank PLC - Dubai Branch**

### **Notes to the financial statements (continued) For the year ended 31 December 2024**

#### **2 Material accounting policies information (continued)**

##### **(i) Foreign currency translation**

###### **(i) Functional and presentation currency**

Items included in the financial statements of the Bank are measured in Arab Emirates Dirham (“AED”) being the currency of the primary economic environment in which the Bank operates (“the functional currency”). The financial statements are prepared in AED, which is the Bank’s functional and presentation currency.

###### **(ii) Transactions and balances**

Foreign currency transactions are translated into AED at the rate ruling on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into AED at the rates ruling at the balance sheet date. Any resultant gains or losses are accounted for in the income statement.

##### **(j) Interest income and expense**

###### **Effective interest rate**

Interest income and expense are recognised in profit or loss using the effective interest method. The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

###### **Amortised cost and gross carrying amount**

The ‘amortised cost’ of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on 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 expected credit loss allowance.

The ‘gross carrying amount of a financial asset’ is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

## **Barclays Bank PLC - Dubai Branch**

### **Notes to the financial statements (continued) For the year ended 31 December 2024**

#### **2 Material accounting policies information (continued)**

##### **(j) Interest income and expense (continued)**

###### **Calculation of interest income and expense**

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate or an approximation thereof is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate or an approximation thereof, to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves. For information on when financial assets are credit-impaired, refer note 2(c).

###### **Presentation**

Interest income presented in the statement of profit or loss and OCI includes interest income on financial assets measured at amortised cost.

Interest expense presented in the statement of profit or loss and OCI includes financial liabilities measured at amortised cost.

##### **(k) Fee and commission income**

Fee and commission income that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Other fee and commission income – including account servicing fees, fees and commission on documentary credits and guarantees, upfront loan fees and other commission – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the Bank's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

## **Barclays Bank PLC - Dubai Branch**

### **Notes to the financial statements (continued) For the year ended 31 December 2024**

#### **2 Material accounting policies information (continued)**

##### **(1) Lease**

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

The lease liability is subsequently measured at amortised cost using the effective interest method.

The Bank presents right-of-use assets under note 9 and lease liabilities under note 13 in the statement of financial position.

##### *Short-term leases and leases of low value assets*

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Bank does not have any lease arrangements in which it acts as a lessor.

## **Barclays Bank PLC - Dubai Branch**

### **Notes to the financial statements (continued)**

#### **For the year ended 31 December 2024**

## **2 Material accounting policies information (continued)**

### **(m) Taxation**

The income tax expense represents the sum of current and deferred income tax expense.

#### ***Current Tax***

The tax currently payable is based on taxable profit for the year. Taxable profit might differ from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Income tax is recognised as an expense (or income) for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credit to other comprehensive income or to equity.

#### ***Deferred Tax***

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the balance sheet and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

### **(n) Cash and cash equivalents**

For the purposes of the statement of cash flow, cash and cash equivalents comprise cash in hand, balances in current and call accounts and placements with the UAE Central Bank and with other financial institutions with original maturity of less than or equal to three months, excluding statutory deposits required to be maintained with the UAE Central Bank.

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 2 Material accounting policies information (continued)

##### (o) Application of New and Revised (IFRS Accounting Standards)

###### i) New standards, interpretations and amendments adopted from 1 January 2024

The following amendments are effective for the period beginning 1 January 2024:

- Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16),
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1); and
- Non-current Liabilities with Covenants (Amendments to IAS 1).

These amendments had no effect on the financial statements of the Bank.

###### ii) New standards and Interpretations in issue but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates);

The following amendment is effective for the period beginning 1 January 2026:

- Amendments to the Classification Amendments to the Classification and Measurement of Financial and Measurement of Financial (Amendments to IFRS 9 Financial instruments and IFRS 7

The following amendment is effective for the period beginning 1 January 2027:

- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability; Disclosure

Management anticipates that these amendments will be adopted in the financial statements in the initial period when they become mandatorily effective. The impact of these standards and amendments are currently being assessed by the management. However, the management does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the Bank.

##### (p) Critical accounting estimates and judgments

The Bank makes 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.

###### *Impairment charge on financial assets*

Impairment losses are evaluated as described in accounting policy 2 (c).

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

## **Barclays Bank PLC - Dubai Branch**

### **Notes to the financial statements (continued) For the year ended 31 December 2024**

#### **3 Financial risk management**

##### **3.1 Risk management review**

The Bank's activities expose it 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 business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance.

The main sources of financial risk that the Bank faces arise from financial instruments, which are fundamental to the Bank's business, and constitute the core of its operations. Financial instruments create, modify or reduce the liquidity, credit and market risks of the Bank's balance sheet. Consequently, the Bank devotes considerable resources to maintaining effective controls to manage, measure and mitigate each of these risks and regularly reviews its risk management procedures and systems to ensure that they continue to meet the needs of the business.

Managing financial risks, especially credit risk is a fundamental part of the Bank's business activity and an essential component of the planning process. The Bank achieves its risk management goals by keeping risk management at the centre of the executive agenda and by building a culture that measures risk management with everyday business decision making.

The Bank ensures that it has the capacity to manage the risk in its established businesses as well as new and growing ones, and that its business plans are consistent with the risk appetite, that is, the level of risk that the Bank is willing to accept in fulfilling its business objectives.

Bank's risk management policies are designed to identify and analyse risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits. These policies provide written principles for overall risk management, as well as specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment.

The most important types of risk are credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate and price risk.

##### **3.2 Credit risk**

Credit risk is defined as the risk that the Bank's customers, clients or counterparties or other financial instruments fail to perform, are unwilling to pay interest, repay the principal or otherwise to fulfil their contractual obligations under loan agreements or other credit facilities, thus causing the Bank to suffer a financial loss.

Credit risk also arises through the downgrading of counterparties, whose credit instruments are held by the Bank, thereby resulting in the value of the assets to fall. As credit risk is the Bank's most important risk, considerable resources, expertise and controls are devoted to managing this risk within the core departments of the Bank.

## **Barclays Bank PLC - Dubai Branch**

### **Notes to the financial statements (continued) For the year ended 31 December 2024**

#### **3 Financial risk management (continued)**

##### **3.2 Credit risk (continued)**

The Bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss to the Bank by failing to discharge an obligation. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Bank's portfolio, could result in losses that are different from those provided for at the balance sheet date. Management, therefore, carefully manages its exposure to credit risk. Credit exposures arise principally in loans and advances, due from other Banks, due from head-office and other receivables. There is also credit risk in off-balance sheet financial arrangements such as credit commitments.

##### **3.2.1 Credit risk management**

The granting of credit is one of the Bank's major sources of income and is therefore one of its most significant risks, and the Bank dedicates considerable resources to control it effectively.

The Credit Risk function provides direction on credit risk-taking. These functional teams manage the resolution of all significant credit policy issues, approve credit decisions which fall within its delegated authority, engages with Head Office where appropriate and maintains governance and oversight on all credit risk related matters.

Each business segment has an embedded credit risk management team that assists in the formulation of the risk policy and its implementation across the respective businesses. Examples include ensuring that:

- Maximum exposure guidelines are in place relating to the exposures to any individual customer or counterparty;
- Policies are in place that limit lending to certain industrial sectors.

Those corporate accounts which are deemed to contain heightened levels of risk are recorded on graded problem loan lists known as "early warning lists". These are updated monthly and circulated to the relevant risk control points. Once listing has taken place, exposure is very carefully monitored and, where possible, exposure reductions are effected.

These lists are graded in line with the perceived severity of the risk attached to the lending. Businesses with exposure to corporate customers having increasing concern relate to one of the three categories (EWL1, EWL2 and EWL3). By the time an account becomes impaired it will normally, but not necessarily, have passed through all three categories, which reflect the need for ever-increasing caution and control.

Where an obligor's financial health gives grounds for concern, it is immediately placed into the appropriate category. All obligors are subject to a full review of all facilities on, at least, an annual basis. Interim reviews and quarterly reviews may be undertaken if circumstances dictate.

Where models are used, they are based upon customer's personal and financial performance and industry norms over recent periods as a predictor for future performance. The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimise their effectiveness.

