

Platforms for Performance

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2025 Annual Report

Business Summary & ESG Review



Wealth & Investment Man

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Investment Management

Credit & Financing Income

Treasury & Proprietary Inc

ome Wealth & Investment



His Majesty
King Hamad bin Isa Al Khalifa

The King of the
Kingdom of Bahrain



His Royal Highness
Prince Salman bin Hamad Al Khalifa

Crown Prince, Deputy Supreme
Commander and Prime Minister
of the Kingdom of Bahrain

The Future of Investment Extends Far Beyond Sector Specialism. Real Prosperity Now Rests in the Hands of the **Platform Creators.**

Hisham Alrayes
Group Chief Executive Officer



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Vision

Strategy

Business Direction

Awards

Platforms

Corporate

Profile

Global Headquarters Bahrain	GFH House, Bahrain Harbors, Block 346, Road 4626, Manama, Kingdom of Bahrain
UAE Office	401 Level 4, Precinct Building 3, DIFC, Gate District, Dubai. United Arab Emirates.
KSA Office	Floor 22, Kingdom Tower, King Fahad Rd, Riyadh. Kingdom of Saudi Arabia.
Kuwait Office	Burj Alshaya 01, 24th Floor, Mirqab, Kuwait.
UK Office	73-77 Brook Street, Mayfair London. England. United Kingdom.
Singapore Office	Level 32, IOI Central Boulevard, West Tower, 2 Central Boulevard, Singapore 018918

GFH remains firmly committed to supporting the long-term development, stability and economic diversification of the local economy in which it was founded.

Assets + Funds Under Management

23

GFH raised more than US\$23.63 billion in assets and funds under management from its strong client base in four main activity areas.

Headquartered in Bahrain, GFH's innovative approach to Islamic investment banking services has been recognised internationally for over two decades.



Business + Brand

GFH is a global Investment bank with a strong and established presence across the GCC. Focused on Wealth and Investment Management, delivering balanced asset allocation managing evolving macroeconomic conditions while maintaining a leading investment role in the Gulf region.

Overview

Headquartered in Bahrain, GFH has built a distinguished track record in investment banking and asset management over more than two and a half decades. Since its inception in 1999, the Group has demonstrated a strong ability to identify, structure, launch and realise value from investment opportunities across dynamic markets and resilient sectors, reinforcing its role as a trusted partner to investors and shareholders.

Today, GFH manages and oversees assets and activities across three core income-generating business lines:

- **Wealth & Investment Management**
GFH originates, structures and manages investment opportunities across thematic and income-generating sectors, providing investors with access to diversified strategies and platforms across the GCC, U.S., Europe and the UK.
- **Credit & Financing Income**
The Group generates income through lending, financing and credit-related activities, supporting its portfolio companies, clients and investment strategies through structured and Sharia-compliant financing solutions.
- **Treasury & Proprietary Income**
GFH manages its liquidity, balance sheet and proprietary investments through treasury placements, market instruments and strategic principal investments that support capital preservation and return generation.

As of year-end 2025, GFH's assets and funds under management reached US\$23.63 billion, reflecting the scale of its platform and the strength of its client and investor base.

GFH is listed on four stock exchanges in the GCC, including Bahrain Bourse, Boursa Kuwait, Abu Dhabi Securities Exchange (ADX) and Dubai Financial Market (DFM), where it is among the region's most liquid and actively traded stocks. The Group's operations are principally focused on the GCC, U.S., Europe and the UK, with particular emphasis on Saudi Arabia and the UAE.

Diversification

An integral aspect of GFH's vision is its dynamic and entrepreneurial approach to wealth and investment management, underpinned by deep sector expertise, disciplined execution and a strong institutional foundation. The Group pursues a diversified asset allocation strategy designed to navigate evolving macroeconomic conditions while delivering sustainable value to stakeholders.

Across asset classes, GFH provides access to investments in sectors that are essential to modern economies and daily life, including logistics and industrial infrastructure, living platforms, healthcare, education, technology and selected real estate opportunities. From a geographic perspective, while GFH's roots are in the Middle East and North Africa, the Group has steadily expanded its footprint across the U.S., Europe and the UK to capture attractive opportunities and enhance portfolio resilience.



25

GFH is Headquartered in Manama, the capital of Bahrain. The firms innovative approach to investment banking spans twenty five years.

Leadership in Wealth & Investment Management

GFH continues to strengthen its position as a regional leader in wealth and investment management by expanding its diversified portfolio of assets and platforms. The Group focuses on originating, acquiring, managing and optimising investments across resilient, income-generating sectors, with the objective of delivering consistent, benchmark-outperforming returns.

Its core investment strategies span private equity, real estate and private credit, offered through a broad range of investment solutions tailored to meet the evolving needs and risk profiles of its investor base.

Growth in Credit & Financing Income

Credit and financing activities are further supported through GFH's wholly owned commercial banking subsidiary, Khaleeji Bank B.S.C., which plays a complementary role within the Group's broader ecosystem.

The bank is executing a clearly defined strategy focused on digital transformation, income diversification and enhanced customer experience, positioning it for sustainable profitability. Khaleeji Bank operates across Consumer Finance, Corporate Banking, Private Banking and Treasury, offering a comprehensive suite of Sharia-compliant financial solutions to retail, corporate and high-net-worth clients in the Kingdom of Bahrain.

Treasury and Proprietary Income Strategies

GFH's Treasury and Proprietary Income functions focus on liquidity optimisation, disciplined capital management and value realisation. The Group actively manages its Liquid Treasury Portfolio (LTP) to ensure efficient deployment of capital and maintain balance sheet strength.

In parallel, GFH continues to optimise its proprietary investments through disciplined capital recycling, strategic exits and selective use of leverage, enhancing shareholder returns while maintaining prudent risk management.



Operating within a dynamic platform strategy, GFH proactively identifies and capitalises on global opportunities in sectors characterised by resilient, long-term fundamentals.

Global Finance Awards Euro Money Global Business Outlook Arabian Business CEO Middle East The Banker Middle East MEA Finance Work Economic Magazine Fortune Arabia	World's Best Islamic Investment Bank Market Leader in Investment Banking - Bahrain Best Investment Bank - Bahrain 100 Most Inspiring Leaders CEO of the Year - Financial Services Top Islamic Financial Institutions - Tier 1 Capital Best Real Estate Investment Firm Best Investment Bank GCC Top 500 Arab Companies	2023
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MEA Finance - Forbes Euromoney Arabian Business MEA Finance Global Finance GIFA International Business International Finance	Best Private Bank Best Investment Management Firm Top 30 Asset Management Companies in ME Best Investment Bank - Bahrain, Investment Banking Market Leader CEO of the Year - Financial Services Best Real Estate Investment Firm World's Best Islamic Asset Manager Best Islamic Investment Bank Best Investment Bank - Middle East Most Innovative Investment Bank - Bahrain	2022
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Forbes (Middle East) Asia Money (Euromoney) MEA Finance - Global Finance	Middle East's 30 Biggest Asset Managers - #10 Best Corporate & Investment Bank Middle East Best Investment Bank - Islamic, Best Sukuk Deal of the Year World's Best Islamic Asset Manager	2021
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MEA Finance MEA Finance International Business Global Business Outlook	Best Private Bank Best Investment Management Firm Best Investment Bank - Middle East Most Innovative Diversified Investment Portfolio	2020
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Banker Middle East CPI Financial CEO Middle East	Best Investment Management Services Best Investment Bank Investment Bank CEO of the Year	2019
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Islamic Business & Finance Banker Middle East Banker Middle East Banker Middle East	Best Investment Bank - Middle East Best Asset Manager - Middle East Fastest Growing Bank - Middle East Best Investment Bank - Middle East	2018
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Global Brands Magazine Middle East Industry	Best Islamic Financial Group Best Investment Bank	2017
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Islamic Business & Finance Banker Middle East CPI Financial Banker Middle East CPI Financial Euromoney Euromoney Banker Middle East	Best Investment Bank - Middle East Best Wealth Management Firm Fastest Growing Bank - Bahrain Best Wealth Management Firm Best Islamic Investment Bank - Bahrain Best Investment Bank Best Islamic Investment Bank Deal of the Year	2016 - 1999
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Awards + Recognition

GFH has been widely recognised as one of the leading Investments and Banking brands from the Middle East’s. Since 1999, GFH has earned several notable accolades from leading international award bodies and globally recognised financial authorities.

Euromoney (Regional Awards) Euromoney (Domestic Awards) - Global Finance Financial Times MEA Finance - - MEIRA Al Bilad, Bahrain	The Middles East’s Best for Alternative Investments Bahrain's Best for Alternative Investments Bahrain's Best Islamic Fund Manager World's Best Islamic Investment Bank 2025 Best Private Real Estate Manager of the Year Best Investment Bank Best Islamic Fintech Solution Implementation Islamic Digital Banking Provider Leading Corporate for Investor Relations GFH as Top 50 Bahraini companies for 2025	2025
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Euromoney Forbes Global Finance Awards - The Banker -	Market Leader in Investment Banking Top 30 Asset Managers World’s Best Islamic Investment Bank Best Private Bank in Bahrain (2025) Top 1000 World Banks Top 100 Arab Bank	2024
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01. Education	P.18	Across the region, education and technology are central to long-term economic transformation. National visions in GCC with primary focus on the largest market Saudi Arabia, and the UAE prioritise education to develop human capital and diversify economies, with the sector attracting sustained public spending and growing private investment.
02. Healthcare	P.22	GFH's Healian Healthcare platform takes advantage of regional and international healthcare real estate opportunities. A booming sector fuelled by an ageing population, rising expenditure and a structural shift toward outpatient care. Demand for facilities is set to grow substantially over the coming decades.
03. Infrastructure	P.26	US & Europe electricity and data centre demand is hitting record highs, driven by AI, electrification, and industrial growth. Renewables are expanding, but gas and storage remain vital for grid reliability. Globally, data centre vacancy is at historic lows, with AI and cloud demand fuelling a long-term digital infrastructure supercycle.
04. Hospitality	P.34	The GCC's F&B sector is on a strong growth trajectory, projected to reach US\$128 billion by 2029. Rising tourism, population growth, and premiumisation are driving demand across hospitality, foodservice, and out-of-home dining channels throughout the region.
05. Private Credit	P.40	The GCC, North African and US F&B sector is on a strong growth trajectory, projected to reach US\$128 billion by 2029. Rising tourism, population growth and premiumisation are driving demand across hospitality, foodservice and out-of-home dining channels.
06 Technology	P.44	The global technology sector has entered a capital-intensive upcycle, with AI transitioning from an innovation theme into a structural driver of investment across compute, data infrastructure and energy systems. Global IT spending is projected to reach US\$6 trillion by 2026.
07. Logistics	P.50	US and Regional industrial and logistics real estate market is defined by acute supply constraints and surging demand, with Grade A occupancy near 95% and warehouse rents rising sharply across Dubai and Abu Dhabi, creating highly favourable conditions for landlords throughout 2025.
08. Living Sector	P.60	US student housing continues to demonstrate strong fundamentals, with occupancy reaching 96.5% in August 2025 and rents rising year-on-year. Proximity to Tier-1 universities remains the key value driver, commanding significant valuation premiums and supporting resilient long-term investment performance.

Business Platforms

GFH’s successful business platform strategy continues to drive our diverse revenue growth across 2025 and is expected to continue to excel in the coming period, unforeseen macro-economic conditions notwithstanding.



Pictured Above
The expansion of the youth population is expected to drive sustained growth in K12 sector enrolments.

65

The market is estimated at US\$33.6 billion in 2025 and is projected to grow from US\$37.6 billion in 2026 to US\$65.7 billion by 2031, implying a robust CAGR of 11.8%.

Education

Private International Education sits at the heart of GFH's Educational Platform strategy, seeking enhanced returns from growth in this affluent educational segment under the Group's Britus Education brand.

The GCC Education Sector

Education and technology are increasingly positioned as cornerstone sectors within the GCC’s long-term economic transformation strategies. National development frameworks such as Bahrain Vision 2030, Saudi Vision 2030, and UAE Vision 2031 place education reforms at the center of human capital development, workforce readiness, and economic diversification. Despite modest regional economic growth in 2024, supported primarily by the non-oil sector, education continues to command a prominent share of public expenditure, underscoring its strategic importance across the GCC. The sector has evolved from a public service priority into a strategic growth sector, underpinned by long-term policy support, private capital participation, and resilient demand dynamics.

According to Alpen Capital, in 2025, education accounted for ~12.5% of the total government budget allocations across the region. Oman recorded the highest allocation at 16.5%, rising from 14.1% in 2022, followed by Saudi Arabia at 15.6%, the UAE at 15.3%, and Kuwait at 14.5%, up from 12.0%. Qatar and Bahrain allocated comparatively lower shares of 9.2% and 8.0%, respectively. This sustained fiscal commitment reflects the role of education as a key enabler of long-term socio-economic development.

The GCC’s private K-12 education market continues to exhibit robust growth momentum. The market is estimated at US\$33.6 billion in 2025 and is projected to grow from US\$37.6 billion in 2026 to US\$65.7 billion by 2031, implying a robust CAGR of 11.8%. This growth is driven by supportive policy frameworks, economic diversification, population growth, and rising demand for premium international curricula, particularly in Saudi Arabia and the UAE.

Saudi Arabia remains the largest education market in the region, supported by Vision 2030 initiatives aimed at improving learning outcomes and aligning education with labour market needs. The UAE ranks second, driven by programmes such as the National Strategy for Higher Education 2030 and UAE Centennial 2071, which focus on equipping future generations with practical, technical, and innovation-led skills. Government commitment to education across the GCC remains strong, with average allocations of approximately 12–13% of total budgeted expenditure, significantly above levels observed in most developed markets such as the US and UK, which typically

range between 5–7% of total government expenditure. This gap highlights the GCC’s deliberate policy and fiscal prioritisation of education as a core driver of human capital development and long-term economic diversification.

