Gulf International Bank (UK) Limited

Annual Report and Financial Statements

31 December 2024

Contents

Annual Report and Financial Statements: 31 December 2024

General Information

Directors

The directors at the date of this report are:

Abdulaziz Al-Helaissi (Chair)

John Xefos (resigned May 24)

Turki Almalik

Katherine Garrett-Cox

Gary Withers

Ralph Campbell

Abdulla Mohammed Al-Zamil

Jamal Ali AL Kishi (resigned 28 February 2024)

Carolyn Aitchison (appointed 1 September 2024)

Sara Abdulhadi (appointed 1 April 2024)

Soha Nashaat (appointed 1 July 2024)

Miriam Greenwood (resigned 19 March 2024)

Soraya Chabarek (resigned 30 September 2024)

Auditors

Ernst & Young LLP 25 Churchill Place, London, E14 5EY

Registered office

First Floor, One Curzon Street, London, W1J 5HD, United Kingdom

1. Introduction

1.1 Purpose and audience

This document is Gulf International Bank (UK) Limited's ("GIB UK" or "GIB AM" or "the Bank") Annual Report. It contains a Strategic Report, Directors Report and the Financial Statements.

The Strategic Report, in line with the Integrated Reporting Framework, is primarily designed to inform and benefit providers of financial capital. However, GIB AM recognises that it also presents valuable insights for a broader set of stakeholders.

1.2 Reporting boundary

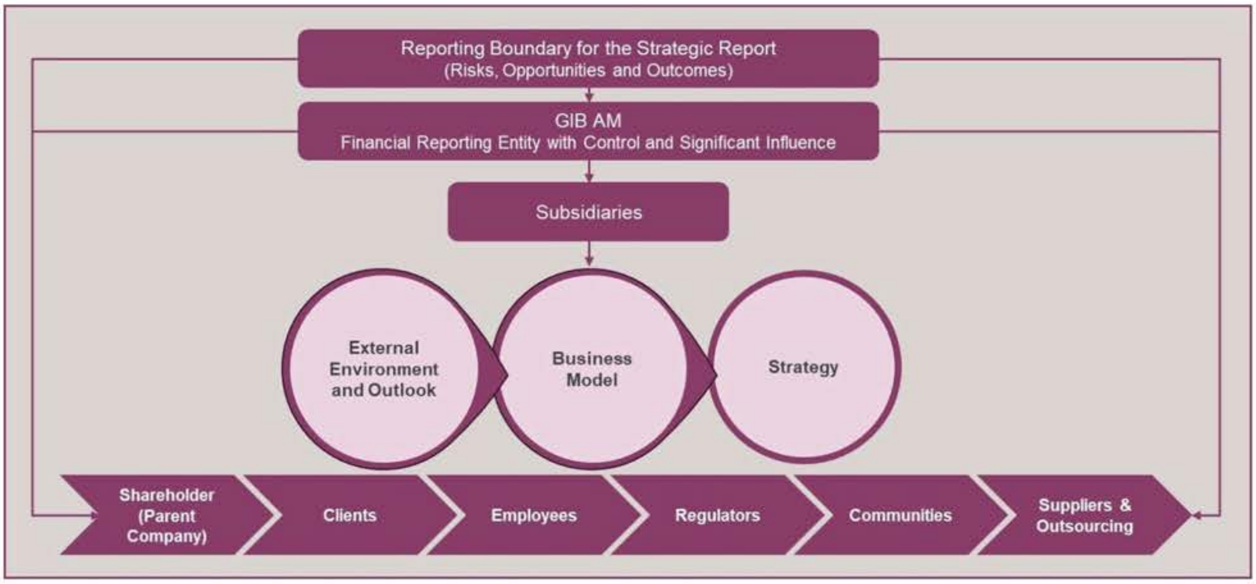
1.2.1 ANNUAL AND STRATEGIC REPORTING BOUNDARIES

The Reporting Boundary of the Annual and Strategic Report pertains solely to GIB AM. The Parent Company, Gulf International Bank (GIB) B.S.C., is not within the Reporting Boundary of the Annual and Strategic Reports; GIB AM and its subsidiary constitute an independent organisation separate from GIB BSC. GIB AM is governed by its own Board of Directors, possesses its own capital base, and is authorised by the Prudential Regulation Authority (PRA) and regulated by the PRA and Financial Conduct Authority (FCA).

GIB B.S.C is the "Shareholder"; a key stakeholder for whom GIB AM generates value. GIB BSC's Annual and Sustainability Reports complement those of GIB AM.1 January 2024 to 31 December 2024 is the Reporting Period for the Annual and Strategic Reports.

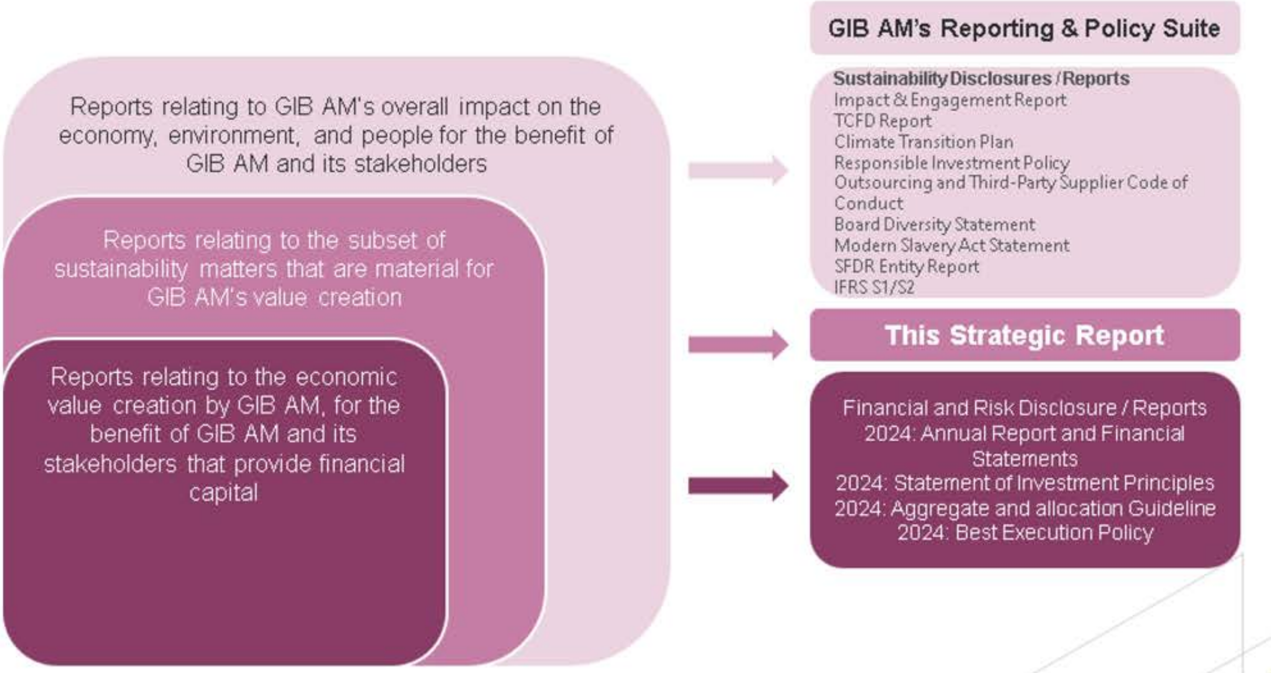
1.2.2 STRATEGIC REPORTING BOUNDARY

The Reporting Boundary of the Strategic Report outlines the risks, opportunities and outcomes for stakeholders and other entities beyond GIB AM that have a significant effect on the ability of GIB AM to create value.



1.3 Materiality determination

In the Integrated Reporting Framework, "materiality determination" refers to the identification and assessment of the importance of various economic, environmental and social issues that could affect the reporting organisation's ability to create value over the short, medium and long term.



For the purpose of this Strategic Report, GIB focuses on topics that have the potential to materially impact GIB AM financially. The impact of GIB AM's own operations and activities on economic, environmental and social factors is covered in its sustainability reporting. Further details are included in the IFRS Sustainability Disclosure Standards S1 and S2.

1.4 Approvals and assurance

1.4.1 PREPARATION AND APPROVAL APPROACH

Each of these roles and their respective responsibilities contribute to a comprehensive and integrated approach to governance, emphasising collaboration, oversight, and compliance in the preparation and subsequent approval of the Annual Report.

1.4.2 ASSURANCE

The Report was prepared in line with GIB AM's Disclosure Policy. The Annual Report undergoes an initial assessment through its internal governance controls.

1.4.3 Board statement of approval

The Directors at the date of this report are:

Sara Abdulhadi

Carolyn Aitchison

Abdulaziz Al-Helaissi

Turki Almalik

Abdulla Al-Zamil

Ralph Campbell

Katherine Garrett-Cox

Soha Nashaat

Gary Withers

DocuSigned by:

Ralph.Campbell

7E089E5C6803409……………………………………

24th March 2025

Signed on behalf of the Board

2. CEO statement

It is my pleasure to present the 2024 edition of the GIB AM Annual Report. The 2024 Annual report serves as more than just a vehicle to present our financial results; it reflects our unwavering commitment to creating meaningful value for all of our stakeholders.

2.1 2024 achievements

2024 saw GIB AM show resilience in a financial market disrupted throughout the year by volatility and geopolitical instability.

Our Treasury and Banking business continues to deliver impressive results, outperforming consistently in recent years. The success of this team in seizing opportunities in an increasingly competitive environment while maintaining a platinum-level service to clients is commendable. For 2025, the goal remains to build on this proven strategy, strengthening existing relationships and generating new ones, while optimising opportunities in balance sheet management.

In Asset Management, 2024 marked another solid year. Our active funds posted strong performances, continuing to build reputable track records versus their peers Although asset raising presented challenges, we have strengthened our distribution capabilities and cultivated a growing pipeline of client opportunities, positioning us for a strong 2025.

2.2 Key opportunities and initiatives in 2025

In 2025 our main focus will be on scaling assets. We will focus our efforts and resources on targeting potential clients where we feel we have the highest chance of success.

We will continue to build stronger relationships with global consultants in Europe and the US, focused on a worldwide network of institutional clients. We will develop and implement a proactive and coordinated strategy tailored to each consultant firm in key markets.

We will also work on making tangible improvements to our existing operating platform, to better support our investment processes and ensure GIB UK is able to scale to its full potential in 2025.We have developed 6 key strategic objectives to drive GIB UK forwards across each area of the business in 2025. These are as follows:

1. Treasury and Banking: Continue to be the trusted banking partner for current and prospective clients
2. Asset Raising: Raise significant assets for the existing GIB AM fund range alongside developing new initiatives to create future income streams
3. Investment Performance: Consistent outperformance of funds against peers and benchmarks
4. Scale: Build an efficient platform to fully support the medium- and long-term growth of the business
5. People and Culture: To build a high-performance culture, and for all colleagues to have a deep sense of belonging, to feel equipped and enabled, to develop and thrive
6. Sustainability: Enhance the sustainable investment offering and more deeply integrate sustainability into the investment process

These six goals build on the progress we made in 2024, and we are confident that by using these shared strategic objectives to guide us, we will achieve our goals as a business.

3. Performance

3.1 Statement from the CFO

2024 has proven to be a good year for GIB AM with our Treasury and Banking businesses having another strong year, delivering a very commendable performance in a less favourable environment than in 2023. At the start of 2024, it had been strongly anticipated that Central Banks monetary policy would loosen e.g. the FED was predicted to make 160bps rate cuts and US interest rates to fall from 5.5% to 3.9%. In fact, the FED made 100bps of rate cuts and the FED rate finished the year at 4.5%. Throughout the year the market reacted quite violently to small data points creating volatility. The Treasury & Banking team did a very good job to steer us through this turbulence and produce such strong results.

Building a World Class Sustainability led Asset Management business remains a key strategic focus for GIB AM and during 2024 we have continued to make great strides to delivering this goal. There was a further broadening of the offering with the launch of the GIB AM Emerging Market Caymen Island domiciled fund which is a key requirement to facilitate entry into the US Institutional market. The funds track records have continued to mature with notably strong performance from the GIB AM Sustainable World Corporate Bond Fund and the GIB AM European Fund who have produced excellent track records since inception and as of end December 2024 were 1st quartile in their peer groups. Although the track records are still relatively young with only one of the funds track records reaching their 3-year anniversary, we managed to attract over a dozen new external clients, have products included on fund platforms and our Business Development effort has ratcheted up during the year and we expect to see further progress in attracting assets in 2025

Externally, 2024 saw heightened Economic risk and Geopolitical risk. Over half the world's population went to the polls, the war in Ukraine further exacerbated the divide between East & West and the conflict in the Middle East created more tension. Despite these risks World markets were resilient with the MSCI World Index up approximately 20% over the year. Looking forward into 2025, there is always a level of uncertainty, the environment does seem more benign than at the start of 2024. However, the risks mentioned above have still the ability to escalate and affect the financial markets. The main uncertainty is how the US will operate under the new presidency and whether some or all of the rhetoric will become policy and how the markets will react. No Business is immune to risks, both known and unknown, and we must stay vigilante to avoid pitfalls and create opportunities for our clients.

3.2 Financial performance

The overall profit after tax for the year was $24.0mn (2023: $39.9mn). As stated earlier, the strong profit was principally due to the success of our Treasury & Banking business who successfully navigated the challenging market conditions. The Deposit balances from customers and banks were on average significantly higher in 2024 at $19.5bn compared to $14.8bn during 2023. At the end of 2024 deposits were lower at $13.9bn down from $20.9bn at the end of 2023, we anticipate this drop to be a short-term low point in deposits and related to clients' specific needs and we have no reason to believe balances will not return to the levels we have seen during 2024.

Taking all factors into account, the Income produced in 2024 of $95.2m down from $111.5m last year is a commendable result and compares very favourably to historic income levels. There was an increase in the cost base due to the continued investment to develop and grow our Asset management business as well as a revaluation of £ to USD exchange rate which meant sterling costs were converted at a higher level of $1.27 versus $1.16 in 2023. The majority of GIBAM costs are sterling denominated so the £/USD exchange rate impacts materially. To partially mitigate the risk, we hedge the exchange rate.

Looking to 2025, we see our Treasury and Banking business continuing to serve their clients well and we hope for similar levels of income we saw in 2024. We also expect to see our investment in Asset Management to begin to show results with a continuation of the solid investment performance and more material inflows into the funds. We also see tight control of our cost base and now that the Asset Management business has been established, we anticipate flat headcount for the foreseeable future.

Regulatory capital and liquidity measures remain strong.

	2024 US$ mn	2023 US$ mn	Change %
Net Interest Income	74.2	80.9	-8%
Net Fees and Commission Income	5.5	3.4	62%
Net Trading Income	5.4	7.4	-27%
Foreign exchange income	8.2	15.5	-47%
Other Operating Income	4.1	2.9	41%
Operating Expenses	-65.3	-57.3	14%
Profit/ (Loss) before Tax	**32.1**	**52.5**	**-39%**
Tax	-8.1	-12.6	-36%
Profit / (Loss) after tax	**24.0**	**39.9**	**-40%**
Shareholders' equity	459.8	458.1	0.0%
Average number of employees	129	112	

Financial Indicators	**Performance Description**	**2024**	**2023**
Total Deposits	Measure of GIB AM's deposits from customers and banks	$13.9bn	$20.9bn
Total AUM	Total Assets Under Management	$6.1bn	$6.0bn
Tier 1 Capital ratio	Measure of GIB AM's financial strength, expressed as a ratio of total capital to risk weighted assets	22.2%	22.7%

The directors do not recommend a payment of a dividend for 2024(2023: Nil)

3.3 Non-Financial performance

Greenhouse gas emissions information is provided in Table 3 on P68

4. External environment and outlook

4.1 External environment and short, medium and long-term value creation

The section reviews the Macroeconomic (Economy and Industry), Geopolitical, Legal and Regulatory, and Sustainability contexts that affect our organisation's ability to create value over the short-, medium- and long-term time horizons.

4.1.1 MACROECONOMIC (INDUSTRY)

External environment

The global economy performed unexpectedly well in 2024, maintaining a growth rate similar to the previous year, according to the International Monetary Fund's estimates. Inflation pressures significantly receded, enabling global central banks to begin cutting interest rates. This favourable environment supported robust performance in both equity and fixed income markets, while commodity markets experienced a mixed and volatile year, largely influenced by fluctuations in the Chinese economy.

Global equity markets achieved a second consecutive year of strong returns, pushing the average annualized return over the past five years above 10%, despite the pandemic-impacted 2020. Technology stocks continued to outperform, contributing significantly to overall returns, while China lagged for most of the year before rebounding on an unexpected fiscal stimulus announcement.

In the fixed income sector, significant improvements were observed in the latter half of the year as major central banks, including the Federal Reserve, the European Central Bank, and the Bank of England, commenced their rate-cutting cycles. This led to a decisive fall in yields, particularly in shorter tenors, as yield curves reverted to their more typical upward-sloping shapes.

The competition for assets under management (AUM) remained intense in 2024. The drive for a reasoned implementation of artificial intelligence accelerated, and newer asset classes, such as private credit, gained substantial interest and momentum throughout the year. Overall, the industry remains subject to long terms including:

- Regulation adjustments
- Demand for cost effective solutions
- Technology and automation

Short and medium-term value creation

Our businesses are consistently integrating advanced automation and generating efficiencies through the strategic use of new technologies. While artificial intelligence is still in its early stages and presents various challenges, particularly in regulatory and privacy domains, its potential as an indispensable tool is undeniable. Over time, AI will provide innovative enhancements and significant time-saving solutions, which is why we have started to evaluate our options in the space.

Global trade will continue to drive demand for foreign exchange transactions, while market volatility presents opportunities to enhance money market returns for our Treasury Business.

Our Asset Management division leverages a diversified range of products to navigate and capitalize on opportunities within a complex and uncertain macroeconomic environment. Our active UCITS strategies share a common goal: to invest in companies that embrace change and can generate superior financial performance by addressing the world's most pressing challenges. This approach is designed to create sustained, long-term value for our clients.

By establishing ourselves as a trusted partner to our clients, we aim to grow and expand our assets under management in the coming years. This growth will be driven by the expansion of our existing strategies and the development of new ones that best meet our clients' needs.

4.1.2 MACROECONOMIC (ECONOMY)

External environment

Global growth has continued to be slow, at 2.6%. This marks the third consecutive year of global growth being below the pre-pandemic rate, which averaged at 3.2% from 2015-2019. Advanced economies, particularly in Europe and North America, have continued to see slow growth – in part due to tighter monetary policies and weaker demand – with the US growing at 2.8%, the UK at 0.8%, and the EU at 0.7%.

Meanwhile Emerging Markets, particularly in Asia, have seen stronger growth as they benefit from increased investment and trade flows. China's GPD growth has been 4.9% - an improvement from mid-year predictions largely thanks to Beijing's stimulus measures. Which included raising the budget deficit and issuing an additional trillion yuan in bonds, aimed at boosting domestic demand and investment.

Growth in the Gulf region has been mixed. The largest GCC economy, Saudi Arabia, has grown below the global average, at 2.6%, although growth has picked up in the last quarter of 2024 whilst the regional Gulf average has been above the global average, growing at a rate of 3.6%.

Inflation, which soared to multi-decade highs in 2022 and 2023, eased in 2024 to a global average of 4.4%. As economies are reaching their targeted inflations rates of 2-3%, major central banks - including the FED, ECB, and BOE – have begun cycles of cutting interest rates.

Short and medium-term value creation

The volatility in the markets have once again enabled GIB AM's Treasury and Banking team to seize short-term market opportunities to enhance their balance sheet management, particularly through interest rate strategies. The short-term value here is clear, with the Treasury and Banking team providing consistent and strong financial outcomes to all shareholders.

As interest rate volatility falls in the coming years, the Treasury and Banking team may struggle to emulate their financial success of the past few years due to narrower margins between borrowing and lending rates, limiting opportunities to increase revenue through interest rate strategies.

The high-interest rate environment has created a market where Fixed Income has become more attractive as an investment proposition. GIB AMs corporate bond fund team have capitalized on this, successfully using the opportunity to raise money and build superior track records. This creates both short-term value in raising the AUM of the fund, and medium-term value associated with raising the overall profile of the fund.

The geopolitical environment and regional volatility have caused some short-term challenges to the equity market in 2024 – however the medium to long term opportunities for value creation look promising, with solid global asset growth expected.

4.1.3 LEGAL AND REGULATORY

External environment

Changes in the Asset Management and Banking legal and regulatory environment concerning GIB AM in 2024 have reflected broader trends towards investor protection, transparency, and accountability.

In the UK, the Financial Conduct Authority has tightened its rules on the promotion of high-risk investment products to retail clients.

Anti-greenwashing has also been a consistent theme throughout the year – including the Financial Conduct Authority in the UK introducing anti-greenwashing rules and guidance in May 2024.

Basel 3.1 implementation has been delayed until January 2027. The final version of the rules has not been determined and the delay could affect future amendments. However, to date, we do not believe it will have a significant impact on our business model.

Short and medium-term value creation

In the short term, continued focus on sustainability and anti-greenwashing supports our Asset Management business, helping to differentiate GIB AM from competitors in the market and enhancing interest in our suite of sustainability products. This should create short-term value for shareholders if we are able to capitalise on these trends to increase AUM and subsequent revenue.

In the long term, these tightened regulations could lead to high quality sustainability products, such as ours, becoming more of a norm which could reduce our competitive edge.

4.1.4 GEOPOLITICAL

External environment

2024 has seen a global elections 'supercycle', with major elections in over 75 countries including the UK, US, India, Mexico, and others. These elections often heighten tensions and can cause civil unrest within countries, as well as delaying decision making and sometimes resulting in sudden changes in domestic policy.

Historically lesser swing states, such as India, Saudi Arabia, and Brazil are gaining influence and power whilst not strictly aligning with any historical powerhouses such as the US, EU or China. This is part of a trend of de- risking and deglobalization, with more countries looking to promote national security and reducing dependency on international trade and supply chains.

Tensions across the Middle East have continued to escalate, with the Israel-Palestine conflict although the recently announced ceasefire, if it holds, de-escalates the situation. Tensions between Iran and Israel, as well as the US, continue to pose threats to global energy supplies and security in critical trade routes like the Suez Canal and Strait of Hormuz.

The war between Ukraine and Russia similarly has not shown signs of weakening over the past year. Although recent events with the USA attempting to broker a ceasefire will hopefully end the war.

Short and medium-term value creation

Continued and escalating conflicts in the Middle East is an immediate concern for GIB AMs Treasury and Banking business due to their credit exposures in the GCC region, and the conflict's implications for T&B's clients in the Middle East.

Global uncertainty and geopolitical unrest could also negatively impact our Asset Management Business. Uncertainty causes volatility in the markets, which can impact investment performance and returns and risks investors pulling their money out of the markets or waiting until investing their assets.

Elections in leading global players, such as the US, can put the spotlight on certain politically contentious sectors such as sustainability and renewable energy. This has the potential to negatively impact GIB AM if sentiment for sustainability in particular swings out of favour.

4.1.5 SUSTAINABILITY

External environment

In 2024, investors are shifting away from basic ESG screening and are emphasizing more tangible, outcome-driven measures of impact. This trend reflects a deeper integration of sustainability into investment strategies and within companies, with a focus on measurable progress. Green energy and carbon removal technologies remain leading sectors, driving sustainable investment growth.

Social justice and equity-focused investments have gained significant momentum, diversifying the traditionally environmentally dominated sustainable investment space, indicating a more holistic approach to responsible investing.

These global trends have also been seen in the Gulf region, with a strong focus on investing in renewable energy projects, particularly solar and hydrogen, as they look to diversify away from oil dependance.

Short and medium-term value creation

The strong interest in sustainable investments continues to drive growth for our sustainability-focused Asset Management business, positioning us to create value over the short, medium, and long term. While the mainstream adoption of sustainability could potentially lead to market saturation, we are confident in our ability to maintain a competitive edge.

Meanwhile, GIB AM's Treasury and Banking business has yet to see significant impact from sustainability trends, and we do not anticipate this to change in the near future.

See IFRS S1/S2 sustainability disclosure for more details.

4.2 Outlook: forward-looking expectations

4.2.1 MACROECONOMIC (INDUSTRY)

The outlook for global equity and fixed income markets in 2025 is varied. Both markets will be shaped by macroeconomic trends such as the Fed policy, global inflation, and global growth.

Equities: Volatility is expected to continue playing a significant role. While corrections are common, the potential for buying opportunities remains, especially in sectors like healthcare and consumer staples, which have historically performed well following Federal Reserve rate cuts. BlackRock projects that large caps will outperform small caps particularly in the wake of rate cuts. Overall market sentiment could be buoyed by the easing of monetary policy, though the performance may vary depending on whether a recession accompanies the cuts.

Fixed Income: The outlook as always is uncertain. Some large Asset Managers are predicting bonds to see better performance due to anticipated rate cuts. As inflation cools and central banks pivot towards easing, yields may decline, improving bond prices. Credit risk is still a concern, especially in emerging markets, but other Asset Managers are predicting U.S. Treasuries and investment-grade bonds to be safer bets amid a potential global slowdown.

4.2.2 MACROECONOMIC (ECONOMY)

Global economic growth in 2025 is projected to remain steady but modest, with a forecast of 3.3% growth. The International Monetary Fund (IMF) anticipates that this will be driven by resilient private consumption, though several factors, such as persistent inflation in the services sector and ongoing geopolitical tensions, will continue to create uncertainty. Central banks are anticipated to maintain higher interest rates longer than previously expected, which could elevate financial risks globally.

Emerging markets, particularly in Asia and the Middle East, will likely see robust capital inflows. The GCC will continue to focus on infrastructure, green energy, and new economic initiatives, positioning the region as a key growth hub. Growth in South Asia is projected to stabilize at around 6% according to the World Bank, driven primarily by India's economic performance.

For 2025, UK growth is projected at approximately 1.0%, according to IMF estimates, constrained by continued high inflation, tight monetary policy, and challenges in labor supply and productivity improvement. The broader European region is also facing slow growth prospects, expected to be around 1.2% to 1.3% in 2025. While disinflation is helping to ease monetary policy constraints, continued geopolitical risks, particularly related to the Russia-Ukraine conflict, will impact energy prices and trade.

For 2025, US economic growth is expected to slow down, primarily due to the lagged effects of tight monetary policy and fiscal adjustments. According to the IMF, US GDP growth is projected to 1.7% in 2025. Despite this slowdown, inflation is expected to ease, moving closer to the Federal Reserve's target, potentially avoiding a "hard landing" scenario.

4.2.3 LEGAL AND REGULATORY

For 2025, the Asset Management and Banking industries are expected to face several key regulatory and legal changes that will impact operations and governance. Regulators will continue to focus on incorporating nonbank financial institutions, fintechs, and big tech firms offering financial products into the regulatory framework. Consumer protection remains a key driver, with increased supervision likely for fintechs and nonbanks.

As in 2024, we expect to see more rigorous reporting and compliance frameworks around ESG in 2025, including adherence to the latest climate risk assessment frameworks and independent audits of ESG.

4.2.4 GEOPOLITICAL

Geopolitical tensions are expected to remain elevated in 2025. While fewer national elections may offer stability in some regions, conflicts such as Ukraine-Russia and unrest in the Middle East show little sign of easing. These tensions will continue to disrupt energy markets and global trade. Heightened geopolitical risks could also impact the global interest rate environment, potentially triggering increased financial market volatility, as energy price fluctuations and supply chain disruptions remain critical concerns.

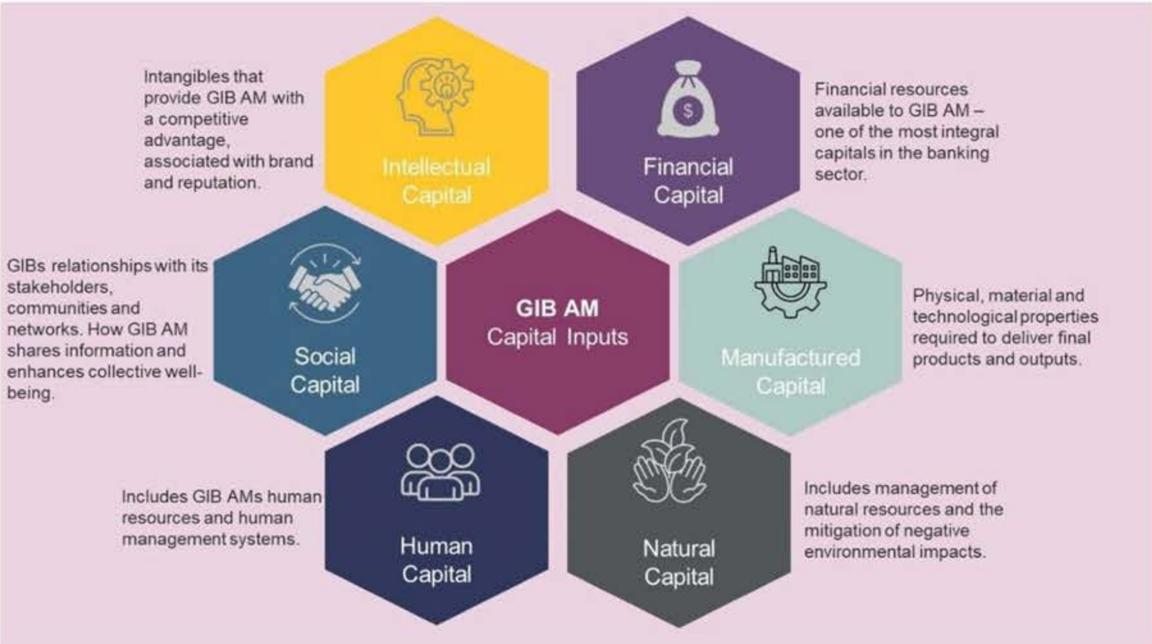
4.2.5 SUSTAINABILITY

According to the IMF, in 2025 the integration of ESG factors will continue to mature, with Asset Managers increasingly moving beyond simple screening. Investors and regulators will demand more quantifiable, tangible metrics that track the real-world impact of investments. This will push asset managers to adopt advanced data analytics and AI for better measurement and reporting of sustainability outcomes. Impact reporting and transparency will become standard expectations from investors, especially around carbon emissions, labor practices, and governance issues.

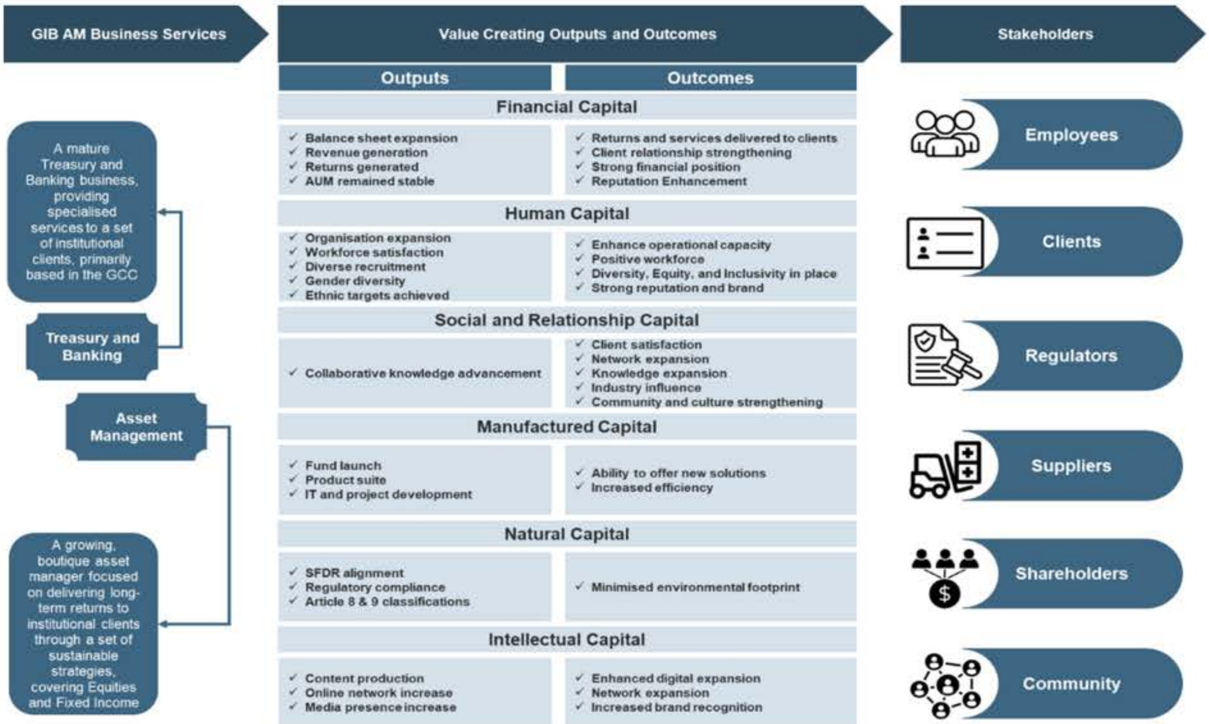
5. Business model

5.1 Business model overview: the six capitals

GIB AM aims to generate long-term value for its stakeholders through its two main business activities: Treasury & Banking and Asset Management. GIB AM regularly looks to identify new opportunities, mitigate risks, and undertake new initiatives that will enhance performance. GIB AM has reported its performance across identified key material aspects in the flowing six capitals:



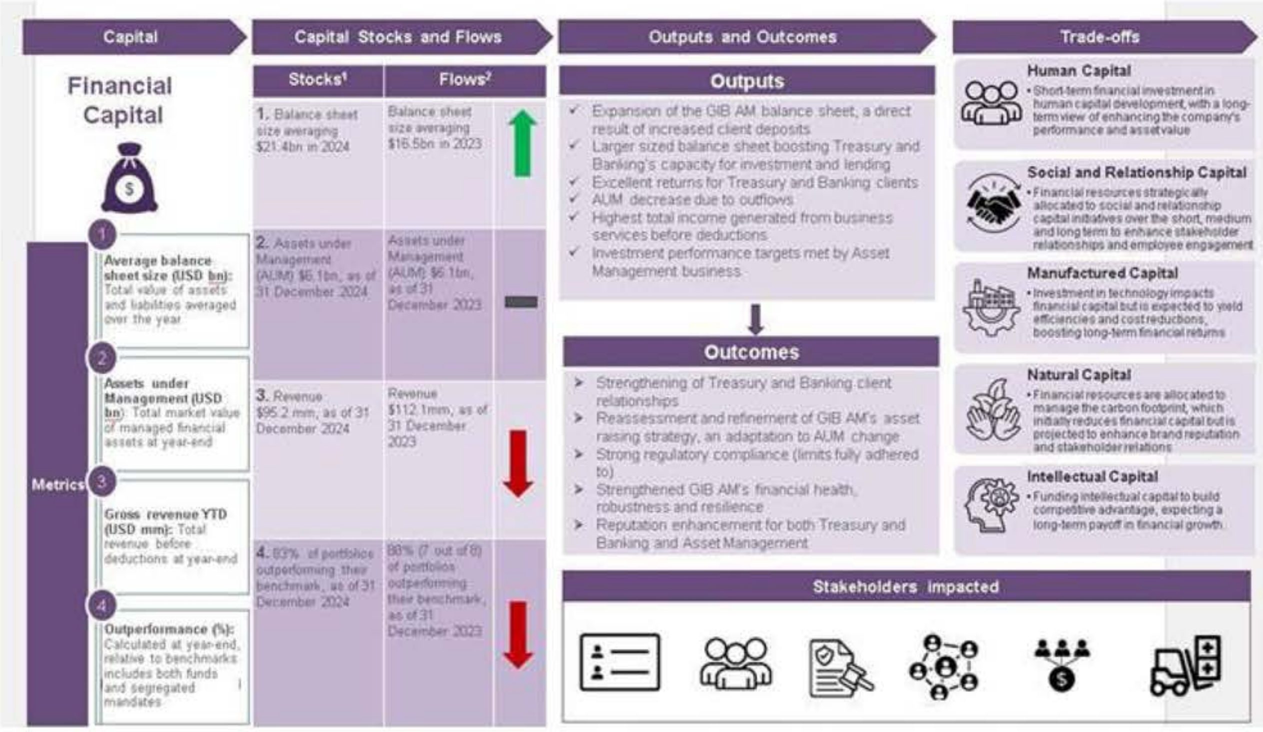
The below visual depicts how GIB AM uses the six capitals through its business activities into outputs and outcomes that contribute to GIB AM's strategic direction and creates value for its stakeholders.



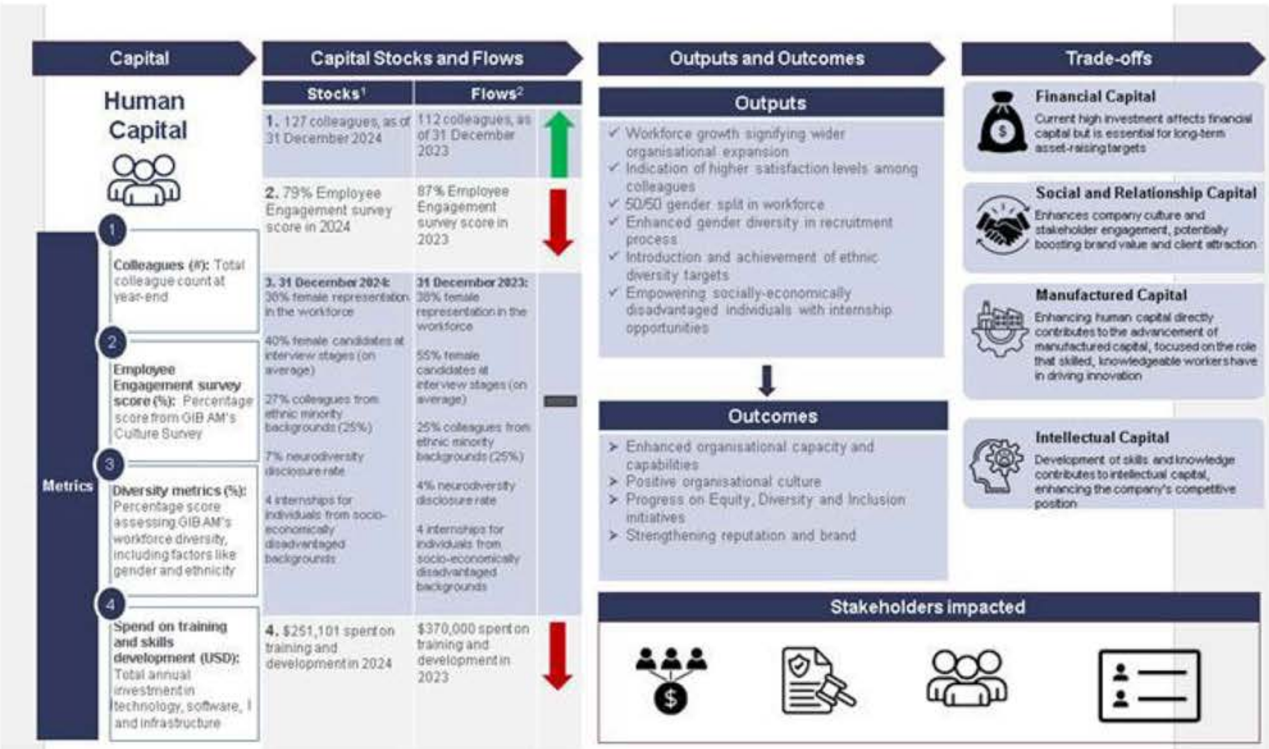
5.2 Capitals

This section assesses each of the six capitals identified above from GIB AM's perspective.

5.2.1 FINANCIAL CAPITAL

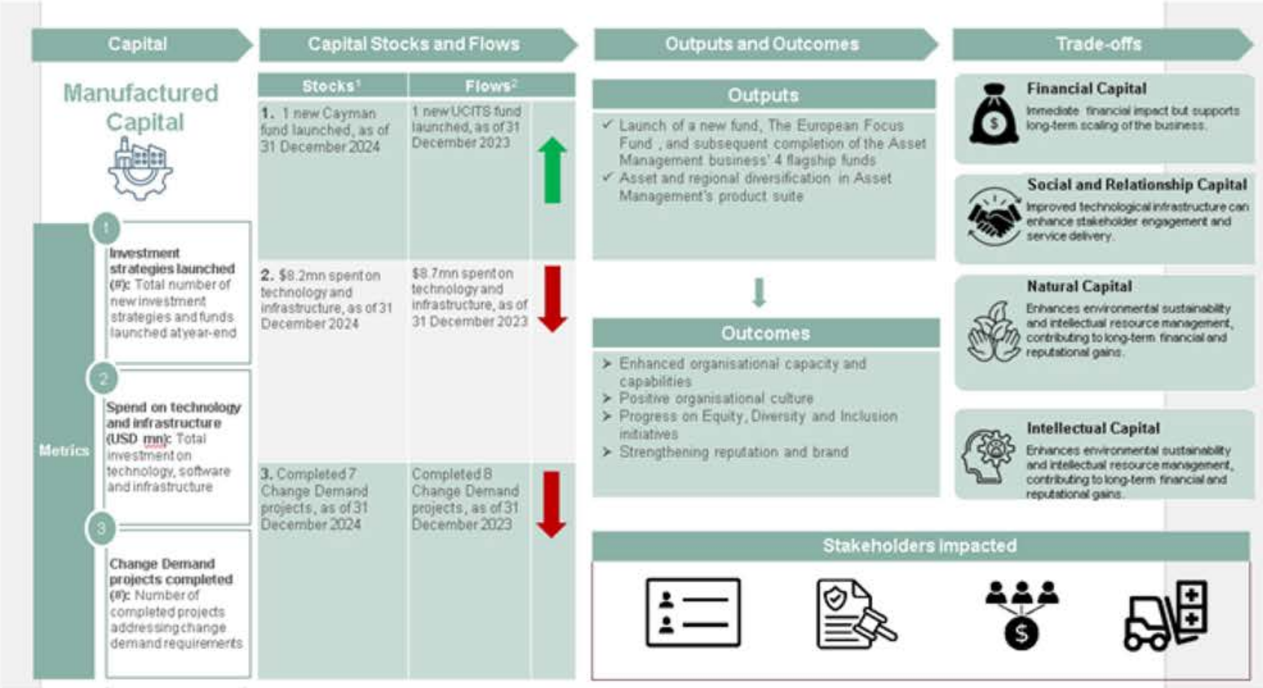


5.2.2 HUMAN CAPITAL

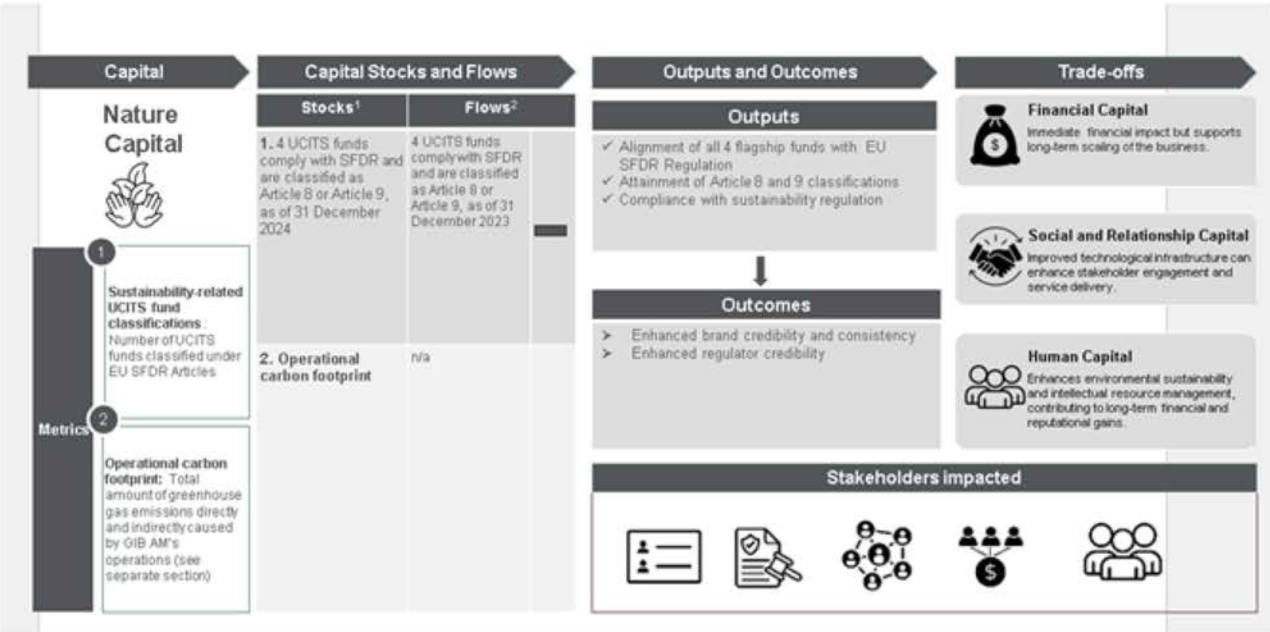


This has been identified as a sustainability risk and opportunity. See the IFRS Sustainability Disclosure Standards S1 and S2 section for more details.