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 3 Financial risk management (continued)

##### 3.2 Credit risk (continued)

##### 3.2.1 Credit risk management (continued)

The Bank has implemented an internal rating framework known as Default Grade (DG). DG is a standard internal rating framework used across Head Office and is compliant with Basel-II AIRB requirements. In accordance with the framework customers are graded across 21 rating grades with each grade having a specified probability of default (PD) which can be mapped to equivalent of Moody's & S&P rating grade (for classified and write-offs it has additional grades beyond 21). Given that the rating methodology is an advanced methodology and grades are driven from a sophisticated model, there is no static mapping between internal grades to that of Moody's and S&P. However, as a proxy, the following table identifies the mapping of internal DGs with that of Moody's and S&P:

<i>Default Grade</i>	<i>Wholesale lending Probability of default</i>	<i>Credit Quality Description</i>
<i>1-3</i>	<i>0.0-0.05%</i>	
<i>4-5</i>	<i>0.05-0.15%</i>	<i>Strong</i>
<i>6-8</i>	<i>0.15-0.30%</i>	
<i>9-11</i>	<i>0.30-0.60%</i>	
<i>12-14</i>	<i>0.60-2.15%</i>	<i>Satisfactory</i>
<i>15-19</i>	<i>2.15-11.35%</i>	
<i>20-21</i>	<i>11.35% to &lt;100%</i>	<i>Higher Risk</i>
<i>22</i>	<i>100%</i>	<i>Credit Impaired</i>

The Bank uses the external ratings where available to benchmark their internal credit risk assessment. Observed defaults per rating category vary year on year, especially over an economic cycle.

##### 3.2.2 Risk limit control and mitigation policies

The Bank uses a wide variety of techniques to reduce credit risk on its lending. The most fundamental of these is performing an assessment of the ability of a borrower to service the proposed level of borrowing without distress. It is the Bank's policy to establish that loans are within the customer's capacity to repay, rather than to rely excessively on security and as a result, depending on the customer's standing and the type of product, facilities may be unsecured.

The Bank manages, limits and controls concentrations of credit risk wherever they are identified in particular, to individual counterparties and groups, and to industries and countries.

The credit risk is primarily managed by placing limits on the amount of risk accepted in relation to one borrower or groups of borrowers and to geographical and industry segments. Such risks are monitored on a revolving basis and are subject to an annual or more frequent review.

## **Barclays Bank PLC - Dubai Branch**

### **Notes to the financial statements (continued)**

#### **For the year ended 31 December 2024**

### **3 Financial risk management (continued)**

#### **3.2 Credit risk (continued)**

##### **3.2.2 Risk limit control and mitigation policies (continued)**

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by changing the lending limits where appropriate. Some other specific control and mitigation measures are outlined below.

##### *(a) Collateral*

When collateral is deemed appropriate, businesses are required to take specific, agreed classes of collateral and ensure that they are holding a correctly perfected charge. The principal collateral types are as follows:

- Commercial and industrial sector - charges over business assets such as premises, inventory and recoverables;
- Commercial real estate sector - charges over the properties being financed.

Valuation of the collateral taken will be within agreed parameters and will be conservative in value. Within the corporate sectors, collateral for impaired loans including guarantees and insurance is reviewed regularly and at least annually, to ensure that it is still enforceable and that the impairment allowance remains appropriate given the current valuation. Where the collateral has decreased in value, an additional impairment allowance may be considered. Conversely, increases in collateral may result in a release of the impairment allowance.

##### *(b) Derivatives*

At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Bank. In the case of forward exchange contracts the Bank is exposed to the notional amount should the counterparty fail to honor the contract. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements and entering into forward contracts with other banks, in the form of back to back contracts, commitment to purchase and sell a contract, resulting in limited credit exposure to the Bank.

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 3 Financial risk management (continued)

#### 3.2 Credit risk (continued)

#### 3.2.3 Amounts arising from Expected Credit Loss

#### Movement in gross exposure and expected credit loss

The following table presents a reconciliation of the opening to the closing balance of the exposure and expected credit loss.

	STAGE 1		STAGE 2		STAGE 3		Total	
	Exposure AED'000	Expected credit loss AED'000	Exposure AED'000	Expected credit loss AED'000	Exposure AED'000	Expected credit loss AED'000	Exposure AED'000	Expected credit loss AED'000
Balance as at 1 January 2024	5,287,960	(1,702)	-	-	38,801	(38,801)	5,326,761	(40,503)
New financial assets originated or purchased	174,033	595	-	-	-	-	174,033	595
Asset derecognised due to write-offs	-	-	-	-	(8,059)	8,059	(8,059)	8,059
<b>Loss allowance as at 31 December 2024</b>	<b>5,461,993</b>	<b>(1,107)</b>	<b>-</b>	<b>-</b>	<b>30,742</b>	<b>(30,742)</b>	<b>5,492,735</b>	<b>(31,849)</b>
<b>Reconciliation of ECL movement to impairment release for the period</b>	-	-	-	-	-	-	-	-
ECL movement excluding assets derecognised due to disposals and write- off	-	595	-	-	-	-	-	595
ECL movement on unfunded exposure	-	1,594	-	110	-	-	-	1,704
Exchange and other adjustments	-	2	-	-	-	-	-	2
<b>Income statement release / (charge) for the year</b>	<b>-</b>	<b>2,191</b>	<b>-</b>	<b>110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,301</b>

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 3 Financial risk management (continued)

##### 3.2 Credit risk (continued)

##### 3.2.3 Amounts arising from Expected Credit Loss (continued)

#### Movement in gross exposure and expected credit loss (continued)

	STAGE 1		STAGE 2		STAGE 3		Total	
	Exposure AED'000	Expected credit loss AED'000	Exposure AED'000	Expected credit loss AED'000	Exposure AED'000	Expected credit loss AED'000	Exposure AED'000	Expected credit loss AED'000
Balance as at 1 January 2023	6,376,208	(6,841)	18,692	(149)	53,611	(53,484)	6,448,511	(60,474)
Transfers to Stage 1	18,692	(149)	(18,692)	149	-	-	-	-
New financial assets originated or purchased	79,078	(99)	-	-	-	-	79,078	(99)
Net drawdowns/repayments/ risk parameter changes and other movements	(1,186,018)	5,387	-	-	10	(125)	(1,186,008)	5,262
Asset derecognised due to write-offs	-	-	-	-	(14,820)	14,808	(14,820)	14,808
<b>Loss allowance as at 31 December 2023</b>	<b>5,287,960</b>	<b>(1,702)</b>			<b>38,801</b>	<b>(38,801)</b>	<b>5,326,761</b>	<b>(40,503)</b>
<b>Reconciliation of ECL movement to impairment (charge)/release for the period</b>								
ECL movement excluding assets derecognised due to disposals and write-off	-	5,139	-	149	-	(125)	-	5,163
ECL movement on unfunded exposure	-	1,420	-	2,780	-	-	-	4,200
Exchange and other adjustments	-	(1)	-	-	-	-	-	(1)
<b>Income statement release / (charge) for the year</b>	<b>-</b>	<b>6,558</b>	<b>-</b>	<b>2,929</b>	<b>-</b>	<b>(125)</b>	<b>-</b>	<b>9,362</b>

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 3 Financial risk management (continued)

##### 3.2 Credit risk (continued)

##### 3.2.3 Amounts arising from Expected Credit Loss (continued)

##### Movement in gross exposure and expected credit loss (continued)

##### Contingencies and commitments (Off Balance Sheet Exposures)

	<b>Expected Credit loss</b>
	<b>AED'000</b>
Balance as at 1 January 2024	4,796
Movement in letters of credit, guarantees & acceptances and undrawn commitments	(1,704)
<b>Loss allowance as at 31 December 2024*</b>	<b>3,092</b>
Balance as at 1 January 2023	8,996
Movement in letters of credit, guarantees & acceptances and undrawn commitments	(4,200)
<b>Loss allowance as at 31 December 2023*</b>	<b>4,796</b>

\*ECL on off balance sheet exposures is booked under Other Liabilities (note 13).

##### 3.2.4 Maximum exposure to credit risk before collateral held or other credit enhancements.

The following table represents a worst-case scenario of credit risk exposure to the Bank at 31 December 2024 and 2023 without taking into account any collateral held or other credit enhancements attached. For on and off-balance sheet assets, the exposures set out below are based on gross amounts as reported in the balance sheet.

