



Annual and Extraordinary General Meeting

For the financial year ended 31st December 2025

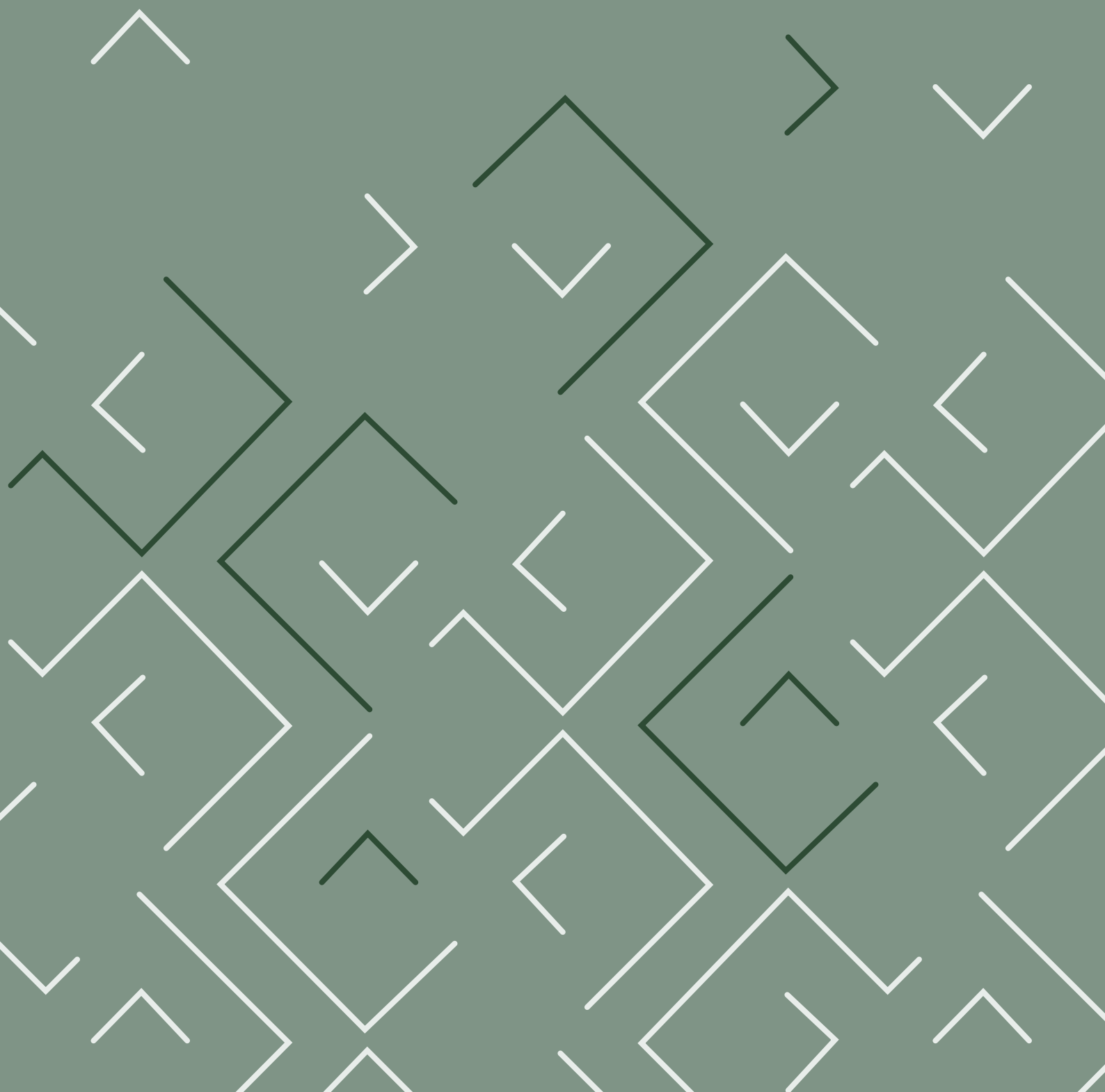


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Annual General Assembly Meetings

to be held on Wednesday 25th March 2026, corresponding to 6th Shawaal 1447H at 11:30 am. The meeting will be held through physical attendance at GFH House, Bahrain Financial Harbour – Sea View, or via video conference (please find details below) to review the following agenda. If the required legal quorum is not met, a second meeting will be held on Wednesday 1st April 2026, corresponding to 13th Shawaal 1447H or a third meeting, if required, will be held on Wednesday 8th April 2026, corresponding to 20th Shawaal 1447H at the same time and place.

Agenda of the Annual General Meeting:

1. To ratify the minutes of the previous Annual General meeting held on 20 March 2025.
2. To discuss and ratify the Board of Directors' report on the Group's business activities for the year ended 31 December 2025.
3. To read the Sharia Supervisory Board's report on the Group's business activities for the year ended 31 December 2025.
4. To read the external auditor's report on the financial year ended 31 December 2025.
5. To discuss and ratify the consolidated financial statements for the financial year ended 31 December 2025.
6. To approve the Board of Directors' recommendation to allocate the net profit for the year 2025 as follows:
 - To transfer an amount of US\$ 14,011,000 to the statutory reserve.
 - To allocate an amount of US\$ 7,000,000 for the benefit of GFH Foundation and payment of the zakat due on the Group's shares.
 - To distribute cash dividends of 10.11% of the nominal value of all the ordinary shares, net of treasury shares, up to US\$ 100 million, equivalent to US\$ 0.0268, BD 0.0101, UAE dirhams 0.0984 per share, this includes interim cash dividends of USD 0.0053 that were distributed to shareholders on 11 September, 2025.
 - To transfer the remaining amount of approximately US\$ 19,099,000 as retained earnings for next year.

Event	Date
Cum-Dividend Date <i>(Last day of trading with entitlement to dividends)</i>	30 March 2026
Ex-Dividend Date <i>(First day of trading without entitlement to dividends)</i>	31 March 2026
Record Date for Bahrain Bourse, Dubai Financial Market, and Abu Dhabi Securities Exchange Listed Shares <i>(The day on which all shareholders whose names are on the share register will be entitled to dividends)</i>	01 April 2026
Record Date for Boursa Kuwait listed shares <i>(The Day on which all shareholders whose names are on the share register will be entitled to dividends)</i>	02 April 2026
Payment Date <i>(The Day on which the dividends will be paid to the entitled shareholders)</i>	15 April 2026

7. To recommend an amount of US\$3,000,000 as remuneration for the Board of Directors.
8. To discuss and ratify the corporate governance report for the financial year ended 31 December 2025, and the Group's compliance with all the governance requirements issued by the Ministry of Industry and Commerce and Central Bank of Bahrain.
9. Disclosing and approving any transactions concluded during the ended year with any related parties or major shareholders of the Group, as indicated in Note 24 of the financial statements for the year 2025 and the Board of Directors' Report, pursuant to the provisions of Article (189) of Bahrain's Commercial Companies Law.
10. To approve to buy back Group shares (treasury shares) not exceeding 10% of the total shares issued for the following purposes, subject to obtaining the Central Bank of Bahrain's approval:
 - Attracting strategic shareholders in line with the criteria and benefits as set by the group for this category, and subject to Central Bank of Bahrain's approval on every sale transaction.
 - Provide market liquidity.
 - Staff Share Incentive Program.
11. To approve the appointment / reappointment of the external auditors of the Group for the year ended 31 December 2026 and authorize the Board of Directors to set their fees (subject to obtaining the Central Bank of Bahrain's approval).
12. To release the Board of Directors from liability in respect of their acts for the financial year ended 31 December 2025.
13. Any recent issues in accordance with Article (207) of the Commercial Companies Law.

Abdulmohsen Rashed Al Alrashed
Chairman of the Board of Directors

01

Toratisfy the minutes of the previous Annual General meeting held on 20 March 2025.



مجموعة جي اف إف إتش المالية ("المجموعة")

محضر اجتماع الجمعية العامة العادية

المنعقد في يوم الخميس، 20 رمضان 1446 هـ

الموافق 20 مارس 2025م

في تمام الساعة التاسعة والنصف مساءً

مبنى جي اف إف إتش هاوس بمرافق البحرين المالي – الواجهة البحرية

افتتح رئيس مجلس الإدارة - رئيس الجلسة - السيد عبدالمحسن الراشد الاجتماع بإسم الله عز وجل والصلاة والسلام على رسول الله ومن والاه مرحباً بالسادة المساهمين وشاكراً لهم حرصهم على الحضور والمشاركة في الاجتماع. وكذلك رحب رئيس الجلسة بكل من السادة مندوب مصرف البحرين المركزي ومندوب بورصة البحرين، كما ورحب بعضو مجلس الإدارة السيد علي مراد. ومن ثم أشار رئيس الجلسة إلى أن هذا الاجتماع هو الاجتماع الثاني لعقد الجمعية العامة العادية، حيث أن النصاب القانوني لم يكتمل في الاجتماع الأول والذي كان مقرر عقده بتاريخ 13 مارس 2025م، الأمر الذي استدعى إلى عقد هذا الاجتماع الثاني. حيث أعلن السيد الرئيس بأنه تم تعيين شركة كفين تكنولوجيز (البحرين) لتسجيل الحضور وقد بلغ عدد الحضور (أصالة ووكالة) في هذا الاجتماع عدد 1,636,745,020 سهماً من إجمالي أسهم رأس مال المجموعة وبما يعادل نسبة مئوية قدرها 46.42% وهي نسبة تفوق النصاب المطلوب لعقد اجتماع الجمعية العامة العادية، ومن ثم أعلن رئيس الجمعية انعقادها.

وبعد أن تم تعيين السيد بيترو دي لبيرو مقررراً للجلسة، شرع الرئيس بمناقشة البنود المدرجة على

جدول الأعمال على النحو التالي:

اجتماع الجمعية العامة العادية

20 مارس 2025م

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GFH Financial Group B.S.C. is a public joint stock company incorporated in the Kingdom of Bahrain with CR 44136 and licensed as an Islamic wholesale bank by the Central Bank of Bahrain



1. المصادقة على محضر اجتماع الجمعية العمومية العادية السابق المؤرخ بتاريخ 9 أكتوبر

2024م

طلب رئيس الجلسة من السادة المساهمين المشاركين في الاجتماع إبداء ملاحظاتهم وتعليقاتهم على المحضر المطروح للمناقشة.

حيث أنه لم يبد السادة المساهمين أية ملاحظات بشأن محضر الاجتماع السابق، فقد تمت المصادقة على محضر اجتماع الجمعية العمومية العادية السابق المؤرخ في 9 أكتوبر 2024م.

2. مناقشة تقرير مجلس الإدارة عن أعمال المجموعة للسنة المالية المنتهية في 31 ديسمبر

2024م والمصادقة عليه

طلب رئيس الجلسة من السادة المساهمين المشاركين في الاجتماع إبداء ملاحظاتهم وتعليقاتهم على تقرير مجلس الإدارة عن أعمال المجموعة للسنة المالية المنتهية في 31 ديسمبر 2024م.

حيث أنه لم يبد السادة المساهمين أية ملاحظات على التقرير، وافقت الجمعية العامة العادية على تقرير مجلس الإدارة عن أعمال المجموعة للسنة المالية المنتهية في 31 ديسمبر 2024م.

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3. الاستماع إلى تقرير هيئة الرقابة الشرعية عن التدقيق في أعمال المجموعة للسنة المالية

المنتهية في 31 ديسمبر 2024م

طلب رئيس الجلسة من السادة المساهمين المشاركين في الاجتماع إبداء ملاحظاتهم وتعليقاتهم على تقرير هيئة الرقابة الشرعية عن التدقيق في أعمال المجموعة للسنة المالية المنتهية في 31 ديسمبر 2024م.

حيث أنه لم يبد السادة المساهمين أية ملاحظات على التقرير، وافقت الجمعية العامة العادية على تقرير هيئة الرقابة الشرعية عن التدقيق في أعمال المجموعة للسنة المالية المنتهية في 31 ديسمبر 2024م.

4. الاستماع إلى تقرير مراقبي الحسابات الخارجيين عن السنة المالية المنتهية في 31 ديسمبر

2024م

طلب رئيس الجلسة من ممثل مدققي الحسابات (كي بي إم جي فخرو) تلاوة تقريرهم عن القوائم المالية للسنة المالية المنتهية في 31 ديسمبر 2024م، حيث قام ممثل كي بي إم جي فخرو بتلاوة التقرير على السادة المساهمين.

وبعد الانتهاء من قراءة تقرير مدققي الحسابات الخارجيين عن السنة المالية المنتهية في 31 ديسمبر 2024م فقد تم التصديق عليه من السادة المساهمين المشاركين في الاجتماع.

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5. مناقشة البيانات المالية الموحدة للسنة المالية المنتهية في 31 ديسمبر 2024م

والمصادقة عليها

طلب رئيس الجلسة من السادة المساهمين المشاركين في الاجتماع إبداء ملاحظاتهم وتعليقاتهم على البيانات المالية الموحدة للسنة المالية المنتهية في 31 ديسمبر 2024م. حيث بدأ السيد علي طريف (المالك لعدد 8,103 سهم) بتقديم جزيل الشكر لرئيس الجلسة ولأعضاء مجلس الإدارة الموقرين والإدارة التنفيذية للمجموعة، ثم أشار إلى بعض الملاحظات والاستفسارات المتعلقة ببيان المركز المالي الموحد وبيان الدخل الموحد.

فيما يخص بيان المركز المالي، أشار السيد علي طريف إلى أنه قد نبه إدارة المجموعة سابقاً إلى أهمية زيادة إجمالي الأصول وحقوق الملكية. حيث أنه يرى بأن لا مبرر لانخفاض حقوق الملكية، خاصة أن الوضع المالي للمجموعة جيد والأرباح في تزايد، وبالتالي يجب أن تشهد حقوق الملكية تصاعداً.

رداً على استفسار السيد علي طريف، أوضح السيد هشام الرئيس أن السبب وراء انخفاض الأصول في العام الماضي كان نتيجة لاستراتيجية المجموعة في بيع بعض الأصول وتعزيز جودة المركز المالي. كما أشار إلى أن الانخفاض كان في "شبه حقوق الملكية"، حيث قامت المجموعة بتقليص المطلوبات عبر استبدال عقود المراقبة بعقود وكالة، وهو ما يُعد ضمن "شبه حقوق الملكية".

أما بالنسبة للاستفسار حول انخفاض حقوق الملكية المستمر، فقد أفاد السيد هشام الرئيس أن حقوق الملكية كانت إما ثابتة أو في زيادة، باستثناء العام الماضي الذي شهد إعادة شراء أسهم المصرف الخليجي، ما أدى إلى عكس الأرباح المتحققة من بيع الأسهم وفقاً للقواعد المحاسبية. كما أضاف أن السبب الآخر لانخفاض حقوق الملكية هو تبني المجموعة لبرنامج إعادة شراء أسهم الخزينة لزيادة قيمة السهم.

وفيما يتعلق بسؤاله عن عدم زيادة التوزيعات النقدية مقارنة بالزيادة في الأرباح، أوضح السيد هشام الرئيس أن مجلس الإدارة والإدارة التنفيذية يسعون جاهدين لزيادة التوزيعات النقدية، إلا أن هذه التوزيعات تتطلب موافقة الجهات الرقابية التي تأخذ في اعتبارها معدل كفاية رأس المال، السيولة العامة، ومدى ارتباط التوزيعات بالأرباح المستبقاة. وأضاف أن بعد المناقشات مع الجهات الرقابية، تم الاتفاق على توزيع 6.2% من الأرباح، وقد اعتمد مجلس الإدارة سياسة توزيع أرباح نقدية على أساس نصف سنوي، ما يجعل هذه النسبة سخية في ضوء المعايير المعتمدة.

ثم انتقلت الكلمة إلى السيدة شيما تهامي (المالكة والممثلة عن مجموع عدد 52,345 سهم) حيث بدأت حديثها بتقديم جزيل الشكر للسيد رئيس الجلسة ولأعضاء مجلس الإدارة الموقرين، وكذلك للإدارة التنفيذية للمجموعة على النتائج المالية المتميزة. ثم طرحت عدة استفسارات على النحو التالي:



لوحظ أن المجموعة تحتفظ بحصة كبيرة من مخاطر حقوق الملكية في دفاتها المصرفية، مما يزيد بشكل ملحوظ من الأصول المرحجة. هذه المخاطر تتكون بشكل رئيسي من 886 مليون صكوك أصدرتها شركة إنفراكورب، التي تمتلك المجموعة 40% من أسهمها. السؤال هنا: لماذا تقوم المجموعة ببيع حصصها من صكوك إنفراكورب؟ وهل تسير الأمور وفقًا للتوقعات؟ على الرغم من أن رسملة المجموعة قوية، حيث تبلغ نسبة كفاية رأس المال 17.5%، إلا أن تعرضها الكبير للأصول العقارية، جنبًا إلى جنب مع توزيعاتها المستمرة التي تصل إلى 60% من أرباح الدخل الصافي، يضع ضغوطًا على هذه الرسملة. ما هو تقييم المجموعة لهذا؟ وفقًا لتقرير "ستاندرد آند بورز"، فإن جزء كبير من محفظة العقارات الإجمالية للمجموعة يتكون من الأراضي والمشاريع غير المطورة. هل هناك خطط لتقليص هذه المحفظة وتحويلها إلى عقارات مدرة للربح؟ كما تم إنجاز العديد من مبيعات العقارات في عام 2024م، فهل هناك خطط لإجراء المزيد من المبيعات في عام 2025م؟ وردًا على استفسارات السيدة شيما تهاامي، بدأ السيد هشام بتوضيح وجهة نظر المجموعة من عدة جوانب. أولًا، تحدث عن وكالات التصنيف، موضحًا أن هذه الوكالات تعتمد معايير تختلف عن معايير مصرف البحرين المركزي. وأكد أن تصنيف وكالة التصنيف لمؤسسة ما، مثل تصنيف "B"، لا يعني بالضرورة أن المؤسسة غير جيدة، بل يمكن أن يكون هناك تعارض بين معايير مصرف البحرين المركزي ومعايير وكالات التصنيف. وبما أن المجموعة تعطي الأولوية لمعايير مصرف البحرين المركزي، فقد تؤثر هذه الأولوية في تصنيف المجموعة.

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ثانيًا، أشار إلى أنه عند رفع المجموعة لكفاية رأس المال، ينعكس ذلك على حقوق المساهمين، حيث يتم تقليل التوزيعات بهدف الحفاظ على السيولة. وبالتالي، تحرص المجموعة على تحقيق توازن بين كفاية رأس المال وحقوق المساهمين. ثالثًا، أكد أن معظم وكالات التصنيف تعتمد آلية معينة في التصنيف، حيث تنظر إلى نوعية المساهمين وإذا كان تصنيفها سيادي بغض النظر في بعض الأحيان عن مستوى أرباح و سيولة المؤسسة. أما فيما يتعلق بصكوك إنفراكورب، فقد أوضح السيد هشام أن المجموعة كانت تمتلك محفظة عقارية، وتم تأسيس شركة إنفراكورب وتوفير التمويل لها من خلال صكوك رأسمالية تحقق للمجموعة أرباحًا تتراوح بين 6%-7%. وبذلك، تحولت المحفظة من محفظة غير منتجة للأرباح إلى محفظة تساهم في ربحية المجموعة. وترى المجموعة أن إنفراكورب شركة ناجحة تحقق أرباحًا جيدة، وتلعب دورًا رئيسيًا في تسهيل أصول المجموعة العقارية. لذا يتم تقليص الاستثمار في الشركة بشكل مباشر وغير مباشر مع مراعات مساهمة الأرباح من الشركة. ردًا على استفسار السيدة شيما بشأن الأراضي والمشاريع تحت التطوير، أوضح السيد هشام أنه تم تأسيس وحدة جديدة تحت إدارة السيد صلاح شريف، تهتم بتسويق العقارات. وبفضل الطفرة التي شهدتها دبي في العام الماضي، قامت المجموعة ببيع العديد من الأراضي، مع التركيز على بيعها وإعادة استثمار المبالغ المحصلة في تمويلات أو محفظة الخزينة.

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ثم انتقل الدور إلى السيد حسين الشهاب (المالك لعدد 1 سهم) الذي رحب برئيس المجلس السيد عبدالمحسن الراشد وأشاد به. كما طلب منه العمل على إدراج أسهم المجموعة في السوق السعودي بأسرع وقت ممكن. ورد رئيس الجلسة بأن هذا الهدف جزء من خطط واستراتيجية المجموعة، لكنه سيتطلب وقتاً أطول بسبب المتطلبات التنظيمية للدخول في السوق السعودي.

وبعد انتهاء الاستفسارات، قدم السيد هشام الرئيس نبذة تعريفية عن السيدة إيمان محمد، مسؤولة قسم استراتيجية المجموعة وعلاقات المستثمرين. ثم بدأت السيدة إيمان بتقديم ملخص عن قطاعات الأعمال الثلاث الرئيسية لمجموعة جي إف إتش. حيث ساهم القطاع المصرفي الاستثماري بنسبة 27% من إيرادات المجموعة، وساهم قطاع الخزينة والاستثمارات الخاصة بنسبة 51%، بينما ساهم القطاع المصرفي التجاري بنسبة 22% من إجمالي الإيرادات. كما قدمت عرضاً عن الأداء المالي الممتاز للمجموعة خلال العام 2024م، نتيجة لتطبيق الاستراتيجية المعتمدة من مجلس الإدارة والإدارة التنفيذية، بالإضافة إلى تكوين علاقات مع مساهمين استراتيجيين والنمو الملحوظ في القطاع المصرفي الاستثماري حيث أنه لم يبد السادة المساهمين أي ملاحظات أخرى على البيانات المالية الموحدة، فقد تم التصديق على البيانات المالية الموحدة للسنة المالية المنتهية في 31 ديسمبر 2024م من قبل الحضور من السادة المساهمين.

6. الموافقة على توصية مجلس الإدارة بتخصيص صافي أرباح العام 2024م

طلب رئيس الجلسة من السادة المساهمين المشاركين في الاجتماع تقديم ملاحظاتهم وتعليقاتهم على توصية مجلس الإدارة بشأن تخصيص صافي أرباح العام 2024م كما هو موضح في جدول الأعمال. في هذا السياق، اقترح المساهم فاضل الراشد (ممثل عن عدد 3,025,000 سهم) أن تتولى المجموعة دفع الزكاة نيابة عن المساهمين. من جانبه، أوضح السيد هشام الرئيس أن المجموعة كانت تدفع الزكاة نيابة عن المساهمين في الماضي، ولكن بناءً على طلب المساهمين في اجتماع من اجتماعات الجمعية العامة السابقة، تم تغيير هذه المنهجية وعدم الاستمرار فيها. إلا أن المساهمين في هذا الاجتماع طلبوا إعادة النظر في هذا الأمر، مؤكدين رغبتهم في أن تتولى المجموعة دفع الزكاة نيابة عنهم. بناءً على ذلك، أخذت المجموعة علماً برغبة المساهمين، وسيتم التصويت على هذا الموضوع في الاجتماع القادم.

قررت الجمعية الموافقة على مايلي:

- توزيع مبلغ وقدره 11,850,400 دولار أمريكي إلى الاحتياطي القانوني.
- اعتماد مبلغ وقدره 1,500,000 دولار أمريكي لصندوق الزكاة.
- توزيع أرباح نقدية عن كافة الأسهم العادية، باستثناء أسهم الخزينة، بما يصل إلى 61 مليون دولار أمريكي، بنسبة 6.2% من القيمة الاسمية للسهم أي ما يعادل 0.0164 دولار أمريكي / 0.0062 دينار بحريني / 0.0602 درهم إماراتي.
- توزيع المتبقي، أي ما يقارب مبلغ وقدره 44,153,600 دولار أمريكي كأرباح مستبقاه للعام القادم.

وقد تم تحديد مواعيد دفع الأرباح للسادة المساهمين على النحو التالي:-

التاريخ	الحدث
24 مارس 2025م	آخر يوم تداول لاستحقاق الأرباح آخر يوم تداول لاستحقاق الأرباح، ليتم تقييد اسم المساهم في سجل الأسهم يوم الاستحقاق
25 مارس 2025م	تاريخ تداول السهم بدون استحقاق أول يوم تداول بدون استحقاق للأرباح
26 مارس 2025م	يوم الاستحقاق للأسهم المدرجة في بورصة البحرين وسوق دبي المالي وسوق ابوظبي للأوراق المالية المساهمون المقيد أسمائهم في سجل الأسهم في هذا التاريخ لهم الحق في الحصول على الأرباح
27 مارس 2025م	يوم الاستحقاق للأسهم المدرجة في بورصة الكويت المساهمون المقيد أسمائهم في سجل الأسهم في هذا التاريخ لهم الحق في الحصول على الأرباح
14 أبريل 2025م	يوم الدفع اليوم الذي سيتم فيه توزيع الأرباح على المساهمين المستحقين

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7. الموافقة على توصية مجلس الإدارة باعتماد مبلغ وقدره 2,400,000 دولار أمريكي كمكافأة

للأعضاء مجلس الإدارة

طلب رئيس الجلسة من السادة المساهمين المشاركين في الاجتماع إبداء ملاحظاتهم وتعليقاتهم على توصية مجلس الإدارة باعتماد مبلغ 2,400,000 دولار أمريكي كمكافأة للأعضاء مجلس الإدارة.

حيث أنه لم يبد السادة المساهمين أي ملاحظة، فقد قررت الجمعية العامة العادية الموافقة على اعتماد مبلغ 2,400,000 دولار أمريكي كمكافأة لأعضاء مجلس الإدارة.

8. مناقشة تقرير الحوكمة للسنة المالية المنتهية في 31 ديسمبر 2024م والتزامات المجموعة

بمطلبات الحوكمة الصادرة عن وزارة الصناعة والتجارة ومصرف البحرين المركزي والمصادقة

عليه

طلب رئيس الجلسة من السادة المساهمين المشاركين في الاجتماع إبداء ملاحظاتهم وتعليقاتهم على تقرير الحوكمة للسنة المالية المنتهية في 31 ديسمبر 2024م، بالإضافة إلى التزامات المجموعة بمطلبات الحوكمة الصادرة عن وزارة الصناعة والتجارة ومصرف البحرين المركزي. في هذا السياق، أبدى السيد علي طريف (المالك لعدد 8,103 سهم) عدة ملاحظات. أولاً، أشار إلى الصفحة رقم 152 من أجندة الجمعية بالنسخة العربية، حيث ذكر أن المجموعة أوضحت عن حالات عدم الالتزام ولكنها لم تذكر أسباب ذلك. بدوره، أوضحت الآنسة حنان أحمد، مسؤول حوكمة الشركات، أن التقرير قد تضمن توضيحاً للنقطة التي أثارها السيد علي

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بشأن عدم حضور جميع أعضاء المجلس لاجتماع الجمعية العامة العادية. كما أكدت له أنه سيتم أخذ ملاحظاته بعين الاعتبار بالنسبة للنقطتين الأخريتين.

ثم انتقل السيد علي إلى ملاحظته الثانية بشأن كثرة التغييرات في الهيكل التنظيمي، وأعرب عن تفضيله للاستقرار في الهيكل التنظيمي وعدم تغييره بشكل متكرر، خاصة فيما يتعلق بتغيير المدير المالي. كما طرح ملاحظة ثالثة حول التعاقب الوظيفي، مشيراً إلى أهمية وجود نائب للرئيس التنفيذي. ورد السيد هشام الرئيس على هذه الملاحظات موضحاً أن المجموعة، نظراً لتطورها المستمر، تسعى دائماً إلى توظيف ذوي الكفاءات العالية والمتنوعة. وأكد أن التغيير في المدير المالي لم يكن نتيجة لقصور في المدير المالي السابق، بل بناءً على توجهات معينة للمجموعة التي تستدعي تعيين مدير مالي بخبرات أكبر، مما سيسهم في نقل المجموعة إلى مرحلة جديدة ومتقدمة.

فيما يتعلق بملاحظة السيد علي بشأن التعاقب الوظيفي للرئيس التنفيذي، أضاف السيد هشام الرئيس أن استراتيجية المجموعة لتحويل أقسامها الداخلية إلى خطوط عمل مستقلة قد سهلت عملية التعاقب الوظيفي لمنصب الرئيس التنفيذي، وبالتالي لا يستدعي الأمر تعيين نائب لهذا المنصب. وأوضح أن هناك خطوط عمل مستقلة على رأسها عدد من المديرين التنفيذيين، مثل السيد نائل مصطفى في شركة جي إف إتش بارتنرز، والسيد رازي المرباطي في شركة جي إف إتش كابيتال السعودية، والسيد حماد يونس في شركة جي إف إتش

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إكويتيز، والسيد ماجد الخان في شركة إنفراكورب. وبذلك، فإن عملية التعاقب الوظيفي ستكون أكثر سلاسة.

بعد ذلك، انتقل السيد علي إلى الصفحة رقم 161 من أجندة الجمعية بالنسخة العربية، حيث أشار إلى أن بعض أعضاء المجلس لم يلتزموا بحضور ما لا يقل عن 75% من اجتماعات مجلس الإدارة، وهو ما يستدعي رفع تقرير بهذا الشأن. وفي ردها، أوضحت الآنسة حنان أحمد أن التقرير يتضمن سبب النسبة المتدنية في الحضور، حيث تم انتخاب مجلس جديد في 24 مارس 2024م، وبالتالي لم يكونوا أعضاء في المجلس قبل هذا التاريخ. وأكدت أن هؤلاء الأعضاء لم يحضروا أول اجتماع للمجموعة الذي عُقد في فبراير 2024م بسبب هذه المسألة. كما أضافت أن جميع الأعضاء ملتزمون بحضور اجتماعات مجلس الإدارة ويحرصون على المشاركة الفعالة، مع العلم أن بعضهم تغيب عن حضور اجتماع واحد فقط نتيجة لظروف خارجة عن إرادتهم.

حيث أنه لم يبد السادة المساهمين أي اعتراض على التقرير، وافقت الجمعية العامة العادية على تقرير الحوكمة للسنة المالية المنتهية في 31 ديسمبر 2024م والتزامات المجموعة بمتطلبات الحوكمة الصادرة عن وزارة الصناعة والتجارة ومصرف البحرين المركزي.

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9. التبليغ عن الموافقة على أي عمليات جرت خلال السنة المالية المنتهية مع أي أطراف ذات

علاقة أو مع مساهمين رئيسيين في المجموعة كما هو مبين في توضيح رقم (26) من

البيانات المالية لعام 2024 وتقرير مجلس الإدارة تماشياً مع المادة (189) من قانون الشركات

البحريني

اطلعت الجمعية العامة العادية على العمليات التي جرت خلال السنة المالية المنتهية مع أي

أطراف ذات علاقة أو مع مساهمين رئيسيين في المجموعة كما هو مبين في توضيح رقم

(26) من البيانات المالية.

وبعد الاطلاع، صادقت الجمعية العامة العادية على أي عمليات جرت خلال السنة المالية

المنتتهية مع أي أطراف ذات علاقة أو مع مساهمين رئيسيين في المجموعة كما هو مبين

في توضيح رقم (26) من البيانات المالية لعام 2024م وتقرير مجلس الإدارة تماشياً مع

المادة (189) من قانون الشركات البحريني، بالإضافة إلى المعاملات التالية:

- التسوية المبكرة لاتفاقية تمويل المراجعة بقيمة 80 مليون دولار أمريكي من جانب شركة استيراد الاستثمارية ش.م.ب.
- بيع صكوك إنفراكورب بقيمة 27.5 مليون دولار أمريكي من جي إف إتش إلى شركة الجميع للاستثمار المحدودة.
- بيع رافلز مقابل 250 مليون دولار أمريكي من جانب المجموعة وتسوية ديون شركة جول وينج.
- بيع 21,768,707 سهم لشركة الجميع القابضة والطرف ذي العلاقة التابع لها.
- بيع 95,814,846 سهماً لعائلة الراشد.

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10. الموافقة على إعادة شراء أسهم المجموعة (أسهم خزينة) بما لا يتجاوز 10 % من إجمالي

الأسهم الصادرة

عرضت السيدة إيمان محمد ملخص عن برنامج استقطاب المساهمين الاستراتيجيين عن طريق

إعادة شراء أسهم المجموعة (أسهم الخزينة) وخصائص اختيار المساهمين والذي سيعود بالنفع

على المجموعة وباقي المساهمين.

حيث أنه لم يبد السادة المساهمين أي اعتراض، وافقت الجمعية العامة العادية على إعادة

شراء أسهم المجموعة (أسهم خزينة) بما لا يتجاوز 10 % من إجمالي الأسهم الصادرة

للأغراض التالية، وذلك خاضع لموافقة مصرف البحرين المركزي:

- استقطاب المساهمين الاستراتيجيين بما يتماشى مع المعايير والاهداف التي وضعتها المجموعة لجذب هذه الفئة وبحيث تخضع كل عمليات البيع على المساهمين الاستراتيجيين لموافقة مصرف البحرين المركزي.
- دعم سعر سهم المجموعة.
- حوافز الموظفين.

11. الموافقة على تعيين / إعادة تعيين مدققي حسابات المجموعة للسنة المالية المنتهية في

31 ديسمبر 2025م، وتفويض مجلس الإدارة بتحديد أتعابهم (شريطة الحصول على موافقة

مصرف البحرين المركزي)

وافقت الجمعية العامة العادية على إعادة تعيين السادة كي بي إم جي فخرو كمدققي

حسابات المجموعة للسنة المالية المنتهية في 31 ديسمبر 2024م، وفوضت مجلس الإدارة

بتحديد أتعابهم (شريطة الحصول على موافقة مصرف البحرين المركزي).

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12. إبراء ذمة أعضاء مجلس الإدارة من المسؤولية عن كل ما يتعلق بتصرفاتهم عن السنة المالية

المنتهية في 31 ديسمبر 2024م

وافقت الجمعية العامة العادية بالإجماع على إبراء ذمة أعضاء مجلس الإدارة من المسؤولية عن كل ما يتعلق بتصرفاتهم عن السنة المالية المنتهية في 31 ديسمبر 2024م.

13. ما يستجد من أعمال طبقاً للمادة (207) من قانون الشركات التجارية

وحيث أنه لم تكن هناك ثمة أعمال أخرى استجدت. فقد عبر السيد الرئيس عن بالغ شكره وتقديره للجميع لحضورهم هذا الاجتماع ولرحابة صدورهم وصبرهم وتعاونهم مع مجموعة جي إف إتش المالية.

كما وقدم السيد الرئيس بالغ الشكر لجميع ممثلي الجهات الرسمية لتشريفهم هذا الاجتماع معلناً انتهاء أعمال اجتماع الجمعية العامة العادية في تمام الساعة 10:30 مساءً.

السيد بيترو دي ليبيرو

مقرر الجلسة

السيد عبدالمحسن الراشد

رئيس اجتماع الجمعية العامة العادية

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02

To discuss and ratify the Board of Directors' report on the Group's business activities for the year ended 31 December 2025

Chairman's Report

Dear Shareholders,

On behalf of the Board of Directors of GFH Financial Group, I am pleased to present the Group's Directors' Report for the fiscal year ended 31 December 2025, a year defined by strategic execution, disciplined growth and continued alignment with the Group's long-term vision.