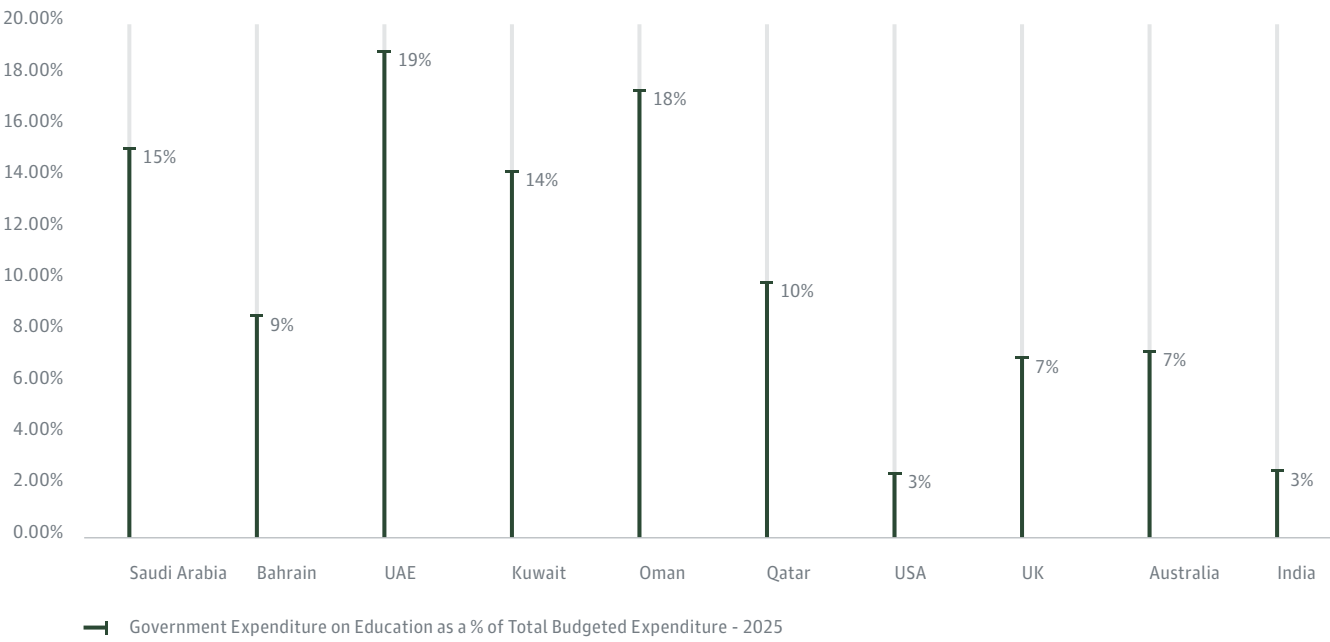
Demographic and urbanisation trends are expected to further support long-term growth in the education sector in GCC. The GCC population increased from 52.9 million in 2019 to 61.4 million in 2024 and is projected by the IMF to reach 67.1 million by 2029, growing at a CAGR of 1.8%. Population growth is underpinned by sustained inward migration, as the region remains a key destination for global talent.

Saudi Arabia is expected to account for 64.6% of total student enrolments across the GCC by 2029. Oman is projected to record the fastest enrolment growth, with a CAGR of 3.3% over 2024–2029, followed by Bahrain at 2.4%, and the UAE and Qatar at 2.2% each. Saudi Arabia and Kuwait are expected to grow at a more moderate pace, with enrolment CAGRs of 1.9% over the same period. Overall, the total student population across the GCC is expected to increase by 1.5 million between 2024 and 2029, reaching 15.5 million students at a CAGR of 2.1%.

The expansion of the youth population is expected to drive sustained growth in enrolments, particularly within the K-12 segment, necessitating continued capacity expansion and diversification of educational offerings. Governments are increasingly leveraging private capital through public-private partnership (PPP) models to address this demand efficiently. These structures facilitate private participation in financing, developing, and operating education infrastructure under long-term, government-backed concessions, offering stable and predictable investment returns. The sector remains fragmented across many markets, creating opportunities for platform formation, consolidation, and operational efficiency gains.

Saudi Arabia has further reinforced its commitment to private sector participation by formally including education as a priority sector under its National Privatization Strategy. The revised framework identifies education as a key area for private investment through public-private partnership and long-term concession models, supporting capacity expansion, service quality improvements, and greater private sector involvement in the Kingdom’s education ecosystem.

Government Expenditure on Education as a % of Total Budgeted Expenditure 2025



Key PPP initiatives include Saudi Arabia's Wave 2 Education PPP Program, which covers 60 public schools across 44 sites in Medina. It has completed its first phase and is expected to serve over 50,000 students over a 23-year concession. In the UAE, the Education Strategy E33 aims to establish 100 new private schools by 2033, supported by projects such as Zayed City Schools, the country's first school infrastructure PPP, which has added capacity for more than 5,000 students. Qatar's Schools PPP Development Program continues to progress, with 47 schools planned across four phases and the third phase launched in 2025.

In parallel, the GCC's education landscape is being transformed by the rapid adoption of educational technology. Investments in digital infrastructure, ICT integration, and platform-based learning have accelerated the growth of the EdTech ecosystem.

A key policy development across the GCC is the formal integration of artificial intelligence into national education curricula. The UAE and Saudi Arabia are among the first globally to mandate AI education across all grade levels, reflecting a strategic shift toward preparing students for technology-driven economies with an emphasis on data literacy, critical thinking, and ethical AI use.

Overall, the GCC education sector offers an attractive long-term opportunity supported by durable demand, strong policy alignment, and growing private sector participation. The most

compelling opportunities lie in scaled education platforms, skills-based and specialised learning, and policy-backed education infrastructure, combining stable cash flows with long-term societal impact.

Britus’ strategy is closely aligned with the evolving outlook of the GCC education sector, positioning Britus to capitalize on both structural growth and policy-driven opportunities. Britus is focused on building a scalable, platform-led presence across core markets such as Saudi Arabia and the United Arab Emirates, targeting investments in K-12 and specialized education segments that benefit from strong demographic expansion and sustained government prioritization. In a fragmented market environment, Britus seeks to drive value through selective consolidation and operational enhancement. In parallel, Britus is integrating technology and AI-enabled learning solutions across its portfolio to enhance educational outcomes and improve operating efficiency, in line with national transformation agendas such as Bahrain 2023, Saudi Vision 2030 and UAE Vision 2031. This balanced approach enables Britus to combine resilient income generation with exposure to high-growth, future-oriented education platforms.

Saudi Arabia remains the largest education market in the region, supported by Vision 2030 initiatives aimed at improving learning outcomes and aligning education with labour market needs.



Pictured Above
Expanding outpatient infrastructure is meeting rising demand as ageing demographics and a shift toward ambulatory care reshape US healthcare real estate.

159

GCC-wide healthcare expenditure is projected to increase from US\$109.1 billion in 2024 to US\$159 billion by 2029, implying a compound annual growth rate (CAGR) of approximately 7.8%.

Healthcare

The GCC healthcare demand-supply gap is shifting - tertiary hospitals in underserved secondary cities and specialist clinics focused on wellness, preventive care or chronic diseases are emerging as the next growth platform.

GCC Healthcare Sector

GCC healthcare expenditure is projected to expand steadily through 2029, supported by demographic growth, rising disease burden, and increasing care complexity. A significant portion of new capacity is expected to be delivered by the private sector through public-private partnership (PPP) and privatisation frameworks, reducing fiscal pressure on governments while accelerating infrastructure expansion.

Saudi Arabia, the United Arab Emirates and Qatar continue to position healthcare as a core pillar of economic transformation, with capital allocation increasingly focused on efficiency, outcomes and capacity expansion. Saudi Arabia's Vision 2030-driven health system reform prioritises digital health integration, primary care expansion and hospital infrastructure, while shifting from headline budget growth toward value-based allocation. The UAE's healthcare sector remains supported by strong private capital participation, with faster private-sector expansion and rising investor interest in specialty services. Qatar has recorded the highest year-on-year healthcare budget increase in the region, underscoring its commitment to modernising healthcare infrastructure and service quality.

Saudi Arabia's 2026 budget reaffirms healthcare's central role within Vision 2030, allocating SAR 259 billion (approximately US\$69 billion) to the Health and Social Development sector. While this represents a moderation from the peak SAR 269 billion allocation in 2025, the 2026 allocation signals a transition from expansionary growth toward efficiency optimisation and service quality enhancement. Government priorities emphasise improving spending effectiveness and patient outcomes rather than increasing headline allocations. Key 2026 initiatives include expanding Seha Virtual Hospital infrastructure, strengthening primary healthcare capacity, and targeted hospital bed additions aligned with Vision 2030's third implementation phase.

UAE healthcare expenditure continues its upward trajectory, representing approximately 5% of GDP, with combined public and private investment expanding steadily. Forecast growth dynamics remain differentiated, with private-sector healthcare spending projected to expand at approximately 9.5% CAGR, compared to around 4.4% for government expenditure. This divergence reflects accelerating private capital participation and sustained investor confidence, supporting faster capacity expansion and specialty service development.

Qatar allocated QAR 25.4 billion (approximately US\$7.0 billion) to the healthcare sector in 2026, representing a 15.4% increase from QAR 22 billion in 2025. This allocation accounts for 11.5% of total 2026 government expenditure and represents the highest sectoral growth rate within the national budget, underscoring the government's commitment to advancing healthcare infrastructure and medical services.

GCC-wide healthcare expenditure is projected to increase from US\$109.1 billion in 2024 to US\$159 billion by 2029, implying a compound annual growth rate (CAGR) of approximately 7.8%. Growth dynamics vary across markets: Saudi Arabia is expected to lead with an estimated CAGR of 8.8%, followed by Qatar at 8.3%, the UAE at 6.7%, Kuwait at 6.3%, Bahrain at 6.0%, and Oman at 4.0%. These differentials reflect varying demographic trajectories, infrastructure maturity and fiscal capacity across jurisdictions.

Regional infrastructure capacity requirements remain substantial. Alpen Capital estimates that the GCC will require approximately 12,317 new hospital beds between 2024 and 2029, equivalent to average annual bed growth of approximately 1.9%, increasing total regional capacity to approximately 140,572 beds by 2029. Most new bed additions are expected to be delivered by the private sector, reflecting governments' increasing reliance on privatisation and PPP frameworks to reduce fiscal burden while maintaining service quality standards.

The GCC healthcare sector is transitioning from traditional, episodic care delivery toward integrated, predictive and patient-centric models enabled by digital connectivity and data integration. Increasingly, healthcare system performance is measured not solely by physical infrastructure expansion, but by digital workflows, preventive care outcomes and continuity across the patient journey. This evolution supports long-term investment opportunities in scalable operators, specialty platforms, digital health infrastructure and PPP-backed healthcare assets offering stable cash flow visibility.

US Healthcare Sector

Driven by unprecedented demographic tailwinds and robust long-term fundamental metrics, the US healthcare real estate sector is experiencing exceptional growth momentum. The convergence of ageing baby boomers, rising healthcare expenditures, decentralising care delivery, and technological innovation has created a compelling investment landscape with strong long-term fundamentals in healthcare real estate including medical office buildings (MOBs) such as Ambulatory Surgical centers, urgent care centers and freestanding outpatient clinics.

The demographic base that underpins the demand for healthcare real estate has reached a critical inflection point. As of January 2026, the nation's oldest baby boomers have begun turning 80 years old, marking the start of a transformative period for senior-dependent populations. The age 80-plus population is expected to double from 14.7 million in 2025 to 29.4 million by 2045, which is expected to create a sustained, multi-decade demand for healthcare and senior housing services.

The shift toward outpatient care continues to reshape healthcare delivery and create a structural demand for medical office space. Key factors supporting the shift to outpatient medical clinics and offices include advancements in medical technology enabling more procedures to be performed in outpatient settings, health system cost management strategies favouring low-cost ambulatory care, and patient preferences for convenient, accessible healthcare services.

The pandemic accelerated this structural shift, as health systems moved ambulatory and administrative uses out of hospital facilities to limit virus transmission and prepare for inpatient surges. This reallocation trend has persisted and is expected to continue, creating a sustained demand for medical office space in the near and medium term. Modern medical office buildings also support multiple physician practices by

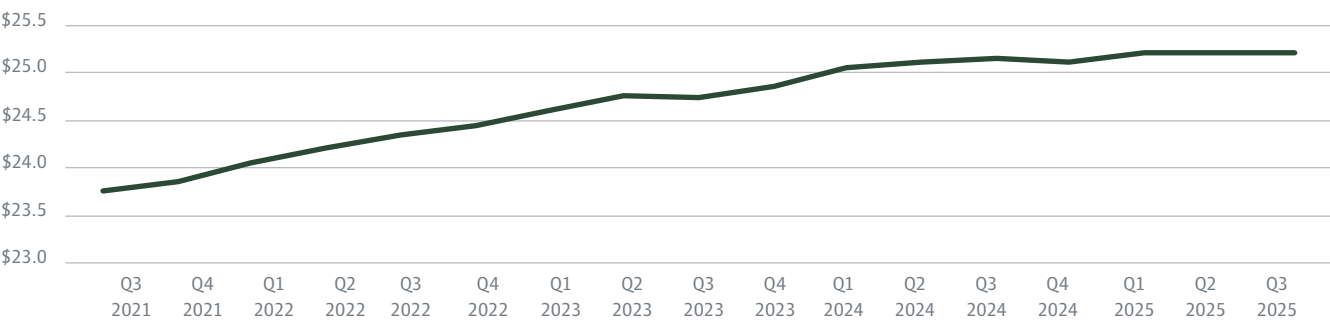
enabling the shared use of key medical infrastructure and diagnostic facilities, enhancing operational efficiency and reducing duplicative capital expenditure.

Healthcare spending patterns support this demand trajectory. National health expenditures are projected to exceed US\$6.8 trillion by 2030, with outpatient healthcare spending projected to increase 31%, reaching ~US\$2 trillion. This growth outpaces inpatient care expansion, underscoring the structural nature of the outpatient shift and the durable demand it creates for MOB space.

Medical office and outpatient healthcare real estate maintained resilient operating fundamentals through 2024 and into 2025, continuing to outperform the broader office sector. As of Q3 2025, medical outpatient building (MOB) vacancy stood at ~9.9% with consistently high rent rates, materially below traditional office vacancy levels, supported by long-term leases to health systems and physician groups that provide strong cash-flow visibility and limit near-term rollover risk. In addition, relocation decisions typically require meaningful capital investment in specialised tenant improvements, medical equipment and regulatory compliance, reinforcing tenant retention. Demand remained comparatively steady as outpatient facilities play an essential and non-discretionary role within healthcare delivery networks.

Rental performance remained firm through 2024 and into 2025, with average MOB asking rents reaching record levels of ~US\$25.20 per square foot as of Q3 2025, reflecting modest year-on-year growth despite a high interest-rate environment. Supply conditions remained disciplined, with ~2.4 million square feet under construction nationally as of Q3 2025, constrained by elevated construction and replacement costs and the strategic importance of assets located near hospital campuses and dense population centers. Collection rates remained consistently strong throughout the period.