	<b>Maximum exposure</b>	
	<b>2024</b>	<b>2023</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>On balance sheet:</b>		
Cash and balances with the UAE Central Bank (excluding cash in hand) (note 4)	3,898,755	3,120,018
Due from other banks (note 5)	498,444	1,096,553
Due from Head Office and other branches (note 6)	77,484	74,582
Loans and advances (note 7)	1,018,008	1,035,432
Other assets (note 8)	44	176
<b>Off balance sheet:</b>		
Letters of credit (note 16)	158,905	577,789
Guarantees and acceptances (note 16)	1,913,654	1,332,953
Undrawn credit commitments	5,774,477	5,087,672
<b>At 31 December</b>	<b>13,339,771</b>	<b>12,325,175</b>

## **Barclays Bank PLC - Dubai Branch**

### **Notes to the financial statements (continued)**

#### **For the year ended 31 December 2024**

### **3 Financial risk management (continued)**

#### **3.2 Credit risk (continued)**

##### **3.2.4 Maximum exposure to credit risk before collateral held or other credit enhancements (continued)**

Management is confident in its ability to continue to control and minimise the loss arising from its exposure to credit risk resulting from its loans and advances portfolio and amounts due from banks based on the following:

- 87.87% (2023: 75.50%) of the loans and advances to corporate customers is categorised in the top grades of the Bank's internal grading system.
- The Bank continuously reviews its credit policy and changes are made based on the management information system reports and the patterns that emerge from these reports.

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 3 Financial risk management (continued)

#### 3.2 Credit risk (continued)

#### 3.2.5 Financial instruments at amortised cost by product

The table below presents a breakdown of financial instruments at amortised cost and investments measured at fair value through other comprehensive income and the impairment allowance with stage allocation by asset classification.

	As at 31 December 2024			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
<b>Gross exposure</b>				
Cash and balances with the UAE Central Bank (excluding cash in hand)	3,898,755	-	-	3,898,755
Due from other banks	498,444	-	-	498,444
Due from Head Office and other branches	77,484	-	-	77,484
Corporate loans	987,266	-	30,742	1,018,008
Other assets	44	-	-	44
<b>Total</b>	<b>5,461,993</b>	<b>-</b>	<b>30,742</b>	<b>5,492,735</b>
<b>Expected Credit Loss</b>				
Cash and balances with the UAE Central Bank (excluding cash in hand)	(1)	-	-	(1)
Due from other banks	(127)	-	-	(127)
Due from Head Office and other branches	-	-	-	-
Corporate loans	(979)	-	(30,742)	(31,721)
Other assets	-	-	-	-
<b>Total</b>	<b>(1,107)</b>	<b>-</b>	<b>(30,742)</b>	<b>(31,849)</b>
<b>Net exposure</b>				
Cash and balances with the UAE Central Bank (excluding cash in hand)	3,898,754	-	-	3,898,754
Due from other banks	498,317	-	-	498,317
Due from Head Office and other branches	77,484	-	-	77,484
Corporate loans	986,287	-	-	986,287
Other assets	44	-	-	44
<b>Total</b>	<b>5,460,886</b>	<b>-</b>	<b>-</b>	<b>5,460,886</b>
<b>Coverage ratio</b>				
Cash and balances with the UAE Central Bank (excluding cash in hand)	-	-	-	-
Due from other banks	0.03%	-	-	0.03%
Due from Head Office and other branches	-	-	-	-
Corporate loans	0.10%	-	100%	3.12%
Other assets	-	-	-	-

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued)

For the year ended 31 December 2024

#### 3 Financial risk management (continued)

##### 3.2 Credit risk (continued)

##### 3.2.5 Financial instruments at amortised cost by product (continued)

	As at 31 December 2023			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
<b>Gross exposure</b>				
Cash and balances with the UAE Central Bank (excluding cash in hand)	3,120,018	-	-	3,120,018
Due from other banks	1,096,553	-	-	1,096,553
Due from Head Office and other branches	74,582	-	-	74,582
Corporate loans	996,631	-	38,801	1,035,432
Other assets	176	-	-	176
<b>Total</b>	<b>5,287,960</b>	<b>-</b>	<b>38,801</b>	<b>5,326,761</b>
<b>Expected Credit Loss</b>				
Cash and balances with the UAE Central Bank (excluding cash in hand)	-	-	-	-
Due from other banks	(329)	-	-	(329)
Due from Head Office and other branches	(1)	-	-	(1)
Corporate loans	(1,372)	-	(38,801)	(40,173)
Other assets	-	-	-	-
<b>Total</b>	<b>(1,702)</b>	<b>-</b>	<b>(38,801)</b>	<b>(40,503)</b>
<b>Net exposure</b>				
Cash and balances with the UAE Central Bank (excluding cash in hand)	3,120,018	-	-	3,120,018
Due from other banks	1,096,224	-	-	1,096,224
Due from Head Office and other branches	74,581	-	-	74,581
Corporate loans	995,259	-	-	995,259
Other assets	176	-	-	176
<b>Total</b>	<b>5,286,258</b>	<b>-</b>	<b>-</b>	<b>5,286,258</b>
<b>Coverage ratio</b>				
Cash and balances with the UAE Central Bank (excluding cash in hand)	-	-	-	-
Due from other banks	0.03%	-	-	0.03%
Due from Head Office and other branches	-	-	-	-
Corporate loans	0.14%	-	100.00%	3.88%
Other assets	-	-	-	-

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 3 Financial risk management (continued)

#### 3.2 Credit risk (continued)

#### 3.2.6 Concentration of risks of financial assets with credit risk exposure

The following table breaks down the Bank's financial assets and off-balance sheet items categorised by industry as at 31 December 2024 and 31 December 2023.

<b>31 December 2024</b>	<b>Financial institutions</b>	<b>Construction &amp; real estate</b>	<b>Wholesale and retail trade</b>	<b>Other industries</b>	<b>Total</b>
	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
<b>On balance sheet items</b>					
Cash and balances with the UAE Central Bank (excluding cash in hand)	3,898,755	-	-	-	3,898,755
Due from other banks	498,444	-	-	-	498,444
Due from Head Office and other branches	77,484	-	-	-	77,484
Loans to corporate entities	-	30,742	421,396	565,870	1,018,008
Other assets	-	-	-	44	44
<b>Total</b>	<b>4,474,683</b>	<b>30,742</b>	<b>421,396</b>	<b>565,914</b>	<b>5,492,735</b>
<b>Off balance sheet items</b>					
Letters of credit	149,539	-	6,009	3,357	158,905
Guarantees and acceptances	1,008,625	-	113,152	791,877	1,913,654
Undrawn credit commitments	5,228,580	-	573,435	1,549,888	7,351,903
<b>Total</b>	<b>6,386,744</b>	<b>-</b>	<b>692,596</b>	<b>2,345,122</b>	<b>9,424,462</b>

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 3 Financial risk management (continued)

#### 3.2 Credit risk (continued)

#### 3.2.6 Concentration of risks of financial assets with credit risk exposure (continued)

31 December 2023	<b>Financial institutions</b>	<b>Construction &amp; real estate</b>	<b>Wholesale and retail trade</b>	<b>Other industries</b>	<b>Total</b>
	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
<b>On balance sheet items</b>					
Cash and balances with the UAE Central Bank (excluding cash in hand)	3,120,018	-	-	-	3,120,018
Due from other banks	1,096,553	-	-	-	1,096,553
Due from Head Office and other branches	74,582	-	-	-	74,582
Loans to corporate entities	-	30,742	295,279	709,411	1,035,432
Other assets	-	-	-	176	176
<b>Total</b>	<b>4,291,153</b>	<b>30,742</b>	<b>295,279</b>	<b>709,587</b>	<b>5,326,761</b>
<b>Off balance sheet items</b>					
Letters of credit	556,740	-	14,770	6,279	577,789
Guarantees and acceptances	541,584	-	124,726	666,643	1,332,953
Undrawn credit commitments	4,231,833	-	800,689	1,179,683	6,212,205
<b>Total</b>	<b>5,330,157</b>	<b>-</b>	<b>940,185</b>	<b>1,852,605</b>	<b>8,122,947</b>

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 3 Financial risk management (continued)

#### 3.2 Credit risk (continued)

#### 3.2.6 Concentration of risks of financial assets with credit risk exposure (continued)

The following table breaks down the Bank's main credit exposure at their gross carrying amounts, as categorised by geographical regions as at 31 December 2024 and 31 December 2023.