Throughout the year, GFH continued to strengthen the foundations underpinning its growth while advancing key strategic priorities, including investment in technology, strengthen the digital capabilities across its platforms and the enhancement of customer-centric capabilities and the overall customer experience. These initiatives further reinforce the Group's disciplined approach to growth and long-term value creation.

Building on this strong foundation, the Board continued to exercise active oversight to ensure the Group remained agile and well positioned to pursue opportunities aligned with sustainable growth drivers and fundamental economic requirements. Throughout 2025, GFH maintained a selective investment approach while preserving balance sheet strength and liquidity, enabling the Group to respond effectively to evolving market dynamics.

Sustained Growth Across Core Platforms

During 2025, GFH continued to strengthen the foundations supporting its growth, advancing its core platform through disciplined expansion and selective capital deployment. The Board remained focused on reinforcing the Group's structural strengths while positioning GFH to capture opportunities across resilient and high conviction sectors.

The Group increased its exposure to its high-conviction sectors including logistics and industrial, living assets, healthcare, education, essential business services, and digital and power infrastructure. These sectors reflect the Board's focus on regional & global megatrends, assets that are essential to economic activity and long-term societal needs. Investments were executed across the GCC, the United States, Europe, and the United Kingdom, reinforcing the Group's diversified international footprint.

As a result of these initiatives, the Group continued to grow its assets and funds under management, which reached approximately US\$ 23.63 billion as at year-end. This growth was underpinned by a diversified portfolio of income-generating assets, with an increasing contribution from defensive and mission-critical sectors that demonstrate resilience across market cycles.

GFH Partners, the Group's global investment arm, played a central role in executing the Group's strategy during 2025. In 2025, the platform facilitated and managed investments with an aggregate value of approximately **US\$7.5 billion**, enhancing the Group's access to institutional-grade opportunities and expanding its presence across key international markets.

Private equity also remained at the heart of the Group's investment activities, supporting stellar growth in assets under management, diversification and proactive value creation. During the year, private equity made select thematic investments in some of the most iconic deals across KSA, the UAE, United States and Europe, undertook several portfolio optimisation initiatives, and exits in line with its disciplined investment approach, enabling the recycling of capital into new opportunities while delivering attractive risk-adjusted returns to our investors.

In parallel, the Group's treasury, proprietary investments, and placement activities supported the effective deployment of capital and liquidity management.

During 2025, GFH raised more than **US\$ 7.8 billion** across its investment banking, placement, and treasury platforms, supported by the Group's established distribution capabilities.

Financial Performance

The Group's total consolidated revenue reached US\$719.54 million for the year ended 31 December 2025, compared with US\$665.36 million in 2024, reflecting a year-on-year increase of 8.1%. The Group reported a consolidated net profit of US\$145.50 million, compared with US\$128.51 million in 2024, representing an increase of 13.2%, while net profit attributable to shareholders rose to US\$140.11 million from US\$118.50 million in the previous year, an increase of 18.2%.

Total assets increased to US\$12.20 billion as at 31 December 2025, compared with US\$11.03 billion at the end of 2024, reflecting growth of 10.6%. The Group's assets and funds under management stood at US\$23.63 billion as at 31 December 2025.

The Group also ended the year with a Capital Adequacy Ratio of 16.62% and a Return on Equity (ROE) ratio of 14%.

The Board remains focused on delivering sustainable growth in profitability while maintaining strong capital discipline and risk management standards.

During the year, the Group continued to deliver attractive shareholder returns through a combination of dividend distributions and share price appreciation. The increase in the Group's share price, together with interim and proposed dividends, contributed to strong total shareholder returns, reflecting investor confidence in GFH's strategy and execution.

These results reflect the strength of the Group's business model and its ability to generate sustainable performance while maintaining prudent risk management and capital discipline.

Governance, Risk and Financial Resilience

Strong governance, effective risk management, and a conservative capital framework remain central to GFH's operating philosophy. Throughout 2025, the Group maintained a robust balance sheet, adequate liquidity, and a disciplined risk appetite, supporting long-term stability and flexibility.

The Group's financial resilience and strategic direction were recognised by international credit rating agencies, reaffirming confidence in GFH's business model and long-term outlook.

Commitment to ESG and Responsible Growth

GFH remains firmly committed to integrating environmental, social, and governance (ESG) principles across its operations and investment activities, with continued progress during 2025 in sustainability, human capital development, and community engagement, aligned with regional priorities and international best practices.

The Board views ESG as an integral component of long-term value creation, reinforcing the Group's responsibility to its shareholders, stakeholders, and the communities in which it operates.

Dividend Recommendation

As a result of our robust performance, the Board has recommended a total cash dividend of 10.11% on par value for our shareholders, reflecting the Group's commitment to delivering sustainable and consistent returns while maintaining a prudent capital position.

Moving Forward

As we look to the future, GFH remains focused on disciplined growth, portfolio resilience, continued digital innovation, enhancement of customer experience and sustainable value creation. The Group will continue to prioritise sectors and geographies that offer resilience, long-term visibility and meaningful impact, supported by strong governance and an experienced leadership team.

The Board remains confident in GFH's ability to navigate evolving market conditions and to continue delivering consistent value for shareholders and stakeholders alike.

Acknowledgments

On behalf of the Board of Directors, I extend our sincere appreciation to His Majesty King Hamad bin Isa Al Khalifa, King of the Kingdom of Bahrain, and His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince and Prime Minister, for their visionary leadership and continued support in fostering a stable and progressive environment for the Kingdom of Bahrain's financial sector.

We also thank the Central Bank of Bahrain and the Government of the Kingdom of Bahrain for their continued guidance and for maintaining a robust regulatory framework that enables institutions such as GFH to operate with confidence and integrity.

To our shareholders and investors, we thank you for your continued trust and confidence in GFH. Finally, I extend my gratitude to the Group's management and employees for their dedication and commitment, which remain central to GFH's ongoing success.

First: Remuneration of the Board of Directors:

In line with the requirements of Article 188 of the Commercial Company Law, we are pleased to attach the remuneration of members of the Board of Directors and the Executive Management for the fiscal year ending 31 December 2025.

Name	Fixed remunerations				Variable remunerations				End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Others	Total	Remunerations of the chairman and BOD	Incentive plans	Others**	Total			
First: Independent Directors (1):											
Abdulgohsen Alrashed	188,500	100,000	-	288,500	-	-	-	-	-	288,500	-
Ghazi Alhajeri	113,100	50,000	-	163,100	-	-	-	-	-	163,100	-
Ali Murad	113,100	50,000	-	163,100	-	-	-	-	-	163,100	-
Abdulla Alzain	113,100	50,000	-	163,100	-	-	-	-	-	163,100	-
Abdulaziz Albassam	113,100	50,000	-	163,100	-	-	-	-	-	163,100	-
Fawaz Al Tamimi	94,250	50,000	-	144,250	-	-	-	-	-	144,250	-
Darwish AlKetbi	94,250	50,000	-	144,250	-	-	-	-	-	144,250	-
H.H Shaikha Minwa Al Khalifa	94,250	50,000	-	144,250	-	-	-	-	-	144,250	-
Second: Non-Executive Directors (3):											
Rashed Alkaabi	94,250	50,000	-	144,250	-	-	-	-	-	144,250	-
Third: Executive Directors (3):											
Hisham Alrayes	113,100	50,000	-	163,100	-	-	-	-	-	163,100	-
Total	1,131,000	550,000	-	1,681,000	-	-	-	-	-	1,681,000	-

Notes:

1. All amounts in Bahraini Dinars.
2. The Bank does not have any variable remuneration payments, end of service benefits, or expense allowances paid to its directors.
3. Salaries and other benefits in their capacity as employee is reported in the second table below.

Board remuneration represents allocation of proposed remuneration for 2025 subject to approval of the Annual General Meeting.

Second: Executive Management Remuneration Details for Top 6 Executives:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2025	Aggregate Amount
Remunerations of top 6 executives, including CEO* and CFO**	1,470,236	1,528,389	2,292,584	5,291,209
All amounts in Bahraini Dinars.				
* The highest authority in the executive management of the company, the name may vary: (CEO, President, General Manager (GM), Managing Director...etc.				
** The company's highest financial officer (CFO, Finance Director, ...etc)				
Notes:				
1. A significant portion of executive management remuneration are subject to deferral over a minimum period of 3 years as per regulations of the Central Bank of Bahrain. In addition to the paid benefits reported above, the Bank also operates a long-term share incentive scheme award that allows employees to participate in a share-ownership plan. The Bank allocates shares awards that are released over a period of 6 years under normal terms and are subject to future performance conditions. Refer Notes 24 for the non-cash accounting charge recognised for share-based payment disclosures in the Annual Report for a better understanding of the Bank's variable remuneration framework components.				
2. Remuneration information above excludes any Board remuneration earned by executive management from their role in the board of investee companies or other subsidiaries.				

Thank you,


Abdulmohsen AlRashed
Chairman of the Board


Hisham Ahmed Alrayes
CEO and Board Member

03

To read the Sharia Supervisory Board's report on the Group's business activities for the year ended 31 December 2025.



11 February 2026
23 Shaban 1447 AH

SHARIA SUPERVISORY BOARD REPORT TO THE SHAREHOLDERS

Report on the activities of GFH Financial Group B.S.C.
for the financial year ending 31 December 2025

**Prayers and Peace Upon the Last Apostle and Messenger, Our prophet
Mohammed, His comrades and Relatives.**

The Sharia Supervisory Board of GFH Financial Group has reviewed the Bank's investment activities and compared them with the previously issued fatawa and rulings during the financial year 31st December 2025.

Respective Responsibility of Sharia Supervisory Board:

The Sharia Supervisory Board believes that as a general principle and practice, the Bank Management is responsible for ensuring that it conducts its business in accordance with Islamic Sharia rules and principles. The Sharia Supervisory Board responsibility is to express an independent opinion on the basis of its control and review of the Bank's operations and to prepare this report.

Basis of opinion:

Based on Sharia Supervisory Board fatwas and decisions, AAOIFI standards and Sharia Audit plan, the Sharia Supervisory Board through its periodic meetings reviewed the Sharia Audit function reports and examined the compliance of documents and transactions in regard to Islamic Sharia rules and principles, in coordination with Sharia Implementation & Coordination function. Furthermore, the Bank's management explained and clarified the contents of Consolidated Balance Sheet, Consolidated Income Statement, Consolidated statement of Zakah and Charity fund, and attached notes for the financial year ended on 31st December 2025 to our satisfaction.



Opinion:

The Sharia Supervisory Board resolves that:-

1. The contracts, transactions and dealings entered by the Bank are in compliance with Islamic Sharia rules and principles.
2. The distribution of profit and allocation of losses on investments was in line with the basis and principles approved by the Sharia Supervisory Board and in accordance to the Islamic Sharia rules and principles
3. Any earnings resulted from sources or means prohibited by the Islamic Sharia rules and principles, have been directed to the Charity account.
4. Zakah was calculated according to the Islamic Sharia rules and principles, by the net assets method. The Bank will undertake the payment of the Zakat amount on behalf of the shareholders, subject to AGM approval.
5. The Bank was committed to comply with Islamic Sharia rules and principles, the Sharia Supervisory Board fatawa and guidelines, Sharia related policies and procedures, AAOIFI's Sharia standards, and Sharia directives issued by the CBB.

We extend our sincere thanks to all the regulatory authorities in the Kingdom of Bahrain and abroad for their support in the procedural matters. Praise be to Allah, Lord of the worlds. Prayer on Prophet Mohammed (Peace Be Upon Him), all his family and Companions.

Sheikh Nedham Yaqoubi

Sheikh Fareed Hadi

Sheikh Abdulla Al Menai

Sheikh Abdulaziz Al Qassar

04

To read the external auditor's report on the financial year ended 31 December 2025.



KPMG Fakhro
Audit
12th Floor, Fakhro Tower,
P.O. Box 710, Manama,
Kingdom of Bahrain

Telephone: +973 17224807
Telefax: +973 17227443
Website: www.kpmg.com/bh
CR No.: 6220 - 2

Independent auditors' report

To the Shareholders of

*GFH Financial Group B.S.C.
Manama
Kingdom of Bahrain*

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of GFH Financial Group B.S.C. (the "Bank"), and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of income, comprehensive income, income and attribution related to quasi-equity, changes in owners' equity, cash flows, and changes in off-balance-sheet investment accounts, for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and consolidated results of its operations, consolidated income and attribution related to quasi-equity, consolidated changes in owners' equity, consolidated cash flows, and consolidated changes in off-balance-sheet investment accounts for the year then ended in accordance with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI").

In our opinion, the Group has also complied with the Islamic Shariah Principles and Rules as determined by the Group's Shariah Supervisory Board during the year ended 31 December 2025.

Basis for Opinion

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions ("ASIFIs") issued by AAOIFI. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with AAOIFI's Code of Ethics for Accountants and Auditors of Islamic Financial Institutions and International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (together "the Code"), as applicable to audits of the consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the consolidated financial statements of public interest entities in the Kingdom of Bahrain. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent auditors' report (Continued)
GFH Financial Group B.S.C.

Impairment allowance on Financing contracts	
Refer accounting policy in note 4(f) and (n), use of estimates and judgments in note 5 (b) (i) and management of credit risk in note 35 (a).	
The key audit matter	How the matter was addressed in our audit
We focused on this area because: Of the significance of financing contracts representing 21% of total assets. The estimation of expected credit losses ("ECL") on Financing contracts involve significant judgment and estimates. The key areas where we identified greater level of management judgment and estimates are: • Use of complex models Use of inherently judgmental complex models to estimate ECL which involves determining Probabilities of default ("PD"), Loss Given Default ("LGD") and Exposure At default ("EAD"). The PD models are considered the drivers of the ECLs. • Economic scenarios The need to measure ECLs on an unbiased forward-looking basis incorporating a range of economic conditions. Significant management judgment is applied in determining the economic scenarios used and the probability weightings applied to them. • Management overlays Adjustments to the ECL model results are made by management to address known impairment model limitations or emerging trends or risks. Such adjustments are inherently uncertain and significant management judgment is involved in estimating these amounts.	Our procedures, amongst others, included: Evaluating the appropriateness of the accounting policies adopted based on the requirements of applicable accounting standards, regulatory guidance, our business understanding and industry practice. Confirming our understanding of management's processes, systems and controls over the ECL calculation process. Control testing We performed process walkthroughs to identify the key systems, applications and controls associated with the ECL calculation processes. Key aspects of our controls testing involved the following: • Testing controls over the transfer of data between underlying source systems and ECL models that the Group operates. • Performing a detailed credit risk assessment for a sample of performing corporate contracts to test controls over the credit rating and monitoring process. • Testing controls over the review and approval of post model adjustments and management overlays and the governance process over such overlays; • Testing controls over the modelling process, including governance over model monitoring, validation and approval. Tests of details Key aspects of our testing involved: • Reviewing a sample of credit files for performing accounts and evaluating the financial performance of the borrower, source of repayment and eligible collateral and on this basis assess the appropriateness of credit rating and staging. • Sample testing over key data inputs used in estimating the ECL and assessing the completeness, accuracy and relevance of data used.



	• Re-performing key elements of the Group's model calculations and assessing performance results for accuracy. • Sample testing over factors used to determine whether significant increase in credit risk has been appropriately identified. • Selecting a sample of post model adjustments and management overlays to assess the reasonableness of the adjustments by challenging key assumptions, testing the underlying calculation and tracing a sample back to the source data. Assessing the adequacy of provisions against individually impaired financing contracts (stage 3) in accordance with the applicable FAS. Use of specialists For the relevant portfolios examined, we have involved KPMG specialists to assist us in assessing IT system controls and challenging key management assumptions used in estimating expected credit losses. Key aspects of their involvement included the following: • We involved our Information Technology Audit specialists to test the relevant General IT and Applications Controls over key systems used for data extraction as part of the ECL process; • We involved our Financial Risk Management (FRM) specialists to assist us in: a. Evaluating the appropriateness of the Groups' ECL methodologies (including the staging criteria used); b. On a test basis, re-performing the calculation of certain components of the ECL model (including the staging criteria); c. Evaluating the appropriateness of the Group's methodology for determining the economic scenarios used and the probability weights applied to them; and d. Evaluating the overall reasonableness of the management forward- looking estimates by comparing it to external market data and our understanding of the underlying sector and macroeconomic trends. Disclosures We assessed the adequacy of the Group's disclosures in relation to use of significant estimates and judgement and credit quality of financing assets by reference to the requirements of relevant accounting standards
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Independent auditors' report (Continued)
GFH Financial Group B.S.C.

Valuation of unquoted equity investments	
Refer accounting policy in note 4(e), (o), 5 (b) (ii) and note 33 relating to fair value of level 3 financial instruments.	
The key audit matter	How the matter was addressed in our audit
We considered this as a key audit area we focused on because the valuation of unquoted equity securities held at fair value (level 3) requires the application of valuation techniques which often involve the exercise of significant judgment by the Group and the use of significant unobservable inputs and assumptions.	Our procedures included: • we involved our own valuation specialists to assist us in: • evaluating the appropriateness of the valuation methodologies used by comparing with observed industry practice. • evaluating the reasonableness of key input and assumptions used by using our knowledge of the industries in which the investees operate and industry norms • comparing the key underlying financial data and inputs used in the valuation to external sources, investee company financial and management information, as applicable. Disclosures Evaluating the adequacy of the Group's disclosures related to valuation of unquoted equity instruments by reference to the relevant accounting standards.
Other Information	

The board of directors is responsible for the other information. The other information comprises the annual report but does not include the consolidated financial statements and our auditors' report thereon. Prior to the date of this auditors' report, we obtained the chairman's report and other sections which forms part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Board of Directors for the Consolidated Financial Statements

The board of directors is responsible for the Group's undertaking to operate in accordance with Islamic Sharia Rules and Principles as determined by the Group's Shariah Supervisory Board.

The board of directors is also responsible for the preparation and fair presentation of the consolidated financial statements in accordance with FAS, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



Independent auditors' report (Continued)
GFH Financial Group B.S.C.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group'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 board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ASIFIs 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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



Independent auditors' report (Continued)
GFH Financial Group B.S.C.

Report on Other Regulatory Requirements

As required by the Commercial Companies Law and Volume 2 of the Rulebook issued by the Central Bank of Bahrain, we report that:

- a) the Bank has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
- b) the financial information contained in the chairman's report is consistent with the consolidated financial statements;
- c) we are not aware of any violations during the year of the Commercial Companies Law, the CBB and Financial Institutions Law No. 64 of 2006 (as amended), the CBB Rule Book (Volume 2, applicable provisions of Volume 6 and CBB directives), the CBB Capital Markets Regulations and associated resolutions, the Bahrain Bourse rules and procedures or the terms of the Bank's memorandum and articles of association that would have had a material adverse effect on the business of the Bank or on its financial position; and
- d) satisfactory explanations and information have been provided to us by management in response to all our requests.

The engagement partner on the audit resulting in this independent auditors' report is Mahesh Balasubramanian.

KPMG Fakhro
Partner Registration Number 137
11 February 2026



To discuss and ratify the consolidated financial statements for the financial year ended 31 December 2025.

GFH Financial Group BSC

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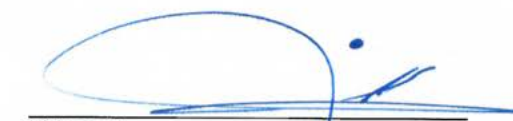
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2025

US\$ 000's

	Note	31 December 2025	31 December 2024
ASSETS			
Cash and bank balances	6	249,230	459,966
Treasury portfolio	7	5,291,923	4,851,634
Financing contracts	8	2,529,917	2,058,157
Proprietary assets	9	3,075,844	2,430,667
Receivables and other assets	10	1,000,405	1,173,386
Property and equipment	11	54,796	57,215
TOTAL ASSETS		12,202,115	11,031,025
LIABILITIES			
Clients accounts		335,400	512,732
Placements from financial institutions		3,044,067	2,444,459
Placements from non-financial institutions and individuals	12	1,280,091	1,392,804
Term financing	13	2,523,516	2,149,758
Other liabilities	14	563,891	435,364
TOTAL LIABILITIES		7,746,965	6,935,117
QUASI EQUITY	16	3,317,929	2,980,817
OWNERS' EQUITY			
Share capital	17	1,015,637	1,015,637
Treasury shares		(158,578)	(90,692)
Statutory reserve		73,379	59,368
Investment fair value reserve		(27,370)	(40,546)
Other reserve		-	(26,189)
Retained earnings		107,358	56,918
Share grant reserve	18	10,342	6,440
Total equity attributable to shareholders of the Bank		1,020,768	980,936
Non-controlling interests		116,453	134,155
TOTAL OWNERS' EQUITY		1,137,221	1,115,091
TOTAL LIABILITIES, QUASI EQUITY AND OWNERS' EQUITY		12,202,115	11,031,025

The consolidated financial statements were approved by the Board of Directors on 11 February 2026 and signed on its behalf by:


Abdulmohsen Rashed Alrashed
Chairman


Hisham Alrayes
Chief Executive Officer & Board member

The accompanying notes 1 to 37 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
for the year ended 31 December 2025

US\$ 000's

	Note	2025	2024
Wealth and investment management		174,121	171,248
Credit & financing		155,156	111,747
Treasury and proprietary		390,262	382,365
Total income	19	719,539	665,360
Other operating expenses	22 & 23	267,490	252,526
Finance expense		279,368	266,023
Impairment allowances	21	27,177	18,297
Total expenses		574,035	536,846
Profit for the year		145,504	128,514
Profit attributable to:			
Shareholders of the Bank		140,110	118,504
Non-controlling interests		5,394	10,010
		145,504	128,514
Earnings per share			
Basic and diluted earnings per share (US cents)	26	3.92	3.27


 Abdulmohsen Rashed Alrashed
 Chairman


 Hisham Alrayes
 Chief Executive Officer & Board member

The accompanying notes 1 to 37 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2025

US\$ 000's

	2025	2024
Profit for the year	145,504	128,514
Other comprehensive income (OCI)		
Items that are or may be reclassified subsequently to statement of income		
Fair value changes on debt investments carried at fair value through OCI	1,355	26,892
Fair value changes on equity investments carried at fair value through OCI	13,043	(19,956)
Equity-accounted investees - share of OCI	26,189	(12,577)
Other comprehensive income for the year	40,587	(5,641)
Total comprehensive income	186,091	122,873
Total comprehensive income attributable to:		
Shareholders of the Bank	179,475	113,619
Non-controlling interests	6,616	9,254
	186,091	122,873

The accompanying notes 1 to 37 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME AND ATTRIBUTION RELATED TO QUASI-EQUITY
for the year ended 31 December 2025

US\$ 000's

	2025	2024
Net operating income attribution to quasi equity	376,859	330,833
Adjusted for:		
Less: income not attributable to quasi-equity	(448,376)	(363,746)
Add: Profit expense on due to banks and non-banks	93,149	120,297
Add: expenses not attributable to quasi-equity	353,637	337,624
Less: institution's share of income for its own/ share of investments	(141,370)	(169,937)
Less: allowance for impairment allowances attributable to quasi-equity	(1,660)	1,942
Total income available for quasi-equity holders	232,239	257,013
Profit equalization reserve – net movement	-	-
Total income attributable to quasi-equity holders (adjusted for reserves)	232,239	257,013
Less: Mudarib's share and Wakala fees	(886)	(54,694)
Net income attributable to quasi-equity	231,353	202,319
Investment risk reserve -net movement	-	-
Profit distributable to quasi-equity	231,353	202,319
Other comprehensive income that may subsequently be classified to statement of income	308	1,962
Total comprehensive income – attributable to quasi-equity	231,661	204,281
Add: Other comprehensive income not subject to immediate distribution	(308)	(1,962)
Net profit attributable to quasi-equity	231,353	202,319

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
for the year ended 31 December 2025

US\$ 000's

	Attributable to shareholders of the Bank							Non-Controlling Interests (NCI)	Total owners' equity
	Share capital	Treasury shares	Statutory reserve	Other reserve*	Investment fair value reserve	Retained earnings	Share grant reserve		
31 December 2025									
Balance at 1 January 2025	1,015,637	(90,692)	59,368	(26,189)	(40,546)	56,918	6,440	134,155	1,115,091
Profit for the year	-	-	-	-	-	140,110	-	5,394	145,504
Other comprehensive income	-	-	-	26,189	13,176	-	-	1,222	40,587
Total comprehensive income for the year	-	-	-	26,189	13,176	140,110	-	6,616	186,091
Share-based payments	-	-	-	-	-	-	15,204	-	15,204
Issue of shares under incentive scheme	-	11,302	-	-	-	-	(11,302)	-	-
Transfer to zakah and charity fund	-	-	-	-	-	(1,500)	-	-	(1,500)
Dividends declared for 2024	-	-	-	-	-	(61,000)	-	-	(61,000)
Interim dividends declared for 2025	-	-	-	-	-	(20,000)	-	-	(20,000)
Transfer to statutory reserve	-	-	14,011	-	-	(14,011)	-	-	-
Purchase of treasury shares	-	(292,684)	-	-	-	-	-	-	(292,684)
Sale of treasury shares	-	213,496	-	-	-	2,120	-	-	215,616
Reduction in NCI on account of additional stake in subsidiary	-	-	-	-	-	4,721	-	(19,664)	(14,943)
Reduction in NCI on account of dividend payment	-	-	-	-	-	-	-	(4,654)	(4,654)
Balance at 31 December 2025	1,015,637	(158,578)	73,379	-	(27,370)	107,358	10,342	116,453	1,137,221

* Represents share of changes in reserves of equity accounted investee.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
for the year ended 31 December 2025 (continued)

US\$ 000's

	Attributable to shareholders of the Bank								Non-Controlling Interests (NCI)	Total owners' equity
	Share capital	Treasury shares	Statutory reserve	Cashflow hedge reserve	Other reserve *	Investment fair value reserve	Retained earnings	Share grant reserve		
31 December 2024										
Balance at 1 January 2024	1,015,637	(125,525)	47,518	(2,135)	(13,612)	(46,103)	105,831	7,930	84,821	1,074,362
Profit for the year	-	-	-	-	-	-	118,504	-	10,010	128,514
Other comprehensive income	-	-	-	2,135	(12,577)	5,557	-	-	(756)	(5,641)
Total comprehensive income for the year	-	-	-	2,135	(12,577)	5,557	118,504	-	9,254	122,873
Share-based payments	-	-	-	-	-	-	-	10,000	-	10,000
Issue of shares under incentive scheme	-	11,490	-	-	-	-	-	(11,490)	-	-
Transfer to zakah and charity fund	-	-	-	-	-	-	(7,037)	-	-	(7,037)
Dividends declared for 2023	-	-	-	-	-	-	(61,000)	-	-	(61,000)
Transfer to statutory reserve	-	-	11,850	-	-	-	(11,850)	-	-	-
Purchase of treasury shares	-	(273,726)	-	-	-	-	-	-	-	(273,726)
Sale of treasury shares	-	297,069	-	-	-	-	(31,328)	-	-	265,741
Reduction in NCI due to additional stake in subsidiary	-	-	-	-	-	-	(18,842)	-	(84,059)	(102,901)
Additional NCI without a change in control	-	-	-	-	-	-	(37,360)	-	133,106	95,746
Additional NCI on acquisition of subsidiary	-	-	-	-	-	-	-	-	30,790	30,790
Sale of shares in subsidiary	-	-	-	-	-	-	-	-	(39,757)	(39,757)
Balance at 31 December 2024	1,015,637	(90,692)	59,368	-	(26,189)	(40,546)	56,918	6,440	134,155	1,115,091

* Represents share of changes in reserves of equity accounted investee.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2025

US\$ 000's

	31 December 2025	31 December 2024
OPERATING ACTIVITIES		
Profit for the year	145,504	128,514
Adjustments for:		
Treasury and proprietary assets	(563,755)	(530,874)
Foreign exchange (gain) / loss	(4,535)	1,916
Finance expense	506,752	404,840
Impairment allowances	26,846	18,297
Depreciation and amortisation	14,637	12,791
	125,449	35,484
Changes in:		
Placements with financial institutions (original maturities of more than 3 months)	95,248	(129,242)
Financing contracts	(307,803)	(216,974)
Receivables and other assets	(156,003)	(93,822)
CBB reserve and other assets	(8,513)	(9,316)
Clients accounts	(177,332)	102,813
Placements from financial institutions	599,608	121,242
Placements from non-financial institutions and individuals	(112,713)	432,754
Quasi equity	337,112	(470,189)
Other liabilities	53,256	(210,256)
Net cash generated from / (used in) operating activities	448,309	(437,506)
INVESTING ACTIVITIES		
Sale of property, plant and equipment, net	321	2,097
(Purchase) / Sale of proprietary assets, net	(294,972)	152,036
Cash paid on acquisition of subsidiary, net	-	(39,534)
Cash transferred on deconsolidation of a subsidiary	-	(677)
Cash acquired on acquisition of Subsidiary	-	5,584
Sale of treasury portfolio, net	143,235	401,311
Net cash (used in) / from investing activities	(151,416)	520,817
FINANCING ACTIVITIES		
Term financing, net	381,453	(123,111)
Finance expense paid	(538,589)	(457,746)
Dividends paid	(93,858)	(60,636)
(Purchase) / sale of treasury shares, net	(78,086)	34,840
Net cash used in financing activities	(329,080)	(606,653)
Net decrease in cash and cash equivalents	(32,188)	(523,342)
Cash and cash equivalents at 1 January*	1,165,081	1,688,423
Cash and cash equivalents at 31 December	1,132,893	1,165,081
Cash and cash equivalents comprise: *		
Cash and balances with banks (excluding CBB Reserve balance and restricted cash) (note 6)	155,951	375,197
Placements with financial institutions (original maturities of 3 months or less)	976,942	789,884
	1,132,893	1,165,081

* net of expected credit loss of US\$ 76 thousand (31 December 2024: US\$ 50 thousand)

The accompanying notes 1 to 37 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN OFF-BALANCE-SHEET INVESTMENT ACCOUNT
for the year ended 31 December 2025

US\$ 000's

31 December 2025

Opening Balance	Additions during the year	Income	Wakala Fee	Distributions/ Withdrawal during the year	NAV Movement	Closing Balance
1,685,279	1,331,468	138,502	(29,286)	(425,993)	101,651	2,801,622

31 December 2024

Opening Balance	Additions during the year	Income	Wakala Fee	Distributions/ Withdrawal during the year	NAV Movement	Closing Balance
1,029,921	831,963	154,654	(63,241)	(176,605)	(91,412)	1,685,279

Off-Balance-sheet investment account represents invests funds managed under discretionary wakala contracts (Note 25).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

1 REPORTING ENTITY

GFH Financial Group BSC ("the Bank") was incorporated as Gulf Finance House BSC in 1999 in the Kingdom of Bahrain under Commercial Registration No. 44136-1 and operates under an Islamic Wholesale Investment Banking license issued by the Central Bank of Bahrain ("CBB"). The Bank's shares are listed on the Bahrain, Kuwait, Dubai and Abu Dhabi Financial Market Stock Exchanges. The Bank's sukuk certificates are listed on London Stock Exchange.

The Bank's activities are regulated by the CBB and supervised by a Shari'a Supervisory Board. The principal activities of the Bank include investment advisory services and investment transactions which comply with Islamic rules and principles determined by the Bank's Shari'a Supervisory Board.

The consolidated financial statements for the year comprise the results of the Bank and its material subsidiaries (together referred to as "the Group"). The significant subsidiaries of the Bank which consolidated in these financial statements are:

Investee name	Country of incorporation	Effective ownership interests as at 31 December 2025	Activities
GFH Partners Ltd	United Arab Emirates	100%	Investment management
GFH Capital S.A.	Saudi Arabia	100%	Investment management
Khaleeji Bank BSC ("Khaleeji")	Kingdom of Bahrain	82.95%	Islamic retail bank
GFH Equities B.S.C (c)		76.63%	Investment firm (Islamic principles)

The Bank has other Special Purpose Vehicles and holding companies which are set up to supplement the activities of the Bank and its principal subsidiaries, and hold assets and non-core operations which are not material to the Group.

2 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") Recognised on sourcing and completion and in conformity with Commercial Companies Law 2001 (as amended). In line with the requirement of AAOIFI and the Rulebook issued by CBB, for matters that are not covered by FAS, the Group uses guidance from the relevant IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

The consolidated financial statements are prepared on a going concern basis, as management is satisfied that the Group has adequate resources to continue as a going concern for the foreseeable future. In making this assessment management has considered a wide range of information including projections of profitability, regulatory capital requirements and funding needs. The assessment include consideration of plausible stress scenarios and their impact on profitability, capital and liquidity of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

3 BASIS OF MEASUREMENT

These consolidated financial statements are prepared on a historical cost basis except for the measurement at fair value of certain investment securities and derivative instruments.

The Group operates diversified business lines and cross border entities that contribute towards the various sources of revenue for the Groups identified business lines. To closely align the performance reporting with the way business is being managed internally, the Group presents its sources of income based on its core business lines and classifies its common and unallocated expenses in the consolidated income statement by the nature of expense method. The consolidated financial statements are presented in United States Dollars (US\$), which is also the functional currency of the Group's operations. All financial information presented in US\$ has been rounded to the nearest thousands, except when otherwise indicated.

Compared to last year's consolidated financial statements, some financial statement captions, notes and disclosures have been updated and improved to enhance the understanding of the contribution of the various business lines to the Group's performance and financial position. Comparative amounts have been re-presented accordingly and these do not impact the previously reported equity, net profits, total assets or total liabilities.

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Management believes that the underlying assumptions are appropriate, and the Group's consolidated financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The below paragraphs and tables describe the Group's significant lines of business and sources of revenue they are associated with.

Activities:

The Group's primary activities include:

- to provide unique investment opportunities and manage the wealth on behalf of its clients as an
- to provide specialised credit and financing services
- to undertake targeted development and sale of infrastructure and real estate projects for enhanced returns and to co-invest with clients and hold strategic proprietary assets as a principal
- to actively manage treasury portfolio with the objective of earning higher returns from capital and measured investment opportunities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

3 BASIS OF MEASUREMENT (continued)

Segments:

To undertake the above activities, the Group has organised itself in the following business lines:

Wealth and investment management	This segment includes the Groups asset management and portfolio management business lines that acts as intermediaries by acquiring, managing and realizing investment assets for institutional and high net worth clients, under both discretionary and participatory arrangements. The Group also co-invests along with its clients for realising diversified returns from its AUM portfolios. The Wealth and Investment management teams undertake placement and structuring activities prior to sale of its products and subsequently performs asset and portfolio management services for its investors till exit which generates ongoing management, incentive and performance fees for the Group. This business line also includes share of profits and distributions from equity accounted investments in other asset managers that are considered complimentary to the Groups asset management activities in the real estate sector.
Credit & financing	The Group's credit and financing business lines include all a) corporate banking and retail banking activities of the Group's subsidiary, Khaleeji Bank BSC, b) its participation in private credit opportunities and c) its capital underwriting activities to support the initial acquisition of assets for the Wealth and Investment Management products.
Treasury and proprietary	All other activities that are undertaken at the Group level, including treasury and residual proprietary asset portfolio management (including real estate and operating assets), is considered as part of the Proprietary and treasury activities of the Group. The Treasury teams focus on achieving consistent outperformance against market returns through active and diversified portfolio management for the Bank and its investors. The Proprietary investments are managed at a Group level to carefully plan value realisation, monetization and synergy across Group entities by making positive contributions.