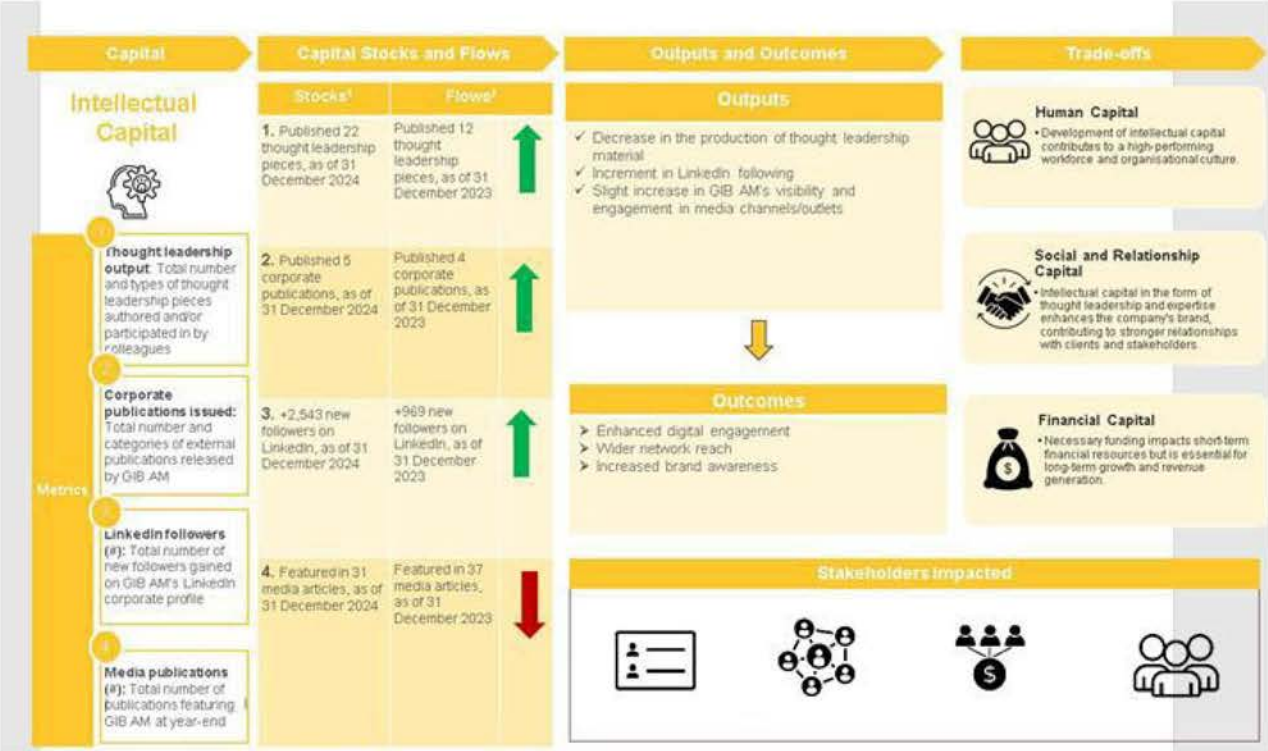
5.2.3 MANUFACTURED CAPITAL



5.2.4 NATURAL CAPITAL



5.2.5 INTELLECTUAL CAPITAL



5.3 Products, services, markets and clients

5.3.1 PRODUCTS AND SERVICES

Treasury & Banking

GIB AM's Treasury and Banking business provides Treasury services to institutional clients. The team's expertise in balance sheet optimisation drives revenue generation in accordance with capital adequacy and leverage ratios to ensure financial resilience.

Core services/activities:

- Placements with Central Bank: Generating revenue through interest-earning cash placements with central banks, enabling efficient liquidity management and adherence to reserve requirements.
- Placements with Financial Institutions: Generating revenue through interest-earning cash placements with investment grade financial institutions, enabling efficient liquidity management while fully / partially hedging interest rate risks.
- Money Market Instruments: Investing in money market securities to generate revenue through the collection of interest income or engaging in reverse repurchase agreements.
- Securities Investment: Investing in other securities for revenue generation, risk diversification, hedging against market fluctuation, yield enhancement, capital adequacy management, facilitating effective liquidity management. Foreign Exchange Services: Provision of a comprehensive foreign exchange service covering major and exotic currencies
- Letters of Credit: Advising on Letters of Credit to counterparties in international trade transactions

Asset Management

GIB Asset Management specialises in discretionary portfolio management, providing clients with integrated, high quality investment products that deliver financial performance through sustainable investments.

As of 31 December 2024, GIB Asset Management has four flagship funds. All funds adhere to the EU's Sustainable Finance Disclosure Regulation (SFDR) and are classified as either Article 8 or Article 9 under the Regulation.

GIB AM Sustainable World Fund

Founding principal: the greatest profits belong to the companies that can provide solutions to the world's greatest challenges.

Differentiation: investment process defines and tracks a number of mega and sub-themes.

Process: companies are identified and assessed to determine their potential to deliver sustainable financial returns through their positive impact on the sub-themes.

GIB AM Sustainable World Corporate Bond Fund

Founding principal: delivering compelling long-term returns by investing in the most resilient businesses that are addressing the world's greatest challenges.

Differentiation: relatively few fixed income strategies can deliver strong returns and the opportunity to invest sustainably.

Process: framed by the same approach to global themes as Sustainable World Equity Fund, but exposed through the corporate bond market

GIB AM Emerging Markets Active Engagement Fund

Founding principal: A differentiated, core, active emerging market strategy. Redefining what true active management means.

Differentiation: incorporate the tool of engagement across the portfolio – working alongside portfolio companies to drive a change in company characteristics, unlocking hidden value in the process

Process: the focus is on operational, strategic capital allocation and engagement to improve the compounding power of a company; and governance alongside material social and environmental improvements to reduce the implied cost of capital, driving a re-rating in valuations.

GIB AM European Focus Fund

Founding principal: long-run stock market returns are driven by a small number of exceptional companies. The strategy aims to identify these businesses and own them over a meaningful timeframe.

Differentiation: highly focuses on understanding corporate culture as a key source of competitive advantage when assessing a business's potential and sustainability.

Process: the focus is on:

Compounders: long-term growth in per share intrinsic value, generated from consistently above average returns on capital employed (ROCE) allied to strong reinvestment opportunities.

Quality value: identifying unanticipated inflection points in a company's ROCE and/or growth rate.

5.3.1 MARKETS AND CLIENTS

Treasury & Banking

GIB AM's Treasury and Banking serves institutional clients requiring specialised Treasury services and access to global markets. GIB AM is focused on identifying new client prospects for the Treasury and Banking business, aware of the unique challenges our niche business model presents in this pursuit.

Asset Management

GIB Asset Management focuses on the MENA region and Europe, including the United Kingdom, as its primary markets.

In 2024, GIB Asset Management entered the United States as a secondary market, aligning with our strategic objective of enhancing asset raising by targeting markets with a demand for our product suite. This strategic expansion aims to deliver integrated, sustainable discretionary investment services to a broad yet focused set of institutional clients, who are more likely to invest with us.

GIB AM's institutional client targets: tier one

Our Tier 1 targets are institutions that align well with our current product offerings. As we work to grow the business, these will be the clients we concentrate our efforts on in the first instance.

- Distribution Platforms
- Wealth Management/ Private Banks
- Family and Multi-Family Offices
- Foundations/ Endowments
- Sovereign Wealth Funds

GIB AM's institutional client targets: tier two

While not our immediate focus, we believe the institutions listed below are also well aligned with our product offerings. As we expand and allocate additional resources, these clients will become part of our broader focus.

- Pension Funds
- Development Funds
- Corporates
- Insurance Companies

6. Strategy

This section explains how GIB UK aims to create value for its stakeholders through its strategy.

Direction & Outcomes

Purpose

To work with our **clients** to enable **long-term success** and deliver an outstanding **investment experience whilst turning global challenges into opportunities**

Vision

To be a **high-performing** and **trusted** investment firm, providing a **differentiated** and **sustainable** approach with **exceptional client service**

2025 Strategic Goals

Treasury & Banking

Continue to be the trusted banking partner for current and prospective clients

Asset Raising

Significantly raise assets for the existing GIB fund range alongside developing new initiatives to create future income streams

Performance

Consistent outperformance of funds against peers and benchmarks

Scale

Build an efficient platform to fully support the medium and long term growth of the business

People and Culture

To build a High Performance culture, and for all colleagues to have a deep sense of belonging, to feel equipped and enabled, to develop and thrive

Sustainability

2025 Enhance the sustainable investment offering and more deeply integrate ESG into the investment process

Strategic Enablers

- Technology
- Strategic Partnerships
- Resources
- Vendor Management
- Organisational Structure
- System Integration
- Training

6.1 Strategic objectives

GIB UK's business model is grounded in **our corporate purpose, vision and mission.** Value is created through GIB UK's two core, diverse business services: a well-established robust Treasury and Banking business, and a growing, sustainability-led Asset Manager proposition.

Our integrated and diversified business model leverages the six capitals to achieve enduring value-creation for all of our stakeholders while enabling our corporate commitment to making a positive contribution towards sustainable development.

Strategic enablers are defined by GIB AM as value-unlocking factors that will support the organisation to achieve its strategic objectives and long-term outcomes.

The 2025 strategic objectives are broadly similar to those established in 2024, reflecting the businesses consistent and clear strategic direction. We were successful in 2024 in building our distribution capabilities, launching a Caymen Fund and increasing sales resources, and will continue focusing on this area in 2025 (Strategic Objective 2: Asset Raising).

GIB UK revisits its strategic objectives each year, as part of its yearly business planning exercise. The set goals are monitored to track progress towards the fulfilment of long-term goals. The annual review process enables the organisation to respond to internal changes and the dynamic macroeconomic, legal and regulatory, commercial, social and geopolitical landscapes that can affect GIB AM and its business.

6.2 Key performance indicators (KPIs)

The selected Key Performance Indicators (KPIs) are designed to measure the success of GIB AM's short-term, annually set strategic objectives. These KPIs align with the yearly cycle of this report, making them well-suited for assessing strategic progress and the value created through GIB AM's strategy. None of the KPIs currently receive external assurance.

Metric	Strategic Objective	Unit	Strategic Enablers	2024 Actual	2024 Target	2023 Actual (*Target*)	2022 Actual (*Target*)
Treasury and Banking							
KP1	Total number of clients	#	Resources, Technology, Organisational Structure (Middle Office)	*Redacted*	*Redacted*	*Redacted*	*Redacted*
KPI 3	Total gross income*	USD MM		87.8	64.9	$102.06 (*$60*)	$65.2 ($*42.9*)
Asset Raising							
KPI 9	Source of growth by geography	%	Resources, Strategic Partnerships,	56% GCC 44%	43% GCC 56%	Europe 100% GCC 0%	N/A
			Technology, System Integration, Training	Other	Other	(50% Europe 50% GCC)	
KPI 10	Total number of investment strategies launched	#		1		4 (5)	4 (5)
Investment Performance (Asset Management)							
KPI 1	Proportion of investment portfolios outperforming their benchmark	%	Resources, Technology, Organisational Structure (Middle Office), System Integration	43%	75%	TBC	60%
KPI 2	Investment performance against relevant benchmarks (over 1-quarter, 3-years and since inception) (% of funds and mandates)	%		Q4 2024 - 43% 1 Year: 33% 3 Years: 66% Since Inception- 83%	75%	88%-1 quarter 71% - 1 year 75% - 3 years 63% - since inception	N/A
KPI 3	Investment performance against peers (over 1- quarter, 3-years, and since inception) (% of funds and mandates)	%		63%	75%	50% 1 quarter 67% 1 year 100% since inception	N/A

*Treasury and banking, excluding asset management

Metric	Strategic Objective	Unit	Strategic Enablers	2024 Actual	2024 Target	2023 Actual (*Target*)	2022 Actual (*Target*)
Scale							
KPI 5	Total expenses	USD MM	Resources, Technology, Organisational Structure (Middle Office), Vendor Management, System Integration, Training	65.4	59.7	*54.7* *(52.4)*	53.1 (50.6)
KPI 6	Cost-to-income ratio	%		69%	60%	*54%* *(80%)*	N/A
People and Culture							
KPI 2	Staff with personal development plans	%	Resources, Technology, Training	58%	95%	52% (95%)	NA
KPI 3	% of female colleagues	%		36%	34%	38% (33%)	33% (NA)
KPI 4	% of female colleagues in interview stage of recruitment	%		38%	50%	55% (51%)	44% (50%)
KPI 5	% of colleague's ethnic minorities	%		27%	25%	25% (25%)	N/A
KPI 6	% disclosure rate of neurodiversity or where adjustments needed	%		6%	5%	4% (5%)	N/A
KPI 7	Number of internships supporting individuals from socio-economically disadvantaged backgrounds	#		4	4	TBC (3)	N/A

*Treasury and banking, excluding asset management

6.3 Resource allocation

Strategic Objective	Resource Allocation	Commentary
1. Treasury & Banking: Continue to be the trusted banking partner for current and prospective clients		Resources allocated to Treasury and Banking will continue in 2025 at a similar level to 2024
2. Asset Raising: Significantly raise assets for the existing GIB fund range alongside developing new initiatives to create future income streams		Resource allocation for Asset Raising will increase, as the area is a priority for GIB AM in 2025
3. Investment Performance: Consistent outperformance of funds against peers and benchmarks		Resource allocation for Investment Performance will increase, as we upgrade our current investment management system
4. Scale: Build an efficient platform to fully support the medium- and long-term growth of the business		The implementation of a new Data Warehouse to allow us to Scale efficiently will require increased resource allocation
5. People & Culture: For all colleagues to have a deep sense of belonging, to feel equipped and enabled, to develop and thrive		Resources allocated to People and Culture will continue in 2025 at a similar level to 2024
6: Sustainability: 2025 Enhance the sustainable investment offering and more deeply integrate ESG into the investment process		Resources allocated to Sustainability will continue in 2025 at a similar level to 2024

7. Governance

7.1 Approach to governance

Our governance principles:

Accountability	Responsibility	Transparency	Fairness

Our governance framework is underpinned by:

Clearly defined roles and responsibilities	Executable and auditable decision-making processes	Enforceable discipline	Committees taking collegial decisions

7.2 Key Board focus areas and decisions in 2024

The Board prioritised six areas in 2024:

Growing assets under management in the Asset Management businesses' active strategies and funds

The Board continued to assess the performance of the asset management funds, [including the new Cayman fund], and spent time in discussing how to further support and accelerate business development for the asset management business. Discussions focused on ensuring business development colleagues were adopting a client centric approach to asset-raising.

Oversight of the Treasury business

The Board continued to prioritise oversight of the Treasury business, in particular ensuring that the business continued to act within risk appetite and provide excellent service levels to clients. This includes oversight of its new Treasury Middle Office.

Continued focus on sustainability

GIB is a sustainability-led business. Board discussions focused on how to leverage the team's significant experience to support commercial goals, as well as reviewing the implementation of various initiatives around sustainability of GIB AM's operations. In addition, the Board reviewed how GIB AM's expertise was being utilised for the benefit of the entire GIB Group, including raising its profile in the Middle East region and elsewhere, in relation to sustainability topics. See the IFRS Sustainability Disclosure Standards S1 and S2 section for more details on sustainability risk and opportunities.

Ensuring a robust and effective risk and control system

The Board, with support from the Audit and Risk Oversight Committee (AROC) sought to ensure a robust and effective system of risk management and controls. Within that, the main priority areas for discussion were:

- **Operational Resilience:** A review of GIB AM's operational resilience commenced in 2024, involving work to enhance operations and ensure regulatory compliance in 2025. The progress against the items agreed was a regular topic for discussion.
- **Regulatory reporting:** GIB AM continued to enhance its regulatory reporting governance and processes. This included the launch of automation projects to increase efficiency and to reduce the likelihood of errors.

- **Prudential planning:** Scenario assumptions were updated to the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) assessments, and there were several scenario testing challenge sessions with the Audit and Risk Oversight Committee (AROC).
- **Model validation:** Ensuring that all our complex spreadsheets used for high risk activities were checked against a standard set of criteria and that all very high and high risk models were formally validated.

Culture and conduct

The Board held discussions around ensuring an effective culture and high levels of conduct. At AROC, this focused on the results of an externally facilitated culture and conduct audit, and at the Nomination and Remuneration Committee (NRC), it focused on reviewing material risk-taker behaviours, and how to link culture and conduct indicators effectively to executive remuneration. As well as overseeing these areas, Board discussions covered staff engagement more generally, diversity and attrition, and the programme of cultural activities across the organisation.

Board and Executive succession planning

Succession planning was a priority topic for the Board during 2024. This focused on planning for the replacements of long-tenured non-executive Directors. Questions arose about the optimal number of Board members, and how to ensure appropriate handover as long-standing Directors rotated off the Board.

7.3 Summary of topics covered

	Key Issues	Routine Matters
Noted		- Declarations made by directors regarding their outside interests and potential conflicts - The quarterly financial report and forecast presented by the Chief Financial Officer (CFO). - The reports on management's performance against the financial targets and other key indicators - Treasury and banking business performance - Investment process and performance - Sustainability performance and initiatives - Support area performance, including HR, Technology, Operations, Risk and Compliance

Discussed	- GIB AM's strategy and business plan - Management updates and action to meet the strategic plans - Culture - GIB AM's stakeholder management framework and approach - Collaboration with other parts of the GIB Group and the shareholder perspective - Management's response to the geopolitical uncertainty and associated impacts of financial and client markets - Risk appetite statement and associated issues - Regulatory reporting - GIB AM's legacy defined benefit pension scheme - Investment product health checks - Consumer duty requirements - Key and emerging risks and opportunities and external trends	- Business Development activities - Board Evaluation - Board skills and succession planning, especially approach to long-tenured directors - Remuneration and incentive issues
Approved	- GIB AM's financial budget and forecasts, with appropriate allocation of resources - Management performance metrics - Recovery Plan and Resolution Pack	- Finance, Governance, Risk and Compliance- related Frameworks, policies, plans and statements - Actions from the Board Evaluation - Director and auditor re-appointments - Remuneration and incentive plans

7.4 Board composition

TABLE 1: BOARD COMPOSITION

Director	Classification	Date of Joining Board	Committee Membership
Abdulaziz Al- Helaissi Chair	Non- independent Non- Executive	13 July 2016	Board
Gary Withers **Senior Independent Director**	Independent Non-Executive	12 December 2018	Board Audit & Risk Oversight Committee (Chair) Board Nomination and Remuneration Committee
Turki Almalik	Independent Non- Executive	25 April 2016	Board
Abdulla Mohammed Al-Zamil	Non- Independent Non- Executive	1 September 2022	Board
Sara Abdulhadi	Non- Independent Non- Executive	1 April 2024	Board
Soha Nashaat	Independent Non-Executive	1 July 2024	Board Audit & Risk Oversight Committee Board Nomination and Remuneration Committee
Carolyn Aitchison	Independent Non-Executive	1 September 2025	Board Audit & Risk Oversight Committee Board Nomination and Remuneration Committee (Chair)
Katherine Garrett-Cox	Executive	October 2017	Board
Ralph Campbell	Executive	January 2019	Board

7.4.1 Board independence

Four of our nine board members are Independent Non- Executives, Gary Withers, Turki Al-Malik, Soha Nashaat and Carolyn Aitchison.

7.4.2 BOARD SKILLS AND EXPERIENCE

In addition to reviewing the composition of our Board from a diversity perspective, we also look ensure that we have a Board with the right skills, knowledge and experience to enhance their effectiveness and ensure they can carry out their duties. The Board determines the required composition of skills, factoring in the rapidly changing financial and regulatory environment and any changes in GIB (UK)'s own long term strategy. Using this determination of skills required for the Board and Board Committees, a skills gap analysis exercise is conducted annually for all individual directors. From the results we look to identify any areas where there may be skills lost as a result of a resignation or where an area of improvement is identified. Using the results of the analysis, which is reviewed by the Board, a training plan is developed to meet these needs for the following year. In addition, before commencing recruitment, the Nomination and Remuneration Committee (NRC) will have discussed the requirement for a new or replacement independent Non-Executive Director. This will involve discussions with the Executive Directors for their input on skills and experience required for this role. The NRC will consider the Board Skills Matrix, the priorities of the business plan, succession planning, risk and control and what is required in terms of both skills set and experience for this role. In 2024 the Board agreed to appoint Sara Abdulhadi, Soha Nashaat and Carolyn Aitchison as Non-Executive Directors each for a three-year term.

7.4.3 BOARD AND EXECUTIVE DIVERSITY

As set out in our Equal Opportunities Policy, the Bank believes that a truly diverse workforce, combined with an inclusive culture, is key to maximising business effectiveness. Therefore, we aim to select, recruit, develop and promote talented and engaged people, and encourage the use of their wide range of skills, experiences and perspectives to drive our business forward.

GIB AM has set the following quantitative targets, in line with the FCA's 2022 Policy Statement:

- At least 40% of the board are women (including those self-identifying);
- At least one of the senior Board positions is a woman;
- At least one member of the Board is from a non-White ethnic minority background.

In 2024, women made up 44% of the Board. One of the senior board positions was a woman (the CEO), in line with the target. The Board also met its target around ethnic diversity, with 4 members being from other ethnic groups, including Arab. At the Executive Management level, although there was broadly equal gender representation (56% male, 44% female), there was ethnic balance within the Board with both 44% of the Board self-declared as White British or other White and a similar amount of the Board self-declare as Other ethnic group.

TABLE 2: BOARD AND EXECUTIVE MANAGEMENT SEX/GENDER REPRESENTATION[1]

	Number of Board members (percentage)	Number of senior positions on the Board (percentage)	Number of Executive Management (percentage)
Men	5 (56%)	3 (75%)	4 (56%)
Women	4 (44%)	1 (25%)	3 (44%)
Other/not specified/prefer not to say	-	-	-

[1] Data as at 31 December 2024. Source GIB Asset Management

Table 3: Board and Executive Management ethnicity representation[2]

	Number of Board members (percentage)	Number of senior positions on the Board (percentage)	Number of Executive Management (percentage)
White British or other White (including minority white groups)	4 (44%)	3 (75%)	7 (100%)
Mixed/multiple ethnic groups	0 (0%)	0 (0%)	0 (0%)
Asian/Asian British	0 (0%)	0 (0%)	0 (0%)
Other ethnic group, including Arab	4 (44%)	1 (25%)	0 (0%)
Non specified / prefer not to say	1 (11%)	0 (0%)	0 (0%)

7.5 Board structure

The Board has established two oversight committees chaired by Non-Executive directors to support it.

7.6 Board evaluation

The effectiveness of the Board as a whole, and the performance of individual directors, is reviewed annually. All recommendations are considered by the Board, an action plan is implemented, and the outcome is reviewed.

The 2024 Board evaluation will commence in H1 2025 and is expected to be completed by the end of the year. It is internally facilitated, following the externally facilitated review in 2022 (as part of its 3-year cycle of externally facilitated reviews). The next external-facilitated review would be carried out for the 2025 evaluation.

[2] Data as at 31 December 2024. Source: GIB AM

7.7 Stakeholders

A key enabler for the Bank to be successful over the long term is to build and maintain successful relationships with a wide range of stakeholders.

Clients	
Description The quality of our relationships with our clients was assessed by taking into account the services provided to them, and performance against expectations. Extremely high levels of satisfaction were seen in our Treasury & banking clients. Feedback from asset management clients was more mixed, in part reflecting the challenging market conditions. **Treasury Overall: Excellent** **AM Overall: Good**	
Their needs and expectations	
- Delivery in line with their requirements - Innovative products that meet their needs today and into the future - Minimal operational errors / issues	- Responsiveness to issues and queries - Support for their training requirements, including with respect to ESG matters
Ways we engage	
- Regular discussions & feedback - Regular written updates - Formal complaints policy and procedure in place (Compliance Manual)	- All engagement is tailored to the individual client's needs, with a relationship manager in place to oversee the interactions (e.g. unique reporting provided to several clients, Link system for Treasury clients designed for them individually).

Metrics		Capitals Impacted
Client feedback is gathered in qualitative form only. This remained excellent in 2024, and we will continue to focus on delivering good outcomes for clients over 2025 consistent with the Consumer Duty requirements (see section on Regulators)	Client and prospect engagements are tracked on a regular basis Data collection on the number of research article downloads and webinar views.	• Financial • Social and relationships • Intellectual • Natural
KPI for the time taken to respond to client requests, consistent with our mission of delivering high-quality bespoke services to our clients		

Employees	
Description The quality of relationships with employees was measured through employee engagement responses, the volume of training and support provided, staff activities such as mental health and well-being initiatives, volunteering, social and community activities, and culture & conduct / ethics indicators. Employee attrition rate was also considered, as was health & safety. We aim to be a responsible and enlightened employer with regards to compensation, benefits and terms and conditions of employment. **Overall: Excellent**	
Their needs and expectations	
• Opportunities to have a positive impact for people and the planet • Investment in skills and development • Challenging work, with opportunities for development and progression • Appropriate culture, including ones that embeds • diversity & inclusion and ethical considerations (see Code of Conduct)	• Fair remuneration, effective performance management and recognition • Fair treatment of non-employees (e.g. contractors) relative to employees
Ways we engage	
• Regular all staff meetings for the whole of GIB AM and written communication • Diversity & Inclusion forum • Diversity and Inclusion Council • Support for individuals through personal development plans • HR processes (e.g. exit interviews, grievance system) • Town halls to present business plan and meet with the Board. • Team lunches to encourage engagement with colleagues and time away from the desk.	• Anonymous whistleblowing hotline, and facility to offer anonymous feedback • Authors of Board and Committee papers are asked to consider culture and conduct implications of their proposal / issue • We regularly ask for colleague feedback on how they would like to be engaged and introduce new initiatives as a result. This includes distilling information into manageable amounts for colleagues and using multiple communication methods (e.g. written as well as oral, recording key sessions for people unable to make the times)

- Inviting employees to present to the Board or its committees on a Board Paper for which they are responsible		
Metrics		**Capitals Impacted**
Surveys data, including the Staff Engagement survey and Culture survey	Tracking of internal communication metrics e.g. communication emails opened	- Human - Intellectual - Social and relationship

Shareholders	
Description GIB AM has a sole shareholder – the parent – and the quality of the relationship is assessed through regular interaction and feedback. **Overall: Excellent**	
Their needs and expectations	
- Financial returns, attractive and sustainable growth strategy - See the positive results from past investment in building the asset management business	- Strong and experienced management - Transparent, balanced, clear, timely reporting and disclosure - Development of alternative income sources from Net Interest Income
Ways we engage	
- Strong links at management and working level through GIB AM attendance at Parent management committees and informal discussions - Parent representation on GIB AM Board - Broad alignment with Parent risk appetite - Engagement through financial audit process to ensure accurate, timely appropriate financial disclosures	- Outsourcing and SLA arrangements between Parent and GIB AM - Alignment between Parent and GIB AM policies (incl. Code of Conduct), where appropriate - Annual variable remuneration approved at the Parent level - Our approach to engagement is driven by the Parent, and so designed with its needs in mind
Metrics	**Capitals Impacted**
Range of metrics shared on a regular basis relating to performance, risk profile and GIB AM strategy.	- Financial - Human

<table>
<tr><th colspan="2">Regulators</th></tr>
<tr><td colspan="2">Description
Regulators play an important role in safeguarding the firm through their supervision and guidance, helping us to build resilience. With their objective of reducing systemic risk, they make our market transactions safer, support the fight against money laundering and terrorism financing and therefore help us preserve financial capital. The quality of our relationship with regulators is based on feedback from our engagement with them, and our ability to deliver against regulatory expectations.
Overall: Good</td></tr>
<tr><th colspan="2">Their needs and expectations</th></tr>
<tr><td>Principle 11/Fundamental Rule 7 underpins a firm's dealings with its regulator(s), the general principle being that a firm must be open and co- operative and disclose matters of which the regulators would expect notice. Specific rules and guidance in the FCA and PRA Handbooks articulate when particular issues must be notified, but in most instances a firm will need to exercise judgement as to whether and when notification is required</td><td>Priorities for the PRA in 2024 included enhancing quality of regulatory reporting and preparations for the Operational Resilience and Basel 3.1 implementation deadlines in 2025.
Priorities for the FCA in 2024 included the consumer duty, anti-greenwashing rules and the European Market Infrastructure Reporting refit implementation.</td></tr>
<tr><th colspan="2">Ways we engage</th></tr>
<tr><td>Regular meetings
Regular data / information submissions
Receiving and attending visits on specific topics
Participation in surveys and industry roundtables and working groups
Receipt of information / guidance</td><td>Regular/periodic reporting to PRA, FCA and SEC, and individuals' approvals and certification under SMCR
Our approach to engagement is driven by the regulators' requirements, and so is designed according to their needs
The relationship with the Central Bank of Ireland is managed via our fund platform provider</td></tr>
<tr><th>Metrics</th><th>Capitals Impacted</th></tr>
<tr><td>Delayed or incorrect returns to PRA, FCA and SEC Regulatory breaches identified
Overdue regulatory recommendations</td><td>Financial
Intellectual
Social and relationships</td></tr>
</table>

<table>
<tr><th colspan="2">Suppliers and outsourced providers</th></tr>
<tr><td colspan="2">Description
The quality of our relationship with our Material Third Parties and Outsource providers is governed through Service Level Agreements, (where in place), and assessed as well through Key Performance Indicators, annual risk analysis and ESG assessments where applicable. In addition, we also have in place formal and informal feedback mechanisms with each party. To support and strengthen the process we have implemented a TPRM system provided by Prevalent with a key advantage of threat monitoring with continuous cyber, operational, reputational and financial risk intelligence allowing deeper insight into the risks associated with our Material Third Parties and Outsource providers.
Overall: Good</td></tr>
<tr><th colspan="2">Their needs and expectations</th></tr>
<tr><td colspan="2">Suppliers aim to provide us with products and services that meet our requirements, whilst also supporting their own stakeholders.</td></tr>
<tr><th colspan="2">Ways we engage</th></tr>
<tr><td>- All Third Party and Outsource suppliers have an ExCo and business owner who manages the relationship on an on-going basis. These are further categorised into Material or Non-material, in line with regulatory guidelines</td><td>- The engagement approach with our suppliers, Material Third parties and outsourced partners reflects a combination of our respective needs and preferred operating models. For example, with some suppliers, GIB AM is the ‘taker’ of their terms and conditions, whereas for other suppliers it is possible to use GIB AM’s usual contracting approach. Given our categorization of suppliers, we aim to ensure our approach is appropriate and proportionate, and therefore best meets our mutual needs</td></tr>
<tr><th>Metrics</th><th>Capitals Impacted</th></tr>
<tr><td>The Business Risk Committee and Audit and Risk Oversight Committee collect and monitor a full set of KPIs relating to outsourcing to the Group. Regular reporting to both parties is also provided by the Business Risk Manager. Copies of all annual reviews and assessments are also provided to the Business Risk Committee for Material Third Parties and Outsource providers.

ESG assessments. As part of our supplier Code of Conduct, we assess suppliers who meet certain thresholds on their ESG credentials, and have a floor in place whereby low-scoring entities would not be on-boarded</td><td>- Financial
- Intellectual
- Manufactured
- Natural</td></tr>
</table>

<table>
<tr><th colspan="2">Communities</th></tr>
<tr><td colspan="2">Description

The quality of our relationships with our communities is assessed through feedback and engagement levels with those organisations.

Overall: Good</td></tr>
<tr><th colspan="2">Their needs and expectations</th></tr>
<tr><td>

GIB AM is part of the local community in the City of London, a member of several industry bodies, and part of an international community that seeks to encourage the delivery of the Sustainable Development Goals
Collaboration with multi-stakeholder groups typically focus on specific goals (e.g. net zero). These are selected to align with our business and investment priorities and generally involve discussions, surveys, inputs to consultations etc. Feedback is usually two-way

</td><td>

We engage with local communities through a set of targeted corporate social responsibility (CSR) initiatives, including staff volunteering schemes. We see CSR as part of our obligation to the communities in which we operate; we want to be a good corporate citizen and have a positive impact in the society while improving quality of life for the communities in which we operate
As well as any specific charitable activities, we support charities through our matched funding scheme, whereby individuals raising money may ask GI

</td></tr>
<tr><th colspan="2">Ways we engage</th></tr>
<tr><td>

For memberships, we have a lead contact point and involve colleagues as relevant
For topic groups, engagement varies depending on the specific goals, but the responsible individuals are nominated by the relevant ExCo member
A colleague volunteering team runs GIB AM's volunteering activities; we aim to gather feedback after each session / activity
HR leads on recruitment and internship-related activities

</td><td>

Contact details are included on the website and social media (LinkedIn), and enquiries are monitored and responded to
Our approach varies according to the specific needs of the community / partner, and we take into account how they would like to communicate with us. For example, we attend seminars and training sessions rather than always seeking bilateral information from our partnerships. We aim to 'give back' through providing our expertise and input, rather than just 'taking' from these groups

</td></tr>
<tr><th>Metrics</th><th>Capitals Impacted</th></tr>
<tr><td>The Business Risk Committee and Audit and Risk Oversight Committee collect and monitor a full set of KPIs relating to outsourcing to the Group. Regular reporting to both parties is also provided by the Business Risk Manager. Copies of all annual reviews and assessments are also provided to the Business Risk Committee for Material Third Parties and Outsource providers.

ESG assessments. As part of our supplier Code of Conduct, we assess suppliers who meet certain thresholds on their ESG credentials, and have a floor in place whereby low-scoring entities would not be on-boarded</td><td>

Financial
Intellectual
Manufactured
Natural

</td></tr>
</table>

7.8 Statement by the Directors in performance of their statutory duties in accordance with S172 (1) Companies Act 2006

The Directors consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Bank for the benefit of its shareholder, and with regards to all its stakeholders and matters set out in s 172 (a-f).

Likely consequences of any decision in the long term (s172a)

The Board reviews and approves the five-year business plan and monitors its implementation throughout the year. The plan is determined with a view to promoting the long-term sustainable profitability of the business; such considerations are integral to goals set out in the plan, the design of the strategy, and how the plan is to be implemented. As part of the review process, the Directors consider the long-term consequences of the plan, looking beyond the horizon outlined in the document. They also consider how the Bank's culture and values have been incorporated in the plan.

The interests of the Bank's employees (s172b)

As referenced in section 9, The Board understands that the Bank's employees are fundamental to the long-term success of the Bank: it is through the efforts and commitment of our colleagues that we are able to fulfil our purpose as an organisation.

Fostering the Bank's business relationships with suppliers, customers and others (s172c)

The Board recognises that, for the Bank to be successful over the long term, it is important to build and maintain successful relationships with a wide range of stakeholders and for the Board to understand the views of key stakeholders.

The Bank has identified its main stakeholders (see section 7.7) but acknowledges that there will be differentiation within the identified groups, and that the stakeholders are likely to change depending on the nature of the issue under consideration and over time. Some groups are likely to be more important than others for specific decisions, and there are likely to be trade-offs between the needs and wants of different groups. The Bank seeks to engage with all stakeholders in a meaningful way but taking into consideration their level of interest in the decision and the likely net impact of them. The Bank tracks and measures stakeholder engagement.

The impact of the Bank’s operations of the community and environment (s172d)

The Bank takes into consideration both its direct and indirect environmental impacts (see section 3.3), and considers the impact of its operations on the community in which it operates.

Maintaining a reputation for high standards of business conduct (s172e)

The Bank ensures compliance with the requirements of legislation and maintenance of its reputation for high standards of business conduct in its decision-making process. Acting with integrity is one of our desired behaviours (see section 9).

The need to act fairly between members(s172f)

The Bank is owned by a sole shareholder, so the requirement to act fairly between members is not applicable. The Board ensures that matters are referred to the sole shareholder in line with the Articles of Association, relevant statutory requirements and internal protocols.

7.9 Policies and statement

We believe that comprehensive disclosures are paramount to enabling stakeholders to understand our activities, commitments and progress against such activities and commitments.

The following policies and governance-related statements may be found on the website:

Firm-wide	Investment-related
GIB AM Modern Slavery Statement GIB AM Tax Strategy GIB AM: Outsourcing and Third-Party Supplier Code of Conduct 2023 GIB AM Code of Conduct GIB AM: Implementation Statement 2023 GIB AM Board Diversity Statement 2023-2024 GIB AM Risk Disclosure GIB AM: Carbon Emissions Assessment Framework GIB AM: Carbon Emissions Calculation Methodology GIB AM: Climate Transition Plan GIB AM: Pension Fund Statement of Investment Principles GIB AM Complaint Handling Procedure	GIB AM Proxy Voting Report GIB Asset Management: Responsible Investment Policy 2023 GIB Asset Management: Environmental and Social Policy 2023 GIB Asset Management: Stewardship, Engagement and Proxy Voting Policy 2024 GIB Asset Management: Statement on Sustainable Finance Disclosure Regulations GIB AM: Cross-Border Fund Distribution Regulation GIB AM Aggregation and Allocation Guideline GIB AM Best Execution Policy

7.10 Transparency and disclosure

GIB AM's Policy is to ensure its disclosures are transparent, comprehensive, relevant, timely, reliable, comparable, fair and reflect the character of the organisation and the nature, complexity and risks inherent in its business activities.

The following disclosures may be found on the website:

Firm-wide	Investment-related
GIB AM: Pillar 3 Disclosures GIB AM: Risk Disclosure GIB AM: Climate related financial disclosures GIB AM: TCFD Entity Report 2023 GIB AM: Financial Report 2023 GIB Sustainability Report 2023 GIB AM Complaint Handling Procedure	GIB AM: PRB Self-Assessment Report GIB AM Entity Level SFDR Report 2023 GIB AM SFDR Opt-in Statement

7.11 Systems, policies and processes

A comprehensive approach is taken to ensure that policies and processes are implemented and maintained.

The Risk, Compliance & Internal Governance function keeps an inventory of all policies and procedures owned by GIB AM or by Group, but applicable to GIB AM. Policies are attributed to sponsors at the Executive Committee level and a Policy owner is responsible for its maintenance and overseeing its implementation.

We aim for policies to be reviewed at least every 18 months and procedures to be reviewed at least every 2 years. Delays are escalated to the Business Risk Committee and the Board.

7.12 Remuneration policy

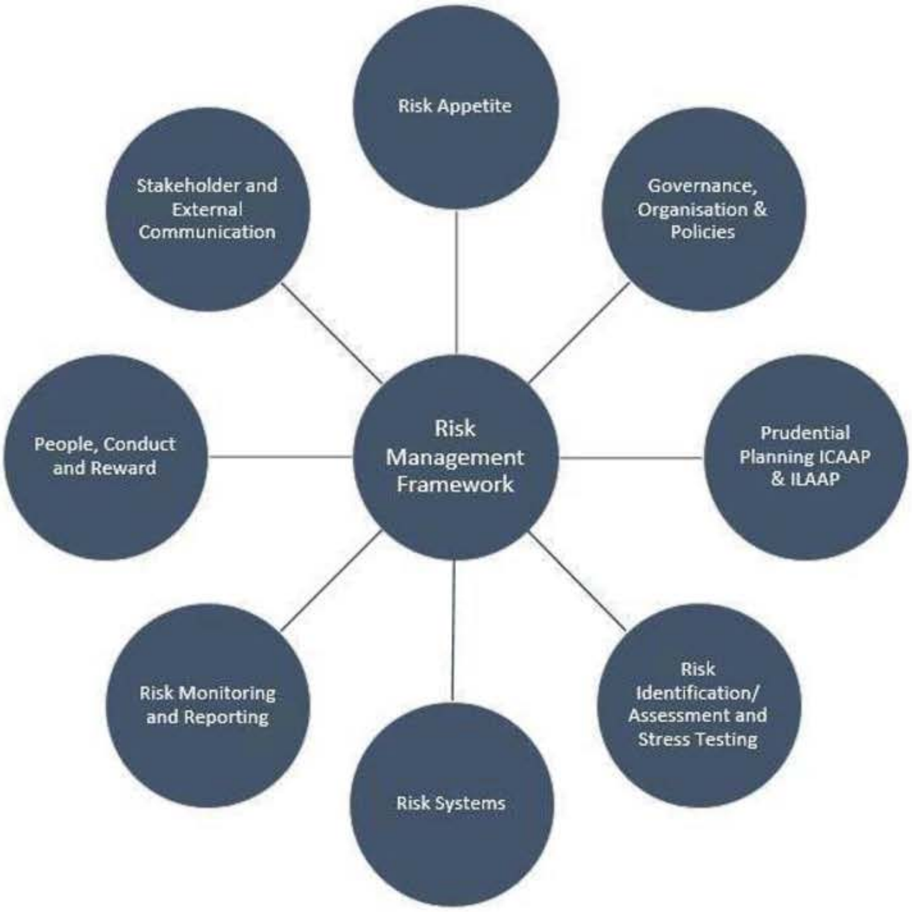
GIB AM has a comprehensive performance management approach. Our remuneration policy is designed to attract, retain and motivate quality staff while at the same time rewarding behaviour that is consistent with our culture and values. This encourages successful delivery of financial performance balanced with strong governance, controls and risk management. Further, we reward our executives and employees in a way that encourages them to act in the best interests of our clients.