For this table, the Bank has allocated exposures to regions based on the country of domicile of its counterparties:

	UAE AED'000	OECD AED'000	Asia AED'000	Others AED'000	Total AED'000
<b>31 December 2024</b>					
Cash and balances with the UAE Central Bank (excluding cash in hand)	3,898,755	-	-	-	3,898,755
Due from other banks	-	37	482,470	15,937	498,444
Due from Head Office and other branches	4,403	73,074	7	-	77,484
<b>Loans and advances</b>					
- Corporate loans	764,351	253,657	-	-	1,018,008
Other assets	44	-	-	-	44
<b>Total</b>	<b><u>4,667,553</u></b>	<b><u>326,768</u></b>	<b><u>482,477</u></b>	<b><u>15,937</u></b>	<b><u>5,492,735</u></b>
<b>31 December 2023</b>					
Cash and balances with the UAE Central Bank (excluding cash in hand)	3,120,018	-	-	-	3,120,018
Due from other banks	755	700	1,093,064	2,034	1,096,553
Due from Head Office and other branches	8,407	66,168	7	-	74,582
<b>Loans and advances</b>					
- Corporate loans	638,412	397,020	-	-	1,035,432
Other assets	176	-	-	-	176
<b>Total</b>	<b><u>3,767,768</u></b>	<b><u>463,888</u></b>	<b><u>1,093,071</u></b>	<b><u>2,034</u></b>	<b><u>5,326,761</u></b>

## **Barclays Bank PLC - Dubai Branch**

### **Notes to the financial statements (continued) For the year ended 31 December 2024**

#### **3 Financial risk management (continued)**

##### **3.3 Market risk**

The Bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads and foreign exchange rates. The Bank has a limited exposure over market risk, except interest rate risk which is explained in note 3.5.

The Assets Liability Forum (ALFO) is responsible to formalise the Bank's key financial indicators and ratios, set the thresholds to manage and monitor the market risk also analyse the sensitivity of the Bank's interest rate and maturity mismatches. ALFO also guides the Bank's investment decisions and provides guidance in terms of interest rate and currency movements.

##### **3.3.1 Market risk measurement techniques**

The stress test technique provides an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by the Bank's treasury include risk factor stress testing, where stress movements are applied to each risk category; emerging market stress testing, where emerging market portfolios are subject to stress movements; and ad hoc stress testing, which includes applying possible stress events to specific positions or regions -. The results of the stress tests are reviewed by senior management.

##### **3.4 Foreign exchange risk**

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Head Office sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarises the Bank's financial instruments at carrying amounts, categorised by currency.

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 3 Financial risk management (continued)

#### 3.4 Foreign exchange risk (continued)

#### 3.4.1 Foreign exchange risk

	AED AED'000	USD AED'000	EUR AED'000	GBP AED'000	Others AED'000	Total AED'000
<b>31 December 2024</b>						
<b>Assets</b>						
Cash and balances with the UAE Central Bank	3,910,958	74	-	-	-	3,911,032
Due from other banks	-	261,013	199,978	-	37,453	498,444
Due from Head Office and other branches	2,006	36,115	9,439	29,918	6	77,484
Loans and advances	183,557	834,324	127	-	-	1,018,008
Other assets	44	-	-	-	-	44
	<u>4,096,565</u>	<u>1,131,526</u>	<u>209,544</u>	<u>29,918</u>	<u>37,459</u>	<u>5,505,012</u>
<b>Total financial assets</b>						
<b>Liabilities</b>						
Due to customers	453,469	1,761,006	315,383	29,802	22,542	2,582,202
Due to Head Office and other branches	194,644	104	-	4,037	14,354	213,139
Other liabilities	32,446	162	-	4	-	32,612
	<u>680,559</u>	<u>1,761,272</u>	<u>315,383</u>	<u>33,843</u>	<u>36,896</u>	<u>2,827,953</u>
<b>Total financial liabilities</b>						
<b>Net on-balance sheet financial position</b>	<u>3,416,006</u>	<u>(629,746)</u>	<u>(105,839)</u>	<u>(3,925)</u>	<u>563</u>	<u>2,677,059</u>

The Bank has limited exposure to foreign exchange risk as most of the foreign currency financial instruments are either in US Dollar or in currencies pegged to US Dollars. Liabilities incurred in other currencies, mainly EUR and GBP, are placed with Head Office or swapped into AED via foreign exchange swaps to remain compliant with the Central Bank regulation on managing large exposures.

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 3 Financial risk management (continued)

#### 3.4 Foreign exchange risk (continued)

#### 3.4.1 Foreign exchange risk (continued)

	AED AED'000	USD AED'000	EUR AED'000	GBP AED'000	Others AED'000	Total AED'000
<b>31 December 2023</b>						
<b>Assets</b>						
Cash and balances with the UAE Central Bank	3,140,509	73	-	-	-	3,140,582
Due from other banks	17	838,681	237,327	-	20,528	1,096,553
Due from Head Office and other branches	8,386	38,392	1,946	25,851	7	74,582
Loans and advances	28,070	1,007,362	-	-	-	1,035,432
Other assets	176	-	-	-	-	176
<b>Total financial assets</b>	<b>3,177,158</b>	<b>1,884,508</b>	<b>239,273</b>	<b>25,851</b>	<b>20,535</b>	<b>5,347,325</b>
<b>Liabilities</b>						
Due to customers	401,494	1,908,668	82,201	25,918	6,196	2,424,477
Due to Head Office and other branches	337,583	22,416	-	565	13,987	374,551
Other liabilities	11,698	22,087	174	51	-	34,010
<b>Total financial liabilities</b>	<b>750,775</b>	<b>1,953,171</b>	<b>82,375</b>	<b>26,534</b>	<b>20,183</b>	<b>2,833,038</b>
<b>Net on-balance sheet financial position</b>	<b>2,426,383</b>	<b>(68,663)</b>	<b>156,898</b>	<b>(683)</b>	<b>352</b>	<b>2,514,287</b>

The Bank has limited exposure to foreign exchange risk as most of the foreign currency financial instruments are either in US Dollar or in currencies pegged to US Dollars. Liabilities incurred in other currencies, mainly EUR and GBP, are placed with Head Office or swapped into AED via foreign exchange swaps to remain compliant with the Central Bank regulation on managing large exposures.

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 3 Financial risk management (continued)

#### 3.4 Foreign exchange risk (continued)

#### 3.4.2 Sensitivity of currency risk

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency rates, with all other variables held constant. The impact on the Bank's statement of profit or loss is due to changes in the fair value of financial assets and liabilities.

<b>31 December 2024</b>	<b>EUR AED'000</b>	<b>GBP AED'000</b>	<b>Others* AED'000</b>	<b>Total AED'000</b>
Total assets	209,544	29,918	37,459	276,921
Total liabilities	(315,383)	(33,843)	(36,896)	(386,122)
<b>Net assets / (liabilities)</b>	<b>(105,839)</b>	<b>(3,925)</b>	<b>563</b>	<b>(109,201)</b>
FX forward purchases / (sales)	(106,752)	-	-	(106,752)
Net exposure	(212,591)	(3,925)	563	(215,953)
5% sensitivity	(10,630)	(196)	28	(10,798)
<b>31 December 2023</b>	<b>EUR AED'000</b>	<b>GBP AED'000</b>	<b>Others* AED'000</b>	<b>Total AED'000</b>
Total assets	239,273	25,851	20,535	285,659
Total liabilities	(82,375)	(26,534)	(20,183)	(129,092)
<b>Net assets / (liabilities)</b>	<b>156,898</b>	<b>(683)</b>	<b>352</b>	<b>156,567</b>
FX forward purchases / (sales)	(156,050)	-	-	(156,050)
Net exposure	848	(683)	352	517
5% sensitivity	42	(34)	18	26

\*All the currencies pegged with US Dollar are excluded from the above analysis.

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 3 Financial risk management (continued)

##### 3.5 Interest rate risk

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 Bank takes 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 losses in the event that unexpected movements arise. The ALFO sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily by Treasury. The table below summarises the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorised by the earlier of contractual re pricing or maturity dates.