The strategic business units offer different products and services and are managed separately because they require different strategies for management and resource allocation within the Group. For each of the strategic business units, the Group CEO and Board of Directors (chief operating decision makers) review internal management reports on a quarterly basis. Each of the above business lines, except commercial banking which is a separate subsidiary, has its own dedicated team of professionals and are supported by a common placement team and support units.

The performance of each operating segment is measured based on segment results and are reviewed by the management committee and the Board of Directors on a quarterly basis. Segment results is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

3 BASIS OF MEASUREMENT (continued)

The Group classifies directly attributable revenue and cost relating to transactions originating from respective segments as segment revenue and segment expenses respectively. Indirect costs is allocated based on cost drivers/factors that can be identified with the segment and/ or the related activities. The internal management reports are designed to reflect revenue and cost for respective segments which are measured against the budgeted figures. The unallocated revenues, expenses, assets and liabilities related to entity-wide corporate activities and treasury activities at the Group level.

Sources of revenue:

The Group primarily earns its revenue from the following sources and presents its in the notes to the statement of income accordingly:

Business Lines	Activity/ Source	Types of revenue	Recognition Basis
Wealth and Investment Management	Asset Management fee	Fee based income, in the nature of management fees, performance fee, acquisition fee and exit fee which are contractual in nature	Recognised overtime of providing services as per the terms of the contract.
	Portfolio Management Income	Incentive fee on management of restricted and discretionary portfolio mandates for returns above benchmarks agreed.	Recognised when performance thresholds are met.
	Structuring & Investment placement	Deal related income, earned by the Group from structuring, sale and placement of assets.	Recognised on completion of deals sourcing and completion of placement of a product.
	Co-investment Income	Dividend income, fair value gains/(losses), realised gains/(losses) from exits, and distribution income from co investments.	Recognised when declared or at the time of sales/exit of the underlying investments.
	Associate Income	Group's share of profit/loss of equity accounted investees and related OCI movements.	Recognised quarterly using investee's financials.
Credit & financing	Financing income	Islamic Shari'ah compliant corporate, institutional and retail banking financing and cash management products and services of Khaleeji	Recognised over life of the contract using the effective profit rate.
	Underwriting	Deal related income, earned by the Group from providing capital financing placement of assets.	Portion of deals related income allocated towards capital financing of the products and recognised on sourcing and completion of the product placement.
	Fee and other income	Fees and other income, includes account servicing fees, sales commission, management fees, placement and arrangement fees and syndication fees	Recognised as when the related services are performed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

3 BASIS OF MEASUREMENT (continued)

Business Lines	Activity/ Source	Types of revenue	Recognition Basis
Treasury and Proprietary Investments	Direct investment income, net	Includes dividends, gain / (loss) on sale, initial recognition and remeasurement of proprietary investments.	Recognised when declared or at the time of sales/exit of the underlying investments.
	ALM & Trading	Treasury ALM activities including liquidity deployment, hedging, capital market investments, FX and profit rate risk management, structured notes and trading portfolios (non speculative under Islamic framework).	Dividends/coupons recognised on distribution. Realised gains recognised on closing positions and unrealised gains recognised based on fair value of open positions.
	Income from sale of assets and operationg income	Proprietary holdings of corporates, private equity, real estate development for direct sale and yielding assets. This also includes the group's holding or participation in leisure and hospitality assets.	Development income, sale proceeds recognised using the percentage of completion (POC) method, rental income recognised over contractual period, ancillary income and gains/(losses) on disposal.
	Fixed Income	Income arising from the deployment of the Bank's excess liquidity, through but not limited to short term placements with bank and financial institutions, money market instruments, capital market and other related treasury investments.	Income recognised over the life of the contract using the effective profit rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been applied consistently to all periods presented in the consolidated financial statements and have been consistently applied by the Group.

(a) New standards, amendments, and interpretations issued but not yet effective

(i) FAS 45: Quasi-Equity (Including Investment Accounts)

AAOIFI has issued Financial Accounting Standard (FAS) 45 "Quasi-Equity (Including Investment Accounts)" during 2023. The objective of this standard is to establish the principles for identifying, measuring, and presenting "quasi-equity" instruments in the financial statements of Islamic Financial Institutions "IFIs".

The standard prescribes the principles of financial reporting to participatory investment instruments (including investment accounts) in which an IFI controls underlying assets (mostly, as working partner), on behalf of the stakeholders other than owner's equity. This standard provides the overall criteria for on-balance sheet accounting for participatory investment instruments and quasi-equity, as well as, pooling, recognition, derecognition, measurement, presentation and disclosure for quasi-equity.

This standard shall be effective for the financial reporting periods beginning on or after 1 January 2026 with an option to early adopt.

(ii) FAS 46: Off-Balance-Sheet Assets Under Management

AAOIFI has issued Financial Accounting Standard ("FAS") 46 "Off-Balance-Sheet Assets Under Management" during 2023. The objective of this standard is to establish principles and rules for recognition, measurement, disclosure, and derecognition of off-balance-sheet assets under management, based on Shari'a and international best practices. The standard aims to improve transparency, comparability, accountability, and governance of financial reporting related to off-balance-sheet assets under management.

This standard is applicable to all IFIs with fiduciary responsibilities over asset(s) without control, except for the following:

- The participants' Takaful fund and / or participants' investment fund of a Takaful institution; and
 - An investment fund managed by an institution, being a separate legal entity, which is subject to
- This standard shall be effective for the financial reporting periods beginning on or after 1 January 2026 with an option to early adopt.

This standard shall be effective for the financial periods beginning on or after 1 January 2026 with an option to early adopt. This standard shall be adopted at the same time as adoption of FAS 45 "Quasi-Equity (Including Investment Accounts)".

The Group does not expect any significant impact on the adoption of this standard.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards, amendments, and interpretations issued but not yet effective (continued)

(iii) FAS 47: Transfer of Assets Between Investment Pools

AAOIFI has issued Financial Accounting Standard ("FAS") 47 "Transfer of Assets Between Investment Pools" during 2023. The objective of this standard is to establish guidance on the accounting treatment and disclosures for transfers of assets between investment pools that are managed by the same institution or its related parties. The standard applies to transfers of assets that are not part of a business combination, a disposal of a business, or a restructuring of an institution.

The standard defines an investment pool as a group of assets that are managed together to achieve a common investment objective, such as a fund, a portfolio, or a trust. The standard also defines a transfer of assets as a transaction or event that results in a change in the legal ownership or economic substance of the assets, such as a sale, a contribution, a distribution, or a reclassification. The transfer of assets between investment pools should be accounted for based on the substance of the transaction and the terms and conditions of the transfer agreement. The standard classifies transfers of assets into three categories: transfers at fair value, transfers at carrying amount, and transfers at other than fair value or carrying amount. The standard also specifies the disclosure requirements for transfers of assets between investment pools.

This standard shall be effective for the financial periods beginning on or after 1 January 2026 with an option to early adopt.

The Group does not expect any significant impact on the adoption of this standard.

iv) FAS 48: Promotional Gifts and Prizes

This standard prescribes accounting and financial reporting requirements applicable to promotional gifts and prizes awarded by the Islamic financial institutions. The standard categorizes them into a) promotional gifts where entitlement to gifts is declared instantly; b) Promotional Prizes, that are announced in advance to be awarded at a future date and c) Loyalty Programs, where the obligation is accumulated over the period.

This standard is effective for the financial periods beginning on or after 1 January 2026, with an option to early adopt.

The Group does not expect any significant impact on the adoption of this standard.

v) FAS 50 - Financial reporting for Islamic Investment institutions (including investment funds)

This standard replaces FAS 14 – Investment Funds and updates the financial reporting framework for Islamic investment institutions.

Key enhancements include alignment with revised FAS 1 and the AAOIFI Conceptual Framework, removal of the separate statement of portfolio investments (now included in the notes), elimination of the cash-equivalent-value concept, and introduction of quasi-equity accounting principles.

The standard also provides guidance for Islamic investment institutions (IIIs) with multiple virtual entities or sub-funds, introduces requirements on NAV differential, removes earlier governance and stakeholder reporting requirements, and grants exemptions from consolidation or equity-accounting based on the unique business model and investment intent of the III.

This standard is effective for the financial periods beginning on or after 1 January 2027, with an option to early adopt.

The Group does not expect any significant impact on the adoption of this standard.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards, amendments, and interpretations issued but not yet effective (continued)

vi) Withdrawal of FAS 26 – Investment in Real Estate and Related Transitional Provisions

AAOIFI issued a guidance relating to withdrawal of FAS 26 – Investment in Real Estate and related transitional provisions ("Guidance"). Following the withdrawal, investment in real estate shall be accounted for in accordance with IAS 40 – Investment property.

This guidance is effective for the periods beginning on or after 1 January 2027 and with an option to early adopt.

The Group is assessing the impact of adopting this standard; however, no material impact is currently anticipated.

(b) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the consolidated income statement.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in the consolidated income statement. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted within equity. Otherwise subsequent changes in the fair value of the contingent consideration are recognised in the consolidated income statement.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025**

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

(i) Business combinations (continued)

(ii) Subsidiaries

Subsidiaries are those enterprises (including special purpose entities) controlled by the Bank. The Group controls a business if, and only if, it has a) power over the business b) exposure, or rights, to variable returns from its involvement with the business; and c) the ability to use its power over the business to affect the amount of the institution's returns.

Power is presumed when an entity directly, or indirectly through its subsidiaries, holds more than 50% of the voting rights. Where the Group has less than majority voting rights, control may exist through a) agreement with other shareholders or the business itself; b) rights arising from other contractual arrangements; c) the institution's voting rights (de facto power); d) potential voting rights; or e) a combination thereof.

The Group considers only substantive voting rights in its assessment of whether it has power over a business. In order to be substantive, rights need to be exercisable when relevant decisions are required to be made and the holder of such rights must have the practical ability to exercise those rights. When making an assessment of whether the Group controls a business, it considers the voting and other rights emanating from the investment in the business duly funded by the Group itself and its quasi equity.

(iii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. If less than 100% of a subsidiary is acquired, then the Group elects on a transaction-by-transaction basis to measure non-controlling interests either at:

- Fair value at the date of acquisition, which means that goodwill, or the gain on a bargain purchase, includes a portion attributable to ordinary non-controlling interests; or
- the holders' proportionate interest in the recognised amount of the identifiable net assets of the acquire, which means that goodwill recognised, or the gain on a bargain purchase, relates only to the controlling interest acquired.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions

(iv) Special purpose entities

Special purpose entities (SPEs) are entities that are created to accomplish a narrow and well-defined objective such as the securitisation of particular assets, or the execution of a specific borrowing or investment transaction and usually voting rights are relevant for the operating of such entities. An investor that has decision-making power over an investee and exposure to variability of returns determines whether it acts as a principal or as an agent to determine whether there is a linkage between power and returns. The Group in its ordinary course of business may manage an asset or a business for the benefit of stakeholders other than its equity holders through an agency (usually investment agency) or similar arrangement. Control does not include situations whereby the institution has the power, but such power is exercisable in a fiduciary capacity, and not for the variable returns to the institution itself. Performance incentives receivable by an agent are in a fiduciary capacity, and hence not considered to be variable returns for the purpose of control assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

(v) Assets Under Management

The Group in its fiduciary capacity manages and administers assets held in trust and other investment vehicles on behalf of investors. The financial statements of these entities are usually not included in these consolidated financial statements. Information about the Group's fiduciary assets under management is set out in note 25. For the purpose of reporting assets under management, the average assets managed are considered.

(vi) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity. Any surplus or deficit arising on the loss of control is recognised in consolidated income statement. Any interest retained in the former subsidiary, is measured at fair value when control is lost. Subsequently it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for investment securities depending on the level of influence retained.

(vii) Equity accounted investees

This comprise investment in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, where the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Associates and Joint ventures are accounted for under equity method. These are initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investees after the date of acquisition. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investees arising from changes in the investee's equity. When the Group's share of losses exceeds its interest in an equity-accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the equity-accounted investees. Equity accounting is discontinued when an associate is classified as held-for-sale.

(viii) Transactions eliminated on consolidation and equity accounting

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency translation gains or losses) from intra-group transactions with subsidiaries are eliminated in preparing the consolidated financial statements. Intra-group gains on transactions between the Group and its equity-accounted investees are eliminated to the extent of the Group's interest in the investees. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of the subsidiaries and equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Foreign currency transactions

(i) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in US dollars, which is the Group's functional and presentation currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Foreign currency transactions (continued)

(ii) Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at the reporting date.

Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary items carried at their fair value, such as certain equity securities measured at fair value through comprehensive income, are included in investments fair value reserve.

(iii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated into US\$ at exchange rates at the reporting date. The income and expenses of foreign operations are translated into US\$ at the exchange rates at the date of the transactions. Foreign currency differences are accumulated into foreign currency translation reserve in owners' equity, except to the extent the translation difference is allocated to NCI.

When foreign operation is disposed of in its entirety such that control is lost, cumulative amount in the translation reserve is reclassified to consolidated income statement as part of the gain or loss on disposal.

(d) Offsetting of financing instruments

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expense are presented on a net basis only when permitted under AAOIFI, or for gains and losses arising from a group of similar transactions.

(e) Investment securities

Investment securities are categorised as proprietary investments, co-investments and treasury portfolio.

Investment securities comprise debt type and equity type instruments but exclude investment in subsidiaries and equity-accounted investees (note 4 (b) (ii) and (vii)).

(i) Categorization and classification

The classification and measurement approach for investments in sukuk, shares and similar instruments that reflects the business model in which such investments are managed and the underlying cash flow characteristics. Under the standard, each investment is to be categorized as either investment in:

- i) equity-type instruments
- ii) debt-type instruments, including:
 - monetary debt-type instruments; and
 - non-monetary debt-type instruments.
- iii) other investment instruments

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Investment securities (continued)

(i) Categorization and classification (continued)

Unless irrevocable initial recognition choices as per the standard are exercised, an institution shall classify investments as subsequently measured at either of:

- amortised cost;
- fair value through comprehensive income (FVOCI) or
- fair value through income statement (FVTIS), on the basis of both:
 - the Group's business model for managing the investments; and
 - the expected cash flow characteristics of the investment in line with the nature of the underlying Islamic finance contracts.

The Group has an option on initial recognition to irrevocably designate a financial asset as at FVTIS if doing so eliminates or significantly reduces a measurement or recognition inconsistency - i.e. an 'accounting mismatch' - that would otherwise arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

(ii) Recognition and de-recognition

Investment securities are recognised at the trade date i.e. the date that the Group commits to purchase or sell the asset, at which date the Group becomes party to the contractual provisions of the instrument. Investment securities are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risk and rewards of ownership.

(iii) Measurement

Investment securities are measured initially at fair value plus, except for investment securities carried at FVTIS, transaction costs that are directly attributable to its acquisition or issue.

Subsequent to initial recognition, investments carried at FVTIS and FVOCI are re-measured to fair value. Gains and losses arising from a change in the fair value of investments carried at FVTIS are recognised in the consolidated income statement in the period in which they arise. Gains and losses arising from a change in the fair value of investments carried at FVOCI are recognised in the consolidated statement of comprehensive income and presented as under "investment fair value reserve".

The fair value gains / (losses) are recognised taking into consideration the split between portions related to owners' equity and quasi equity, including investment accountholders. When the investments carried at FVOCI are sold, impaired, collected or otherwise disposed of, the cumulative gain or loss previously recognised in the statement of comprehensive income is transferred to the income statement.

Investments at FVOCI where the entity is unable to determine a reliable measure of fair value on a continuing basis, such as investments that do not have a quoted market price or there are no other appropriate methods from which to derive reliable fair values, are stated at cost less impairment allowances.

(iv) Measurement principles

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus capital repayments, plus or minus the cumulative amortisation using the effective profit method of any difference between the initial amount recognised and the maturity amount, minus any reduction (directly or through use of an allowance account) for impairment or uncollectibility. The calculation of the effective profit rate includes all fees and points paid or received that are an integral part of the effective profit rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Investment securities (continued)

Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties on the measurement date. When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received.

If a market for a financial instrument is not active, the Group establishes fair value using a valuation technique. Valuation techniques include discounted cash flow analyses, price / earnings multiples and other valuation models with accepted economic methodologies for pricing financial instruments.

Some or all of the inputs into these models may not be market-observable but are estimated based on assumptions. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

Fair value estimates involve uncertainties and matters of significant judgement and therefore, cannot be determined with precision. There is no certainty about future events (such as continued operating profits and financial strengths). It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the investments.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid. The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(f) Financing contracts

Financing contracts comprise Shari'a compliant financing contracts with fixed or determinable payments. These include financing provided through Murabaha, Musharaka, Mudharaba, Istisna, Wakala contracts and lease-based financing contracts ("Ijarah assets"). Financing contracts are recognised on the date they are originated and are carried at their amortised cost less impairment allowances, if any.

Modification of financing contracts

If the terms of the financing contracts are modified then the Group evaluates whether the cashflows of the modified asset are substantially different. If the cashflows are substantially different, then the contractual rights to cashflows from the original financing asset are deemed to have expired. In this case, the original financing contracts is derecognised and a new financing contracts is recognised at fair value plus any eligible transaction cost.

If the modification of a financing contract measured at amortized cost does not result in the derecognition of the financing contracts then the Group first recalculates the gross carrying amount of the financing contracts using the original effective profit rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

All Sharia compliant contracts are interpreted for accounting purposes in its entirety and all linked - contracts or promissory note arrangements are considered together with the main financing contract to reflect the single economic outcome and purpose of the contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financing contracts (continued)

(i) Murabaha financing (trade-based-contracts)

Murabaha is a contract whereby one party ("Seller") sells an asset to the other party ("Purchaser") at cost plus profit and on a deferred payment basis, after the Seller has purchased the asset based on the Purchaser's promise to purchase the same on such Murabaha basis. The sale price comprises the cost of the asset and an agreed profit margin. The sale price (cost plus the profit amount) is paid by the Purchaser to the Seller on instalment basis over the agreed finance tenure. Under the Murabaha contract, the Group may act either as a Seller or a Purchaser, as the case may be.

(ii) Mudaraba financing (participatory-based-contracts)

Mudaraba is a contract between two parties whereby one party is a fund provider (Rab Al Mal) who would provide certain amount of funds (Mudaraba Capital), to the other party (Mudarib). Mudarib would then invest the Mudaraba Capital in a specific enterprise or activity deploying its experience and expertise for a specific pre-agreed share in the resultant profit. The Rab Al Mal is not involved in the management of the Mudaraba activity. The Mudarib would bear the loss in case of its default, negligence or violation of any of the terms and conditions of the Mudaraba contract; otherwise the loss would be borne by the Rab Al Mal. Under the Mudaraba contract, the Group may act either as Mudarib or as Rab Al Mal, as the case may be. The Group's financing contracts includes terms that delivers an effective profit rate based on agreed terms of repayment.

(iii) Ijarah asset (lease-based contracts)

Ijarah assets (Ijarah Muntahia Bittamleek) are stated at cost less accumulated depreciation and any impairment. Under the terms of lease, the legal title of the asset passes to the lessee at the end of the lease term (as a gift), provided that all lease instalments are settled. Depreciation is calculated using rates that systematically reduce the cost of the leased assets over the period of the lease in a pattern of economic benefits arising from these assets (usually similar to the effective profit method). The Group assesses at each reporting date whether there is objective evidence that the ijarah assets are impaired. Impairment loss is the amount by which the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses, if any, are recognised in the income statement. The estimates of future cash flows, when dependent on a single customer, takes into consideration the credit evaluation of the respective customer in addition to other factors.

(iv) POCI financial assets

Purchased or Originated Credit Impaired (POCI) financial assets are assets that are credit-impaired on initial recognition. For POCI assets, lifetime ECL are incorporated into the calculation of the effective profit rate on initial recognition. Consequently, POCI assets do not carry an impairment allowance on initial recognition. The amount recognized as a loss allowance subsequent to initial recognition is equal to the changes in lifetime ECL since initial recognition of the asset.

(g) Placements with and from financial and other institutions

These comprise placements made with/ from financial and other institutions under shari'a compliant contracts. Placements are usually short term in nature and are stated at their amortised cost.

(h) Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances and placements with financial institutions) with original maturities of three months or less when acquired that are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Bank balances that are restricted and not available for day-to-day operations of the Group are not included in cash and cash equivalents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Derivatives held for risk management purposes and hedge accounting.

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. All derivatives are measured at fair value in the statement of financial position.

The Group designates certain derivatives held for risk management as hedging instruments in qualifying hedging relationships.

Policy applicable generally to hedging relationships

On initial designation of the hedge, the Group formally documents the relationship between the hedging instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both on inception of the hedging relationship and on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a identified. For a cash flow hedge of a forecast transaction, the Group makes an assessment of whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

i. Fair value hedges

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in profit or loss. The change in fair value of the hedged item attributable to the hedged risk is recognised in profit or loss. If the hedged item would otherwise be measured at cost or amortised cost, then its carrying amount is adjusted accordingly.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

Any adjustment up to the point of discontinuation to a hedged item for which the effective profit method is used is amortised to profit or loss as an adjustment to the recalculated effective profit rate of the item over its remaining life. On hedge discontinuation, any hedging adjustment made previously to a hedged financial instrument for which the effective profit method is used is amortised to profit or loss by adjusting the effective profit rate of the hedged item from the date on which amortisation begins. If the hedged item is derecognised, then the adjustment is recognised immediately in profit or loss when the item is derecognised.

ii. Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in equity and presented in the hedging reserve within equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in the hedging reserve is reclassified from equity to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the statement of profit or loss and equity.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025**

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Derivatives held for risk management purposes and hedge accounting (continued)

ii. Cash flow hedges (continued)

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. If the hedged cash flows are no longer expected to occur, then the Group immediately reclassifies the amount in the hedging reserve from equity to profit or loss. For terminated hedging relationships, if the hedged cash flows are still expected to occur, then the amount accumulated in the hedging reserve is not reclassified until the hedged cash flows affect profit or loss; if the hedged cash flows are expected to affect profit or loss in multiple reporting periods, then the Group reclassifies the amount in the hedging reserve from equity to profit or loss on a straight-line basis.

Other non-trading derivatives

Other non-trading derivatives are recognised on balance sheet at fair value. If a derivative is not held for trading, and is not designated in a qualifying hedging relationship, then all changes in its fair value are recognised immediately in profit or loss as a component of net income from other financial instruments at FVTIS.

(j) Investment property

Investment property comprise land plots and buildings. Investment property is property held to earn rental income or for capital appreciation or both but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes. Investment property is measured initially at cost, including directly attributable expenses. Subsequent to initial recognition, investment property is carried at cost less accumulated depreciation and accumulated impairment allowances (if any). Land is not depreciated, and building is depreciated over the period of 30 to 45 years.

A property is transferred to investment property when, there is change in use, evidenced by: end of owner-occupation, for a transfer from owner-occupied property to investment property; or commencement of an operating ijara to another party, for a transfer from a development property to investment property.

Further, an investment property is transferred to development property when, there is a change in use, evidenced by:

commencement of own use, for a transfer from investment property to owner-occupied property; commencement of development with a view to sale, for a transfer from investment in real estate to development property.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the period in which the property is derecognised.

(k) Development properties

Development properties are properties held for sale or development and sale in the ordinary course of business. Development properties are measured at the lower of cost and net realisable value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025**

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projection if the recognition criteria are met. All other repair and maintenance costs are recognised in the consolidated income statement as incurred.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line method over their estimated useful lives, and is generally recognised in the consolidated income statement.

The estimated useful lives of property and equipment of the industrial business assets are as follows:

Buildings and infrastructure on lease hold	30 – 50 years
Computers	3 – 5 years
Furniture and fixtures	5 – 8 years
Motor vehicles	4 – 5 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts, being the higher of the fair value less costs to sell and their value in use.

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in the consolidated statement of income in the year of derecognition.

The assets' residual values, useful lives and methods of depreciation are reviewed annually and adjusted prospectively if appropriate.

(m) Intangible assets

Goodwill

Goodwill that arises on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Other Intangible assets

Intangible assets acquired separately are initially measured at cost. The cost of intangible assets acquired in a business combination are their fair values as at the date of acquisition. Subsequently, intangible assets are recognised at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the consolidated income statement in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life of ten years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income in the expenses category consistent with the function of intangible assets.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025**

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Intangible assets (continued)

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Intangible assets with indefinite useful life consists of a license to construct and operate a cement plant in the Kingdom of Bahrain.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income when the asset is derecognised.

(n) Impairment of exposures subject to credit risk

The Group recognises loss allowances for the expected credit losses "ECLs" on:

- Bank balances.
- Placements with financial institutions.
- Financing contracts;
- Lease rental receivables;
- Investments in Sukuk (debt-type instruments carried at amortised cost);
- Other receivables; and
- Undrawn financing commitments and financial guarantee contracts issued.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt-type securities that are determined to have low credit risk at the reporting date; and
- Other debt-type securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of an exposure subject to credit risk has increased significantly since initial recognition when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

The Group assumes that the credit risk on exposure subject to credit risk increased significantly if it is more than 30 days past due. The Group considers an exposure subject to credit risk to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security, if any is held; or
- the exposure is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be BBB- or higher per S&P.

The Group applies a three-stage approach to measuring ECL. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025**

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Impairment of exposures subject to credit risk (continued)

Stage 1: 12-months ECL

Stage 1 includes exposures subject to credit risk on initial recognition and that do not have a significant increase in risk since initial recognition or that have low credit risk. 12-month ECL is the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12-months.

Stage 2: Lifetime ECL - not credit impaired

Stage 2 includes exposures that are subject to credit risk that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses are the weighted average credit losses with the life-time probability of default ('PD').

Stage 3: Lifetime ECL - credit impaired

Stage 3 includes exposures that are subject to credit risk that have objective evidence of impairment at the reporting date in accordance with the indicators specified in the CBB's rule book. For these assets, lifetime ECL is recognised.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- Exposures subject to credit risk that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- Exposures subject to credit risk that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn financing commitment: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn and the cash flows that the Group expects to receive;
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover; and
- ECLs are discounted at the effective profit rate of the exposure subject to credit risk.

Credit-impaired exposures

At each reporting date, the Group assesses whether exposures subject to credit risk are credit impaired. An exposure subject to credit risk is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that an exposure is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a financing facility or advance by the Bank on terms that the Bank would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for exposures subject to credit risk are deducted from the gross carrying amount of the assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Impairment of equity investments classified at fair value through comprehensive income (FVOCI)

In the case of investments in equity securities classified as FVOCI. A significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment. The Group considers a decline of 30% to be significant and a period of nine months to be prolonged. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in income statement – is removed from OCI and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are subsequently reversed through OCI.

(p) Impairment of non-financial assets

The carrying amount of the Group's non-financial assets (other than those subject to credit risk covered above) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use or fair value less costs to sell. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Separately recognised goodwill is not amortised and is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on separately recognised goodwill are not reversed.

(q) Clients accounts

These includes clients funds and current accounts. And it represents amounts received from customers for investments in SPEs or project companies formed as part of its investment management activities pending transfer to these entities. These funds are usually disbursed on capital calls from these entities based on its activities and requirements and are payable on demand. Such funds held by the Group are carried at amortised cost.

Balances in current (non-investment) accounts are recognised when received by the Group. The transactions are measured at the cash equivalent amount received by the Group at the time of contracting. At the end of the accounting period, the accounts are measured at their book value.

(r) Term financing

Term financing represents facilities from financial institutions, and financing raised through Sukuk. Term financing is initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective profit rate method. Financing cost, dividends and losses relating to the term financing are recognised in the consolidated income statement as finance expense. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(s) Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised from the date of its issue. The liability arising from a financial guarantee contract is recognised at the present value of any expected payment to settle the liability, when a payment under the guarantee has become probable. The Group has issued financial guarantees to support its development projects (note 34).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Dividends

Dividends to shareholders is recognised as liabilities in the period in which they are declared.

(u) Share capital and reserves

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Equity instruments of the group comprise ordinary shares and equity component of share-based payments and convertible instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

Treasury shares

The amount of consideration paid including all directly attributable costs incurred in connection with the acquisition of the treasury shares are recognised in equity. Consideration received on sale of treasury shares is presented in the financial statements as a change in equity. No gain or loss is recognised on the Group's consolidated income statement on the sale of treasury shares.

Statutory reserve

The Commercial Companies Law requires that 10 percent of the annual net profit be appropriated to a statutory reserve which is normally distributable only on dissolution. Appropriations may cease when the reserve reaches 50 percent of the paid up share capital. Appropriation to statutory reserve is made when approved by the shareholders.

(v) Quasi Equity

Quasi Equity are funds held by the Group in unrestricted investment accounts, which it can invest at its own discretion. The investment account holder authorises the Group to invest the account holders' funds in a manner which the Group deems appropriate without laying down any restrictions as to where, how and for what purpose the funds should be invested.

The Group charges management fee (Mudarib fees) to investment account holders. Of the total income from investment accounts, the income attributable to customers is allocated to investment accounts after setting aside provisions, reserves (Profit equalisation reserve and Investment risk reserve) and deducting the Group's share of income as a Mudarib. The allocation of income is determined by the management of the Group within the allowed profit sharing limits as per the terms and conditions of the investment accounts. Only the income earned on pool of assets funded from quasi-equity are allocated between the owners' equity and investment account holders. Administrative expenses incurred in connection with the management of the funds are borne directly by the Group and are not charged separately to investment accounts.

The Group allocates specific provision and collective provision to owners' equity. Amounts recovered from these impaired assets is not subject to allocation between the quasi-equity and owners' equity.

Investment accounts are carried at their book values and include amounts retained towards profit equalisation, investment risk reserves, if any. Profit equalisation reserve is the amount appropriated by the Group out of the Mudaraba income, before allocating the Mudarib share, in order to maintain a certain level of return to the deposit holders on the investments. Investment risk reserve is the amount appropriated by the Group out of the income of investment account holders, after allocating the Mudarib share, in order to cater against future losses for investment account holders. Creation of any of these reserves results in an increase in the liability towards the pool of unrestricted investment accounts.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025**

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Quasi Equity (continued)

Restricted investment accounts

Restricted investment accounts represent assets acquired by funds provided by holders of restricted investment accounts and their equivalent and managed by the Group as an investment manager based on either a Mudaraba contract or agency contract. The restricted investment accounts are exclusively restricted for investment in specified projects as directed by the investments account holders. Assets that are held in such capacity are not included as assets of the Group in the consolidated financial statements and are disclosed under the Statement of Off-balance sheet investment accounts using the same measurement policies applied by the Group for its assets, liabilities, income and expenses.

(w) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised to the extent that it is probable that future economic benefits associated with the item of revenue will flow to the Group, the revenue can be measured with reliability and specific criteria have been met for each of the Group's activities as described below.

Income from Wealth & Investment Management activities include deal related income and fee based income. Deal related income is earned by the Group from structuring and sale of assets to investors at the time of placement of products. The Group completes all of its performance obligations described above at the time of placing an investment with its investors. Accordingly, the income relating to this performance obligation is recognized upfront upon placement of the investment with investors. This income is further allocated between structuring, investment placement and underwriting income as distinct performance obligations based on the assessment of completion of associated obligations with each activity within each deal.

Fee based income includes management, performance and portfolio management fee. Management fee is recognized as per contractual terms when services are rendered over the period of the contract. Performance fees are only recognized when performance hurdle thresholds are exceeded and once it is highly probable that there would be no significant reversal of any accumulated revenue in the future. Estimates are needed to assess the risk that achieved earnings may be reversed before realization due to the risk of lower future overall performance of the underlying investments. Portfolio management fee represents incentive fee recognized on exceeding set hurdle rate for each portfolio management contract and is recognized during each performance period on an accrual basis.

Income from placements with / from financial institutions are recognised on a time-apportioned basis over the period of the related contract using the effective profit rate.

Dividend income from investment securities is recognised when the right to receive is established. This is usually the ex-dividend date for equity securities.

Finance income / expenses are recognised using the amortised cost method at the effective profit rate of the financial asset / liability.

Fees and commission income that are integral to the effective profit rate on a financial asset carried at amortised cost are included in the measurement of the effective profit rate of the financial asset. Other fees and commission income, including account servicing fees, sales commission, management fees, placement and arrangement fees and syndication fees, are recognised as the related services are performed.

Income from financing contracts are recognised on a time-apportioned basis over the period of the contract using the effective profit method.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025**

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Revenue recognition (continued)

Income from sukuk and income / expenses on placements is recognised at its effective profit rate over the term of the instrument.

Income from sale of assets

Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. Revenue is recognised when the goods are provided to the customer, which was taken to be the point in time at which the customer accepted the goods and the related risks and rewards of ownership transferred. Revenue was recognised at that point provided that the revenue and cost could be measured reliably, the recovery of the consideration was probable and there was no continuing managerial involvement with the goods.

(x) Earnings prohibited by Shari'a

The Group is committed to avoid recognising any income generated from non-Islamic sources. Accordingly, all non-Islamic income is credited to a charity account where the Group uses these funds for charitable means.

(y) Zakah

Zakah is calculated on the Zakah base of the Group in accordance with FAS 39 issued by AAOIFI using the net assets method. Zakah is paid by the Group based on the consolidated figures of statutory reserve, general reserve and retained earning balances at the beginning of the year. The remaining Zakah is payable by individual shareholders. Payment of Zakah on quasi equity and other accounts is the responsibility of investment account holders.

(z) Employees benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Post employment benefits

Pensions and other social benefits for Bahraini employees are covered by the Social Insurance Organisation scheme, which is a "defined contribution scheme" in nature under, and to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. Contributions by the Bank are recognised as an expense in consolidated income statement when they are due.

Expatriate and certain Bahraini employees on fixed contracts are entitled to leaving indemnities payable, based on length of service and final remuneration. Provision for this unfunded commitment, has been made by calculating the notional liability had all employees left at the reporting date. These benefits are in the nature of a "defined benefit scheme" and any increase or decrease in the benefit obligation is recognised in the consolidated income statement.

Effective 1 March 2024, all Bahrain based employers are required to make monthly contributions in relation to the expatriate indemnity to SIO, who would be responsible to settle leaving indemnities for expatriates at the time of end of service. Any indemnity liability prior to 1 March 2024 and pending transfer to the SIO in subsequent periods remains the obligation of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

(z)Employees benefits (continued)

The Group also operates a voluntary employee saving scheme under which the Group and the employee contribute monthly on a fixed percentage of salaries basis. The scheme is managed and administered by a board of trustees who are employees of the Group. The scheme is in the nature of a defined contribution scheme and contributions by the Group are recognised as an expense in the consolidated income statement when they are due.