GIB AM is committed to the principles of equal opportunities for all employees regardless of sex, race, religion or belief, age, marriage and civil partnership, pregnancy and maternity, sexual orientation, gender reassignment, or disability or any status that is protected as a matter of law. The right to equal pay is a fundamental principle of the Equality Act 2010. We are committed to ensuring that its pay is awarded fairly. This is in direct support of our Equity, Diversity and Inclusion Policy.

Our executive and employee remuneration is linked to sustainability: variable pay takes into account individual, departmental and firm-wide KPIs, including sustainability, climate risk and ED&I-focused measures of success.

8. Risk management framework

GIB AM has a comprehensive Risk Management Framework aligned to its risk profile.



The framework incorporates sustainability and climate related risks. Consistent with that, climate related risks are included in relevant risk policies, such as the Investment Risk Framework, Credit Risk Management Policy and Key Risk assessments, and we have articulated a Climate Change Risk Management Strategy.

In line with Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management (COSO ERM) guidance, we periodically review the effectiveness of our risk framework and enhance our policies accordingly.

8.1 Risk and opportunities

The success of our business depends on our ability to remain sustainable and manage risks effectively. We regularly assess the potential external and internal events and trends that could have adverse impacts on the capital, profitability, reputation, financial standing, operational resilience and strategic objectives of our GIB AM.

Our Board strives to achieve a balance between appropriate levels of risk and return. Sustainability and climate related risk are discussed ion further details in the IFRS Sustainability Disclosure Standards S1 and S2 section.

8.2 Risk approach and management

Our structured and disciplined approach to the management of risk considers the strategy, assets, liabilities, processes, people, technology and resources within our business, as well as our impact on clients, the community and the environment with the purpose of continually evaluating and managing risks across the firm.

8.3 Material risk categories

We consider the materiality of the following categories of risk in our risk profile and assessment of risk:

Credit Risk	Operational Risk	Strategic and Business Risk
Market Risk	Concentration Risk	Conduct Risk
Liquidity Risk	Reputational Risk	Investment Risk

2024 Key Risk Register

Asset Management Client Retention Risk		Affected strategic priorities and capital
Description and implication for value creation		**Goal:** Asset Raising: Raise significant assets for the existing GIB AM fund range alongside developing new initiatives to create future income stream **Capital:** Financial
GIB (UK)'s approach is to fostering long-term relationships by focusing on delivering good outcomes for our stakeholders. For our clients, that means acting in good faith; avoiding causing foreseeable harm; enabling and supporting clients to pursue their objectives, both financial and non-financial. Clients could be lost due to poor investment performance, poor service, uncompetitive pricing, or because a change in their investment strategy. Any redemption results in loss of revenues and could damage staff morale and GIB (UK)'s reputation.		
Response and mitigating actions	**Opportunities arising from this risk**	
Current mitigation: • Regular client communication, incl. face to face visits • On-going review of prices and service quality • All client information is captured in a single sales system **Further actions:** • Present new active products to indexation clients • Offer training sessions for our clients' employees • Consider asset management segregated client self-service portal • Consider how to best report GIB AM headline AUMs • Implement a client management approach for the current and potential investors in our funds • Revisit incentives for client retention	• Our deep understanding of our clients' objectives would enable us to better engage with them and excel against their investment, service and sustainability requirements. **Enablers:** • Client engagement on investment requirements, service levels and sustainability • Thought leadership within investment, particularly investment themes that match client interest, our expertise and sustainability	

Asset Raising & Scaling Risk		Affected strategic priorities and capital
Description and implication for value creation		**Goals:** Asset Raising: Raise significant assets for the existing GIB AM fund range alongside developing new initiatives to create future income stream Scale: build an efficient platform to fully support and protect the medium- and long-term growth of the business **Capital:** Financial Capital Social and Relationship Capital Natural Capital
GIB (UK) has built new active investment capabilities as part of its growth and diversification strategy. Only some of our funds have a three-year track record, and our footprint is limited. Partnerships with fund management companies, and platforms and sub-distributors are critical to widen our reach. If GIB AM were not able to meet their new client/assets acquisition target in 2025, this could damage staff morale and our reputation. On the other hand, onboarding new clients or funds without a fully scalable platform could result in delays, poor service, or operational issues.		
Response and mitigating actions	**Opportunities arising from this risk**	
Current mitigation: • Visibility and accessibility to GIB AM via fund platforms • Knowledge of regulatory requirements/cross border permissions • On-going review of prices • Market and competitor analysis and thorough product testing • Good ODD readiness • Streamlined RFP process and standard DDQs available • Product specific sales strategies and marketing materials • Fund data published on fund platforms • On-going consultant engagement • Investment & Client Operations covering all Asset Management support functions **Further actions:** • Establish sterling payment capabilities for UK based investors • Onboard required funds platform • More prospect meetings • Top-down sales strategy/ process agreed with Investment teams • Establish distribution capabilities/permissions in strategic markets • Implement a data warehouse to facilitate portfolio and performance reporting • Refresh cost benefit analysis for UCITS operating model	• A well-established AM business would enhance GIB Group's profitability and return on capital • A fully scalable, institutional-strength investment services platform would improve cost efficiency, and competitiveness and facilitate regulatory compliance **Enablers:** • Implement latest technological tools/technologies. • Building excellent track records • Investing in distribution capacity in breadth (an external party who introduces us to markets where we don't have access)	

Cyber & Operational Resilience Risk		Affected strategic priorities and capital
Description and implication for value creation		**Goal:** Scale: build an efficient platform to fully support and protect the medium- and long-term growth of the business **Capital:** Financial Social and relationship capital Manufactured capital
The National Cyber Security Centre 2024 annual review shows that the extent of cyber-attacks on the UK has tripled in the last twelve months. A combination of state led, and criminal activities poses a severe threat to the country's critical infrastructure. Russia is described as "reckless' and China as "sophisticated" and "ambitious". Cyber risk management and operational resilience is as much about culture as it is about technology and processes. GIB (UK) has been monitoring external threats and constantly keeping is information security framework under review with an annual roadmap of enhancements. GIB (UK) Operational Resilience framework is mature versus peers and is also supported by a roadmap to continue enhancements post March 2025. There have been no material cyber events nor operational disruptions for several years.		
Response and mitigating actions	**Opportunities arising from this risk**	
Current mitigation: • Cyber framework with documented strategy, policies and annual roadmap • Layered technical controls to identify, prevent, detect and recover • Independent review of security controls and cyber maturity through regular external assurance assessments • Established threat monitoring and information sharing with peers • Operational Resilience framework and annual roadmap • Regular DR and BCM testing (both internally and with Group) • Third-Party Risk Management Framework and automated monitoring of material third parties **Further actions:** • Further and more complex scenario testing complexity • Further analysis of Nth Party Risk Management • Ensure all current vendors are monitored through the Third-Party Risk Management Tool Prevalent • Track successful onboarding of the Keeper password management tool • Implement recommendation from ransomware table-top exercise including Group Framework	• Robust cyber risk controls and operational resilience can be seen as a unique selling point against other boutique asset managers **Enablers** • Review identity and access management to increase use of authenticator whilst removing dependency on passwords	

<table>
<tr><th colspan="2">Macro Environment Risk</th><th>Affected strategic priorities and capital</th></tr>
<tr><td colspan="2">Description and implication for value creation</td><td rowspan="5">Goal:
Continue to improve our balance sheet management to optimise return within our regulatory requirements and risk appetite.

Capital:
Financial Capital</td></tr>
<tr><td colspan="2">The period of elevated interest rates and reduced money supply is expected to slowly come to an end in 2025. Levels of sovereign indebtedness is high in the main economies (e.g. US, UK, China and several European countries), which is putting pressure on public finances and create volatility spikes in bond spreads. Major economies would be much more vulnerable to a further global pandemic. There are uncertainty caused by the future U.S. foreign policy, especially around trade tariffs. Regulators are looking at revisiting regulations to avoid preventing healthy levels of risk taking and encouraging competitiveness. Lower volatility in asset prices, and less rapid changes in interest rates could impact GIB (UK)'s ability to generate income. Downturn or recession or commercial real-estate bubble bursting, widening geopolitical tensions could impact the credit standing of our obligors. The rise of private credit and synthetic risk transfers have diminished the transparency around the health of financial market actors and create systemic issues on the market. The Asset Management Team will be impacted by these moves, sometimes diversifying but sometimes amplifying risks to the Business.</td></tr>
<tr><td>Response and mitigating actions</td><td>Opportunities arising from this risk</td></tr>
<tr><td>Current mitigation:
• Focus on short term interbank market and liquid investment-grade bonds
• Robust risk management frameworks incl. governance by Credit Risk Committee and AROC
• In-depth understanding of key depositor position and competitor landscape
• On-going review market for opportunities and instruments
• Structural hedging/T-bills investments
• Climate change and sustainability risk are integrated into credit risk management
• Geo-political tool used to manage country risk

Further actions:
• Optimise use of capital through new businesses, automated large exposure monitoring and implementation of robust reverse repo framework and calibration of EWIs</td><td>• Thanks to our liability driven balance sheet, Treasury can enhance yields during liquidity squeezes and changes in Interest Rates
• Setting up new collateral baskets will increase proportion of collateralised lending, reducing the credit risk capital requirement
• Further diversification of money market placements counterparties would reduce credit risk concentration capital add-on
• Providing additional MI on profitability could help Treasury enhance risk-adjusted returns</td></tr>
</table>

Sustainability & Climate Change Risk		Affected strategic priorities and capital
Description and implication for value creation		**Goal:** Enhance the sustainable investment offering and more deeply integrate ESG into the investment process **Capital:** Financial Human Manufacturing Social & Relationship Intellectual Natural
Societal expectations around how investors consider environmental, social and governance factors when deciding which companies to include and keep in their portfolios continue to evolve. These ESG factors can result in credit, market and operational losses for us and/or our clients, whilst sustainability offering represents a commercial opportunity. With the chances of the world achieving a fair and just net zero transition by 2030 severely decreasing, increasingly severe and frequent weather events, greater societal divide and challenges posed by AI, tensions are rising around how to address these risks. Combined with this sentiment and growing political backlash to sustainability in some countries, vs even greater regulatory scrutiny, reputational and legal risks are heightened as companies face an increasingly fragmented stakeholders. To protect its reputation and regulatory standing, GIB (UK) must keep up-to-date with new standards and disclosures whilst managing perceptions around green washing and green hushing.		
Response and mitigating actions	**Opportunities arising from this risk**	
Current mitigation: • Engagement with World Economic Forum and industry bodies (e.g., NZAM, PRI, PRB, IIGCC) • Sustainability embedded into our firm's culture, investment strategies and policies • Robust governance over corporate and product sustainability commitments incl. assurance on disclosures and investment process • Monitoring of climate and ESG risk in our active portfolios • Clear articulation of compatibility of GCC heritage and sustainability focus • Adherence to applicable sustainability finance regulations e.g. SFDR, FCA ESG **Further actions:** • Implement Transition Plan including digital carbon footprint • Specific sustainability skill gap analysis to be conducted and training programme to be rolled out • Enhance scenario analysis for balance sheet – such as liquidity portfolio • Review and enhance Sustainability/ESG policies and ensure embedding • Consider Nature-related financial risks in relevant frameworks • Allocate responsibilities and set action plans for all external commitments	• We have actively developed products aligned with, or supporting the climate transition and UN SDGs, and intend to focus on these products in business development efforts • We integrate climate-related risk and opportunity assessments into investment strategies, where relevant. • Enhanced reputation for being transparent could lead to attracting clients • Sustainability focus helps with talent attraction and retention	

Financial Crime & Regulatory Compliance Risk		Affected strategic priorities and capital
Description and implication for value creation		**Goal:** Asset Raising: Raise significant assets for the existing GIB AM fund range alongside developing new initiatives to create future income stream **Capital:** Financial Human Social & Relationship
Financial Sector is heavily regulated, and the volume and speed of regulatory change is not abating (e.g. UK MIFID, Basel 3.1, Solvent Exit Analysis, SMCR amendments, IRFRS S1, SDR). GIB (UK) transacts in high-risk jurisdictions and sectors and is also facing increasing complexity through the marketing in multiple jurisdictions and through new delivery channels (i.e. sub-distributors and platforms). If it breached existing or new regulatory/legislative requirements, or was subject to fraud, GIB (UK) could be subject to enhanced regulatory scrutiny and/or censure and its reputation would be damaged.		
Response and mitigating actions	**Opportunities arising from this risk**	
Current mitigation: • Robust Compliance and Anti-Economic Crime framework incl. comprehensive policies and procedures, horizon scanning and compliance monitoring program • Mandatory training plan • Independent Compliance and AML team • Governance by BRC, PCGC, IRPC, ALCO and AROC • Internal and External Audit • Cross border requirements guide and tracker • Wider Business engagement with trade associations • Robust tracking of Prudential Calendar **Further actions:** • Formalise oversight framework for cross border activity • Further reduce regulatory reporting errors through automation • Implement distributors oversight under Consumer Duty • Align GIB (UK) Policies to Group Policies mandated by CBB	• Providing solutions to Business Development for cross border activity generates more asset raising opportunities • Robust systems and controls reduce operational losses • Robust regulatory compliance and anti-economic crime framework can be seen as a unique selling point against boutique asset managers	

<table>
<tr><th colspan="2">Investment Performance Risk</th><th>Affected strategic priorities and capital</th></tr>
<tr><td colspan="2">Description and implication for value creation</td><td rowspan="5">Goal:
Investment Performance: Consistent outperformance of funds against peers and benchmarks

Capital:
Financial Capital</td></tr>
<tr><td colspan="2">GIB (UK) has established active capabilities. The investment processes are robust but there are some gaps in our data, systems and technology. Poor persistent investment performance, either against the benchmarks or peers, could lead to clients or asset losses and would hinder our efforts to build superior track records to support the growth of our asset management business.</td></tr>
<tr><td>Response and mitigating actions</td><td>Opportunities arising from this risk</td></tr>
<tr><td>Mitigation strategy:
• Protect investment team time to focus on core investment activities
• Structured investment process that is robust, and repeatable
• Experienced teams with diverse and experienced investment skill sets
• Adequate research and travel budget
• On-going monitoring process with Investment Risk & Performance Committee oversight
• Promoting gender and other forms of diversity in investment teams through established recruitment framework
• Office 365 and Copilot to support collaboration and innovation

Further actions:
• Implement efficient data, technology and systems incl. AI
• Further improve collaboration across Investment desks</td><td>• Implementing efficient data, technology and systems, in particular integrating AI into office applications, will improve productivity
• Leveraging Artificial Intelligence into the investment process could create a competitive advantage

Enablers:
• Monitoring a target that 80% of investment team time remains on core investment activities during BAU</td></tr>
</table>

<table>
<tr><th colspan="2">Culture & Conduct Risk</th><th>Affected strategic priorities and capital</th></tr>
<tr><td colspan="2">Description and implication for value creation</td><td rowspan="5">Goal:
People & Culture: Build a high-performance culture, and for all colleagues to have a deep sense of belonging, to feel equipped and enabled, to develop and thrive

Capital:
Human
Social & Relationship</td></tr>
<tr><td colspan="2">Culture can be an organisation's "super-power", and GIB (UK) wants its culture to support business goals and drive good conduct across the business. Society and regulatory expectations regarding D&I and non-financial misconduct are increasing and this needs to be reflected in our policies, procedures and disclosures. An ineffective culture can increase turnover and demotivate staff and result in reputational damage. In 2024, the result of the Staff Engagement and Culture surveys were above industry average and there were no material conduct issues.</td></tr>
<tr><td>Response and mitigating actions</td><td>Opportunities arising from this risk</td></tr>
<tr><td>Mitigation strategy:
• Protect investment team time to focus on core investment activities
• Structured investment process that is robust, and repeatable
• Experienced teams with diverse and experienced investment skill sets
• Adequate research and travel budget
• On-going monitoring process with Investment Risk & Performance Committee oversight
• Promoting gender and other forms of diversity in investment teams through established recruitment framework
• Office 365 and Copilot to support collaboration and innovation

Further actions:
• Implement efficient data, technology and systems incl. AI
• Further improve collaboration across Investment desks</td><td>• Implementing efficient data, technology and systems, in particular integrating AI into office applications, will improve productivity
• Leveraging Artificial Intelligence into the investment process could create a competitive advantage

Enablers:
• Monitoring a target that 80% of investment team time remains on core investment activities during BAU</td></tr>
</table>

8.4 GIB AM approach to managing risk

The purpose of risk management at GIB AM is to ensure all risks are managed in line with our Board Risk Appetite to promote a strong understanding of risk and an effective Risk culture within GIB AM.

GIB AM's Board approves the Risk Appetite Statement. This sets the direction of risk-taking activities and is central to embedding an effective risk culture. Our Board Risk Appetite is reviewed every year in line with our Business Plan.

GIB AM has a comprehensive Risk Management Framework aligned to its risk profile, which is responsive to changes in internal and external environments. It is also embedded within GIB AM's operating model and plays a key role in the day-to-day decision-making process.

We aim successfully to embed Risk Management into the GIB AM's governance and working practices, which require all employees to consider actively the ways in which they act, behave and articulate risk.

We adopt a holistic view of risks on a firm-wide basis. GIB AM conducts a periodic review of its risk profile, at least on an annual basis, to ensure that it remains current and allows for recognition of emerging and escalating risks.

Our Chief Risk & Compliance Officer is responsible for maintaining a firm-wide risk management framework.

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information & IFRS S2 Climate-related Disclosures

1. Introduction

Gulf International Bank (UK) Limited, which trades under the name “GIB Asset Management” (GIB AM) is a boutique asset manager with sustainable investment at the core of our active investment business. Our principal values are to act responsibly and enable sustainability with the ambition to invest for our clients, our investors and our planet.

We understand the importance of sustainability disclosures in enabling the provision of comparable information for investors regarding a GIB AM’s sustainability-related risks and opportunities. Whilst we await the UK’s adoption of the IFRS Sustainability Disclosure Standards S1 and S2, we have provided this 2024 Annual Report and Financial Statements as much information as reasonably practicable and, partially aligned with the IFRS Sustainability Disclosure Standards S1 and S2 issued by the International Sustainability Standards Board (ISSB). Our aim is for this disclosure to be enhanced further for future reporting periods as we transition to fully align with these standards as they apply within our jurisdiction, and as we further develop our controls, processes and capabilities and await the availability of sufficient sustainability data.

As a result of the Standards not being adopted in the UK, and also the fact that there is limited benchmark information available, we have determined it is more appropriate not to quantify the Risk and Opportunities until more information is available and we have more robust methodologies.

2. Objective

IFRS Sustainability Disclosure Standards S1 and S2 are voluntary standards that were effective from 1st January 2024 with the objective of requiring entities to disclose information about their sustainability-related and climate-related risks and opportunities, that are useful to the users of general-purpose financial reports and accounts in their decision making relating to providing resources to the organisation.

In line with the principles of IFRS Sustainability Disclosure Standards S1 and S2 we have provided information about our sustainability-related risks and opportunities that could reasonably be expected to affect GIB AM’s prospects regarding our cash flows, access to finance and/or cost of capital over the short, medium, and long term.

Throughout this document, where sustainability risks and opportunities for our organisation are referenced, they include those that are climate related. In line with the standards, we have included information as far as reasonably practicable across the four core areas of Governance, Strategy, Risk Management and Metrics and Targets.

3. Governance

Given the overarching nature of our governance processes, controls and procedures used to monitor, manage and oversee our sustainability-related risks and opportunities, this section applies to all of GIB AM’s sustainability risks and opportunities.

3.1 Board oversight of sustainability-related risks and opportunities

Our Board of Directors (the "Board"), the associated Board Committees and our Executive Committee, are responsible for the oversight of sustainability-related risks and opportunities. Responsibilities are clearly defined and allocated and are set out in the relevant Terms of Reference and Role Descriptions. The Board is responsible for reviewing the business strategy and underlying plans, which includes an assessment of the basis on which GIM AM generates and preserves value over the long-term and includes GIB AM's Climate Transition Plan. The Board is responsible for reviewing and approving GIB AM management's plan to manage financial risks from climate change and other sustainability-related factors and overseeing its execution.

GIB AM has a Risk Management Framework in place which considers sustainability and climate risks. Any material amendment to this document is reviewed and endorsed by the Business Risk Committee, the Board Audit and Risk Oversight Committee and approved by the Board. GIB AM also has a Key Risk Register and a Risk Appetite Statement which are components of the GIB AM Risk Management Framework and include risks related to Climate, ED&I, Human Capital and Cyber Security.

Information is provided to the Board and its Committees via management committee reports, noting material sustainability-related risks and opportunities, including those related to climate. Certain sustainability KPIs are presented to the Board and its Committees, including those related to GIB AM's sustainability risks and opportunities. A Risk and Compliance Dashboard is presented to the Audit and Risk Oversight Committee on a regular basis, which may include sustainability-related issues where necessary.

More detailed information on the Board and Board Committees' responsibilities can be found in our GIB AM Climate-related Financial Disclosure.

3.2 Sustainability skills and competencies

Similar to the assessment conducted of overall Board effectiveness, to assess whether we have appropriate skills and competencies to oversee our strategy in respect of sustainability-related risks and opportunities, we need to complete a skills gap analysis exercise for identified individuals. We will assess current skills and competencies and review these against the sustainability knowledge goals we have identified, which will determine where the gaps are and where skills may need to be enhanced and developed. This is not a one-off exercise but is to be completed periodically to ensure any changes in requirements are captured, with an initial roll-out in 2025. The results of this exercise will be presented back to the GIB AM Executive Committee during 2025, and any implementation plan required will be agreed. The process for this assessment of sustainability skills and competencies is outlined below:

1 Define the Sustainability Goals

- Use our Sustainability Goals (which are linked to the Business Strategy) as the basis and criteria of the skills gap analysis

2 Identify the Required Skills and Knowledge

- Technical Skills – identify specific technical skills needed. This could include knowledge of renewable energy sources, carbon footprint analysis or environmental management systems.
- Soft Skills – consider soft skills like leadership in sustainability, stakeholder engagement, communication skills and ability to drive change within the organization to support delivery of sustainably goals.
- Regulatory and compliance knowledge – include an understanding of relevant laws and regulations, regulations and standards that impact us as and organisations.
- Strategic and Analytical Skills – Assess the need for skills in sustainability reporting, data analysis and strategic planning for sustainability initiatives.

3 Assess Current Skills and Knowledge

- With the above collated, the relevant individuals will be asked to self-assess their skills in each area.

4 Identify Skills Gap

- We would then need to compare current skills against the required skills and knowledge that are required to achieve our sustainability goals. This comparison will high light areas where gaps exists.
- The next step is to prioritise the identified gaps based on their impact on achieving the Bank's sustainability objectives. The focus should be on high impact areas where the gap is widest and most critical.

5 Develop a Plan to address the Gaps

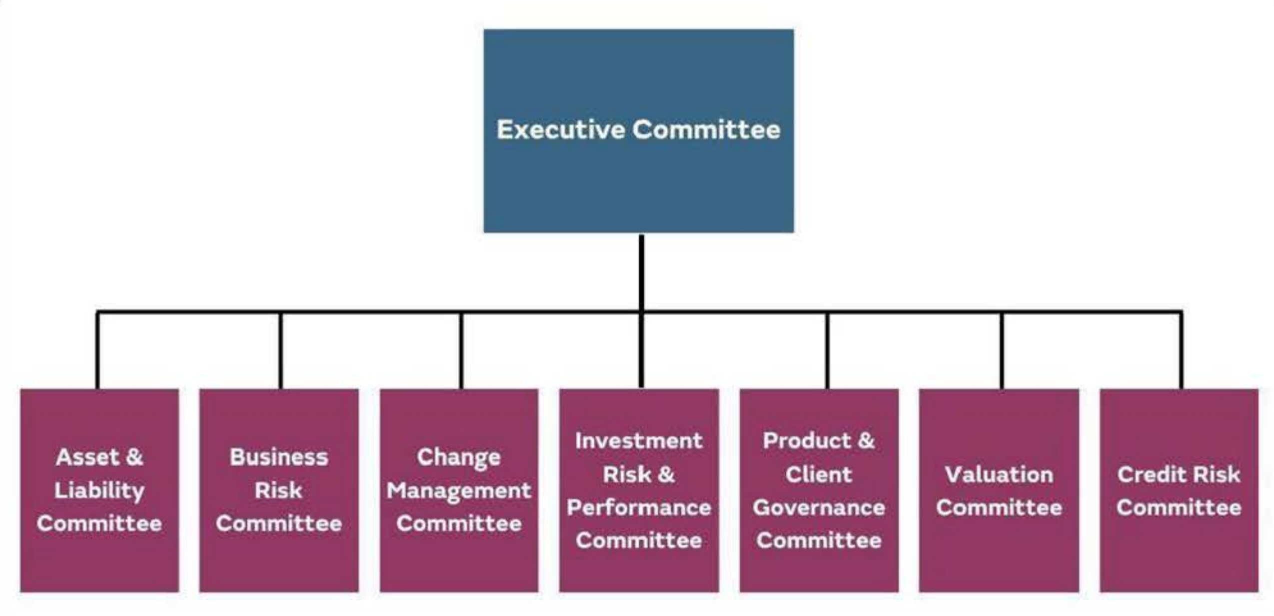
- A training and development programmes should be created providing targeted training programs or online learning to fill identified gaps.
- Hiring and Recruitment if the gaps identified are substantial targeting individuals who are strong in these areas.
- Mentoring and knowledge sharing to facilitate the internal knowledge transfer from those that have strong sustainability knowledge.
-

6 Monitor and Evaluate Progress

- Agree benchmarks and KPIs to measure the progress of closing the skills gap.

3.3 Management's role in assessing and managing sustainability-related risks and opportunities

Responsibilities relating to sustainability risk have been clearly defined and allocated to a few key individuals with senior management responsibility, all of whom are Executive Committee members. All such individuals report directly to the CEO, who is responsible for the delegated and assigned responsibilities. More information on these Management responsibilities can be found in our GIB AM Climate-related Financial Disclosures.



We believe that sustainability and climate-related risks and opportunities are integral to our business and so are embedded in our Management Committees. GIB AM's Management Committees support the Board with their sustainability-related responsibilities, according to the remit of the respective committees, as defined in each Committee's Terms of Reference.

Management Committees receive reports on sustainability-related issues as relevant to their remit; this enables them to monitor sustainability-relevant developments. All Management Committees report into the Executive Committee, who then report into the Chief Executive. This enables Management to report on sustainability-related issues to the Board and means that the Board has oversight of such issues, as relevant. Management level committees at GIB AM also have the responsibility of endorsing new and material changes to policies (including those related to sustainability).

The management level committees with specific responsibilities relating to sustainability are outlined below:

- The **GIB AM Executive Committee (ExCo)** is responsible for reviewing the corporate financial position including profitability and balance sheet, and ensuring all relevant, material factors have been considered (such as sustainability -related risks and opportunities). It is also responsible for reviewing proposals on the corporate strategy and business model, for approval by the Board, ensuring that all relevant, material factors have been considered (such as sustainability-related risks and opportunities).
- The **Asset & Liability Committee** is responsible for supporting the Board with the articulation of its financial risk appetite statement and limits with regards to climate/Environmental Social and Governance (ESG) financial risks, reviewing climate/ESG financial risks and endorsing any new, or material changes to credit, market or liquidity risk policies, prior to submission to the AROC/Board.
- The **Business Risk Committee (BRC)** is responsible for ensuring that relevant sustainability considerations (including those related to sustainability) are considered when determining the firm's Risk Appetite. It is responsible for supporting the Board with the articulation of its non-

financial risk appetite statement and limits with regards to climate/Environmental Social and Governance (ESG) risks, reviewing climate/ESG risks and endorsing any new, or material changes to the climate risk management strategy prior to submission to the AROC/Board.

- The **Investment Risk & Performance Committee (IRPC)** is responsible for identifying and assessing material sustainability-related risks, including climate change, for each asset management product or investment strategy and reviews how sustainability-related risks and opportunities have been incorporated into the investment process, including through engagement activities. The Committee also ensures the investment approach is in line with firm-wide commitments such as, the Sustainable Finance Disclosure Regulation (SFDR).
- The **Credit Risk Committee** is responsible for considering sustainability (including climate change) risks for GIB AM's banking products whilst granting credit lines for GIB AM's counterparties.
- The **Product and Client Governance Committee (PCGC)** is responsible for the review and approval of public product-related disclosures, including those relating to sustainability and climate such as SFDR and TCFD product disclosures.

To assist The Board and its Committees in the oversight of strategy and decision making and considering sustainability risks and opportunities, a sustainability risk and opportunities section has been included in the management committee reporting templates from 2025. The aim of including this section is to ensure that stakeholders consider the following factors:

- Clearly specify any relevant sustainability risks and opportunities, along with their expected timeframes.
- Describe how these sustainability factors have been considered and integrated; and
- Describe any trade-offs considered between different sustainability factors, explaining the rationale behind prioritising certain risks or opportunities over others.

3.4 Oversight and monitoring of sustainability-related targets, including performance metrics in remuneration policy

In 2023, GIB AM published its GIB AM's Climate Transition Plan[3] containing its action plan and targets relating to our transition to net zero. The Board is responsible for overseeing the Climate Transition Plan. The Climate Transition Plan was approved by the Board in September 2023, and it will receive updates at appropriate intervals. Further details of the responsibilities in relation to the Climate Transition Plan can be found on page 24 and 25 of our GIB AM Climate Transition Plan. In addition, further information about progress on actions outlined within the Climate Transition Plan can be found can be found in our GIB AM Climate-related Financial Disclosures as of 31 December 2023.

GIB AM has other sustainability related targets for Equity, Diversity and Inclusion. These are further detailed in the relevant section below and are overseen and monitored by the Board and GIB AM Executive Committee. GIB AM also has metrics and targets related to Human Capital and Development. These are further detailed in the relevant section below and are overseen and monitored within the Human Resources (HR) Department.

GIB AM aligns remuneration and incentive structures with its strategic objectives and business plan. This includes the priority of objectives set out in the 2023 Climate Transition Plan. With respect to the governance of remuneration, input is received by the Nomination and Remuneration Committee to assist them in discharging their duties, and this includes information to affirm that performance is aligned with delivering GIB AM's net zero commitment and their associated progress timeline.

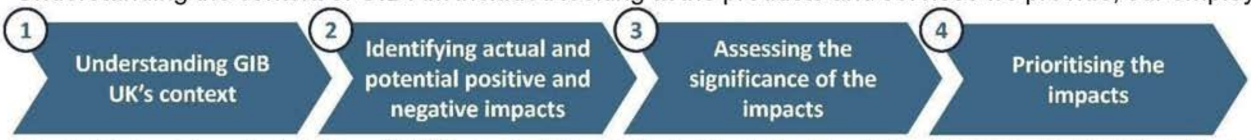
[3] gib-am.files.svdcdn.com/production/documents/Governance/GIB-AM-Climate-Transition-Plan- VF.pdf?dm=1712239397

4. Strategy

4.1 Process to identify, assess and prioritise sustainability-related risks and opportunities

During 2024, GIB AM considered a materiality framework to understand and determine material topics as per IFRS Sustainability Disclosure Standards S1 and S2 to then identify sustainability-related risks and opportunities that could be expected to affect GIB AM's prospects.

The methodology for the Materiality Assessment carried out to identify GIB AM's sustainability-related risks and opportunities was adapted from the methodology used to determine the GIB Group's materiality topics. A four-step approach to determine materiality was followed:



Understanding the context of GIB AM included looking at the products and services we provide, our employee breakdown, and undertaking a SWOT analysis to analyse internal and external factors. To identify actual and potential positive and negative impacts, we:

- Looked at previously identified material topics at a Group level, based on a high-level materiality assessment carried out;
- Conducted an analysis that allowed us to understand our impacts, using the United Nations Principles for Responsible Banking (UNPRB) assessment tool. This impact assessment was conducted on both the Asset Management and Treasury & Banking business and enabled us to identify several potential areas of impact for our asset management business. Due to the nature of our Treasury & Banking business, no impacts were identified;
- Considered the impacts identified in our 2023 Impact and Engagement Report;
- Based on work completed to report against SFDR, we also considered our Principal Adverse Sustainability Impacts;
- Used the Sustainability Accounting Standards Board (SASB) Materiality Map to identify our material topics;
- Looked at rating agencies' assessments of GIB, and used MSCI reports to understand material impacts for banks;
- Considered what our peers identified as material topics and identified the common material themes for Asset Management and Treasury & Banking;
- Conducted a stakeholder analysis to understand our material topics, which included asking our employees and clients what they believe are material topics for GIB AM, and our Chief Sustainability Officer and Head of Strategy providing input on what shareholders deem material, on behalf of shareholders; and
- Looked at the priorities published by UK regulators to understand the areas of focus.

4.2 GIB AM material sustainability-related risks and opportunities

Having determined the material topics, for the purposes of IFRS Sustainability Disclosure Standards S1 and S2, an analysis was conducted to identify relevant sustainability related risks and opportunities within these material areas that are likely to have material financial impact on GIB AM. Further analysis was conducted by GIB AM's Finance Team to determine those that could be expected to affect the prospects of GIB AM and therefore, the sustainability related risks and opportunities topics that we provide further detail

on within this report and from the overall list of sustainability risks and opportunities, the below were prioritised. None of these sustainability risks and opportunities have been allocated a higher priority than another. These are as follows:

- **Climate and the Environment;**
- **Equality, Diversity and Inclusion (ED&I);**
- **Human Capital, Development and Wellbeing; and**
- **Cyber Security and Data Protection** (following internal analysis, it was determined that although Cyber Security and Data Protection was not initially identified as a sustainability risk, it could potentially have a material financial impact on GIB AM and therefore should be considered and included in this disclosure).

4.3 Time horizons

Time horizons refer to the period over which the effects of each sustainability related risk or opportunities could be expected to occur. GIB AM determines the time horizons to be and apply to each of the sustainability risks and opportunities detailed within this disclosure:

- **Short-Term (0-2 Years):** This aligns with the Transition Plan Taskforce (TPT) Framework and Implementation Guidance for TCFD reporting, suggesting a maximum horizon of 3 years. GIB AM has chosen a two-year period to emphasise the importance of swift action. GIB AM's budgeting process puts most emphasis on the following year.
- **Medium-Term (3- 5 Years):** This timeframe adheres to the FCA MiFID/EMT guidance, which indicates that investments with a term beyond five years are categorised as long-term. It also considers the Partnership for Carbon Accounting Financials' (PCAF) 5-year threshold used for classifying assets in the Treasury & Banking business. This was therefore used to delineate the difference between short and medium term. GIB AM's business planning cycle looks up to 5 years ahead.
- **Long-Term (6 Years – 27 Years):** Going beyond the MiFID/EMT's 5-year guideline, this period reaches up to 2050, aligning with global commitments to tackle climate change by mid-century. GIB AM does not currently plan beyond 2050.

In the following sections we set out further information pertaining to each identified material sustainability-related risk and opportunity. We describe our strategy for managing each sustainability-related risk and opportunity, including how GIB AM has responded to or plans to respond to these in our strategy and decision-making. Additionally, we explain where possible the current and anticipated effects on our business model and value chain of the sustainability-related risks and opportunities we consider could be reasonably expected to affect our prospects. We detail where applicable, information relating to risk management and the processes to monitor each sustainability-related risk and opportunity, as well as any metrics and targets we have in place to monitor and track performance.

Given the constraints in data accessibility and reliability, GIB AM has decided to include qualitative information in terms of the financial impact pertaining to the material sustainability risks and opportunities identified for our business. The complexity of the impacts of each, poses a challenge in delivering precise quantitative data upon which to rely in terms of accurately quantifying financial impacts. As these capabilities evolve, we aim to incorporate quantitative disclosures in forthcoming reports.

4.4 GIB Asset Management

Our total assets under management (AUM) as at 31 December 2024 is USD 6.1 bn. In line with industry-based guidance for Asset Management we set out below the key metrics for our Asset Management business.

<table>
<tr><th>Amount of AUM</th><th>Active Equity</th><th>Active Fixed Income</th><th>Passive Equity</th><th>Passive Fixed Income</th></tr>
<tr><td>Integration of ESG issues</td><td>100% - USD124.5m</td><td>100% - USD30.6m</td><td rowspan="3">Nil - our passive portfolios are discretionary mandates in which the clients have directed that no ESG factors are to be incorporated.</td><td rowspan="3">Nil- our passive portfolios are discretionary mandates in which the clients have directed that no ESG factors are to be incorporated.</td></tr>
<tr><td>Sustainability themed investing</td><td>100% - USD124.5m</td><td>100% - USD30.6m</td></tr>
<tr><td>Screening</td><td>100% - USD124.5m

combination of positive/best in class screening and negative screening</td><td>100% - USD30.6m

negative screening</td></tr>
</table>

4.4.1 APPROACH TO INCORPORATION OF ESG FACTORS IN INVESTMENT MANAGEMENT PROCESSES AND STRATEGIES

At GIB AM, we provide a range of solutions that reflect a shared set of values across complementary products. ESG factors are incorporated into the investment decision making processes of our active investment strategies. Our ESG Integration process within each in scope strategy ensures that there is an explicit understanding of ESG risks and opportunities within the investment teams.

GIB AM Sustainable World Fund: The Investment Manager invests in companies whose products and services they believe have a positive impact on one of their Sustainability Themes which are divided between People and Planet. They then integrate environmental, social, and governance factors into their long-term assessment of each of these companies and invest in those that they believe to be sustainable throughout the business.

GIB AM Sustainable World Corporate Bond Fund: The Investment Manager invests with 100% exposure in companies whose products and services they believe have a positive impact on one of their Sustainability Themes, which are divided between People and Planet. They then integrate environmental, social, and governance factors into their long-term assessment of each of these companies and invest in those that they believe to be sustainable throughout the business.

GIB AM Emerging Markets Active Engagement Fund: aims to maximise risk-adjusted returns by investing and engaging on operational and sustainability related topics. Its two-pillar process first identifies undervalued business through bottom-up analysis while the second pillar involves partnering with portfolio companies to drive change on material ESG issues to generate alpha.

GIB AM European Focus Fund: The Investment Manager aims to achieve the Fund's investment objective by taking a predominately bottom-up investment approach that seeks to integrate fundamental ESG factors, with an emphasis on social and governance matters which, in the opinion of the Investment Manager, increases an issuer's potential to generate compounded earnings and create value over the long term.

4.4.2 PROXY VOTING AND ENGAGEMENT POLICIES AND PROCEDURES

GIB AM acknowledges that effective stewardship is an important part of our responsibilities as a responsible investor. Our definition of stewardship is aligned with the Stewardship Code set by the Financial Reporting Council and our stewardship activities satisfy our responsibilities under the UN PRI principles 2 and 3.

Although we are not currently signatories, GIB AM supports the principles set out in the UK Stewardship Code. GIB AM has a Stewardship, Engagement and Proxy Voting Policy that outlines GIB AM's stewardship approach both with respect to engagement and proxy voting, includes our SRD II disclosure/statement and sets out how we have considered the Stewardship Code, and the policy applies to GIB AM's active investment products.

For our Treasury & Banking business we incorporate ESG factors into credit analysis. The majority of GIB AM's Treasury Counterparties are externally rated by the three largest credit rating agencies (S&P/Moody's/Fitch) and have ESG ratings. The Credit rating agencies have linked ESG risks to credit rating analysis through the assignment of ESG ratings which helps to communicate how ESG factors affect the counterparty's standalone (i.e. excluding support) credit rating. ESG ratings are updated as part of the annual review of Treasury Counterparties (or when a credit assessment is carried out), with average portfolio ratings refreshed monthly.

4.5 Climate and the environment

As a financial institution with an Asset Management and Treasury & Banking unit, we emphasise the importance of integrating climate considerations into our governance, strategy, and risk management processes. This section provides an overview of the impacts of climate change on our activities. Our steadfast commitment to generate superior investment performance through deep integration of sustainability into the investment decision-making across our sustainable investment solutions and management of climate-related risks and opportunities is imperative to maintaining long-term resilience and generating value for our stakeholders.

TABLE 1: SCENARIOS AND TIMING

Scenario[4]	**Short Term (2024-2025)**		**Medium term (2026-2029)**		**Long Term (2030- 2050)**	
	Risk	**Opportunity**	**Risk**	**Opportunity**	**Risk**	**Opportunity**
Orderly	Low	Low	Low	Medium	Low	Medium
Disorderly	Low	Low	Low/ Medium	Medium	Low/ Medium	Medium
Hot house world	Low	Low	Medium	Medium	Medium / High	Medium

We provide below a detailed qualitative analysis of climate-related risks and opportunities over the short-term, medium-term, and long-term time horizons. Understanding the time horizons of these impacts is crucial for effective risk management and strategic planning. By evaluating how climate change affects our business across different time frames, we can better anticipate and mitigate potential risks while capitalising on emerging opportunities. This approach ensures that our strategy is resilient and adaptive, aligning with our commitment to sustainability and long-term value creation for our stakeholders.

4.5.1 CLIMATE AND THE ENVIRONMENT: RISKS

Physical Risk: The change to climate patterns, including acute and chronic climate events, poses material, immediate and long-term risks to investors, lenders and insurers and can also give rise to sentiment risk. These could impact assets and supply chain activities. Climate-related physical risks can also directly constrain bank revenue and profitability by disrupting operations, workforce, markets, assets, and infrastructure, potentially reducing capital.

We are acutely aware of the significant physical risks posed by climate change on our Asset Management and Treasury & Banking business. Physical climate risks include both acute, which are event-driven and include increased severity of extreme weather events, such as cyclones, hurricanes, heat or cold waves, or floods, and Chronic, which are longer-term shifts in climate patterns (e.g., sustained higher temperatures, sea level rise, changing precipitation patterns) that may cause sea level rise or chronic heat. The USA and

[4] Detail of scenarios provided on next page

UK constitute 20.5% and 54.7% of our placements respectively for our Treasury & Banking Business[5]. London has already experienced record temperatures, reaching 40°C in 2022 and increased temperatures can lead to more frequent and severe heatwaves, posing health risks, particularly to vulnerable populations such as the elderly and those with pre-existing health conditions. Additionally, rising sea levels and more intense rainfall events increase the risk of flooding, with London being particularly vulnerable to surface water flooding. Higher temperatures can also stress infrastructure, including transportation and energy systems, leading to disruptions and increased maintenance costs. According to an interim report[6] published by the London Climate Resilience Review[7] London and the UK are underprepared for major climate impacts, including severe flooding, extreme heat and wildfires, with a “lethal risk” to the most vulnerable communities. These factors can result in increased operational costs, and potential asset devaluation, directly impacting our profitability. New York, where the Federal Reserve Board is located, is equally experiencing rising sea levels relative to the global average.