NNN Asking Rent (L)



Sources: Colliers



Pictured Above
As electricity demand reaches record levels, investment in transmission infrastructure and grid resilience has never been more critical to powering America’s energy future.

35

European data center capacity could increase from approximately 10GW in 2023 to around 35GW by 2030.

Infrastructure

Data centre expansion is reshaping the US energy infrastructure, with capacity projected to rise from 10 GW in 2023 to around 35 GW by 2030, increasing the importance of grid investment, renewables and system flexibility.

US Infrastructure Sector

(Power Grid, Renewables & Digital Infrastructure)

US electricity demand is expected to reach record highs in 2026, rising to approximately 4.3 trillion kWh, driven by electrification, industrial demand and rapid growth in data center load. According to the US Energy Information Administration (EIA), demand growth assumptions have been revised upward over the past year, reflecting the structural impact of AI and digital infrastructure.

Renewables continue to dominate new capacity additions, with renewable generation expected to increase its share of total US electricity output from ~23% in 2024 to over 25% by 2026. Natural gas remains the largest single source of generation and a key provider of dispatchable capacity, supporting grid reliability as intermittent renewable penetration rises. As demand growth accelerates and supply becomes more variable, the role of transmission, distribution and system resilience has become increasingly central to meeting future power needs.

Data Center and Digital Infrastructure

AI-driven data center expansion is now one of the largest incremental drivers of US power demand. Data centers accounted for an estimated 4-5% of total US electricity consumption in 2023, with several forecasts indicating this could rise materially by the end of the decade. BloombergNEF estimates that data centers could account for ~8.6% of US electricity demand by 2035, underscoring the scale of the shift.

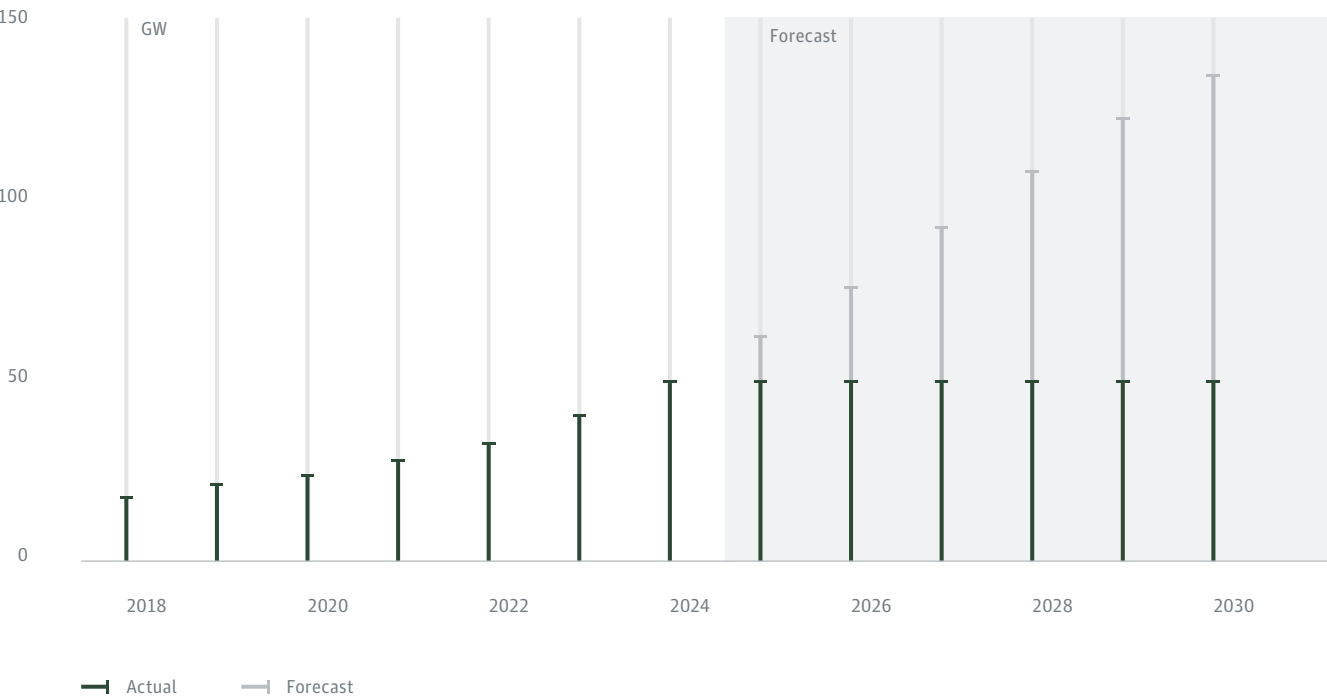
Grid-connected power demand from US data centers is projected to grow from ~50 GW in 2024 to over 75 GW by 2026, and could exceed 130 GW by 2030, excluding enterprise-owned facilities. This concentrated and time-sensitive load has made access to power a binding constraint, elevating the importance of grid infrastructure, substations and enabling assets.

Storage and System Flexibility

Energy storage is becoming a core enabler of grid reliability as electricity demand rises and renewable penetration increases. The economics of utility-scale batteries have improved materially, with battery costs declining by ~90-95% since the mid-2010s, supporting large-scale deployment alongside both renewable and conventional generation.

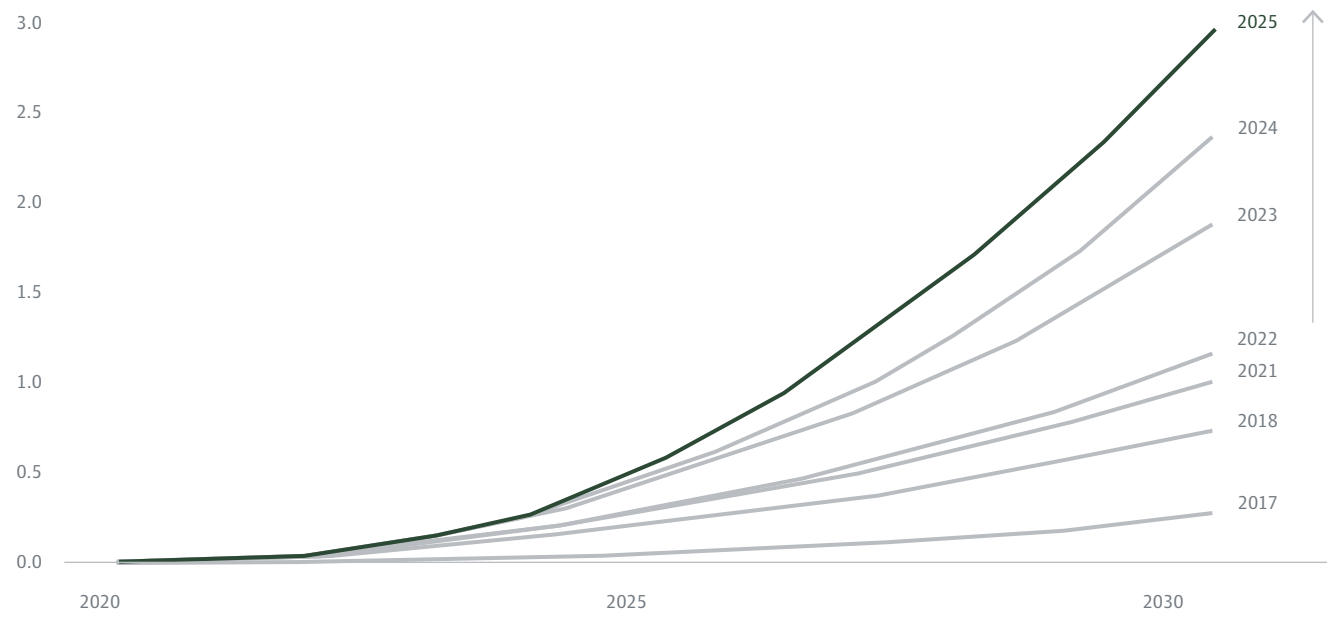


US power demand from data centers expected to more than double from current levels



Batteries have become the cornerstone of power systems

Global Battery Capacity Forecasts (TWh)



Source: BloombergNEF

Europe Infrastructure Sector

(Power Grid, Renewables & Data Centers)

Power Grid

Electricity demand is expected to rise materially over the coming decade, driven by electrification, digitalisation and industrial transformation. According to BCG, meeting Europe’s competitiveness and resilience objectives will require approximately €12 trillion of cumulative infrastructure investment through 2040, with the largest shortfalls concentrated in energy and power networks. Annual infrastructure spending would need to increase from roughly €300 billion to around €800 billion, highlighting the scale of the investment gap.

The European Commission estimates that at least €1.6 trillion of electricity grid investment will be required by 2040, spanning transmission, distribution and enabling infrastructure. Despite existing plans, funding gaps remain substantial, with approximately €190 billion of transmission investment and €400 billion of distribution investment currently unfunded. ENTSO-E estimates that 108 GW of additional transmission capacity will be required by 2040 to support cross-border flows and system flexibility. Insufficient grid investment has already contributed to rising congestion and system costs, with congestion management costs running into the several billions of euros annually in recent years, reinforcing the need for sustained investment in transmission, distribution and cross-border interconnections to improve system efficiency and resilience.

Renewables

Against this backdrop of grid constraints, renewable deployment continues to accelerate across the region. Renewables remain a central pillar of Europe’s energy strategy, with substantial capacity additions expected through 2030. The European Union is forecast to add over 600 GW of renewable capacity between 2025 and 2030, driven primarily by wind and solar deployment. However, the pace of renewable expansion increasingly exceeds the readiness of transmission and distribution networks.

As renewable penetration rises, the focus of infrastructure investment is shifting from generation alone toward system-level solutions, including grid reinforcement, flexibility and storage. Grid modernisation and enabling technologies are becoming essential to integrate variable output, reduce curtailment and maintain reliability as electricity demand grows.

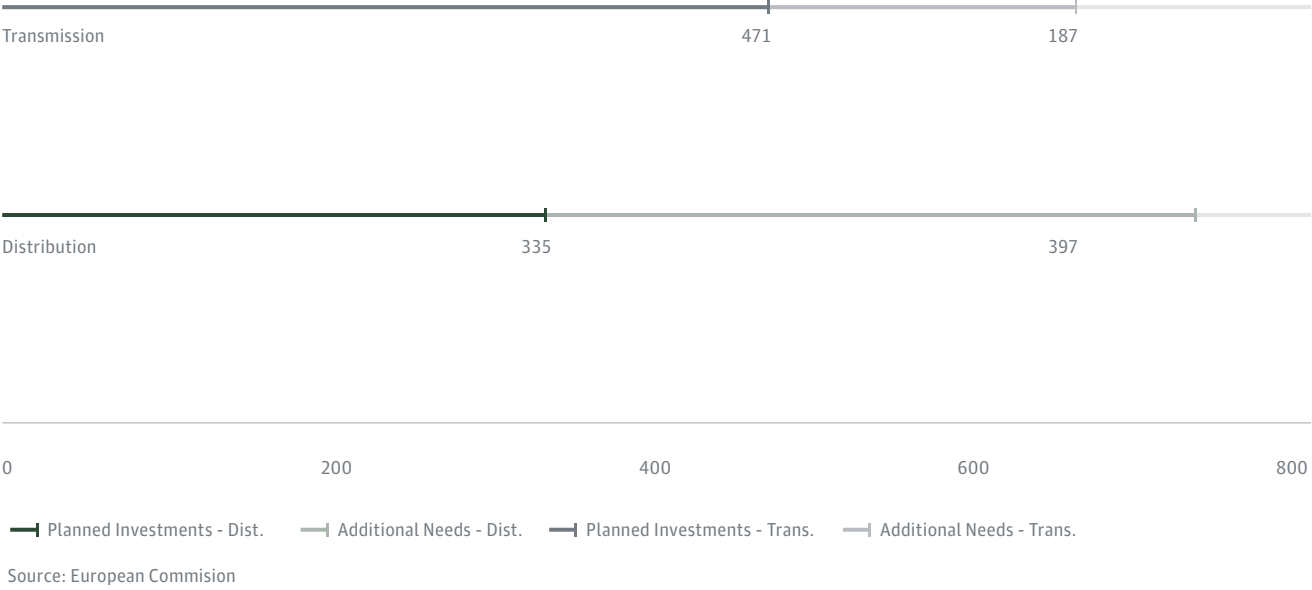
Data Centers

Data centers are becoming a structural source of incremental electricity demand across Europe, supported by cloud adoption and AI workloads. This growth is increasingly underpinned by 'Sovereign AI' needs, where European nations require localised data residency—a trend that further insulates demand from global volatility. Recent estimates suggest European data center capacity could increase from approximately 10 GW in 2023 to around 35 GW by 2030, driving electricity demand from roughly 60 TWh to over 150 TWh over the same period.