Share-based employee incentive scheme

The Bank operates a share-based incentive scheme for its employees (the "Scheme") whereby employee are granted the Bank's shares as compensation on achievement of certain non-market based performance conditions and service conditions (the 'vesting conditions'). The grant date fair value of equity instruments granted to employees is recognised as an employee expense, with a corresponding increase in equity over the period in which the employees become unconditionally entitled to the share awards.

Non-vesting conditions are taken into account when estimating the fair value of the equity instrument but are not considered for the purpose of estimating the number of equity instruments that will vest. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value but are considered for the purpose of estimating the number of equity instruments that will vest. The amount recognised as an expense is adjusted to reflect the number of share awards for which the related service and non-market performance vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of share awards that do meet the related service and non-market performance conditions at the vesting date. Amount recognised as expense are not trued-up for failure to satisfy a market condition.

(aa)Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(ab)Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

(ac)Trade date accounting

All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

(ad)Investment account holder protection scheme

Funds held with the Group in unrestricted investment accounts and current accounts of its retail banking subsidiary are covered by the Deposit Protection Scheme (the Scheme) established by the Central Bank of Bahrain regulation in accordance with Resolution No (34) of 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

(ae)Ijarah

Identifying an Ijarah

At inception of a contract, the Group assesses whether the contract is Ijarah, or contains an Ijarah. A contract is Ijarah, or contains an Ijarah if the contract transfers the usufruct (but not control) of an identified asset for a period of time in exchange for an agreed consideration.

At the commencement date, the Group shall recognise a right-of-use (usufruct) asset and a net Ijarah liability

i)Right-of-use (usufruct) asset

On initial recognition, the lessee measures the right-of-use asset at cost. The cost of the right-of-use asset comprises of:

- The prime cost of the right-of-use asset;
- Initial direct costs incurred by the lessee; and
- Dismantling or decommissioning costs.

The prime cost is reduced by the expected terminal value of the underlying asset. If the prime cost of the right-of-use asset is not determinable based on the underlying cost method (particularly in the case of an operating Ijarah), the prime cost at commencement date may be estimated based on the fair value of the total consideration paid/ payable (i.e. total Ijarah rentals) against the right-of-use assets, under a similar transaction.

After the commencement date, the lessee measures the right-of-use asset at cost less accumulated amortisation and impairment losses, adjusted for the effect of any Ijarah modification or reassessment. The Group amortises the right-of-use asset from the commencement date to the end of the useful economic life of the right-of-use asset, according to a systematic basis that is reflective of the pattern of utilization of benefits from the right-of-use asset. The amortizable amount comprises of the right-of-use asset less residual value, if any.

The Group determines the Ijarah term, including the contractually binding period, as well as reasonably certain optional periods, including:

- Extension periods if it is reasonably certain that the Group will exercise that option; and/ or
- Termination options if it is reasonably certain that the Bank will not exercise that option.

The Group carries out impairment assessment to determine whether the right-of-use asset is impaired and to account for any impairment losses. The impairment assessment takes into consideration the salvage value, if any. Any related commitments, including promises to purchase the underlying asset, are also considered.

i)Net Ijarah liability

The net Ijarah liability comprises of the gross Ijarah liability, plus deferred Ijarah cost (shown as a contra-liability).

The gross Ijarah liability shall be initially recognised as the gross amount of total Ijarah rental payables for the Ijarah term. The rentals payable comprise of the following payments for the right to use the underlying asset during the Ijarah term:

- Fixed Ijarah rentals less any incentives receivable;
- Variable Ijarah rentals including supplementary rentals; and
- Payment of additional rentals, if any, for terminating the Ijarah (if the Ijarah term reflects the lessee exercising the termination option).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

(ae) Ijarah (continued)

Advance rentals paid are netted-off with the gross Ijarah liability.

Variable Ijarah rentals are Ijarah rentals that depend on an index or rate, such as payments linked to a consumer price index, financial markets, regulatory benchmark rates, or changes in market rental rates. Supplementary rentals are rentals contingent on certain items, such as additional rental charge after provision of additional services or incurring major repair or maintenance. As of 31 December 2025, the Group did not have any contracts with variable or supplementary rentals.

After the commencement date, the Group measures the net Ijarah liability by:

- Increasing the net carrying amount to reflect return on the Ijarah liability (amortisation of deferred Ijarah cost);
- Reducing the carrying amount of the gross Ijarah liability to reflect the Ijarah rentals paid; and
- Re-measuring the carrying amount in the event of reassessment or modifications to Ijarah contract, or reflect revised Ijarah rentals.
- The deferred Ijarah cost is amortised to income over the Ijarah terms on a time proportionate basis, using the effective rate of return method.

After the commencement date, the Group recognises the following in the income statement:

- Amortisation of deferred Ijarah cost; and
- Variable Ijarah rentals (not already included in the measurement of Ijarah liability) as and when the triggering events/ conditions occur.

Ijarah contract modifications

After the commencement date, the Group accounts for Ijarah contract modifications as follows:

- Change in the Ijarah term: re-calculation and adjustment of the right-of-use asset, the Ijarah liability, and the deferred Ijarah cost; or
- Change in future Ijarah rentals only: re-calculation of the Ijarah liability and the deferred Ijarah cost only, without impacting the right-of-use asset.

An Ijarah modification is considered as a new Ijarah component to be accounted for as a separate Ijarah for the lessee, if the modification both additionally transfers the right to use of an identifiable underlying asset and the Ijarah rentals are increased corresponding to the additional right-of-use asset. For modifications not meeting any of the conditions stated above, the Group considers the Ijarah as a modified Ijarah as of the effective date and recognises a new Ijarah transaction. The Group recalculates the Ijarah liability, deferred Ijarah cost, and right-of-use asset, and de-recognise the existing Ijarah transaction and balances.

Expenses relating to underlying asset.

Operational expenses relating to the underlying asset, including any expenses contractually agreed to be borne by the Group, are recognised by the Group in income statement in the period incurred. Major repair and maintenance, takaful, and other expenses incidental to ownership of underlying assets (if incurred by lessee as agent) are recorded as receivable from lessor.

Recognition exemptions and simplified accounting for the lessee

The Group does not to apply the requirements of Ijarah recognition and measurement of recognizing right-of-use asset and lease liability for the following:

- Short-term Ijarah; and
- Ijarah for which the underlying asset is of low value.

Short-term Ijarah exemption is applied on a whole class of underlying assets if they have similar characteristics and operational utility. However, low-value Ijarah exemption is applied on an individual asset/ Ijarah transaction, and not on group/ combination basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

5 JUDGEMENTS AND ESTIMATES IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and assumptions that effect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events.

(a) Judgements

Establishing the criteria for determining whether credit risk on an exposure subject to credit risk has increased significantly since initial recognition, determining methodology for incorporating forward looking information into measurement of ECL and selection and approval of models used to measure ECL is set out in note 4(n) and note 35(a).

(i) Classification of investments

In the process of applying the Group's accounting policies, management decides on acquisition of an investment whether it should be classified as investments carried at fair value through income statement or investments carried at fair value through comprehensive income or investments carried at amortised cost. The classification of each investment reflects the management's intention in relation to each investment and is subject to different accounting treatments based on such classification (refer note 4(d)(i)).

(ii) Special purpose entities

The Group sponsors the formation of special purpose entities (SPE's) primarily for the purpose of allowing clients to hold investments. The Group provides corporate administration, investment management and advisory services to these SPE's, which involve the Group making decisions on behalf of such entities. The Group administers and manages these entities on behalf of its clients, who are by and large third parties and are the economic beneficiaries of the underlying investments. The Group does not consolidate SPE's that it does not have the power to control. In determining whether the Group has the power to control an SPE, judgements are made about the objectives of the SPE's activities, its exposure to the risks and rewards, as well as about the Group intention and ability to make operational decisions for the SPE and whether the Group derives benefits from such decisions.

(iii) Impairment of equity investments at fair value through comprehensive income –
(refer to note 4 (o))

(b) Estimations

(i) Impairment of exposures subject to credit risk carried at amortised cost

Determining inputs into ECL measurement model including incorporation of forward-looking information is set out in note 4(n) and note 35(a).

(ii) Measurement of fair value of unquoted equity investments

The group determines fair value of equity investments that are not quoted in active markets by using valuation techniques such as discounted cashflows, income approach and market approaches. Fair value estimates are made at a specific point in time, based on market conditions and information about the investee companies. These estimates are subjective in nature and involve uncertainties and matter of significant judgment and therefore, cannot be determined with precision. There is no certainty about future events such as continued operating profits and financial strengths. It is reasonably possible based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the investments. In case where discounted cash flows models have been used to estimate fair values, the future cashflows have been estimated by the management based on information form and discussion with representatives of investee companies and based on the latest available audited and unaudited financial statements. The basis of valuation has been reviewed by the management in terms of the appropriateness of the methodology, soundness of assumptions and correctness of calculations and have been approved by the board of directors for inclusion in the consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025**

5 JUDGEMENTS AND ESTIMATES IN APPLYING ACCOUNTING POLICIES (continued)

(b) Estimations (continued)

Valuation of equity investments are measured at fair value through comprehensive income which involves judgment and is normally based on one of the following:

- Valuation by independent external value for underlying properties / projects;
- Current fair value of another contract that is substantially similar;
- Present value of expected cash flows at current rates applicable for items with similar terms and risk characteristics; or
- Application of other valuation models.

(iii) Impairment of investment property

The Group conducts impairment assessment of investment property periodically using external independent property valuers to value the property. The fair value is determined based on the market value of the property using either sales comparable approach, the residual value basis, replacement cost or the market value of the property considering its current physical condition. The Group's investment properties are situated in Bahrain, UAE. Given the dislocation in the property market and infrequent property transactions, it is reasonably possible, based on existing knowledge, that the current assessment of impairment could require a material adjustment to the carrying amount of these assets within the next financial year due to significant changes in assumptions underlying such assessments.

(iv) Impairment of other non-financial assets and cash generating units

Investment in associates and recognised goodwill are subject to an impairment based on indicators of performance and market conditions. Cash generating units include the Group's investments in certain subsidiaries and equity-accounted investees and investment property that generate cash flows that are largely independent from other assets and activities of the Group. The basis of impairment assessment for such cash generating units is described in accounting policy note 4 (p). For equity-accounted investees with indicators of impairment, the recoverable amounts is determined based on higher of fair value less costs to sell (FVLCTS); and value in use.

The recoverable amount for the equity-accounted investees was determined using a combination of income and market approaches of valuations. The objective of valuation techniques is to determine whether the recoverable amount is greater than the carrying amount.

(v) Estimating net realisable value of development property

Development property is stated at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses. The board of directors of the Group has forecasted the cost of completion of development property and has engaged independent valuers to estimate the residual value of the development property based on estimated market selling prices for similar properties. Net realisable value estimates are made at a specific point in time, based on market conditions and information about the expected use of development property. These estimates involve uncertainties and matters of significant judgement and therefore, cannot be determined with precision. There is no certainty about future events. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the development property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ 000's

6 CASH AND BANK BALANCES

	31 December 2025	31 December 2024
Cash	10,813	9,924
Balances with banks	145,062	362,907
Balances with Central Bank of Bahrain:		
- Current account	76	2,366
- Reserve account*	93,279	84,769
	249,230	459,966

*The reserve account with the Central Bank of Bahrain are not available for day-to-day operational purposes. The cash and bank balances are net of ECL of US\$ 76 thousand (2024: US\$ 50 thousand).

7 TREASURY PORTFOLIO

	31 December 2025	31 December 2024
Placements with financial institutions	1,081,677	990,666
Profit rate swap and foreign currency forwards (a)	7,324	3,533
Equity type investments		
At fair value through comprehensive income		
- Quoted perpetual sukuk (b)	-	32,318
At fair value through income statement		
- Equity based structured notes (a)	104,244	107,912
- Debt based structured notes (a)	323,156	168,523
- Quoted fund (a)	157,270	28,213
Debt type investments		
At fair value through comprehensive income		
- Quoted sukuk (b)	1,293,712	1,144,013
At amortised cost		
- Quoted sukuk *	2,338,634	2,398,462
- Unquoted sukuk	4,754	5,557
Less: Impairment allowances (note 21)	(18,848)	(27,563)
	5,291,923	4,851,634

* Short-term and medium-term facilities of US\$ 2,029,756 thousand (31 December 2024: US\$ 1,605,433 thousand) are secured by quoted sukuk of US\$ 2,781,965 thousand (31 December 2024: US\$ 2,571,205 thousand), structured notes of US\$ 427,400 thousand (31 December 2024: US\$ 276,435 thousand)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ 000's

7 TREASURY PORTFOLIO (continued)**a) Investments - At fair value through income statement**

	2025	2024
At 1 January	308,181	434,133
Additions	896,314	222,452
Disposals	(598,310)	(329,120)
Fair value changes, net	(14,191)	(19,284)
At 31 December	591,994	308,181

b) Investments - At fair value through comprehensive income

	2025	2024
At 1 January	1,176,331	860,565
Additions	417,859	-
Disposals / Transfers	(311,545)	(156,539)
Reclassification	(1,962)	444,122
Fair value changes	13,029	28,183
At 31 December	1,293,712	1,176,331

8 FINANCING CONTRACTS

	31 December 2025	31 December 2024
Murabaha	1,717,383	1,455,942
Mudharaba	-	18,083
Ijarah assets	859,980	641,023
	2,577,363	2,115,048
Less: Impairment allowances (note 21)	(47,446)	(56,891)
	2,529,917	2,058,157

Murabaha financing receivables are net of deferred profits of US\$ 77,658 thousand (2024: US\$ 38,103 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ 000's

8 FINANCING CONTRACTS (continued)

31 December 2025	Stage 1	Stage 2	Stage 3	Total
Financing contracts (gross)	2,197,742	251,008	128,613	2,577,363
Expected credit loss	8,831	10,197	28,418	47,446
Financing contracts (net)	2,188,911	240,811	100,195	2,529,917
31 December 2024	Stage 1	Stage 2	Stage 3	Total
Financing contracts (gross)	1,753,546	208,446	153,056	2,115,048
Expected credit loss	(3,034)	(12,230)	(41,627)	(56,891)
Financing contracts (net)	1,750,512	196,216	111,429	2,058,157

The movement on impairment allowances is as follows:

Impairment allowances	Stage 1	Stage 2	Stage 3	Total
At 1 January 2025	3,034	12,230	41,627	56,891
Net transfers	(1,675)	333	1,342	-
Net charge for the year (note 21)	7,471	(2,366)	8,668	13,773
Write-offs	-	-	(23,218)	(23,218)
At 31 December 2025	8,830	10,197	28,419	47,446
Impairment allowances	Stage 1	Stage 2	Stage 3	Total
At 1 January 2024	4,788	18,310	41,180	64,278
Net transfers	12,021	(14,093)	2,072	-
Net charge for the year (note 21)	(13,775)	8,013	7,373	1,611
Write-offs	-	-	(8,998)	(8,998)
At 31 December 2024	3,034	12,230	41,627	56,891

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ 000's

9 PROPRIETARY ASSETS

I) Equity portfolio

Investment securities mandatorily measured at FVTIS

- Unquoted securities (i)
- Listed securities (ii)

Investment securities designated as at FVOCI

- Listed securities
- Equity type Sukuk
- Unquoted equity securities (iii)

II) Investment properties

- Land
- Building

III) Development properties

- Land
- Building

IV) Co-investments

Unquoted securities

- Investment securities mandatorily measured at FVTIS
- Investment securities designated as at FVOCI

V) Equity-accounted Investees portfolio

(i) Equity unquoted investments – At fair value through income

At 1 January
Additions
Disposals, net
Fair value changes

At 31 December

31 December 2025	31 December 2024
14,845	17,292
260,001	81,288
274,846	98,580
-	17,324
446,056	442,207
65,198	62,598
511,254	522,129
611,377	493,792
214,306	178,042
825,683	671,834
254,412	167,140
522,459	552,161
776,871	719,301
15,749	4,970
366,092	255,194
381,841	260,164
305,349	158,659
3,075,844	2,430,667

2025	2024
17,292	2,942
-	9,393
(1,846)	(496)
(601)	5,453
14,845	17,292

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ 000's

9 PROPRIETARY ASSETS (continued)

(ii) Listed equity securities at fair value through income statement

	2025	2024
At 1 January	81,288	14,252
Additions	251,429	71,304
Disposals	(78,336)	(4,894)
Fair value	5,620	626
At 31 December	260,001	81,288

(iii) Unquoted equity securities fair value through comprehensive income

	2025	2024
At 1 January	62,598	64,045
Additions	11,671	10,339
Disposal / Transfers	(9,071)	(11,786)
At 31 December	65,198	62,598

(II) Investment property

Investment property includes land plots and buildings in GCC, Europe and North Africa.

The fair value of the Group's investment property at 31 December 2025 was US\$ 1,043,101 thousand (31 December 2024: US\$ 974,166 thousand) based on a valuation carried out by an independent external property valuers who have recent experience in the location and category of the asset being valued. These are level 3 valuations in fair value hierarchy.

	2025	2024
At 1 January	671,834	625,156
Additions during the year	160,694	150,714
Depreciation	(1,412)	(1,020)
Disposals / transfers	(5,433)	(103,016)
At 31 December	825,683	671,834

(III) Development properties

This represent properties under development for sale.

	2025	2024
At 1 January	719,301	746,776
Additions	144,901	146,523
Disposals / transfers	(86,686)	(173,998)
Impairment	(645)	-
At 31 December	776,871	719,301

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ 000's

9 PROPRIETARY ASSETS (continued)

IV) Co-investments

	2025	2024
At 1 January	260,164	254,610
Additions	117,517	65,720
Disposals	(20,012)	(18,649)
Reclassification	26,924	(14,281)
Fair value change	(2,752)	(27,236)
At 31 December	381,841	260,164

*This includes MTM movement through P&L of US \$ 3,041 thousand (2024: US \$ 11,256 thousand) and MTM through equity US \$ 289 thousand (2024: 15,930 thousand).

V) Equity-accounted investees portfolio

Equity-accounted investees represent investments in the following material entities:

Name	Country of incorporation	% Holding	Nature of business
		2025	
Seef Properties B.S.C*	Kingdom of Bahrain	27.98%	Management of Real Estate
Devmark Real Estate Brokers LLC**	United Arab Emirates	60.00%	Management of Real Estate
Infracorp B.S.C. (c)	Kingdom of Bahrain	49.53%	Management of Real Estate
Marriott Areen Park Hotel	Kingdom of Bahrain	28.14%	Real estate holding and development

* Group owns 128,690,507 shares in Seef Properties and the listed price as of 31 December 2025 is US \$ 0.305/-.

** Group does not unilateral control over the equity accounted investess to direct the relevant activities and the control is exercise collectively together with the other shareholders.

	2025	2024
At 1 January	158,659	137,390
Additions	96,909	33,372
Transferred from listed equity	17,324	-
Share of profit for the year, net	7,334	2,606
Other reserves of equity accounted investee	26,189	(12,577)
Impairment	(1,066)	(2,132)
At 31 December 2025	305,349	158,659

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10 RECEIVABLES AND OTHER ASSETS

	31 December 2025	31 December 2024
Investment banking receivables	172,392	225,512
Receivable from equity-accounted investees	158,981	162,442
Financing to projects, net	6,154	4,923
Receivable on sale of proprietary assets	58,370	149,944
Advances and deposits	73,770	69,281
Employee receivables	23,282	21,700
Profit on sukuk receivable	22,504	20,908
Lease rentals receivable	2,367	3,050
Goodwill and intangibles*	71,563	72,693
Receivable from sale of investments	136,770	188,555
Prepayments and other receivables	304,298	275,384
Less: Impairment allowances (note 21)	(30,046)	(21,006)
	1,000,405	1,173,386

*Goodwill and intangibles mainly related to acquisitions of subsidiaries. During the year amortization charge amounts to US \$ 4,106 thousand (2024: US \$ 4,160 thousand).

11 PROPERTY AND EQUIPMENT

	31 December 2025	31 December 2024
Land	25,087	25,132
Buildings and other leased assets	7,418	9,897
Others including furniture, vehicles and equipment	22,291	22,186
	54,796	57,215

Depreciation on property and equipment during the year was US\$ 8,507 thousand (2024: US\$ 7,096 thousand).

12 PLACEMENTS FROM NON-FINANCIAL INSTITUTIONS AND INDIVIDUALS

These comprise placements in the form of murabaha and wakala contracts with financial, non-financial institutions, and individuals part of the Group's treasury activities. This includes US\$ 84.3 million (2024: US\$ 84.3 million) from a non-financial entity which is currently subject to regulatory sanctions.

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13 TERM FINANCING

	31 December 2025	31 December 2024
Murabaha financing	2,062,975	1,625,186
Sukuk*	458,710	522,774
Other borrowings	1,831	1,798
	2,523,516	2,149,758
Current portion	1,042,279	842,173
Non-current portion	1,481,237	1,307,585
	2,523,516	2,149,758

*During 2024, the Group raised US\$ 500,000 thousand through issuance of unsecured sukuk certificates with a profit rate of 7.5% p.a. repayable by 2029 till date. The outstanding sukuk also includes accrued profit of US\$ 5,729 thousand (2024: US\$4,954 thousand).

14 OTHER LIABILITIES

	31 December 2025	31 December 2024
Investment banking payables	261,664	167,544
Accounts payables	109,969	61,610
Unclaimed dividends	1,503	2,676
Payables to equity-accounted investees	17,010	56,347
Other accrued expenses and payables	65,267	52,473
Deferred Income	9,899	3,654
Payables towards purchase of investments	31,763	43,910
Zakah and charity fund	9,391	10,376
Employee related accruals*	41,236	22,534
Mudaraba profit accrual	16,189	14,240
	563,891	435,364

*This includes movement of employees' end of service benefits:

	31 December 2025	31 December 2024
At beginning of the year	6,507	5,804
Charge for the year	1,452	1,680
Paid during the year	(1,516)	(601)
Transferred to SIO during the year	(439)	(376)
	6,004	6,507

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14 OTHER LIABILITIES (continued)

Total number of employees covered by the employees' end of service benefits as mentioned above:

	31 December 2025	31 December 2024
Bahrainis	211	223
Expatriates	41	39
	252	262

15 COMPARATIVES

Certain prior period amounts have been regrouped to be consistent with the current period presentation. Such regrouping does not impact previously reported profits, equity, asset, liabilities or quasi-equity balances.

16 QUASI EQUITY

	31 December 2025	31 December 2024
Placements and borrowings from financial institutions – Wakala Mudaraba	1,948,428	1,617,818
	1,369,501	1,362,999
	3,317,929	2,980,817

The funds received from investment account holders have been commingled and jointly invested with the Group in the following asset classes as at 31 December:

	31 December 2025	31 December 2024
Balances with banks	101,947	154,385
CBB reserve account	93,279	84,769
Debt type instruments – sukuk	1,548,927	1,628,135
Financing contracts	1,524,807	1,039,024
Investment securities	30,109	30,849
Investment in real estate	18,860	43,655
	3,317,929	2,980,817

As at 31 December 2025, the balance of profit equalisation reserve and investment risk reserve was Nil (2024: Nil).

The Group does not allocate non-performing assets to Quasi Equity / Investment Account holder (IAH) pool. All the impairment allowances are allocated to owners' equity. Recoveries from non-performing financial assets are also not allocated to IAH accountholders. Only profits earned on pool of assets funded from IAH are allocated between the owners' equity and IAH. The Group did not charge any administration expenses to investment accounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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17 SHARE CAPITAL

Authorised:

9,433,962,264 shares of US\$ 0.265 each (2024: 9,433,962,264 shares of US\$ 0.265 each)

Issued and fully paid up:

3,832,593,838 shares of US\$ 0.265 each (2024: 3,832,593,838 shares of US\$ 0.265 each)

	31 December 2025	31 December 2024
	2,500,000	2,500,000
	1,015,637	1,015,637

The movement in the share capital during the year is as follows:

	2025	2024
At 1 January	1,015,637	1,015,637
Issue of bonus shares	-	-
	1,015,637	1,015,637

At 31 December

As at 31 December 2025, the Bank held 324,829,992 (31 December 2024: 258,344,619) treasury shares.

Additional information on shareholding pattern

(i) The Bank has only one class of equity shares and the holders of these shares have equal voting rights.

(ii) Distribution schedule of equity shares, setting out the number of holders and percentage in the following categories:

	Number of shares	Number of Shareholders	% of total outstanding shares
31 December 2025			
Categories*			
Less than 1%	2,604,406,695	6,525	67.95%
1% up to less than 5%	427,939,664	23	11.17%
5% to less than 10%	800,247,479	3	20.88%
Total	3,832,593,838	6,551	100%

	Number of shares	Number of Shareholders	% of total outstanding shares
31 December 2024			
Categories*			
Less than 1%	3,174,376,727	6,993	82.83%
1% up to less than 5%	427,939,664	7	11.17%
5% to less than 10%	230,277,447	1	6.00%
Total	3,832,593,838	7,001	100%

* Expressed as a percentage of total outstanding shares of the Bank.

Appropriations and changes in capital structure

Appropriations, if any, are made when approved by the shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ 000's

17 SHARE CAPITAL (continued)
Proposed appropriations

The Board of Directors proposes the following appropriations for 2025 subject to shareholders' and regulatory approval:

- Cash dividend of 10.1% of the paid-up share capital net of treasury shares.
- To allocate an amount of US\$ 3,500,000 to charity activities and civil society organizations.
- Transfer of US\$ 14,011,000 to statutory reserve; and
- Board remuneration of US\$ 3,000,000.

18 SHARE GRANT RESERVE

The Bank operates a share-based incentive scheme for its employees (the "Scheme") whereby employee are granted the Bank's shares as compensation on achievement of certain non-market based performance conditions and service conditions (the 'vesting conditions'). The grant date fair value of equity instruments granted to employees is recognised as an employee expense, with a corresponding increase in equity over the period in which the employees become unconditionally entitled to the share awards. During the year the Bank has recognized US \$ 15,204 thousand (2024: US\$ 10,000 thousands) of share based payment expense in the share grant reserve.

19 TOTAL INCOME
19A Wealth and investment management

Asset management income
Portfolio management income
Structuring and investment placement
Co-investment income
Associates income

2025	2024
73,257	50,104
23,513	21,553
55,561	57,630
14,456	11,759
7,334	30,202
174,121	171,248

19B Credit & financing

Finance income
Underwriting income
- Less: Finance expense
- Fee and other income

2025	2024
173,526	142,357
50,907	72,402
(92,346)	(125,790)
23,069	22,778
155,156	111,747

19C Treasury and proprietary

Fixed Income
ALM & Trading*
Proprietary and other income
- Direct investment income
- Income from sale of assets
- Other operating income

2025	2024
254,070	242,309
141,431	39,357
96,407	163,179
67,908	92,063
20,824	3,569
(190,378)	(158,112)
390,262	382,365

Repo and FI Expenses

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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US\$ 000's

19C Treasury and proprietary (continueud)

*ALM & Trading income includes gains and losses of US\$ 22,409 thousand (2024: US\$ 12,408 thousand) on profit rate and foreign exchange derivative contracts principally initiated to cater to both on balance sheet and asset management investors open positions which have been offset in the market with matching contracts. There is no remaining market risk associated with these contracts for the Bank on currency positions

20 DISAGGREGATION OF REVENUE
20A Revenue recognised at a point in time

Wealth and investment management
Credit & financing
Treasury and proprietary

2025	2024
77,351	99,591
73,976	95,180
244,098	260,607
395,425	455,378
96,770	71,657
173,526	142,357
336,542	279,870
606,838	493,884
1,002,263	949,262

Revenue recognised over time

Wealth and investment management
Credit & financing
Treasury and proprietary

Total revenue

20B GROSS FINANCE INCOME AND EXPENSE

Finance income
Finance expense

2025	2024
566,132	494,629
(562,092)	(549,925)

The Group utilises funding sources for other asset classes and operating units that generate revenue other than finance income. The above finance income and expense are recognised using the effective profit rate.

21 IMPAIRMENT ALLOWANCES, NET

Bank balances
Treasury portfolio (note 7)
Financing contracts (note 8)
Proprietary assets
Other receivables (note 10)
Commitments and financial guarantees

2025	2024
26	23
(2,252)	1,485
13,773	1,611
6,666	2,132
9,040	13,058
(76)	(12)
27,177	18,297

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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22 STAFF COST

	2025	2024
Salaries and short-term benefits	113,843	96,969
Social insurance and end of service benefits	4,812	4,239
Share-based payments	15,204	10,000
	133,859	111,208

As per the Group's Variable Incentive Policy, a portion of the annual performance bonus is issued in the form of share awards to its senior management employees. These awards include deferred incentives in the form of shares, share purchase plans and long-term incentive plans with different conditions. The terms of the award, including the type of plan, extent of funding, pricing and deferral period is determined for each year by the Board Nomination, Remuneration and Governance Committee of the Bank.

Performance year	Nature of award	Staff coverage	Summary of deferral and vesting conditions
Annual Awards	Employee Share Purchase Plan & Deferred Annual Bonus (DAB)	Covered persons in business and control functions who exceed total compensation thresholds as per CBB Remuneration Regulations and Bank's Variable Remuneration policy.	A portion of the annual incentive is issued in form of shares / awards and released rateably over the 3-year deferral period. The issue price is determined based on a defined adjustment to market price on the date of the award. No future performance conditions or service conditions associated with the DAB shares. DAB Shares are entitled for dividends, if any, but released over the deferral period.
2020 – 2025	Long term incentive plan (LTIP) share awards	Select Senior Management	Under the future performance awards structure of the Bank, an LTIP scheme was introduced where the employees are compensated in form of shares on achievement of certain pre-determined performance conditions. The LTIP sets performance and service conditions and has a rateable vesting schedule over a period of 3 - 6 years. Accelerated vesting may occur on exceeding performance conditions leading to true up of share-based payment charges. The issue price is determined based on a defined adjustment to market price on the date of the award. The LTIP shares include leverage features and are entitled to dividends, if any, released along with the vested shares.

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22 STAFF COST (continued)

	2025		2024	
	No. of Shares	USD 000's	No. of Shares	USD 000's
Opening balance	122,469,857	29,346	149,075,180	33,209
Awarded during the period				
- DAB shares	13,721,047	3,314	6,302,880	1,271
- LTIP shares	130,814,285	34,138	38,325,937	9,660
Forfeiture and other adjustments	-	-	(756,300)	-
Transfer to employees / settlement	(104,300,479)	(20,400)	(70,477,840)	(14,794)
Closing balance	162,704,710	46,398	122,469,857	29,346

In case of the employee share purchase plans including LTIP, the US\$ amounts reported in the table above represents the gross vesting charge of the respective schemes as determined under IFRS 2 – Share-based payments at the date of the award and not the value of the shares. The release of these shares are subject to future retention, performance and service conditions. The number of shares included in the table above refer to the total employee participation in the various plans that remain unvested and undelivered as at the reporting date.

23 OTHER OPERATING EXPENSES

	2025	2024
Investment advisory expenses	23,794	18,713
Lease amortization	6,539	5,223
Professional and consultancy fees	11,936	14,287
Legal expenses	9,014	7,607
Depreciation	14,317	12,791
Expenses relating to non-banking subsidiaries	7,248	6,862
Registration fees	-	1,566
Information technology expenses	3,908	6,444
Foreign exchange	(318)	5,793
Benefit and visa expenses	4,836	5,897
Advertising and marketing expenses	3,920	9,242
Other operating expenses	48,437	46,893
	133,631	141,318

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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24 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Group exercises significant influence, major shareholders, directors and executive management of the Group. A significant portion of the Group's management fees are from entities over which the Group exercises influence (assets under management). Although these entities are considered related parties, the Group administers and manages these entities on behalf of its clients, who are by and large third parties and are the economic beneficiaries of the underlying investments. The transactions with these entities are based on agreed terms.

The significant related party transactions during the year and balances as at year end included in these consolidated financial statements are as follows:

	Related parties				Total
	Associates / Joint venture	Key management personnel	Significant shareholders / entities in which directors are interested	Assets under management including special purpose and other entities	
2025					
Assets					
Treasury portfolio	369,971	-	-	83,739	453,710
Financing contracts	-	11,984	307,211	-	319,195
Proprietary assets	446,056	-	6,058	381,841	833,955
Receivables and other assets	6,517	406	172,392	172,392	351,707
Liabilities					
Current account	645	475	43,936	17,950	63,006
Placements from financial, non-financial	-	10,865	-	-	10,865
Payables and accruals	36,643	15,033	3,000	261,664	316,340
Quasi Equity	830	4,788	278,593	-	284,211
Income					
Wealth and investment management	-	-	-	208,890	208,890
Credit & financing	-	663	5,795	-	6,458
Treasury and proprietary	29,532	-	-	39,956	69,488
Expenses					
Other operating expenses	-	1,438	-	-	1,438
Staff cost	-	28,890	-	-	28,890
Finance expense	32	300	14,506	-	14,838

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US\$ 000's

24 RELATED PARTY TRANSACTIONS (continued)

2024	Related parties				Total
	Associates / Joint venture	Key management personnel	Significant shareholders / entities in which directors are interested	Assets under management including special purpose and other entities	
Assets					
Treasury portfolio	521,440	-	-	57,842	579,282
Financing contracts	-	10,597	131,028	18,212	159,837
Proprietary assets	442,207	-	148,728	260,164	851,099
Receivables and other assets	162,442	7,008	134,534	225,512	529,496
Liabilities					
Current account	1,854	928	36,305	17,950	57,037
Placements from financial, non-financial institutions	-	6,469	2,772	-	9,241
Payables and accruals	61,610	7,468	-	167,544	236,622
Quasi Equity	844	5,695	65,014	-	71,553
Income					
Wealth and investment management	1,451	-	-	181,831	183,282
Credit & financing	-	594	5,422	-	6,016
Treasury and proprietary	51,925	-	59,799	96,587	208,311
Expenses					
Other operating expenses	-	1,143	-	-	1,143
Staff cost	-	19,868	-	-	19,868
Finance expense	48	371	19,786	-	20,205



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24 RELATED PARTY TRANSACTIONS (continued)

Key management personnel

Key management personnel of the Group comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group and its significant banking subsidiary.

The key management personnel compensation is as follows:

	2025	2024
Board members' remuneration, fees and allowance	4,297	3,857
Salaries, other short-term benefits and expenses	12,891	8,888
Post-employment benefits including shares based payments	15,999	10,980

25 ASSETS UNDER MANAGEMENT AND CUSTODIAL ASSETS

i. The Group provides corporate administration, investment management and advisory services to its project companies, which involve the Group making decisions on behalf of such entities. Assets that are held in such capacity are not included in these consolidated financial statements. At the reporting date, the Group had average assets under management of US\$ 11,410 million (31 December 2024: US\$ 10,744 million). During the year, the Group had charged management fees and performance fee amounting to US\$ 73,257 thousand (31 December 2024: US\$ 50,104 thousand).

ii. Custodial assets comprise assets of the discretionary portfolio management ('DPM') accounts amounting to US\$ 4,543,252 thousand (2024: US\$ 3,304,293 thousand), of which US\$ 1,947,844 thousand (2024: US\$ 1,689,273 thousand) relate to the Group's investment products and the balance is deployed in the Group's treasury products. During the year, the Group had charged portfolio management income amounting to US\$ 23,513 thousand (31 December 2024: US\$ 21,553 thousand).