31 December 2024	Up to 1 month AED'000	1-3 months AED'000	3-6 months AED'000	6-12 months AED'000	Over 1 year AED'000	Non-interest bearing AED'000	Total AED'000
<b>Assets</b>							
Cash and balances with the UAE							
Central Bank	3,650,446	-	-	-	-	260,586	3,911,032
Due from other banks	100,069	250,732	-	110,190	-	37,453	498,444
Due from Head Office and other branches	23,517	340	526	331	-	52,770	77,484
Loans and advances	906,515	26,120	77,237	-	-	8,136	1,018,008
Other assets	-	-	-	-	-	44	44
<b>Total financial assets</b>	<b>4,680,547</b>	<b>277,192</b>	<b>77,763</b>	<b>110,521</b>	<b>-</b>	<b>358,989</b>	<b>5,505,012</b>
<b>Liabilities</b>							
Due to customers	1,346,224	17,767	127,882	6,460	150	1,083,719	2,582,202
Due to Head Office and other branches	10,000	-	-	-	-	203,139	213,139
Other liabilities	133	-	133	274	1,319	30,753	32,612
<b>Total financial liabilities</b>	<b>1,356,357</b>	<b>17,767</b>	<b>128,015</b>	<b>6,734</b>	<b>1,469</b>	<b>1,317,611</b>	<b>2,827,953</b>
<b>Interest sensitivity gap</b>	<b>3,324,190</b>	<b>259,425</b>	<b>(50,252)</b>	<b>103,787</b>	<b>(1,469)</b>	<b>(958,622)</b>	<b>2,677,059</b>

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 3 Financial risk management (continued)

##### 3.5 Interest rate risk (continued)

31 December 2023	Up to 1 month AED'000	1-3 months AED'000	3-6 months AED'000	6-12 months AED'000	Over 1 year AED'000	Non-interest bearing AED'000	Total AED'000
<b>Assets</b>							
Cash and balances with the UAE							
Central Bank	2,990,897	-	-	-	-	149,685	3,140,582
Due from other banks	98,189	15,042	233,016	729,778	-	20,528	1,096,553
Due from Head Office and other branches	26,087	1,682	4,253	1,328	-	41,232	74,582
Loans and advances	1,018,120	10,185	7,127	-	-	-	1,035,432
Other assets	-	-	-	-	-	176	176
<b>Total financial assets</b>	<b>4,133,293</b>	<b>26,909</b>	<b>244,396</b>	<b>731,106</b>	<b>-</b>	<b>211,621</b>	<b>5,347,325</b>
<b>Liabilities</b>							
Due to customers	1,296,518	51,557	274,792	32,507	150	768,953	2,424,477
Due to Head Office and other branches	22,415	-	-	-	-	352,136	374,551
Other liabilities	-	-	-	-	-	34,010	34,010
<b>Total financial liabilities</b>	<b>1,318,933</b>	<b>51,557</b>	<b>274,792</b>	<b>32,507</b>	<b>150</b>	<b>1,155,099</b>	<b>2,833,038</b>
<b>Interest sensitivity gap</b>	<b>2,814,360</b>	<b>(24,648)</b>	<b>(30,396)</b>	<b>698,599</b>	<b>(150)</b>	<b>(943,478)</b>	<b>2,514,287</b>

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 3 Financial risk management (continued)

##### 3.5 Interest rate risk (continued)

The table below summarises the average interest rate on the outstanding interest-bearing balances by major currencies for monetary financial instruments:

	AED %	USD %	EUR %	GBP %
<b>31 December 2024</b>				
<b>Assets</b>				
Deposits with Central Bank	4.40	-	-	-
Bills discounted	-	5.08	4.72	-
Due from Head Office and other branches	5.85	-	-	4.73
Loans and advances	7.02	5.58	6.54	-
<b>Liabilities</b>				
Due to Head Office and other branches	4.40	-	-	-
Due to customers	4.09	4.88	-	3.85
<b>31 December 2023</b>				
<b>Assets</b>				
Deposits with Central Bank	5.40	-	-	-
Bills discounted	-	6.16	5.04	-
Due from Head Office and other branches	6.41	-	-	4.85
Loans and advances	8.15	6.84	-	-
<b>Liabilities</b>				
Due to Head Office and other branches	-	5.50	-	-
Due to customers	4.42	5.64	-	4.00

Interest rate risk is also assessed by measuring the impact of reasonable possible change in interest rate movements. The Bank assumes a fluctuation in interest rates of 25 basis points (bps) as being reasonable and estimates the following impact on the interest income and interest expense for the year:

	Interest income AED'000	Interest expense AED'000
<b>31 December 2024</b>		
Fluctuation in yield by 25 bps	1,494	3,568
<b>31 December 2023</b>		
Fluctuation in yield by 25 bps	1,946	2,535

The above sensitivity is calculated based on Interest Rate sensitivity per basis point metric and assumes instantaneous parallel change to forward interest rate curves. The model does not apply floors to shocked market rates and does not recognize the interest rate floors where relevant and balances are adjusted for assumed behavioural profiles (e.g. Structural Interest rate hedges balances). It does not incorporate actions that could be taken by management to mitigate the effect of interest rate movements.

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 3 Financial risk management (continued)

##### 3.6 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

The Bank manages its liquidity in accordance with Central Bank of the U.A.E. requirements and the Bank's internal guidelines mandated by ALFO. The Central Bank of the U.A.E. has reserve requirements on deposits ranging between 1% and 11% on demand and time deposits. The Central Bank of the U.A.E. 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 U.A.E. ALFO monitors liquidity ratios on a regular basis and for covering the risk of any mismatch in liquidity, Head Office funding is available for the Dubai Branch.

The table below presents the cash flows payable by the Bank by remaining contractual maturity at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<b>Liquidity risk</b>	<b>Total carrying amount AED'000</b>	<b>Gross nominal outflows AED'000</b>	<b>Up to 3 Months AED'000</b>	<b>3 - 12 months AED'000</b>	<b>1 - 5 years AED'000</b>
<b>Assets</b>					
<b>31 December 2024</b>					
Cash and Balances with the UAE Central Bank	3,911,031	3,911,924	3,911,924	-	-
Due from other banks	498,317	505,073	394,883	110,190	-
Due from Head Office and other branches	77,484	77,557	76,700	857	-
Loans and advances	986,287	1,061,411	295,993	147,888	617,530
Other assets	44	44	44	-	-
	<b><u>5,473,163</u></b>	<b><u>5,556,009</u></b>	<b><u>4,679,544</u></b>	<b><u>258,935</u></b>	<b><u>617,530</u></b>
<b>Liabilities</b>					
Due to customers	2,582,202	2,586,593	2,445,456	140,987	150
Due to Head Office and other branches	213,139	213,142	213,142	-	-
Other liabilities	32,612	32,860	30,887	407	1,566
	<b><u>2,827,953</u></b>	<b><u>2,832,595</u></b>	<b><u>2,689,485</u></b>	<b><u>141,394</u></b>	<b><u>1,716</u></b>

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 3 Financial risk management (continued)

##### 3.6 Liquidity risk (continued)

Liquidity risk	Total carrying amount AED'000	Gross nominal outflows AED'000	Up to 3 Months AED'000	3 - 12 months AED'000	1 - 5 years AED'000
<b>Assets</b>					
<b>31 December 2023</b>					
Cash and Balances with the UAE Central Bank	3,140,582	3,141,928	3,141,928	-	-
Due from other banks	1,096,224	1,117,823	113,447	1,004,376	-
Due from Head Office and other branches	74,581	74,803	72,188	2,615	-
Loans and advances	995,259	1,042,182	1,034,873	7,309	-
Other assets	176	176	176	-	-
	<b><u>5,306,822</u></b>	<b><u>5,376,912</u></b>	<b><u>4,362,612</u></b>	<b><u>1,014,300</u></b>	<b><u>-</u></b>
<b>Liabilities</b>					
Due to customers	2,424,477	2,434,142	2,120,210	313,782	150
Due to Head Office and other branches	374,551	374,558	374,558	-	-
Other liabilities	34,010	34,010	31,504	400	2,106
	<b><u>2,833,038</u></b>	<b><u>2,842,710</u></b>	<b><u>2,526,272</u></b>	<b><u>314,182</u></b>	<b><u>2,256</u></b>

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 3 Financial risk management (continued)