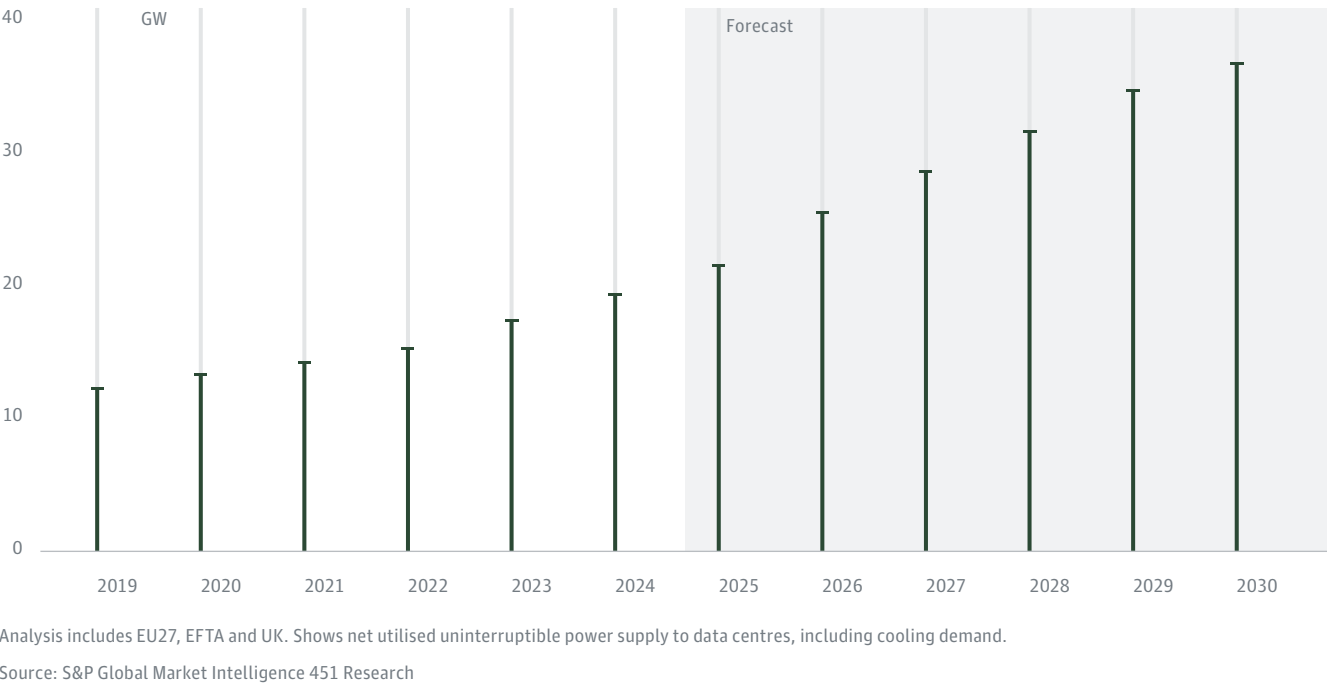
In several core markets, grid connection lead times have extended materially, highlighting the growing mismatch between the pace of digital infrastructure development and power network readiness. These constraints underscore the importance of grid capacity, flexibility and coordination in supporting Europe's digital and economic ambitions.

A Substantial Gap

EU-27 planned investments and additional needs into electricity infrastructure, 2024-2040 (€bn)



Total power demand by European data centers through 2030



Data Centers

Data centers remained one of the most structurally supported real asset classes through 2025 with 2026 leasing activity expected to reach a new all-time high in the U.S., according to CBRE's 2026 Market Outlook, the growth is underpinned by cloud adoption, digitalisation and the rapid scaling of artificial intelligence (AI) workloads. Increasingly, the sector is being characterised as part of a broader digital infrastructure investment supercycle, with capital deployment accelerating alongside hyperscale and AI-driven demand. Market conditions were characterised by exceptionally tight vacancy, elevated pre-leasing activity, and an increasing emphasis on power availability as the key constraint on new supply. As a result, grid connectivity, development lead times and the ability to contract power at scale have become primary determinants of market entry, asset pricing and investment strategy.

Global supply additions continued, but demand absorbed new capacity rapidly across established hubs and emerging markets. CBRE states that the global weighted average vacancy rate fell by 2.1% YoY to 6.6% in Q1 2025, reflecting the sector's structural undersupply. Power capacity constraints are also intensifying pre-leasing and extending new construction timelines to 2027 and beyond as occupiers seek to secure capacity earlier in the development cycle. In North America, inventory expanded sharply year-on-year among the four largest markets, yet vacancy remained constrained at historic lows across primary U.S. markets. Northern Virginia continued to operate at sub-1% vacancy, while Phoenix and Chicago remained in the low single digits. Net absorption in these top four markets rose 101% YoY to 1,668.5 MW in Q1 2025, underscoring the depth of hyperscale-led demand.

In Europe, delivery momentum moderated as power constraints restrict expansion in the largest hubs. CBRE notes inventory growth across London, Frankfurt, Paris and Amsterdam slowed materially compared to the previous year, while vacancy across these top four markets fell to a record low of 7.4% in Q1 2025 signaling that demand continues to outpace deliverable supply. JLL's Midyear 2025 market evidence reinforces the same theme: with vacancy near 0% in colocation, absorption is increasingly driven by pre-leasing. Preleasing rates for under-construction primary-market data centers are expected to remain in the mid-70% range in 2026, significantly above the historical norm of 40%–50%, underscoring continued forward-committed demand, suggesting that any meaningful loosening of market conditions remains several years away, with vacancy expected to remain below 5% through 2027 under most scenarios. Despite a 43% year-over-year expansion in primary-market inventory, pre-leasing activity continues to absorb capacity ahead of delivery, limiting near-term vacancy expansion.

Power availability is increasingly the primary factor limiting development, surpassing traditional real estate constraints such as land and zoning. Across regions, grid interconnection delays and constrained utility capacity are lengthening delivery schedules and forcing occupiers to secure capacity earlier, reinforcing pre-leasing intensity and supporting pricing. Savills

highlights that across EMEA, power constraints are visible in delivery and take-up dynamics. The availability of new power capacity from the start of the year declined to 850 MW (down 11% YoY), while take-up reached 845 MW, illustrating that occupier appetite remains strong but is limited by available product. Total contracted power capacity rose to ~14,500 MW (up 12% YoY), and regional occupancy increased to 91% in Q3 2025 (from 87% in Q3 2022). To navigate grid bottlenecks, operators are increasingly exploring 'behind-the-meter' solutions, on-site power and battery storage. JLL expects these energy strategies to play a growing role as average grid connection wait times in primary markets now exceed four years, positioning'speed to power' the primary criterion driving site selection.

Greenfield development continues to expand in emerging U.S. markets, particularly along the Interstate 20 corridor across the Sun Belt and in deregulated electricity markets where power delivery timelines are comparatively shorter, particularly in markets where power and land can be secured. In EMEA, Savills estimates ~2,800 MW of capacity is under construction and 11,300 MW has already been committed, together representing 27% of the existing operational supply. Of the capacity under construction, ~700 MW is expected to go live this year, with the remainder scheduled for delivery in subsequent years. Beyond this, a further 21,000 MW of early-stage developments has been planned for delivery over the next five years, reflecting a step-change in scale to meet AI- and cloud-driven demand. While established hubs continue to dominate near-term delivery, growth is broadening into secondary markets. Savills highlights rapid YoY growth in construction and committed pipelines in several emerging locations, reflecting a strategic shift by operators to diversify footprints in response to power scarcity, land availability constraints and the need for more localised infrastructure.

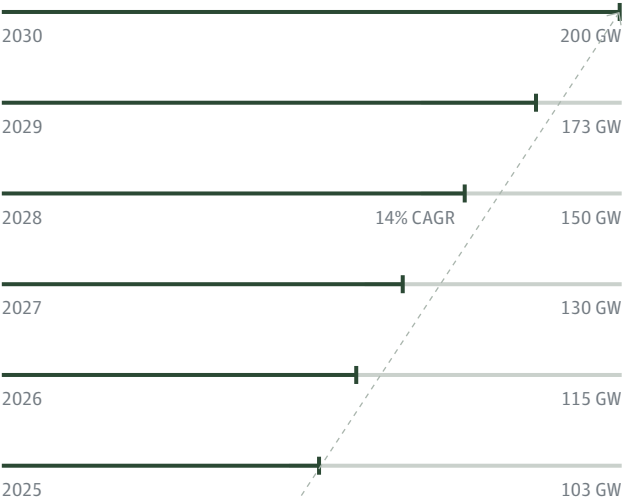
Average rental rates in primary U.S. markets for 250–500 kW requirements remained near historic highs in 2025 at approximately US\$ 215 per kW per month, with pricing expected to stay elevated in 2026 given continued supply constraints. Several core hubs recorded mid- to high-teen pricing increases, reflecting the market's ability to pass through high development and power costs where demand is strongest. The rise of high-density AI deployments is also influencing leasing economics and design requirements. JLL expects AI-related workloads to lift power density requirements and accelerate the adoption of advanced cooling solutions (including liquid cooling). Tenant fit-out costs are becoming a large component of the total project cost, particularly for GPU-intensive AI infrastructure.

Supported by long-duration demand and increasingly scarce, power-secured supply, data centers continued to attract significant institutional capital in 2025. JLL's 2026 Global Data Centers Outlook frames the sector as an infrastructure investment supercycle, estimating up to US\$3 trillion of the total investment required by 2030. ~100 GW of new capacity is expected to come online between 2026 and 2030, equating to US\$1.2 trillion in real estate asset value creation, with tenants expected to invest a further US\$1–US\$2 trillion in IT fit-out.

Cushman & Wakefield similarly highlights the pace of expansion, noting that operational capacity across the 97 markets tracked in its 2025 Global Data Center Market Comparison now exceeds 40 GW globally, while hyperscale capital expenditures increased to 58% YoY in 2024. The report emphasises that power availability remains the industry's top concern: operators often seek two- to three-year delivery timelines but face delays of five years or more. These developments supporting a continued shift toward emerging markets where power can be delivered faster.

Looking ahead, sector fundamentals remain supportive. JLL expects global data center capacity to reach ~200 GW by 2030, driven by continued hyperscale cloud expansion and AI demand, with the sector projected to expand at a 14% CAGR through 2030. AI workloads are expected to become a materially larger share of the overall demand, with an expected inflection in 2027 as inference workloads increasingly overtake training workloads, supporting more geographically distributed deployments.

Existing Global Data Center Capacity (GW)



Sources

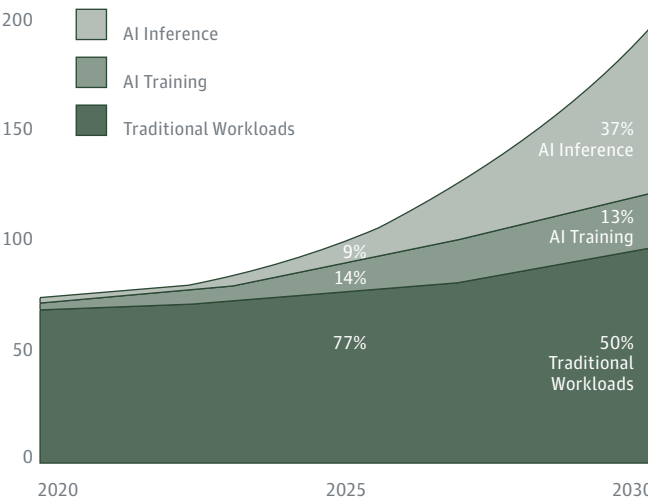
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Global Data Center Market Comparison now exceeds 40 GW globally, while hyperscale capital expenditures increased to 58% YoY in 2024.

Despite the rapid growth, market fundamentals continue to indicate disciplined expansion: JLL estimates global occupancy at 97% and notes that 77% of the global construction pipeline is pre-committed to tenants, reinforcing visibility on future absorption. Global lease rates are forecast to increase at a 5% CAGR through 2030, led by the Americas given more acute supply constraints.

Key constraints are likely to persist. Power and grid infrastructure, construction lead times and specialist equipment availability remain central risks to delivery schedules and underwriting. JLL notes that the average global data center construction costs increased from US\$7.7 million per MW in 2020 to US\$10.7 million per MW in 2025 (a 7% CAGR), with the average cost forecast to rise further in 2026. Against this backdrop, markets able to deliver 'speed to power' through grid readiness, private-wire renewables, on-site generation and storage are likely to capture an outsized share of new requirements.

Total Global Data Center Workloads (GW)





Pictured Above
With tourism surging and premium dining in high demand, the GCC's hospitality sector is a key driver of the region's booming food and beverage market.

128

The market is projected to reach approximately US\$128 billion by 2029, growing at a CAGR of 6.1% from 2024.

Hospitality

Fuelled by tourism, population growth and rising incomes, the global hospitality sector, comprising hotels, premium dining and lifestyle destinations, is expanding and creating compelling long-term investments within the GCC and the wider market.

Hospitality – Global and GCC

The hospitality sector across developing economies is entering a structurally high growth phase, supported by government led tourism strategies, large-scale infrastructure investments, and a steady rise in international visitor inflows. This momentum is further reinforced by resilient consumer demand and sustained population growth. As a result, these markets are increasingly positioning themselves as global destinations for premium tourism and lifestyle-led investments, attracting both international operators and institutional capital.

Tourism has emerged as a key demand driver, extending well beyond the requirements of the resident population. This growth is underpinned by favorable demographic and macroeconomic fundamentals, including population expansion, rising per capita income, and rapid urbanization. The emerging economies have witnessed a strong acceleration in international arrivals, supported by national tourism strategies and destination development initiatives. These trends are driving demand across luxury hotels, branded residences, destination dining, and curated lifestyle experiences, reinforcing the region’s positioning as a global hub for high-end hospitality.

In parallel, rising tourism drives food and beverages (F&B) sector which continues to demonstrate resilient growth, benefiting from its largely non-discretionary nature and stable demand across both developed and emerging markets. According to Precedence Research, the global market is expected to reach approximately US\$8.7 trillion in 2025, with a projected CAGR of around 6% through 2034, supported by population growth, urbanization, and rising disposable incomes, particularly in emerging economies. Evolving consumer preferences toward convenience, health-oriented offerings, and diverse cuisines are further supporting expansion, while the rapid adoption of digital platforms and food delivery services is enhancing accessibility and consumption frequency.

Rise in affluent tourists which prefer enhanced experience drives luxury hospitality, thereby developments across regions is increasingly integrating wellness focused programming, including spa, medical tourism, and lifestyle-oriented amenities. Rising health awareness is driving the incorporation of wellness concepts into hospitality assets, enabling premium

pricing and differentiated guest experiences. Additionally, growing digital adoption supported by high smartphone penetration is transforming the hospitality ecosystem through online booking platforms, digital concierge services, and app-based lifestyle solutions, enhancing both customer experience and operational efficiency.

The global hospitality sector across emerging markets presents a compelling investment opportunity, particularly within the luxury segment. Strong structural demand driven by tourism growth, rising affluence, urbanization, and experiential consumption trends is supporting sustained expansion across hotels, branded residences, lifestyle destinations, and hospitality led mixed-use developments. As governments continue to prioritize tourism as a key driver of economic diversification, the region is increasingly attracting long-term institutional capital seeking exposure to high-growth luxury hospitality assets.

The GCC hospitality sector is supported by resilient consumer demand, sustained population growth, and rapidly expanding tourism inflows Across the region, governments are actively positioning tourism and hospitality as central pillars of economic diversification, resulting in significant investment into luxury hotels, branded residences, integrated resorts, and experiential lifestyle destinations. As a result, the broader hospitality and leisure market is projected to grow strongly over the coming years, with the GCC and North Africa increasingly emerging as global destinations for high-end tourism and lifestyle investment.