26 EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of equity shares outstanding during the year.

	2025	2024
Profit attributable to shareholders of the Bank	140,110	118,504
Weighted average number of shares for basic and diluted earnings	3,573,868	3,619,933
Earnings per share		
<i>Basic and diluted earnings per share (US cents)</i>	3.92	3.27

Diluted earnings per share

The Group has not issued potential ordinary shares during the year.

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27 ZAKAH AND SOCIAL RESPONSIBILITY

Zakah is directly borne by the shareholders on distributed profits and investors in restricted investment accounts. The Bank does not collect or pay Zakah on behalf of its shareholders and investors in restricted investment accounts. Zakah payable by the shareholders is computed by the Bank on the basis of the method prescribed (net assets method) by the Bank's Shari'a Supervisory Board and notified to shareholders annually.

The Group discharges its social responsibilities through donations to charitable causes and social organisations.

Sources of zakah and charity fund

Contributions by the Group
Non-Sharia income (note 28)

Total sources

Uses of zakah and charity fund

Contributions to charitable organisations

Total uses

Surplus of sources over uses

Undistributed zakah and charity fund at beginning of the year

Undistributed zakah and charity fund at 31 December (note 14)

Represented by:

Zakah payable
Charity fund

28 EARNINGS PROHIBITED BY SHARI'A

The Group is committed to avoid recognising any income generated from non-sharia sources. Accordingly, all non-sharia income is credited to a charity account where the Group uses these funds for charitable means. Movements in non-sharia funds are shown in the statement of sources and uses of charity funds. The Group receives interest from deposits placed with the CBB and other incidental or required deposits. These earnings are utilised exclusively for charitable purposes and amount to US\$ 46 thousand (2024: US\$ 55 thousand).

29 SHARI'A SUPERVISORY BOARD

The Group's Shari'a Supervisory Board comprise four Islamic scholars who review the Group's compliance with general Shari'a principles and specific fatwas, rulings and guidelines issued. Their review includes examination of evidence relating to the documentation and procedures adopted by the Group to ensure that its activities are conducted in accordance with Islamic Shari'a principles.

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30 MATURITY PROFILE

The table below shows the maturity profile of the Group's assets and unrecognised commitments on the basis of their contractual maturity. Where such contractual maturity is not available, the Group has considered expected realisation / settlement profile for assets and liabilities respectively. For undiscounted contractual maturity of financial liabilities, refer note 35.

31 December 2025

Assets

	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	Total
Cash and bank balances	193,199	20,613	27,660	528	7,230	249,230
Treasury portfolio	1,150,877	929,391	448,512	506,673	2,256,470	5,291,923
Financing contracts	433,664	104,891	120,099	559,945	1,311,318	2,529,917
Proprietary assets	-	-	-	1,365,745	1,710,099	3,075,844
Receivables and prepayments	104,561	308,333	219,433	196,053	172,025	1,000,405
Property and equipment	-	-	-	-	54,796	54,796

Total assets**Liabilities**

Clients Accounts	84,942	-	24,352	-	226,106	335,400
Placements from financial institutions	1,627,510	733,781	628,765	54,011	-	3,044,067
Placements from non-financial institutions and individuals	571,430	202,095	36,651	89,115	380,800	1,280,091
Term financing	690,496	348,136	3,647	982,664	498,573	2,523,516
Payables and accruals	176,256	254,526	62,303	60,517	10,289	563,891

Total liabilities**Quasi Equity****Off-balance sheet items**

Forward contracts	1,061,334	948,677	1,423,701	267,806	9,980	3,711,497
Off- balance- sheet investment accounts	569,948	411,013	1,139,844	322,692	124,198	2,567,695
Commitments	-	-	-	297,189	-	297,189

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30 MATURITY PROFILE (continued)

31 December 2024

Assets

Cash and bank balances

Treasury portfolio

Financing contracts

Proprietary assets

Receivables and prepayments

Property and equipment

Total assets

Liabilities

Clients Accounts

Placements from financial institutions

Placements from non-financial institutions and individuals

Term financing

Payables and accruals

Total liabilities

Quasi Equity

Off-balance sheet items

Forward contracts

Off- balance- sheet investment accounts

Commitments

	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	Total
Cash and bank balances	419,818	16,849	22,286	1,013	-	459,966
Treasury portfolio	1,098,149	869,530	295,129	1,147,694	1,441,132	4,851,634
Financing contracts	193,599	228,295	105,369	352,584	1,178,310	2,058,157
Proprietary assets	-	-	-	1,010,132	1,420,535	2,430,667
Receivables and prepayments	226,539	354,130	265,036	175,371	152,310	1,173,386
Property and equipment	-	-	-	-	57,215	57,215
Total assets	1,938,105	1,468,804	687,820	2,686,794	4,249,502	11,031,025
Liabilities						
Clients Accounts	289,584	2,610	65,276	9,716	145,546	512,732
Placements from financial institutions	917,787	767,814	678,009	80,849	-	2,444,459
Placements from non-financial institutions and individuals	574,931	133,285	224,136	4,888	455,564	1,392,804
Term financing	583,329	256,290	2,554	1,249,869	57,716	2,149,758
Payables and accruals	53,853	255,597	74,734	44,571	6,609	435,364
Total liabilities	2,419,484	1,415,596	1,044,709	1,389,893	665,435	6,935,117
Quasi Equity	1,776,009	197,079	139,945	292,655	575,129	2,980,817
Off-balance sheet items						
Forward contracts	112,290	266,343	513,545	821,616	260,993	1,974,787
Off- balance- sheet investment accounts	19,688	228,867	693,257	729,050	18,227	1,689,089
Commitments	-	-	-	253,437	-	253,437

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31 CONCENTRATION OF ASSETS, LIABILITIES AND QUASI EQUITY

(a) Industry sector

31 December 2025

Assets

Cash and bank balances

Treasury portfolio

Financing contracts

Proprietary assets

Receivables and prepayments

Property and equipment

Total assets**Liabilities**

Clients Accounts

Placements from financial institutions

Placements from non-financial institutions and individuals

Term financing

Payables and accruals

Total liabilities**Quasi Equity****Off-balance sheet items**

Forward contract

Off- balance- sheet investment accounts

Commitments

Banks and financial institutions	Real estate	Others	Total
211,511	27,961	9,758	249,230
3,822,077	134,355	1,335,491	5,291,923
466,859	798,254	1,264,804	2,529,917
2,577,555	456,261	42,028	3,075,844
778,196	105,417	116,792	1,000,405
9,173	4,757	40,866	54,796
7,865,371	1,527,005	2,809,739	12,202,115
83,666	11,249	240,485	335,400
3,044,067	-	-	3,044,067
4,905	245,897	1,029,289	1,280,091
2,518,468	3,217	1,831	2,523,516
347,938	54,268	161,685	563,891
5,999,044	314,631	1,433,290	7,746,965
1,796,880	83,587	1,437,462	3,317,929
3,711,497	-	-	3,711,497
1,998,260	-	569,435	2,567,695
-	66,842	230,347	297,189

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US\$ 000's

31 CONCENTRATION OF ASSETS, LIABILITIES AND QUASI EQUITY (continued)

31 December 2024

Assets

Cash and bank balances

Treasury portfolio

Financing contracts

Proprietary assets

Receivables and prepayments

Property and equipment

Total assets

Clients Accounts

Placements from financial institutions

Placements from non-financial institutions and individuals

Term financing

Payables and accruals

Total liabilities

Quasi Equity

Off-balance sheet items

Forward contract

Commitments

Off- balance- sheet investment accounts

Banks and financial institutions	Real estate	Others	Total
420,470	28,476	11,020	459,966
3,700,900	169,925	980,809	4,851,634
278,153	718,489	1,061,515	2,058,157
1,978,717	401,576	50,374	2,430,667
1,042,783	8,450	122,153	1,173,386
8,786	32,774	15,655	57,215
7,429,809	1,359,690	2,241,526	11,031,025
201,745	10,655	300,332	512,732
2,444,459	-	-	2,444,459
521,985	159,899	710,920	1,392,804
2,007,158	12,740	129,860	2,149,758
352,179	3,624	79,561	435,364
5,527,526	186,918	1,220,673	6,935,117
1,620,308	111,223	1,249,286	2,980,817
1,974,787	-	-	1,974,787
16,578	61,648	175,211	253,437
1,323,097	-	365,992	1,689,089

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ 000's

31 CONCENTRATION OF ASSETS, LIABILITIES AND QUASI EQUITY (continued)

(b) Geographic region

31 December 2025

Assets

	GCC countries	MENA	Asia	North America	Others	Total
Cash and bank balances	203,902	360	82	39,457	5,429	249,230
Treasury portfolio	3,614,707	226,050	22,981	810,361	617,824	5,291,923
Financing contracts	2,482,426	-	-	4,165	43,326	2,529,917
Proprietary assets	3,012,336	-	505	30,969	32,034	3,075,844
Receivables and prepayments	868,293	22,552	3,855	26,854	78,851	1,000,405
Property and equipment	54,796	-	-	-	-	54,796
Total assets	10,236,460	248,962	27,423	911,806	777,464	12,202,115

Liabilities

Clients Accounts	273,755	-	85	-	61,560	335,400
Placements from financial, Placements from non-financial institutions and individuals	2,781,422	233,870	-	-	28,775	3,044,067
Term Financing	1,103,756	30,430	145,905	-	-	1,280,091
Payables and accruals	2,440,244	-	-	-	83,272	2,523,516
	511,877	2,205	-	28,122	21,687	563,891
Total liabilities	7,111,054	266,505	145,990	28,122	195,294	7,746,965

Quasi Equity

	3,191,273	6,714	151	11	119,780	3,317,929
Off-balance sheet items						-
Commitments	194,361			15,987	86,842	297,189
Forward contract	3,711,497					3,711,497
Off-balance sheet investment accounts	2,423,197	7,280	47,880	-	89,339	2,567,695

Concentration by location for assets is measured based on the location of the underlying operating assets and not based on the location of the investment (which is generally based in tax efficient jurisdictions).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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US\$ 000's

31 CONCENTRATION OF ASSETS, LIABILITIES AND QUASI EQUITY (continued)

31 December 2024

Assets

	GCC countries	MENA	Asia	North America	Others	Total
Cash and bank balances	445,753	361	111	2,873	10,868	459,966
Treasury portfolio	3,942,597	491,188	-	264,984	152,865	4,851,634
Financing contracts	2,039,007	-	-	3,073	16,077	2,058,157
Proprietary assets	2,342,527	-	7,350	21,054	59,736	2,430,667
Receivables and prepayments	1,079,725	22,552	3,855	57,504	9,750	1,173,386
Property and equipment	57,215	-	-	-	-	57,215
Total assets	9,906,824	514,101	11,316	349,488	249,296	11,031,025

Liabilities

Clients accounts	461,350	-	170	-	51,212	512,732
Placements from financial,	2,442,112	-	-	-	2,347	2,444,459
Placements non-financial institutions and individuals	1,298,833	93,971	-	-	-	1,392,804
Term Financing	2,058,461	-	-	-	91,297	2,149,758
Payables and accruals	296,887	1,490	-	70,739	66,248	435,364
Total liabilities	6,557,643	95,461	170	70,739	211,104	6,935,117

Quasi Equity

	2,826,589	6,714	4,054	-	143,460	2,980,817
Off-balance sheet items						
Forward contract	1,974,787	-	-	-	-	1,974,787
Off-balance sheet investment accounts	1,604,616	7,050	-	-	77,423	1,689,089
Commitments	240,287	-	-	13,150	-	253,437

Concentration by location for assets is measured based on the location of the underlying operating assets and not based on the location of the investment (which is generally based in tax efficient jurisdictions).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ 000's

32 OPERATING SEGMENTS

During the year, the Group has redefined its core operating segments to align with changes in its reporting to chief operating decision makers in order to better align the performance reporting.

The Group has identified three distinct operating segments namely, Investment & Wealth Management, Credit & Financing and Treasury and Proprietary Investments which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different strategies for management and resource allocation within the Group. For each of the strategic business units, the Group's Board of Directors (chief operating decision makers) review internal management reports on a quarterly basis.

Wealth and investment management

The Banking segment of the Group is focused on private equity and asset management domains. The private equity activities include acquisition of interests in unlisted or listed businesses at prices lower than anticipated values. The asset management unit is responsible for identifying and managing investments in yielding real estate in the target markets of the GCC. The investment banking activities focuses on providing structuring capabilities in Islamic asset-backed and equity capital markets, Islamic financial advisory and mid-sized mergers and acquisition transactions.

Credit & financing

These include commercial and corporate banking, retail banking, wealth management, structured investment products and project financing facilities of the Group's commercial banking subsidiary.

Treasury and proprietary

All common costs and activities treasury and residual investment assets, excluding those that are carried independently by the reportable segments which are included within the respective segment, are considered as part of the proprietary and treasury activities of the Group.

The performance of each operating segment is measured based on segment results and are reviewed by the management committee and the Board of Directors on a quarterly basis. Segment results is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The Group classifies directly attributable revenue and cost relating to transactions originating from respective segments as segment revenue and segment expenses respectively. Indirect costs is allocated based on cost drivers/factors that can be identified with the segment and/ or the related activities. The internal management reports are designed to reflect revenue and cost for respective segments which are measured against the budgeted figures. The unallocated revenues, expenses, assets and liabilities related to entity-wide corporate activities and treasury activities at the Group level. Segment revenue and expenses were net-off inter segment revenue and expenses.

The Group has primary operations in Bahrain and the Group does not have any significant independent overseas branches/divisions in the banking business. The geographic concentration of assets and liabilities is disclosed in note 31 (b) to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ 000's

32 OPERATING SEGMENTS (continued)

Information regarding the results of each reportable segment is included below.

	Wealth & Investment Management	Credit & Financing Income	Treasury and Proprietary Income	Total
31 December 2025				
Segment revenue	174,121	155,156	390,262	719,539
Segment expenses	(135,432)	(111,503)	(299,923)	(546,858)
Impairment allowance	-	(15,526)	(11,651)	(27,177)
Segment result	38,689	28,127	78,688	145,504
Segment assets	217,080	4,525,081	7,459,954	12,202,115
Segment liabilities	225,994	2,322,453	5,198,518	7,746,965
Quasi equity	-	1,845,758	1,472,171	3,317,929
<i>Other segment information</i>				
Equity accounted investees	286,918	18,431	-	305,349
Commitments	15,000	94,607	187,583	297,190

	Wealth & Investment Management	Credit & Financing Income	Treasury and Proprietary Income	Total
31 December 2024				
Segment revenue	171,248	382,365	111,747	665,360
Segment expenses	(142,067)	(354,974)	(21,508)	(518,549)
Impairment allowance	-	(5,104)	(13,193)	(18,297)
Segment result	29,181	22,287	77,046	128,514
Segment assets	301,981	3,968,511	6,760,533	11,031,025
Segment liabilities	300,353	2,250,096	4,384,668	6,935,117
Quasi equity	-	1,377,179	1,603,638	2,980,817
<i>Other segment information</i>				
Equity accounted investees	141,374	17,285	-	158,659
Commitments	13,150	94,607	145,680	253,437

33 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an orderly transaction. This represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

As at 31 December 2025 and 31 December 2024, the fair values of bank balances, placements with

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ 000's

33 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The fair value of quoted Sukuk carried at amortised cost (net of impairment allowances) of US\$ 2,334,093 thousand (31 December 2024: US\$ 2,398,462 thousand) is US \$ 2,338,635 thousand (31 December 2024: US \$ 2,466,563). There are no material changes in the fair values of the Sukuk's carried at amortised cost subsequent to the reporting date until the date of signing the consolidated financial statements for the year ended 31 December 2025.

Fair value hierarchy

The table below analyses the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2025

(i) *Treasury portfolio*
Investment securities carried at fair value through:

- income statement
- comprehensive income

(ii) *Proprietary assets*
Investment securities carried at fair value through:

- income statement
- comprehensive income

Level 1	Level 2	Level 3	Total
US\$ 000's	US\$ 000's	US\$ 000's	US\$ 000's
23,330	561,340	7,324	591,994
767,890	525,822	-	1,293,712
791,220	1,087,162	7,324	1,885,706
166,699	93,302	30,594	290,595
-	446,056	431,290	877,346
166,699	539,358	461,884	1,167,941
957,919	1,626,520	469,208	3,053,647

31 December 2024

(i) *Treasury portfolio*
Investment securities carried at fair value through:

- income statement
- comprehensive income

(ii) *Proprietary assets*
Investment securities carried at fair value through:

- income statement
- comprehensive income

Level 1	Level 2	Level 3	Total
US\$ 000's	US\$ 000's	US\$ 000's	US\$ 000's
-	308,181	-	308,181
1,176,331	-	-	1,176,331
1,176,331	308,181	-	1,484,512
-	98,580	255,194	353,774
17,324	442,207	67,568	527,099
17,324	540,787	322,762	880,873
1,193,655	848,968	322,762	2,365,385

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ 000's

33 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The table below shows the reconciliation of movements in value of investments measured using Level 3 inputs:

	2025	2024
At 1 January	322,762	320,261
Disposals at carrying value	(29,083)	(20,251)
Transferred to Level 2	11,671	-
Reclassification	47,445	(14,661)
Purchases	119,165	72,236
Fair value changes during the year	(2,752)	(34,823)
At 31 December	469,208	322,762

The potential effect of using reasonable possible alternative assumptions for fair valuing certain equity investments classified as level 3 are summarised below:

As on 31 December 2025:

Valuation technique used	Key unobservable inputs	Fair value at 31 December 2025 US\$ '000	Reasonable possible shift +/- (in average input)	Increase / (decrease) in valuation
Weighted Average	Weighted average cost of capital, Terminal Growth and Comparable Companies Multiples	99,734	+/-5%	1,366 / (1,366)
Adjusted Net Asset Value	Weighted average cost of capital, Terminal Growth and NAV	5,985	+/- 5%	299 / (299)
Discounted cash flow	Weighted average cost of capital and Terminal Growth	91,524	+/- 5%	4,626 / (4,626)
Adjusted Net Asset Value	NAV	271,965	+/- 5%	9,317 / (9,317)
		469,208		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ '000's

33 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

As on 31 December 2024:

Valuation technique used	Key unobservable inputs	Fair value at 31 December 2024 US\$ '000	Reasonable possible shift +/- (in average input)	Increase / (decrease) in valuation
Weighted Average	Weighted average cost of capital, Terminal Growth and Comparable Companies	51,348	+/- 5%	1,366 / (1,366)
Adjusted Net Asset Value	Weighted average cost of capital, Terminal Growth and NAV	4,930	+/- 5%	246 / (246)
Discounted cash flow	Weighted average cost of capital and	73,163	+/- 5%	3,561 / (3,561)
Adjusted Net Asset Value	NAV	193,322	+/- 5%	7,835 / (7,835)
		322,762		

34 COMMITMENTS AND CONTINGENCIES

The commitments contracted in the normal course of business of the Group are as follows:

	31 December 2025	31 December 2024
Undrawn commitments to extend finance	124,178	94,912
Financial guarantees	106,170	102,817
Capital commitments for infrastructure development projects	66,842	55,708
	297,190	253,437

Performance obligations

During the ordinary course of business, the Group may enter into performance obligations in respect of its infrastructure development projects. It is the usual practice of the Group to pass these performance obligations, wherever possible, on to the companies that own the projects. In the opinion of the management, no liabilities are expected to materialise on the Group as at 31 December 2025 due to the performance of any of its projects.

Litigations and claims

The Group has a number of claims and litigations filed against it in connection with projects promoted by the Bank in the past and with certain transactions. Further, claims against the Bank also have been filed by former employees. Based on the advice of the Bank's external legal counsel, the management is of the opinion that the Bank has strong grounds to successfully defend itself against these claims. Appropriate provision have been made in the books of accounts. No further disclosures regarding contingent liabilities arising from any such claims are being made by the Bank as the directors of the Bank believe that such disclosures may be prejudicial to the Bank's legal position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ '000's

35 FINANCIAL RISK MANAGEMENT

Overview

Financial assets of the Group comprise bank balances, placements with financial and other institutions, investment securities and other receivable balances. Financial liabilities of the Group comprise investors' funds, placements from financial and other institutions, term financing and other payable balances. Accounting policies for financial assets and liabilities are set out in note 4.

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risks; and
- operational risk

This note presents information about the Group's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. The material subsidiaries consolidated in these financial statements have independent risk management frameworks which is monitored by the respective Board of Directors of the subsidiaries. Accordingly, such risk management policies, procedures and practices are not included in these consolidated financial statements.

Risk management framework

The key element of our risk management philosophy is for the Risk Management Department ('RMD') to provide independent monitoring and control while working closely with the business units which ultimately own the risks. The Head of Risk Management reports to the Board Audit and Risk Committee.

The Board of Directors has overall responsibility for establishing our risk culture and ensuring that an effective risk management framework is in place. The Board has delegated its authority to the Board Audit and Risk Committee (ARC), which is responsible for implementing risk management policies, guidelines and limits and ensuring that monitoring processes are in place. The RMD, together with the Internal Audit and Compliance Departments, provide independent assurance that all types of risk are being measured and managed in accordance with the policies and guidelines set by the Board of Directors.

The RMD submits a quarterly Risk Overview Report along with a detailed Liquidity Risk Report to the Board of Directors. The Risk Overview Report describes the potential issues for a wide range of risk factors and classifies the risk factors from low to high. The Liquidity Risk Report measure the Group's liquidity risk profile against policy guidelines and regulatory benchmarks. An additional report is prepared by the respective investment units that give updated status and impairment assessment of each investment, a description of significant developments on projects or issues as well as an update on the strategy and exit plan for each project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ 000's

35 FINANCIAL RISK MANAGEMENT (continued)

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's placements with financial institutions, Financing contracts and other receivables from project companies. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country, sector risk and sector concentration risk, related party exposure, etc.).

The Group had updated its inputs and assumptions for computation of ECL (refer note 4 n).

Management of investment and credit risk

The Board of Directors has delegated responsibility for the management of credit risk to its Board Investment Committee (BIC). This committee establishes operating guidelines and reviews and endorses the Management Investment and Credit Committee recommendations for investment strategies, products and services. Its actions are in accordance with the investment policies adopted by the Board of Directors.

The RMD is responsible for oversight of the Group's credit risk, including:

- Ensuring that the Group has in place investment and credit policies, covering credit assessment, risk reporting, documentary and legal procedures, whilst the Compliance Department is responsible for ensuring compliance with regulatory and statutory requirements.

- Overseeing the establishment of the authorisation structure for the approval and renewal of investment and credit facilities. Authorisation limits are governed by the Board approved Delegated Authority Limits (DAL) Matrix.

- Reviewing and assessing credit risk. Risk Management department assesses all investment and credit exposures in excess of designated limits, prior to investments / facilities being committed. Renewals and reviews of investments / facilities are subject to the same review process.

- Ongoing review of credit exposures. The credit review of the commercial banking exposure is managed and governed by the Board of Directors of Khaleeji and is consistent with the practices appropriate for retail banks. The risk assessment approach is used by the Parent Bank in determining where impairment provisions may be required against specific investment / credit exposures at its board. The current risk assessment process classifies credit exposures into two broad categories "Unimpaired" and "Impaired", reflecting risk of default and the availability of collateral or other credit risk mitigation. Risk is assessed on an individual basis for each investment / receivable and is reviewed at least once a year. The Group does not perform a collective assessment of impairment for its credit exposures as the credit characteristics of each exposure is considered to be different. Risk profile of exposures are subject to regular reviews.

- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of investment / credit risk.

The Risk Management Department works alongside the Investment Department at all stages of the deal cycle, from pre-investment due diligence to exit, and provides an independent review of every transaction. A fair evaluation of investments takes place periodically with inputs from the Investment department. Quarterly updates of investments are presented to the Board of Directors or their respective committees. Regular audits of business units and Group credit processes are undertaken by Internal Audit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ 000's

35 FINANCIAL RISK MANAGEMENT (continued)

Exposures subject to credit risk**31 December 2025****Balances with banks and placements with financial**

	Stage 1	Stage 2	Stage 3	Total
Grade 1-6 Low-Fair-Risk	1,330,614	360	-	1,330,974
Gross carrying amount	1,330,614	360	-	1,330,974
Less expected credit losses	67	-	-	67
Net carrying amount	1,330,547	360	-	1,330,907

Financing contracts

Grade 8 -10 Impaired	-	-	128,613	128,613
<i>Past due but not impaired</i>				
Grade 1-6 Low-Fair Risk	194,326	95,915	-	290,241
Grade 7 Watch list	-	16,995	-	16,995
<i>Past due comprises:</i>				
Up to 30 days	150,297	188,141	-	338,438
30-60 days	44,016	13,122	-	57,138
60-90 days	13	4,653	-	4,666

Neither past due nor impaired

Grade 1-6 Low-Fair Risk	2,003,413	37,634	-	2,041,047
Grade 7 Watch list	-	7,462	-	7,462
Gross carrying amount	2,197,739	251,011	128,613	2,577,363
Less expected credit losses	8,831	10,201	28,414	47,446
Net carrying amount	2,188,908	240,810	100,199	2,529,917

Investment in Sukuk

Grade 8 -10 Impaired	-	-	3,496	3,496
Grade 1-6 Low-Fair Risk	3,583,814	49,790	-	3,633,604
Gross carrying amount	3,583,814	-	3,496	3,637,100
Less: expected credit losses	6,285	9,067	3,496	18,848
Net carrying amount	3,577,529	40,723	-	3,618,252

Commitments and financial guarantees

Grade 8 -10 Impaired	-	-	16	16
Grade 1-6 Low-Fair Risk	297,171	3	-	297,174
Grade 7 Watch list	-	-	-	-
Gross carrying amount (note 36)	297,171	3	16	297,190
Less: expected credit losses	-	-	-	-
Net carrying amount	297,171	3	16	297,190

Total net carrying amount

	7,394,155	281,896	100,215	7,776,266
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for the year ended 31 December 2025

US\$ 000's

35 FINANCIAL RISK MANAGEMENT (continued)

31 December 2024	Stage 1	Stage 2	Stage 3	Total
Balances with banks and placements with financial institutions				
Grade 1-6 Low-Fair Risk	1,450,204	361	-	1,450,565
Gross carrying amount	1,450,204	361	-	1,450,565
Less expected credit losses	93	2	-	95
Net carrying amount	1,450,111	359	-	1,450,470
Financing contracts				
Grade 8-10 Impaired	-	-	153,056	153,056
Past due but not impaired				
Grade 1-6 Low-Fair Risk	179,873	49,679	-	229,552
Grade 7 Watch list	170	23,279	-	23,449
Past due comprises:				
Up to 30 days	157,240	46,867	-	204,107
30-60 days	22,265	21,586	-	43,851
60-90 days	538	24,401	-	24,939
Neither past due nor impaired				
Grade 1-6 Low-Fair Risk	1,564,321	115,594	-	1,679,915
Grade 7 Watch list	9,180	-	-	9,180
Gross carrying amount	1,753,544	208,448	153,056	2,115,048
Less expected credit losses	3,032	12,230	41,629	56,891
Net carrying amount	1,750,512	196,218	111,427	2,058,157
Investment in Sukuk				
Grade 8-10 Impaired	-	-	3,496	3,496
Grade 1-6 Low-Fair Risk	3,340,203	236,651	-	3,576,854
Gross carrying amount	3,340,203	236,651	3,496	3,580,350
Less: expected credit losses	15,000	9,067	3,496	27,563
Net carrying amount	3,325,203	227,584	-	3,552,787
Commitments and financial guarantees				
Grade 8-10 Impaired	-	-	16	16
Grade 1-6 Low-Fair Risk	252,955	469	-	253,424
Grade 7 Watch list	-	-	-	-
Gross carrying amount (note 35)	252,955	469	16	253,440
Less: expected credit losses	-	3	-	3
Net carrying amount	252,955	466	16	253,437
Total net carrying amount	3,578,158	228,050	16	3,806,224

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US\$ 000's

35 FINANCIAL RISK MANAGEMENT (continued)

Significant increase in credit risk

When determining whether the risk of default on an exposure subject to credit risk 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 and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

In determining whether credit risk has increased significantly since initial recognition, the following criteria are considered:

- Downgrade in risk rating according to the approved ECL policy;
- Facilities restructured during previous twelve months;
- Qualitative indicators; and
- Facilities overdue by 30 days as at the reporting date subject to rebuttal in deserving circumstances.

Credit risk grades

The Group allocates each exposure to credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at 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. Exposers are rated 1 to 10 with 1 to being good and 7 being watch list and 8, 9 and 10 default grades. The monitoring typically involves use of the following data.

Corporate exposures

- Information obtained during periodic review of customer files- e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes
- Data from credit reference agencies, press articles, changes in external credit ratings
- Quoted bond and credit default swap (CDS) prices for the borrower where available
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities

Retail exposures

- Internally collected data on customer behaviour -e.g. utilisation of credit card facilities
- Affordability metrics
- External data from credit reference agencies including industry-standard credit scores

All exposures

- Payment record this includes overdue status as well as a range of variables about payment ratios
- Utilisation of the granted limit
- Requests for and granting of forbearance
- Existing and forecast changes in business, financial and economic conditions

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35 FINANCIAL RISK MANAGEMENT (continued)

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading.

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro-economic indicators include: GDP growth, benchmark profit rates and oil price. For exposures to specific industries and/or regions. The analysis may extend to relevant commodity and/or real estate prices.

Based on advice from the Group Market Risk Committee and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (see discussion below on incorporation of forward-looking information). The Group then uses these forecasts to adjust its estimates of PDs.

Determining whether credit risk has increased significantly.

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency. Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

Qualitative indicators, including different criteria used for different portfolios credit cards, commercial real estate etc.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

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for the year ended 31 December 2025

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35 FINANCIAL RISK MANAGEMENT (continued)

Definition of default

The Group considers an exposure subject to credit risk to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material obligation to the Group; or
- It is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligation.

In assessing whether the borrower is in default, the Group considers qualitative and quantitative indicators. The definition of default aligns with that applied by the Group for regulatory capital purposes.

Incorporation of forward-looking information

The Group 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 Group Market Risk Committee and economic experts and consideration of a variety of external actual and forecast information. The Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organisations such as the OECD and the International Monetary Fund, and selected private-sector and academic forecasters.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The economic scenarios used as at 31 December 2025 included the key indicators for the selected countries such as the unemployment rates, profit rates and the GDP growth.

Modified exposures subject to credit risk

The contractual terms of an exposure subject to credit risk may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer.

When the terms of a financial asset are modified and the modification does not result in de-recognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- Its remaining lifetime PD at the reporting date based on the modified terms; with
- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

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35 FINANCIAL RISK MANAGEMENT (continued)

The Group renegotiates financing to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, forbearance of Financing contracts is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of profit payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired / in default. A customer needs to demonstrate consistently good payment behaviour over a period of time (12 months) before the exposure is no longer considered to be credit-impaired / in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective profit rate of the exposure subject to credit risk.

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For Financing contracts secured by retail property, LTV ratios are a key parameter in determining LGD. They are calculated on a discounted cash flow basis using the effective profit rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount 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 includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations.

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35 FINANCIAL RISK MANAGEMENT (continued)

The following tables show reconciliations from the opening to the closing balance of the loss allowance: 12-month ECL, lifetime ECL and credit-impaired.

2025	12 month ECL (Stage1)	Lifetime ECL not credit impaired (Stage2)	Lifetime ECLCredit impaired (Stage3)	Total
Balance at 1 January	22,339	21,338	75,881	119,558
Transfer to 12-month ECL	10,721	(10,109)	(613)	0
Transfer to lifetime ECL non-credit-impaired	(1,968)	(4,235)	6,203	-
Transfer to lifetime ECL credit-impaired	(1,798)	(459)	2,257	-
Write-off	-	-	(49,901)	(49,901)
Charge for the period	5,090	8,808	12,948	26,846
Balance at 31 December	34,384	15,343	46,775	96,503

Breakdown of ECL by category of assets in the consolidated statement of financial position and off-balance sheet commitments:

2025	12 month ECL (Stage1)	Lifetime ECL not credit impaired (Stage2)	Lifetime ECLCredit impaired (Stage3)	Total
Balances with banks	33	19	-	52
Treasury portfolio	13,624	750	4,474	18,848
Financing contracts	8,398	10,761	28,287	47,446
Other financial receivables	12,233	3,814	13,999	30,046
Investment securities	-	-	-	-
Financing commitments and financial guarantees	95	-	16	111
Balance at 31 December	34,384	15,343	46,776	96,503

2024	12 month ECL (Stage1)	Lifetime ECL not credit impaired (Stage2)	Lifetime ECLCredit impaired (Stage3)	Total
Balance at 1 January	13,558	43,389	48,677	105,624
Transfer to 12-month ECL	13,821	(17,233)	3,412	-
Transfer to lifetime ECL non-credit-impaired	(605)	1,321	(716)	-
Transfer to lifetime ECL credit-impaired	(1,723)	(3,910)	5,633	-
Write-off	-	-	(2,231)	(2,231)
Charge for the period	(2,712)	(2,229)	21,106	16,165
Balance at 31 December	22,339	21,338	75,881	119,558

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ 000's

35 FINANCIAL RISK MANAGEMENT (continued)

Break down of ECL by category of assets in the consolidated statement of financial position and off-balance sheet commitments:

2024	12 month ECL (Stage1)	Lifetime ECL not credit impaired (Stage2)	Lifetime ECLCredit impaired (Stage3)	Total
Balances with banks	16	14	-	30
Treasury portfolio	7,958	9,067	10,738	27,763
Financing contracts	3,329	12,239	48,000	63,568
Other financial receivables	13,749	3	13,999	27,751
Investment securities	-	-	-	-
Financing commitments and financial guarantees	167	3	(11)	159
Balance at 31 December	25,219	21,326	72,726	119,271

Renegotiated facilities

During the year, facilities of US \$ 118,571 thousand (2024: US\$ 108,151 thousand) were renegotiated, out of which US\$ 110,486 thousand (2024: US\$ 79,005 thousand) are classified as neither past due nor impaired as of 31 December 2025. The renegotiated terms usually require settlement of profits accrued till date on the facility and/or part payment of the principal and/or obtaining of additional collateral coverage. The renegotiated facilities are subject to revised credit assessments and independent review by the RMD.

Post model adjustments

The Group's Expected Credit Loss (ECL) model fully incorporates historical data, current conditions, and forward-looking macroeconomic scenarios. Based on management's review, no post-model adjustments (PMAs) were required, as the model was considered robust in capturing all material risks, including those related to macroeconomic uncertainties.

Allowances for impairment

The Group makes provisions for impairment on individual assets classified under grades 8,9 and 10. This is done on the basis of the present value of projected future cash flows from the assets themselves and consideration of the value of the collateral securities available. On a collective basis, the Bank has provided for impairment losses based on management's judgment of the extent of losses incurred but not identified based on the current economic and credit conditions.