Our customers from the Gulf Cooperation Council (GCC) countries make up 40.2%[8] of our deposits for our Treasury & Banking Business and most of our current Asset Management clients. The World Bank[9] estimates that climate-related water scarcity will cost Middle Eastern nations 6% of their GDP by 2050, due to water-related impacts on agriculture, health, and incomes. The economic effect of extreme weather events, including floods, storms, and heatwaves, can affect their investment behaviours and deposit levels, thereby negatively influencing our Asset Management and Treasury & Banking operations.

Climate-induced migration and displacement may exacerbate regional conflicts and political instability. According to Carnegie Endowment for International Peace[10] elevated temperatures and prolonged droughts in the Middle East may render large areas uninhabitable, leading to mass migrations and increased pressure on urban areas. This could result in long-term declines in asset values and in future activity with our Asset Management business. The broader economic impacts of climate change can also affect the financial health of our clients, leading to increased credit risk and potential financial instability.

The Paris Agreement aims to limit global warming to well below 2°C, with efforts to limit it to 1.5°C. Different climate change scenarios can significantly influence the physical risks and their impact on our business.

TABLE 2: PHYSICAL RISK IMPACT UNDER DIFFERENT CLIMATE CHANGE SCENARIOS

Scenario	Scenario Description
Orderly Transition (2.0ºC)	Assumes climate policies are introduced early and become gradually more stringent, reaching global net zero CO2 emissions around 2050 and likely limiting global warming to below 2 degrees Celsius on pre- industrial averages. • While extreme weather events may still occur, their frequency and intensity are likely to be lower, reducing the overall impact on our operations and financial stability.

[5] Source: GIB Asset Management
[6] New report says London and UK 'underprepared' for climate change impacts like flooding and extreme heat - Palmers Green Community
[7] London Climate Resilience Review interim report press release
[8] Source: GIB Asset Management
[9] High and Dry: Climate Change, Water, and the Economy (worldbank.org)
[10] https://carnegieendowment.org/research/2024/04/the-looming-climate-and-water-crisis-in-the-middle-east-and-north-africa?lang=en&center=global

Disorderly Transition (2.0-3.0 C)	Assumes climate policies are delayed or divergent, requiring sharper emissions reductions achieved at a higher cost and increased physical risks to limit temperature rise to below 2 degrees Celsius on pre- industrial averages. • In this scenario, physical risks are expected to increase moderately. More frequent and severe weather events can lead to higher operational costs and increased asset depreciation. This can impact our financial position and require more robust risk management strategies.
Hot House World Transition (3.0C)	Assumes only currently implemented policies are preserved, current commitments are not met, and emissions grow until 2080 leading to above 3 °C of warming, with severe physical risks and severe social and economic disruption and failure to limit temperature rise. • Extreme weather events, rising sea levels, and long-term climate changes can cause significant disruptions to our operations and lead to substantial financial losses. The broader economic impacts of severe climate change can affect the financial health of our clients from GCC countries, leading to increased credit risk and potential financial instability.

Transition Risk: Transition risks are the potential impacts that accompany the shift towards a lower-carbon economy. Such shifts may necessitate significant modifications in policy, legislation, technology, and markets to meet the needs of climate change adaptation and mitigation, which could significantly impact our operations and financial performance. Reliance on oil-related income by GIB AM clients could see disruption in their revenue and hence financial activity with GIB AM, caused by both disruption in oil prices and transitioning away from oil.

POLICY AND LEGAL RISK

- **Regulatory Changes** such as new laws and policies to address climate risks, can significantly impact our operations and finances. In the short term, we may face compliance costs. In the medium term, regulatory and technological changes could accelerate the transition away from fossil fuels. This could lead to stranded assets in the oil sector, affecting the financial health of our clients and increasing our bank's credit risk. Long-term regulatory shifts can drive strategic transformations and require substantial capital reallocation. We are proactively managing these changes by ensuring compliance with applicable laws and policies, enhancing sustainability to safeguard our long-term resilience and value creation.
- **Legal Risks** arise from potential litigation, regulatory enforcement actions, and changes in the legal landscape aimed at addressing climate issues. The likelihood of occurrence is low. In the long term, evolving legal standards and increased regulatory scrutiny may necessitate significant changes in our operations and compliance practices, potentially leading to higher compliance costs. By proactively managing legal risks and ensuring robust compliance with climate-related regulations, we aim to mitigate potential liabilities, protect our financial position, and support our long-term sustainability goals.
- **The implementation of carbon pricing** based on emissions presents a climate-related risk for our Asset Management business. Entities with high emissions could face increased costs due to carbon pricing, potentially affecting their profitability and reducing returns for our client's portfolios. Over the medium term, these increased costs could lead to a revaluation of assets, potentially resulting in write-downs and negatively impacting the performance of our clients' portfolios. In the long term, as the transition to a low-carbon economy accelerates, entities and countries that cannot reduce their emissions could face significant financial challenges, potentially leading to stranded assets and substantial losses. This could impact the value of our clients' portfolios and affect our Asset Management business. From a Treasury & Banking

perspective, GCC depositors (40.2% of total deposits), which are dependent on the energy sector could face increased operational costs resulting from carbon pricing. Furthermore, the GCC countries over the long term could experience decreased global competitiveness as the geopolitical landscape could shift as global energy markets evolve, potentially diminishing the GCC's influence as major oil exporters. Consequently, GIB AM could face increased volatility in deposit flows which could impact profitability. 12.5%[11] of GIB AM's bank placements are in the GCC region. Over the long term, these countries could be negatively impacted with the transition away from fossil fuel. This could potentially increase GIB AM's credit risk.

MARKET RISK

- **Energy Price Volatility** presents a significant climate-related risk for GIB AM, which has placements and receives deposits from countries in the Middle East whose economy is dependent on the price of oil. In the short term, sudden fluctuations in energy prices could impact on the profitability of our clients. However, our analysis shows there is limited correlation between oil prices and client deposits. That said, energy price fluctuations could affect the profitability of our placements and potentially lead to increased credit risk. Over the medium term, sustained periods of low oil prices could strain the economies of oil-producing countries, potentially leading to an increase in defaults and a decrease in deposits. In the long term, the transition to a low-carbon economy could lead to a structural decline in oil demand and prices, potentially resulting in stranded assets and significant losses for our client's oil-based economies. This could impact our placements, reduce our deposit base, and increase our credit risk.
- **Significant market demand shifts** due to climate change could pose a risk to GIB AM. In the short term, sudden changes in consumer preferences and regulatory requirements can lead to volatility in asset valuations and impact on our investment strategies. Over the medium term, sustained shifts in market demand towards sustainable and low-carbon products can influence the performance of our portfolios, necessitating adjustments in asset allocation and risk management practices. In the long term, the transition to a low-carbon economy can fundamentally alter market dynamics, presenting both risks and opportunities for our investments. GIB AM has undergone a shift in its business model over the last 5 years towards offering sustainable investment products. Sustainable investment is at the core of our active investment business, and we continue to build upon this.

REPUTATIONAL RISK

- Public perception, driven by increasing awareness and concern about climate issues, can significantly influence our reputation, customer loyalty, and overall market position. In the short-term, shifts in public sentiment (for example, GIB AM connection with oil producing sovereign states or exposure via investee companies to the technology sector which is likely to increasingly require critical minerals and significant amounts of power) may pose reputational risks and affect customer preferences, potentially leading to client attrition. However, given our Asset Management clients are mostly domiciled in the GCC this is deemed an insignificant risk. Over the medium-term, we may need to enhance our transparency and sustainability reporting to meet stakeholder expectations and maintain trust.

4.5.2 CLIMATE AND THE ENVIRONMENT: OPPORTUNITIES

INVESTMENT PRODUCTS, INVESTMENT DECISION-MAKING AND THE ALLOCATION OF CAPITAL

As a financial institution dedicated to sustainability and long-term value creation, we recognise the significant opportunities presented by climate change. The transition to a low-carbon economy offers a myriad of investment prospects across various sectors. By strategically capitalising on these opportunities, we can enhance our resilience, attract sustainability-focused investors, and contribute to a more sustainable future. Examples of some of the areas of investment opportunity are set out below:

[11] Source: GIB Asset Management

- Renewable energy investments such as in residential and commercial solar installations, wind farms, bioenergy projects, sustainable real estate could offer a unique blend of financial returns and sustainability benefits. By strategically investing across short-term, medium-term, and long- term horizons, it is possible to enhance our portfolio's resilience, attract sustainability-focused investors, and contribute to a more sustainable future.

- Water Management Solutions: we recognise the significant opportunities presented by advancements in water management technologies. In the short term, investments in smart water meters, IoT (Internet of Things) sensors, and advanced leak detection systems could provide immediate financial benefits through improved water efficiency and cost savings. Over the medium term, water recycling and reuse systems, desalination technologies, and advanced filtration systems offer substantial growth potential by addressing water scarcity and enhancing water quality. In the long term, integrated water management solutions, climate-resilient water infrastructure, and sustainable agriculture technologies could ensure sustainable growth and align with global efforts to combat water scarcity, providing stable returns and enhancing our market leadership.

- Sustainable transportation investments offer significant opportunities. In the short term, investing in electric vehicle infrastructure and companies could provide immediate financial benefits. Over the medium term, expanding investments in public transportation and smart mobility solutions can drive growth. In the long term, investing in advanced transportation technologies can ensure sustainable growth and aligns with global efforts to reduce carbon emissions.

- Climate-Resilient Infrastructure: we acknowledge the significant opportunities linked to climate-resilient infrastructure investments. In the short term, investing in projects that improve the resilience of existing infrastructure, such as flood defenses and stormwater management systems, can yield immediate financial benefits and help mitigate risks. In the medium term, opportunities include developing new infrastructure projects that can withstand climate impacts, such as resilient transportation networks and energy systems. In the long term, investing in comprehensive, integrated climate-resilient infrastructure solutions could ensure sustainable growth, align with global efforts to combat climate change, and provide stable returns.

POLICY, LEGAL AND REPUTATIONAL OPPORTUNITIES

- In the medium term, with regards to our Asset Management business, we anticipate that if countries are to successfully reach Net Zero by 2050, there will be more Government support. One example of this is the US IRS Act which should enhance returns for companies who focus on the transition to net zero. We expect this will enhance the returns of the type of companies we target to invest within our sustainable solutions. The main opportunity is where these companies outperform their peers. Capital allocators will either be required (by clients or Governments) to maximise returns which may lead them to further allocate to sustainable investors.
- In the long-term, continuously aligning our brand with sustainability goals can enhance our market value and competitive advantage. By proactively managing public perception and demonstrating our commitment to climate action, we aim to strengthen our brand, attract sustainability-focused investors, and ensure long- term resilience and growth.

- The current geopolitical situation in the Gulf creates a higher risk of conflict which is concerning from a humanitarian perspective and could very well negatively impact the Global Economy. We do not believe this risk would impact us materially but that it potentially could provide an opportunity for GIB AM's deposits to increase as our ability to access both the Federal Reserve Bank and the Bank of England could prove safe havens for our clients.

4.5.3 CLIMATE AND THE ENVIRONMENT: STRATEGY

In response to the increasingly urgent global climate crisis, GIB AM is dedicated to implementing a robust strategy to address the risk and opportunities brought by climate change.

Under the topic of Climate and Environment, we describe below our strategy for managing the more specific risks and opportunities identified for our business.

GIB AM has also published a Climate Transition Plan that focuses on how GIB AM impacts the climate and the actions it is taking to address this, rather than the impact of the climate on GIB AM itself. It discusses the key assumption and dependencies and cover the following risks and opportunities in more detail: impact of active investment performance and associated emissions targets; reducing GHG emissions; and growing climate-aligned solutions.

ENERGY PRICE VOLATILITY

Reliance on oil-related income by clients could see reductions in their activity with GIB AM as the world transitions away from oil.

- **Strategy**: Diversify client base away from those that are directly or indirectly heavily reliant on fossil-fuel-related income and activities. This is both a direct adaptation effort (GIB AM changing its target market) and indirect adaptation (it depends on client actions).
- **Current situation:** The client base for both the Treasury & Banking and Asset Management businesses is highly concentrated in the GCC region, and diversification has proved challenging.
- **Impact on business model and value chain:** No impact on products or services, but business model impact is dependent on geographic concentrations. No impact on value chain
- **Plans:** Whilst the GCC remains a target market, Asset Management business development is looking increasingly elsewhere. Specifically, expansion efforts are underway in Europe and the US.
- **Resources:** Business development resources (people and funds structures) have been added to enable diversification efforts. No further changes in resourcing expected.

MARKET DEMAND SHIFT

Climate risk could weigh on indices, mechanically reducing fees from offering index solutions (indirect).

- **Strategy:** Firstly, to engage with clients about moving to climate-aligned benchmarks. This is an indirect action, as it relies on clients making different choices. Secondly, engaging where permissible and otherwise in collective or thematic endeavors to make index portfolios more robust to climate-related risk. This is an indirect mitigation action, as it relies on the companies in those indices increasing their own resilience to climate risk but would be likely to support actual reduction in greenhouse gas emissions through its impact on capital allocation.
- **Current situation:** regular stress testing is conducted to understand the vulnerability of index portfolios to a range of climate-related risks
- **Impact on business model and value chain:** no impact on business model and value chain currently
- **Plans:** Continue to test index resilience. A client engagement plan is in place to cover climate issues. An engagement policy and strategy are in place, including engagement around climate-related issues.
- **Resources:** Resources within the Risk Department prepare regular stress tests and this information is reported to the relevant management Committees. No change in resourcing expected.

IMPLEMENTATION OF CARBON PRICING

The cost of GHG emissions could increase with the imposition of a carbon price.

- **Strategy:** GIB AM aims to reduce its GHG emissions, with the targets and implementation plan set out in our Climate Transition Plan. The imposition of a carbon price would mean that GIB AM was required to purchase carbon credits to offset all residual emissions. In effect, this would be an additional mandatory expense. Whether it would result in adaptation or mitigation would depend on the nature of the carbon projects funded through the credits.
- **Current situation:** GIB AM currently uses carbon credits on a voluntary basis to offset its operational emissions. However, financed emissions are not included. GIB AM monitors the carbon market and

relevant regulatory trends and assesses the likelihood of a carbon price being made mandatory in the UK as being highly unlikely in the short to medium term. GIB AM is also aware of the limitations and challenges of utilising carbon markets to offset emissions – in particular, issues of integrity and aims to have a robust due diligence process in place before making any purchases.

- **Impact on business model and value chain:** no impact on value chain currently. Business model unlikely to be affected, unless level of carbon price set extremely high
- **Plans:** There are no current plans to mitigate this risk, aside from the actions outlined above aimed at minimising the scale of the footprint itself.
- **Resources:** An investigation on the possibility of a carbon price imposition has been undertaken and a watching brief is being maintained.

INVESTMENT PRODUCTS, INVESTMENT DECISION-MAKING AND THE ALLOCATION OF CAPITAL

Climate-related factor's impact on active investment performance

- **Strategy:** The approach to integration of climate-related factors varies depending on the investment strategies and asset classes, however, all consider these factors. Some of our active strategies have implemented portfolio emissions reduction targets and are working to implement these. This is a direct action that GIB AM can take, but ultimately the ability to make an impact rests with the investee companies. The actions taken by the investee companies could comprise both adaptation and mitigation efforts.
- **Current situation:** GIB AM's funds are new and are building track record.
- **Impact on business model and value chain:** No further impact on business model or value chain, but the importance of these factors was a driver of offering sustainable investment strategies
- **Plans:** The intention is to implement portfolio emissions targets for all active portfolios. With respect to how GIB AM plans to achieve the portfolio emission reduction targets, the main ways are through integration into investment themes and stock selection. An additional facet is via engagement with investee companies.
- **Resources:** The resources allocated to integration of climate are not captured separately, but form part of the investment team's work overall. With the prominence of climate risk growing, this resource is expected to increase over time. Please refer to our GIB AM Climate Transition Plan for more details.

GROW CLIMATE-ALIGNED INVESTMENT SOLUTIONS

- **Strategy:** GIB AM has developed a set of solutions that are designed to consider sustainability, as appropriate to the different asset classes and geographies on which they focus. This is partly a direct mitigation action, in that GIB AM manages these solutions, but it also relies on clients deciding to allocate to these strategies.
- **Current situation:** GIB AM has four flagship investment strategies and is focused on growing assets under management in these solutions.
- **Plans:** GIB AM's business plan is to scale capital in its active offering. During 2024, this included steps to expand distribution capabilities into the US.
- **Resources:** GIB AM has made a significant investment in our investment team personnel, strategy development and launch and business development over the past five years. Relative to that, further investment is expected to be incremental, for example linked to gradually growing the teams and opening in additional geographies. For further details, see GIB AM Climate Transition Plan.

PHYSICAL RISK

Acute or chronic climate events could weaken the operational resilience of GIB AM.

- **Strategy:** GIB AM has a well-established approach to operational resilience that covers all aspects of its business, both in the UK and through its out-sourced partners. It also has a business continuity framework enabling it to respond and recover to incidents, including those relating to climate events. Our strategy is therefore primarily direct adaptation but does rely indirectly on partners to some extent.

- **Current situation:** GIB AM's operations in the UK have been assessed as having low vulnerability to physical and transition risk. With respect to physical risk, this considers the vulnerability of its central London offices, primary and secondary data centres. Physical risks considered include temperature rise, sea level rise, and precipitation. The impacts are also expected to be low. In relation to suppliers and out-sourced partners, all critical service providers undergo an extensive due diligence process upon selection and on a periodic basis thereafter. Consideration was given to the out-sourced operations to GIB AM's parent Group, located in the Eastern Province of the Saudi Arabia (KSA).
- The Gulf region is highly vulnerable to the physical risks from climate change, particularly relating to temperature rise and water shortages. Extreme precipitation may also have a significant impact. Given the reliance on the mitigation of air- conditioning for cooling, the vulnerability of operations in the case of power failure would be extremely high.
- **Impact on business model and value chain:** Minor impact expected on UK operations or through majority of third party and out-sourced partners. KSA operations impacted by hot temperatures, though mitigated by air conditioning. Potential impact on business model if out-sourced operations need to be on shored due to physical risk materialisation.
- **Plans:** GIB AM has no plans to act because of climate risk to its operations, though it will continue to monitor the situation particularly in KSA.
- **Resources:** GIB AM has purchased insurance against physical damage to its London Offices. Since the onset of Covid, we have a proven ability to work from home as a mitigating action to also reduce impact. It also allocated resources towards its operational resilience and business continuity programmes. This has a particular focus on ensuring resilience through out-sourced providers, including the GIB Group.

CLIMATE TRANSITION PLAN

Efforts to reduce the scale of GHG emissions could positively or negatively impact GIB AM:

- **Strategy:** GIB AM has set targets to reduce its GHG emissions, with the implementation plan explained in its Climate Transition Plan. The Transition Plan involves taking direct and indirect action and covers both mitigation and adaptation actions.
- **Current situation:** GIB AM has already reduced its Scope 1 and 2 emissions since it began targeting emissions reductions in 2019. However, the major area for emissions reductions is Scope 3 emissions. Operationally, the majority is accounted for by business travel. With respect to financed emissions, the bulk is accounted for by the investment portfolios and sovereign debt holdings.
- **Impact on business model and value chain:** Impact on value chain insofar as GIBAM looks to reduce emissions, requiring adjustments through supply chain emissions. This could lead to cost savings (e.g. reduced business travel) or increases (e.g. purchasing green energy). Nature of the client base (markets and geographies) and investment strategies might also be impacted as part of efforts to reduce financed emissions.
- **Plans:** GIB AM is not yet required by law to set net-zero targets. However, we have voluntarily set operational emissions targets and is a signatory to the Net Zero Asset Managers Initiative. GIB AM's implementation plan includes:
    - Working with colleagues to find practical ways to minimise business travel-related emissions;
    - Considering the adoption of an internal carbon price to encourage a reduction in the carbon emissions from business travel;
    - Investigating the use of alternative fuels to reduce the carbon emissions from business travel;

  - Developing targets for active investment strategies not previously covered; and
  - Engaging with portfolio companies to deliver real-world decarbonisation.
- **Resources:** GIB AM's Sustainability team works with relevant departments (Facilities, Finance) to ensure a suitably resourced plan is in place to meet GHG targets.

4.5.4 CLIMATE AND THE ENVIRONMENT: RISK MANAGEMENT

POLICIES, PROCESSES AND PROCEDURES

The GIB AM Risk Function, as the second line of defense, provides oversight and support to the first line of defense in managing climate and ESG related risks. Climate related risks are identified and monitored at regular intervals. Key climate risk parameters such as carbon data for financed emissions, carbon intensity, climate VaR for our active Asset Management funds are monitored under the Investment Risk and Performance Committee oversight. ESG ratings for our investment portfolios are monitored under the Asset & Liability Committee oversight.

GIB AM has two divisions: Asset Management and Treasury and Banking services. Climate change-related risks are prioritised in terms of which are to be assessed first. Because Treasury & Banking relates mainly to short term (usually below 3 years) interbank lending, it was deemed that the Asset Management business, which invests in companies for the longer term and is exposed to these companies losing or gaining value due to climate-change related risks, was the priority. The second priority was the portfolio of bonds which are purchased and held to maturity by the Treasury team. This portfolio is made up of investment grade bonds, mainly Financial Institutions with a maturity up to 5 years and represents a very small percentage of GIB AM's total assets. Because investments made by the Treasury desk are short term exposures, are held to maturity, and are non-financial exposures, they are amongst the least exposed assets to climate-related financial risk.

GIB AM has established and implemented a Climate Change Risk Management Strategy that outlines GIB AM's approach to mitigating and managing the risks that can result from climate change. The strategy applies to GIB AM and its New York Branch, across both Treasury & Banking and Asset Management. This strategy is reviewed regularly, in line with that set out in the GIB AM Governance Framework.

GIB AM relies on third party vendor for Climate risk related information. While third party data provide reasonable basis for climate risks, the Investment & Client Services team conducts regular interaction with third party vendor to ensure any data gap is bridged as they arise. Vendor's Data coverage for the results is also monitored closely. The validation of the model used to estimate Climate Value At Risk is overseen by Risk as part of the Model Risk Management Policy.

CARBON FOOTPRINT METRICS

Scope 1 and 2 carbon emissions based on investor allocation or Weighted Average Carbon Intensity (as appropriate) are monitored by Risk through comparing the aggregated metric of the portfolio against the benchmark.

CLIMATE SCENARIO ANALYSIS

We conducted scenario analysis with the aim to identify and assess the impact of climate risks on products, the business and test overall resiliency of firm's strategy. Because GIB AM's funds are deemed the most exposed to climate change-related financials risks as opposed to the Treasury investments which are predominantly in short-term lending to financial institutions, climate scenarios are applied to active asset management funds. Stress tests are conducted by translating scenario specific estimates of discounted climate costs on company valuations. Risk monitors the results by comparing the estimate CvaR of the portfolio against that of the benchmark.

4.5.5 CLIMATE AND THE ENVIRONMENT: METRICS AND TARGETS

At GIB AM, we recognise the critical importance of addressing climate change and are dedicated to integrating robust metrics and targets into our operations. Our approach is designed to measure, manage, and mitigate our environmental impact, ensuring alignment with global sustainability standards. By setting clear and ambitious goals, we aim to reduce our greenhouse gas emissions, enhance energy efficiency, and promote sustainable practices across all facets of our business. This commitment not only supports the global transition to a low- carbon economy but also reinforces our responsibility to our stakeholders and the communities we serve.

GIB AM's Climate Transition Plan sets out the metrics and targets aimed at moving our existing assets, operations and business model towards net zero greenhouse gas emissions.

The Climate Transition Plan covers GIB AM's activities, which fall into three categories:

- **Operational Activities** – such as buildings and business travel;
- **Asset Management** – the investment products and services that GIB AM offers to clients; and
- **Treasury & Banking** – the services that GIB AM offers to clients (such as deposit-taking, foreign exchange and fiduciary services) and how the firm manages the resultant balance sheet.

We track our targets and metrics on a regular basis and aim to devise timely corrective action if required. We publish our progress against our targets and metrics on an annual basis.

OPERATIONAL GHG EMISSIONS METRICS

GIB AM applies the widely recognised and universally accepted Standards published by the Greenhouse Gas Protocol in measuring and estimating operational carbon emissions. There has been no change in measurement approach. By far the largest category is scope 3 emissions.

TABLE 3: GIM AM OPERATIONAL GHG EMISSIONS METRICS

Scope	Category	2019 tCO2e	2020 tCO2e	2021 tCO2e	2022 tCO2e	2023 tCO2e	2024 tCO2e
Scope 1	Only includes refrigerants as GIB AM does not have any company owned cars.	N/A	3.33	3.83	3.82	5.59	3.37
Scope 2	Electricity consumed in office and in data recovery (DR) sites	73.37	63.3	34.1	37.2	44.58	29.81
	Category 1: Purchased goods and services						7.11
	Category 3: Fuel and energy-related activities						2.63
	Category 5: Waste generated in operations						0.00

Scope 3	Category 6&7: Employee business travel (Includes emissions from employee commute, taxis, trains, flights and hotel stays)						633.81
	Total Scope 3	*409.94*	*60.9*	*194.89*	*477.84*	*535.31*	*643.55*
Total		**482.32**	**127.57**	**232.79**	**518.84**	**585.48**	**676.73**
Intensity ratio: tCO2e / FTE[12]		***5.82***	***1.64***	***2.71***	***4.94***	***5.00***	***5.37***

In 2024, the carbon footprint of GIB AM's physical activities was 676.73 tCO2e (table 3). We saw a reduction to Scope 1 and 2 emissions, meaning GIB AM met its targets for these scopes. Scope 3 emissions increased in 2024, the main reason for this being an increase in business travel, both employee commuting and overseas travel. Similar to last year, our overseas travel reflected collaboration with other parts of the GIB Group; visits to clients; business development trips; and investment research and engagement activity.

GIB AM missed its scope 3 target in 2024, however continues to look at how our operational emissions can be reduced further or maintained, such as considering an internal carbon price and sustainable aviation fuel.

We are not able to disaggregate our scope 3 emissions for prior years, however as of 2024, we have begun reporting disaggregated scope 3 emissions as required under the GHG protocol and ISSB standards.

OPERATIONAL GHG EMISSIONS TARGETS

Scope 1

Scope 1 emissions only include fugitive emissions from refrigerants contained in GIB AM's office fridges. At around 3-4 tCO2e per year, these emissions have remained largely static and are very small compared with overall emissions. Absent technological improvements, there is little further actions GIB AM could take other than removing them entirely. However, this would likely have negative impacts elsewhere, specifically in increasing food waste and posing a health risk to employees. As a result, a new target has been set to maintain scope 1 emissions at less than 4 tCo2e.

Scope 2

Scope 2 emissions constitute purchased electricity for GIB AM's main offices and data centres. These emissions are significantly smaller than scope 3, but nonetheless still more than 5% of total emissions. As a result of moving to a more energy efficient premises in 2020, scope 2 emissions have fallen by around 50% since the 2019 base year. That was in line with the 50% reduction target originally set out. The target will remain at holding Scope 2 emissions down 50% from 2019 levels. GIB AM will continue to engage with the landlord to seek adoption of energy efficiency enhancements across the building.

Scope 3

Scope 3 emissions cover other indirect GHG emissions that occur in GIB AM's value chain and includes both upstream and downstream emissions. GIB AM's objective is to reduce scope 3 category 6 emissions from business travel, representing the largest portion of GIB AM's operational emissions.

The Scope 3 emissions categories used for GIB AM calculations are:

- Category 1: Purchased goods and services aggregated with Category 2: Capital goods,

[12] Based on the following staff numbers: 83 (2019), 78 (2020), 86 (2021), 105 (2022), 117 (2023) and 126 (2024).

- Category 3: Fuel- and energy-related activities, (only transmission and distribution (T&D) losses, Category 5: Waste generated in operations (disposal/recycle of paper and cardboard, disposal of large and small electrical items),
- Category 6: Business travel (air, train, taxi, and hotel stays), and;
- Category 7: Employee commuting

For further detail on measurement approach, inputs and assumptions, please refer to the GIB AM Carbon Emissions Calculation Methodology on our website.

Business travel is essential to GIB AM's value chain and reducing travel activities to reduce carbon emissions could adversely impact the firm's performance and ability to raise assets, reinforcing the need for appropriate targets. GIB AM has therefore conducted an in-depth evaluation, looking at setting an appropriate target for the reduction of scope 3 emissions associated with business travel (category 6).

The Science-based targets initiative (SBTi) provides guidance for targeting setting for users of aviation services. It concludes that an absolute contraction method should be used. Two targets are suggested: 0.4% per year (2019-2050) based on the aviation sector specifically, and 1.23% per year as the minimum annual linear reduction permissible for scope 3 targets. By 2050, these would result in a reduction in GIB AM emissions by around 12% and 32% respectively compared with a 2019 baseline. An indicative business-as-usual scenario by contrast, could result in an increase in emissions of over 130%. The fact that business travel accounts for over 90% of our Scope 3 emissions means we have focused our targets on business travel.

GIB AM have also concluded that the previous target reduction of 50% by 2030 is overly ambitious, given GIB AM's experience since 2019, projected requirements for business travel, and the immaturity of the corporate traveler market for sustainable aviation fuel. GIB AM has therefore revised up the target to 12.7% reduction by 2030 and 31.8% by 2050 in line with the SBTi contraction method for scope 3 emissions. That is still more ambitious than the suggested SBTi absolute contraction for the aviation sector.

In line with SBTi, the scope 3 target is set as an intensity target, although the assumed absolute target is shown for completeness. For the intensity target, headcount increases of 2% per year are assumed.

TABLE 4: SUMMARY OF OPERATIONAL GHG EMISSIONS TARGETS[13]

	Emissions reduction of			
Type	Scope 1	Scope 2	Scope 3	Scope 3
Target	Flat	-50%	-31.9% by 2050 (equivalent to -0.123% per year)	-70% by 2050
Absolute or intensity		Absolute	Absolute	Intensity
Time horizon	All horizons	All horizons	Long term	Long term
Base year	2020	2019	2019	2019
Interim targets	N/A	N/A	-12.7% by 2030	-40% by 2030
Metric	tCO2e	% reduction	% reduction	% reduction
Units	tCO2e	tCO2e	tCO2e	tCO2e/FTE
Measured vs. estimated data	Measured	Measured and estimated	Measured and estimated	Measured and estimated

Carbon credits

GIB AM has not been able to reduce its gross carbon emissions to zero, nor does it expect to be able to reach gross zero emissions by 2050 despite its best efforts. It therefore believes that it will require the use of some

[13] Figures show gross emissions only, rather than netting off the offsets purchased in each year

offsets to achieve net zero in 2050. Given that, and as a proponent on tackling climate change as early as possible, GIB AM believes that it should invest in carbon credits today in order to support the net zero transition – both to reduce net emissions today and to support the development of a thriving supply of carbon credits globally. Specifically, GIB AM has committed, since 2019, to achieving net zero in its operational emissions, achieved through purchasing offsets. The figures included in this report show gross emissions only, rather than netting off the offsets purchased in each year. Carbon offsets are not used in GIB AM's investment portfolios, nor does GIB intend to offset its scope 3 financed emissions.

The offsets used by GIB AM in the past have been largely nature-based carbon removal credits. However, since 2022, GIB AM has purchased a bundle of carbon credits through the Regional Voluntary Carbon Market initiative. This included both nature and technology-based credits, such as cook-stoves, solar and wind projects. A range of providers have been used in the past, however, GIB AM requires all providers to supply evidence that the carbon credits have been prepared consistent with recognised global standards, for example, VERRA's Verified Carbon Standard (VCS) and the "Core Carbon Principles" established by the Integrity Council for the Voluntary Carbon Market (Integrity Council). The Integrity Council's 'Core Carbon Principles' establish a set of threshold standards for high-quality, high-integrity carbon credits which seek to minimise the negative impacts associated with the voluntary carbon market. Additionally, GIB AM requires providers to have received independent third-party verification against those standards. GIB AM's use of carbon credits is reported annually.

ASSET MANAGEMENT FINANCED EMISSIONS METRICS

GIB AM is a founding signatory of the Net Zero Asset Managers (NZAM) Initiative. As part of this initiative, we track financed emissions for all active investment funds. The total GIB AM AUM included within the financed emissions calculations is USD155m or 2.49% and does not include AUM for our passive nor our Treasury & Banking AUM.

TABLE 5&6: FINANCED EMISSIONS METRICS[14]

Weighted Average Carbon Intensity (tons CO2e / $m sales)		GIB AM Sustainable World Fund	GIB AM Sustainable World Corporate Bond Fund	GIB AM Emerging Markets Active Engagement Fund	GIB AM European Focus Fund
2023	Scope 1+2	21.1	145.2	52.6	12.6
	Scope 3[1] upstream	241.8	282.2	314.7	309.3
	Scope 3 downstream	194.7	415.5	290.1	268.1
2024	Scope 1+2	53.1	117.4	40.9	8.8
	Scope 3 upstream	234.5	284.7	310.0	312.3
	Scope 3 downstream	172.5	302.5	233.2	234.2

[14] Source: MSCI ESG Manager

Financed Carbon Emissions (tons CO2e / USD M invested)		GIB AM Sustainable World Fund	GIB AM Sustainable World Corporate Bond Fund	GIB AM Emerging Markets Active Engagement Fund	GIB AM European Focus Fund
2023	Scope 1+2	7.3	104.1	15.3	5.0
	Scope 3[2] upstream	66.3	172.8	86.5	94.6
	Scope 3 downstream	53.2	188.1	54.1	89.3
2024	Scope 1+2	11.8	71.7	12.0	2.9
	Scope 3 upstream	49.5	177.2	109.4	88.9
	Scope 3 downstream	33.5	142.9	73.4	44.9

GIB AM has chosen to include scope 3 emissions, as it understands that these emissions can represent the largest source of emissions for companies, especially for banks and insurance companies. The majority of overall emissions for banks and insurance companies are linked to their loan and project financing activities, rather than to their office operations. These emissions require measurement outside of a company's organisational boundaries, meaning that they are significantly harder to calculate. Reporting is less comprehensive for scope 3 emissions than it is for scope 1 and 2 emissions, however, GIB AM believes that it should report consistently and transparently and including scope 3 emissions helps to do so.

For the purposes of ensuring effective climate risk management, GIB AM tracks a metric on the financial loss resulting from transition or physical climate risk scenarios for the AM active portfolios relative to the benchmark

More information on the financed emissions for each individual UCITS funds can be found in the Sustainability- related information and documentation section of our website.

FINANCED EMISSIONS TARGETS

Given our commitment to NZAM, we have set point-in-time portfolio reference targets as well as asset class alignment targets. Our portfolio reference target tracks the Scope 1 and 2 Financed Emissions of the GIB AM Sustainable World Fund. We have set targets to reduce these emissions relative to the projected benchmark emissions, which include an 8.5% reduction per annum (table 7).

TABLE 7: GIB AM SUSTAINABLE WORLD FUND PORTFOLIO REFERENCE TARGET

Target	-30% vs Projected Benchmark by 2025	-55% vs Projected Benchmark by 2030	-92% vs Projected Benchmark by 2050
Absolute or intensity	Absolute		
Time Horizon	Short term	Long term	
Base Year	2019		
Interim Targets	Annual year-on-year reductions		
Metric	Financed emissions		

Units, methodologies and definitions on which this metric relies	Scope 1 & 2, CO2e
Measured vs. estimated data	Measured

In 2024, the financed emissions increased, mainly due to the purchase of a waste management company. With that being said, Scope 1 & 2 emissions are 21% less than the projected benchmark emissions, and have reduced in total by 50% vs. the benchmark base year figures.

TABLE 8: GIB AM SUSTAINABLE WORLD FUND PORTFOLIO REFERENCE TARGET PROGRESS

Year	GIB AM Sustainable World Fund (tons CO2e)	Projected MSCI World Index Benchmark (tons CO2e)	Difference (%)
2019 (Baseline Year)	453	1,245	**-64%**
2022	537	953	**-44%**
2023	343	872	**-61%**
2024	630	798	**-21%**

We have also set Asset Class Alignment targets for the actively managed global equities, whereby we aim to have 80% of in-scope assets 'Committed to aligning', 'Aligning with Net Zero', 'Aligned with Net Zero' or 'Achieving Net Zero' by 2025, 90% by 2030, and 100% by 2035, including 50% fully aligned by 2035, as defined by the Paris Aligned Investment Initiative methodology.

We are committed to managing 100% of our actively managed equity assets to be in line with Net Zero targets. Although that was a small proportion of our total assets in 2024, we expect the percentage of our AUM managed in line with Net Zero to expand over time as we grow our actively managed business.

In 2024 we continued to work on establishing portfolio reference targets for our other actively managed strategies. However, given the NZAM review announced in early 2025, GIB AM awaits the outcome of the review before it can update current targets, or submit new targets.

Indexation assets are considered out of scope for the current Net Zero target setting. This is because, as a small asset manager, we have limited ability to affect the composition of the index and limited power to encourage all companies within it to move to Net Zero.

TABLE 9: GIB AM ASSET CLASS ALIGNMENT TARGETS

Target	Percentage of assets "Committed to Aligning", "Aligning with Net Zero", "Aligned to Net Zero" or "Achieving Net Zero"		
	>=80% by 2025	**>=90% by 2030**	**100% by 2035 including >50% "Aligned to Net Zero" or "Achieving Net Zero"**
Absolute or intensity	N/A		
Time Horizon	Short term	Long term	Long term
Base Year	N/A		

Interim Targets	By 2025	By 2030	By 2035
Metric	Percentage of Assets		
Units, methodologies and definitions on which this metric relies	Percentage. Definition of each group of assets defined as per the PAII Net Zero Investment Framework (see section 7.2 for the full set of criteria)[3]		
Measured vs. estimated data	Assessed	Assessed	Assessed

In 2024, we believe that 70-85%[15] of our GIB AM Sustainable World Fund's AUM is 'Committed to Aligning', 'Aligning', 'Aligned', or 'Achieving Net Zero', however due to changing data provider are not able to currently verify this figure.

TREASURY & BANKING

An assessment was conducted of GIB AM's Treasury & Banking business using the PCAF Partnership for Carbon Accounting Financials (PCAF) methodology. This assessment concluded that there was little impact from these activities on the climate (scope 3: financed emissions), reflecting the short-term and transactional nature of the business activities being conducted. This in contrast to the long-term investment approach taken by GIB AM's Asset Management business. Therefore, no climate-related targets for the Treasury & Banking business have been set.

[15] Based on data collected as of 31 December 2023. Source: Clarity AI

5. Equity, Diversity and Inclusion (ED&I)

GIB AM considers Equity, Diversity and Inclusion (ED&I) as critically important for our business. We believe it is not just a moral imperative but also a strategic advantage that fuels our long-term sustainability and can be tangibly linked to business benefits and embracing ED&I ensures that we leverage a broader range of perspectives, experiences and ideas which will drive innovation and creativity. Fostering an inclusive environment may facilitate attracting and retaining top talent. Diverse teams can lead to better decision-making and improved problem solving and as a result better outcomes for our clients. Our commitment to ED&I starts at the beginning of the employee relationship, with a recruitment strategy that actively seeks to recruit from diverse groups, adapting our recruitment process to remove any barriers and ensure an equitable interview process. On joining, our development and progression framework and regular training initiatives ensure we continue to raise awareness and embed our ED&I strategy. Not only is it critical to our business outcomes, having strong ED&I forms a key part of our firm's DNA and is one of our core beliefs.

Whilst we have not provided a quantitative analysis in relation to this topic in terms of the financial impact, we deem ED&I to be a material sustainability-related risk and opportunity to the effective functioning and success of our business and in turn to our performance and profitability. Desk-based research[5] has been conducted in order to identify and assess the specific ED&I risks and opportunities referenced in this section. We believe ED&I is both a risk and an opportunity and remains present over all time horizons, and effects all areas of our business equally with no specific areas of concentration for this risk or opportunity.

5.1 ED&I: risks

A lack of ED&I may lead to a workforce that is less engaged and less productive, which in turn could result in a higher rate of turnover, leading to additional costs for the business. Employees could feel excluded or undervalued and engagement could reduce as a consequence. This could result in a decrease in productivity and staff turnover may increase. Institutional knowledge could be lost, and continuity disrupted. It is possible that failure to prioritise ED&I could in turn impact cashflows, financial performance and financial position, as well as cost of capital and access to finance across all time horizons as explained below:

- Significant costs from replacement of staff resulting from an ED&I grievance or by staff who seek employment with a firm with higher conviction to ED&I. According to Centric HR[16], it is estimated that to replace a salaried employee it can cost on average between 6-9 months' salary.
- Additional costs associated with discrimination and taking disciplinary action, investigations and suspension in relation to an ED&I grievance.
- Legal costs relating to an unfair dismissal case involving protected characteristics and/or prolonged case investigations.
- Damages paid for unfair dismissal relating to cases involving protected characteristics.
- Organisations that fail to prioritise ED&I may face criticism or backlash from the public, investors, and regulators, harming the organisations brand, trustworthiness and potentially leading to financial and operational repercussions. Reputational risk, due to negative publicity, impacting a firm in the event of an ED&I grievance could make a firm less attractive impacting ability to hire high-caliber employees and retain customers.

A further risk aspect is that a lack of diverse perspectives and viewpoints may reduce our performance quality and effectiveness as we fail to incorporate important considerations into our strategies and decision-making processes. We could miss key issues related to different communities, markets, and environmental challenges. This can lead to incomplete or biased views failing to address key issues, reducing our performance and effectiveness, which in turn could damage our reputation and credibility.

Inadequate Diversity and Inclusion could also potentially hinder our ability as an organisation to understand or engage with our clients, employees, and communities we work in. This could result in a failure in reflecting the concerns and needs of our stakeholders, leading to lack of trust and support for our sustainability goals.

16 What is the true cost of replacing an Employee? | News | Centric HR

A homogenous workforce could also be more susceptible to group think and could lead to dissenting opinions that are overlooked or discouraged. This could impact the culture of an organisation – impacting retention and attraction of staff but also could have client impact as we may not provide the best products or service

as a result. Innovation is often stifled as a result and innovation is crucial for developing creative and effective sustainable solutions for our clients. It can make us less responsive to emerging challenges.