Tourism remains a key enabler for the GCC region's growth supported by large scale national tourism strategies and destination development programs. Flagship initiatives such as Riyadh Season, ALUla, Diriyah Gate, the Red Sea Project, and major mixed-use developments across the UAE, Qatar, and Morocco are rapidly expanding the region's hospitality infrastructure. These projects drive demand for luxury hotels, branded residences, destination dining, and curated lifestyle experiences, reinforcing the region's positioning as a global hub for high-end hospitality.

Growth in tourism is complemented by favorable demographic and economic fundamentals. Population expansion, rising

Key demand drivers – including urbanisation, a young and expatriate-heavy demographic profile, rising disposable incomes and evolving dietary preferences – continue to underpin sustained sector expansion.

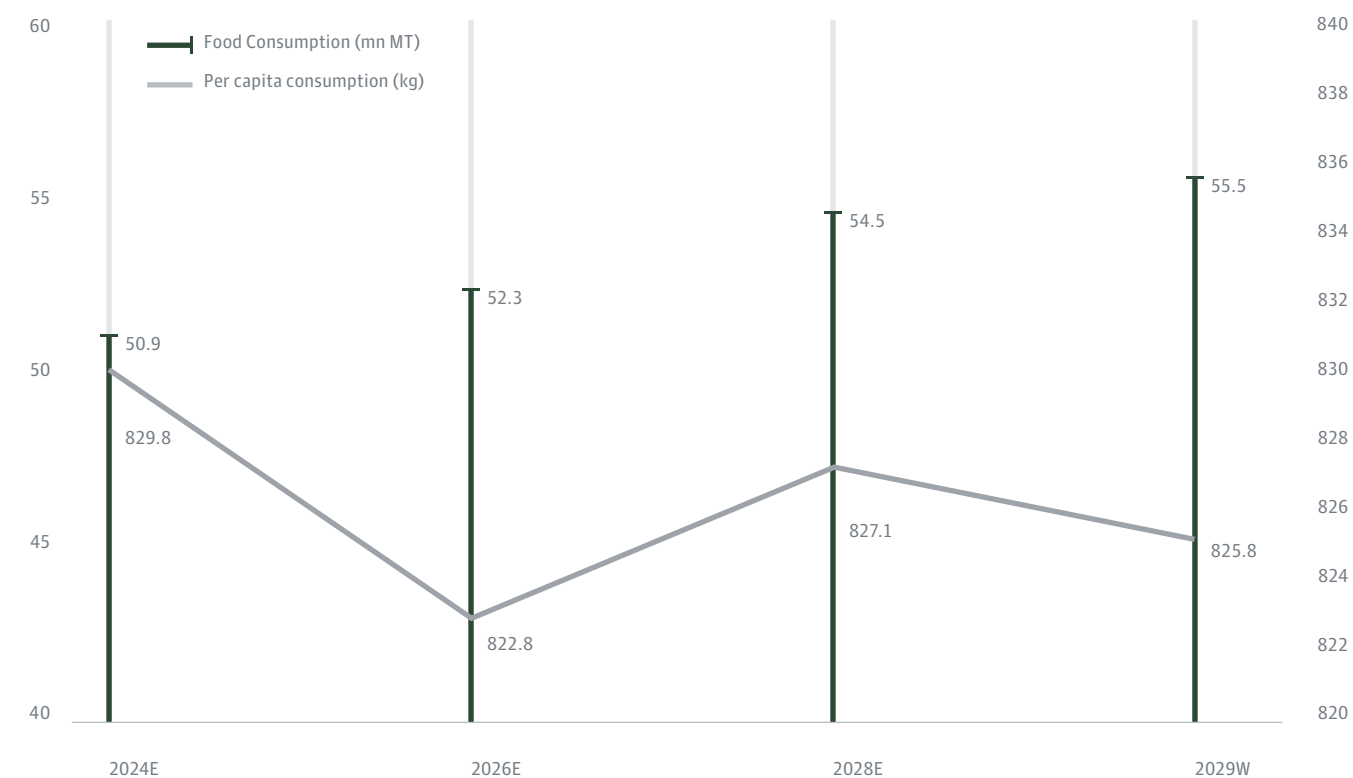
per-capita incomes, and increasing urbanization are supporting strong demand for hospitality, leisure, and lifestyle offerings. Particularly, across GCC, a young and increasingly affluent population is demonstrating a strong propensity for premium experiences, including luxury travel, fine dining, entertainment, and wellness-led hospitality concepts.

Urbanization and large-scale real estate development are also reshaping the hospitality landscape across the region. The majority of GCC residents now live in major metropolitan centers such as Dubai, Riyadh, Doha, and Manama, where mixed-use developments and lifestyle districts are becoming key focal points for tourism and local consumption. These developments are enabling the clustering of luxury hotels, destination restaurants, retail, and entertainment venues, creating integrated hospitality ecosystems that enhance both visitor experience and commercial performance. Health, wellness, and lifestyle positioning are also becoming increasingly central to hospitality investment strategies. This shift toward experiential consumption is further elevating demand for integrated hospitality developments that combine accommodation, food and beverage, retail, and leisure components.

The GCC food and beverages sector is underpinned by resilient consumer demand, steady population growth, and accelerating tourism inflows. The market is projected to reach approximately US\$128 billion by 2029, growing at a CAGR of 6.1% from 2024. At a country level, key markets such as Saudi Arabia and the UAE continue to scale rapidly, with Saudi Arabia's F&B market reaching approximately US\$36.4 billion in 2025, reflecting strong domestic demand and policy-led sector expansion. The GCC has recorded strong growth in tourist visits supporting sustained food consumption across hospitality, foodservice, and experiential dining channels. Government-backed giga-projects and large-scale tourism initiatives such as Riyadh Season and ALUla are accelerating demand for premium and out-of-home dining formats, reinforcing the region's role as a scaled supplier to hospitality led consumption.

Food consumption volumes in the GCC are projected to grow at a CAGR of 1.7% between 2024 and 2029, reaching approximately 55.5 million metric tonnes, according to Alpen Capital. This growth is driven by population expansion (c. 1.8% CAGR), rising per-capita incomes (c. 3.8% CAGR), improving economic stability and increased tourism inflows. The higher growth in market value relative to volumes reflects premiumisation, greater penetration of packaged foods, modern retail expansion, and rising per capita expenditure, rather than purely volume-driven growth.

Digital adoption is further transforming the sector. High digital penetration across the GCC has accelerated online food ordering and delivery, with digital platforms such as Hunger Station, Jahez, and Uber Eats becoming embedded in daily consumption behaviour. These channels enhance demand visibility, convenience and last-mile efficiency, complementing rather than displacing physical retail and foodservice formats. Governments are actively supporting sector growth through large-scale infrastructure investment, regulatory reform, visa liberalization, and public-private partnerships. Initiatives such as Saudi Arabia’s Vision 2030, and the UAE Tourism Strategy 2031, plans are aimed at substantially increasing visitor numbers while expanding the region's luxury hospitality offering.



Sources: Colliers

From a policy perspective, the region's historically high reliance on food imports has intensified government focus on food security, supply-chain resilience and selective import substitution. Targeted investment programmes aimed at expanding local production, cold-chain infrastructure and food manufacturing capacity are gradually improving resilience and sustainability. Saudi Arabia's Vision 2030 and the UAE's Food Security Strategy 2051 remain central to this agenda, supporting agritech adoption, innovation-led local production and public-private collaboration.

Overall, the GCC F&B sector presents an attractive opportunity set across production, processing, distribution, and technology enabled solutions. Structural volume growth driven by population and tourism, combined with premiumisation, health-focused consumption trends, modern trade expansion and digital enablement, supports both revenue expansion and margin enhancement. Adjacent segments such as logistics, packaging and food safety services are also positioned for sustained growth, reinforcing the sector's attractiveness for long-term institutional capital deployment.



Roka at Bahrain Harbour, the internationally renowned Japanese F&B brand is one of the Group's newest partnerships, launched into the market by GFH's Infracorp subsidiary.



Pictured Above
With traditional lending constrained and refinancing demand at scale, private credit is reshaping how real estate capital flows across the GCC and global markets.

20

In the U.S., the Mortgage Bankers Association estimates that 20% (US\$957 billion) of the US\$4.8 trillion commercial and multifamily mortgage market will mature in 2025.

Private Credit

As bank lending tightens and refinancing pressures mount, private credit is stepping in to bridge capital gaps across real estate’s most resilient and income-supported sectors.

Private Credit (Cross-Sector Real Estate Debt)

Private credit continued to play a pivotal role in real estate capital markets through 2025, as elevated base rates, tight bank underwriting and a large refinancing pipeline constrained traditional credit availability. Higher-for-longer rate expectations and regulatory capital constraints further limited bank balance sheet deployment, reinforcing the role of non-bank lenders. In this environment, private lenders increasingly provided acquisition, transitional and refinancing capital where certainty of execution, speed and structural flexibility were required. While pricing has begun to normalise across markets, the refinancing cycle remained a key driver of activity, creating opportunities across defensive, income-supported sectors such as logistics, healthcare and living, alongside select alternative real estate segments.

Refinancing needs stayed elevated through 2025 as assets financed at peak valuations approached maturity. JLL estimates that real estate assets with maturing debt through end-2025 total ~US\$3.1 trillion globally, equating to ~US\$2.1 trillion of associated loans, with the U.S. accounting for ~77% of the total. The living / multi-housing sector is expected to represent the largest share of maturities (c.25%), followed by offices (c.23%) highlighting the scale of refinancing activity across income-generating sectors. In the U.S., the Mortgage Bankers Association estimates that 20% (US\$957 billion) of the US\$4.8 trillion commercial and multifamily mortgage market will mature in 2025, up from US\$929 billion in 2024 as prior-year maturities extended forward. Refinancing pressure is uneven across capital sources, depositories, CMBS, and other private lenders, collectively account for the majority of 2025 maturities, reinforcing the need for bespoke solutions and incremental equity to close financing gaps.

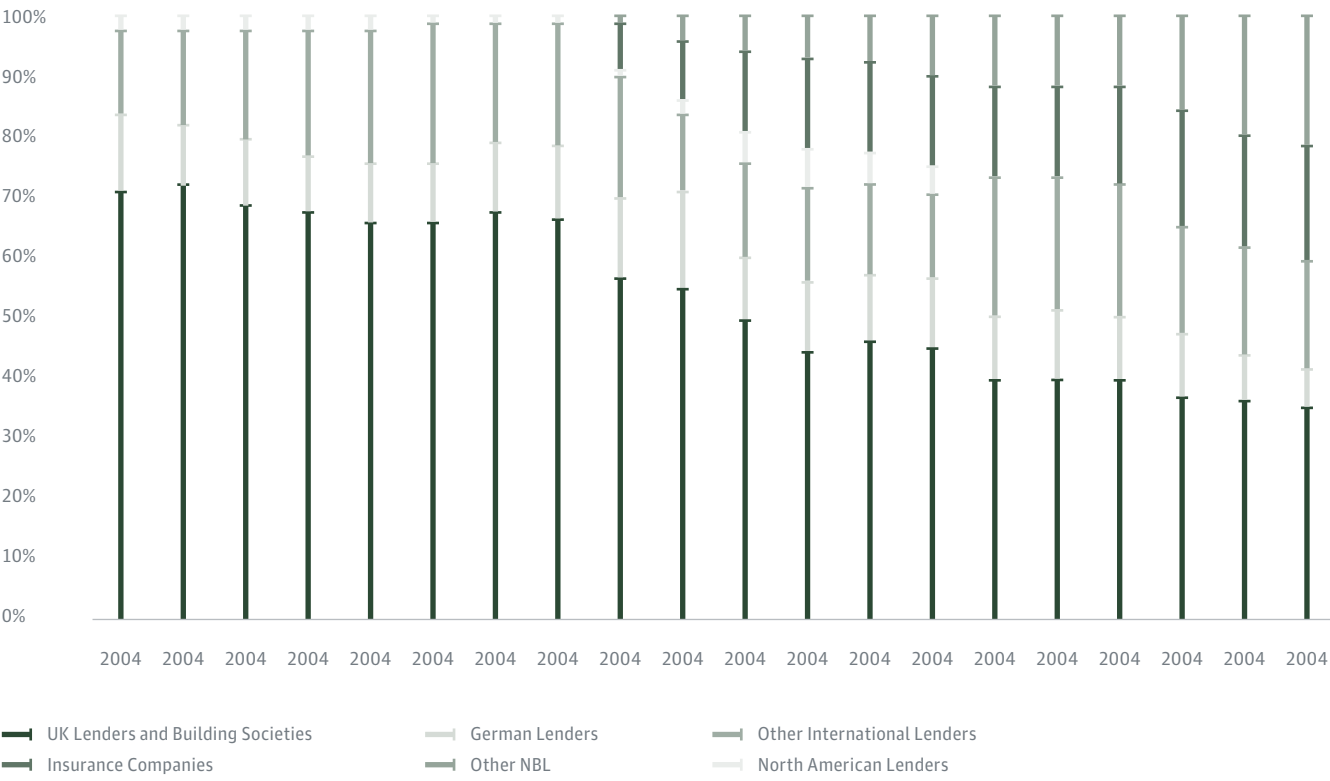
Regulatory scrutiny, balance-sheet constraints and a preference to preserve liquidity kept banks selective, particularly for transitional assets and office-exposed collateral. CBRE expects bank lending to remain subdued as lenders prioritise portfolio management, while private lenders step in to provide development, bridge and restructuring capital where banks are less active. Non-bank capital continued to gain share as a structural provider of liquidity. In Europe, Cushman & Wakefield notes that non-bank lenders account for 43% of outstanding CRE loans versus 24% pre-pandemic, supported by the expansion of debt funds and institutional credit platforms. JLL similarly highlights that domestic banks represent only ~35% of outstanding loans in proxy UK data, with insurers and other lenders reaching a record share above 40% in 2023, evidence of a diversified lending ecosystem across the cycle. This structural reallocation of credit provision supports sustained opportunity for private real estate credit strategies beyond the immediate refinancing cycle.

As market confidence improved, competition for high-quality collateral led to modest spread compression, particularly in core segments. CBRE's U.S. Lending Momentum Index closed Q2 2025 at 1.04 (up 112% year-over-year), with average spreads on closed commercial mortgage loans at 197 bps and multifamily spreads tightening to 141 bps. Average loan-to-value rose modestly to 63.8%, reflecting ongoing lender focus on cash-flow protection.