##### 3.6 Liquidity risk (continued)

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

	Up to 1 month AED'000	1-3 months AED'000	3-12 months AED'000	1-5 years AED'000	Total AED'000
<b>31 December 2024</b>					
<b>Foreign exchange contracts</b>					
– Outflow	783,914	-	-	-	<b>783,914</b>
– Inflow	783,914	-	-	-	<b>783,914</b>
<b>31 December 2023</b>					
<b>Foreign exchange contracts</b>					
– Outflow	169,753	-	-	-	<b>169,753</b>
– Inflow	169,633	-	-	-	<b>169,633</b>
<b>Off-balance sheet items</b>					
		No later than 1 year AED'000		1-5 years AED'000	Total AED'000
<b>31 December 2024</b>					
Letter of credit, guarantees and acceptances		990,637		1,081,922	2,072,559
Undrawn credit commitments		7,039,698		312,205	7,351,903
<b>Total</b>		<b>8,030,335</b>		<b>1,394,127</b>	<b>9,424,462</b>
<b>31 December 2023</b>					
Letter of credit, guarantees and acceptances		1,180,244		730,498	1,910,742
Undrawn credit commitments		5,955,095		257,110	6,212,205
<b>Total</b>		<b>7,135,339</b>		<b>987,608</b>	<b>8,122,947</b>

##### 3.7 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

The Bank has determined that the fair value of its financial assets and liabilities not measured at fair value approximates its carrying amount as at the year end.

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 3 Financial risk management (continued)

##### 3.8 Capital management

The CBUAE issued Basel III capital regulations, which came into effect from 1 February 2017 introducing minimum capital requirements at three levels, namely Common Equity Tier 1 ('CET1'), Additional Tier 1 ('AT1') and Total Capital.

The minimum capital adequacy requirements as set out by the Central Bank are as follows:

- Minimum common equity tier 1 (CET 1) ratio of 7% of risk weighted assets (RWAs).
- Minimum tier 1 ratio of 8.5% of RWAs.
- Total capital adequacy ratio of 10.5% of RWAs.

The table below summarizes the composition of regulatory capital and the ratios of the Bank as per BASEL III guidelines and has complied with all of the externally imposed capital requirements which it is subject to:

	<b>2024</b>	<b>2023</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Tier 1 capital</b>		
Allocated capital	2,540,214	2,540,214
Legal reserve	186,104	174,126
Accumulated losses	(130,588)	(238,659)
Eligible Tier 1 capital	<u>2,595,730</u>	<u>2,475,681</u>
<b>Deductions:</b>		
Intangible assets	469	1,032
Total deductions	<u>469</u>	<u>1,032</u>
<b>Tier 1 capital</b>	<b><u>2,595,261</u></b>	<b><u>2,474,649</u></b>
<b>Tier 2 capital</b>		
General provision	<u>21,907</u>	<u>25,460</u>
<b>Total eligible capital</b>	<b><u>2,617,168</u></b>	<b><u>2,500,109</u></b>
<b>Risk Weighted Assets</b>		
Credit exposure risk	1,750,805	2,036,411
Credit value adjustment	1,773	364
Total Credit risk	<u>1,752,578</u>	<u>2,036,775</u>
Market risk	3,945	1,200
Operational risk	<u>288,276</u>	<u>187,453</u>
<b>Total risk weighted assets</b>	<b><u>2,044,799</u></b>	<b><u>2,225,428</u></b>
Tier 1 capital ratio	<u>126.92%</u>	<u>111.20%</u>
Capital adequacy ratio	<u>127.99%</u>	<u>112.34%</u>

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 3 Financial risk management (continued)

#### 3.8 Capital management (continued)

#### 3.8.1 Analysis of branch's exposure based on Basel III standardised approach.

	On and Off balance sheet gross outstanding AED'000	Credit Risk Mitigation (CRM)			Risk weighted Assets AED'000
		Exposure before CRM AED'000	CRM AED'000	After CCF AED'000	
<b>31 December 2024</b>					
Claims on sovereigns	3,898,755	3,898,755	-	3,898,755	-
Claims on banks	6,977,904	6,977,904	-	1,180,397	498,760
Claims on public sector enterprise including GRE	610,333	610,333	-	575,752	326,314
Claims on corporates & GRE	3,406,514	3,406,514	19,911	1,029,833	902,226
Past due loans	30,742	-	-	-	-
Other assets	29,030	29,030	-	29,030	23,505
<b>Total claims</b>	<b>14,953,278</b>	<b>14,922,536</b>	<b>19,911</b>	<b>6,713,767</b>	<b>1,750,805</b>
<b>Of which:</b>					
Rated exposure	12,091,733				
Unrated exposure	2,861,545				
<b>Total exposure</b>	<b>14,953,278</b>				

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 3 Financial risk management (continued)

#### 3.8 Capital management (continued)

#### 3.8.1 Analysis of branch's exposure based on Basel III standardised approach (continued) Credit Risk Mitigation (CRM)

	On and Off balance sheet gross outstanding AED'000	Exposure before CRM AED'000	CRM AED'000	After CCF AED'000	Risk weighted Assets AED'000
<b>31 December 2023</b>					
Claims on sovereigns	3,120,018	3,120,018	-	3,120,018	-
Claims on banks	6,545,060	6,545,060	-	1,907,523	725,705
Claims on public sector enterprise including GRE	611,099	611,099	-	576,097	326,659
Claims on corporates & GRE	3,173,579	3,173,579	11,356	967,556	890,119
Past due loans	42,338	237	-	237	237
Other assets	66,207	66,207	-	66,207	93,691
<b>Total claims</b>	<b>13,558,301</b>	<b>13,516,200</b>	<b>11,356</b>	<b>6,637,638</b>	<b>2,036,411</b>
<b>Of which:</b>					
Rated exposure	10,675,488				
Unrated exposure	2,882,813				
<b>Total exposure</b>	<b>13,558,301</b>				

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 3 Financial risk management (continued)

#### 3.8 Capital management (continued)

#### 3.8.2 Capital requirement for market risk under standardised approach as at 31 December

	Risk weighted assets		Capital charge	
	2024	2023	2024	2023
	AED'000	AED'000	AED'000	AED'000
<b>Market risk</b>				
Foreign exchange risk	3,945	1,200	414	126

Capital charge for year ended 31 December 2024 has been calculated at 10.5% (2023: 10.5%).

#### 3.8.3 Gross exposures and credit risk mitigation

	Exposures		Risk weighted assets	
	2024	2023	2024	2023
	AED'000	AED'000	AED'000	AED'000
Gross exposure prior to credit risk mitigation	14,922,536	13,516,200	1,750,805	2,036,411
Less: Exposures covered by eligible financial collateral	(19,911)	(11,356)	-	-
<b>Net exposures after credit risk mitigation</b>	<b>14,902,625</b>	<b>13,504,844</b>	<b>1,750,805</b>	<b>2,036,411</b>

#### 4 Cash and balances with the UAE Central Bank

	2024	2023
	AED'000	AED'000
Cash in hand (note 24)	12,277	20,564
<b>With the UAE Central Bank in:</b>		
Current account (note 24)	29,454	29,000
Statutory deposit	218,855	100,121
Overnight deposit facility (note 24)	3,650,446	2,990,897
	3,911,032	3,140,582
Expected Credit loss	(1)	-
	<b>3,911,031</b>	<b>3,140,582</b>

The current account balances are transferred to statutory deposit account at the end of the day as part of overnight sweeping mechanism introduced by UAE Central Bank. The average interest rates on these balances were 5.28% (31 December 2023: 5.40%). The statutory deposit with the UAE Central bank is not available to finance the day-to-day operations of the Bank. Cash in hand, current account and statutory deposit with the UAE Central Bank are non-interest-bearing balances.

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 5 Due from other banks

	<b>2024</b>	<b>2023</b>
	<b>AED'000</b>	<b>AED'000</b>
Current accounts (note 24)	37,453	20,528
Bills discounted	460,991	1,076,025
	<u>498,444</u>	<u>1,096,553</u>
Expected credit loss	(127)	(329)
	<u><b>498,317</b></u>	<u><b>1,096,224</b></u>

#### 6 Due from Head Office and other branches

	<b>2024</b>	<b>2023</b>
	<b>AED'000</b>	<b>AED'000</b>
Current accounts (note 24)	49,849	42,685
Term Deposits (note 24)	23,232	21,061
Bills discounted	1,452	8,019
Other receivables	2,951	2,817
	<u>77,484</u>	<u>74,582</u>
Expected credit loss	-	(1)
	<u><b>77,484</b></u>	<u><b>74,581</b></u>

Due from Head Office and other branches are related party balances (note 25).