Short Term: In the short term, the absence of ED&I could lead to elevated employee turnover rates, resulting in immediate costs associated with recruitment, training, and decreased productivity. In addition, poor ED&I practices could precipitate a tense work environment, leading to diminished employee morale and engagement, thereby impacting overall productivity.

Medium Term: Over the medium term, if GIB AM fails to fully embed ED&I, we may encounter regulatory and legal issues with regards to non-compliance with standards and regulatory requirements. There could also be potential legal actions relating to discrimination claims from individual employees. Furthermore, it may become difficult to attract and retain staff.

Long Term: Neglecting ED&I could hinder long-term growth and success, as failing to prioritise diversity and inclusion within teams may stifle creativity and make it harder to navigate market fluctuations effectively.

We believe we have a high ability to mitigate this risk through our strategy, policies and resources, as well as within the investment process for our active investment strategies.

We have a high level of engagement from employees to our ED&I Strategy, a programme of ED&I activities and communications and a recent accreditation by Inclusive Employers. We believe the probability of an ED&I risk occurring is low. Irrespective of this belief we have outlined a number of specific ED&I risks that could, without engagement to the ED&I strategy, impact our financial position, cashflow or cost of capital across the different time horizons.

Table 10: ED&I risks and time horizons[17]

Horizon	Risk
Short-Term	High Employee Turnover: Increased costs due to frequent hiring and training
	Low Employee Morale: Decreased productivity and engagement
	Reputational Damage: Negative public perception affecting customer trust and loyalty
	Legal Issues: Increased risk of discrimination lawsuits and associated cost
	Reduced Innovation: Lack of diverse perspectives leading to fewer innovative solutions
	Operational Inefficiencies: Ineffective teamwork and collaboration
	Compliance Risks: Failure to meet regulatory requirements related to EDI&I
	Talent Attraction Issues: Difficulty attracting top talent due to poor ED&I reputation
	Internal Conflicts: Increased workplace conflicts and grievances.
	Market Share Loss: Losing customers to competitors with better ED&I practices
	Low Employee Retention: Ongoing costs related to high turnover rates
	Innovation Stagnation: Long-term lack of innovation affecting competitiveness

[17] Sources: Understanding approaches to D&I in financial services | FCA CP18/23 – Diversity and inclusion in PRA-regulated firms | Bank of England

Medium-Term	Cultural Misalignment: Misalignment between culture and societal values
	Financial Performance: Negative impact on financial performance due to inefficiencies
	Brand Erosion: Long-term damage to brand reputation and customer loyalty
	Regulatory Scrutiny: Increased scrutiny and potential penalties from regulators
	Supplier Relations: Strained relationships with suppliers who prioritise ED&I
Long-Term	Sustainability Risks: Inability to achieve long-term sustainability goals
	Leadership Gaps: Lack of diverse leadership affecting strategic decision-making

5.3 ED&I: opportunities

We believe embedding ED&I into our GIB AM's culture, leadership and management practices is hugely important and creates a significant amount of opportunity for GIB AM to benefit from the strong advantages a high level of ED&I brings to a business. Many studies[18] have shown that a more diverse workforce produce significantly improved performance than one that is more homogenous. ED&I is about fairness and recognising that our people have different needs, experiences and barriers and ensuring that we address these differences to so that everyone has the same opportunities, embraces the fact that we have different characteristics, and everyone feels valued, respected and supported. An ED&I strategy provides the framework to creating a workplace where all our employees, regardless of background or their identity, can thrive and contribute to the success of the business.

According to the FCA's review of research literature that provides evidence of the impact of diversity and inclusion in the workplace, gender-diverse senior leadership is associated with positive business performance outcomes, especially when there is a 'critical mass' of women. In 2024 GIB AM's senior leadership gender representation was 44%[19] which is higher than the average industry representation of 35%[20] GIB AM's current board composition in which women make up 44%[21] of the board exceeds the 40% target set in the FCA's 2022 Policy Statement[22] and the average Board gender composition among FTSE100 companies[23]. In the medium to long term, GIB AM intends continue to increase its gender board composition in line with the industry average.

Organisations that are recognised for their commitment to ED&I are more able to attract potential employees from underrepresented groups because of their enhanced employee brand. An organisation can become a preferred employer, widening access to talent and making it easier to recruit top candidates. This increases the chances of recruiting candidates with unique skills and perspectives that will drive innovation and performance. Millennials and Gen Z place high value on diversity and social responsibility[24]. A market leading

[18] Jan Shelly Brown, J.S., et al. (2023), 'It's (past) time to get strategic about DEI', McKinsey & Company D&I creates not just better decisions but better investments-

Gompers, P. and Kovvali, S. (2018) The Other Diversity Dividend, Harvard Business Review

[19] Source: GIB Asset Management

[20] https://assets.publishing.service.gov.uk/media/641171aa8fa8f55607f6dabf/HMT_WIFC_Review_2022.pdf

[21] Source: GIB Asset Management

[22] PS22/3: Diversity and inclusion on company boards and executive management | FCA

[23] Women on FTSE Boards - Diversive

[24] 2024 Gen Z and millennial Survey | Deloitte Insights

ED&I approach will make a company more appealing to them as they look for roles in an inclusive and socially conscious workplace.

We believe that an inclusive environment is one where employees feel valued and respected and that leads to a sense of belonging and loyalty. A workforce with these feelings will be much more motivated and committed to their work and delivering results. A diverse workforce leads to creative problem solving and innovation, which in turn drives productivity and business success.

Included in an ED&I approach should be a focus on fostering a psychologically safe environment, which could encourage employees to feel comfortable sharing their ideas and concerns without fear of judgement. Failure to have this in place as part of an ED&I strategy could result in poor communication and collaboration and have a knock-on effect of a negative impact on productivity. Diverse teams are more adept at solving problems and can draw on wider experiences and knowledge. This will make processes more efficient, solutions more effective and productivity will increase as a result.

It is also important to have inclusive leadership that drives the tone of ED&I from the top. This creates an environment of encouraging employees to not only join an organisation but also contribute their best work.

We believe our approach to ED&I and its prominence within our organisation, means that GIB AM is well positioned in terms of the aspects referenced above and can take advantage of the following opportunities.

TABLE 11: ED&I OPPORTUNITIES AND TIME HORIZONS[25]

Horizon	Opportunity
Short-Term	Enhanced Employee Engagement: Immediate boost in morale and productivity
	Improved Recruitment: Attracting a wider pool of diverse talent
	Positive Brand Image: Immediate enhancement of company reputation
	Compliance and Risk Management: Reduced risk of legal issues related to discrimination
	Increased Innovation: Diverse teams bring fresh perspectives and ideas
	Better Customer Understanding: Diverse teams can better understand and meet customer needs
	Stronger Team Collaboration: Inclusive environments foster better teamwork
	Higher Employee Retention: Inclusive workplaces reduce turnover rates
	Enhanced Problem-Solving: Diverse perspectives improve problem-solving capabilities
	Immediate Market Differentiation: Stand out as a leader in ED&I practices
Medium- Term	Higher Retention Rates: Inclusive environments lead to lower turnover rates
	Enhanced Collaboration: Diverse teams improve problem-solving and decision-making processes
	Improved Employee Well-being: Inclusive practices contribute to better mental health
	Increased Market Share: Attracting a broader customer base through inclusive practices
	Better Risk Management: Diverse perspectives help identify and mitigate risks
	Enhanced Corporate Culture: Building a more inclusive and supportive corporate culture

[25] Sources: Diversity, Equality and Inclusion (DE&I) for financial services | Global law firm | Norton Rose Fulbright How diversity, equity, and inclusion (DE&I) matter | McKinsey

Diversity, Equity, and Inclusion in Finance & the Workplace (cfainstitute.org

Long-Term	Sustainable Growth: Long-term business sustainability through diverse and inclusive practices
	Leadership Development: Building a pipeline of diverse leaders for future growth

In February 2024, we received the results of our submission for the Inclusive Employers Standard. Inclusive Employers is a leading membership organisation for employers looking to build inclusive workplaces and assists with auditing, training and embedding workplace inclusion. We achieved a 'Committed' rating and are now accredited as an organisation that has embedded ED&I holistically across the business. This is a great achievement for an organisation of our size. We are now working on the areas highlighted in the report that we can improve upon over the next year and aim to make a further submission to be considered for a higher rating.

5.4 ED&I: strategy

Our ED&I Strategy provides the framework to creating a workplace where our employees, regardless of background or their identity, can thrive and contribute to the success of the business.

GIB AM takes a two-pronged approach to ED&I in terms of strategy. Firstly, considering the impacts through its own corporate strategy and operations – primarily through its culture and people. Secondly, considering the impacts through its choice of investment products to offer, investment decision-making and hence the allocation of capital.

5.4.1 CORPORATE STRATEGY AND OPERATIONS

In terms of impact through our own corporate strategy and operations, we adhere to high standards through our internal guidelines and ED&I policy. GIB AM has an ED&I strategy in place that sets out how GIB AM believes that ED&I is critical to ensuring it can achieve its business visions.

- **Strategy:** Our ED&I strategy sets out six areas of action to advance GIB AM's ED&I impact, covering: engage, equip, empower, embed, evaluate and evolve. These are actions directly taken by GIB AM.
- **Current situation:** Good progress has been made in 2024 in advancing GIB AM's ED&I strategy and highlights include
- **Engage:** interactive sessions held for colleagues on specific ED&I issues; community outreach.
- **Equip:** recruitment framework in place to support hiring teams in making the process and decision- making inclusive; training provided including specifically for managers
- **Empower:** improving colleague consultation in organisational decision-making
- **Embed:** embedding the ED&I policy and recruitment framework; continuing our inclusive internship programme; regular monitoring of performance against commitments and providing a psychologically safe environment for new and existing employees. ED&I is embedded within our strategy and the ED&I plan is reviewed annually by Board.
- **Evaluate:** culture survey data collection and review, Inclusive Employers accreditation
- **Evolve:** continue to work with specialist recruitment agencies to attract candidates with disabilities
- **Impact on business model and value chain:** no impact on business model and value chain
- **Plans:** GIB AM continues to prioritise ED&I with work on-going across all six focus areas. The Board receive an update on the plan each year in September to review the progress made against the goals. Goals and key actions are set for the six focus areas, and they will move to business as usual once established and replaced by new actions to ensure we continually evolve. The accreditation process with Inclusive Employers has provided us with recommendations on how we can continue to improve all six areas, and these will be added to the plan. Resources: ED&I is not resourced separately as we believe embedding ED&I within all parts of the business

and enhancing company culture is the optimal way to ensure the benefits of ED&I are achieved. ED&I does make up a substantial proportion of time for several individuals throughout the business notably in HR and the Chair of the ED&I Forum for colleagues. As a member of Inclusive Employers Forum, GIB AM is able to utilise their consultancy, training and thought leadership to assist us with embedding ED&I. We also run an inclusive internship programme, which targets socio-economic and neuro-diverse inclusion.

GIB AM has an ED&I Policy in place that reinforces our commitment to ED&I throughout the employment lifecycle and sets out how we put this commitment into practice. As an organisation, GIB AM values diversity, encourages inclusion and supports staff wellbeing. We value the fact that each of us is unique, whether in terms of our background, personal characteristics, experience, skills, or motivations. Fostering an inclusive culture helps us to benefit from a wider range of these different perspectives, experiences and skills which we believe creates a more productive, happier and sustainable working environment, supporting wellbeing

and enabling our people to work better because they can be themselves and feel that they belong.

5.4.2 INVESTMENT PRODUCTS, INVESTMENT DECISION-MAKING AND THE ALLOCATION OF CAPITAL

In terms of impacts through our investment products, investment decision-making and the allocation of capital, how ED&I is integrated by the companies into which we invest is a key consideration and the integration of ED&I-related factors forms part of the investment process for our active strategies.

- **Strategy:** Our investment philosophy and process are based on identifying companies with outstanding culture. Naturally, this covers many governance and leadership aspects. Our investment active strategies use the Glass Lewis platform as well as company's annual / remuneration reports to check for ED&I-related factors such as board independence, board diversity, employee engagement, workforce diversity and gender pay equity in our holdings as we believe this provides a window into company culture. We acknowledge that diversity strengthens decision-making processes. This is a direct action that GIB AM can take, but ultimately how these factors translate into value creation rests with the investee companies.
- **Current situation:** It is impossible to disentangle the contribution of ED&I factors to business performance, and even harder to identify how GIB AM's investment performance has been affected by them. However, GIB AM looks at various ED&I metrics as part of its regular impact assessments for active strategies.
- **Impact on business model and value chain:** No further impact on business model or value chain, but the importance of these factors was a driver of offering sustainable investment strategies
- **Plans:** The intention is to continue to integrate ED&I factors into the investment portfolios as appropriate. There are no portfolio targets in place, but through GIB AM's engagement strategy it is possible to encourage investee companies to implement such targets.
- **Resources:** The resources allocated to the integration of ED&I are not captured separately, but form part of the investment team's work overall.

5.5 ED&I: risk management

5.5.1 POLICIES, PROCESSES AND PROCEDURES

RECRUITMENT PROCESS

For ED&I we take reasonable and appropriate steps to encourage job applications from the most diverse range of candidates as possible. This includes working with agencies and apprenticeship schemes that support and provide candidates that may otherwise be disadvantaged or underrepresented. This can also include amending the recruitment process to meet an applicant's needs.

HR and the recruiting manager will consider disability in advance of a recruitment campaign so that advertising, application forms and assessments, arrangements for interviews, job descriptions and employee specifications, and selection criteria are appropriate and as inclusive as possible. We will ask applicants at the outset if they require any reasonable adjustments to be made to the recruitment process.

Every recruitment decision-maker should challenge themselves, and other members of the recruitment selection panel, to make sure that any stereotypes, unconscious bias or prejudice do not play any part in recruitment decisions. ED&I and a separate unconscious bias training module formed part of the mandatory learning plan for all employees in 2024. Face to face training is delivered by Inclusive Employers and sessions are held periodically. Managers are required to attend every two years to enhance their recruitment skills, and a log is kept ensuring managers' attendance, and that their skills are regularly refreshed.

Whilst the aim of taking positive action in the recruitment process is to open opportunity to all, ultimately it is always about selecting the best person for the role. However, in circumstances where there is a 'tie break' situation between candidates, Section 159 of the Equalities Act 2010, permits us to treat an applicant or employee with a protected characteristic who are underrepresented within the workplace more favourably than someone without that characteristic.

PAY-EQUALITY

As part of our Remuneration Policy, HR has responsibility for monitoring remuneration proposals to ensure they comply with GIB AM's Diversity and Inclusion commitments and that reward decisions made are free from bias. GIB AM is committed to ensuring that remuneration is fair and competitive, so employees value their level of compensation, and our policies are equitable for employees irrespective of their diversity characteristics

TRAINING

All new starters must complete diversity and inclusion training as part of their on boarding programme. Every current employee must complete regular diversity and inclusion training on a regular basis.

We also deliver a session on Psychological Safety to new joiners as part of the culture presentation.

PROGRESS TRACKING

On an annual basis we ask colleagues to voluntarily submit their information through an online survey. The four areas we have chosen to focus on as part of our ED&I strategy are Gender, Ethnicity, Disability and Socio-Economic Background. We analyse and share the data (in compliance with our data protection obligations) to enable us to: look at the ED&I composition of GIB AM; help assess the impact of our ED&I policy on our diversity and inclusion strategy; and obtain feedback from our colleagues. Data will also be used to highlight any initiatives or actions that may be required to support our goal of creating a fully diverse and inclusive workplace.

5.6 ED&I: Metrics and targets

HR provide an update to the Executive Committee on an annual basis on the results of the annual data review and provide the Board with our performance against the Key Risk Indicators/metrics below:

TABLE 12: ED&I TARGETS – GENDER AND ETHNICITY

Target	Gender equality	Ethnic diversity
Metric definition	Female representation	Ethnic representation
Unit	%	%
Quantitative or qualitative	Quantitative	Quantitative
Absolute or relative	Relative	Relative

Measured or estimated data	Measured	Estimated
Base Year	2019	N/A
Time Horizon	2030	Each year
Interim Target	2024=41% 2025=42% 2026=44% 2027=45% 2028=46% 2029=48%	N/A
Target	50%	>=25%
Methodologies and definitions	Self-declared gender as female Recorded as at 31 Dec Calculated as a % of total employees incl. contractors and Directors No adjustment made for part-time working	Self-declared ethnicity Ethnicity assessed as all non-white British Snapshot measured as per colleague survey completion window Calculated as a % of total employees completing survey (non-response not included in total) No adjustment made for part-time working
Limitations and assumptions	Individuals not declaring their gender are not included	Self-declaration Individuals not completing survey are not included
Validation	Yes – external limited assurance	No

GIB AM have not set targets for Disability & Neurodiversity yet. As a small organisation, setting suitably ambitious but attainable targets is important and we wish to assess what would be suitable targets.

TABLE 13: ED&I TARGETS – DISABILITY AND NEURODIVERSITY

Target	Disability	Neurodiversity
Metric definition	Disability representation	Neurological diversity
Unit	# of colleagues	# of internships
Quantitative or qualitative	Quantitative	Quantitative
Absolute or relative	Absolute	Absolute
Measured or estimated data	Measured	Measured

Base Year	N/A	N/A
Time Horizon	Each year	Each year
Interim Target	4	Internships undertaken by neurologically diverse candidates – 3 per year
Target	N/A[26]	N/A*
Methodologies and definitions	Self-declared individuals reporting that they require reasonable adjustments to accommodate their physical or mental condition(s)	Defined as period of paid employment for individuals self- declaring as neuro- diverse
Limitations and assumptions	Self-declaration	Self-declaration
Validation	No	No

As set out in our Diversity and Inclusion Policy, we believe that a truly diverse workforce, combined with an inclusive culture, is key to maximising business effectiveness. This holds equally for our Board of Directors. In 2022 the FCA published a Diversity and Inclusion Policy statement[27]. We have chosen to adopt the FCA's 2022 targets, even though technically we do not fall within the scope of the requirements. The following targets are also in place for, and have been agreed by, the GIB AM Board:

- At least 40% of the Board are women (including those self-identifying);
- At least one of the senior Board positions is a woman (including those self-identifying); and
- At least one member of the Board is from a non-White ethnic minority background.

These are measured on the same basis as set out in the table above. The gender data is externally validated.

5.6.1 CURRENT COMPANY PERFORMANCE

Performance against each target and an analysis of trends or changes in our performance are detailed in the table below.

Since 2020 the gender split at GIB AM has improved considerably with a 14% increase in the ratio of women. In 2024, women made up 39%[28] of GIB AM which is slightly below the target for 2024 and below the Financial Services sector average[29] of 43%. Ethnic diversity was [27% and has remained broadly stable over the past few years. At the Executive Management level, although there was broadly equal gender representation (44% male, 56% female)[30] the majority of the group self-declared as White British or other White.

TABLE 14: ED&I METRICS

Year	Gender Equality		Ethnic Diversity		Disability		Neuro Diversity	
	Actual	Target	Actual	Target	Actual	Target	Actual	Target
2024	38%	41%	27%	>=25%	7%	Not set	3	3

[26] We believe that the targets specified are interim targets – as they contribute to the goal of improving representation and inclusion of the specified groups. However, GIB AM has not yet targets for representation

[27] PS22/3: Diversity and inclusion on company boards and executive management (fca.org.uk)

[28] Source: GIB Asset Management

[29] Women in Financial Services: The Case for Gender Diversity - Stem Women

2023	39%	40%	25%	Not Set	7%	Not set	1	3
2022	33%	Not Set	25%	Not Set	3%	Not Set	N/A	Not set
2021	36%	Not Set	Not available	Not Set	N/A	Not Set	N/A	Not set
2020	25%	Not Set	Not available	Not Set	N/A	Not Set	N/A	Not set

5.6.2 Current board performance

In 2024, women made up 44% of the Board, which was above the 40% target. One of the senior board positions were female (the CEO). In 2023 women made up 30% of the Board with one senior position being female. The Board's target around ethnic diversity is set at >=25% and as of 31 December 2024, the figure was 44.5%. Succession planning and recruitment of new Board members aims to balance attracting individuals with the range of skills, experiences and perspectives to drive our business forward with the desire to reach our diversity targets.

Table 15: Gender equality Board metrics[30]

	Number of Board members (percentage)	Number of senior positions on the Board (percentage)
Men	5 (56%)	3 (75%)
Women	4 (44%)	1 (25%)
Other/not specified/prefer not to say	-	-

Table 16: Board ethnicity representation metrics[31]

	2024 Number of Board members (percentage)	2023 Number of Board members (percentage)
White British or other White (including minority-white groups)	44.5%	40%
Mixed/multiple ethnic groups		10%
Asian/Asian British		
Black/African/Caribbean/Black British		
Other ethnic group, including Arab	44.5%	10%

[30] Data for 2024 (as at 31 December 2024) Source: GIB Asset Management

[31] Data for 2024 (as at 31 December 2024). Source: GIB Asset Management

Non specified / prefer not to say	11%	40%

5.7 Human capital, development and wellbeing

GIB AM considers human capital, development and the wellbeing of our employees as paramount to the success of our business. We believe that failure to properly consider the value of human capital and failure to implement effective personal development practices and ensure the wellbeing of our employees could pose as a significant risk to our business. As well having a duty of care and an ethical responsibility as employers, this could potentially have a material impact on our prospects. Regarding human capital as crucial to the success of our business, ensuring we have sound development strategies and prioritising wellbeing can also prove as an opportunity for our business, whilst at the same time benefitting individuals within our organisation. Desk- based research has been conducted to identify and assess the specific human capital, development and wellbeing risks and opportunities referenced in this section. We consider human capital, development and wellbeing as a sustainability risk and opportunity that remains present over all time horizons and effects all employees across all areas of our business and effects all areas of our business equally with no specific areas of concentration for this risk or opportunity.

5.7.1 HUMAN CAPITAL, DEVELOPMENT AND WELLBEING: RISKS

High employee turnover could result from failing to consider human capital, development, and overall well-being within GIB AM. In the short term, high turnover could lead to increased recruitment and training costs, disrupting operational efficiency and straining cash flow. Furthermore, it can affect team dynamics and morale, causing a ripple effect that impacts the overall work environment. Over the medium term, the loss of institutional knowledge and expertise due to high turnover can hinder strategic initiatives and lead to decreased organisational innovation and problem-solving capability. Persistent high turnover can damage the GIB AM's reputation, making it challenging to attract top talent and maintain a competitive edge. In the long run, the continuous cycle of hiring and training new employees places additional pressure on the existing workforce, leading to burnout and reduced job satisfaction among the remaining staff, which further exacerbates the turnover issue. Breaking down this topic, we believe there are two areas of risk pertinent to our business. The first is that high employee turnover can erode human capital and weigh on financial performance. Whilst there are certain factors that will always remain outside of GIB AM's control, we believe a competitive employee value proposition, including employee benefits, development opportunities and wellbeing support is an influencing factor to help reduce turnover and regretted leavers, which in turn would reduce the financial impact of expenses associated with additional recruitment and onboarding and additional training.

The second risk area is that human capital-related factors can impact active investment performance. We see this as highly important across all our active investment strategies and we aim to mitigate this risk via the integration of human capital into the investment philosophy and investment process of GIB AM's active strategies. This includes the investment teams' consideration of how human capital is integrated by the companies into which GIB AM investment active strategies invest. Conversely, if factors relating to human capital are well considered within the investment process, we believe this serves as an opportunity set for our business and may enhance the investment performance of our active strategies.

5.7.2 HUMAN CAPITAL, DEVELOPMENT AND WELLBEING: OPPORTUNITIES

In terms of the opportunities relating to human capital, development and wellbeing, we believe investment in colleagues through recruitment, training or development and prioritising wellbeing and colleague support can enhance our prospects and enable improved performance by way of reducing sickness, absenteeism and enhancing attraction and retention of employees.

GIB AM's business model is highly dependent on experienced, skilled colleagues and business areas of particular focus with respect to key person risk are Investment, Treasury & Banking, Operations and Strategy and Sustainability. Through an effective recruitment process, a culture of learning mindset and a focus on personal development plans, we aim to recruit, retain and grow people with the right skill set. This focus area is managed by an annual training budget allocated for both soft and technical skills. On-the-job development is also seen as important although not captured separately via a specific budget.

5.7.3 HUMAN CAPITAL, DEVELOPMENT AND WELLBEING: STRATEGY

In line with the risks and opportunities outlined above, from a strategic perspective, GIB AM considers human capital both in terms of its own corporate strategy and operations and also as a factor in delivering investment performance. We believe that Human Capital, Development and Wellbeing in inextricably linked to ED&I. Having a robust and effective strategy in place for both, leads to securing a working environment in which employees can thrive, leading to a more successful business and in turn improved performance and profitability, as well increasing the potential for enhanced investment performance.

CORPORATE STRATEGY AND OPERATIONS

- **Strategy:** GIB AM's vision is for all colleagues to have a deep sense of belonging, to feel equipped and enabled, to develop and thrive. As a result, GIB AM's vision is that everyone is fully engaged, in pursuit of its business goals, leading to high performance and both personal and organisational success. We have identified six areas of focus to deliver this vision: attraction and retention; diversity and inclusion; learning and development; reward and performance; culture and change; health, safety and wellbeing.

- **Current situation:** GIB AM has a comprehensive programme of activities in place to invest in colleagues. Efforts are targeted based on skills assessments at the firm and team level and tailored to individual requirements as part of personal development plans. All colleagues are required to have a development objective in place as part of the performance review process. Several professional and industry specific memberships are available for all colleagues to join webinars or training events that are appropriate to their role or an area that is of interest. Training catalogues have been created, providing a range of courses and training that is available, such as our ESG training catalogue and our AI training catalogue. In our recent culture survey 84% of our employees said that they felt encouraged to develop and acquire new skills. Annual culture survey data is used to ensure culture initiatives can be targeted to what is required for colleagues to thrive. We plan to continue to recognise and reward colleagues for their contribution and achievements and ensure our compensation packages are competitive by benchmarking against our sector. A supportive culture in an organization refers to an environment where employees feel valued, respected, and encouraged to grow both personally and professionally. This type of culture fosters collaboration, open communication, and mutual respect among team members. It also emphasizes the importance of employee well-being, inclusiveness, and continuous learning. It is not something taken for granted, but rather an extensive cultural programme which has been undertaken over the past few years. Plans include providing comprehensive onboarding, job-specific training, and continuous learning opportunities to help colleagues develop their skills and improve performance. Additionally, improving management practices by training managers to be effective leaders who are skilled at motivating and supporting their teams. Maintaining a supportive culture is not something taken for granted, but rather an extensive cultural programme has been undertaken over the past few years. At GIB(UK) we have the following initiatives in place several initiatives to foster a supportive culture, such as: Annual Culture Surveys, Culture Awareness Workshops, Psychological Safety Workshops, Wellbeing Initiatives, Mental Health First Aiders, Anonymous Whistleblowing Line, External Speakers, Buddy Scheme, Recruitment Framework, Culture and Conduct MI, Work with Inclusive Employers, UK Specific Values and Behaviours, Recognition Award Scheme, Development and Progression Guidelines. GIB AM has a team of trained Mental Health First Aiders who can be contacted by staff at any time (inside and outside of working hours), who can provide support to staff and direct them to useful resources. We also run a programme of wellbeing events during the year aimed at helping staff look after their mental well- being, raising awareness of mental health and provide useful tools to help staff continue to look after their wellbeing in everyday life. Staff also have access to mental health support and resources through the GIB AM healthcare plan.

- **Impact on business model and value chain:** Business model is predicated on turnover remaining within its historical range and is highly dependent on experienced, skilled colleagues.

- **Plans:** The intention is to continue to provide comprehensive onboarding, job specific training and continuous learning opportunities to help colleagues develop their skills to improve performance. In addition, we plan to improve management practices by training our managers to be effective leaders who are skilled at motivating and supporting their teams. Managers are being supported to undertake a skills gap analysis for their teams looking at both soft and technical skills. Managers will be looking at learning gaps that exist now, but also potential future requirements identified and prioritised. Appropriate training interventions will be created and implemented for both individuals and teams.

- **Resources:** Specific resource in the HR team is allocated to learning and development. A training budget is in place for courses and equivalent. Training on the job is not captured separately.

ACTIVE INVESTMENT PERFORMANCE

- **Strategy:** The approach to integration of human capital-related factors varies depending on the investment strategies and asset classes, however, all active strategies consider these factors. Human capital is a particularly important driver of investment performance for the European Focus Fund because of its emphasis on how value is created by people and so the team's confidence in the leadership and culture of investees is a key investment determinant. This is a direct action that GIB AM can take, but ultimately how these factors translate into value creation rests with the investee companies.
- **Current situation:** It is impossible to disentangle the contribution of human capital factors to business performance, and even harder to identify how GIB AM's investment performance has been affected by them. However, GIB AM looks at various human capital metrics as part of its regular impact assessments and for certain active strategies, where relevant examples include employee turnover, retention, percentage of internal hires, employee engagement, talent and development and employee health and safety and labour practices.
- **Impact on business model and value chain**: No further impact on business model or value chain, but the importance of these factors was a driver of offering sustainable investment strategies
- **Plans:** The intention is to continue to integrate human capital-related factors into the investment portfolios as appropriate. There are no portfolio targets in place, but through GIB AM's engagement strategy it may be possible to encourage investee companies to implement such targets.
- **Resources:** The resources allocated to integration of human capital-related factors are not captured separately, but form part of the investment team's work overall.

5.7.4 HUMAN CAPITAL, DEVELOPMENT AND WELLBEING: RISK

MANAGEMENT POLICIES, PROCESSES AND PROCEDURES

Development and Progression Guidelines

We value our employees and want to give them the opportunity to grow and develop their skills. We also wish for our employees to take pride in working for GIB AM and we are committed to giving them a rewarding career in return. Appropriate development and progression planning will support us in creating a sustainable working environment. We have a set of Development and Progression Guidelines setting out GIB AM's stance on employee progression with a commitment to developing talent with development plans that give individuals the opportunity to achieve their full potential at work, performance reviews and analysing training needs, mentoring and coaching. Equal importance is placed on both soft and technical skills. We are committed to ensuring that development opportunities are available to all our employees and will make the necessary adaptions and changes to remove any barriers to ongoing skills development.

The guidelines also include the process that GIB AM will follow when promoting employees. Promoting from within the organisation is not always possible but GIB AM will do all it can to ensure that all our employees have the same opportunity and are fully supported to be prepared for the opportunities that may arise. In addition, we have learning and development guidelines within our Employee Handbook which provide information on Study support, both financial support and study leave available.

5.7.5 HUMAN CAPITAL, DEVELOPMENT AND WELLBEING: METRICS AND TARGETS

Our HR Department collate the below metrics related to human capital and development and then review on an annual basis to determine current performance against targets set. To monitor progress, these metrics presented to the Board bi-annually. This allows us to determine the effectiveness of training and development, whilst aiming to identify any trends and where improvements may be required.

TABLE 17: HUMAN CAPITAL TARGETS

Target	**Turnover**	**Training & development**	
Metric definition	Regretted leavers	Training expenditure	Personal development plans
Unit	%	$	%
Time Horizon	Each year	Each year	Each year
Target	<10%	750 per person	100%
Methodologies and definitions	Regretted leavers assessed qualitatively on departure, incl. given performance rating achieved in latest appraisal (4+) Calculated as a 3-month rolling figure Excludes Contractors and Directors. A regretted leaver is an employee who leaves the organisation voluntarily and is considered a loss by the company. For example, GIB (UK) may have preferred to retain the employee due to their valuable skills, performance or potential or their departure may impact GIB (UK) negatively by increasing recruitment or training costs, potentially affecting team morale and productivity	Average training expenditure per colleague	Personal development plans as recorded in electronic system Must have at least one objective Recorded as at 31 December
Limitations and assumptions	Assumes a certain amount of turnover is positive for the organization Assumes regretted leavers can be identified from pool of total leavers	Defined as any training that is non-mandatory. Does not include learning-on-the-job Excludes learning paid for by employees or undertaken in their own time	Metric only captures whether a plan is in place, not if it has been completed or the impact of completion

Table 18: Human capital metrics[32]

Year	Turnover - Regretted Leavers		Training and Development – Training Expenditure		Training and Development - Personal Development Plans	
	Actual	Target	Actual	Target	Actual	Target
2024	5%	<10%	TBC	TBC	TBC	100%
2023	4.5%	<10%	TBC	Not set	TBC	100%
2022	10%	<10%	TBC	Not set	N/A	Not set
2021	12.5%	<10%	TBC	Not set	N/A	Not set
2020	7.8%	<10%	TBC	Not set	N/A	Not set

5.8 Cyber security and data protection

Cyber risk refers to the potential for loss or damage to an organization's information systems due to cyber-attacks or data breaches. It encompasses the probability of events that could compromise the confidentiality, integrity, and availability of information.

GIB AM recognises that cyber-attacks pose one of the greatest risks to any business and risks are continuously evolving to become more elaborate and harder to protect against. Continual investment in resources, training and technology are essential to reduce the severity and likelihood of a successful attack.

Developing technologies such as Artificial Intelligence (AI) has driven innovation and promises a profound shift in how we interact with technology. As with all technology, new associated risks need to be considered, and we must acknowledge that AI allows for greater sophistication and broadens the accessibility of cyber-attacks. To remain still in Cyber Security means to fall behind the technology curve so continuous investment is essential.

5.8.1 CYBER SECURITY AND DATA PROTECTION: RISKS

Below are types of cybersecurity threats to which companies such as GIB AM are exposed:

- **Malware** is a term for any malicious software, including worms, ransomware, spyware, and viruses. It is designed to cause harm to computers or networks by altering or deleting files, extracting sensitive data like passwords and account numbers, or sending malicious emails or traffic. Malware may be installed by an attacker who gains access to the network, but often, individuals unwittingly deploy malware on their devices or company network after clicking on a bad link or downloading an infected attachment.

- **Ransomware** is a form of extortion that uses malware to encrypt files, making them inaccessible. Attackers often extract data during a ransomware attack and may threaten to publish it if they don't receive payment. In exchange for a decryption key, victims must pay a ransom, typically in cryptocurrency. Not all decryption keys work, so payment does not guarantee that the files will be recovered.

- **Social Engineering** attacks take advantage of people's trust to dupe them into handing over account information or downloading malware. In these attacks, bad actors masquerade as a known brand, coworker, or friend and use psychological techniques such as creating a sense of urgency to get people to do what they want.

[32] Data for 2024 (as at 31 December 2024). Source GIB Asset Management

- **Phishing** is a type of social engineering that uses emails, text messages, or voicemails that appear to be from a reputable source to convince people to give up sensitive information or click on an unfamiliar link. Some phishing campaigns are sent to a huge number of people in the hope that one person will click. Other campaigns, called spear phishing, are more targeted and focus on a single person. For example, an adversary might pretend to be a job seeker to trick a recruiter into downloading an infected resume.

- In an **Insider Threat**, people who already have access to some systems, such as employees, contractors, or customers, cause a security breach or financial loss. In some cases, this harm is unintentional, such as when an employee accidentally posts sensitive information to a personal cloud account. But some insiders act maliciously.

- In an **Advanced Persistent Threat**, attackers gain access to systems but remain undetected over an extended period. Adversaries research the target company's systems and steal data without triggering any defensive countermeasures.

The impact of a successful cyber-attack can be significant in terms of resources, financial cost and impact to customers.

- Financial Loss: Cyber-attacks can lead to significant financial losses due to theft of funds, loss of business, and costs associated with responding to the breach. In 2022, the Harvard Business Review[33] estimate that the average cost of a data breach reached $4.35 million.

- Reputation Damage: A data breach can severely damage a company's reputation, leading to loss of customer trust and potential loss of business. The impact may be direct and immediately felt, such as the loss of a customer or it may be less tangible through the loss of potential customers or investment over time.

- Operational Disruption: Cyber incidents can disrupt business operations, causing downtime and affecting productivity. On average, it takes about 24[34] days to resume basic operations after a devastating ransomware attack. Restoring the entire system to full functionality could possibly take months.

- Legal and Regulatory Consequences: Businesses may face legal actions and fines if they fail to protect sensitive data, especially with regulations like GDPR. The maximum fine that the Information Commissioners Office (ICO) can impose on firms for breaching GDPR is EUR20 million or 4% of annual turnover[35], whichever is greater.

- Intellectual Property Theft: Cyber criminals may steal valuable intellectual property, which can undermine a company's competitive advantage.

We set out below further detail on risks and the associated potential impacts to our business across the various time horizons. This risk affects all areas of our business equally with no specific areas of concentration.

[33] The Devastating Business Impacts of a Cyber Breach (hbr.org)
[34] U.S. average length of downtime after a ransomware attack 2022 | Statista

[35] Penalties | ICO

TABLE 19: CYBER SECURITY RISKS, TIME HORIZONS AND IMPACT

Horizon	Risk	Impact
Short-Term	Technical staff required to work extensive hours and weekends to contain the attack and begin the recovery exercise.	
	Overtime requirements	Financial
	Employee morale	Staff
	External forensic experts brought into help identify source of attack and validate the containment exercise. Provide forensic support and assist in recovery.	Expense
	Operational Inefficiencies: reliance on manual processes and alternative solutions. Ineffective teamwork and collaboration.	Operational Efficiency
	Impact on client payments and inability to settle trades in the market leading to significant reputational damage.	Financial and Reputational
	Inability to meet contractual commitments for invoices and projects. Potential loss of services.	Financial and Reputational
	Unable to trade effectively leading to increased sensitivity and impact of market movements in fund performance. Unable to accurately track positions and performance.	Financial
Medium- Term	Market Share Loss: Losing customers to competitors who are able to perform banking operations	Financial and Reputational
	Inability to perform regulatory reporting – capital adequacy leading to breach of regulatory requirements	Regulatory
	Inability to perform transaction reporting (MiFIR, EMIR, SFTR) leading to breach of regulatory requirements.	Regulatory
	Brand Erosion: Long-term damage to brand reputation and customer loyalty	Customer
	Regulatory Scrutiny: Increased scrutiny and potential penalties from regulators	Regulatory
Long-term	New Investment: loss of new investors and stagnating AUM	Financial

5.8.2 THREAT SCENARIO MODELLING AND ASSESSMENT OF IMPACT

On an annual basis, GIB AM considers the financial impact of cyber-attacks to our business. We do this primarily through threat scenarios a severe and successful attack is modelled and the impact assessed. The assessment of costs is determined through internal discussions and market trends.

- Recovery: GIB AM have modelled the cost of recovery which does not consider the immediate internal staff resources (overtime) but does include costs of engaging an external forensic cyber security firm to assist with containment, threat remediation and recovery.
- Reduction of Revenue: GIB AM have modelled a loss of one client from our Treasury portfolio resulting in an immediate reduction in AUM and fee revenue. The wider impact over the Asset Management business and potential unrealised investment is also considered but not financially modelled.
- UK GDPR fine: GIB AM have modelled a UK GDPR fine for the data loss based on the assumptions associated with the UK GDPR regulations maximum fine figures and percentages. Although GIB AM holds sensitive client data, it does not process a high volume of personal data such as client details.

- Improvements to IT systems and training GIB AM assumes that the cyber-attack would result in additional tools to prevent a reoccurrence. This includes both technical solutions and training.

5.8.3 CYBER SECURITY AND DATA PROTECTION: STRATEGY

- **Strategy:** A cyber security strategy is in place and endorsed by The Board. This outlines the overall approach to cyber security over a five-year horizon
- **Current situation:** A framework of policies, standards and procedures is in place and updated at least annually. A mandatory training programme is also in place to ensure all staff are familiar with cyber risks and can detect and report any threats. Security staff undertake regular training.
- **Impact on business model and value chain:** no impact on business model and value chain
- **Plans:** The cyber security roadmap is maintained and identifies and tracks key initiatives throughout the year. Progress is tracked through the Cyber Security management meeting which is held monthly. Regular audits are completed by internal and external audit functions. Specific cyber security audits are undertaken, and findings tracked to completion. The annual SOC audit includes significant cyber security focus.
- **Resources:** Continued investment in skilled security personnel ensures that we have the skills and resources to identify and respond to threats promptly and effectively.

5.8.3 CYBER SECURITY AND DATA PROTECTION: RISK MANAGEMENT

Policies, processes and procedures

We set out below detail of the controls we have in place as part of risk management of cyber security risk:

TABLE 20: TECHNICAL CONTROLS

Control	Description
Endpoint Security	Advanced threat protection is in place and performing scheduled and real-time monitoring of endpoint devices. Virus definitions are updated automatically, and threats are managed by our internal security team.
Web Security	All web traffic is controlled through multi-layered filters which prevent access to website categories which can be used for malicious purposes, uploading sensitive information or which pose a risk to the security of the network.
Encryption	Sensitive files are encrypted by default to provide protection against data loss.
Security Baseline Standards	All endpoint devices are configured to align to industry standard security baselines and compliance is monitored. This ensures that devices are protected by robust security standards.
Backup and Recovery	All critical data is replicated and backed up using a variety of solutions. Retention periods are defined, and restorations are tested regularly.
Network Security	Multiple layers of firewalls are in place to protect against attack. Intrusion Prevention technology is used to identify and block suspicious traffic.
Security Monitoring	A centralised SIEM is in place to collate, monitor and report on threats and suspicious activity. Alerts are generated automatically and managed by the security team.
Vulnerability Management	Vulnerability scanning is performed against all endpoints to identify the latest threats and vulnerabilities. These threats are triaged and prioritised based on the potential impact and exploitability. Remediation is performed by the security team.

Patch Management	Patches are deployed on a regular cycle to all endpoint devices to ensure that the latest operation system and third-party software updates are applied to address known security vulnerabilities. KPIs are tracked.
Identify and Access Management	A robust IAM process is in place to ensure that access is granted to approved individuals and based on principle of least privilege. Regular reviews are completed against systems to ensure that access remains appropriate. Leavers are deleted in a timely manner.
Email Security	Four layers of email protection are in place to identify and stop any potential malicious email-based traffic including phishing, spam and malware. Email traffic is encrypted by default.

5.8.4 Cyber security and data protection: metrics and targets

Given the sensitive nature of cyber security, the metrics we collate are for proprietary use only.

GIB AM SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES CONNECTIONS AND DEPENDENCIES

GIB considers the connections between the different sustainability-related risks and opportunities we have identified as part of the strategic planning process. The main aspects considered were the following, with the resulting implications:

- There is a strong link between human capital and the ability to manage the other risks and take advantage of the opportunities. For example, integration of sustainability-related factors (with climate, EDI and human capital identified here) into investment decision-making requires significant skills on the part of the investment team. Similarly, human capital, in the form of skilled business development, marketing and product teams will be critical in scaling the investment offering through the acquisition of new clients. Similarly, good ED&I practices should result in higher performing teams, again leading to better risk mitigation and opportunity realisation. These linkages reinforce the need for continued investment in human capital and ED&I.
- Furthermore, the learning from the investment teams about best practice from investee companies with respect to ED&I and human capital can be useful to improve GIB AM's own approach. The investment teams are encouraged to share best practice and input to the development of GIB AM's own approach.
- Certain operational climate risks are linked: the greater GIB AM's operational emissions, the greater the impact of the carbon price.