Across Europe, lenders have shown increased willingness to provide capital where assets are appropriately priced, and business plans are clear. Cushman & Wakefield cites senior LTVs increasing toward 55–60% and prime investment margins only 20–30 bps wider than peak cycle levels, while JLL reports margins in the low-100s bps for core financings across Europe. However, for transitional assets, weaker sponsors or idiosyncratic sectors, underwriting standards remain conservative, supporting differentiated pricing across the risk spectrum.

Private real estate credit opportunities through 2025 remained most attractive where collateral fundamentals supported stable income, defensive demand and clear exit visibility. Lender appetite continued to favour:

- Logistics / Industrial: Preferred by many lenders given tenant demand linked to supply-chain re-design and e-commerce, with emphasis on modern assets in core distribution hubs.
- Living sectors: Multifamily and other living formats benefit from structural housing demand; maturities concentration in living creates recurring refinancing flow, often suited to senior and whole-loan strategies.
- Healthcare: Healthcare real estate and medical outpatient assets typically exhibit resilient occupancy drivers and contractual income visibility, supporting conservative leverage.
- Select alternatives: Data centers, life sciences and other operational real estate niches attracted growing lender interest, often alongside tight covenants and sponsor scrutiny.
- Office (selective): Capital is increasingly concentrated in top-tier, well-leased assets or repositioning situations; structured and rescue capital can be required where refinancing gaps persist.



Sources: Bayes Business School Commercial Real Estate (CRE) Lending Report

In a recalibrated market, private lenders were able to structure across the capital stack, ranging from senior secured loans and whole-loan solutions to mezzanine, preferred equity and rescue financing. Key differentiators included execution speed, bespoke structuring (cash-management, covenants, extension options) and active asset management capabilities. With refinancing shortfalls estimated between US\$270–570 billion globally, structured capital remained relevant, particularly for borrowers seeking to bridge valuation gaps without forced sales or dilutive equity infusions.

Forward-looking projections remain constructive. However, estimates differ depending on market definition. Morgan Stanley estimates the market was ~US\$3 trillion at the start

of 2025 (vs ~US\$2 trillion in 2020) and could approach ~US\$5 trillion by 2029; Moody's similarly expects global private credit AUM to rise to ~US\$3 trillion by 2028. For investors, the appeal continues to be anchored in contractual income, floating rate structures and an illiquidity premium versus public markets. The addressable opportunity is materially larger than current AUM. McKinsey estimates the addressable market for private credit could exceed US\$30 trillion in the U.S. alone and expects continued migration of asset-backed finance, infrastructure/project finance and high-risk commercial real estate toward non-bank lenders. This shift is increasingly enabled by an emerging ecosystem of partnerships and open-architecture models across banks, asset managers and insurers supporting origination, syndication and distribution at greater scale.

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Technology

Pictured Above
Technology has entered a new era of capital intensity, with AI and digital infrastructure now reshaping investment strategies and returns across global markets.

23

Network security spending, while smaller in absolute terms, is also projected to edge higher, increasing from roughly US\$21 billion in 2024 to US\$23 billion in 2025.

AI has moved from concept to core infrastructure, triggering a major technology upcycle with global IT spending and data center investment set to reach unprecedented scale.

US Technology Sector

In 2025, the global technology sector transitioned from post-cycle normalisation phase into a capital-intensive investment upcycle driven by the industrialisation of artificial intelligence (AI) and the expansion of supporting infrastructure. While 2024 was characterised by optimisation through cost discipline, cloud efficiency, and selective enterprise IT spend, 2025 marked a clear inflection toward capacity expansion, particularly across compute, data centers, and energy-linked infrastructure. Artificial Intelligence (AI) evolved from a discrete innovation theme into a general-purpose technology reshaping capital allocation across compute, networking, data infrastructure and energy systems. According to Gartner, global IT spending is projected to reach approximately US\$6 trillion in 2026, representing c. 9-10% year-on-year growth and reflecting renewed enterprise investment in infrastructure, cloud and AI-enabled systems¹.

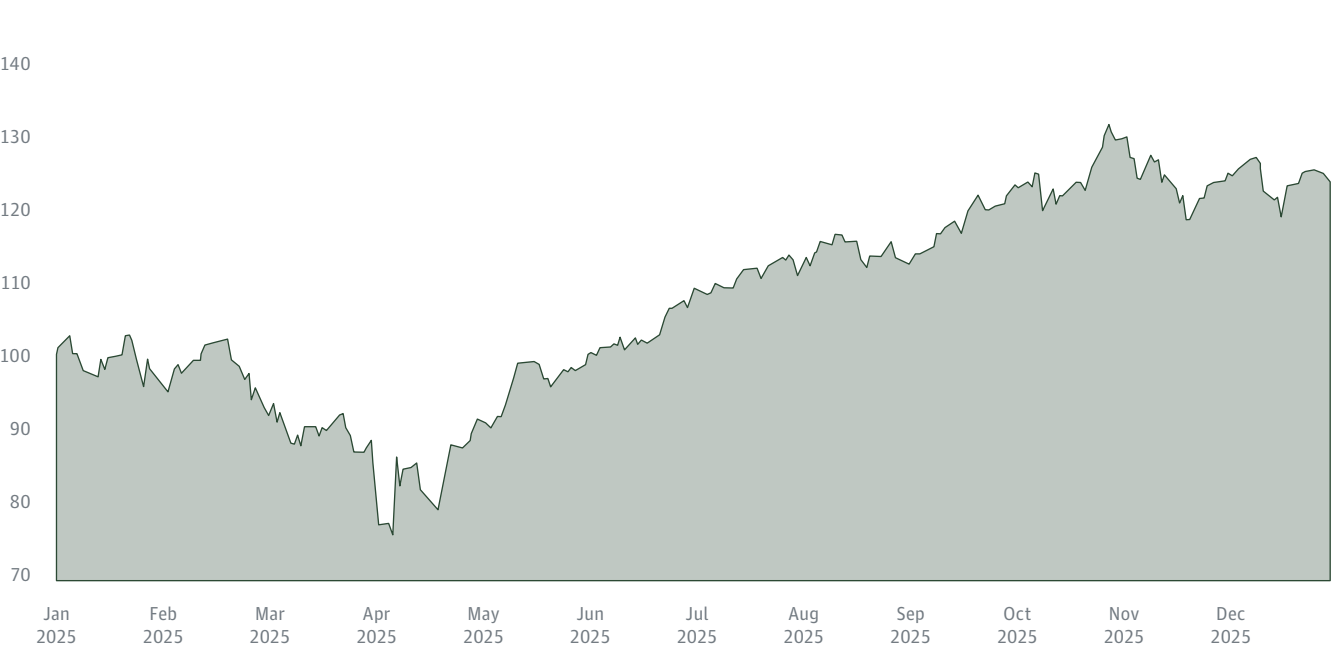
Looking ahead, sector growth is expected to be driven less by short-term IT cycles and more by long-duration structural demand, with compute availability, data access, and power infrastructure emerging as binding constraints. Analysis by McKinsey & Company estimates that global capital spending on data center infrastructure, excluding IT hardware, could exceed c. US\$1.7 trillion by 2030, driven by the expansion of AI, the growth of edge computing, and advances in high-

performance computing. From 2025 onward, technology is increasingly positioned as a core infrastructure layer of the global economy, with returns shaped more by scale, capital efficiency, and execution than by innovation velocity alone.

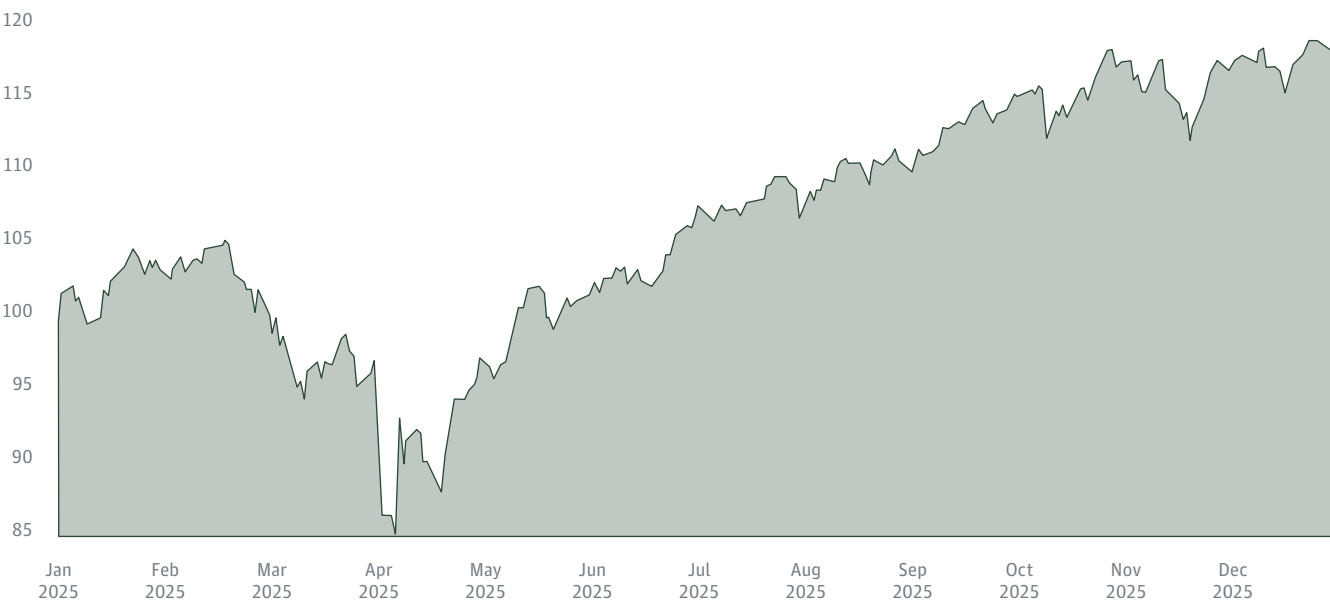
Comparison between S&P IT and S&P 500

The technology sector maintained its leadership position in 2025, extending its multi-year outperformance of the broader equity market, though with a moderation in returns as the sector shifted from valuation-driven expansion to infrastructure-led growth. During the year, the S&P Information Technology sector delivered a return of c. 23.6%, approximately 40% higher than the S&P 500's c. 16.6% gain. While this represents strong absolute performance, it marks a moderation relative to prior years, reflecting a transition toward more normalised returns as growth became increasingly driven by capital intensity, scale, and execution rather than valuation expansion. The 2025 performance reinforces the view that technology has evolved into a foundational growth engine of the global economy. Increasingly, value creation is anchored not only in software innovation but also in physical infrastructure—power, data centers, advanced semiconductors and networking capacity—upon which broader economic digitisation depends.

S&P 500 Information technology

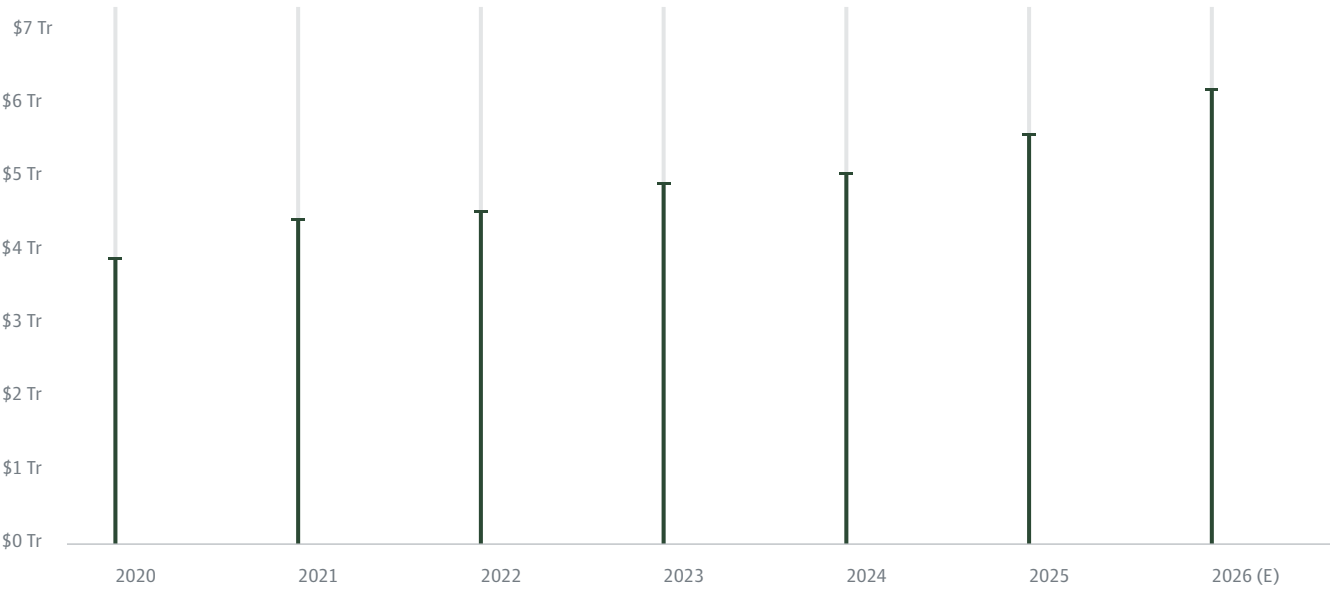


S&P 500



Source: Bloomberg

Worldwide IT Spending



Source: Gartner

AI Infrastructure

In 2025, the AI infrastructure sub-segment matured from early capacity experiments toward large-scale industrial deployment. Hyperscalers and major cloud providers accelerated the build-out of AI-optimised data centers, driven by sustained demand for training and inference workloads. This push translated to substantial capital commitment into next-generation hardware like GPUs and specialised accelerators, data center facilities designed for high power density, and geographic diversification of computing capacity. As enterprises increasingly embedded AI into core business processes, infrastructure spending shifted from discretionary upgrades to strategic capacity expansion, with electrification, cooling, and networking becoming core investment priorities.

AI-related spending continues to expand dramatically. Gartner forecasts that worldwide AI spending could reach c. US\$1.5 trillion in 2025² (including hardware, software and AI-enabled services expenditure), with infrastructure investment a material component of this figure, as cloud and hyperscale operators scale capacity to support AI workloads. Moreover, global data center electricity consumption is expected to increase meaningfully from c. 448 terawatt-hours in 2025 to c. 980 terawatt-hours by 2030, with AI-optimised servers accounting for a growing share of total power use, rising from about 21% to roughly 44%. Complementing this, McKinsey estimates that addressing growing AI computing demand could entail up to c. US\$6.7 trillion³ in cumulative investment in data centers and related infrastructure through 2030, including substantial allocations to power generation and transmission capacity. Hyperscaler capital expenditure trends reinforce this trajectory, with major cloud providers collectively committing record levels of annual capital expenditure toward AI-optimised data centers and advanced semiconductor procurement.