#### 7 Loans and advances

	<b>2024</b>	<b>2023</b>
	<b>AED'000</b>	<b>AED'000</b>
Corporate loans	1,018,008	1,035,432
Expected credit loss	(31,721)	(40,173)
	<u>986,287</u>	<u>995,259</u>
<b>Net loans and advances</b>	<u><b>986,287</b></u>	<u><b>995,259</b></u>

#### 8 Other assets

	<b>2024</b>	<b>2023</b>
	<b>AED'000</b>	<b>AED'000</b>
Prepayments	1,749	2,043
Other receivables	44	2,981
	<u>1,793</u>	<u>5,024</u>
	<u><b>1,793</b></u>	<u><b>5,024</b></u>

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 9 Intangible assets and Right-of-use assets

	<b>Intangible assets AED'000</b>	<b>Right-of-use assets AED'000</b>	<b>Total AED'000</b>
<b>Cost</b>			
At 1 January 2023	17,265	1,764	19,029
Additions	-	2,343	2,343
<b>At 31 December 2023</b>	<b>17,265</b>	<b>4,107</b>	<b>21,372</b>
<b>Accumulated amortisation</b>			
At 1 January 2023	(14,127)	(1,503)	(15,630)
Charge for the year	(2,106)	(379)	(2,485)
<b>At 31 December 2023</b>	<b>(16,233)</b>	<b>(1,882)</b>	<b>(18,115)</b>
<b>Net book amount</b>			
At 31 December 2023	<b>1,032</b>	<b>2,225</b>	<b>3,257</b>
<b>Cost</b>			
At 1 January 2024	17,265	4,107	21,372
Additions	-	-	-
<b>At 31 December 2024</b>	<b>17,265</b>	<b>4,107</b>	<b>21,372</b>
<b>Accumulated amortisation</b>			
At 1 January 2024	(16,233)	(1,882)	(18,115)
Charge for the year	(563)	(469)	(1,032)
<b>At 31 December 2024</b>	<b>(16,796)</b>	<b>(2,351)</b>	<b>(19,147)</b>
<b>Net book amount</b>			
At 31 December 2024	<b>469</b>	<b>1,756</b>	<b>2,225</b>

Details of right-of-use assets are given in Note 23.

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 10 Deferred tax assets

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

The movement on the deferred tax assets is as follows:

	<b>2024</b>	<b>2023</b>
	<b>AED'000</b>	<b>AED'000</b>
At 1 January	32,032	7,361
(Charged) / Credit to Profit and Loss	(27,531)	22,710
Credit to Other Comprehensive income	-	1,961
	<u>          </u>	<u>          </u>
<b>At 31 December</b>	<b><u>4,501</u></b>	<b><u>32,032</u></b>

Deferred tax assets are attributable to the following items:

	<b>2024</b>	<b>2023</b>
	<b>AED'000</b>	<b>AED'000</b>
Expected credit loss (Stage 1&2)	824	325
Provision for suspended interest	-	660
Unused tax losses	-	26,187
Other accruals and provisions	3,677	4,860
	<u>          </u>	<u>          </u>
	<b><u>4,501</u></b>	<b><u>32,032</u></b>

Deferred tax assets are recognised only to the extent that realisation of the related tax benefit is probable.

#### 11 Due to customers

	<b>2024</b>	<b>2023</b>
	<b>AED'000</b>	<b>AED'000</b>
Current accounts	826,509	472,176
Call deposits	741,168	524,652
Term deposits	1,014,525	1,427,649
	<u>          </u>	<u>          </u>
	<b><u>2,582,202</u></b>	<b><u>2,424,477</u></b>

At 31 December 2024, term deposits amounting to AED 0.68 million (2023: AED 0.88 million) were held as cash collateral for loans and advances granted to and commitments made on behalf of customers.

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 12 Due to Head Office and other branches

	<b>2024</b>	<b>2023</b>
	<b>AED'000</b>	<b>AED'000</b>
Term deposits	10,001	22,416
Current accounts	114,970	143,494
Call accounts	53,628	156,432
Others	34,540	52,209
	<b>213,139</b>	<b>374,551</b>

Others include balances payable to Barclays Bank PLC – DIFC Branch amounting to AED 31.13 million (2023: AED 33.46 million) on account of operating expenses recharged by it.

Due to Head Office and other branches are related party balances (note 25).

#### 13 Other liabilities

	<b>2024</b>	<b>2023</b>
	<b>AED'000</b>	<b>AED'000</b>
Bills payable	29,603	30,612
Deferred income	10,687	1,837
Provision for End of service benefits (note 13(a))	1,611	1,372
Expected credit loss on unfunded exposures (note 3.2.3)	3,092	4,796
Corporate Tax payable	14,552	-
Others	5,649	7,993
	<b>65,194</b>	<b>46,610</b>

Others include a provision of AED 1.15 million (2023: AED 1.15 million) representing management's estimate of a claim related to the exit of the retail banking business.

##### (a) Provision for end of service benefits

	<b>2024</b>	<b>2023</b>
	<b>AED'000</b>	<b>AED'000</b>
1 January	1,372	1,126
Add: Charge during the year	239	246
	<b>1,611</b>	<b>1,372</b>
31 December	<b>1,611</b>	<b>1,372</b>

##### (b) Provision for employees' end of service benefits

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations at 31 December 2024, in respect of employees' end of service benefits payable under the UAE Labour Law. An assessment has been made of an employees' expected service life with the Bank and the expected basic salary at the date of leaving the service. Management has assumed average increment/promotion costs to be 5.40% in 2024 (2023: 7.99%). The expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 4.39% (2023: 4.02%).

## **Barclays Bank PLC - Dubai Branch**

### **Notes to the financial statements (continued) For the year ended 31 December 2024**

#### **14 Allocated capital**

In accordance with the UAE Union Law Number (10) of 1980, as amended, allocated capital represents the amount of an interest free deposit provided by the Head Office.

#### **15 Reserves**

##### *(a) Legal reserve*

In accordance with Article 82 of the UAE Union Law Number (10) of 1980, as amended, 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 this reserve equals 50% of the allocated capital. This reserve is not available for distribution.

##### *(b) General reserve*

The Bank has created a special reserve titled as 'General reserve' in lieu of the general provision required to be created in accordance with the Article 9 (Standards) of the Credit Risk Management Regulation and accompanying Standards, Circular No. 3/2024 dated 25/7/2024 issued by the UAE Central Bank. General Reserve is a non-distributable reserve held to meet provision requirement under Credit Risk Management Regulation & Standards (CRMS) issued by Central Bank of UAE.

As per CRMS, in case where provision for impairment required by CB UAE (1.5% of Credit Risk Weighted Assets) exceeds the amount for Stage 1 and 2 expected credit loss under IFRS 9, the bank can transfer the excess amount as a non-distributable impairment reserve in Equity. The amount held in the impairment reserve-general is deducted from the capital base (Tier 1 capital for Banks) when computing the regulatory capital.

The Bank assesses the general provision requirement annually at each balance sheet date. Based on this assessment, general reserve of AED 25.37 million was required as at 31 December 2024 (2023: AED 25.64million) and thus an amount of AED 0.27 million was released from general reserve in the statement of movements in Head Office account and reserves during the year ended 31 December 2024 (2023: a release of AED 1.53 million was recorded in general reserve).

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 15 Reserves (continued)

##### (b) General reserve (continued)

#### General reserve under the CRMS

The reconciliation between general and specific provision under CRMS and IFRS 9 is as follows:

	2024 AED'000	2023 AED'000
<b>Allowances for impairment losses: General</b>		
General provisions as per CRMS	29,573	32,160
Less: Stage 1 and Stage 2 provisions under IFRS 9	<u>4,200</u>	<u>6,520</u>
General provision transferred to the General Reserve*	<u>25,373</u>	<u>25,640</u>
<b>Allowances for impairment losses: Specific</b>		
Specific provisions as per CRMS	30,742	38,801
Less: Stage 3 provisions under IFRS 9	<u>30,742</u>	<u>38,801</u>
Specific provision transferred to the General Reserve*	<u>-</u>	<u>-</u>
<b>Total provision transferred to the general</b>	<b><u>25,373</u></b>	<b><u>25,640</u></b>

\*In the case where provisions under IFRS 9 exceed provisions as per requirements laid out in CRMS, no amount shall be transferred to the General Reserve.