GIB AM SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES AND TRADE-OFFS CONSIDERED

The most significant area of trade-off is within GIB AM's active investment strategies. The teams must consider carefully how each company or asset in which they could invest is, or may be, affected both on the upside or downside. A careful weighing of risks is needed.

Consideration was given to the operational resilience the parts of GIB AM's operations that are outsourced to GIB Group in KSA considering climate-related risks. Physical risk was assessed to be higher in KSA than in the UK. However, GIB AM is part of a wider group, and there are potential efficiency gain and synergies to co-locate operations teams.

A significant trade-off exists between growing aligned climate solutions and reducing Scope 3 business travel emissions. That is because a significant share of flights are taken to visit clients and prospects outside of the UK.

There were no obvious trade-offs identified with respect to ED&I or human capital, development and wellbeing from an operational perspective.

6. Resilience

6.1 Resilience to climate-related risks

GIB AM understands that changes, developments, and uncertainties arising from climate-related risks and opportunities can affect the resilience of GIB AM's strategy and business model. GIB AM's management of climate-related risks has multiple aspects, with the over-arching objective being to manage climate-related risks and opportunities effectively.

GIB AM has integrated climate-related risks and opportunities into business planning to strengthen resilience and inform strategic decision-making, and to enhance GIB AM's understanding of the effects of climate-related risks and opportunities on strategy and business model. This practice also ensures that GIB AM is adhering to the broader requirement for entities to disclose information that enables users of general-purpose financial reports to understand the organisation's capacity to adjust to the uncertainties arising from climate-related risks. Regular consideration is also given to climate-related opportunities as part of the strategy and business planning.

We conducted scenario analysis with the aim to identify and assess the impact of climate risks on products, the business and test overall resiliency of firm's strategy. Because GIB AM's funds are deemed the most exposed to climate change-related financials risks as opposed to the Treasury investments which are predominantly in short- term lending to financial institutions, climate scenarios are applied to active asset management funds. Stress tests are conducted by translating scenario specific estimates of discounted climate costs on company valuations.

The scenarios used in the scenario analysis are detailed in Table 18 below:

TABLE 21: CLIMATE SCENARIOS USED IN MSCI'S CVAR ANALYSIS

Scenario	Description
NGFS Net Zero 2050 Orderly Scenario	The NGFS Net zero 2050 scenario represents an aspirational goal that demands concerted action, technological advancements and global cooperation to combat climate change effectively. Net Zero 2050 limits global warming to 1.5°C through stringent climate policies and innovation, reaching global net zero CO2 emissions around 2050.Some jurisdictions such as the US, EU, UK, Canada, Australia and Japan reach net zero for all GHGs. Net CO_2 emissions reach zero around 2050, giving at least a 50 % chance of limiting global warming to below 1.5°C by the end of the century, with no or low overshoot (< 0.1 °C) of 1.5 °C in earlier years. Physical risks are relatively low, but transition risks are high.
Below 2°C Disorderly Scenario	The 2°C Disorderly Transition Scenario serves as a critical tool for organizations to evaluate their resilience and adaptability in a less predictable and more turbulent climate future. Below are the salient features of the scenario used in MSCI's Climate VaR model: - Delayed transition assumes global annual emissions do not decrease until 2030. Strong policies are then needed to limit warming below 2°C - Scenario assumes new climate policies are not introduced till 2030 and level of action varies from countries and regions. - As a result, emissions exceed carbon budget temporarily and decline more rapidly after 2030 to ensure 67% chance of limiting global warming to below 2°C.

Below are the results presented for our suite of active and passive asset management strategies. The coverage figures presented in the table represent the proportion of the underlying holdings in the respective portfolios and benchmarks that are covered by the MSCI's CVaR tool.

ACTIVELY MANAGED UCITS FUNDS

All the actively managed UCITs funds have performed better than their respective benchmarks for climate related risks parameters under NGFS 2C 2050 disorderly and Net zero 2050 scenario. These portfolios are funded through seed capital (GIB AM's own positions) and seed capital is largely immunised from market movement with strategic hedges. We believe that there will be no impact (or negligible impact in case of imperfect hedging) on GIB AM's own positions in asset management portfolios from climate risks.

To determine if the product is concentrated in carbon intensive sectors GIB AM uses the MSCI GICS classifications, as well as the Bloomberg BICS classification, to map securities to sectors. GIB AM believes that the sectors Energy, Materials, Utilities and some sub-sectors like Automobile and components within Consumer Discretionary are carbon intensive.

In terms of concentration, GIB AM's actively managed UCITs funds are underweight (compared to their benchmarks) in some of carbon intensive sectors such as Energy, Materials and, Utilities. Active portfolios are also underweighted (compared to their benchmarks) in sub- industries perceived to be carbon intensive such as Automobile and components (sub industry under consumer discretionary. This is illustrated in the results below where all of GIB AM's active products are performing better than their respective benchmark in climate scenarios risk.

TABLE 22: SCENARIO ANALYSIS FOR ACTIVE PORTFOLIOS

Results as of 29.12.2023			Net Zero									
			1.5C REMIND NGFS Orderly			2C NGFS Disorderly			Transition Risk Data Coverage		Physical Risk Data Coverage	
Portfolio	Benchmark	Strategy	Portfolio	Benchmark	Active	Portfolio	Benchmark	Active	Portfolio	Benchmark	Portfolio	Benchmark
GIB AM SWF	MSCI World	Active	-2.8%	-10.3%	7.4%	-2.5%	-9.4%	6.9%	98%	98%	99%	97%
GIB AM EMAEF	MSCI Emerging Markets	Active	-4.2%	-20.4%	16.2%	-4.5%	-18.9%	14.4%	91%	98%	75%	95%
GIB AM EFF	MSCI Europe	Active	-3.0%	-15.5%	12.4%	-2.3%	14.6%	12.3%	94%	99%	94%	99%
GIB AM SWCBF	H37006US Index	Active	-2.8%	-4.7%	1.9%	-2.3%	-3.0%	0.8%	77%	77%	77%	75%

Below is an aggregated scenario analysis results for GIB AM's segregated portfolios from MSCI CVaR model for selected scenarios. Since Passive funds are tracked to the benchmark, and the majority of GIB AM's segregated portfolios are passive strategies, the aggregated results can be seen to be close to the benchmark.

TABLE 24: SCENARIO ANALYSIS FOR SEGREGATED PORTFOLIOS

Results as of 29.12.2023			Net Zero									
			1.5C REMIND NGFS Orderly			2C NGFS Disorderly			Transition Risk Data Coverage		Physical Risk Data Coverage	
Portfolio	Benchmark	Strategy	Portfolio	Benchmark	Active	Portfolio	Benchmark	Active	Portfolio	Benchmark	Portfolio	Benchmark
Segregated	MSCI World	Passive & Active	-10.6%	-10.8%	0.2%	-9.7%	-9.9%	0.2%	95%	99%	95%	99%

GIB AM integrates climate-related risk and opportunity assessments into active investment strategies, where relevant. This includes engagement activities with portfolio companies on climate transition. The actively managed investment strategies also incorporate the double materiality principle, managing both sustainability risks (including climate related) that impact on their financial performance, as well as how their investment decisions impact on sustainability factors and therefore the world at large.

Finally, engagement with material third-party supplier and outsourced partners is another part of GIB AM's approach, as defined in GIB AM's 2023 Outsourcing Policy, 2023 Third Party Risk Framework, and 2023 Outsourcing and Third-Party Supplier Code of Conduct. The objective is to drive net zero transition through supply chain selection and engagement, increasing the resilience of GIB AM's supply chain.

CLIMATE SCENARIO ANALYSIS

We conducted scenario analysis with the aim to identify and assess the impact of climate risks on products, the business and test overall resiliency of firm's strategy. Because GIB AM's funds are deemed the most exposed to climate change-related financials risks as opposed to the Treasury investments which are

predominantly in short- term lending to financial institutions, climate scenarios are applied to active asset management funds. Stress tests are conducted by translating scenario specific estimates of discounted climate costs on company valuations.

Further details of the scenarios used in the scenario analysis we undertake are detailed in our GIB AM Climate- related Financial Disclosures as of 31 December 2023.

6.2 Resilience to sustainability-related risks

GIB AM assesses the potential for sustainability-related risks (other than climate) to affect its resilience qualitatively and believe in reality that any climate scenario will be a combination of the risks highlighted in this report. It is however impossible to determine how the scenario will pan out but we do believe having robust risk management in place and also optimising our human capital and ED&I will improve the prospects of minimizing the impact of such a scenario. This assessment is done as part of the annual business planning cycle and operational resilience self-assessment (where applicable). The time period for the analysis for the business plan is one year ahead, although for the financial impacts are considered for the 5 years ahead.

Consideration was given to the following scenarios:

- An adverse scenario with incidences of exclusion, such as litigation or grievances relating to discriminatory practices, which could have a knock-on effect on the firm's ability to make progress around ED&I.
- An adverse scenario where it is much harder to attract and retain colleagues, whether due to market factors like a tightening in the UK job market, industry factors (e.g. a war for talent amongst investment managers) or form-specific factors triggered by the departure of key business leaders.
- An adverse scenario where mental health and wellbeing deteriorates within GIB AM's colleagues, and hence the possibility this might impact GIB AM's productivity to an increasing extent.

RESULTS OF THE ASSESSMENT

It was not possible to make a quantitative assessment of the above scenarios themselves or their possible impacts. However, consideration of the scenarios supported the development of the various implementation plans discussed in this document.

7. Risk management

For each of the specific sustainability risks and opportunities we have identified, we provide under each further information on the associated risk management processes, procedures and policies.

At an overall firm-level GIB AM has established and implemented a Climate Change Risk Management Strategy that outlines GIB AM's approach to mitigating and managing the risks that can result from climate change. The strategy applies to GIB AM, across both Treasury & Banking and Asset Management. This strategy is reviewed regularly, in line with that set out in the GIB AM Governance Framework.

GIB AM has a comprehensive risk management framework, including means to identify, assess, monitor and report sustainability-related risks. This framework includes regular scenario analysis and stress testing for climate risks. It also includes reputational risk management. The objective is to reduce negative financial impacts from climate risk within Asset Management, Treasury & Banking and operational activities.

GIB AM operates a Five Lines of Defense model. All Lines of Defense have a role in managing sustainability-related risks.

First line: Business (Treasury & Banking and Asset Management) and support units (e.g. HR, Finance & Legal, IT, & Investment & Client Services.) take risks and operate controls. They are responsible and accountable for the ongoing management of risks. This includes identifying, assessing, and reporting exposures considering the firm's risk appetite and policies.

Second line: Oversight Functions – a Risk & Compliance function, with an independent reporting line into AROC. They are responsible for supporting the identification, measurement, monitoring and reporting of risks, and they are accountable for overseeing the business lines' risk-taking activities.

Third line: Internal Audit – Internal Audit provides independent assurance to senior management, the Board of Directors and shareholders on the design and operating effectiveness of internal controls. GIB AM's internal audit function is complemented by a third-party external auditor firm. Internal Audit is not involved in developing, implementing or operating the Risk Management Framework and reports independently to AROC.

Fourth Line: External Audit – External Audit provides independent assurance to senior management, the Board of Directors and shareholders on the firm's financial reporting, as well as the systems that support it. The key role of the external audit is the review of financial statements to verify that they are a valid as well as reasonable account of both past financial performance and current financial position, and that are consistent with a suitable financial reporting framework. External Audit reports independently to AROC.

Fifth Line: Regulators – The PRA and FCA apply and monitor rules designed to increase transparency and accountability in various areas, such as capital requirements, financial reporting etc. They set the expectations for organisations to follow that are enforced via a continuous process of inspection, review, reporting and applicable penalties.

8. Conclusion

We hope that the information provided within this Annual Report is useful for our stakeholders and readers of this report and provides further transparency regarding our key sustainability-related risks and opportunities. GIB AM is dedicated to ensuring we have a robust strategy and framework in place to address these sustainability risks and opportunities that are material to our business.

With climate change and the impacts on people, the planet and our economies now becoming a critical issue, we continue to work on limiting GIB AM's impact via reducing our scope 1 and 2 GHG emissions and reducing scope 3 emissions of both our operations and our active investment products, whilst remaining as resilient as possible to the physical climate risks that may affect our business operations. We continue to remain dedicated to the allocation of capital to help achieve the transition to a low carbon economy through the sustainable investment products we offer and are dedicated to our ambition to contribute to a more sustainable future.

ED&I remains an area of strategic importance to GIB AM and we believe we can capitalise on the opportunity set by continuing to enhance and build upon the robust strategy we have in place and advance our efforts to further embed ED&I into our culture across all levels of our organisation via our guidelines, policies, training and education programmes, and ED&I-focused programmes of work. Similarly, in terms of Human Capital, Development and Wellbeing, we believe that our employees are our greatest asset to the success of our business. We believe our strategy and comprehensive programme of activities will ensure our employees have a deep sense of belonging, feel well-equipped and enabled to develop and thrive within our organisation.

Whilst Cyber Security and Data Protection remains a key risk for all organisations of our nature and potentially to the stability of financial systems, we have in place controls, processes and procedures to protect our firm and will continue to make further strengthening enhancements where necessary.

We aim to continue to enhance our approach to sustainability risk and opportunity management and provide stakeholders with deeper insights within future reporting around our sustainability-related risks and opportunities and how these may impact GIB AM. Although we are aware of the importance of the further work and areas of development, we believe we have made strong progress so far.

Directors' report

The directors have pleasure in submitting their annual report, together with the audited financial statements of Gulf International Bank (UK) Limited and subsidiary, SIB Portfolio Advisers and New York based Branch, ("GIB (UK)" or "the Bank"), for the year ended 31 December 2024.

The directors at the date of this report are:

- Abdulaziz Al-Helaissi (Chair)
- Turki Almalik
- Gary Withers
- Abdulla Mohammed Al-Zamil
- Carolyn Aitchison
- Sara Abdulhadi
- Soha Nashaat
- Katherine Garrett-Cox
- Ralph Campbell

1.1 Going concern

The Bank's business activities together with the factors likely to affect its future development, performance and position are set out in Section 5 of the Strategic Report. The Bank's policies to manage risk are set out in note 20, in particular the policies to manage liquidity are in note 20 (c) and to manage capital in note 20 (g). These notes also contain the Bank's liquidity and capital positions at 31 December 2024.

The directors have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the at least 12 months from the authorisation of these Financial Statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.2 Charitable and political donations

The Bank made charitable donations of $1.0k (2023: $5.6k). The Bank did not make any political donations during the year, as per its Corporate Philanthropy Policy.

1.3 Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Bank's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Bank's auditors are aware of that information.

1.4 Auditors

Pursuant to Section 487 of the Companies Act 2006, Ernst & Young LLP. Ernst & Young LLP have GIB UK's external auditors and are subject to a mandatory rotation by the end of December 2024. Following a comprehensive tender process, KPMG LLP have been nominated as the new external auditors for the financial year starting 1 January 2025.

1.5 Other declarations

The Bank neither declared nor paid a dividend in 2024 (2023: Nil).

There have been no material post balance sheet events, except for those provided in note 30.

Financial risk management objectives and policies, and information on risk exposures, are covered in the strategic report. Likely future developments in the business of the company are also covered in the strategic report.

The strategic report covers how the Directors have had regard to employees and other stakeholders, including in making principal decisions, and the steps taken more generally to ensure effective engagement with relevant stakeholder groups.

1.6 Statement of directors' responsibilities in respect of the strategic and directors' reports and the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare the Bank financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards ("IFRSs"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Bank and of the profit or loss of the Bank for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- state whether UK adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Bank's transactions and disclose with reasonable accuracy at any time the financial position of the Bank and to enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

By order of the Board

DocuSigned by:
Ralph.Campbell
7E689E5C6803409...
Ralph Campbell

Director and Chief Financial Officer

24 March 2025

Independent Auditor's report to the members of Gulf International Bank (UK) Limited

Opinion

We have audited the financial statements of Gulf International Bank (UK) Limited ("the Bank") for the year ended 31 December 2024 which comprise the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flow and the related notes 1 to 30, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the Bank's affairs as at 31st December 2024 and of its profit for the
- year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Bank's ability to continue to adopt the going concern basis of accounting included

- We obtained an understanding of management's going concern assessment process and engaged with management to ensure that all key factors were considered in their assessment;

- We developed an understanding of how the Bank managed liquidity and capital during 2024;

- We obtained management's going concern assessment which included long-term forecasts for the period 2025 to 2028, liquidity and capital adequacy analyses and a reverse stress scenario. We evaluated the risks included in the assessment as well as those included in management's reverse stress test and downside sensitivity analyses;

- We read the ICAAP and ILAAP and considered the different stress scenarios and management's actions set out to manage any stresses and comply with regulatory requirements;

- We assessed the historical accuracy of management's profit forecasts through checking the reasonableness of the assumptions included within those forecasts and comparing prior years budgeted financial information with historical actual results;

- We performed stress testing to consider the reasonableness of the profit forecast and resultant impact on capital adequacy over the assessed going concern period;

- We evaluated management's plans for future actions within the control of the Bank to maintain a surplus to binding regulatory capital and liquidity requirements over the going concern period in order to determine if such actions are feasible in the current circumstances;

- We reviewed the correspondence between the Bank and its regulators during 2024, and the minutes of Board of Directors meetings, to check for any information that might impact the going concern assumption;

- We have obtained management's climate risk assessment and evaluated the impact of transition and physical risks on going concern assumption of the Bank; and

- We assessed the Bank's going concern disclosures in the Annual Report and Accounts to determine whether they were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Bank's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Bank's ability to continue as a going concern.

Overview of our audit approach

Key audit matters

Valuation of derivative financial instruments held at fair value and related P&L through management override of control

Adequacy of the Bank's control environment in relation to the financial statement close process

Materiality

Overall materiality of $4.6m which represents 1.0% of the Bank's total equity (2023: $4.6m representing 1.0% of the Bank's equity).

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

TAILORING THE SCOPE

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Bank. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Bank and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team with the exception of specific audit work performed on the processes, systems and controls centrally managed by Gulf International Bank B.S.C, which was tested by EY Bahrain including IT audit professionals as required. We interacted regularly with EY Bahrain where appropriate during various stages of the audit, reviewed key audit working papers and were responsible for the scope and direction of audit procedures. This gave us appropriate evidence for our audit opinion.

CLIMATE CHANGE

There has been increasing interest from stakeholders as to how climate change will impact the Bank. The Bank places a strong focus on assessing how risks associated with sustainability, including those related to climate, may influence its strategic direction and business model, as explained in Page 50 of the Annual Report. Our procedures on these disclosures consisted of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated. In planning and performing our audit we assessed the potential impacts of climate change on the Bank's business and any consequential material impact on its financial statements. As explained in Note 1 to the Annual Report, the Bank is unable to fully assess the future economic impact of climate change risks on its business, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. Based on available evidence and analysis performed to date, the Bank determined that there is no material impact on it financial statements as a result of climate risk.

Our audit effort in considering climate change was focused on ensuring that the effects of climate risks disclosed in Note 1 have been appropriately reflected by management in determining that the impact on the financial statements would be immaterial.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	**Our response to the risk**	**Key observations communicated to the Audit, Risk and Oversight Committee (AROC)**
Valuation of derivative financial instruments held at Fair Value and Related P&L through management override of controls As reported in the statement of financial position, as at 31 December 2024 the Bank held: • Derivative assets for $89.2m as at 31	We performed the following procedures: • Confirmed our understanding of process and key controls over existence, valuation and related income statement measurement of financial instruments. • Confirmed our understanding of the hedging strategies to mitigate market volatility on trading securities by entering into TRS and futures, as well as the strategies in place using other non-complex instruments such interest rate and foreign exchange related derivatives. • Evaluated the accounting hedging relationships and verified that all conditions	We are satisfied that the assumptions used by management to reflect the fair value of financial instruments, and the recognition of related profit and loss impacts is reasonable and in accordance with IFRS.

Risk	Our response to the risk	Key observations communicated to the Audit, Risk and Oversight Committee (AROC)
December 2024 (2023: $73.8m). • Derivative liabilities for $7.7m as at 31 December 2024 (2023: $50.1m). • Net Trading Income for year ended 31 December 2024 amounted to $5.4m (2023: $7.4m). GIB UK holds non-complex derivative financial instruments (interest rate swaps (IRS), foreign exchange swaps (FX swaps), foreign exchange forward contracts (FX forwards), and Futures)) and bespoke financial instruments (total return swaps (TRS)) to manage its financial risks. There is a risk that the valuation of financial instruments and related trading revenue P&L is inappropriate at year-end. Our risk assessment considered the continued challenging macro-economic environment, changes in economic and accounting hedge arrangements during the year, and the manual nature of derivative accounting process. The level of risk remains consistent with the prior year.	for applying hedge accounting in accordance with IFRS were met. • Verified the existence of the entire population of derivative instruments via external confirmations and alternative procedures. • Involved our specialists to independently assess the year end valuation of an extended sample of all financial instruments (TRS, FX Forwards, FX Swaps, Interest rate Swaps and Futures). • Involved more experienced and senior team members in performing audit procedures in this area. Specifically, for the TRS: • Involved our specialists to revalue the TRS population considering the specific risks on these instruments. • Performed reasonableness check of P&L recognised on TRS, by understanding the expected impact of the economical hedge on the gains/losses for the respective fund. • Verified the accuracy of the inputs used in the calculation of the TRS. We tested the presentation of the derivatives in the financial statements, including the levelling and risk management disclosures in accordance with IFRS 13 and IFRS 7 requirements.	
Adequacy of the Bank's control environment in relation to the financial statements closing process The robustness of financial reporting depends on the	We assessed the process-level controls that management relies on for financial reporting, including the actions taken by management and the new controls implemented during the year in response to our prior year control observations. Where we were unable to place control reliance or where it was more efficient to take a substantive approach to obtain reasonable assurance over the balances impacted, we addressed the increased	Our observations to the AROC included our assessment of the progress made by the Bank against prior year issues, evaluation of the audit differences identified during the audit, as well as communicating further

Risk	Our response to the risk	Key observations communicated to the Audit, Risk and Oversight Committee (AROC)
effective functioning of internal controls. As a result of continued efforts to improve the control environment in prior years, we anticipated being able to remove the key audit matter in our audit for the year ended 31 December 2024. However, following our assessment of the control environment considering the audit differences identified during the audit, we continue to identify the adequacy of the Bank's control environment as a Key Audit Matter for the year ended 31 December 2024. Where we could not place reliance on process-level controls, we adopted a substantive audit strategy to gain reasonable assurance over the balances reported in the financial statements.	risk by designing and undertaking audit procedures to obtain a greater proportion of evidence from substantive testing and the use of incremental audit procedures. We evaluated the effectiveness of control environment considering the audit differences identified during the audit.	improvements required in the remaining areas. We highlighted to the AROC that where we were not in a position to place reliance on process level controls or where it was more efficient, we adopted a substantive audit approach. We provided details of the substantive testing applied, including details such as increased substantive testing samples, increased use of specialists and increased involvement of senior members of the audit team. We satisfactorily obtained the necessary audit evidence from our additional substantive work.

In the previous year, our auditor's report highlighted a key audit matter concerning the Valuation of financial instruments held at fair value and related profit & loss. This year, we have revised the key audit matter to specifically address the risk associated with management override of controls, in accordance with IAS (UK 240) regarding the Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

MATERIALITY

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Bank to be $4.6 million (2023: $4.6million), which is 1% (2023: 1%) of Bank's equity. We believe that equity provides us with the most useful measure for users of the financial statements, given that the bank operates in a regulated industry and its results have been volatile in recent years.

PERFORMANCE MATERIALITY

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Bank's overall control environment, our judgement was that performance materiality was 50% (2023: 50%) of our planning materiality, namely $2.3m (2023: $2.3m). We have set performance materiality at this percentage which is the lower end of our materiality range based on our consideration of corrected and uncorrected audit differences and control exceptions relating to financial reporting process identified during prior year audit.

REPORTING THRESHOLD

An amount below which identified misstatements are considered as being clearly trivial.

We have agreed with the Audit and Risk Oversight Committee (AROC) that we would report to them all uncorrected audit differences in excess of $229k (2023: $230k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Bank and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 98, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the Bank'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 the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

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 (UK) 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.

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Bank and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Bank and determined that the most significant are Companies Act 2006, Financial Services and Markets Act 2000, Financial Services Act 2012, Capital Requirements Regulation, Market in Financial Instruments Directives (MifiD 1 and 2), and relevant Prudential Regulation Authority and Financial Conduct Authority regulations.
- We understood how Gulf International Bank (UK) Limited is complying with those frameworks by making enquiries of management, including the risk department, and those responsible for legal and compliance matters. We also reviewed the minutes of the Board and the AROC; and gained an understanding of the Bank's approach to governance demonstrated by the Board's approval of the Bank's risk management framework and the internal controls processes. Furthermore, we reviewed all internal audit reports and correspondence with the regulators.
- We assessed the susceptibility of the Bank's financial statements to material misstatement, including how fraud might occur by considering the controls that the Bank has established to address risks identified by the Bank, or that otherwise seek to prevent, deter, or detect fraud. We also considered performance incentives and their potential to influence management to manage earnings.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of management, internal audit, and those responsible for legal and compliance matters; as well as focused testing as referred to in the Key Audit Matters section above. In addition, we performed procedures to identify significant items inappropriately held in suspense and tested journal entries with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business

As the audit of a bank requires specialised audit skills, the senior statutory auditor considered the experience and expertise of the audit team to ensure that the team had the appropriate competence and capabilities and included the use of specialists.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

OTHER MATTERS WE ARE REQUIRED TO ADDRESS

Following the recommendation from the AROC we were appointed by the Bank during 2016 to audit the financial statements for the year ending 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is nine years, covering the years ending 31 December 2016 to 31 December 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Bank and we remain independent of the Bank in conducting the audit.

The audit opinion is consistent with the additional report to the Audit, Risk and Oversight Committee.

USE OF OUR REPORT

This report is made solely to the Bank's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Bank's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:
Ernst & Young LLP
52B237251E6A4DE...

Hitesh Patel (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor London

Date: 25 March 2025

Statement of Financial Position

	Note	31.12.24 US$ 000	31.12.23 US$ 000
ASSETS			
Cash and cash equivalents	3	**7,378,636**	14,883,184
Placements with banks	4	**5,666,838**	5,290,351
Trading securities	5	**141,808**	111,752
Derivative financial asset	21	**89,160**	73,778
Debt securities at amortised cost	6	**1,015,473**	969,443
Property, plant and equipment	7	**2,762**	3,363
Right-of-use assets	7.1	**21,499**	23,857
Other assets	8	**182,679**	207,336
Total assets		**14,498,855**	21,563,064
LIABILITIES			
Deposits from banks	10	**1,159,003**	76,401
Deposits from customers	11	**12,755,439**	20,851,700
Derivative financial liability	21	**7,739**	50,031
Deferred tax liability	19	**6,226**	12,219
Other liabilities	12	**109,076**	113,887
Current tax liabilities		**1,546**	775
Total liabilities		**14,039,029**	21,105,013
EQUITY			
Share capital	13	**250,000**	250,000
Capital contribution		**2,279**	2,279
Retained earnings		**196,895**	172,894
Cashflow Hedge Reserve	21	**1,928**	-
Pension Reserves		**8,724**	32,878
Total equity		**459,826**	458,051
Total liabilities & equity		**14,498,855**	21,563,064

The financial statements were approved by the Board of Directors and signed on its behalf by:

DocuSigned by:
Ralph.Campbell
7E689E5C6803409...
Ralph Campbell
Director and Chief Financial Officer

The notes on pages 110 to 164 are an integral part of these financial statements.

31 December 2024 GULF INTERNATIONAL BANK (UK) LIMITED

Statement of Income

	Note	**Year ended 31.12.24 US$ 000**	Year ended 31.12.23 US$ 000
Interest income from financial instruments measured at amortised cost		**1,030,743**	702,928
Other Interest income*		**30,875**	57,071
Interest expense from financial instruments measured at amortised cost		**(987,369)**	(679,131)
Net interest income	14	**74,249**	80,868
Net fee and commission income	15	**5,455**	3,415
Net trading income*	16	**5,358**	7,376
Foreign exchange income and revaluation of foreign currencies		**8,150**	15,526
Expected credit loss charge/(release) on financial assets	20	**166**	(199)
Other operating income	26	**4,133**	2,852
Operating expenses	17	**(65,407)**	(57,344)
Profit before tax		**32,104**	52,494
Income tax	19	**(8,103)**	(12,614)
Profit for the year		**24,001**	39,880

* Prior year comparative represented due to voluntary change in accounting policy during the year. As a result, $39 million has been reclassified from Net trading income to Other interest income (for details see note 14).

Statement of Comprehensive Income

	Note	31.12.24 US$ 000	31.12.23 US$ 000
Profit/ for the year		**24,001**	**39,880**
Other comprehensive income:-			
Items that may subsequently be reclassified to statement of income			
Cash flow hedges:			
Net movement in cash flow hedge reserve		2,571	-
Tax relating to Cash flow hedge reserve		(643)	-
		1,928	-
Items that will not be reclassified to statement of income			
Remeasurement of defined benefit pension fund		(32,186)	(426)
Tax relating to defined benefit pension		8,032	(86)
		(24,154)	(512)
Other comprehensive income for the year, net of tax		(22,226)	(512)
Total comprehensive income for the year		1,775	39,368
Total comprehensive income attributable to:			
Equity holders of the parent		1,775	39,368

Statement of Changes in Equity

	Equity attributable to the shareholders of the Bank					
	Share capital	Capital contribution	Pension reserve	Cashflow Hedge Reserve	Retained earnings	Total equity
	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000
Balance at 1 January 2023	250,000	2,279	33,390	-	133,014	418,683
Opening adjustment						
Arising in the year:-						
- Deferred tax liability on defined benefit pension	-		(86)	-		(86)
- Pension reserves	-		(426)	-		(426)
Total other comprehensive income	-	-	(512)	-	-	(512)
Net profit for the year	-		-	-	39,880	39,880
Total comprehensive income for the year	-	-	(512)	-	39,880	39,368
Balance at 31 December 2023	250,000	2,279	32,878	-	172,894	458,051
Balance at 1 January 2024	250,000	2,279	32,878	-	172,894	458,051
Arising in the year:-						
- Pension reserves	-		(32,186)	-		(32,186)
- Deferred tax liability on defined benefit pension	-		8,032	-		8,032
-Net movement in cash flow hedge reserve				2,571		2,571
-Tax relating to Cash flow hedge reserve				(643)		(643)
Total other comprehensive income	-	-	(24,154)	1,928	-	(22,226)
Net profit for the year	-		-	-	24,001	24,001
Total comprehensive income for the year	-	-	(24,154)	1,928	24,001	1,775
Balance at 31 December 2024	250,000	2,279	8,724	1,928	196,895	459,826

Statement of Cash Flow

	Note	31.12.24 US$ 000	31.12.23 US$ 000
Operating cash flows from operating activities			
Profit before tax		32,104	52,494
Adjustments to reconcile profit before tax to net cash flow from/(used) in operating activities: -			
Income tax (paid)		(6,050)	(3,870)
Depreciation of property and equipment	7	902	1,060
Depreciation of ROU assets	7	2,358	1,883
Change in accrued interest receivable		(4,050)	(90,461)
Change in accrued interest payable		(4,230)	7,017
Change in other operating assets and liabilities		(56,920)	11,798
Change in trading securities		(30,056)	(38,262)
Change in placements with banks		(376,341)	(1,629,689)
Change in debt securities at amortised cost		(46,010)	13,993
Change in deposits from banks		1,179,214	(536,019)
Change in deposits from customers		(8,096,261)	11,528,272
Finance costs (lease liability)		1,058	1,093
Impairment		(166)	199
Net cash (outflow)/inflow from operating activities:		(7,404,448)	9,319,508
Cash flows from investing activities			
Net purchase of property and equipment		(302)	(508)
		(302)	(508)
Net cash used in investing activities			
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(3,186)	(3,249)
Net cash used in financing activities		(3,186)	(3,249)
Net (decrease)/increase in cash and cash equivalents		(7,407,936)	9,315,751
Net foreign exchange difference		(96,612)	241,455
Cash and cash equivalents at beginning of year		14,883,184	5,325,978
Cash and cash equivalents at end of year		7,378,636	14,883,184
Cash and cash equivalents		7,378,636	14,883,184
		7,378,636	14,883,184

The financial statements were approved by the Board of Directors and signed on its behalf by:

Ralph Campbell
Director and Chief Financial Officer

DocuSigned by:
Ralph.Campbell
27E689E5C8803409...

The notes on pages 110 to 164 are an integral part of these financial statements.

Notes to the Financial Statements

For year ended 31 December 2024

1. General Information

Gulf International Bank (UK) Limited 'The Bank' (also the Company) is registered in the United Kingdom, registration number 1223938, incorporated under UK Law on 22nd August 1975, of registered address: First Floor, One Curzon Street London, W1J 5HD. The Bank's principal operations are corporate banking services and asset management and are carried out in London, with a branch in New York. The Bank is authorized by the Prudential Regulatory Authority and regulated by the Financial Conduct Authority as well as the Prudential Regulatory Authority.

The Pillar 3 disclosure is available at http://www.gibam.com.

Basis of preparation

The financial statements of the Bank have been prepared in accordance with UK adopted international accounting standards

The immediate parent company is Gulf International Bank BSC (GIB BSC), incorporated in Bahrain. The consolidated financial statements of Gulf International Bank BSC are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Gulf International Bank, P.O. Box 1017, Al-Dowali Building, 3 Palace Avenue, Manama, Bahrain. The Bank is not required to prepare group accounts since it qualifies for the exemption available under a) Section 401 of the Companies Act 2006 and b) IFRS 10. These financial statements have been prepared on a standalone basis.

Climate risk

GIB UK considers the impact of sustainability risks, including climate risk, on its strategy and business plan. However, the company is currently unable to quantify the full future economic impact of climate risk on our business, and hence the potential impacts are not fully incorporated in these financial statements. Nevertheless, based on the available evidence and its analysis to date, GIB UK does not consider it most likely that climate risk will have a material adverse impact on its financial statements in the short or medium term relative to current expectations.

Going concern

The Bank's management has performed an assessment of the Bank's ability to continue as a going concern and is satisfied that the bank has the resources to continue the business for at least 23 months from the date of signing the 2024 financial statements. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern. Therefore, these financial statements continue to be prepared on a going concern basis.

Internal capital adequacy assessment

Capital requirements are examined on a forward looking basis as part of Internal Capital Adequacy Assessment Process (ICAAP) by assessing the resilience of capital adequacy under hypothetical future plausible scenarios .

The ICAAP is approved by the Board. The ICAAP is used to form a view of capital adequacy separately to the minimum regulatory requirements. The ICAAP is used by the PRA to assess the Bank's specific capital requirements through the Pillar 2 framework. These assessments include assumptions about regulatory and accounting factors (such as IFRS 9). They are linked to economic variables and impairments and seek to demonstrate that the Bank maintain sufficient capital.

Liquidity risk monitoring

The Bank monitors, limit and stress test the risks on the balance sheet. Limit frameworks are in place to control the level of liquidity risk, asset and liability mismatches and funding concentrations. Liquidity risks are monitored and reported to the Asset & Liability Management Committee on a regular basis. Liquidity Indicators are monitored on a regular basis. This ensures any build-up of stress is detected early and the response escalated appropriately through recovery planning.

Internal assessment of liquidity

Under the liquidity risk management framework, the Bank maintains the Individual Liquidity Adequacy Assessment Process. This includes assessment of net stressed liquidity outflows under a range of severe but plausible stress scenarios. Each scenario evaluates either an idiosyncratic, market-wide or combined stress event.

Recovery and resolution planning

The Bank's recovery plan explains how the Bank would identify and respond to a financial stress event and restore its financial position so that it remains viable

on an ongoing basis.

The recovery plan ensures risks that could delay the implementation of a recovery strategy are highlighted and preparations are made to minimise the impact of these risks. Preparations include:

- Developing a series of recovery indicators to provide early warning of potential stress events.
- Clarifying roles, responsibilities and escalation routes to minimise uncertainty or delay
- Developing a recovery action plan to provide a concise description of the actions required during recovery.
- Detailing a range of options to address different stress conditions
- Appointing dedicated option owners to reduce the risk of delay and capacity concerns

The plan is intended to enable the Bank to maintain critical services to its institutional clients and operate within risk appetite while restoring the Bank's financial condition. It is assessed for appropriateness on an ongoing basis and is updated annually. The plan is reviewed and approved by the Board These plans detail the recovery options, recovery indicators and escalation routes for each entity.

Fire drill simulations of possible recovery events are used to test the effectiveness of the Bank's recovery plans on an annual basis. The fire drills are designed to replicate possible financial stress conditions and allow senior management to rehearse the responses and decisions that may be required in an actual stress. The results and lessons learnt from the fire drills are used to enhance the Bank's approach to recovery planning.

1.1 New standards, interpretations and amendments

There are no new standards or amendments that are effective in the period which would have a material effect on the bank during 2024.

2. Summary of material accounting policies

The principal accounting policies 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.

2.1 Basis of presentation

The financial statements of the Bank have been prepared in accordance with UK adopted international accounting standards. The financial statements have been prepared under the historical cost basis, as modified by the measurement at fair value of derivative and trading financial assets as explained in more detail in the following accounting policies. In addition, assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in fair values attributable to the risk being hedged.

All amounts are rounded to the nearest thousands, unless stated.

Voluntary change in the accounting policy

During 2024, the Bank made a voluntary accounting policy change in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, to recognise the forward points on FX swaps acting as economic hedges in Net Interest Income (NII), which were previously recorded in Net Trading Income (NTI).

The primary purpose of the FX swaps is to hedge FX risk arising on certain interbank placements and investments in securities. The Bank does not enter into derivatives trades with a trading intention nor expects to generate revenue from trading activities. As such, the presentation of these transactions within NTI may provide an inaccurate view of the Bank's financial performance and business operations to the users of the financial statements, although the current approach is in line with IFRS 9, and the accounting policy applied and disclosed by the Bank in the financial statements.

On this basis, and considering the increased volume of such transactions, management aligned the financial accounting for these transactions with the economic substance.

These are presentational changes only and have no impact on the Bank's profit before and after tax or net asset position. The impact of the reclassification on

the previous year Statement of Income is as follows:

	Reclassification	Published	
	Year ended	Year ended	
	31.12.23	31.12.23	
	US$ 000	US$ 000	Movement
Other Interest income	**57,071**	18,096	38,975
Net trading income	**7,376**	46,351	(38,975)

2.2 Accounting estimates, judgements and assumptions

The preparation of financial statements in accordance with UK adopted international accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses Financial assets are evaluated for impairment on the basis set out in note 2.11.

(i) Significant judgements, estimates and assumptions, fair value of financial instruments held at fair value

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty). For trading securities where the underlying securities are not listed, there are assumptions and judgements made based on the available information to determine the fair value of these securities.

(ii) Other judgements, estimates and assumptions

Pension assets and liabilities

Accounting for retirement benefit obligations involves a number of key assumptions which require management's estimate including the changes the actuary applies in the pension assumptions.

Effective Interest Rate (EIR) Calculation

The EIR is calculated using these estimated future cash flows discounted at the instrument's initial recognition rate, requiring assumptions about the timing and amount of future cash flows. Adjustments to the carrying amount of financial assets or liabilities may be necessary if there are changes in the estimated future cash flows, which are recognised in profit or loss as they occur.

The estimation of credit losses involves significant uncertainty, particularly in volatile economic conditions, and the bank uses models to estimate expected credit losses (ECL), incorporating various assumptions about the probability of default and loss given default. Changes in market interest rates and economic conditions can significantly impact the estimated future cash flows and the EIR calculation. The bank regularly reviews and updates its estimates and assumptions to reflect current market conditions and historical experience, with any changes accounted for prospectively in accordance with IFRS.

2.3 Trade and settlement date accounting

All regular way purchases and sales of financial assets classified as FVTPL are recognised on the trade date, i.e. the date on which the Bank commits to purchase or sell the financial asset. All regular way purchases and sales of other financial assets are recognised on the settlement date, i.e. the date on which the asset is delivered to or received from the counterparty. Regular way purchases or sales of financial assets are those that require delivery within the time frame generally established by regulation or convention in the market place.

2.4 Foreign currencies

The reporting currency of the Bank is the US Dollar, representing the Bank's functional and presentation currency. Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to USD at the foreign exchange rate ruling at that date.

Foreign exchange differences arising on translation are recognised in the Income statement . Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to USD at foreign exchange rates ruling at the dates the fair value was determined.

2.5 Offsetting

Financial assets and liabilities are only offset and the net amount reported in the statement of financial position 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 to realise the asset and settle the liability simultaneously.

2.6 Recognition of interest income and expense

2.6.1 The effective interest method

Under IFRS 9, interest income is recorded using the effective interest method for all financial instruments measured at amortised cost. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

In calculating the EIR, cash flows are estimated taking into consideration all contractual terms of the financial asset or liability but excluding future credit losses. Fees, including loan origination fees and early redemption fees are included in the calculation of the EIR to the extent that they are considered to be an integral part of the EIR.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk such as modifications, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income from financial instruments measured at amortised cost in the income statement.

2.6.2 Interest income and expense from financial instruments measured at amortised cost

The Bank calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net trading income except when those financial instruments are subject fair value hedging, where it will be recognised as part of net interest income.

Interest income Includes fair value changes on FX swaps relating to financial instruments held to maturity.

2.7 Net fee and commission income

Net fee and commission income comprises fees and commissions generated from discretionary funds under management (fixed income, equities and emerging market portfolios).

Performance fees are calculated as a percentage of the net appreciation of relevant fund products' net asset value at the end of a given contractual period. In accordance with the requirements of IFRS 15, performance fees are only recognised once GIB UK is contractually eligible and the fees can be measured reliably.

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.

Management and other fees, which include all non-performance related fees on funds, are recognised in the period in which the services are rendered.

(i) **Foreign exchange income**

Foreign exchange income arises from earnings generated from customer business and from changes in fair value resulting from movements in exchange rates and other market variables.

(ii) Net Trading Income

Gains and losses arising from changes in the fair value of seed investments held at FVTPL along with the changes in fair value of derivative contracts entered to economically hedge the seed investments are recorded in net trading income.

2.8 Securities financing arrangements

Reverse repo transactions are included in the statement of financial position under "placements with banks". The difference between the sale price and repurchase price is accrued evenly over the life of the transaction and credited to the Income Statement within interest income from financial instruments measured at amortised cost.