Looking ahead, AI infrastructure will remain a central determinant of competitive advantage across the technological landscape. As computing demand grows faster than traditional capital expenditure cycles, physical constraints, particularly the availability of power, site permissions, and grid capacity, are likely to shape deployment geographies and cost structures. Providers that secure access to scalable power, efficient cooling, and high-performance hardware will gain outsized returns on invested capital. Continued emphasis on multi-year capacity planning and partnerships with energy and telecommunications networks will be critical as the AI ecosystem moves beyond rapid prototyping toward sustained commercial scale.

Cybersecurity

In 2025, the cybersecurity landscape continued to evolve rapidly as enterprises, governments, and critical infrastructure operators adapted to an increasingly sophisticated threat environment amplified by cloud adoption and generative AI technologies. Organisations prioritised resilience after an increase in notable cyber incidents in 2024, leading to strategic security investment across software, services, and network protection domains. According to Gartner's estimates, worldwide end-user spending on information security is expected to reach c. US\$244 billion in 2026.

Cybersecurity investments continued to outpace the broader IT spending, reflecting heightened attention to risk management and evolving regulatory requirements as organisations strengthen their digital infrastructure. As per Gartner's segmentation data, spending on cybersecurity software is expected to grow steadily, rising from c. US\$ 95 billion in 2024 to c. US\$ 106 billion in 2025. Separately, security services spending is anticipated to grow from c. US\$ 77 billion to c. US\$ 84 billion, indicating a gradual shift toward managed and outsourced security solutions. Network security spending, while smaller in absolute terms, is also projected to edge higher, increasing from roughly US\$ 21 billion in 2024 to US\$ 23 billion in 2025. Collectively, these trends point to a continued enterprise focus on core security capabilities as organisations respond to increasing threat complexity and compliance considerations.

Looking ahead, the cybersecurity market is anticipated to continue expanding through the latter half of the decade, reflecting its growing role in supporting digital transformation and AI adoption. According to Gartner, the global information security market could reach c. US\$ 322 billion by 2029, representing a high-single-digit annual growth rate. This anticipated growth is underpinned by rising cloud adoption, expanded regulatory frameworks, and the increasing adoption of AI-driven defensive capabilities designed to counter AI-augmented threats. As a result, cybersecurity is positioned not only as a critical risk-mitigation priority for global organisations, but also as a structurally attractive, high-growth investment theme expected to continue attracting capital allocation in 2026 and beyond. As regulatory scrutiny intensifies and AI augments both offensive and defensive capabilities, cybersecurity is increasingly viewed as a non-discretionary expenditure category within enterprise IT budgets.

Cloud Infrastructure & Platforms

In 2025, Cloud Infrastructure & Platforms continued to evolve beyond basic hosting and virtualisation, increasingly supporting AI-enabled digital transformation as enterprises adapt how they deploy, secure, and scale compute resources. According to Gartner, worldwide end-user spending on public cloud services is expected to reach c. US\$723 billion in 2025, compared with c. US\$596 billion in 2024, reflecting ongoing growth as cloud platforms become more embedded within core enterprise operations. This year's shift reflects a broad transition from treating cloud as a cost-optimisation tool to viewing it as a foundational infrastructure layer upon which critical AI, data, and platform services depend.

Cloud infrastructure and platform spending continues to capture an increasing share of overall IT investment as organisations prioritise agility, scalability, and global reach in a competitive environment. Gartner's public cloud forecast indicates a c. 21.5% year-on-year growth in cloud spending for 2025, a strong indicator that platform services (including infrastructure-as-a-service and platform-as-a-service) remain core to enterprise modernisation strategies. Hybrid and multi-cloud adoption strategies are expected to become ubiquitous, with Gartner projecting that 90% of organisations will employ hybrid cloud models by 2027. This underscores the long-term strategic importance of flexible cloud platforms as opposed to single-vendor solutions. These market dynamics reinforce cloud infrastructure not as a transient IT trend but as a structural layer of enterprise computing, increasingly intertwined with AI, data infrastructure, and security frameworks.

Structural trends indicate continued momentum in cloud infrastructure and platforms as enterprises progressively integrate cloud into their digital and AI strategies. Looking further out, McKinsey analysis suggests that the underlying market for cloud infrastructure could grow substantially by 2040, potentially ranging from US\$1.6 trillion to US\$3.4 trillion, supported by the wider adoption of distributed computing edge capabilities, and AI-optimised infrastructure services. Taken together, these trends point to sustained capital allocation toward cloud platforms through 2026 and beyond as enterprises pursue agility, global scale, and deeper integration of AI into core business processes. This long-duration growth profile, combined with high switching costs and recurring revenue models, supports the sector's attractive return characteristics for scaled platform operators.



AI-optimised servers now account for a growing share of total power use, with impressive growth from circa 21% to around 44%.



Pictured Above
With vacancy near record lows and rents rising sharply, the UAE's logistics and industrial sector has become one of the region's most compelling real estate investment opportunities.

5.7

The GCC freight and logistics market is expected to grow at a 5.7 % CAGR between 2025 and 2033, reaching -US\$293.2 billion by 2033.

Logistics

Logistics and Industrial Real Estate:
Structural demand driving growth across
the GCC and Global Markets.

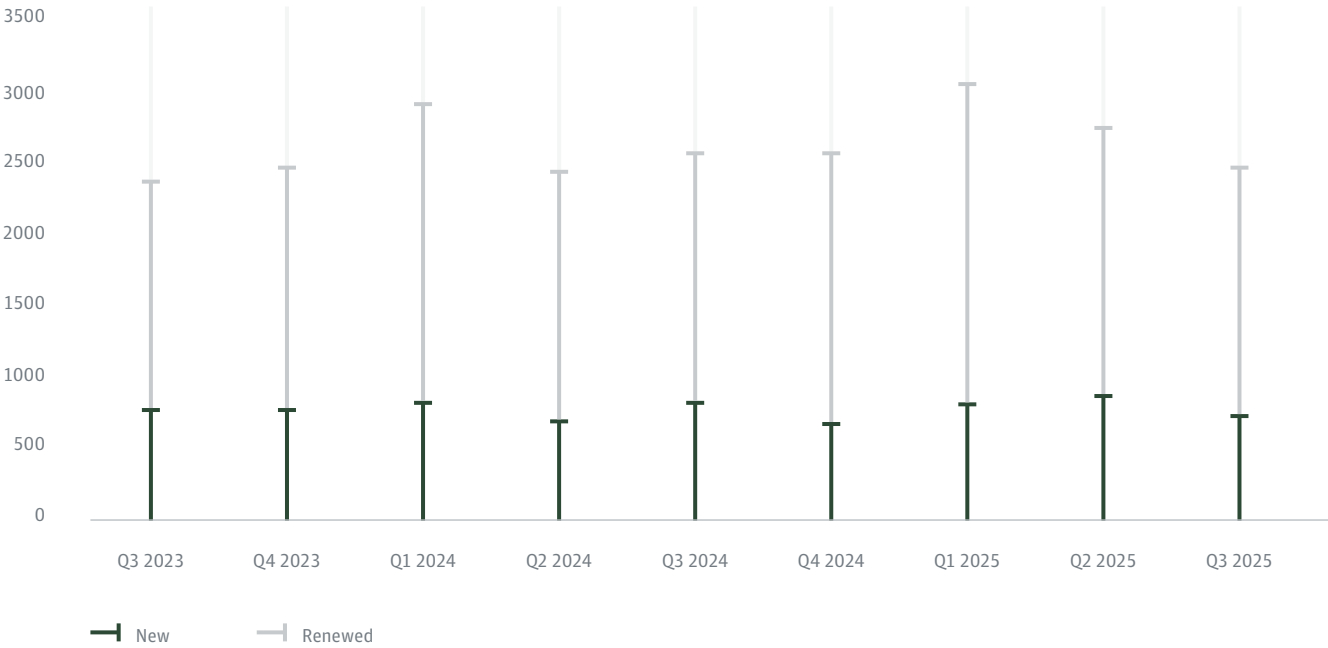
GCC Logistics and Industrial Real Estate - GCC

GCC Market Overview

The GCC industrial and logistics sector entered 2026 from a position of structural strength, underpinned by sustained trade growth, policy-led industrial expansion, and accelerating supply-chain localisation across the UAE and Saudi Arabia. In 2025, the GCC industrial and logistics real estate sector continued its expansion, underpinned by rising trade volumes, sustained infrastructure investment, and the rapid adoption of digitally enabled supply chains. The underlying freight and logistics market, valued at ~US\$172.1 billion in 2024, provides a strong demand base for logistics real estate, translating into increased requirements for modern warehousing, distribution centers, and industrial facilities across key GCC hubs. As logistics

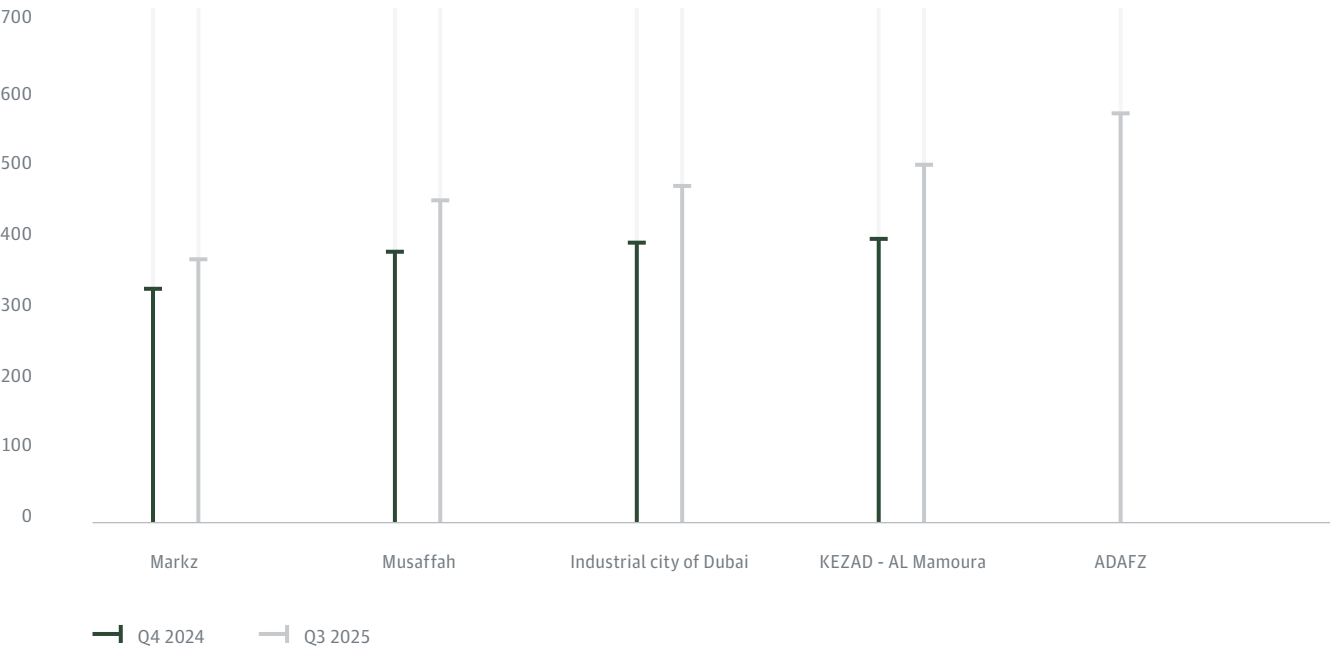
activity scales, occupier demand for purpose-built industrial assets is expected to deepen, particularly for facilities aligned with regional trade corridors and port-led development zones. According to the IMARC Group, the GCC freight and logistics market is expected to grow at a 5.7 % CAGR between 2025 and 2033, reaching ~US\$293.2 billion by 2033. This trajectory is expected to support sustained absorption of industrial and logistics real estate through cross-border trade expansion, infrastructure modernisation, and technology-led efficiencies in warehousing and distribution networks.

United Arab Emirates - Rental Contract Volumes (Warehouses)