Non-accrual basis

The Group classifies financing facility/Sukuk as non-accrual status, if the facility/Sukuk is past due greater than 90 days or there is reasonable doubt about the collectability of the receivable amount. The profits on such facilities are not recognized in the income statement until there are repayments from the borrower or the exposure is upgraded to regular status.

Write-off policy

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. During the year, the Group has written off financing facilities amounting to US \$ 7,647 thousand (2024: US \$ nil thousand) which were fully impaired. The Group has recovered US \$ 568 thousand from a financing facility written off in previous years (2024: US \$ 11,000 thousand)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ 000's

35 FINANCIAL RISK MANAGEMENT (continued)

Collaterals

The Group holds collateral against Financing contracts and receivables from assets acquired for leasing in the form of mortgage/ pledge over property, listed securities, other assets and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing. Valuation of collateral is updated when the loan is put on a watch list and the loan is monitored more closely. Collateral generally is not held against exposure to other banks and financial institutions. An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below. This includes the value of financial guarantees from banks, but not corporate and personal guarantees as the values thereof are not readily quantifiable. The collateral values considered for disclosure are restricted to the extent of the outstanding exposures.

31 December 2025

Against impaired

Property	65,170	18,865	84,034
Other	1,393	-	1,393

Against past due but not impaired

Property	69,488	71,347	140,836
Other	16,663	-	16,663

Against neither past due nor impaired

Property	449,050	333,851	782,902
Other	63,202	-	63,202

Total	664,966	424,063	1,089,030
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31 December 2024

Against impaired

Property	60,528	17,520	78,048
Other	1,294	-	1,294

Against past due but not impaired

Property	64,538	66,265	130,803
Other	15,477	-	15,477

Against neither past due nor impaired

Property	417,066	310,074	727,140
Other	58,700	-	58,700

Total	617,603	393,859	1,011,462
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for the year ended 31 December 2025

US\$ 000's

35 FINANCIAL RISK MANAGEMENT (continued)

Concentration risk

The industry sector and geographical wise distribution of assets and liabilities are set out in notes 31 (a) and (b).

Concentration risk arises when a number of counterparties are engaged in similar economic activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group seeks to manage its concentration risk by establishing and constantly monitoring geographic and industry wise concentration limits.

An analysis of concentrations of credit risk of Financing contracts of the Group's business at the reporting date is shown below.

Concentration by Sector

	2025	2024
Banking and finance	144,576	131,769
Real estate	1,202,169	814,996
Construction	173,400	145,683
Trading	156,501	171,586
Manufacturing	25,247	32,780
Others	1,149,290	880,115
Total carrying amount	2,851,183	2,176,930

b) Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ 000's

35 FINANCIAL RISK MANAGEMENT (continued)

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Treasury receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury then aims to maintain a portfolio of short-term liquid assets, largely made up of short-term placements with financial and other institutions and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

The liquidity requirements of business units are met through treasury to cover any short-term fluctuations and longer-term funding to address any structural liquidity requirements.

The daily liquidity position is monitored, and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by the Board of Directors. Daily reports cover the liquidity position of the Bank and is circulated to Management Committee (MANCOM). Moreover, quarterly reports are submitted to the Board of Directors on the liquidity position by RMD.

To manage the liquidity risk arising from financial liabilities, the Group aims to hold liquid assets comprising cash and cash equivalents, investment in managed funds and treasury shares for which there is an active and liquid market. These assets can be readily sold to meet liquidity requirements. Further, the Group is focussed on developing a pipeline of steady revenues and has undertaken cost reduction exercises that would improve its operating cash flows.

Measures of liquidity

Liquidity is managed at an entity level and is not a Group wide measure. The Bank follows certain internal measures of liquidity. These metrics are intended to better reflect the liquidity position from a cash flow perspective and provide a target for the Group. These are liquidity coverage ratio, net stable funding ratio and stock of liquid assets.

For this purpose, the liquidity coverage ratio is based on an internally defined management criteria which identifies the amount of liquid assets (including inter-bank placements) the Bank holds that can be used to offset the net cash outflows for 30, 60 and 90 days time horizon. The net stable funding ratio measures the amount of long-term, stable sources of funding employed by an institution relative to the liquidity profiles of the assets funded and the potential for contingent calls on funding liquidity arising from off-balance sheet commitments and obligations.

Details of the ratio of liquid assets to total assets at the reporting date and during the year were as follows:

At 31 December
Average for the year
Maximum for the year
Minimum for the year

Liquid asset / Total asset	
2025	2024
45.41%	48.46%
47.62%	46.61%
49.06%	48.46%
45.41%	45.07%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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US\$ 000's

35 FINANCIAL RISK MANAGEMENT (continued)

LCR has been developed to promote short-term resilience of a bank's liquidity risk profile. The LCR requirements aim to ensure that a bank has an adequate stock of unencumbered high quality liquidity assets (HQLA) that consists of assets that can be converted into cash immediately to meet its liquidity needs for a 30 calendar day stressed liquidity period. The stock of unencumbered HQLA should enable the Bank to survive until day 30 of the stress scenario, by which time appropriate corrective actions would have been taken by management to find the necessary solutions to the liquidity crisis.

LCR is computed as a ratio of Stock of HQLA over the Net cash outflows over the next 30 calendar days.

	Balance for the year	
	31 December 2025	31 December 2024
Stock of HQLA	398,370	611,954
Net cashflows	223,924	314,670
LCR %	178%	194%
Minimum required by CBB	100%	100%

NSFR is to promote the resilience of banks' liquidity risk profiles and to incentivise a more resilient banking sector over a longer time horizon. The NSFR will require banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on-balance sheet and off-balance sheet items, and promotes funding stability.

NSFR as a percentage is calculated as "Available stable funding" divided by "Required stable funding". As of 31 December 2025, the Bank had an consolidated NSFR ratio of 135%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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35 FINANCIAL RISK MANAGEMENT (continued)

As at 31 December 2025

No.	Item	No Specified Maturity	Less than 6 months	More than 6 months and less than one year	Over one year	Total weighted value
Available Stable Funding (ASF):						
1	Capital:					
2	Regulatory Capital	986,030	-	-	44,085	1,030,114
3	Other Capital Instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers:					
5	Stable deposits	-	112,793	8,652	619	115,992
6	Less stable deposits	-	2,700,808	847,283	155,987	3,349,269
7	Wholesale funding:					
8	Operational deposits	-	-	-	-	-
9	Other Wholesale funding	-	5,045,215	662,642	1,091,031	5,963,045
10	Other liabilities:					
11	NSFR Shari'a-compliant hedging contract liabilities	-	-	-	-	-
12	All other liabilities not included in the above categories	-	218,665	-	428,629	428,629
13	Total ASF					10,887,049
Required Stable Funding (RSF):						
14	Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	108,633
15	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
16	Performing financing and sukuk/ securities:	-	1,375,918	-	1,414,700	1,408,883
17	Performing financial to financial institutions by level 1 HQLA	-	-	-	5,109	5,109
18	Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	3,365	15,037	972,620	835,928
19	Performing financing to non- financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	-	195,589	226,103	579,278	587,377

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ 000's

35 FINANCIAL RISK MANAGEMENT (continued)

As at 31 December 2025 (continued)

No.	Item	No Specified Maturity	Less than 6 months	More than 6 months and less than one year	Over one year	Total weighted value
20	With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	-	-	-	-
21	Performing residential mortgages, of which:	-	-	-	-	-
22	With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	-	-
23	Securities/sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	1,044,439	-	558,870	1,081,089
24	Other assets:					
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for Shari'a-compliant hedging contracts contracts and contributions to default funds of CCPs	-	-	-	-	-
27	NSFR Shari'a-compliant hedging assets		-	-	-	7,324
28	NSFR Shari'a-compliant hedging contract liabilities before deduction of variation		-	-	-	-
29	All other assets not included in the above categories	3,926,482	-	-	-	3,926,482
30	OBS items		-	-	-	118,854
31	Total RSF		2,619,311	241,140	3,530,578	8,079,679
32	NSFR(%)					135%

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35 FINANCIAL RISK MANAGEMENT (continued)

As at 31 December 2024

No.	Item	No Specified Maturity	Less than 6 months	More than 6 months and less than one year	Over one year	Total weighted value
Available Stable Funding (ASF):						
1	Capital:					
2	Regulatory Capital	970,191	-	-	37,669	1,007,860
3	Other Capital Instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers:					
5	Stable deposits	-	65,905	29,479	867	91,481
6	Less stable deposits	-	2,545,891	707,728	94,156	3,022,413
7	Wholesale funding:					
8	Operational deposits					
9	Other Wholesale funding	-	4,192,610	626,516	1,228,072	5,314,678
10	Other liabilities:					
11	NSFR Shari'a-compliant hedging contract liabilities		-	-	-	-
12	All other liabilities not included in the above categories	-	493,681	-	31,852	31,852
13	Total ASF					9,468,285
Required Stable Funding (RSF):						
14	Total NSFR high-quality liquid assets (HQLA)	1,966,526	-	-		96,049
15	Deposits held at other financial institutions for operational purposes					
16	Performing financing and sukuk/ securities:	-	1,327,483	-	1,089,511	1,125,207
17	Performing financial to financial institutions by level 1 HQLA	-	-	-	-	-
18	Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	83,116	-	1,221,817	1,080,103
19	Performing financing to non- financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	-	353,642	97,683	456,441	522,349
20	With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	-	-	-	-

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35 FINANCIAL RISK MANAGEMENT (continued)

As at 31 December 2024 (continued)

No.	Item	No Specified Maturity	Less than 6 months	More than 6 months and less than one year	Over one year	Total weighted value
21	Performing residential mortgages, of which:	-	-	-	-	-
22	With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	-	-
23	Securities/sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	700,060	-	487,126	837,156
24	Other assets:					
25	Physical traded commodities, including gold	-				-
26	Assets posted as initial margin for Shari'a-compliant hedging contracts contracts and contributions to default funds of CCPs		-	-	-	-
27	NSFR Shari'a-compliant hedging assets		-	-	-	3,536
28	NSFR Shari'a-compliant hedging contract liabilities before deduction of variation		-	-	-	-
29	All other assets not included in the above categories	3,354,998	-	-	-	3,354,998
30	OBS items		-	-	-	97,366
31	Total RSF		2,464,301	97,683	3,254,896	7,116,764
32	NSFR(%)					133%

c)Market risks

Market risk is the risk that changes in market prices, such as profit rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Group's income, future cash flows or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

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for the year ended 31 December 2025

US\$ 000's

35 FINANCIAL RISK MANAGEMENT (continued)

Management of market risks

As a matter of general policy, the Group shall not assume trading positions on its assets and liabilities, and hence the entire balance sheet is a non-trading portfolio. All foreign exchange risk within the Group is transferred to Treasury. The Group seeks to manage currency risk by continually monitoring exchange rates. Profit rate risk is managed principally through monitoring profit rate gaps and by having pre-approved limits for repricing bands. Overall authority for market risk is vested in the Board Audit and Risk Committee ('BARC'). RMD is responsible for the development of detailed risk management policies (subject to review and approval of the BARC).

Exposure to profit rate risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market profit rates. Majority of the Group's profit based asset and liabilities are short term in nature, except for certain long term liabilities which have been utilised to fund the Group's strategic investments in its associates.

A summary of the Group's profit rate gap position on non-trading portfolios is as follows:

31 December 2025	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	Total
Assets						
Treasury portfolio	1,150,877	929,391	448,512	506,673	2,256,470	5,291,923
Financing contracts	433,664	104,891	120,099	559,945	1,311,318	2,529,917
Total assets	1,584,541	1,034,282	568,611	1,066,618	3,567,788	7,821,840
Liabilities						
Clients Accounts	84,942	-	24,352	-	226,106	335,400
Placements from financial institutions	1,627,510	733,781	628,765	54,011	-	3,044,067
Placements from non-financial institutions and individuals	571,430	202,095	36,651	89,115	380,800	1,280,091
Term financing	690,496	348,136	3,647	982,664	498,573	2,523,516
Total liabilities	2,974,378	1,284,012	693,415	1,125,790	1,105,479	7,183,074
Quasi Equity	1,016,175	407,823	302,783	323,335	1,267,813	3,317,929
Profit rate sensitivity gap	(2,406,012)	(657,553)	(427,587)	(382,507)	1,194,496	(2,679,163)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ 000's

35 FINANCIAL RISK MANAGEMENT (continued)

31 December 2024	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	Total
Assets						
Treasury portfolio	1,098,149	869,530	295,129	1,147,694	1,441,132	4,851,634
Financing contracts	193,600	228,294	105,369	352,584	1,178,310	2,058,157
Total assets	1,291,749	1,097,824	400,498	1,500,278	2,619,442	6,909,791
Liabilities						
Client's fund	143,772	-	60,420	-	-	204,192
Placements from financial institutions	917,786	767,814	678,009	80,850	-	2,444,459
Placements from non-financial institutions and individuals	574,931	133,285	224,136	4,888	455,564	1,392,804
Term financing	583,329	256,290	2,554	1,249,867	57,718	2,149,758
Total liabilities	2,219,818	1,157,389	965,119	1,335,605	513,282	6,191,213
Quasi Equity	1,776,009	197,079	139,945	292,655	575,129	2,980,817
Profit rate sensitivity gap	(2,704,078)	(256,644)	(704,566)	(127,982)	1,531,031	(2,262,239)

The management of profit rate risk against profit rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard profit rate scenarios. Standard scenarios that are considered include a 100 basis point (bp) parallel fall or rise in all yield curves worldwide. An analysis of the Group's sensitivity to an increase or decrease in market profit rates (assuming no asymmetrical movement in yield curves and a constant statement of financial position) is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ '000's

35 FINANCIAL RISK MANAGEMENT (continued)

100 bps parallel increase / (decrease)	2025	2024
At 31 December	± 11,477	± 8,694
Average for the year	± 11,902	± 11,235
Maximum for the year	± 12,620	± 12,717
Minimum for the year	± 11,318	± 8,694

Overall, profit rate risk positions are managed by Treasury, which uses placements from / with financial institutions to manage the overall position arising from the Group's activities.

The effective average profit rates on the financial assets, liabilities and unrestricted investment accounts are as follows:

	2025	2024
Placements with financial institutions	6.15%	6.32%
Financing contracts	8.27%	7.02%
Debt type investments - Sukuk	6.05%	5.53%
Placements from financial institutions, other entities and individuals	5.48%	5.85%
Term financing	5.86%	6.20%
Quasi Equity	5.76%	6.01%

Exposure to foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's major exposure is in GCC currencies, which are primarily pegged to the US Dollar. The Group had the following significant net exposures denominated in foreign currency as of 31 December from its financial instruments except for exposure in GCC currencies:

	2025 US\$ '000 Equivalent	2024 US\$ '000 Equivalent
Sterling Pounds	24,759	5,412
Euro	(625)	-
Kuwaiti Dinar	10,735	-
Turkish Lira	30,000	57,633
Egypt Pound	-	36,742
Jordanian Dinar	6	-

The management of foreign exchange risk against net exposure limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various foreign exchange scenarios. Standard scenarios that are considered include a 5% plus / minus increase in exchange rates, other than GCC pegged currencies. An analysis of the Group's sensitivity to an increase or decrease in foreign exchange rates (assuming all other variables, primarily profit rates, remain constant) is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ '000's

35 FINANCIAL RISK MANAGEMENT (continued)

	2025 US\$ '000 Equivalent	2024 US\$ '000 Equivalent
Sterling Pounds	± 24,759	± 5,412
Euros	± (625)	± (1,237)
Egyptian Pound	-	-
Kuwaiti dinar	± 10,735	± 6,975
Turkish Lira	± 30,000	± 30,000

Derivative financial instruments

The Group 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. Derivative instruments are contracts whose value is derived from one or more financial instruments or indices. The Group has appropriate and comprehensive Board-approved policies and procedures for the control of exposure to both market and credit risk from its derivative and foreign exchange activities. The Group primarily participates in over-the-counter contract arrangements for derivatives. The notional amount of foreign exchange forward contracts amount to US\$ 3,711,497 thousand (2024: US\$ 1,974,787 thousand) and fair value of these derivative contracts amount to US\$ 7,324 thousand (2024: US\$ 3,533 thousand) as at the year end. There were no derivative contracts that were designated as qualifying hedge instruments for the purpose of hedge accounting and the positions were considered as economic hedges.

Exposure to other market risks

Equity price risk on quoted investments is subject to regular monitoring by the Group. The price risk on managed funds is monitored using specified limits (stop loss limit, stop loss trigger and overall stop loss limit cap) set within the portfolio management contract for fund managers. The Group's equity type instruments carried at cost are exposed to risk of changes in equity values.

The significant estimates and judgements in relation to impairment assessment of fair value through comprehensive income investments carried at cost are included in note 5b(ii). The Group manages exposure to other price risks by actively monitoring the performance of the equity securities.

d)Operational risk

Operational risk is the risk of loss arising from systems and control failures, fraud and human errors, which can result in financial and reputation loss, and legal and regulatory consequences. The Group manages operational risk through appropriate controls, instituting segregation of duties and internal checks and balances, including internal audit and compliance. The Risk Management Department facilitates the management of Operational Risk by way of assisting in the identification of, monitoring and managing of operational risk in the Group.

During 2025, the Group did not have any significant issues relating to operational risks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ 000's

36 CAPITAL MANAGEMENT

The Group's regulator Central Bank of Bahrain (CBB) sets and monitors capital requirements for the Group as a whole. In implementing current capital requirements CBB requires the Group to maintain a prescribed ratio of total capital to total risk-weighted assets. The total regulatory capital base is net of prudential deductions for large exposures based on specific limits agreed with the regulator. Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures. The Group does not have a trading book.

The Group aims to maintain strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business.

The CBB sets and monitors capital requirements for the Bank as a whole. In implementing current capital requirements CBB requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets. Capital adequacy regulations of CBB is based on the principles of Basel III and the IFSB guidelines.

The Bank's regulatory capital is analysed into two tiers:

Tier 1 capital: includes CET1 and AT1.

CET1 comprise of ordinary share capital that meet the classification as common shares for regulatory purposes, disclosed reserves including share premium, general reserves, legal / statutory reserve, common shares issued by consolidated banking subsidiaries of the Bank and held by third parties, retained earnings after regulatory adjustments relating to goodwill and items that are included in equity which are treated differently for capital adequacy purposes.

AT1 comprise of instruments that meet the criteria for inclusion in AT1, instruments issued by consolidated banking subsidiaries of the Bank held by third parties which meet the criteria of AT1, and regulatory adjustments applied in calculation of AT1.

Tier 2 capital

This includes instruments issued by the Bank that meet the criteria for inclusion in Tier 2 capital, stock surplus resulting from issue of Tier 2 capital, instruments issued by consolidated banking subsidiaries of the Bank held by third parties that meet the criteria for inclusion in Tier 2, general provisions held against unidentified losses on financing and qualify for inclusion within Tier 2, asset revaluation reserve from revaluation of fixed assets and instruments purposes and regulatory adjustments applied in the calculation of Tier 2 capital.

The regulatory adjustments are subject to limits prescribed by the CBB requirements, these deductions would be effective in a phased manner through transitional arrangements from 2015 to 2018. The regulations prescribe higher risk weights for certain exposures that exceeds materiality thresholds. These regulatory adjustments required for certain items such as goodwill on mortgage service right, deferred tax assets, cash flow hedge reserve, gain on sale of related securitization transactions, defined benefit pension fund assets and liabilities, investment in own shares and reciprocal cross holdings in the capital of Banking and financial entities, investment in the capital of Banking and financial entities that are outside the scope of regulatory consolidation and where the Bank does not own more than 10% of issued common shares capital of the entity and significant investments in the capital of banking and financial entities that are outside the scope of regulatory consolidation.

Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2025

US\$ 000's

36 CAPITAL MANAGEMENT (continued)

The Bank's regulatory capital position was as follows:

	31 December 2025	31 December 2024
CET 1 Capital before regulatory adjustments	1,038,618	989,543
Less: regulatory adjustments	(37,017)	-
CET 1 Capital after regulatory adjustments	1,001,601	989,543
T 2 Capital adjustments	47,135	37,669
Regulatory Capital	1,048,736	1,027,212
Risk weighted exposure:		
Credit Risk Weighted Assets	5,475,931	5,317,410
Market Risk Weighted Assets	116,782	130,673
Operational Risk Weighted Assets	716,397	584,364
Total Regulatory Risk Weighted Assets	6,309,110	6,032,447
Investment risk reserve (30% only)	2	2
Profit equalization reserve (30% only)	3	3
Total Adjusted Risk Weighted Exposures	6,309,105	6,032,442
Capital Adequacy Ratio	16.62%	17.03%
Tier 1 Capital Adequacy Ratio	15.88%	16.40%
Minimum required by CBB	12.50%	12.50%
	12.50%	12.50%

The allocation of capital between specific operations and activities is primarily driven by regulatory requirements. The Group's capital management policy seeks to maximise return on risk adjusted capital while satisfying all the regulatory requirements. The Group's policy on capital allocation is subject to regular review by the Board of Directors. The Group has complied with the externally imposed capital requirements set by the regulator for its consolidated capital adequacy ratio throughout the year.

37 DOMESTIC MINIMUM TOPUP TAX

The Ultimate Parent Entity of the MNE group is domiciled and operates in the Kingdom of Bahrain which has issued and enacted Decree Law No. (11) of 2024 ('Bahrain DMTT law') on 1 September 2024 introducing a domestic minimum top-up tax ('DMTT') of up to 15% on the taxable income of the Bahrain resident entities of the MNE group for fiscal years commencing on or after 1 January 2025.

As per the group's assessment of applicability of the DMTT law, it has assessed and concluded that it is not in scope for the Bahrain DMTT law or the OECD Global Anti-Base Erosion Pillar Two Model Rules ('GloBE rules'). The reason for this conclusion is that it does not have total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

Accordingly, it does not expect to be subject to the Bahrain DMTT law and GloBE rules for the current fiscal year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

US\$ 000's

41 DECONSOLIDATION OF SUBSIDIARY

	31 December 2024
ASSETS	
Cash and bank balances	677
Receivables & prepayments	48,295
Financing Asset	31,948
Property and equipment	207,969
Total	288,889
LIABILITIES	
Payables and accruals	94,388
Total	94,388
Net assets transferred	194,501
Consideration received	
Real Estate	249,528
Net gain	55,027

Effect of disposal on the financial position of the Group

	31 December 2024	31 December 2023
ASSETS		
Cash and bank balances	677	237
Receivables & prepayments	48,295	50,665
Financing Asset	31,948	35,622
Property and equipment	207,969	181,651
Total	288,889	268,175
LIABILITIES		
Payables and accruals	94,388	65,696
Total	94,388	65,696
Net Assets	194,501	202,479

42 DOMESTIC MINIMUM TOPUP TAX

The Ultimate Parent Entity of the MNE group is domiciled and operates in the Kingdom of Bahrain which has issued and enacted Decree Law No. (11) of 2024 ('Bahrain DMTT law') on 1 September 2024 introducing a domestic minimum top-up tax ("DMTT") of up to 15% on the taxable income of the Bahrain resident entities of the MNE group for fiscal years commencing on or after 1 January 2025.

As per the group's assessment of applicability of the DMTT law, it has assessed and concluded that it is not in scope for the Bahrain DMTT law or the OECD Global Anti-Base Erosion Pillar Two Model Rules ('GloBE rules'). The reason for this conclusion is that it does not have total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

Accordingly, it does not expect to be subject to the Bahrain DMTT law and GloBE rules for the next fiscal year.



06

To approve the Board of Directors’ recommendation to allocate the net profit for the year 2025 as follows:

- To transfer an amount of US\$ 14,011,000 to the statutory reserve.
- To allocate an amount of US\$ 7,000,000 for the benefit of GFH Foundation and payment of the zakat due on the Group's shares.
- To distribute cash dividends of 10.11% of the nominal value of all the ordinary shares, net of treasury shares, up to US\$ 100 million, equivalent to US\$ 0.0268, BD 0.0101, UAE dirhams 0.0984 per share, this includes interim cash dividends of USD 0.0053 that were distributed to shareholders on 11 September, 2025.
- To transfer the remaining amount of approximately US\$ 19,099,000 as retained earnings for next year.

Event	Date
Cum-Dividend Date <i>(Last day of trading with entitlement to dividends)</i>	30 March 2026
Ex-Dividend Date <i>(First day of trading without entitlement to dividends)</i>	31 March 2026
Record Date for Bahrain Bourse, Dubai Financial Market, and Abu Dhabi Securities Exchange Listed Shares <i>(The day on which all shareholders whose names are on the share register will be entitled to dividends)</i>	01 April 2026
Record Date for Boursa Kuwait listed shares <i>(The Day on which all shareholders whose names are on the share register will be entitled to dividends)</i>	02 April 2026
Payment Date <i>(The Day on which the dividends will be paid to the entitled shareholders)</i>	15 April 2026

07

To recommend an amount of US\$3,000,000 as remuneration for the Board of Directors.



08

To discuss and ratify the corporate governance report for the financial year ended 31 December 2025, and the Group's compliance with all the governance requirements issued by the Ministry of Industry and Commerce and Central Bank of Bahrain.

Corporate Governance Report FY-2025

GFH Financial Group BSC ("GFH" or the "Bank") is an Islamic Wholesale bank that was established in 1999 in the Kingdom of Bahrain. GFH's business activities are carried in accordance with the principles of Islamic Sharia which include financial services, investment and commercial transactions, negotiable financial instruments, in addition to structured finance, securities and liquidity management designed to achieve profitable returns for investors.

In 2004, GFH Financial Group was converted from a closed shareholding company into a public shareholding company. Its shares are listed on the Bahrain Bourse, Boursa Kuwait, Dubai Financial Market, and the Abu Dhabi Securities Exchange. Today, GFH remains one of the few financial groups listed across all four major GCC exchanges, reinforcing its commitment to transparency, governance, and regional market access. As of 2025, the Group manages total assets and average assets under management together exceeding US\$23.61 billion, supported by the continued growth of its diversified platform across Wealth & Investment Management, Credit & Financing Income and Treasury & Proprietary Income, including its key subsidiaries GFH Partners and GFH Capital. This scale reflects GFH's disciplined growth strategy and its focus on delivering sustainable, risk-adjusted returns in full compliance with Islamic Sharia principles.

In 2025, GFH's strategic progress, institutional strength, and innovation were recognized through a series of prestigious regional and international awards. The Group was named "Leading Corporate for Investor Relations" by the Middle East Investor Relations Association (MEIRA), reflecting best-in-class practices in transparency, disclosure, and stakeholder engagement. GFH was also ranked among the "Top 50 Bahraini Companies for 2025" by AlBilad Press, underscoring its contribution to the Kingdom of Bahrain's economic development and financial sector leadership.

During the year, Euromoney awarded GFH "Bahrain's Best Islamic Fund Manager", recognizing the Group's leadership in Sharia-compliant asset management and product innovation. Further strengthening its 2025 credentials, GFH secured multiple accolades from MEA Finance, including two regional awards for Digital Banking & Fintech Solutions, Best ESG Strategy, as well as Best Investment Bank and Best Investment Management Firm. Also, received a notable recognition from Global Finance as "Best Private Bank in Bahrain 2025". Collectively, these recognitions highlight GFH's balanced strengths across digital transformation, sustainability leadership, advisory excellence, and investment management capabilities.

Throughout 2025, GFH continued to restructure and reposition its investment portfolio to capitalize on emerging market opportunities and evolving sector dynamics. This proactive portfolio management approach contributed to strong performance during the second and third quarters of 2025, reinforcing the Group's ability to generate resilient returns amid changing market conditions and supporting long-term value creation for stakeholders.

As a Public Shareholding Company, GFH's corporate governance framework is based on the guidelines issued by Ministry of Industry and Commerce (MOIC) under the Commercial Companies Law promulgated by Decree No. (21) for the year 2001 ("Companies Law") and the amendments thereto, the regulations of MOIC's Corporate Governance Code of 2018 promulgated by Decree No. (19) for 2018 and Ministerial Decree No. (91) of 2022 concerning the amendments to certain provisions of the Corporate Governance Code, the High-Level Controls Module ("HC Module") issued by the Central Bank of Bahrain (CBB) under its Rulebook - Volumes 2 and 6 and the amendments thereto and the Listing Rules approved by the Board of Directors of Bahrain Bourse in its meeting (4/2019) dated 08/10/2019 and the amendments thereto.

GFH's Corporate Governance Philosophy

The corporate governance framework is focused on assisting GFH to successfully meet its strategic objectives and maintain steady growth whilst remaining fully cognizant of our stakeholders and shareholders' interests.

GFH believes that compliance with corporate governance principles enhances its value through providing a suitable framework for the Board, Board Committees, Management Committees, and Management to perform their duties in a manner that serves the interests of the bank and its shareholders. For this reason, GFH strives to achieve the highest levels of transparency and accountability by adopting and executing strategies, goals and policies which are aimed to comply with the regulatory requirements.

The Board of Directors are accountable to shareholders for the creation and delivery of strong sustainable financial performance and long-term shareholder value. To achieve this, the Board implements and monitors the Bank's strategy and performance, within a framework of sound corporate governance. The Chairman of the Board is responsible for leading the Board, ensuring its effectiveness, monitoring the performance of the CEO, and maintaining a dialogue with the bank's stakeholders. The following control functions report directly to the Board's Audit and Risk Committee (ARC): Internal Audit, Risk Management and Compliance & AML.

Compliance with Regulations (High Level Control Module – CBB Rulebook, Volume 2 and 6)

In 2025, GFH continued the implementation of the Corporate Governance rules and the requirements of 'High Level Control Module of the CBB Rulebook Volume 6 (HC Module).

GFH ensures that the disclosures of all relevant information to stakeholders are done in a timely manner.

As per rule HC-A.1.12 of the HC Module with reference to the disclosure of the rule must be complied with by those to whom the content is addressed and non-compliance events (Comply or Explain Principle) which stipulates the need to elucidate the non-compliance cases and provide clarification on the same in event non-compliance with the rules and guidelines of the HC Module, GFH wishes to disclose the following:

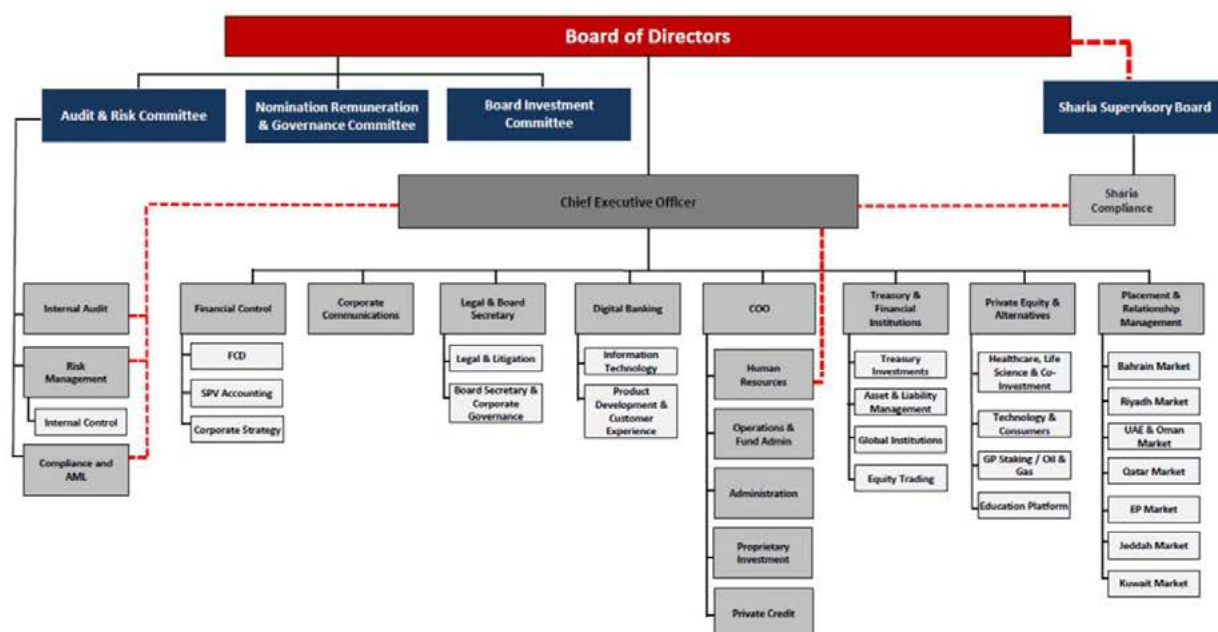
- The Nomination, Remuneration and Governance Committee does not include a Sharia Scholar (a member of Sharia Supervisory Board) as recommended under guidance note HC-9.2.4 (b). Sharia oversight is exercised independently through the Sharia Supervisory Board. In addition, continuous

coordination and communication are maintained between the Sharia Supervisory Board and the Board of Directors, as and when required.

- In accordance with Rule SG-2.3.9, at least one member of the Sharia Supervisory Board (SSB) is required to attend the Annual General Meeting (AGM) to respond to shareholders' enquiries during the discussion of the year-end financial results. However, at the AGM held on 20 March 2025, none of the SSB members were able to attend due to unforeseen circumstances. Accordingly, the SSB nominated Dr. Mohamed Abdulsalam, Group Head of Sharia Compliance, to attend the meeting on their behalf and address shareholders' enquiries.
- The shareholders' meeting has been attended by three Board members only –namely, Mr. Abdulmohsen Alrashed (Chairman), Mr. Hisham Alrayes, and Mr. Ali Murad– and not by all Board Members as recommended by guidance note HC-7.4.2, due to unforeseen circumstances.

Organizational Structure

As of 31st December 2025



GFH's Corporate Governance framework:

GFH's Corporate Governance framework remains in line with the applicable regulatory requirements and is comprised of GFH's Board of Directors' Charter, Code of Conduct for the Directors, Conflict of Interest Policy, Gift Policy, Whistleblowing Policy, Public Disclosures & Communication Policy, Client Charter, Code of Business Ethics & Conduct for the Management & staff members, NRCG Charter, Anti Bribery Corruption Policy, Insider

Trading Policy, Complaint Policy, Key Person Dealing Policy, Risk Management Framework, SSB Charter, and Fraud Risk Management Policy.

Furthermore, the Mechanism of Performance Evaluation of the Board, Board Committees, and Individual Board of Directors, as well as the other internal policies of the Bank, are in line with the regulations and guidelines issued by the CBB and international best practices.