2.9 Financial assets and liabilities

Financial assets and liabilities comprise all financial instruments reflected in the statement of financial position excluding non- financial instruments such as employee benefit plans, prepayments and property, plant and equipment.

Recognition and measurement

The Bank recognises financial assets and liabilities in the statement of financial position when, and only when, the Bank becomes party to the contractual provisions of the instrument.

As per IFRS 9, the Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition; and
- Financial assets as FVTPL.

The Bank classifies and measures its derivatives and trading portfolio at FVTPL. The Bank may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies, as explained in note 2.10 (ii) below.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

All regular way purchases and sales of financial assets and liabilities classified as FVTPL are recognised on the trade date, i.e. the date on which the Bank commits to purchase or sell the financial asset or liability. All regular way purchases and sales of other financial assets and liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and liabilities are measured at either amortised cost or fair value. The classification and the basis for measurement are subject to the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:

2.10 Financial assets at amortised cost

Financial assets are measured at amortised cost using the effective interest method if:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

- the contractual terms of the Financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of these two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL). The Bank does not have any financial assets FVOCI.

Additionally, even if a financial asset meets the amortised cost criteria, the Bank may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Business model assessment

The Bank determines its business model at the level that best reflects how it manages the financial assets to achieve its business objective. The business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'held for trading' business model and measured at FVTPL. The business model assessment is not carried out on an instrument-by-instrument basis but at the aggregate portfolio level and is based on observable factors such as:

- 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, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the assets' and business model's performance is evaluated and reported to key management personnel and Asset and Liability Committee (ALCO);
- How risks are assessed and managed;
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and Bank's 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.

SPPI test

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets that are held for trading 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.

The Bank assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

Principal for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

Interest is the consideration for the time value of money, credit risk, other basic lending risks and a profit margin which is consistent with a basic lending arrangement.

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:

- the currency in which the financial asset is denominated, and the period for which the interest rate is set;
- 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).

Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The Bank reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period other than the reclassifications made on the initial adoption of IFRS 9 at the date of transition.

(i) Financial assets at fair value through the profit or loss (FVTPL)

Financial assets in this category are those that are held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVTPL upon initial recognition when the following criteria is met. Such designation is determined on an instrument-by-instrument basis:

The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis.

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net trading income.

The Bank's investments in funds and portfolio of securities are classified as financial assets at FVTPL (trading securities) in the statement of financial position.

(ii) Financial assets at fair value through other comprehensive income (FVTOCI)

At initial recognition, the Bank can make an irrevocable election to classify an equity investment that is not held for trading as FVTOCI.

For this purpose, a financial asset is deemed to be held for trading if the equity investment meets any of the following conditions:-

- it has been acquired principally for the purpose of selling in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profitability; or
- the irrevocable election is on an instrument-by-instrument basis.

If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the Income Statement.

(iii) Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are classified as financial liabilities at amortised cost and are measured at amortised cost using the effective interest method.

2.11 Impairment of financial assets

Impairment allowances for expected credit losses (ECL) are recognised for financial instruments that are not measured at FVTPL. No impairment loss is recognised on equity investments.

An ECL provision is made at an amount equal to the lifetime ECL, except for the following, for which a provision is made for a 12- month ECL:

- debt investment securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- other financial instruments for which the credit risk has not increased significantly since their initial recognition.

The Bank classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below

- Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the Bank recognises an allowance based on the 12-month ECL
- 12-month ECL (stage 1) is the portion of ECL that results from probable default events on a financial instrument within 12 months after the reporting date

Lifetime ECL (stage 2 and 3) is a probability-weighted estimate of credit losses and is determined based on the difference between the present value of all cash shortfalls. The cash shortfall is the difference between all contractual cash flows that are due to the Bank and the present value of the recoverable amount at the reporting date.

Provisions for credit-impairment are recognised in the Income statement and are reflected in an allowance account against debt securities at amortised cost, and placements.

Financial assets are written off either partially or in their entirety after all restructuring and collection activities have taken place and there is no realistic prospect of recovery. Subsequent recoveries are included in other operating income.

Financial assets that are measured at amortised cost are tested as to whether they are credit impaired. Objective evidence that a financial asset is credit-impaired may include a breach of contract, such as default or delinquency in interest or principal payments, the granting of a concession that, for economic or legal reasons relating to the borrower's financial difficulties, would not otherwise be considered, indications that it is probable that the borrower will enter bankruptcy or other financial reorganisation, the disappearance of an active market, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

2.12 Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

I. the Bank transfers substantially all the risks and rewards of ownership, or
II. the Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control.

The Bank enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Bank:

I. Has no obligation to make payments unless it collects equivalent amounts from the assets;
II. Is prohibited from selling or pledging the assets; and
III. Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

When the contractual rights to receive the cash flows from the assets have been transferred, and the Bank neither transfers nor retains substantially all the risks and rewards of ownership, and the Bank has retained control of the transferred assets, the Bank applies continuing involvement approach. Under this approach, the Bank continues to recognise the transferred asset to the extent of its continuing involvement and recognise the associated liability, to reflect the rights and obligations retained by the Bank.

The net carrying amount of the transferred asset and associated liability is: (a) the amortised cost of the rights and obligations retained by the Bank, if the transferred asset is measured at amortised cost; or (b) equal to the fair value of the rights and obligations retained by the Bank when measured on a stand-alone basis, if the transferred asset is measured at fair value.

2.13 Impairment of non-financial assets

Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal or its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model.

2.14 Property, plant and equipment

Property and equipment are stated at cost less accumulated depreciation. Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down to its recoverable amount.

Generally, costs associated with the maintenance of existing computer software are recognised as an expense when incurred. However, expenditure that enhances and extends the benefits of computer software programs beyond their original specifications and lives is recognised as a capital improvement and capitalised as part of the software.

Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

Leasehold improvements	Lower of 10 years or remaining life of lease
Furniture and fittings	5 years
Office machinery	4 - 5 years
Computer hardware	2 years
Computer software - project	1 - 5 years
Computer hardware - infrastructure	3 - 4 years

2.15 Leases

The Bank assesses whether a contract is or contains a lease, at inception of the contract. The Bank recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Bank recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Bank uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

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

The lease liability has been presented within other liabilities in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Bank remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfer's ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Bank applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss by reducing right of use asset.

2.16 Employee benefits

Short-term employee benefits such as salaries, paid absences and other benefits are accounted for on an accruals basis over the period which employees have provided services in the year. Bonuses are recognised to the extent that the Bank has a present obligation to its employees that can be measured reliably.

All expenses related to employee benefits are recognised in the income statement in staff costs, which is included within operating expenses.

The Bank contributes to defined benefit and defined contribution pension plans which cover substantially all its employees. The assets of the plans are held separately from those of the Bank in independently administered funds and are measured at market values.

Defined benefit plan

The service cost and the net interest on the net defined benefit obligation/asset are all charged (or credited) to the Income statement. The defined benefit obligation is measured using the projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability.

The Bank recognizes all gains and losses immediately in the other comprehensive income section of the company's statement of comprehensive income.

As the Bank has an unconditional right to a refund of any surplus in the scheme following a gradual settlement of the liabilities over time, any surplus in the scheme can be recognised in full.

Management, in coordination with an independent qualified actuary, are required to make assumptions regarding the defined benefit pension plan. The principal actuarial assumptions for the defined benefit pension plan are set out in note 9 and include assumptions on the discount rate, return on pension plan assets, mortality, future salary increases, and inflation. Changes in the assumptions could affect the pension liability, service cost and net interest on the defined benefit liability.

Defined contribution plan

The Bank's contributions to defined contribution pension plans are charged to the Income statement in the year to which they relate.

2.17 Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in a deferred tax asset or liability: a) the initial recognition of assets and liabilities that affect neither accounting nor taxable profit nor b) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

2.18 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

2.19 Fiduciary activities

The Bank administers and manages assets owned by clients which are not reflected in the financial statements. Asset management fees are earned for providing investment management services and for managing mutual fund products. Asset administration fees are earned for providing custodial services. Fees are recognised as the services are provided and are included in fee and commission income.

2.20 Dividends

Dividend income is recognised as follows:

- dividends from equity instruments classified as FVTPL are recognised when the right to receive the dividend is established and are included in trading income;
- dividends from equity instruments classified as FVTOCI are recognised when the right to receive the dividend is established and are included in other operating income.

2.21 Derivatives and hedge accounting

Derivative financial instruments are contracts, the value of which is derived from one or more underlying financial instruments or indices, and include futures, forwards, swaps and options in the interest rate, foreign exchange, equity and credit markets.

Derivative financial instruments are recognised in the statement of financial position at fair value. Fair values are derived from prevailing market prices, discounted cash flow models or option pricing models as appropriate.

In the statement of financial position, derivative financial instruments with positive fair values (unrealised gains) are included in derivative financial assets and derivative financial instruments with negative fair values (unrealised losses) are included in derivative financial liabilities.

The recognition of changes in the fair values of derivative financial instruments entered into for hedging purposes is determined by the nature of the hedging relationship. For the purposes of hedge accounting, derivative financial instruments are designated as a hedge of either: (i) the fair value of a recognised asset or liability (fair value hedge), or (ii) the future cash flows attributable to a recognised asset or liability or a firm commitment (cash flow hedge).

The Bank's criteria for a derivative financial instrument to be accounted for as a hedge include:

- the hedging instrument, the related hedged item, the nature of the risk being hedged, and the risk management objective and strategy must be formally documented at the inception of the hedge,
- it must be clearly demonstrated that the hedge is expected to be highly effective in offsetting the changes in fair values or cash flows attributable to the hedged risk in the hedged item, including how the Bank will address the hedge ratio,
- the effectiveness of the hedge must be capable of being reliably measured, and
- there is an economic relationship between the hedging instrument and the hedged item and the effect of credit risk does not dominate the fair value changes of that relationship.

Fair value hedge

Changes in the fair values of derivative financial instruments that are designated, and qualify, as fair value hedges and that prove to be highly effective in relation to the hedged risk, are included in trading income together with the corresponding change in the fair value of the hedged asset or liability that is attributable to the risk that is being hedged. Unrealised gains and losses arising on hedged assets or liabilities which are attributable to the hedged risk are adjusted against the carrying amounts of the hedged assets or liabilities in the statement of financial position. If the hedge no longer meets the criteria for hedge accounting, any adjustment to the carrying amount of a hedged interest-bearing financial instrument is amortised to income over the remaining period to maturity.

Cash flow hedge

The bank uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions.

The effective portion of changes in the fair value of the hedging instruments are initially recognised in other comprehensive income, accumulating in the cash flow hedge reserve within equity. The amounts are recycled to the income statement in the periods when the hedged item affects profit or loss.

The Bank assesses hedge effectiveness using the qualitative method, comparing the critical terms of the hedged item and hedging instrument. The ineffective portion of the gains and losses on the hedging instrument is recognised in the income statement.

If a cash flow hedge is discontinued, the amount accumulated in the cash flow hedge reserve is released to the income statement as and when the hedged item affects the income statement

2.22 Fair value measurement

The fair value for financial instruments traded in active markets at the balance sheet date is based on their quoted market price or dealer price quotations, without any deduction for transaction costs.

For all other instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

2.23 Investment in Group entities

Investment in Group entities are carried at cost less any accumulated impairment.

3 Cash and cash equivalents with other banks

	31.12.24	31.12.23
	US$ 000	US$ 000
Cash	**-**	15
Balances with central banks	**7,277,508**	14,777,317
Cash and balances with other banks	**101,128**	105,852
	7,378,636	14,883,184

4 Placements with banks

	31.12.24	31.12.23
	US$ 000	US$ 000
Remaining maturity 3 months or less but not repayable on demand	**2,593,048**	2,790,521
Remaining maturity over 3 months but less than 1 year	**2,763,190**	2,169,370
Remaining maturity over 1 Year but less than 2 years	**311,097**	-
Remaining maturity greater than 2 years	**-**	331,103
	5,667,335	5,290,994
Less: Allowance for impairment losses	**(497)**	(643)
Net placements	**5,666,838**	5,290,351

A total of $290.0 million (2% of the balance sheet assets), relates to tri-party reverse repo transactions with the Parent (GIB BSC) (2023: $400 million, 2% of balance sheet assets) and a further $897.9 million, 6% of balance sheet assets, relates to tri-party reverse repo transactions with other banking counterparties (2023: $600mn, 3% of balance sheet assets). The net exposure after credit mitigation on all of the tri-party reverse repo transactions amounted to $26.4 million (2023: $12.8mn) of which $0.7 million (2023: $2.7 million) was with GIB BSC.

4.1 Impairment allowance for placements with banks

The table below shows the credit quality and the maximum exposure to credit risk (before applying the impact of collateral mentioned above) based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

There have been no transfers to stage 1, 2 and 3 and no changes to contractual cash flows due to modification not resulting in derecognition.

31.12.24

	Stage 1	Stage 2	Stage 3	Total
	US$ 000	US$ 000	US$ 000	US$ 000
Investment grade 1-4	5,667,335	-	-	5,667,335
Sub-Investment grade (5-7)	-	-	-	-
Classified (8-10)	-	-	-	-
At 31 December 2024	5,667,335	-	-	5,667,335

31.12.23

	Stage 1	Stage 2	Stage 3	Total
	US$ 000	US$ 000	US$ 000	US$ 000
Investment grade 1-4	5,290,994	-	-	5,290,994
Sub-Investment grade (5-7)	-	-	-	-
Classified (8-10)	-	-	-	-
At 31 December 2023	5,290,994	-	-	5,290,994

The aforementioned internal ratings (Investment grade, sub investment grade and classified) are explained in further details in note 20 (a). An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows

	Collective		Specific	31.12.24
	Stage 1	Stage 2	Stage 3	Total
	US$ 000	US$ 000	US$ 000	US$ 000
Gross carrying amount as at 1 January :	**5,290,994**	**-**	**-**	**5,290,994**
New asset originated or purchased	**4,667,850**	**-**	**-**	**4,667,850**
Asset de-recognised or repaid	**(4,291,509)**	**-**	**-**	**(4,291,509)**
Amounts written off	-	-	-	-
At 31 December 2024	**5,667,335**	**-**	**-**	**5,667,335**

	Collective		Specific	31.12.23
	Stage 1	Stage 2	Stage 3	Total
	US$ 000	US$ 000	US$ 000	US$ 000
Gross carrying amount as at 1 January :	3,661,305	-	-	3,661,305
New asset originated or purchased	5,029,682	-	-	5,029,682
Asset de-recognised or repaid	(3,399,993)	-	-	(3,399,993)
Amounts written off	-	-	-	-
At 31 December 2023	5,290,994	-	-	5,290,994

	Collective		Specific	
	Stage 1	Stage 2	Stage 3	Total
	US$ 000	US$ 000	US$ 000	US$ 000
At 1st January 2023	139	-	-	139
ECL provision/(reversal) for 2023	504	-	-	504
Gross carrying amount as at 31 De	643	-	-	643
ECL provision/(reversal) during 2024	(146)	-	-	(146)
At 31 December 2024	**497**	**-**	**-**	**497**

5 Trading securities

	Note	31.12.24	31.12.23
		US$ 000	US$ 000
Equity securities	29	**141,808**	111,752
Total trading securities		**141,808**	111,752

Trading securities represent investments in funds controlled by GIB UK. These securities do not have a contractual maturity. The increase in value from 2023 largely relates to the launch of a new fund, the GIB Cayman Emerging Market Active Fund.

6 Debt securities at amortised cost

Below is the analysis of Bank's financial investments other than those measured at FVTPL:

	31.12.24	31.12.23
	US$ 000	US$ 000
Sovereigns and Governments	821,363	784,650
Financial Institutions	194,279	184,982
	1,015,642	969,632
Less: Allowance for impairment losses	(169)	(189)
	1,015,473	969,443

The above Financial Instruments are held to maturity and as such are valued in the Balance sheet at amortised cost. The Market Value of these Financial Instruments as at 31 December 2024 was $1,017.8 million (2023:$969.4 million).

6.1 Impairment allowance for debt securities at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

The aforementioned internal ratings (Investment grade, sub investment grade and classified) are explained in further details in note 20 (a). An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	Stage 1 US$ 000	Stage 2 US$ 000	Stage 3 US$ 000	31.12.24 Total US$ 000	31.12.23 Total US$ 000
Investment grade 1-4	1,015,473	-	-	1,015,473	969,443
Sub-Investment grade (5-7)	-	-	-	-	-
Classified (8-10)	-	-	-	-	-
At 31 December	1,015,473	-	-	1,015,473	969,443

The aforementioned internal ratings (Investment grade, sub investment grade and classified) are explained in further details in note 20 (a).

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows

	Stage 1 US$ 000	Stage 2 US$ 000	Stage 3 US$ 000	Total US$ 000
Gross carrying amount as at 1 January 2024	969,443	-	-	969,443
New asset originated or purchased	987,316	-	-	987,316
Asset de-recognised or repaid	(941,286)	-	-	(941,286)
Amounts written off		-	-	-
At 31 December 2024	**1,015,473**	**-**	**-**	**1,015,473**
Gross carrying amount as at 1 January 2023	983,625	-	-	983,625
New asset originated or purchased	699,735	-	-	699,735
Asset de-recognised or repaid	(713,917)	-	-	(713,917)
Amounts written off	-	-	-	-
At 31 December 2023	**969,443**	**-**	**-**	**969,443**

	Collective provision		Specific provision	
	Stage 1 US$ 000	**Stage 2** US$ 000	**Stage 3** US$ 000	**Total** US$ 000
At 1st January 2023	494	-	-	**494**
ECL provision for 2023	(305)	-	-	(305)
At 31 December 2023	189	-	-	**189**
ECL provision for 2024	(20)	-	-	**(20)**
At 31 December 2024	**169**	**-**	**-**	**169**

7 Property, plant and equipment

	Leasehold improvements	Equipment	Total
Cost	**US$ 000**	**US$ 000**	**US$ 000**
As at 1 January 2024	**13,059**	**23,101**	**36,160**
Additions	**-**	**302**	**302**
As at 31 December 2024	**13,059**	**23,403**	**36,462**
Accumulated depreciation			
As at 1 January 2024	**10,417**	**22,381**	**32,798**
Depreciation charge	**367**	**535**	**902**
As at 31 December 2024	**10,784**	**22,916**	**33,700**
Net book value at 31 December 2024	**2,275**	**487**	**2,762**
Cost			
As at 1 January 2023	12,768	22,884	35,652
Additions	291	217	508
As at 31 December 2023	13,059	23,101	36,160
Accumulated depreciation			
As at 1 January 2023	10,049	21,688	31,737
Depreciation charge	367	693	1,060
As at 31 December 2023	10,416	22,381	32,797
Net book value at 31 December 2023	2,643	720	3,363

7.1 Impairment allowance for right of use assets

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets related to leased properties that do not meet the definition of investment property

	31.12.24	31.12.23
	US$ 000	US$ 000
Balance as at 1 January	**23,857**	25,740
Depreciation charge for the year on right of use assets.	**(2,358)**	(1,883)
Impairment	**0**	0
Balance at 31 December	**21,499**	23,857

Impairment of right of use assets

There has been no impairments recognised in the period.

(ii) Profit and loss impact

Impact on profit or loss for the year ended 31 December 2024

	31.12.24	31.12.23
	US$ 000	US$ 000
Depreciation of right-of-use assets	**(2,358)**	(1,883)
Interest expense on lease liabilities	**(1,058)**	(1,093)
Exchange gains/(losses) on revaluation of lease liability	**549**	(950)
(Decrease) in profit for the year	**(2,867)**	(3,926)

The movement in the exchange loss is due to the weakening of the US Dollar against Pound sterling during the year.

(iii)Bank as a lessor

GIB UK has a sublease on the property at One Curzon Street, London. The current contract expires on 1 April 2025. As at the reporting date we are engaging with Cushman & Wakefield to establish a new tenant. We are also in early discussions with the existing tenant to possibly re-instate their sublease. The future minimum rentals receivable therefore reflects rentals for the first quarter of 2025.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are, as follows:

	31.12.24	31.12.23
	US$ 000	US$ 000
Within one year	**269**	861
Between 1 and 2 years	**-**	861
Between 2 and 3 years	**-**	861
Between 3 and 4 years	**-**	71
	269	2,655

8 Other assets

	31.12.24	31.12.23
	US$ 000	US$ 000
Prepayments and accrued income	**4,090**	3,926
Post-retirement benefit assets	**29,101**	58,621
Interest receivable	**147,359**	143,309
Overseas tax	**5,079**	3,782
Other	**2,129**	1,480
	187,758	211,118
Less: provision on overseas tax claim*	**(5,079)**	(3,782)
	182,679	207,336

* The provision is in relation to the with-holding tax claim from ZATCA (tax authority). Management has decided to recognise a provision considering the uncertainty associated with the recoverability of this asset given on-going claims.

9 Employee benefits

The Bank contributes to defined benefit and defined contribution pension schemes which cover substantially all of its employees. A defined benefit pension scheme is maintained for employees employed prior to 1 January 2003. A defined contribution scheme is run for employees who joined the Bank from 1 January 2003.

a) Defined benefit plans

UK Scheme

The Scheme is a registered defined benefit final salary scheme subject to the UK regulatory framework for pensions, including the Scheme Specific Funding requirements. The Scheme is operated under trust and as such, the trustees of the Scheme are responsible for operating the Scheme and they have a statutory responsibility to act in accordance with the Scheme's Trust Deed and Rules, in the best interest of the beneficiaries of the Scheme, and the UK legislation (including Trust law). The Trustees have the power to set the contributions that are paid to the scheme, subject to the agreement of the Bank.

The Schedule of Contributions dated 16 July 2020, sets out the current contributions payable by the Bank to the Scheme. This was agreed as part of the Scheme's tri-annual valuation as at 31 December 2021. As part of the valuation process the Trustees and the Bank have agreed a long term funding strategy, which includes a revision to the Schedule of Contributions to take into account any additional contributions to meet any funding shortfall between the value of the Scheme's assets and liabilities.

There are many factors that affect the measurement of the retirement benefit obligations. These include estimates such as discount rate, inflation (retail and consumer price inflation), longevity and life expectations. The pension position for the current year has moved from a net asset position of $58.6m as at December 2023 to a net asset position of $29.1m. This is driven due to a reduction of both plan assets and defined benefit obligations.

US Scheme

The Bank operates a funded defined benefit pension scheme for certain United States of America based employees which had obligations of $1.4mn (2023: $1.425mn) and assets of $1.740mn (2023: $1.538mn) at 31 December 2024, these figures are included in the figures below.

The amounts recognised in the statement of financial position were analysed as follows:-

	31.12.24	31.12.23
	US$ 000	US$ 000
Fair value of plan assets	**154,838**	186,319
Present value of defined benefit obligations	**(125,738)**	(127,699)
Net asset in statement of financial position	**29,101**	58,621

b) Defined benefit plans

Changes in the present value of the defined benefit obligations were as follows:-

	31.12.24	31.12.23
	US$ 000	US$ 000
Defined benefit obligation at start of year	**127,699**	119,118
Current service cost	**-**	270
Interest cost on defined benefit scheme obligation	**5,701**	5,670
Net remeasurement (gains)/losses - demographic	**(125)**	(2,228)
Net remeasurement (gains)/losses - financial	**(14,152)**	2,720
Net remeasurement (gains)/losses - experience	**14,764**	1,812
Benefits paid	**(6,028)**	(5,610)
Past service cost including curtailment	**-**	(655)
Exchange differences	**(2,121)**	6,602
Defined benefit obligation at end of year	**125,738**	127,699

Changes in the fair value of plan assets were as follows:-

	31.12.24	31.12.23
	US$ 000	US$ 000
Fair value of the plan assets at start of year	**186,319**	174,354
Interest Income on scheme assets	**8,314**	8,361
Return on assets excluding amounts included in net interest	**(31,079)**	(475)
Employer Contributions	**-**	453
Benefits paid	**(6,028)**	(5,610)
Exchange differences	**(2,688)**	9,237
Fair value of the plan assets at end of year	**154,838**	186,319

There were $nil (2023: $0.7m) curtailments or settlements during the year.

The Bank made $nil contribution to the pension plan in the period ended 31 December 2024 (2023: $nil). Moreover, due to the pension buy-in transaction completed during the year, the Bank does not expect to make any contribution to the pension plan in the future.

Plan assets disclosure UK Scheme

	31.12.24 US$ 000	31.12.23 US$ 000
Hedge Fund	-	25,021
Equity instruments	993	3,251
LDI Fund	8,417	123,337
Cash	8,386	1,787
Insurance contracts	124,285	-
Real estate	10,729	31,550

The Scheme assets do not include any directly or indirectly owned financial instruments issued by Gulf International Bank (UK) Limited.

The nature of the Scheme exposes the Bank to the risk of paying unanticipated additional contributions to the Scheme in times of adverse experience. The most financially significant risks are likely to be:

- Members living for longer than expected,
- Higher than expected actual inflation and salary increase experience,
- The risk that movements in the value of scheme's liabilities are not met by corresponding movements in the value of the scheme's assets.

The amounts recognised in the statement of income were as follows:

	31.12.24 US$ 000	31.12.23 US$ 000
Current service cost	-	270
Net Interest income/cost on net defined benefit scheme obligations/assets	(2,656)	(3,247)
Total	(2,656)	(2,977)

Information about the defined benefit obligation:-

	Liability split		Duration (years)	
	31.12.24	31.12.23	31.12.24	31.12.23
Active members	0%	0%	n/a	n/a
Deferred members	39%	50%	16	16.7
Pensioners	61%	50%	10.8	10.7
Total	100%	100%	12.8	13.8

The principal actuarial assumptions used for accounting purposes were as follows:-

	31.12.24	31.12.23
Discount rate	**5.5%**	4.6%
Retail Price Inflation (% p.a)	**3.1%**	3.1%
Consumer Price Inflation (% p.a)	**2.3%**	2.2%
Rate of pension increases (5% Limited Price Indexation)	**3.0%**	3.0%
Rate of pension increases (2.5% Limited Price Indexation)	**2.0%**	2.2%

Total life expectancy from age 60 at year end for (years)

	31.12.24	31.12.23
Male aged 40	**28.1**	27.9
Male aged 60	**27.3**	27.3
Female aged 40	**30.9**	30.5
Female age 60	**29.7**	29.4

Change in assumptions compared with 31 December actual assumptions

		Change in Actuarial value of Liabilities on 31 December 2024	Actuarial value of Liabilities on 31 December 2024
		US$ 000	US$ 000
Base Case			124,285
Discount rate	0.5 % decrease	Increase of 7,926	132,211
Life Expectancy	1 year increase	increase of 3,729	128,014
Inflation	0.5 % increase	increase of 4,741	129,026

The sensitivity analysis disclosed is intended to provide an indication of the impact on the value of the UK's Scheme's liabilities of the risks highlighted.

The sensitivities disclosed were calculated using approximate methods taking into account the duration of the Schemes' liabilities. There is no change in the method and assumptions used from the previous period.

Pension Buy-In

On 12 December 2024, the Trustees of the Scheme completed a full scheme buy-in transaction with an insurer to de-risk the pension scheme by transferring the longevity, inflation, interest rates and investment risks associated with the scheme's liabilities to the insurer. The buy-in policy secures the benefits for members, ensuring their pensions are protected and will be paid in full. The total premium paid to the insurer was $140 million, funded from the scheme's existing assets. This transaction is expected to improve the scheme's funding level by reducing the volatility associated with the covered liabilities.

Until such future point when individual annuity policies are assigned to the members and the Scheme is wound up, then the Scheme remains legally responsible for paying the members' benefits. GIB UK has no immediate plans to wind up the Scheme. The value of the buy-in has been calculated as the actuarial value of the benefits covered by the policy on 31 December 2024, measured using the accounting assumptions.

There has been a reduction of $15 million to the Pension reserve as a result of the buy-in transaction. This is because the buy-in is valued on the asset side as the IAS19 value of the insured liabilities. However, the buy-in premium was higher than the IAS19 value of the liabilities due to more prudent assumptions typically used by insurers to allow for expenses and the premium for the risk transfer.

The following are the expected payments from the defined benefit plan in future years:

	31.12.24	31.12.23
	US$ 000	US$ 000
Within next 12 months	**7,106**	6,137
Between 2 and 5 years	**28,250**	25,974
Between 5 and 10 years	**40,847**	36,739
Beyond 10 years	**210,881**	194,745
Total expected payments	**287,084**	**263,595**

The average duration of the defined benefit plan obligation at the end of the reporting period is 12.8 years (2023: 13.8 years).

Outside of this, the Trustees' current investment strategy, having consulted with the Bank, is to invest the vast majority of the Scheme's assets in a mix of equities, bonds and multi-asset funds, in order to strike a balance between; maximising the returns on the Scheme's assets and minimising the risks associated with the lower-than-expected returns on the Scheme's assets. The Trustees are required to regularly review their investment strategy in light of the revised term and nature of the Scheme's liabilities.

Virgin Media Case

The Virgin Media Ltd v NTL Pension Trustees II Ltd case has significant implications for financial statement disclosures, particularly concerning pension liabilities. The case revolves around the interpretation of section 37 of the Pension Schemes Act 1993, which requires actuarial certification for amendments to defined benefit pension schemes.

The ruling, upheld by the Court of Appeal in July 2024, has created uncertainties for trustees and sponsoring employers about whether past scheme amendments are valid without proper actuarial certification. This could impact the recognition and measurement of pension liabilities in financial statements

During 2024, the Trustees as part of the buy in process asked their lawyers to review the documentation to determine the potential impact of the Virgin Media case. From their review, they noted there were only two documents where the S37 certificate could not be found:

- The 1999 Trust Deed & Rules
- November 2000 Deed of Amendment (relating to pension sharing on divorce)

From discussions with GIB UK's lawyers, they believe these are both low risk.

With regards the 1999 Trust Deed & Rules, generally the view is definitive deeds such as this are lower risk in circumstances where they were primarily deeds consolidating previous amendments and bringing the rules into line with statutory updates. That being said, efforts are still being made to locate the relevant s.37 confirmations by contacting the advisers from the time of the 1999 definitive deed.

With regards to the November 2000 deed amendment, as it relates to a statutory change and so there is a good argument they didn't require a s.37 certificate at all.

Defined contribution scheme

A defined contribution scheme was created for all employees who commenced employment with the Bank after 1 January 2003. Contributions are based on a percentage of salary. The amounts to be paid as retirement benefits are determined by reference to the amounts of the contributions and the investment earnings thereon. The total cost of contributions to the defined contribution pension plans for the year ended 31 December 2024 was $4.4 million (2023: $2.2 million).

10 Deposits from banks

	31.12.24	31.12.23
	US$ 000	US$ 000
Repayable on demand	**1,154,089**	71,406
With agreed maturity dates or periods of notice, by remaining maturity:		
- 3 months or less but not repayable on demand	**-**	1,940
- 1 year or less but over 3 months	**4,914**	3,055
	1,159,003	76,401

Deposits from banks includes $0.0 million (2023: nil) from Gulf International Bank BSC.

11 Deposits from customers

	31.12.24	31.12.23
	US$ 000	US$ 000
Repayable on demand	**5,882,755**	13,647,996
With agreed maturity dates or periods of notice, by remaining maturity:		
- 3 months or less but not repayable on demand	**3,374,889**	3,220,467
- 1 year or less but over 3 months	**3,497,795**	3,983,237
	12,755,439	20,851,700

12 Other liabilities

	31.12.24	31.12.23
	US$ 000	US$ 000
Interest payable	**48,997**	53,227
Accrued expenses	**22,895**	24,131
Other Liabilities	**9,509**	6,177
Lease liabilities (i)	**27,675**	30,352
	109,076	113,887

i) Lease Liabilities

Changes in liabilities arising from financing activities

	31.12.24	31.12.23
	US$ 000	US$ 000
Lease liabilities as at 1 January	**30,352**	31,558
Finance cost	**1,058**	1,093
Foreign exchange impact	**(549)**	950
Less: cash flows in relation to the principal portion of the lease payments	**(3,186)**	(3,249)
Total as at 31 December	**27,675**	30,352

13 Share capital and reserves

The total number of authorised ordinary shares at 31 December 2024 was 480 million shares of $1 each (2023: 480 million shares of $1 each). The total number of issued ordinary shares at 31 December 2024 was 250 million shares of $1 each (2023: 250 million shares of $1 each). The capital contribution was $2,279,000 (2023: $2,279,000).

All issued ordinary shares are fully paid.

Capital contribution

The capital contribution was in relation to the 2018 GIB BSC's purchase of an underlying exposure at par on which the Bank had suffered a fair value decline.

Cash flow hedge reserve

The change in fair value of designated hedging instrument relating to effective portion is recognised in Other comprehensive income reserve, net of tax.

Pension reserves

The surplus or a deficit on a defined benefit pension scheme results in an asset or a liability being recognised by the Bank, the recognition of the pension asset or liability results in the creation of a pension reserve.

14 Net interest income

	31.12.24 US$ 000	31.12.23 US$ 000
Interest income from financial instruments measured at amortised cost		
Interest on placements and other liquid assets	**970,850**	690,010
Interest on securities	**59,893**	12,918
Total	**1,030,743**	702,928
Net interest on derivative hedges*	**31,933**	58,134
Finance cost on lease liabilities	**(1,058)**	(1,063)
Total	**30,875**	57,071
Interest expense from financial instruments measured at amortised cost		
Interest on deposits	**(987,369)**	(679,131)
Total interest expense	**(987,369)**	(679,131)
Net interest income	**74,249**	80,868

* During the year, the Bank has made a voluntary accounting policy change to recognise the changes in fair value of FX swaps relating to forward points, in Net interest income, previously recorded in Net trading income. As a result of this change $39 million has been reclassified from Net trading income to Net interest on derivative hedges.

15 Net fee and commission income

	31.12.24 US$ 000	31.12.23 US$ 000
Investment banking and management fees- Investment banking	**3,392**	3,732
Commissions on letters of credit and guarantee- Treasury and Banking	**2,893**	1,069
Other fee and commission income	**537**	487
Total fee and commission income	**6,822**	5,288
Fee and commission expense:		
Brokerage	**(446)**	(341)
Commissions paid	**(306)**	(229)
Nostro charges	**(615)**	(1,303)
Total fee and commission expense	**(1,367)**	(1,873)
Net fee and commission income	**5,455**	3,415

16 Net trading income / (loss)

	31.12.24 US$ 000	31.12.23 US$ 000
Equities and other trading income	**5,358**	7,376
Net trading income/(loss)	**5,358**	7,376

Trading income included gain from seed investments in GIB UK's managed funds amounting to $6.7 million (2023: $15.3 million gain). GIB UK enters into derivative contracts to economically hedge the seed investments, the loss of those derivatives was $1.3 million (2023: $7.9 million loss).

17 Operating expenses and Auditor's remuneration

	31.12.24 US$ 000	31.12.23 US$ 000
Staff Costs	**41,879**	37,984
Premises	**1,955**	842
Depreciation	**902**	1,060
Depreciation on right of use assets	**2,358**	1,883
Other expenses	**18,313**	15,575
Operating expenses	**65,407**	57,344
Auditor's remuneration		
Audit of these financial statements	**599**	565
Amounts receivable by the company's auditor and its associates in respect of:		
- further regulatory assurance related services	**-**	-
- audit related assurance services	**234**	44

18 Staff costs

	31.12.24 US$ 000	31.12.23 US$ 000
Salaries and wages	**30,369**	27,801
Social security costs	**3,924**	3,966
Pension costs:		
- Defined Contribution plans	**4,422**	1,969
- Defined Benefit plans	**-**	269
Other staff costs	**3,164**	3,979
Total staff cost	**41,879**	37,984

The average number of persons employed by the Bank during the year was 129 (2023: 112).

19 Income tax expense

Recognised in the statement of comprehensive income.

	31.12.24	31.12.23
	US$ 000	US$ 000
Current tax (credit)/charge:		
Current tax on income for the year	**7,068**	5,529
Current tax adjustment relating to prior years	**(371)**	2
UK Corporation tax bank surcharge	**-**	47
Foreign exchange difference in relation to prior periods	**10**	(15)
Deferred tax charge:		
Deferred tax relating to the origination and reversal of temporary differences	**1,090**	6,853
Effect of Tax rate change	**-**	431
Adjustment in relation to prior years	**306**	(233)
Tax (credit)/charge	**8,103**	12,614

b) Reconciliation of the total tax charge/(credit)

	31.12.24	**31.12.24**	**31.12.23**	**31.12.23**
		US$ 000		US$ 000
Profit/(Loss) before tax		**32,104**		52,494
Corporation tax using the domestic	25.0%	**8,026**	23.5%	12,347
Non deductible expenses	0.5%	**165**	0.0%	3
Fixed Asset Differences	(0.0%)	**(12)**	0.0%	16
Adjustment in relation to prior years - current	(1.2%)	**(371)**	0.0%	2
Bank surcharge	0.0%	**-**	0.1%	47
Adjustment in relation to prior years - deferred tax	1.0%	**306**	(0.4%)	(233)
Current Tax (prior period) exchange difference arising on movement between open/close spot rates	0.0%	**10**	(0.0%)	(15)
Remeasurement of deferred tax for changes in tax rates	0.0%	**-**	0.8%	431
Current Tax (current period) exchange difference arising on movement between opening and closing spot rates	(0.1%)	**(21)**		16
Total tax (credit)/charge		**8,103**		12,614
		25%		24%

c) Deferred taxation

Movement in deferred tax	31.12.24 US$ 000	31.12.23 US$ 000
Deferred tax liability as at 1 January	**(12,219)**	(5,032)
Prior year adjustment to deferred tax (charge) / credit	**(306)**	233
Deferred tax movement through P&L (charge) / credit	**(1,090)**	(6,853)
Deferred tax movement through OCI (charge) / credit	**7,389**	(86)
Rate change adjustment in P&L (charge) / credit	**-**	(431)
Deferred tax included directly in equity	**-**	(50)
Deferred tax (liability)/asset as at 31 December	**(6,226)**	(12,219)

Recognised deferred tax (liability) (Net)	31.12.24 US$ 000	31.12.23 US$ 000
Pensions	**(7,015)**	(14,135)
Fixed Assets	**182**	233
Tax Losses	**-**	1,558
Deferred remuneration	**1,250**	125
Cash flow hedge	**(643)**	-
Recognised deferred tax (liability) (Net)	**(6,226)**	(12,219)

Corporation tax rate

Further, on 27 October 2021, the UK Government announced its intention to decrease the banking surcharge rate from 8% to 3% and increase the surcharge allowance from £25 million to £100 million from 1 April 2023. This was substantively enacted on 2 February 2022. GIB UK was subject to the banking surcharge during 2023, due to it's increased profitability.

Pillar Two Model Rules

In December 2021, the Organisation for Economic Co-operation and Development (OECD) published detailed rules to assist in the development of a landmark reform to the international tax system, including "Pillar Two" model rules which will apply to multinational enterprises with consolidated annual revenues of more than €750 million and which seek to impose a minimum effective tax rate of 15% on each tax jurisdiction in which those enterprises operate.

IAS 12 applies to income taxes arising from implantation of Pillar Two model rules, including tax law that implements Qualified Domestic Minimum Top up Taxes. However, given the uncertainty as to whether the Pillar Two model rules create additional temporary differences and at which rate temporary differences should be measured, on 23 May 2023, the IASB issued amendments to IAS 12 "Income Taxes" introducing a mandatory temporary exception to the requirements of IAS 12 under which a company does not recognise or disclose information about deferred tax assets and liabilities related to the proposed Pillar Two model rules which GIB UK has applied.

The GIB Group has performed an assessment of the Group's exposure to Pillar Two Income taxes based on the most recent information available regarding the financial performance of the constituent entities in the Group. Based on the assessment performed, the Pillar Two effective tax rates in all jurisdictions with enacted or substantially enacted legislation (with effect from 1st January 2024) which would give rise to a Pillar Two top up tax within the UK are above 15% and management is not currently aware of any circumstances under which this might change. Accordingly, GIB UK does not expect exposure to Pillar Two top-up taxes.

20 Risk management

The principal risks associated with the Bank's business are credit risk, market risk, liquidity risk and operational risk.

The Bank's policy is to have a comprehensive risk management framework in place for managing and controlling these risks which is constantly evolving as the business activities change in response to credit, market, product and other developments. This includes limits covering nominal transaction sizes, individual counterparty, country and concentration limits, liquidity and maturity profiles and value at risk ("VaR") as well as policies and procedures to minimise the impact of operational risk.

The risk management framework incorporates an evaluation of risk appetite expressed in terms of formal risk limits, risk Oversight independent of business units, disciplined risk assessment and measurement including VaR methodologies and portfolio stress testing and risk diversification.

The Board of Directors sets the Bank's overall risk parameters and risk tolerances, and the significant risk management policies. Management has the responsibility for establishing and monitoring various limits for market and credit risk and for ensuring that the Bank's aggregate risk remains within Board guidelines. Such risks arising out of the Bank's business are monitored daily and risk limits are reviewed at regular intervals in the light of prevailing market conditions.

The risk management control process is based on a detailed structure of policies, procedures and limits, and comprehensive risk measurement and management information systems for the control, monitoring and reporting of risks. Periodic reviews by internal audit and regulatory authorities subject the risk management processes to additional scrutiny which help to further strengthen the risk management environment.

GIB (UK) has a dedicated Risk & Compliance function independent of business units headed by the CRCO and ensures that it has the necessary skills, expertise, and competency and authority to discharge its responsibilities.

The principal risks associated with the Bank's business and the related risk management processes are commented on below:

a) Credit risk

Credit risk represents the potential loss to the Bank when counterparty fails to meet its obligations. The Bank is exposed to credit risk from its Treasury lending activities in addition to other transactions involving both on and off-balance sheet financial instruments and from the non- performance of counterparties and issuers. The Bank aims to have disciplined processes in place at both the business unit and corporate level that are intended to ensure that risks are accurately assessed and properly approved and monitored.

Under an intra-group service level agreement, the GIB BSC Credit Risk Management Function is responsible for monitoring credit risk against the limits determined by GIB (UK) management. Credit limits are applied at the individual counterparty, country and portfolio levels. The limit setting and monitoring processes involve an analysis of financial and other information about the counterparty, including credit ratings, collateral, if any, to be provided in the transaction and the duration of the transaction.

It monitors, manages and controls credit risk exposures based on an internal credit rating system that rates individual obligors based on a rating scale from 1 to 10, subject to positive (+) and negative (-) modifiers for rating grades 2 to 6. The internal credit rating is a measure of the credit- worthiness of a single obligor, based on an assessment of the credit risk relating to senior unsecured, medium term, foreign currency credit exposure. The primary objectives of the internal credit rating system are to maintain a single uniform standard for credit quality measurement, and to serve as the primary basis for Board-approved risk parameters and delegated credit authority limits. Ratings are assigned to obligors, rather than facilities, and reflect a medium-term time horizon, thereby rating through an economic cycle.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative tests based on the movement of PDs and qualitative information and analysis, based on the Bank's historical experience and taking into consideration both internal and external indicators and expert credit assessment and inclusion of forward-looking information.