#### 16 Contingencies and commitments

	2024 AED'000	2023 AED'000
Letters of credit	158,905	577,789
Guarantees and acceptances	1,913,654	1,332,953
Undrawn credit commitments	<u>7,351,903</u>	<u>6,212,205</u>
	<b><u>9,424,462</u></b>	<b><u>8,122,947</u></b>

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet his obligations to third parties, carry the same credit risk as loans and advances. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer's authorising a third party to draw drafts on the Bank 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 less risk. Cash requirements under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Bank does not generally expect the third party to draw funds under the agreement.

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 17 Forward foreign exchange contracts

Forward foreign exchange contracts (FECs) comprise commitments to purchase and sell foreign and domestic currencies on behalf of customers and in respect of the Bank's proprietary activities and undelivered spot transactions. The Bank has entered into the following forward exchange transactions which have been marked to market:

	<b>Contractual/ notional amount AED'000</b>	<b>Assets AED'000</b>	<b>Liabilities AED'000</b>
31 December 2024	783,914	72	15
31 December 2023	169,633	21	141

#### 18 Interest income

	<b>2024 AED'000</b>	<b>2023 AED'000</b>
Loans and advances	74,149	82,072
Bills discounted	56,262	93,259
Overnight deposits facility	174,816	124,787
Deposits with Head Office (note 25)	3,693	5,369
Investment at FVOCI	-	19,284
	<b>308,920</b>	<b>324,771</b>

#### 19 Interest expense

	<b>2024 AED'000</b>	<b>2023 AED'000</b>
Due to customers	69,974	84,532
Term deposits from Head Office (note 25)	22,440	28,782
	<b>92,414</b>	<b>113,314</b>

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 20 Fee and commission income

	<b>2024</b>	<b>2023</b>
	<b>AED'000</b>	<b>AED'000</b>
Documentary credits and guarantees	11,581	11,284
Loan fees	10,953	9,295
Other commission	16,023	16,493
	<u>38,557</u>	<u>37,072</u>

#### 21 Operating expenses

	<b>2024</b>	<b>2023</b>
	<b>AED'000</b>	<b>AED'000</b>
Expenses incurred by Head Office and related parties on behalf of the Branch (note 25)	84,113	79,648
Expenses incurred by the Branch on behalf of related parties (note 25)	(2,991)	(3,267)
Staff costs (note 21 (a))	6,947	6,162
Salaries paid to outsourced staff	5,029	3,850
Postage and communication	2,025	2,079
Amortisation of intangible assets and right-of-use assets (note 9)	1,032	2,485
Other	9,660	9,165
	<u>105,815</u>	<u>100,122</u>

#### 21(a) Staff costs

	<b>2024</b>	<b>2023</b>
	<b>AED'000</b>	<b>AED'000</b>
Salaries and allowances	4,508	3,036
Other staff costs	2,439	3,126
	<u>6,947</u>	<u>6,162</u>

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 22 Income tax

	2024 AED'000	2023 AED'000
Deferred tax charge / (credit)	27,530	(24,671)
Income tax relating to fair value gain on Investments measured at FVOCI	-	1,961
Corporate Tax charge	14,552	-
Other adjustment	10	-
<b>Income tax expense / (credit)</b>	<b>42,092</b>	<b>(22,710)</b>

The income tax rate applicable to the Bank's 2024 income as per Dubai Tax Rules is 20% (2023: 20%).

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023.

A rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

As the Bank's accounting year ends on 31 December, the first tax period will be 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025.

During the year ended 31 December 2024, the Bank has recorded a provision for income tax amounting AED 14.55 million (31 December 2023: nil) in accordance with the CT Law, representing an effective tax rate of 8.99%.

The tax on the Bank's profit before tax differs from the theoretical amount that would arise using the tax rate of the Bank as follows:

	2024 AED'000	2023 AED'000
<b>Profit before taxation</b>	<b>161,874</b>	<b>163,002</b>
Tax calculated at 20% as per Dubai Tax rules	32,375	32,600
Corporate Tax charge at 9% as per CT Law	14,569	-
Effect of:		
Release of Stage 3 provision disallowed in prior years for which no deferred tax was recognised	(1,612)	(2,937)
Unused tax losses for which no deferred tax is recognised	8,529	12,531
Brought forward loss from previous year on which no deferred tax was recognised	(11,762)	(64,904)
Other adjustments	(7)	-
<b>Income tax charge / (credit)</b>	<b>42,092</b>	<b>(22,710)</b>

A deferred tax asset has not been recognised for the following:

	2024 AED'000	2023 AED'000
Carried forward losses	-	62,655
ECL provision on Stage 3 corporate loans	30,742	38,801

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 23 Leases

The Bank leases branch premises for a period of 5 years, with an option to renew the lease after that date. Payments are renegotiated every five years to reflect market rentals.

The Bank also leases IT equipment with contract terms of one to three years. The leases are short-term and/or leases of low-value items. The Bank has elected not to recognise right-of-use assets and lease liabilities for these leases.

##### i. Lease liability

	<b>2024</b>	<b>2023</b>
	<b>AED'000</b>	<b>AED'000</b>
As at 1 January	2,249	347
Additions	-	2,355
Interest expense	142	42
Cash payments	(533)	(495)
<b>As at 31 December</b>	<b>1,858</b>	<b>2,249</b>

The lease liability is included in Other liabilities as at 31 December.

	<b>2024</b>	<b>2023</b>
	<b>AED'000</b>	<b>AED'000</b>
Year 1	540	532
Year 2	559	540
Year 3-5	1,007	1,566
	2,106	2,638
Less: unamortised interest	(248)	(389)
	1,858	2,249

##### ii. Amounts recognised in profit or loss

<b>Leases under IFRS 16</b>	<b>2024</b>	<b>2023</b>
	<b>AED'000</b>	<b>AED'000</b>
Interest on lease liabilities	142	42

##### iii. Amounts recognised in statement of cash flows

	<b>2024</b>	<b>2023</b>
	<b>AED'000</b>	<b>AED'000</b>
Total cash outflow for leases	533	495

## Barclays Bank PLC - Dubai Branch

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 24 Cash and cash equivalents for statement of cash flow

	2024 AED'000	2023 AED'000
<b>Cash and balances with the UAE Central Bank (note 4)</b>		
Cash in hand	12,277	20,564
Current account	29,454	29,000
Overnight deposit facility	3,650,446	2,990,897
<b>Due from other banks (note 5)</b>		
Current accounts	37,453	20,528
<b>Due from Head Office and other branches (note 6)</b>		
Current accounts	49,849	42,685
Term Deposit	23,232	21,061
	<b>3,802,711</b>	<b>3,124,735</b>

#### 25 Related party transactions

Related parties comprise the Head Office and branches of the Head Office and key management personnel.

During the year, the Branch entered into transactions with related parties in the ordinary course of business at mutually agreed terms and conditions. In addition to the balances noted in the assets and liabilities of the Bank at the year end, the following transactions were carried out on normal commercial terms and conditions.

	2024 AED'000	2023 AED'000
<b>Transactions during the year:</b>		
Interest income (note 18)	3,693	5,369
Interest expense (note 19)	22,440	28,782
Operating expenses include:		
Expenses incurred by Head Office on behalf of the Branch	20,331	6,277
Expenses incurred by related parties on behalf of the Branch	63,782	73,371
Expenses incurred by the Branch on behalf of related parties (note 21)	2,991	3,267
Due from Head Office (note 6)	24,684	23,478
Due from other branches (note 6)	52,800	51,103
Due to Head Office (note 12)	11,718	22,557
Due to other branches (note 12)	201,421	351,994

Key management personnel include employees of other entities within the Head Office with management responsibilities for the Branch. Remuneration of such employees are booked in the respective employing entity of the Head Office.

#### 26 Comparative figures

Certain comparative figures have been reclassified, where necessary, to conform with changes in the current period's presentation.