As part of the disclosure requirements indicated in HC Module, GFH presents the following facts:

1. Ownership of shares

1.1 Distribution of shareholdings according to nationality

As of 31st December 2025, the shareholders register shows that there are 6,558 shareholders who own 3,832,593,838 shares at a nominal value of US\$ 0.265 per share, as follows:

Nationality	No. of Shareholders	No. of Shares	% of outstanding shares
Kuwaiti	3,509	1,450,419,476	37.84%
Emirati	1,077	817,633,846	21.33%
Bahraini	631	739,113,412	19.28%
Saudi	225	341,463,571	8.91%
Cayman Islands	5	180,878,684	4.72%
American	36	143,791,288	3.75%
Qatari	66	35,655,718	0.93%
Others	1,009	123,637,843	3.23%
Total	6,558	3,832,593,838	100%

1.2 Distribution of ownership according to the percentage of shareholding

The table below shows the distribution of ownership according to the percentage of shareholding as of 31st December 2025:

Particulars	No. of Shareholders	No. of Shares	% of outstanding shares
Less than 5%	6,556	3,357,474,250	87.60%
5% to less than 10%	2	475,119,588	12.40%
10% and more	0	0	0
Total	6,558	3,832,593,838	100%

1.3 Ownership of shares by Government entities

Authority Name	Government	Shares Owned	% of Shares Owned
General Pension and Social Security Auth	Bahrain	31,386,606	0.82%
California Public Employees' Retirement	USA	4,409,316	0.12%
Beit Alquran	Bahrain	8,516	0.0002%

1.4 Names of shareholders who own 5% or more

As of 31st December 2025, the following shareholders owned 5% or more of the Group's shares:

Name / Entity	%	No. of Shares
Keypoint (direct and indirect for the benefit of GFH Employee Incentive Plan)	5.36	205,336,679
GFH Financial Group (direct and indirectly held as Treasury Shares)*	9.87	378,355,444

*Partially held with Keypoint

2. GFH Board of Directors

2.1 Board of Directors Composition*

The Board of GFH is composed of ten (10) Directors as of 31st December 2025.

No.	Board of Directors	Designation	Representation	Start Date	Term
1	Mr. Abdulmohsen Rashed Alrashed	Chairman - Independent Director	NA	24-Mar-24	1 st
2	Mr. Ghazi Faisal Alhajeri	Vice Chairman - Independent Director	NA	1-Mar-17	3 rd
3	Mr. Hisham Ahmed Alrayes	Member - Executive Director	NA	5-Apr-16	4 th
4	Mr. Rashid Nasser Al-Kaabi	Member - Non-Executive Director	NA	1-Mar-17	3 rd
5	Mr. Ali Murad Ali Murad	Member - Independent Director	NA	31-Mar-20	2 nd
6	Mr. Abdulla Jehad Alzain	Member - Independent Director	NA	24-Mar-24	1 st
7	Mr. Abdulaziz Abdulhamid Albassam	Member - Independent Director	NA	24-Mar-24	1 st
8	Mr. Fawaz Talal Altamimi	Member - Independent Director	NA	30-Sep-20	2 nd
9	Mr. Darwish Abdulla Alketbi	Member - Independent Director	NA	3-Apr-22	2 nd
10	H.H. Shaikha Minwa Bint Ali Alkhalifa	Member - Independent Director	NA	24-Mar-24	1 st

*10% of the Board Members is represented by women.

*90% of the Board Members is represented by men.

*80% of the Board Members are independent directors.

2.2 Independence of Board of Directors

In compliance with the CBB requirements, which mandates at least one third of the members of the Board of Directors to be Independent Directors; as of 31st December 2025, the Board was comprised of eight Independent Directors which includes the Chairman of the Board, the Chairman of the Audit and Risk Committee and the Chairman of the Nomination, Remuneration and Governance Committee.

To ensure the independence of members, all Board of Directors are required to inform the Board about any changes that may occur in their capacity which may affect the assessment of their independence by

the Board of Directors. They should also ensure that their membership of the Board is not in conflict with any of their other interests and enables them to devote their time and attention to the Board. Before starting any Board meeting, the Chairman instructs the Board of Directors to abstain from voting on any resolution that pose a conflict of interest; this is in addition to the annual disclosure submitted to the Board of Directors in compliance with the conflict-of-interest policy applicable in GFH.

The Nomination, Remuneration and Governance Committee is responsible, along with its role in the identification, assessment, and selection of candidates for membership of the Board of Directors, for the verification of the independence of members through the controls established by the regulations in this regard. In the selection process, the Committee ensures that the executive and non-executive candidates have wide expertise in different fields of business and support services. Independent Directors are chosen from different sectors to ensure diversified views and expertise within the Board, as the current independent Directors come from financial, commercial and government sectors.

2.3 Function of Board and responsibilities of the Board of Directors

The Articles of Association of GFH Financial Group stipulate the responsibilities of the Chairman and members of the Board of Directors as well as the guidelines of corporate governance with respect to the distribution of responsibilities between the Board of Directors and executive management. The BOD oversees all the business activities in consultation with the executive management team. The BOD also discusses and agrees with GFH Financial Group's business strategy. Additionally, the BOD is responsible for risk management and the preparation of consolidated financial statements in accordance with AAOIFI standards as modified by the CBB and corporate governance issues. The matters which require the approval of the Board include long-term strategic and annual business plan, matters pertaining to corporate governance, acquisition, and disposal of investments, exit of projects. This is along with the main role of the Board which is to ensure adherence to the values of GFH Financial Group, including the values set forth in its internal regulations.

When appointed, the Board of Directors are provided with the necessary detailed information to enable them to effectively perform their main role of overseeing the strategic, operational, financial, and compliance affairs as well as corporate governance controls in GFH Financial Group. The corporate governance framework allows a member of the Board of Directors to seek independent advice when necessary.

With respect to the channels of communication between the BOD and executive management, the Board of Directors can always contact and request information from the executive management.

2.4 System for Election and Termination of Directors

The system for the election and termination of Directors is governed by Article 176 - 179 of the CCL-2001 and the amendments thereto and Articles 24 - 28 of AOA.

As per the contract signed with the Directors, GFH may terminate the Director's appointment with

immediate effect if the Director has:

- 1) committed any serious or repeated breach or non-observance of his obligations to GFH (which includes an obligation not to breach any fiduciary duties) including those arising under this agreement; or
- 2) been guilty of any fraud or dishonesty or acted in any manner which, in the opinion of GFH, brings or is likely to bring the Director or GFH into disrepute or is materially averse to the interests of GFH; or
- 3) been declared bankrupt or have arranged with or for the benefit of his creditors, or any similar or analogous act or event; or
- 4) been disqualified from acting as a director for any reason; or
- 5) been absent without a valid reason for more than four (4) consecutive board meetings.

Furthermore, in line with Article 179 of CCL-2001 and Articles 29 and 31 of AOA, in case of vacancy of one of the board members becomes vacant, he shall be replaced by the member next to him in the number of votes in the latest elections of the board. The new member shall complete the unexpired term of his predecessor. In cases other than this, the board shall elect by secret ballot a member to replace him from among the candidates nominated by two of the board members, at least until the next meeting of the general assembly.

2.5 The Right of Shareholders to appoint Directors of the Board

Under Article 175 of the Commercial Companies Law of 2001 (CCL-2001) and the amendments thereto and Article 27 of GFH's Amended and Restated Articles of Association (AOA) of the Bank, each shareholder who owns 10% or more of the capital is entitled to appoint his representative in the BOD in proportion to the number of Directors of the Board.

2.6 Letter of Appointment of Board of Directors

Upon appointment, the Directors are required to sign a written agreement (letter of appointment) with GFH. The agreement contains details of the responsibilities and powers of the Directors as well as the information required by the regulations. Upon appointment, the Board of Directors is presented with a comprehensive official introduction specifically designed for this purpose. It includes, among other things, a review of the Board's role in general and the duties and roles of the Board of Directors in particular, in addition to meeting with the executive management, presentation of GFH's strategy, financial performance, risks and legal issues and other related matters.

During the term of membership, a member of the Board of Directors must be fully aware of all aspects of the business, including the Bank's policies relating to corporate governance.

2.7 Induction of New Directors and Continuous development of the Board

GFH conducts an orientation program for new Directors that features presentations from senior management. These presentations address the Group's strategic plans, key financial and accounting challenges, risk management practices, compliance initiatives, operational details, the Code of Conduct, the management hierarchy, executive officers, and both internal and external auditors.

The Charter of the Board of Directors serves as a reference point for the Board activities. The Charter outlines the demarcation of the roles, functions, responsibilities and powers of the Board, various Board committees of GFH and matters reserved for final decision-making or preapproval by the Board and the policies and practices of the Board in respect of matters such as conflicts of interest and convening of Board meetings.

The Board Charter sets up a detailed Board Training guide which provides a framework for the induction/orientation of new Board of Directors. The new Board of Directors are provided with a presentation pack containing overview/highlights of GFH.

All the members of the Board at the time of appointment should sign a director's contract, which contains the terms of the appointment, duties and responsibilities of the members, membership and time commitment, conflicts of interest, resignation and termination, confidentiality of information, requirement for the completion of professional development trainings and other details which the Board of Directors must abide by during their tenure.

Furthermore, the Bank has established appropriate ongoing training and continuing professional development ('CPD') arrangements to educate the directors on topics of relevance to the Bank's business, the industry and compliance obligations.

2.8 Separation between the position of Chairman/Deputy Chairman and Chief Executive Officer

In compliance with the CBB requirements, the position of the Chairman/Deputy Chairman and that of the Chief Executive Officer are segregated and there is no amalgamation of responsibilities in these two positions.

2.9 Transactions Requiring Board Approval

As part of their central leadership and designated authority, the Board of Directors discuss and approve matters pertaining to Strategic Planning, Business Plan, Policies and Procedures, Annual Report, Financial Statements, Appointment of External Auditors and Strategic Partnerships. Furthermore, other matters such as strategic decisions, investment fund proposals, provisions and write-off limits or credit and exposure limits may require the Board's approval as per the internal designated authority limits.

2.10 Board's Performance Evaluation

At GFH, a comprehensive Board Performance Evaluation Pack (framework for the annual self-

assessment process by the Board, the Board Committees, and Individual Directors) is in place which is in line with the CBB guidelines (HC Module).

The evaluation is to be used to assess Board effectiveness and support in identifying the need for:

- A revised mix of skills/experience on the Board.
- Board training and/or professional support.
- Replacement of Individual Directors whose contribution is deemed inadequate.

The Board Performance Evaluation Framework is based on the following - Principles:

- The Board shall, through the Nomination, Remuneration and Governance Committee (NRGC), undertake a formal and rigorous annual evaluation of its own performance and that of its Committees and Individual Directors.
- The Chairman will act on the results of the performance evaluation by recognizing the strengths and addressing the weaknesses of the Board. The Chairman of the NRGC will be responsible for the performance evaluation of the Chairman, considering the views of other Board of Directors.
- The evaluation process will be used constructively as a mechanism to improve Board effectiveness, maximize strengths, and tackle weaknesses.
- The results of Board evaluation will be shared with the Board as a whole, while the results of individual assessments will remain confidential between the Chairman and the concerned Director.
- Key results indicators derived from the strategic plans and objectives, should be used to measure the Board's performance.

The Board Performance Evaluation Framework is based on the following - Methodology:

- Each Director is required to complete the 'Board Performance Evaluation Form' and the "Individual Director's Self Evaluation Form".
- The Chairman of the Board will also individually evaluate each of the Directors.
- NRGC will collate the ratings of the Board (Board Performance Evaluation Form) completed by each Director; accordingly, to reach the final result.
- Each Committee Member will also perform rating of their respective committee(s).
- Similarly, NRGC will collate the ratings of each Committee (NRGC/BIC/ARC); to reach the results of that given committee.

2.11 Remuneration of the Board of Directors

Remuneration of the Board of Directors is recommended to the Board of Directors by the Nomination, Remuneration & Governance Committee and the Board of Directors then makes the recommendation to the shareholders at the annual general meeting.

The Board of Directors' remuneration takes into consideration the performance of the Bank as well as an assessment of compliance of individual members with their performance agreement and individual responsibilities. During the year 2025, the Board was paid fees as stated in the Chairman's Report accompanying the consolidated financial statements.

2.12 Board Code of Conduct

The Board has approved a code of conduct for all staff of the Bank and the Board of Directors. The Code includes guidance on dealing with conflict of interests, insider trading, key person dealing, receiving gifts, system & controls framework, confidentiality etc. It also binds the Directors, Executive Management, and staff to the highest standard of professionalism and diligence in discharging their duties. All Board of Directors and senior management of the Bank have affirmed compliance with the Code of Conduct. The Board of Directors are excluded from dealings in matters related to an external entity where they hold a position. Any breach of the code is reported to the Board NRGC by the Board Secretary, Head of Compliance, or the Head of Human Resources. The Board NRGC is responsible to take the necessary action.

2.13 Board Conflict of Interest

Any conflict of interest that might arise from the Board of Directors is governed by the Board Conflict of Interest Policy. Each Director is required to annually disclose any potential conflict of interest that might arise during the term of their membership. Any transaction that has occurred during their term as a Director must be disclosed to the Board through the Conflict-of-Interest Reporting Form. Any conflict of interest arising from any Director must be ratified by the Board, and the respective Director will be refrained from voting on that matter.

2.14 Board of Directors Meeting and Attendance

The meetings of the Board of Directors and the Board committees are held whenever the need arises, but under the regulations, the BOD should meet at least four times during a single fiscal year. The BOD held four (4) meetings during 2025. The shareholders' meeting was held on 20th March 2025.

In addition to official meetings, several urgent resolutions were also passed by circulation in 2025 via e-mail to the Board of Directors.

As for the agenda of the meetings of the Board of Directors, it is sent to the Directors at a suitable time before the date of the meeting, to provide them with the necessary information, reports and documents

for their information and review. The Board of Directors is notified of all topics and key events that arise and may require their approval. The executive management is responsible for informing the Board of Directors of the performance of GFH at each meeting.

Board of Directors	13-Feb-25	13-May-25	13-Aug-25	13-Nov-25	Attendance %
Mr. Abdulmohsen Rashed Alrashed	✓	✓	✓	✓	100%
Mr. Ghazi Faisal Alhajeri	✓	✓	✓	✓	100%
Mr. Hisham Ahmed Alrayes	✓	✓	✓	✓	100%
Mr. Rashid Nasser Al-Kaabi	✓	✓	✓	✓	100%
Mr. Ali Murad Ali Murad	✓	✓	✓	✓	100%
Mr. Abdulla Jihad Alzain	✓	✓	✓	✓	100%
Mr. Abdulaziz Abdulhamid Albassam	✓	✓	✓	✓	100%
Mr. Fawaz Talal Altamimi	✓	✓	✓	-	75%
Mr. Darwish Abdulla Alketbi	✓	✓	✓	✓	100%
H.H. Shaikha Minwa Bint Ali Alkhalifa	✓	✓	✓	✓	100%

✓ Attended physically

✓ Attended via video conference

2.15 Quorum required for adoption of Board resolutions

The required quorum for the meetings of the Board of Directors and the Annual General Meeting shall be in accordance with the provisions of the Articles of Association of GFH. The Board of Directors may pass its resolutions via post, e-mail, fax, conference call, video call or any other means of audio or video communication pursuant to the provisions of Article 35-2 of the Articles of Association of the Bank.

2.16 GFH Board of Directors and their other memberships*

The table below shows the composition of the Board of Directors, the other memberships of the Directors and membership of the committees as of 31st December 2025:

Board of Directors	Number of memberships in other boards of Directors	Number of memberships in other boards of Directors in Bahrain	Number of memberships in other boards of Directors of banks in Bahrain
Mr. Abdulmohsen Rashed Alrashed	28	1	-
Mr. Ghazi Faisal Alhajeri	6	-	-
Mr. Hisham Ahmed Alrayes	38	17	-
Mr. Rashid Nasser Al-Kaabi	6	-	-
Mr. Ali Murad Ali Murad	6	4	1
Mr. Abdulla Jihad Alzain	31	20	-
Mr. Abdulaziz Abdulhamid Albassam	10	-	-
Mr. Fawaz Talal Altamimi	7	-	-
Mr. Darwish Abdulla Alketbi	5	-	-
H.H. Shaikha Minwa Bint Ali Alkhalifa	7	7	-

* No Director holds more than 3 Directorships in public companies in Bahrain.

2.17 Ownership of the Members of the Board in GFH shares

The table below shows the change in the ownership of members of the Board of Directors of the shares of GFH Financial Group, as of 31st December 2024 compared to that of 31st December 2025:

Board of Directors	Shares owned as of 31st December 2024	Shares owned as of 31st December 2025	Percentage of ownership as of 31st December 2025
Mr. Abdulmohsen Rashed Alrashed	66,788,056	66,788,056	1.74%
Mr. Ghazi Faisal Alhajeri	-	-	-
Mr. Hisham Ahmed Alrayes	179,353,273	181,754,066	4.74%
Mr. Rashid Nasser Al-Kaabi	-	-	-
Mr. Ali Murad Ali Murad	168,049,784	168,049,784	4.39%
Mr. Abdulla Jihad Alzain	-	-	-
Mr. Abdulaziz Abdulhamid Albassam	-	-	-
Mr. Fawaz Talal Altamimi	-	-	-
Mr. Darwish Abdulla Alketbi	-	-	-
H.H. Shaikha Minwa Bint Ali Alkhalifa	40,777,778	41,000,000	1.07%

2.18 Directors' trading of the Bank's shares and distribution of ownership on an individual basis during the year 2025

Board of Directors	Total no. of shares held as of 31st Dec 2024	Transactions - within the period 1st Jan - 31st Dec 2025			Total no. of shares held as of 31st Dec 2025	% of ownership
		Sold	Transferred for settlement #	Additional Position		
Mr. Abdulmohsen Rashed Alrashed	66,788,056	-	-	-	66,788,056	1.74%
Mr. Ghazi Faisal Alhajeri	-	-	-	-	-	-
Mr. Hisham Ahmed Alrayes	179,353,273	23,622,340	23,228,539	49,251,672	181,754,066	4.74%
Mr. Rashid Nasser Al-Kaabi	-	-	-	-	-	-
Mr. Ali Murad Ali Murad	168,049,784	-	-	-	168,049,784	4.39%
Mr. Abdulla Jihad Alzain	-	-	-	-	-	-
Mr. Abdulaziz Abdulhamid Albassam	-	-	-	-	-	-
Mr. Fawaz Talal Altamimi	-	-	-	-	-	-
Mr. Darwish Abdulla Alketbi	-	-	-	-	-	-
H.H. Shaikha Minwa Bint Ali Alkhalifa	40,777,778	-	-	222,222	41,000,000	1.07%

#Certain of the bank's share schemes include a leverage component, and any settlement within the Group share scheme policies are reduced from employee holdings.

3. Board Committees

GFH Board has formed three Committees, each with clearly defined roles and responsibilities. These Standing Committees are the Board Investment Committee, Audit and Risk Committee, and the Nomination, Remuneration, and Governance Committee. The following section provides a summary of the

Committees' activities in 2025, including meeting dates, Director attendance, and a brief outline of each Committee's primary responsibilities.

3.1 The Board Investment Committee

The Board Investment Committee (BIC) is responsible for establishing operating guidelines and reviewing and endorsing the recommendations for investment strategies, products and services. It has the authority to make investment transaction decisions within the limits delegated by the Board of Directors.

During the fiscal year 2025, the Committee held three meetings as detailed below.

No Minimum Number of Meetings Required

BIC Members	Designation	11-Feb-25	12-May-25	13-Nov-25	Attendance %
Mr. Hisham Ahmed Alrayes	Chairman – Executive Director	✓	✓	✓	100%
Mr. Ali Murad Ali Murad	Independent Director	✓	✓	✓	100%
Mr. Abdulla Jihad Alzain	Independent Director	✓	✓	✓	100%
Mr. Abdulaziz Abdulhamid Albassam	Independent Director	✓	✓	✓	100%

✓ Attended physically

✓ Attended via video conference

3.2 Audit and Risk Committee

The Audit & Risk Committee (ARC) is responsible for assisting the Board of Directors of the Group in fulfilling its oversight responsibilities. This includes overseeing the audit process, the financial reporting process, the system of internal control, the risk management framework, and the Bank's processes for monitoring compliance with laws and regulations, as well as the respective codes of conduct.

During the fiscal year 2025, the Committee held five meetings, as detailed below:

Minimum Number of Meetings Required = 4

ARC Members	Designation	12-Feb-25	12-May-25	12-Aug-25	24-Sep-25	11-Nov-25	Attendance %
Mr. Ghazi Faisal Alhajeri	Chairman – Independent Director	✓	✓	✓	✓	✓	100%
Mr. Fawaz Talal Altamimi	Independent Director	✓	✓	✓	✓	-	75%
Mr. Darwish Abdulla Alketbi	Independent Director	✓	✓	✓	✓	✓	100%

✓ Attended physically

✓ Attended via video conference

3.3 The Nomination, Remuneration & Governance Committee

The Nomination, Remuneration & Governance Committee (NRGC) is responsible for recruitment, rewards, incentive compensation of employees and the preparation of internal policies to manage human resources and other administrative matters. It is also responsible for overseeing the governance framework of GFH Financial Group.

During the fiscal year 2025, the Committee convened one meeting, as outlined below. In the absence of a second meeting, resolutions were approved through circulation.

Minimum Number of Meetings Required = 2

NRGC Members	Designation	29-Sep-25	Attendance %
Mr. Fawaz Talal Altamimi	Chairman – Independent Director	✓	100%
Mr. Rashid Nasser Al-Kaabi	Non-Executive Director	✓	100%
H.H. Shaikha Minwa Bint Ali Alkhalifa	Independent Director	✓	100%

✓ Attended physically

✓ Attended via video conference

4. Sharia Supervisory Board

In pursuance with the provisions of its Article of Association, GFH Financial Group has always carried out its banking activities in compliance with Islamic Sharia principles that constitute an integral part of the entire policies of the Bank. GFH Sharia Supervisory Board (SSB) is comprised of seasoned Sharia experts whose advise and guidance allows the Group to ensure due compliance.

4.1 SSB Meetings and Attendance

During the fiscal year 2025, the SSB held four meetings, as detailed below:

SSB Members	Designation	11-Feb-25	23-Jun-25	11-Sep-25	11-Nov-25	Attendance %
H.E. Sheikh Abdullah Al Meneea	Chairman	✓	✓	✓	✓	100%
Sheikh Nedham Yaqoobi	Executive Member	✓	✓	✓	✓	100%
Sheikh Fareed Hadi	Executive Member	✓	✓	✓	✓	100%
Sheikh Abdulaziz Al Qassar	Executive Member	✓	✓	✓	✓	100%

✓ Attended physically

✓ Attended via phone/video conference

According to rule SG-2.3.17 of the HC Module, the Sharia Supervisory Board (SSB) must meet with the Board of Directors of the Bahraini Islamic bank licensee at least once a year to discuss issues of common interest. Such meetings must have a clear and specific agenda including the difficulties faced by both parties and ways to resolve them.

GFH held a joint meeting between the SSB and its Board of Directors on November 13, 2025.

4.2 SSB Remuneration

During 2025, the total remuneration paid to Sharia Supervisory Board was USD405,000.

5. Executive Management

5.1 Executive Management Profile

Our Executive Management and Senior Leadership Team represent a renowned group of financial and managerial specialists. Their combined international experience and deep-rooted regional expertise underpin the confidence and ambition with which we continue to build our diversified structure.

Name & Designation	Profession	Experience in years	Qualifications
Hisham Alrayes Group CEO & Board Member	Asset Management, Banking & Investment	Over 27	- Master's with honors in Business Administration, University of DePaul University – USA. - BSc. in engineering with honors, University of Bahrain. - Honored by His Majesty King Hamad bin Isa Al Khalifa with the National Action Pioneers Medal (First Degree) for being among Bahrain's pioneers for their dedication in serving the nation.
Sattam Algosaibi Chief Executive Officer, Khaleeji Bank	Conventional & Islamic Banking	Over 27	- Master's in Business Administration, DePaul University – USA. - BSc. in Accounting Science, King Fahad University of Petroleum & Minerals – KSA.
Salah Sharif Chief Operating Officer	Banking & Investment	Over 33	- MBA with Distinction, University of South Wales, UK. - Completed Senior Executive Leadership Program, Harvard Business School, Boston, USA.
Bhaskar Mehta Chief Risk Officer & Acting CFO	Risk Management	Over 19	- Completed the one-year Sustainability Leadership Programme for Senior Executives, INSEAD - MBA in Finance & International Business, IMT Ghaziabad. - International Diploma in Governance, Risk & Compliance, ICA (International Compliance Association). - Certified FRM (Financial Risk Management), GARP. - Risk Management for Corporate Leaders program, Harvard Business School Executive Education.
Dr. Mohamed Abdulsalam Group Head of Sharia Compliance	Accounting & Sharia	Over 21	- BSc. in Islamic Accounting, Al-Imam Mohammed Ibn Saud University. - MBA in Accounting and Financial Control. - Ph.D. in Accounting, the United States, California.
Pietro De Libero Board Secretary & Chief Legal Officer	Legal	Over 26	- Graduated in law, summa cum laude, at Università degli Studi di Milano. - Solicitor of England and Wales. - Associate of the Chartered Institute of Arbitrators (ACI Arb)

Baha Al-Marzooq Chief Internal Audit	Auditing & Banking	Over 26	- Qualified in Italy (non-practicing) - BSc. in Accounting, University of Bahrain. - Executive MBA, University of Bahrain. - Certified Public Accountant (CPA). - Certified Internal Auditor (CIA). - Senior Executive Leadership Program – Harvard Business School
Hammad Younas CEO - GFH EQUITIES & Group Chief Investment Officer	Investment Banking & Private Equity	Over 27	- CFA charter holder, the CFA Institute USA. - A fellow member of the Association of Chartered Certified Accountants of the UK. - FCA, the Institute of Chartered Accountants of Pakistan.
Nael Mustafa Chief Executive Officer, GFH Partners Co-Chief Investment Officer – Real Estate	Real Estate Asset Management & Investment	Over 33	- BSc. in Accounting and Finance, University of Bahrain. - MBA, Edinburgh Business School. - Chartered Financial Analyst.
Razi Almerbati CEO GFH Capital & Group Chief Placement Officer	Placement & Relationship Management	Over 23	- BSc. in Business Informatics, AMA International University, Bahrain. - Certified Series 7 license holder.
Dr. Ahlam Zainal Chief Executive Officer, Al Areen Holding	Real Estate Investment & Development Sector	Over 17	- Master's degree in Architecture in Urban Design, Harvard University - Ph.D. in Urban Engineering, University of Tokyo.
Ayman Zaidan Group Chief - Treasury & Financial Institutions	Treasury, Investment Banking & Finance	Over 33	BSc. in Accounting and a minor in Business Administration, University of Jordan.
Osama Nasr Chief Technology Officer GFH Financial Group & Khaleeji Bank	Digital, AI & Technology Transformation	Over 23	- Master of Science in Information Systems Management, University of Liverpool – UK. - B.Sc. in Computer Science, Isra University – Hashemite Kingdom of Jordan.
Muneera Isa Head of Human Resources	Human Resources	Over 22	- BSc. in English Literature, University of Bahrain. - Master's Certificate in Human Resource Management, the Society for Human Resource Management (SHRM). - CIPD Level 5 Diploma in Human Resource Management, the Chartered Institute of Personnel and Development (CIPD). - Completed the "Strategic Leadership in the Era of Disruption" executive programme at Saïd Business School, University of Oxford.
Mariam Jowhary Head of Compliance & AML	Compliance	Over 21	- BSc. in Banking and Finance with honors, University of Bahrain. - Advanced Islamic Banking Diploma from BIBF. - APRM & CIPA Professional Certifications.
Mohammed Abdulmalik Senior Executive Director-Placement Management (Qatar Market)	Placement & Relationship Management	Over 25	BSc. in Accounting, University of Bahrain.
Ahmed Jamsheer Head of Treasury Investments	Treasury & Investments	Over 20	Master's in Finance with high distinction.

			BSc. in Finance with honors, Bentley University, Waltham, MA, US.
Khaled Basri Senior Executive Director, Placement & Relationship Management (Head of UAE & Oman Market)	Wealth Management	Over 20	- CFA Charterholder. - Undergraduate (Honours) Degree, North Umbria University, Newcastle in Management, Newcastle Business School.
Mohamed Khonji Senior Executive Director- Placement Management (Eastern Province)	Placement & Relationship management	Over 26	- MBA, University of Hull, UK. - Completed the Senior Executive Leadership Program ("SELP") at Harvard Business School. - Civil Engineering Associated Diploma from University of Bahrain. - Harvard Alumni, Certified Islamic Financial Analyst (CIFA), holder of a Securities Market Regulation certificate (Series 79). - Associated Member of the Chartered Wealth Management (F32CWM) at the International Academy of Finance Management. - Completed the Securities Market Regulation Certificate Series 79 at Bahrain Institute of Banking and Finance (BIBF). - Completed Introduction to Securities & Investment (KSA) Certificate at The Chartered Institute for Securities & Investment (The CISI).
Mohamed Al Tamimi Senior Executive Director, Placement & Relationship Management (Riyadh Market)	Placement & Relationship management	Over 18	- BSc. in Financial Services, Bradford University in the United Kingdom. - Certified Series 7 license holder.
Dr. Mohamed Manasra CEO of Healien Healthcare Platform	Medicine & Healthcare	Over 22	- Doctor of Dental Surgery degree, Ajman University of Science and Technology. - MBA, Briston University
Sahar Qanati Head of Corporate Communications	Marketing and Communications	Over 19	- B.Sc. in Computer Engineering from the University of Bahrain. - Specialist Diploma in Crisis Communication from the Chartered Institute for Public Relations (CIPR) - Advanced Diploma in Public Relations from CIPR. - Diploma in Learning & Development from CIPD.

5.2 Remuneration of the Executive Management

Executive Management is entitled to a fixed remuneration as per their contractual agreements, and any other performance-related incentives/bonuses must be approved by the Board.

5.3 Executive Managers' trading of the Bank's shares and distribution of ownership on an individual basis during the year 2025

Name of Management & Approved Persons	Total no. of shares held as of 31 st Dec 2024	Transactions - within the period 1st Jan - 31st Dec 2025			Net total no. of shares held as of 31 st Dec 2025
		Sold	Transferred for settlement #	Additional Position*	
Hisham Alrayes	179,353,273	23,622,340	23,228,539	49,251,672	181,754,066
Salah Sharif	8,025,010	3,200,000	817,301	3,205,335	7,213,044
Baha Al Marzooq	773,884	544,750	-	446,988	676,122
Hammad Younus	3,167,546	2,329,208	-	1,461,529	2,299,867
Nael Al Kujok	3,161,116	-	1,167,572	4,363,543	6,357,087
Razi Al Merbati	14,016,653	-	1,401,086	4,370,868	16,986,435
Pietro de Libero	1,375,146	1,027,790	-	873,879	1,221,235
Dr. Mohamed Abdulsalam	924,739	556,067	-	471,957	840,629
Muneera Isa	833,682	743,807	216,232	1,085,977	959,620
Ahmed Jamsheer	2,571,696	1,875,024	-	1,090,060	1,786,732
Osama Nasr	-	130,930	-	130,930	-
Mariam Jowhary	426,605	656,424	432,465	1,439,362	777,078
Bhaskar Mehta	1,104,285	999,504	-	1,027,950	1,132,731
Ayman Zaidan	-	-	-	803,858	803,858
Sahar Qanati	-	-	-	-	-
Mohammed Mattar	-	-	-	-	-
Waleed Hasan	-	-	-	-	-
Khalid Abdulrahman	-	-	-	-	-
Total	215,733,635	35,685,844	27,263,195	70,023,908	222,808,504

#Certain of the banks share schemes include a leverage component, and any settlement within the Group share scheme policies are reduced from employee holdings.

* Includes the shares bought directly from market or/and the shares awarded/ vested under Employee Share Schemes or/and the stock dividend on such shares received during the year.

6. Audit fees and other services provided by the external auditor

During the Annual General Meeting held on 20th March 2025, the shareholders approved the re-appointment of KPMG as external auditors for the year ending 31st December 2025 and authorized the Board of Directors to determine their remuneration, accordingly KPMG and its network firms has provided GFH Financial Group and its subsidiaries with the following services:

Categories of services	Fees in BD (in thousands)	Main types of services included in each category
(a) Audit and review services of the group consolidated financial statements	887.34	- Audit of the statutory AAOIFI FAS GFH Group consolidated financial statements for the year ended 31 December 2025. - Audit of the statutory financial statements of GFH Group's significant subsidiaries and affiliated entities (mainly asset holding entities). - Additional fees and Overruns towards audit of GFH Group consolidated financial statements and towards audit of GFH Group's significant subsidiaries and affiliated entities for the year ended 31 December 2024. - Review of condensed consolidated interim financial statements of GFH Group and its subsidiaries for the period ended 31 March, 30 June, 30 Sep 2025.
(b) Services other than Audit		
i. Audit related services	505.06	<u>Audit related services</u> - Accounting and regulatory assessment in relation to AT 1 Sukuk Capital issuance. - Regulatory AUPs and other assurance reports required by CBB and MOIC for March 2025, June 2025 and September 2025 (PIR, XBRL, Semi annual PD, arabic translation of FS) for GFH and its significant subsidiaries in Bahrain. - GFH external sharia compliance review report - Accounting and regulatory assessment of specific transactions carried out during the year. - Consolidation accounting opinions as per requirements of CBB. - Regulatory returns (AUPs) and client money assurance review report for significant subsidiaries in Dubai and KSA.
ii. Tax	178.24	<u>Tax related services</u> DMTT, Transfer pricing, corporate tax assessment and VAT compliance and tax advisory services to GFH Group and its subsidiaries.
iii. Advisory	262.80	<u>Other non-audit services (advisory)</u> Additional fees towards modification, acceleration and review of share-based schemes, co-investment / carry schemes and other variable

		incentive schemes operating in GFH Group including extended work done on HR related Matters. - Additional fees for review of management assessment for specific transactions and loan staff to the operation team for internal project management support. - Assistance with Baseline and source code review, Al Waffer Draw and Unclaimed Dividends for its subsidiary in Bahrain.
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#The assessment of conflict and independence is subject to review by the Audit Committee of the Group and / or its subsidiaries, as applicable.

7. Other topics

7.1 Transactions with Related Parties

Details of transactions with related parties are indicated in detail in Note 24 of the consolidated financial statements for the fiscal year ended 31st December 2025. All related party transactions are approved by the Board of Directors and will be disclosed to the shareholders at the Annual General Meeting.

Below are the related party transactions:

- The sale of the Marrakech Hotel and acquisition financing to Maalem Company W.L.L., a subsidiary of Infinity Capital.

Below illustrates the instances whereby a Board Member has abstained from voting because of a conflict of interest:

Sr.	Board Member Name	Abstaining from Voting Instances	Approval Authority	Status
1	Mr. Abdulla Alzain	1	Board of Directors	Approved

7.2 Approval process for Connected Counterparty Transactions

All connected counterparty exposures (within the CBB defined limits) will be approved by the appropriate approving authority as per the Delegate Authority Limit (DAL). Where the approving authority as per DAL is connected/interested, the approval authority shall move to the next level.