Credit risk grades as aforementioned are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates. Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower.

Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. Therefore the risk of default occurring increases as the credit risk deteriorates i.e 2 and above, between 2- and 3+, between 3 and 4+, and 4 and below, are considered to be increase in credit risk where they have been downgraded 6 notches, 5 notches, 4 notches and 3 notches respectively since initial recognition, and where the current pricing has not been adjusted to reflect the new risk profile of the counterparty.

The rating system is different for the Debt investment securities where the globally recognised international investment grades are used. These are considered to have low credit risk when their credit risk rating is equivalent to the globally understood definition of an investment grade rating or a debt investment security with similar credit risk characteristics.

Definition of default

The Bank considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as liquidating collateral; or the borrower is past due more than 90 days on any credit obligation to the Bank. The Bank considers treasury and interbank balances defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements. For all other cases, in assessing whether a borrower is in default the Bank considers both qualitative factors such as breaches of covenants and quantitative factors such as overdue status and non-payment on another obligation of the same issuer to the Bank.

Incorporation of forward-looking information

The Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the Parent's Chief Economist and consideration of a variety of external actual and forecast information, the Bank formulates a fundamental view of the future direction of relevant economic variables as well as a reasonable range of possible scenarios.

The Bank has identified economic factors such as the International Monetary Fund (IMF) trends in fiscal balances and GDP growth in key markets of the Kingdom of Saudi Arabia, United Arab Emirates and United States of America as well as the views of the Chief Economist. Given the nature of the Bank's exposures and availability of historical statistically reliable information, the Bank derives the point-in-time (PIT) probability of default (PD) using the through-the-cycle (TTC) PD data published by Standard & Poor's (S&P) for each rating category. The Bank uses the Vasicek model to link the TTC PDs with forward looking economic factors to drive PIT PD estimates for each rating category. The Vasicek model takes into consideration forward looking economic forecasts under three scenarios (base case, negative case, and positive case), historical economic data, the asset correlation of each rating category (as per the Basel IRB economic capital formula), and TTC PDs for deriving PIT PDs. The relationship between the economic factors and default and loss rates have been developed using internal historical data and relevant external market data.

Measurement of ECL

The key input parameters into the measurement of ECL are the probability of default (PD), loss given default (LGD) and exposure at default (EAD). These parameters are derived from internally developed statistical models, other historical data using both internal and external factors, and incorporates forward-looking information.

PD estimates are estimates at a certain date and are calculated using Standard & Poor's recovery studies data after consideration of the contractual maturities of exposures and estimated prepayment rates and are derived using the Vasicek model.

The PIT PD estimates are converted to cumulative PIT PDs for exposures that have tenors in excess of one year and that are assessed on lifetime PDs. The lifetime PDs are calculated by compounding the 12-month PIT PDs.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the historical data of recovery rates of claims against defaulted counterparties using both internal and external factors.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amounts allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD is converted to balance sheet equivalents.

Subject to a maximum of 12-month PD for financial assets for which credit risk has not significantly increased, the Bank measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics including instrument type, credit risk ratings and geographic location of the borrower.

The Bank calculates PIT PD estimates under three scenarios, a base case, negative case and positive case. A probability weighted ECL is then calculated by assigning probabilities, based on current market conditions, to each scenario. At 31st December 2023, the probabilities assigned to the base case, negative case and positive case scenarios were in the ratio of 50:25:25 respectively (2022: 50:25:25).

Credit-impaired loans

Credit-impaired loans and advances are graded 8 to 10 in the Bank's internal credit risk grading systems.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons including changing market conditions, and other factors not related to the current or potential credit deterioration of a customer. When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects a comparison of its remaining lifetime PD at the reporting date based on modified terms, with the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

Settlement risk

Settlement risk is the risk of loss due to the failure of a counterparty to honour its obligations to deliver cash, securities, or other assets as contractually agreed.

For certain types of transactions, the Bank mitigates this risk by conducting settlements through a settlement or clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval and limit monitoring process.

Bank classification of asset and liabilities and their fair values.

The table below sets out the Bank's classification of each class of financial assets and liabilities, and their fair values as at 31 December 2024

	FVTPL	Cash & Placement	Debt securities at amortised cost	Others	Total	Fair Value
	US$ million	US$ million	US$ million	US$ million	US$ million	US$ million
Cash and cash equivalents	-	7,379	-	-	7,379	7,379
Placements with banks	-	5,667	-	-	5,667	5,667
Investment Securities	-	-	1,015	-	1,015	1,018
Trading securities	142	-	-	-	142	142
Derivative financial assets	89	-	-	-	89	89
Other assets	-	-	-	207	207	207
	231	13,046	1,015	207	14,499	14,502
Deposits from banks	-	1,159	-	-	1,159	1,159
Deposits from customers	-	12,755	-	-	12,755	12,755
Derivative financial liabilities	8	-	-	-	8	8
Other liabilities		-	-	117	117	117
	8	13,914	-	117	14,039	14,039

As at 31 December 2023

	FVTPL	Cash & Placement	Debt securities at amortised cost	Others	Total	Fair Value
	US$ million	US$ million	US$ million	US$ million	US$ million	US$ million
Cash and cash equivalents	-	14,885	-	-	14,885	14,885
Placements with banks	-	5,290	-	-	5,290	5,290
Investment Securities	-	-	969	-	969	969
Trading securities	112	-	-	-	112	112
Derivative financial assets	74	-	-	-	74	74
Other assets	-	-	-	235	235	235
	186	20,175	969	235	21,565	21,565
Deposits from banks	-	76		-	76	76
Deposits from customers	-	20,852		-	20,852	20,852
Derivative financial liabilities	50	-		-	50	50
Other liabilities		-		127	127	127
	50	20,928	-	127	21,105	21,105

The gross maximum exposure to credit risk before applying collateral, guarantees and other credit enhancements is the same as the carrying value. The collateral received in the reverse repo transactions is in the form of highly rated debt securities. These collateralised lending transactions are conducted under standardised terms that are usual and customary for such transactions. The securities held as collateral in the reverse repo deals were amounting to $1,187.9 million (2023: $992.6 million).

Credit risk concentration

The Bank monitors concentrations of credit risk by geographic location. The geographical distribution of risk assets is set out below. An analysis of the credit risk in respect of foreign exchange and derivative financial instruments is set out in note 21

Geographic risk exposure

	Placements, cash & cash equivalents	Debt Securities at amortised cost & Trading securities	Credit - related contingent items	Others	Total exposure
	US$ million	US$ million	US$ million	US$ million	US$ million
As at 31 December 2024					
GCC	1,624	67	-	43	1,734
Europe	8,457	123	-	233	8,813
North America	2,672	336	-	13	3,021
Asia	293	632	-	6	931
Oceania	-	-	-	-	-
Total	**13,046**	**1,158**	**-**	**295**	**14,499**
As at 31 December 2023					
GCC	2,204	44	-	62	2,310
Europe	7,321	134	-	240	7,695
North America	10,540	303	-	5	10,848
Asia	109	600	-	3	712
Oceania	-	-	-	-	-
Total	**20,174**	**1,081**	**-**	**310**	**21,565**

GCC refers to the Gulf Cooperation Council, a regional, intergovernmental political and economic union that consists of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

All the above exposures were neither past due nor impaired in the current year and prior year.

The internal ratings map directly to the rating grades used by the international credit rating agencies as follows:

		External rating	
Internal rating grade	**Internal classification**	**Fitch and S&P**	**Moody's**
Investment grade			
Rating grade 1	Standard	AAA	Aaa
Rating grade 2	Standard	AA	Aa
Rating grade 3	Standard	A	A
Rating grade 4	Standard	BBB	Baa
Sub-investment grade			
Rating grade 5	Standard	BB	Ba
Rating grade 6	Standard	B	B
Rating grade 7	Standard	CCC	Caa
Classified			
Rating grade 8	Substandard	CC	Ca
Rating grade 9	Doubtful	C	C
Rating grade 10	Loss	D	-

	31.12.24	31.12.24	Total
	Cash and Cash equivalents & Placements US$ million	Debt Securities US$ million	US$ million
Stage 1 (12 Month ECL)			
Rating grades 1 to 4	13,046	1,015	14,061
Carrying value	**13,046**	**1,015**	**14,061**
Stage 2 (Life ECL but not credit-impaired)	-	-	-
Stage 3 (Life ECL and credit-impaired)	-	-	-
Total	**13,046**	**1,015**	**14,061**

	31.12.23	31.12.23	Total
	Cash and Cash equivalents & Placements US$ million	Debt Securities US$ million	US$ million
Stage 1 (12 Month ECL)			
Rating grades 1 to 4	20,175	969	21,144
Carrying value	**20,175**	**969**	**21,144**
Stage 2 (Life ECL but not credit-impaired)	-	-	-
Stage 3 (Life ECL and credit-impaired)	-	-	-
Total	**20,175**	**969**	**21,144**

The above analysis is reported net of the following ECL provisions for impairment:

	Cash and Cash equivalents & Placements US$ million	Debt Securities US$ million	US$ million
Stage 1	643	189	832
Stage 2	-	-	0
Stage 3	-	-	0
	-	-	0
Total as at 31 Dec 2023	643	189	832
Stage 1 provisions during 2024	(146)	(20)	(166)
Total as at 31 December 2024	497	169	666

b) Market risk

Derivative instruments are used as hedges against the risk of losses from mismatches in maturities, interest rates and currencies in relation to the asset and liabilities. FX forwards, interest and currency swaps agreements are most commonly used to this effect. Derivatives are also used as hedge against seed capital investments in equity and fixed income portfolios, Futures and Total Return Swaps are used to this effect. Net Open currency positions are relatively small and re-valued on a regular basis. Trading on the spot and forward foreign exchanges markets is mainly client driven.

Market risk is the risk of loss due to adverse changes in interest rates, foreign exchange rates, instrument prices and market conditions. The Market risk arise from the Treasury activities and investments in GIB UK's own products.

The Bank does not maintain material non-trading foreign currency open positions. In general, the Bank's policy is to match assets and liabilities in the same currency or to mitigate currency risk through the use of currency swaps. GIB UK monitors FX risk using historical VaR with a software called Murex. The FX VaR parameters are a 95% confidence interval, 21-day holding period, one-year lookback period and a decay factor of 0.97. During 2023 the monthly FX VaR was on average $34k at month-end, and year-and the FX VaR was $16k. The FX VAR numbers are unaudited.

GIB UK invests seed capital into its own investment funds to support them whilst they build a track record. Those are equity and fixed income investment funds and GIB hedges the investments using equity futures and total return swaps in order to mitigate the firm's sensitivity to changes in market prices. As the hedges do not always cancel profit or loss from the seed investment perfectly a residual profit or loss can result from the combination of seed investments and corresponding hedges. At year end there was a net loss of $5.0 million (2023 $6.9 million gain) relating to the funds' performance. The bank stopped hedging the GIB AM Sustainable World Corporate Bond Fund in April 2024.

Interest rate sensitivity gap analysis

	As at 31 December 2024							
	Within 3 months	4 to 6 months	7 months to 1 year	2 and 3 years	4 and 5 years	Over 5 years	Non-interest bearing items	Total
	US$ million	US$ million	US$ million	US$ million	US$ million	US$ million	US$ million	US$ million
Assets								
Cash and cash equivalents	7,379	-	-	-	-		-	**7,379**
Placements with banks	2,593	1,212	1,551	311	-	-		**5,667**
Debt Securities at amortised cost	395	5	246	317	53	-		**1,016**
Property, equipment , ROA and other assets	-	-	-	-	-		437	**437**
Total assets	**10,367**	**1,217**	**1,797**	**628**	**53**	**-**	**437**	**14,499**
Liabilities & shareholder equity								
Deposits from banks	1,154	5	-	-	-	-	-	**1,159**
Deposits from customers	9,258	1,595	1,903	-	-	-	-	**12,755**
Other liabilities	-	-	-	-	-	-	125	**125**
Shareholder funds	-	-	-	-	-	-	460	**460**
Total liabilities & shareholder equity	**10,412**	**1,600**	**1,903**	**-**	**-**	**-**	**584**	**14,499**
On-balance sheet items	(45)	(383)	(106)	628	53	-	(148)	
Effect of derivatives (Interest Rate Swaps) held for risk management	(654)	695	494	(482)	(53)	-	-	
As at 31 December 2024								
Interest rate sensitivity gap	(699)	312	388	146	-	-	(148)	
Cumulative interest rate sensitivity	(699)	(386)	2	148	148	148	(0)	

Interest rate sensitivity gap analysis

	As at 31 December 2023							
	Within 3 months	4 to 6 months	7 months to 1 year	2 and 3 years	4 and 5 years	Over 5 years	Non-interest bearing items	Total
	US$ million	US$ million	US$ million	US$ million	US$ million	US$ million	US$ million	US$ million
Assets								
Cash and cash equivalents	14,885							**14,885**
Placements with banks	2,791	899	1,271		331			**5,292**
Debt Securities at amortised cost	405	145	163	121	135			**969**
Property, equipment and other assets							419	**419**
Total assets	18,081	1,044	1,434	121	466	-	419	**21,565**
Liabilities & shareholder equity								
Deposits from banks	73	3	-	-	-	-	-	**76**
Deposits from customers	16,868	1,465	2,519		-	-	-	**20,852**
Other liabilities	-	-	-	-	-	-	177	**177**
Shareholder funds	-	-	-	-	-	-	460	**460**
Total liabilities & shareholder equity	16,941	1,468	2,519	-	-	-	637	**21,565**
On-balance sheet items	1,138	(424)	(1,085)	121	466	-	(216)	
Effect of derivatives (Interest Rate Swaps) held for risk management	77	342	120	(401)	(138)	-	-	
As at 31 December 2023								
Interest rate sensitivity gap	1,215	(82)	(965)	(280)	328	-	(216)	
Cumulative interest rate sensitivity	1,215	1,133	168	(112)	216	216	-	

A positive interest rate sensitivity gap exists when more assets than liabilities reprice during a given period. Although a positive gap position tends to benefit net interest income in an increasing interest rate environment, the actual effect will depend on a number of factors, including the extent to which repayments are made earlier or later than the contracted date and variations in interest rate sensitivity within repricing periods and among currencies.

The more significant market risk-related activities of a non-trading nature undertaken by the Bank, the related risks associated with those activities and the types of derivative financial instruments used to manage and mitigate such risks are summarised as follows:-

Activity	Risk	Risk Mitigant
Fixed rate assets funded by floating rate liabilities	Sensitivity to increases in short-term interest rates	Pay fixed interest rate swaps
Investment in foreign currency assets	Sensitivity to strengthening of US$ against other currencies	Currency swaps
Expenses in foreign currency	Sensitivity to weakening of US$ against other currencies	Currency swaps

c) Liquidity risk

GIB UK's only material source of liquidity risk arises from its Treasury and Banking services business which involves taking deposits and placing these funds in the interbank market and money market instruments mainly for the same tenor as that on which they have been borrowed. The majority of deposits are provided by three depositors. In order to mitigate this funding concentration risk, customer deposits are largely placed in the market on a matched basis so that the withdrawal of any individual depositor would not adversely affect the overall liquidity position. Any liquidity gaps are covered by the placement of funds at Central Banks and other highly liquid assets. The monitoring of liquidity positions and customer concentration against both regulatory and internally set limits takes place on a daily basis and is formally reviewed on a weekly basis by Senior Management.

Liquidity management policies are designed to ensure that funds are available at all times to meet the funding requirements of the Bank, even in adverse conditions. In normal conditions the objective is to ensure that there are sufficient funds available not only to meet the current financial commitments but also to facilitate business expansion. The aim is to meet these objectives through the application of robust liquidity controls. These controls provide security of access to funds without undue exposure to increased costs from the liquidation of assets or the aggressive bidding for deposits. The Bank's liquidity controls add assurance that, over the short term, the future profile of cash flows from maturing assets is adequately matched to the maturity of liabilities. Liquidity controls also provide for the maintenance of a stock of liquid and readily realisable assets and a diversified deposit base in terms of both maturities and range of depositors. Stress tests are also performed on a monthly basis.

The gross cash flows payable by the Group under financial liabilities, based on contractual maturity dates, was as follows:-

	Carrying amount US$ million	Gross nominal inflow / (outflow) US$ million	Within 3 months US$ million	4 months to 1 year US$ million	2 and 3 years US$ million	4 and 5 years US$ million	Over 5 years US$ million
As at 31 December 2024							
Deposits from banks	1,159	(1,159)	(1,154)	(5)	-	-	-
Deposits from customers	12,755	(12,756)	(9,258)	(3,498)	-	-	-
Other liabilities including Lease liabilities	115	(114)	(82)	(4)	(5)	(3)	(20)
Derivative financial instruments:					-	-	-
- contractual amounts payable	8	(8)	(8)	-	-	-	-
- contractual amounts receivable	(89)	89	89	-	-	-	-
Total undiscounted financial liabilities	13,948	(13,948)	(10,413)	(3,507)	(6)	(3)	(20)
As at 31 December 2023							
Deposits from banks	76	(76)	(73)	(3)	-	-	-
Deposits from customers	20,852	(20,852)	(16,869)	(3,983)	-	-	-
Other liabilities	126	(126)	(85)	(4)	(5)	(3)	(29)
Derivative financial instruments:					-	-	-
- contractual amounts payable	50	(50)	(50)	-	-	-	-
- contractual amounts receivable	(74)	74	74	-	-	-	-
Total undiscounted financial liabilities	21,030	(21,030)	(17,003)	(3,990)	(6)	(3)	(29)

A maturity analysis of derivative and foreign exchange instruments based on notional amounts is set out in note 21.

d) Operational risk

GIB UK endeavours to minimise operational risk by ensuring that a strong control infrastructure is in place throughout the organisation.

GIB UK has established a comprehensive Operational Risk Policy. As part of this Policy, a risk assessment exercise is performed which identifies the operational risks inherent in GIB (UK)'s activities, processes and systems. The controls in place to mitigate these risks are also reviewed to ensure their effectiveness. In addition, a database of measurable operational losses is maintained, together with a record of key risk indicators, which can provide an early warning of possible operational risk events.

To embed GIB (UK)'s operational risk objectives, each part of the business is required to continually identify, assess and manage its exposure to operational risk using a variety of approaches including:

- Operational Risk Event reporting: Each part of the business is required to systematically track operational risk loss data and document operational risk events in accordance with the Operational Risk Policy. These are monitored by the Business Risk Committee.
- Monitoring Key Risk Indicators: Key risk indicators (KRI) are warning signals, which enable Management to monitor and mitigate operational risks that are reaching levels of concern. KRIs allows GIB (UK) to identify breaches of risk appetite and potential events that may harm continuity of business activities. Each business unit is required to monitor KRIs for operational risk in accordance with guidelines developed by the Business Risk Committee.
- Risk and Controls Self-Assessment: A comprehensive RCSA programme is undertaken covering both front office and support functions as well as the 2nd line of defence.

Tested contingency arrangements are also in place to support operations in the event of a range of possible disaster scenarios. The internal audit function makes regular independent appraisals of the control environment in all identified risk areas.

e) Currency risk

In general, the Bank's policy is to match financial assets and liabilities in the same currency or to mitigate currency risk through the use of currency swaps. Any open positions are relatively small. Trading on the spot and foreign exchange markets is primarily client driven. Below summary shows assets, liabilities and equities in foreign currencies. There were no significant derivative trading or foreign currency net open positions as either 31st December 2024 or 31st December 2023.

Balance sheet by currency:
31 December 2024

			US$ million				
	USD	SAR	EUR	GBP	JPY	OTH	Total
Total Assets	5,101	481	1,287	6,814	594	222	**14,499**
Total Liabilities and Equity	5,184	480	1,278	6,805	594	158	**14,499**

Balance sheet by currency:
31st December 2023

			US$ million				
	USD	SAR	EUR	GBP	JPY	OTH	Total
Total Assets	13,714	457	1,487	5,145	566	194	**21,563**
Total Liabilities and Equity	16,995	456	786	3,295	-	31	**21,563**

f) Hedging

In order to mitigate this interest rate risk on its placement and fixed rate bonds, the Bank uses interest rate swaps. Changes in the fair values of derivative financial instruments that are designated, and qualify, as fair value hedges and that prove to be highly effective in relation to the hedged risk, are included in trading income together with the corresponding change in the fair value of the hedged asset or liability that is attributable to the risk that is being hedged. The hedging item is executed at the same time that the client-related transaction, the hedged item, is booked. The interest component of derivatives that are designated and qualify as fair value hedges is included in interest income or interest expense relating to the hedged item over the life of the derivative instrument.

Generally, the hedging item executed exactly matches the critical terms of the hedged item, that being the nominal value, currency, trade date and maturity date and hence the hedge ratio is expected to remain close to 100% /1:1. The hedging relationship is generally highly effective because the critical terms of the instruments match at inception and will remain effective throughout the contractual term of the derivative until maturity. The critical terms are reviewed every reporting date to ensure that the match persists.

The hedging relationship is tested at each reporting date by comparing the fair value of the hedging instrument with that of the hedged instrument. If, as a result of the testing, there is a deviation to the hedge ratio then ineffectiveness is recognised in the income statement. The hedging relationship is subsequently either rebalanced or discontinued in accordance with the Bank's Board-approved policies and procedures.

Further disclosure on the hedge accounting and its impact on the financial position and performance is set out in note 21.

g) Capital management

Regulatory capital (un-audited)

Own funds as at 31 December 2024 and 31 December 2023 are summarised below.

The Bank's regulatory capital consists entirely of CET 1 capital made up of fully paid-up ordinary shares, audited retained earnings and other reserves.

There is no difference between the Bank's accounting balance sheet and that used as the basis for the preparation of the regulatory returns.

The common equity tier 1 ratio, among other metrics, is a measure of the Bank's capital strength and resilience. Adequate capital resources are vital to meeting the overall regulatory capital requirement to withstand the risks that may arise under both normal and stressed conditions and to meet current and forecast business needs.

The Group has put in place processes to monitor and manage the Bank's capital adequacy.

The Group's CET 1 capital position was as follows:-

	As at 31 December	
	2024	2023
	US$ 000	US$ 000
Capital instruments and the related share premium accounts	250,000	250,000
of which: called up share capital	250,000	250,000
Retained earnings	201,048	175,173
Accumulated other comprehensive income (and other reserves)	8,777	32,878
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**459,825**	**458,051**
Additional value adjustments	(216)	(234)
Intangible assets (net of related tax liability)	(129)	(116)
Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	(1,928)	-
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(2)	-
Defined-benefit pension fund assets (negative amount)	(22,086)	(46,044)
Total regulatory adjustments to Common Equity Tier 1 (CET1)	(24,360)	(46,393)
Common Equity Tier 1 (CET1) capital	**435,464**	**411,658**
Total Risk exposure amount	**1,961,726**	**1,809,985**
Of which:		
Credit risk	1,748,211	1,628,504
Market risk	819	11,263
Operational risk	197,656	149,224
Credit valuation adjustment	15,040	20,994
Capital ratios and buffers		
Common Equity Tier 1 (as a percentage of total risk exposure amount)	22.20%	22.74%
Tier 1 (as a percentage of total risk exposure amount)	22.20%	22.74%
Total capital (as a percentage of total risk exposure amount)	22.20%	22.74%

h) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation and is subject to review by senior management.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision-making. Account is also taken of other banking requirements, the availability of management and other resources, and the fit of the activity with the Bank's longer-term strategic objectives. The Bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

i) Fair value hierarchy

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly - i.e. as prices - or indirectly - i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category also comprises instruments such as interest rate swaps and forward currency contracts, valued using data such as yield curves and exchange rates, requiring little management judgements.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable, and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Trading Securities: the fair values of trading securities are based on quoted prices (Level 1) or valuation techniques (level 2 or 3). Investment in debt securities: the fair values of investment in debt securities are based on sourced prices from independent pricing vendors using valuation techniques (Level 1 and 2). Derivative financial instruments are valued using level 2 inputs, the values are modelled using market observable inputs and the value compared against the counterparty's valuation. Financial assets and financial liabilities not measured as fair value includes the following instruments: placements, loans and advances, cash and cash equivalents and deposits from customers and from banks are estimated at book value which is a reasonable approximation of their fair value.

	As at 31 December 2024 US$ 000			
	Carrying amount	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Trading securities	141,808	141,584	-	224
Derivative financial assets	89,160	-	89,160	-
	230,968	141,584	**89,160**	**224**
Financial assets not measured at fair value				
Placements with Banks	5,666,838	-	5,666,838	-
Cash & cash equivalents	7,378,636	-	7,378,636	-
Debt securities at amortised cost	1,015,473	-	1,017,756	-
Other assets	206,940	-	206,940	
	14,267,887	**-**	**14,270,170**	-
Financial liabilities measured at fair value				
Derivative financial liabilities	**7,739**	**-**	**7,739**	-
Financial liabilities not measured at fair value				
Deposits from banks	1,159,003	-	1,159,003	-
Deposits from customers	12,755,439	-	12,755,439	-
Other liabilities including Lease liabilities	124,587	-	124,587	-
	14,039,029	**-**	**14,039,029**	**-**

	As at 31 December 2023 US$ 000			
	Carrying amount	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Trading securities	111,752	111,443		309
Derivative financial assets	73,778		73,778	
	185,530	111,443	73,778	309
Financial assets not measured at fair value				
Placements with Banks	5,290,351		5,290,351	**-**
Cash & cash equivalents	14,883,184	**-**	14,883,184	**-**
Debt securities at amortised cost	969,443	**-**	969,443	**-**
Other assets	234,556	**-**	234,556	**-**
	21,377,534	**-**	**21,377,534**	**-**
Financial liabilities measured at fair value				
Derivative financial liabilities	50,031		50,031	
Financial liabilities not measured at fair value				
Deposits from banks	76,401	-	76,401	-
Deposits from customers	20,851,700	-	20,851,700	-
Other liabilities including Lease liabilities	176,912	-	176,912	-
	21,105,013	**-**	**21,105,013**	**-**

The basis of the valuation for level 3 trading securities is the net asset value released by the fund. However the underlying are the trade finance self- maturing facilities. Therefore, it has been categorised as level 3. The fair value of the loans including any impaired loans are estimated at the recoverable amount, measured as the present value of the future cash flows discounted based on the fund's discount rate used within the fair value model. This model also considers all potential recovery outcomes, and weight the likelihood of occurrence of each outcome.

The fair valuation of the loans has a direct impact on the net asset value of the fund. All of the assumptions applied are in line with management's judgment based on expected outcome of recovery.

No transfers out of the level 3 measurement classification occurred during the years ended 31st December 2024 and 31st December 2023. Similarly, no transfers between level 1 and level 2 measurement classifications were made during the years ended 31st December 2024 and 31st December 2023.

j) Offsetting of financial assets and liabilities

The Bank does not regularly use netting agreements except those embedded within the credit support annexes (CSAs) to its ISDA agreements. ISDA agreements and CSAs are in place for all counterparties. Note 21 discloses the gross contractual cash flows of the Bank's interest rate swaps and forward currency contracts. At 31 December 2024, the Bank has placed $46.0 million (2023: $50.5 million) of cash collateral in respect of its forward currency contracts and interest rate swaps, and holds $42.6 million (2023: $nil million) of cash collateral in respect of the same.

Additionally, the Bank has lent $1,188 million (2023: $1,000 million) under reverse repurchase agreements, these loans are secured by $1,275 million (2023: $1,068 million) of investment grade, fixed income, securities collateral.

21 Derivatives and foreign exchange instruments

The Bank utilises derivative and foreign exchange instruments to meet the needs of its customers, to generate trading revenues and as part of its asset and liability management ("ALM") activity to hedge its own exposure to market risk.

The tables set out below provide further information about the derivative instruments entered into by the Bank at the reporting date:-

- their contract or underlying principal amounts and year end fair values
- their replacement cost, netting fair values as appropriate
- their residual maturity analysis

	At 31 December 2024			At 31 December 2023		
	Contract or underlying principal amount US$ million	Fair value positive US$ million	Fair value negative US$ million	Contract or underlying principal amount US$ million	Fair value positive US$ million	Fair value negative US$ million
Exchange rate contracts	6,231	80	(7)	3,897	55	(42)
TRS	52	1	-	73	-	(3)
Interest rate contracts	1,145	6	(1)	3,110	19	(4)
Futures	54	2	-	30	-	(1)
Total	**7,482**	**89**	**(8)**	**7,110**	**74**	**(50)**

Residual maturity analysis of contracts with a positive fair value:-

	31.12.24		31.12.23	
	Contract or underlying principal amount US$ million	Replacement cost US$ million	Contract or underlying principal amount US$ million	Replacement cost US$ million
Less than 1 year	6,947	83	6,571	66
2 and 3 years	482	6	401	8
4 and 5 years	53	-	138	-
Total	**7,482**	**89**	**7,110**	**74**

Fair value hedge

In the table below, the Bank sets out the accumulated fair value adjustments arising from the corresponding continuing hedge relationships, irrespective of whether or not there has been a change in hedge designation during the year.

As at 31 December 2024		Carrying amount US$ million	Accumulated fair value adjustment US$ million
Assets			
Investment securities	A	229	6
Bank placements	B	916	(1)
Liabilities			
Customer deposits	C	-	-
		1,145	5

As at 31 December 2023		Carrying amount US$ million	Accumulated fair value adjustment US$ million
Assets			
Investment securities	A	218	7
Bank placements	B	1,644	9
Liabilities			
Customer deposits	C	1,249	-
		3,111	16

The corresponding statement of financial position line items, where the hedged item and the cumulative fair value changes are recorded, include:

A. Debt securities at amortised cost
B. Placements with banks
C. Deposits from customers

The following table provides information about the hedging instruments included in the derivative financial instruments line items of the Bank's statement of financial position:

As at 31 December 2024	Notional Amoun	Assets	Liabilities
	US$ million	US$ million	US$ million
Interest rate contracts	1,145	6	(1)
Total	**1,145**	**6**	**(1)**

As at 31 December 2023	Notional Amoun	Assets	Liabilities
	US$ million	US$ million	US$ million
Interest rate contracts	3,110	10	(4)
Total	**3,110**	**10**	**(4)**

The fair value of hedging instruments used as the basis for recognising gains and losses in the income statement relating to fair value hedging relationships were as follows:

31 December 2024		Gain / (losses) attributable to hedged risk		Hedge ineffectiveness
		Hedged item	Hedging instrument	
		US$ million	US$ million	US$ million
Hedged items	**Hedging instruments**			
Investment securities	Interest rate contracts	1	(1)	-
Bank placements	Interest rate contracts	10	(10)	-
Customer deposits	Interest rate contracts			-
		11	(11)	

31 December 2023		Gain / (losses) attributable to hedged risk		Hedge ineffectiveness
		Hedged item	Hedging instrument	
		US$ million	US$ million	US$ million
Hedged items	**Hedging instruments**			
Investment securities	Interest rate contracts	4	(4)	-
Bank placements	Interest rate contracts	(26)	26	-
Customer deposits	Interest rate contracts	(1)	1	-
		(23)	23	-

The maturity profile of the Bank's hedging instruments is, as follows:

	As at 31 December 2024				
	Year 1	Year 2 & 3	Years 4 &5	Over 5 years	Total
Notional amounts	US$ million	US$ million	US$ million	US$ million	US$ million
Fixed rate asset products	610	482	53	-	1,145
Fixed rate liability products	-	-	-	-	-
	610	**482**	**53**	**-**	**1,145**

	As at 31 December 2023				
	Year 1	Year 2 & 3	Years 4 &5	Over 5 years	Total
Notional amounts	US$ million	US$ million	US$ million	US$ million	US$ million
Fixed rate asset products	1,322	401	138	-	1,861
Fixed rate liability products	1,248	-	-	-	1,248
	2,570	**401**	**138**	**-**	**3,109**

Cashflow Hedge

The bank uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions. Presented below are information about the hedged instrument, hedged item and the cash flow hedge reserve as at 31 December 2024.

At 31 December 2024	Carrying amount Notional	Asset	Liability	Changes in fair value used to calculate hedge ineffectiveness	Gain/(loss) recognised in OCI	Ineffectiveness (loss) recognised in the income statement
	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000
Foreign exchange risk						
FX swaps	656,724	51,912		51,912	51,912	-

At 31 December 2023	Carrying amount Notional	Asset	Liability	Changes in fair value used to calculate hedge ineffectiveness	Gain/(loss) recognised in OCI	Ineffectiveness (loss) recognised in the income statement
	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000
Foreign exchange risk						
FX swaps				-	-	-

Hedging items in cash flow hedges

	Changes in fair value used to calculate hedge ineffectiveness	Continuing hedges	Discontinued hedges
	US$ 000	US$ 000	US$ 000
At 31 December 2024			
Debt securities at amortised cost	51,912	51,912	-

	Changes in fair value used to calculate hedge ineffectiveness	Continuing hedges	Discontinued hedges
	US$ 000	US$ 000	US$ 000
At 31 December 2023			
Debt securities at amortised cost	-	-	-

Impact of cash flow hedges on profit and loss and other comprehensive income

	Cash flow hedge reserve 2024	2023
	US$ 000	US$ 000
Opening balances as at 1 January	-	-
Gain recognised in OCI (effective portion)	51,912	-
Net amount reclassified to profit or loss:		-
- Interest rate risk	(20,811)	
- Foreign exchange translation	(28,530)	
Taxation charge	(643)	-
Closing balance as at 31 December	1,928	-

22. Maturities of assets and liabilities

The asset and liability maturities are based on contractual repayment arrangements and as such do not take account of the effective maturities of deposits as indicated by the Bank's deposit retention records. Formal liquidity controls are nevertheless based on contractual asset and liability maturities.

As at 31 December 2024	Within 3 months US$ million	4 months to 1 year US$ million	2 and 3 years US$ million	4 and 5 years US$ million	Over 5 years US$ million	Total US$ million
Assets						
Cash and cash equivalent	7,379	-	-	-	-	**7,379**
Placements with banks	2,593	2,763	311	-	-	**5,667**
Debt securities at amortised cost	396	252	314	53	-	**1,015**
FVTPL-Trading securities	142	-	-	-	-	**142**
Derivatives	59	24	6	-	-	**89**
Property, equipment ROA and other assets	154	-	-	-	53	**207**
Total assets	10,723	3,039	631	53	53	**14,499**
Deposits from banks	1,154	5	-	-	-	**1,159**
Deposits from customers	9,258	3,498	-	-	-	**12,755**
Derivatives	4	3	1	-	-	**8**
Other liabilities including Lease liabilities & Tax	82	4	5	3	23	**117**
Shareholder funds	-	-	-	-	460	**460**
Total liabilities & shareholder equity	10,498	3,510	6	3	483	**14,499**

As at 31 December 2023	Within 3 months US$ million	4 months to 1 year US$ million	2 and 3 years US$ million	4 and 5 years US$ million	Over 5 years US$ million	Total US$ million
Assets						
Cash and cash equivalent	14,883	-	-	-	-	**14,883**
Placements with banks	2,791	2,169	331	-	-	**5,291**
Debt securities at amortised cost	406	308	121	135	-	**970**
FVTPL-Trading securities	112	-	-	-	-	**112**
Derivatives	59	7	3	5	-	**74**
Property, equipment ROA and other assets	60	-	-	-	172	**233**
Total assets	18,311	2,484	455	140	172	**21,563**
Deposits from banks	74	3	-	-	-	**77**
Deposits from customers	16,868	3,983	-	-	-	**20,851**
Derivatives	44	3	2	1	-	**50**
Other liabilities including Lease liabilities & Tax	85	4	5	3	30	**127**
Shareholder funds	-	-	-	-	458	**458**
Total liabilities & shareholder equity	17,071	3,993	7	4	488	**21,563**

23. Contingent liabilities

There is no outstanding contingent liabilities as at the year-end 31 December 2024 (2023: Nil)

24 Related party transactions

Directors' emoluments	**31.12.24**	**31.12.23**
	US$ 000	**US$ 000**
Aggregate emoluments	4,137	4,133
Highest paid director	2,437	2,415
Aggregate emoluments	-	-

Key management personnel compensation	**31.12.24**	**31.12.23**
	US$ 000	**US$ 000**
Salaries and other short-term benefits	9,451	10,135
	9,451	10,135

The Bank implemented a new deferred compensation scheme during 2021 which is available to certain key management personnel and could make awards in three to five year's if certain key performance criteria are met. These awards are not guaranteed although a provision has been made for them in the 2024 financials.

A listing of the members of the Board of Directors is shown on page 3 of the annual report

Pension fund

The Bank provides some administrative services to the defined benefit pension plan (see note 9).

Group undertakings

The Bank's immediate parent and the sole shareholder is GIB BSC (the "Parent"), a company incorporated in Bahrain and it is ultimately owned by the Public Investment Fund (the "ultimate parent" or "PIF") a sovereign wealth fund owned by the Saudi Arabia Government. The Bank also has balances with the subsidiary companies listed in note 27. The management believes all transactions are carried out on arm's length basis.

The table below provides the balances that the Bank has with its parent and subsidiary and the transactions included in the statement of comprehensive income.

	31.12.24	**31.12.24**	**31.12.23**	**31.12.23**
	US$ 000	**US$ 000**	**US$ 000**	**US$ 000**
	Immediate Parent	**Subsidiary**	**Immediate Parent**	**Subsidiary**
Statement of financial position				
Cash and cash equivalents	67		84	
Placements with banks	329,084		447,657	
Deposits from customers	-		-	
Other assets	6,039		11,703	
Deposits from banks	-		-	
Derivative financial asset	25		25	
Other liabilities	(7,650)		(9,328)	
Statement of comprehensive income				
Interest income	17,259		11,144	
Interest expense	(14,073)		(18,362)	
Intercompany recharges (net)	(2,740)		(1,554)	

The Bank is recharged by its Parent company and its subsidiary for support services provided. These amounts are agreed annually in advance on a fixed charge.

25 Fiduciary activities

The Bank conducts investment management and other fiduciary activities on behalf of clients. Assets held in trust or in a fiduciary capacity are not assets of the Bank and accordingly have not been included in the financial statements. The aggregate amount of the funds concerned at 31 December 2024 was $6.1 billion (2023: $6.0 billion).

26 Other operating income / (loss)

	31.12.24	31.12.23
	US$ 000	US$ 000
Foreign exchange gain/(loss)	1,902	(1,422)
Rent received	882	858
Interest on pension	2,656	3,247
Other	(1,307)	169
	4,133	2,852

-

27 Investment in Group entities

The Bank is a wholly owned subsidiary of Gulf International Bank BSC (the parent Company).

Gulf International Bank BSC is a Bahraini Shareholding Company incorporated in the Kingdom of Bahrain by Amiri Decree Law No. 30 dated 24 November 1975 and is registered as a conventional wholesale bank with the Central Bank of Bahrain. The registered office of the immediate parent company is located at Al-Dowali Building, 3 Palace Avenue, Manama, Kingdom of Bahrain. The financial statements of the immediate parent company can be obtained from the aforementioned address.

The standalone financial statements of the Bank do not include the financial statements of the subsidiary listed in the table below.

Group entities

Subsidiaries

			Ownership interest %	
Name	**Location**	**Principal Activity**	**2024**	**2023**
SIB Portfolio Advisors Inc.***	USA**	Investment Advisor	100	100

** registered address: 330 Madison Avenue, New York, NY 10017, United States of America

*** SIB Portfolio Advisors Inc is a dormant entity.

28 Segmental information

The Bank does not present segmental analysis in accordance with IFRS 8, as neither its debt nor equity securities are publicly traded, and nor is it in the process of issuing equity or debt securities in the public securities markets.

29 Investment in investment companies

	31.12.24	31.12.23
	Fair value	Fair value
	US$ 000	US$ 000
GIB AM Sustainable World Fund	27,745	23,720
GIB AM Sustainable World Corporate Bond Fund	30,283	28,815
GIB AM Emerging Markets Active Engagement Fund	29,825	30,075
GIB AM European Focus Fund	28,296	28,833
GIB AM Emerging Markets Active Engagement Fund SP	25,435	-
Global Trade Finance Opportunities Fund Limited	224	309
Total investment	**141,808**	111,752

* The GIB AM Emerging Markets Active Engagement Feeder Fund Ltd invests 100% of it's assets into the GIB AM Emerging Markets Active Engagement SP.

These investments are controlled by GIB UK and included in trading securities in the statement of financial position.

The GIB AM Sustainable World Fund (SWF), GIB AM Sustainable World Corporate Bond Fund (SWCBF), GIB AM Emerging Markets Active Engagement Fund (EMAE), and GIB AM European Focus Fund (EFF) are all sub-funds of the AFP UCITS ICAV, an Irish domiciled open-ended umbrella investment company, supervised by the Central Bank of Ireland (CBI), and authorised as a Undertaking for Collective Investment in Transferable Securities (UCITS).

GIB Asset Management (Cayman) SPC Ltd is a Cayman Islands domiciled segregated portfolio investment company, supervised by the Cayman Island Monetary Authority (CIMA), and each of its segregated portfolios are authorised as mutual funds under the Cayman Islands Mutual Funds Act (CIMFA). The Company currently has one segregated portfolio – the GIB AM Emerging Markets Active Engagement SP, which acts as a "master fund" for the GIB AM Emerging Markets Active Engagement Feeder Fund Ltd, which is also supervised by CIMA and authorised as a mutual fund under CIMFA.

The Global Trade Finance Opportunities Fund is based in Ireland It is managed by a board of three non-executive directors, two of whom are an independent Ireland residents and one of whom is an employee and director of GIB UK and UK resident. As at the reporting date, the fair value of the fund was $29.8 million (2023: $0.3 million).

The Bank's holdings are as follows:-

	Launch date	31.12.24	31.12.23
- GIB AM Sustainable World Fund *	September 2021	51.8%	50.8%
- GIB Sustainable World Corporate Bond Fund *	September 2022	48.2%	49.8%
- GIB AM Emerging Markets Active Engagement Fund *	August 2022	41.7%	47.8%
- GIB AM European Focus Fund *	January 2023	100.0%	99.4%
- GIB AM Emerging Markets Active Engagement Fund SP**	August 2024	100.0%	0.0%
- Global Trade Finance Opportunities Fund Limited ***	July 2017	42.4%	42.4%

* Registered address: One George's Quay Plaza, George's Quay, Dublin, Ireland

** Registered address: C/O Maples Corporate Services Limited, PO Box 309, Ugland House, George Town, KY1-1104, Cayman Islands

*** Registered address: 2nd Floor 2 Custom house plaza, harbourmaster place, IFSC Dublin. D01 V9V4 Ireland

30 Subsequent events

There have been no material post balance sheet events.

Contact us:

Info@gibam.com

T: +44 (0) 20 7259 3456