In determining whether to approve a Connected Counterparty Transaction, the requesting and approving authority will consider, among other factors, the following factors to the extent relevant to the Connected Counterparty Transaction:

- Exposures to connected counterparties may be justified only when undertaken for the clear commercial advantage of the bank, when negotiated and agreed on an arm's length basis, and when included in the policy statement agreed with the Central Bank.
- No Islamic facilities provided by a bank to its own external auditors shall be permitted (External

auditors include firm/ partnership, the partners, the directors, and managers of the audit firm). In addition, unless provided for in the contract, off-balance sheet restricted investment accounts will not be permitted to participate in on-balance sheet corporate funding and vice versa and movement within restricted investment accounts is not permitted unless specifically permitted under a valid contract between the bank and the relevant client.

- Whether the terms of the Connected Counterparty Transaction are fair to the Bank and on the same basis as would apply if the transaction did not involve a Connected Counterparty.
- Whether there are business reasons for the Bank to enter the Connected Counterparty Transaction.
- Whether the Connected Counterparty Transaction would impair the independence of an outside director and;
- Whether the Connected Counterparty Transaction would present an improper conflict of interests for any director or executive officer of the Bank, taking into account the size of the transaction, the overall financial position of the director, executive officer or Connected Counter Party, the direct or indirect nature of the director's, executive officer's or Connected Party's interest in the transaction and the ongoing nature of any proposed relationship, and any other factors the ARC deems relevant.
- The bank must not undertake exposure to controllers as defined under Chapter GR-5 or to subsidiaries of such, however, smaller shareholders will be subject to normal exposure limits outlined under CM-4.4.5. Directors who are also controllers (or the appointed board representatives of such controllers) are subject to a 0% limit.
- The Central Bank's prior written consent should be obtained for any credit facilities provided to an employee where the amount of such facility, either singly or when added to an existing facility/existing facility outstanding to that employee at that date, would be equal to or more than BD 100,000 (Bahrain Dinars One Hundred Thousand), or its equivalent in foreign currency. Banks must notify the Central Bank in writing of any senior employee who fails to discharge his repayment obligations.
- Reciprocal crossholdings of capital between a bank and its "controllers", which artificially inflate the capital of licensee concerned, are not permitted. Any crossholdings that occur due to acquisitions or takeovers must be deducted from the concerned bank's capital. Any member of the Board who has an interest in the transaction under discussion will abstain from voting on the approval of the Connected Counterparty Transaction.

7.3 Employment of Relatives

The Group maintains Employment of Relatives policy to prevent any potential for favoritism and conflict of interest in decision-making due to factors of kinship in relationships among employees within the Group regardless of difference in department and reporting line. The Group does not permit the employment of relatives (direct family of the employee up to fourth degree and up to the second degree for the employee's spouse) of current Employees. This restriction is not limited to recruitment and selection only but is also applicable to existing employees of the group in case he/she marries another employee of the group.

All Departmental Head are required to promptly report to Head of Human Resource any changes in status of their respective team-members. Also, all employees are urged, if in doubt, to consult with their respective supervisors and the Human Resource department.

7.4 Review of internal control and processes

Internal control is a process affected by the Board of Directors, senior management, and all levels of personnel. It is not solely a procedure or policy that is performed at a certain point in time, but rather it is continually operating at all levels within the Bank. The Board of Directors and senior management are responsible for establishing the appropriate culture to facilitate an effective internal control process and for monitoring its effectiveness on an ongoing basis; however, everyone within an organization must participate in the process.

The main objectives of the internal control process can be categorized as follows:

1. Efficiency and effectiveness of activities (performance objectives).
2. Reliability, completeness, and timeliness of financial and management information (information objectives); and
3. Compliance with applicable laws and regulations (compliance objectives).

Also, the internal control system of the Bank consists of five (5) interrelated elements:

- i. Management oversight and control culture.
- ii. Risk recognition and assessment.
- iii. Control activities and segregation of duties.
- iv. Information and communication; and
- v. Monitoring activities and correcting deficiencies.

7.5 GFH's Client Charter

In line with the CBB requirements, GFH has developed a client's charter which outlines the commitments made by GFH in respect of the quality of services and products delivered to its clients and shareholders. The client's charter, which is available on the bank's website, is an assurance that services provided by the Bank will comply with quality standards. Generally, quality standards are standards that will fulfill clients' and shareholders' needs and expectations.

The client charter also incorporates GFH's Complaints handling procedures and encourages the clients and its shareholders to report any alleged wrongful conduct, malpractice, or improper/ unethical behavior of an employee of the bank.

7.5.1 Means of Communication with Shareholders and Investors

Shareholders and investors can communicate with the Group through the below details:

Direct Number: +973 17 549 559

Email: srelations@gfh.com

7.5.2 Dealing with Complaints

GFH is committed to providing its clients with the highest standard of service. However, should a client complain because he/she feels GFH has failed to deliver what it has promised, GFH will do everything possible to ensure that such a complaint is dealt with fairly, promptly, and effectively. The information provided here will show you how to:

- i. Make a complaint.
- ii. Escalate if you are not satisfied with the response provided by GFH in response to your complaint.
- iii. Take further action if you are still dissatisfied with the outcome.

- **Mechanism for submitting Complaints:**

The complaint must be in writing and should be addressed to the Investors' Relations Department and must be marked to the GFH's Compliance Department.

In compliance with the directives of the Central Bank of Bahrain, GFH has appointed a Complaints Handling Officer, who is responsible for ensuring that the client complaint is acknowledged, properly investigated, and that the Bank's response is adequately communicated to the client.

- **Options for submitting Complaint:**

- a) Hand delivery to GFH's Office (reception) Second Floor, GFH House, Bahrain Financial Harbour, Manama
- b) Via telephone number +973 17 549524
- c) Courier or post to the following address:
Complaint Handling Officer GFH Financial Group B.S.C. Second Floor, GFH House, Bahrain Financial Harbour PO Box 10006 Manama, Kingdom of Bahrain
- d) Or scan and email the written complaint to: complaint@gfh.com

- **What happens once your complaint is submitted?**

- a) Once a client complaint has been submitted, we will acknowledge it within five (5) working days.
- b) The client complaint will be referred to the concerned person/department which will investigate it thoroughly and a written response detailing the outcome of our investigation and our decision shall be provided within four (4) weeks of receiving the complaint.
- c) In the unlikely event that the complaint is not answered within the timeframe mentioned in point (b), we will write the reasons why there has been a delay and the additional action that we will take including when we anticipate having concluded our investigation.
- d) After receiving the final response to the complaint, and if the client is still not satisfied, he/she can write directly to the Consumer Protection Unit of the Central Bank of Bahrain or he/she can submit the case through the "Complaint form" available on the Central Bank of Bahrain website www.cbb.gov.bh, within 30 calendar days from the date of receipt of our final response.
- e) All correspondence in relation to the complaint and records must be retained by GFH for a period of five (5) years from the date of receipt of the complaint.

7.5.3 Whistleblowing

- **Report an Incident**

Whistleblowers are encouraged to report any observed wrongful conduct, malpractice, or an improper/unethical behavior to the Bank through the following means:

Report to 'Head of Compliance' or 'Head of Internal Audit' by sending an email at whistleblow@gfh.com; alternatively, send a letter by post at the below address:

Head of Compliance / Head of Internal Audit

GFH Financial Group B.S.C, Bahrain Harbour. GFH House. Floor 6, P.O. Box 10006, Manama, Kingdom of Bahrain

- **Protection Rights for Whistleblowers**

- a) GFH is committed to the protection of Whistleblowers against any possible retaliation or reprisals, whether actual or threatened because of their whistleblowing.
- b) The Whistleblower's identity, the nature of the report, and the suspected person's identity are strictly confidential.
- c) Retaliation against an individual, who in good faith, had made a complaint, disclosed information relating to a complaint or otherwise participated in an investigation relating to a complaint is prohibited regardless of the outcome of the investigation.
- d) The Board Audit & Risk Committee of the bank will be responsible for assessing the incident reported and will decide the course of action.

7.6 Details of penalties paid

In 2025, no penalties were imposed on GFH Financial Group B.S.C.

7.7 Systems and controls for compliance with Sharia and AAOIFI standards

In pursuance with the provisions of its Articles of Association, GFH Financial Group has always carried out its banking activities in compliance with Islamic Sharia principles that constitute an integral part of the entire policies of the Bank. Tasks managed by Sharia Department of GFH include the followings:

1. Ensuring that the necessary approvals of the SSB have been obtained for each project.
2. Ensuring compliance of projects with the Sharia provisions indicated in the Prospectus and the approved structure of the project.
3. Reviewing the financial statements and other issues related to the projects and ensuring that they are in compliance with the Sharia principles.
4. Ensuring that the projects are in compliance with Fatwas and recommendations of the SSB of GFH and the other Sharia Boards, if any.

5. Ensuring that the approval of the SSB is obtained for each financial instrument (such as sale transactions, financing, currency conversion, Sukuks, deposits, etc.), including the approved and concluded contracts and agreements.
6. Reviewing the financial statement to ensure full compliance with the Sharia principles and the requirements and provisions of the Accounting & Auditing Organisation for Islamic Financial Institutions (AAOIFI) as modified by the CBB.
7. Ensuring that all the products and the structures thereof are compliant with AAOIFI's standards.

For earnings prohibited by Sharia, please refer to note 28 of the consolidated financial statements for the fiscal year ended 31st December 2025.

7.8 Remuneration strategy

It is GFH's basic compensation philosophy to provide a competitive level of total compensation to attract and retain qualified and competent employees. GFH's variable remuneration policy will be driven primarily by a performance-based culture that aligns employee interests with those of the shareholders of GFH. The variable remuneration policy helps ensure effective alignment of remuneration with prudent risk-taking by senior management in the conduct of business.

A robust and effective governance framework ensures that GFH operates within clear parameters of its compensation strategy and policy. All compensation matters, and overall compliance with regulatory requirements, are overseen by the CEO and the Nomination and Remuneration Committee of the Board (NRGC).

The quality and long-term commitment of all our employees is fundamental to our success. We therefore aim to attract, retain, and motivate the very best people who are committed to maintaining a career with GFH, and who will perform their role in the long-term interests of our shareholders. GFH's reward package is comprised of the following key elements:

1. Fixed pay;
2. Benefits.
3. Annual performance bonus;
4. Commission for sales staff.
5. Co-investment plans;
6. Remuneration for senior management from participation in boards of investee entities; and
7. The long-term performance incentive plan

GFH's remuneration policy considers the role of each employee and has set guidance on whether an employee is a Material Risk Taker and/or an Approved Person in a business line, control, or support function. An Approved Person is an employee whose appointment requires prior regulatory approval because of the significance of the role within GFH and an employee is considered a Material Risk Taker if they are the Head of a significant business line or any individuals within their control who has a material

impact on GFH's risk profile.

To ensure alignment between what we pay our people and our business strategy, we assess individual performance against annual and long-term financial and non-financial objectives summarized in our performance management system. This assessment also considers adherence to GFH's values, risks, and compliance measures and above all integrity. Altogether, performance is therefore judged not only on what is achieved over the short and long term but also importantly on how it is achieved, as the NRGC believes the latter contributes to the long-term sustainability of the business.

NRGC role and focus

The NRGC has oversight of all reward policies for GFH's employees. The NRGC is the supervisory and governing body for compensation policy, practices, and plans. It is responsible for determining, reviewing, and proposing variable remuneration policy for approval by the Board. It is responsible for setting the principles and governance framework for all compensation decisions. The NRGC ensures that all persons must be remunerated fairly and responsibly. The NRGC reviews and approved all remuneration policy and allocation on annual basis, including the past years, to reflect changes in market practices, compliance with regulations, the business plan, long-term objectives, and risk profile of GFH.

The responsibilities of the NRGC with regards to GFH's variable remuneration policy, as stated in its mandate, include but are not limited to, the following:

- a) Review, monitor and approve the remuneration policies for the senior management and material risk-takers, which must be consistent with GFH's corporate values and strategy to ensure that they operate as intended.
- b) The committee should be responsible for retaining and overseeing outside consultants or firms for the purpose of reviewing the remuneration of senior management and material risk-takers, administering remuneration plans, or related matters.
- c) Ensure that the remuneration of senior management and material risk-takers is sufficient to attract and retain persons of the quality needed to run GFH successfully, and the bank avoids paying more than is necessary for that purpose.
- d) Approve the individual remuneration amounts, packages and total compensation for senior management and material risk-taker and make recommendations to the Board of the total variable remuneration (bonus pool) to be distributed, taking account the total remuneration, including salaries, fees, expenses, bonuses, and other employee benefits.
- e) Evaluate the performance of senior management and material risk-takers considering GFH's corporate goals, agreed strategy, objectives, and business plans.
- f) The committee shall be responsible to the Board for the overview of any employee benefit trust (EBT) or similar arrangements adopted for the purpose of administering the deferred incentive arrangements (including share schemes) of GFH.
- g) Ensure that variable remuneration for material risk-takers forms a substantial part of the total remuneration of senior management and material risk-takers (other than the risk management, internal audit, operations, financial controls, internal Shari'a review/audit, AML, and compliance

functions personnel.

- h) Ensure that for approved persons in risk management, internal audit, operations, financial controls, internal Shari'a review/audit, AML and compliance functions the mix of fixed and variable remuneration is weighted in favour of fixed remuneration.
- i) Ensure that the system includes effective controls including stress testing and back testing results of the remuneration policy and that the system's practical operation is regularly reviewed for compliance with regulations, internal policies, and bank procedures.
- j) Review remuneration outcomes, risk measurements and risk outcomes regularly for consistency with the Board's approved risk appetite, for submission for the Board for its review.
- k) Review cases where any ex-ante risk adjustments are to be used to consider severe but plausible scenarios to the variable remuneration as per GFH's variable remuneration policy.
- l) Review cases where the bonus is diminished by exercise of Malus and Clawback adjustments.
- m) Question payouts for income that cannot be realized or whose likelihood of realization remains uncertain at the time of payout.
- n) Ensure appropriate compliance mechanisms are in place to ensure that employees commit themselves to not using personal hedging strategies or remuneration-and liability-related insurance to undermine the risk alignment affects embedded in their remuneration arrangements.

Use of consultants:

GFH engaged external consultants to benchmark pay and grading structure and review it against market practices.

Scope of application of the remuneration policy

The principles of this remuneration policy apply on a group-wide basis. However, application of deferral requirements and issue of non-cash instruments for each subsidiary of GFH will be determined by applicable local regulations and market norms. Currently, deferral arrangements are applicable only to Bahrain domiciled banking entities within the Group.

Board remuneration

GFH will determine board remuneration in line with the provisions of Article 188 of the Commercial Companies Law, 2001. The Board of Directors' remuneration will be capped so that variable remuneration in any financial year (sitting fees is not part of variable remuneration) does not exceed 10% of GFH's net profit, after all required deductions outlined in Article 188 have been made. Remuneration of non-executive directors will not include performance-related elements such as grants of shares, share options or other deferred stock-related incentive schemes, bonuses, or pension benefits. Board remuneration is subject to approval of the shareholders in the annual general meeting.

Variable remuneration for staff

Variable remuneration is performance related and consists primarily of the annual performance bonus award. As part of our staff's variable remuneration, the annual bonus rewards delivery of operational and

financial targets set each year, the individual performance of the employees in achieving those targets, and their contribution to delivering GFH's strategic objectives. The fraction of variable remuneration is implemented as per the CBB rule no. HC-6.1 for the Senior Management and Material Risk Taker.

GFH has adopted a Board approved framework to develop a transparent link between variable remuneration and performance. The framework is designed based on meeting both satisfactory financial performance targets and the achievement of other non-financial factors, that will, all other things being equal, deliver a target bonus pool for employees, prior to consideration of any allocation to business lines and employees individually. In the framework adopted for determining the variable remuneration pool, the NRCG aims to balance the distribution of GFH's profits between shareholders and employees.

Key performance metrics at GFH level include a combination of short-term and long-term measures and include profitability, solvency, liquidity, risk diversification, strategy implementation and growth indicators. The performance management process ensures that all goals are appropriately cascaded down to respective business units and employees.

In determining the quantum of variable remuneration, GFH has implemented a hybrid model by defining a Top Down (profit based) bonus pool funding for its staff. The total bonus pool is capped at a percentage of profit before being assessed for risk. This approach is a starting position and the NRCG may choose to implement a discretionary award for a given year based on affordability for GFH and its assessment of GFH's current and future resource requirements. The bonus pool is adjusted to take account of risk via the use of risk-adjusted measures (including forward-looking considerations), subject to the final discretion of the NRCG. In addition to the annual bonus plan, the Board from time-to-time approves LTIP awards with performance and service conditions to retain key management and incentive achievement of long-term performance and strategic measures. These awards vest ratably on an annual basis and can be accelerated or cancelled based on the extent of achievement of targets set for each year.

Under the variable remuneration policy of GFH, placement fees, sales commission or incentives for sales staff is not considered to be part of the variable remuneration (subject to deferral) as it is an integral part of the overall pay structure of the sales and placement staff. Further, these payments are not considered variable remuneration as they are not directly or indirectly linked to GFH-wide performance and are considered activity-based payments.

The NRCG carefully evaluates practices by which remuneration is paid for potential future revenues whose timing and likelihood remain uncertain. NRCG demonstrates that its decisions are consistent with an assessment of GFH's financial condition and prospects. A special pool is also considered for recoveries made against any legacy investments and legal cases and is approved on a case-by-case basis by the Board of Directors.

GFH uses a formalized and transparent process to adjust the bonus pool for quality of earnings. If the quality of earnings is not strong, the profit base could be adjusted based on the discretion of the NRC. For the overall Bank to have any funding for distribution of a bonus pool, threshold financial targets must be achieved. The performance measures ensure that total variable remuneration is generally considerably contracted where subdued or negative financial performance of GFH occurs. Furthermore, the target bonus pool as determined above is subject to risk adjustments in line with the risk assessment and linkage framework.

Remuneration of control and support functions

The remuneration level of staff in the control and support functions allows GFH to employ qualified and experienced personnel in these functions. GFH ensures that the mix of fixed and variable remuneration for control and support function personnel is weighted in favor of fixed remuneration. In exceptional cases, the approval of the NRC shall be obtained. The variable remuneration of control functions is to be based on function-specific objectives and is not determined by the financial performance of the business areas they monitor to avoid conflict of interests related to the business unit they are overseeing.

GFH's performance management system plays a major role in deciding the performance of the support and control units based on the objectives set for them. Such objectives are more focused on non-financial targets that include risk, control, compliance, and ethical considerations as well as the market and regulatory environment apart from value added tasks which are specific to each unit.

The allocation for each department is based on performance ratings and the Market range for the Business lines and support.

Variable compensation for business units

The variable remuneration of the business units is primarily determined by key performance objectives set through the performance management system of GFH. Such objectives contain financial and non-financial targets, including risk control, compliance, and ethical considerations as well as market and regulatory requirements. The consideration of risk assessments in the performance evaluation of individuals ensures that any two employees who generate the same short-run profits but take different amounts of risk on behalf of GFH are treated differently by the remuneration system.

Frequency of review of the remuneration

The frequency of the review of the Remuneration policy is based on the updated CBB rule no. HC-6.1 related to Sound Remuneration.

Risk assessment framework

The purpose of risk linkages to the reward framework is to align variable remuneration to the risk profile

of GFH. In its endeavor to do so, GFH considers both quantitative measures and qualitative measures in the risk assessment process. Both quantitative measures and human judgment play a role in determining any risk adjustments. The risk assessment process encompasses the need to ensure that the remuneration policy as designed reduces employees' incentives to take excessive and undue risks, is symmetrical with risk outcomes and delivers an appropriate mix of remuneration that is risk aligned. GFH's NRC considers whether the variable remuneration policy is in line with GFH's risk profile and ensures that through GFH's ex-ante and ex-post risk assessment framework and processes, remuneration practices where potential future revenues whose timing and likelihood remain uncertain are carefully evaluated.

Risk adjustments consider all types of risk, including intangible and other risks such as reputation risk, liquidity risk, the cost of capital and strategic measures. GFH undertakes risk assessments to review financial and operational performance against business strategy and risk performance prior to distribution of the annual bonus. GFH ensures that total variable remuneration does not limit its ability to strengthen its capital base.

The bonus pool considers the performance of GFH which is considered within the context of GFH's risk management framework. This ensures that the variable pay pool is shaped by risk considerations and Bank-wide notable events. The size of the variable remuneration pool and its allocation within GFH considers the full range of current and potential risks, including:

- a) The cost and quantity of capital required to support the risks taken;
- b) The cost and quantity of the liquidity risk assumed in the conduct of business; and
- c) Consistency with the timing and likelihood of potential future revenues incorporated into current earnings.

The NRC keeps itself abreast of GFH's performance against the risk management framework. The NRC will use this information when considering remuneration to ensure returns, risks and remuneration are aligned.

Risk adjustments

GFH has an ex-post risk assessment framework which is a qualitative assessment to back-test actual performance against prior risk assumptions.

In years where GFH suffers material losses in its financial performance, the risk adjustment framework will consider the following:

- Need for a considerable contraction of GFH's total variable remuneration.
- At an individual level, poor performance by GFH will mean individual KPIs are not met and hence employee performance ratings may be lower.
- Reduction in the distribution of amounts previously earned, through increased deferred

- Reduction in the value of deferred shares or awards.
- Possible changes in vesting periods and additional deferral applied to unvested rewards.
- Lastly, if the qualitative and quantitative impact of a loss incident is considered significant, a malus or clawback of previous variable awards may be considered.
- The NRG, with the Board's approval, can rationalize and make the following discretionary decisions:
 - Take no action.
 - Increase/reduce the ex-ante adjustment.
 - Consider additional deferrals or an increase in the quantum of non-cash awards.
 - Recovery through malus and clawback arrangements.

Malus and Clawback framework

GFH's malus and clawback provisions allow GFH's Board of Directors to determine that, if appropriate, unvested elements under the deferred bonus plan can be forfeited/ adjusted or the delivered variable remuneration recovered in certain situations. The intention is to allow GFH to respond appropriately if the performance factors on which reward decisions were based turn out not to reflect the corresponding performance in the longer term. All deferred compensation awards contain provisions that enable GFH to reduce or cancel the awards of employees whose individual behavior has had a materially detrimental impact on GFH during the concerned performance year.

Any decision to take back an individual's awards can only be taken by GFH's NRG. GFH's NRG considers the advice of the CEO, Risk, Finance and HR Departments as appropriate.

GFH's malus and clawback provisions allow GFH's Board to determine that, if appropriate, vested/unvested elements under the deferred bonus plan can be adjusted/cancelled in certain situations. These events include, but not limited to, the following:

- Reasonable evidence of misbehavior or material error by the employee causing harm to GFH's reputation or where his/her/their actions have amounted to misconduct, incompetence, or negligence.
- The employees' business unit suffers a material downturn in its financial performance or a material restatement of the financial statements of GFH.
- The employee's business unit suffers a material risk management failure.
- An employee deliberately misled the market and/or shareholders in relation to the financial performance of GFH.
- A significant deterioration in the financial health of GFH.

Clawback can be used if the malus adjustment on the unvested portion is insufficient given the nature and magnitude of the issue.

Macro-economic impacts (such as COVID-19 related disruptions) that are specific or idiosyncratic to GFH are not considered as basis for malus or clawback.

GFH's variable remuneration framework provides for the following key components:

Upfront cash	The portion of the variable compensation that is awarded and paid out in cash on conclusion of the performance evaluation process for each year.
Deferred Cash	The portion of variable compensation that is awarded and paid in cash on a pro-rata basis over a period of minimum three years.
Upfront share awards	The portion of variable compensation that is awarded and issued in the form of shares on conclusion of the performance evaluation process for each year but released after a retention period of six months.
Deferred annual bonus (DAB) share awards	The portion of variable compensation that is awarded and paid in the form of shares on a pro-rata basis over a period of minimum three years and an additional retention period of six months once vested. DAB shares are not subject to any additional performance conditions.
Future performance awards (FPA)	The portion of variable compensation which is awarded to selected employees for future performance conditions. The awards are contingent on the delivery of set performance targets for GFH as well as service conditions for part of the employees. These awards comprise individually or a combination of the following: Long-term Incentive Plan (LTIP) Shares, where the employees are compensated in the form of shares as a percentage on achievement of some pre-determined performance conditions. Profit share, where the employees are compensated based on a specified percentage of targeted profit for a transaction, distributable on achievement of targeted return. Carried Interest, where the employees are compensated a specified percentage of fair value gain on investments once it achieves a specified hurdle rate on realization. Co-investment, wherein a portion of variable remuneration is awarded in the form of an investment made by GFH which is encashable by employee on Bank's exit from the investment. Sales/recovery incentive, where the employee or a team is compensated based on a specified percentage of the sales value of an investment on successful exit or recovery of an asset.

Employee Share Ownership Loan Scheme

GFH may also implement an employee share ownership loan scheme (ESOL Scheme) from time to time to be implemented under any of the Share Incentive Scheme it develops. Such ESOL Scheme, if implemented, shall allow employees to increase their participation in GFH Shares through the utilization of financing advanced by GFH and the right to acquire GFH shares at the pricing determined in accordance with the applicable ESOL Scheme. The ESOL Scheme is designed to enable eligible participants to increase their holdings of GFH shares on favorable terms but under the funding of the participants themselves. The existing LTIP plans include embedded leverage options.

Establishment of the Trust Instrument

GFH has established a GFH Employee Benefit Trust instrument and GFH LTIP Trust to hold and manage its deferred staff benefits related to the Variable Remuneration policy. The Trustees shall undertake all the duties set out in the Bahrain Trust Law and the Trust Instrument.

Deferred compensation

All approved persons and material risk-takers earning over BHD 100,000 in total compensation are subject to deferral of variable remuneration as follows:

Element of variable remuneration	CEO, his deputies and other 5 most highly paid business line employees	Other covered staff	Deferral period	Retention	Malus	Clawback
Upfront cash	40%	50%	immediate	-	-	Yes
Upfront shares	-	0%-10%	immediate	6 months	Yes	Yes
Deferred cash	0%-10%	-	Over 3 years	-	Yes	Yes
Deferred share	0%-50%	0%-50%	Over 3 years	6 months	Yes	Yes
Other Non-Cash Awards or FPA	0%-60%	0%-50%	Performance linked	6 months	Yes	Yes

The NRGC, based on its assessment of role profile and risk taken by an employee, could increase the coverage of employees that will be subject to deferral arrangements. For calculation of benefits, the value of employee benefit on date of the issuance of the award (and to be recognized in the P&L) is considered for the purposes of calculation of total variable compensation and all other measures under the variable remuneration policy.

All deferred and future performance awards are subject to malus provisions. All share awards and related dividends are released to the benefit of the employee after a six-month retention period from the date of vesting. The number of equities share awards is linked to GFH’s share price as per the rules of GFH’s Share Incentive Scheme.

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Disclosing and approving any transactions concluded during the ended year with any related parties or major shareholders of the Group, as indicated in Note 24 of the financial statements for the year 2025 and the Board of Directors’ Report, pursuant to the provisions of Article (189) of Bahrain’s Commercial Companies Law.

Approving any transactions concluded during the ended year with any related parties or major shareholders of the Group, as indicated in Note 24 of the financial statements for the year 2025 and the transaction below:

- The sale of the Marrakech Hotel and acquisition financing to Maalem Company W.L.L., a subsidiary of Infinity Capital.



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To approve to buy back Group shares (treasury shares) not exceeding 10% of the total shares issued for the following purposes, subject to obtaining the Central Bank of Bahrain's approval:

- Attracting strategic shareholders in line with the criteria and benefits as set by the group for this category, and subject to Central Bank of Bahrain's approval on every sale transaction.
- Provide market liquidity.
- Staff Share Incentive Program.

11

To approve the appointment / reappointment of the external auditors of the Group for the year ended 31 December 2026 and authorize the Board of Directors to set their fees

(subject to obtaining the Central Bank of Bahrain's approval).



12

To release the Board of Directors
from liability in respect of their
acts for the financial year ended 31
December 2025.

13

Any recent issues in accordance
with Article (207) of the Commercial
Companies Law.



The Extraordinary General Meeting

to be held on Wednesday 25th March 2026, corresponding to 6th Shawaal 1447H at 11:30 am. The meeting will be held through physical attendance at GFH House, Bahrain Financial Harbour – Sea View, or via video conference (please find details below) to review the following agenda. If the required legal quorum is not met, a second meeting will be held on Wednesday 1st April 2026, corresponding to 13th Shawaal 1447H or a third meeting, if required, will be held on Wednesday 8th April 2026, corresponding to 20th Shawaal 1447H at the same time and place.

Agenda of the Extraordinary General Meeting:

1. To ratify the minutes of the previous Extraordinary General meeting held on 20 March 2025.
2. Approval of the change of the Group's name from "GFH Financial Group B.S.C." to "GFH Bank B.S.C."
3. Approval of the amendment to the Group's Memorandum of Association and Articles of Association, and all amendments thereto, with respect to the name clause.
4. Authorization of the Chairman of the Board of Directors and/or the Chief Executive Officer of the Bank and/or their designee, individually, to undertake the necessary procedures to implement item 2 above and to sign and submit any relevant documents, including signing the amendment Memorandum of Association and Articles of Association before the notary public.

Abdulmohsen Rashed Al Alrashed
Chairman of the Board of Directors

To ratify the minutes of the
previous Extraordinary General
meeting held on 20 March 2025.



مجموعة جي اف إتش المالية ("المجموعة")

محضر اجتماع الجمعية العامة غير العادية

المنعقد في يوم الخميس، 20 رمضان 1446 هـ

الموافق 20 مارس 2025م

في تمام الساعة العاشرة والنصف مساءً

مبنى جي اف إتش هاوس بمرفأ البحرين المالي - الواجهة البحرية

افتتح رئيس مجلس الإدارة - رئيس الجلسة - السيد عبدالمحسن الراشد الاجتماع بإسم الله عز وجل والصلاة والسلام على رسول الله ومن والده مرحباً بالسادة المساهمين وشاكراً لهم حرصهم على الحضور والمشاركة في الاجتماع. وكذلك رحب رئيس الجلسة بكل من السادة مندوب مصرف البحرين المركزي ومندوب بورصة البحرين، كما ورحب بعضو مجلس الإدارة السيد علي مراد. ومن ثم أشار رئيس الجلسة إلى أن هذا الاجتماع هو الاجتماع الثاني لعقد الجمعية العامة غير العادية، حيث أن النصاب القانوني لم يكتمل في الاجتماع الأول والذي كان مقرر عقده بتاريخ 13 مارس 2025م، الأمر الذي استدعى إلى عقد هذا الاجتماع الثاني. حيث أعلن السيد الرئيس بأنه تم تعيين شركة كفين تكنولوجيز (البحرين) لتسجيل الحضور وقد بلغ عدد الحضور (أصالة ووكالة) في هذا الاجتماع عدد 1,636,745,020 سهماً من إجمالي أسهم رأس مال المجموعة وبما يعادل

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نسبة مئوية قدرها 46.42% وهي نسبة تفوق النصاب المطلوب لعقد اجتماع الجمعية العامة غير العادية. ومن ثم أعلن رئيس الجمعية انعقادها.

وبعد أن تم تعيين السيد بيترو دي ليبيرو مقررًا للجلسة، شرع الرئيس بمناقشة البنود المدرجة على جدول الأعمال على النحو التالي:

1. المصادقة على محضر اجتماع الجمعية العامة غير العادية والمنعقد بتاريخ 3 أبريل 2022م

طلب رئيس الجلسة من السادة المساهمين المشاركين في الاجتماع إبداء ملاحظاتهم وتعليقاتهم على المحضر المطروح للمناقشة.

حيث أنه لم يبد السادة المساهمين أية ملاحظات بشأن محضر الاجتماع السابق، فقد تمت المصادقة على محضر اجتماع الجمعية العامة غير العادية والمنعقد بتاريخ 3 أبريل 2022م.

2. الموافقة على إصدار أدوات مالية و/أو صكوك من الفئة الأولى (Additional Tier 1 Capital)

بقائمة إجمالية لا تتجاوز 200,000,000 دينار (مائتان مليون دينار بحريني) عبر إصدار واحد أو إصدارات متعددة وذلك لأغراض تحسين معدلات رأس المال بما يلبي احتياجات المجموعة المالية والاستراتيجية، وتفويض مجلس إدارة المجموعة باتخاذ كافة الإجراءات والقرارات اللازمة بشأن معدل الربح، الهيكل، وقيمة وعملة الإصدار، وتكاليف الإصدار وشروطه، والموافقة على الاكتتاب وشروطه وأية شروط أخرى ويخضع ذلك لموافقة

مصرف البحرين المركزي

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وافقت الجمعية العامة غير العادية على إصدار أدوات مالية و/أو صكوك من الفئة الأولى (Additional Tier 1 Capital) بقيمة إجمالية لا تتجاوز 200,000,000 دينار (مائتان مليون دينار بحريني) عبر إصدار واحد أو إصدارات متعددة وذلك لأغراض تحسين معدلات رأس المال بما يلبي احتياجات المجموعة المالية والاستراتيجية، وتفويض مجلس إدارة المجموعة باتخاذ كافة الإجراءات والقرارات اللازمة بشأن معدل الربح، الهيكل، وقيمة وعملة الإصدار، وتكاليف الإصدار وشروطه، والموافقة على الاكتتاب وشروطه وأية شروط أخرى ويخضع ذلك لموافقة مصرف البحرين المركزي.

3. تخويل رئيس مجلس الإدارة و/أو الرئيس التنفيذي للبنك و/أو من يخولونه منفردين، لمباشرة

الإجراءات اللازمة لتنفيذ البند 2 أعلاه وتوقيع وتقديم أي مستندات ذات صلة

وافقت الجمعية العامة غير العادية على تخويل رئيس مجلس الإدارة و/أو الرئيس التنفيذي للبنك و/أو من يخولونه منفردين، لمباشرة الإجراءات اللازمة لتنفيذ البند 2 أعلاه وتوقيع وتقديم أي مستندات ذات صلة.

وحيث أنه لم تكن هناك ثمة أعمال أخرى استجبت. فقد عبر السيد الرئيس عن بالغ شكره وتقديره للجميع لحضورهم هذا الاجتماع ولرعاية صدورهم وصبرهم وتعاونهم مع مجموعة جي إف إتش المالية.

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كما وقدم السيد الرئيس بالغ الشكر لجميع ممثلي الجهات الرسمية لتشريفهم هذا الاجتماع

معلنًا انتهاء أعمال اجتماع الجمعية العامة غير العادية في تمام الساعة 11:00 مساءً.

السيد بيترو دي ليبيرو
مقرر الجلسة

السيد عبدالمحسن الراشد
رئيس اجتماع الجمعية العامة غير العادية

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02

Approval of the change of the
Group's name from "GFH Financial
Group B.S.C." to "GFH Bank B.S.C."

03

Approval of the amendment to the Group's Memorandum of Association and Articles of Association, and all amendments thereto, with respect to the name clause.

04

Authorization of the Chairman of the Board of Directors and/or the Chief Executive Officer of the Bank and/or their designee, individually, to undertake the necessary procedures to implement item 2 above and to sign and submit any relevant documents, including signing the amendment Memorandum of Association and Articles of Association before the notary public.



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