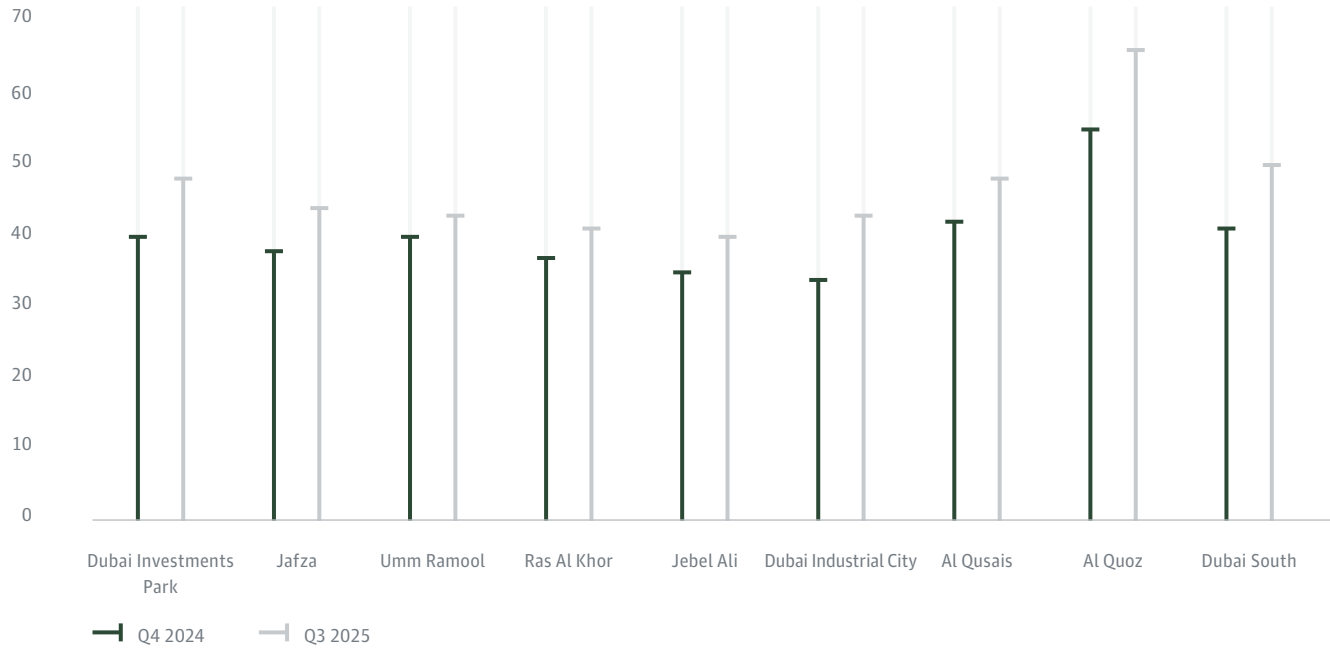


Sources: Reidin

Abu Dhabi - Warehouse Rental Rates



Dubai - Warehouse Rental Rates



Sources: JLL Research, 2025

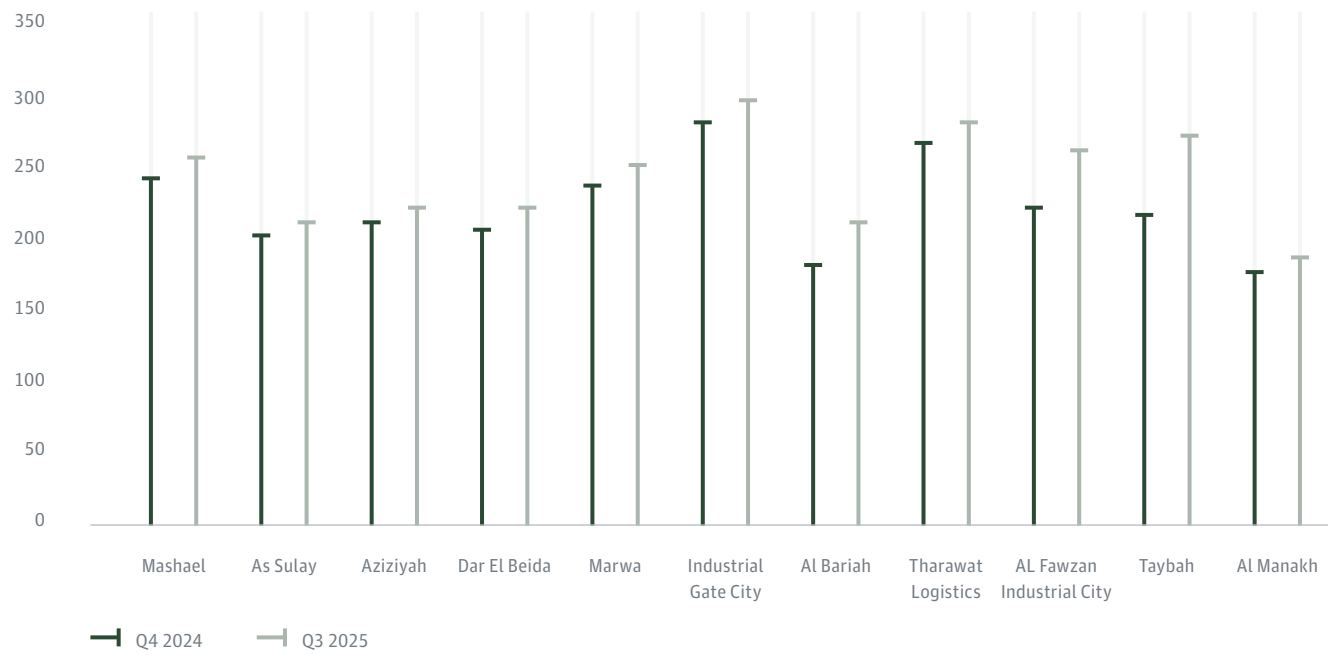
The UAE industrial and logistics real estate market continued to expand through 2025, with occupier demand significantly outpacing new supply and driving strong rental dynamics across prime corridors. Persistent land scarcity, regulatory constraints on build-to-lease schemes, and limited near-term delivery of institutional-grade stock further exacerbated supply tightness, reinforcing landlord-favourable market conditions.

According to Cushman & Wakefield, Grade A occupancy averaged ~95% in 2025, reflecting tight availability of high-quality space amid sustained demand from logistics, manufacturing, and supply-chain users. Occupier sentiment increasingly centered on availability, specification, and delivery timelines rather than rental levels alone, underscoring structural undersupply in prime submarkets such as JAFZA, Dubai Investments Park and Al Quoz.

In Dubai, average warehouse rents climbed ~18 % year-on-year, while Abu Dhabi saw rents increase by ~13% over the same period, underscoring the competitive landlord-favourable rental growth for modern facilities. Rental growth was most pronounced in well-located Grade A clusters, with secondary stock experiencing comparatively moderated performance, reflecting growing polarisation by asset quality.

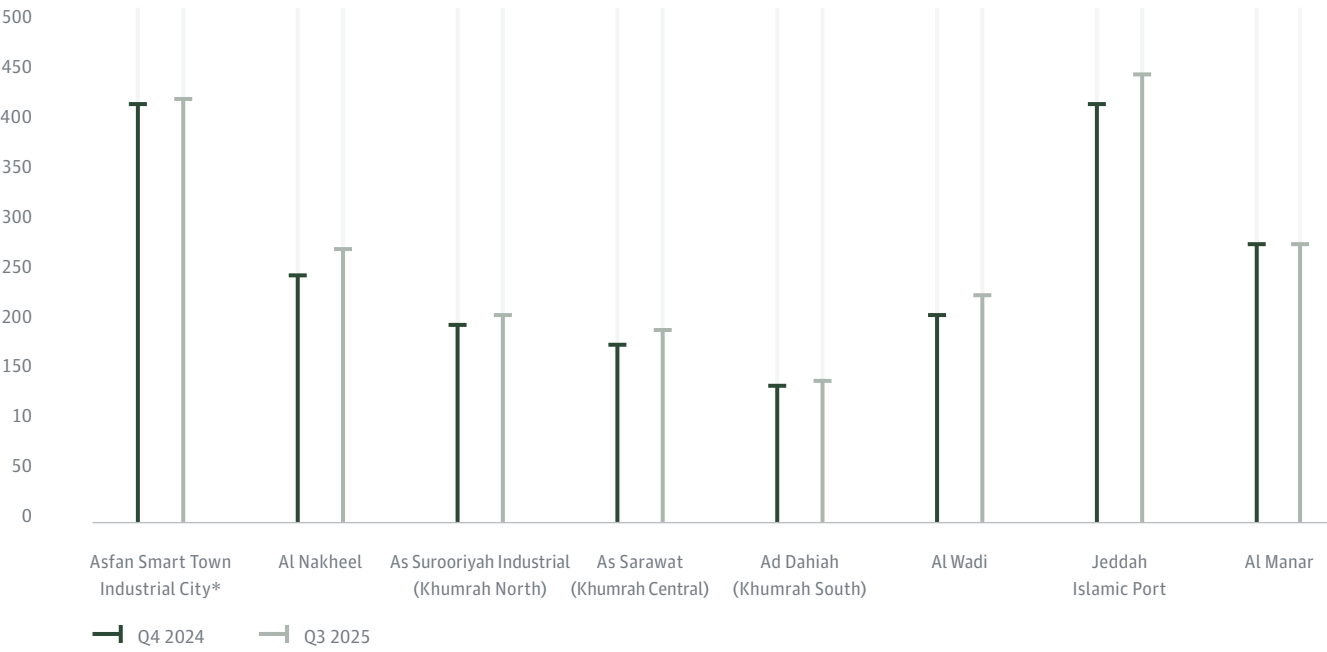
Data from Logistics Middle East highlights that in H1 2025 the warehousing market in Dubai registered ~8,600 rental transactions, ~60 % more year-on-year, pointing to sharply rising leasing activity in key logistics hubs. Additional market insights show that in Q2 2025 warehouse rates in Abu Dhabi increased by ~22.4 % year-on-year to AED 470 per square metre, while Dubai rates rose ~19.9 % to AED 46 per square foot, illustrating the scale of upward rental pressure across major UAE logistics markets. The broader economic backdrop with the UAE's GDP forecast to grow ~4.9 % in 2025, driven by non-oil diversification and industrial expansion, further reinforced the structural demand for industrial and logistics space across Dubai, Abu Dhabi, and the emerging northern emirate corridors. Collectively, these indicators reflect a market characterised by tight vacancy, accelerating rents for prime and Grade-A assets, and deepening institutional participation aligned with national trade and infrastructure agendas. Looking ahead, while a measured supply pipeline is scheduled for delivery from 2026 onwards, rental performance is expected to remain differentiated by location, specification, and connectivity, with institutional-grade assets in established clusters demonstrating the most resilient income characteristics.

Saudi Arabia - Riyadh - Warehouse Rental Rates



Sources: Reidin

Warehouse Rental Rates - Jeddah



Sources: JLL Research, 2025

Saudi Arabia's industrial and logistics real estate market continued to demonstrate positive momentum through 2025, supported by strong infrastructure investment, expanding industrial ecosystems, and rising domestic and regional trade activity under Vision 2030 and the National Industrial Development and Logistics Program (NIDLP). Warehouse and logistics occupancy in Riyadh reached ~98 % in the first half of 2025, driven by strong leasing activity for modern facilities and reflecting a near-full utilisation of high-quality stock amid limited Grade-A availability. In the same period, ~1.3 million square metres of new industrial and logistics space was added across key cities, underscoring continued development alongside high demand across Riyadh, Jeddah, and Dammam, despite persistent undersupply in prime segments. Riyadh's industrial and logistics rents increased by 16 % year-on-year in 2025, reaching an average of SAR 208 per square metre, while overall occupancy in the capital's warehouse market stood at 98 %, underscoring the strength of demand for modern logistics space. Prime assets achieved rates exceeding SAR 250 per square metre, reflecting the scarcity premium attached to institutional-grade facilities. Across submarkets, annual rental growth ranged broadly from 4.7 % to 25 %, reinforcing the pricing power of modern and well-located logistics assets. Institutional-grade logistics supply remained constrained compared with the expanding occupier demand, particularly in Grade-A and specialised warehouse formats, supporting landlord-favourable leasing conditions and capital interest. Collectively, these trends show a sustained demand growth concentrated in Saudi Arabia's key logistics hubs as

the market evolves along with the broader trade and industrial diversification objectives under Vision 2030.

In conclusion, the GCC industrial and logistics real estate sector entered 2026 from a position of structural strength, supported by robust trade fundamentals, sustained infrastructure investment, and deepening institutional participation across core markets. In both the UAE and Saudi Arabia, occupier demand in 2025 consistently outpaced the availability of institutional-grade logistics assets, resulting in high occupancy, strong rental growth, and landlord-favourable leasing conditions in prime locations across port-linked, airport-adjacent, and rail-integrated corridors. The UAE's role as a regional trade gateway and last-mile fulfilment hub, alongside Saudi Arabia's rapid logistics ecosystem expansion under Vision 2030, has reinforced long-term demand for modern warehousing, distribution centers, and specialised industrial formats. Looking ahead, continued economic diversification, trade corridor development, and supply-chain localisation is expected to support measured but durable growth, with performance increasingly differentiated by asset quality, location, and functional relevance as markets mature and occupiers prioritise specification, operational efficiency, and ESG compliance. As a result, the GCC industrial and logistics real estate market is well positioned to remain a core beneficiary of regional economic transformation, offering resilient income characteristics and attractive long-term fundamentals for institutional capital with income growth increasingly driven by rental reversion and NOI expansion rather than cap rate compression alone.

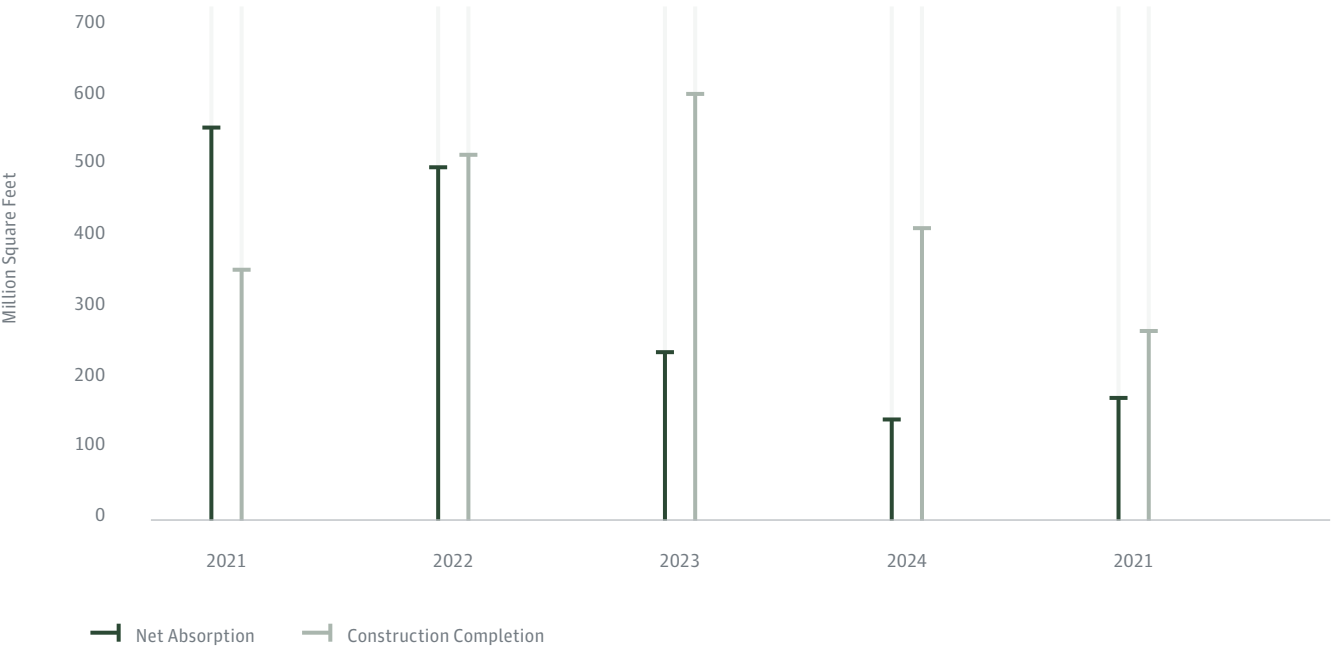
GCC Logistics and Industrial Real Estate - United States

The US industrial and logistics real estate market moved toward a more balanced phase from 2024 to late 2025 as speculative supply slowed and occupier demand remained resilient following the elevated expansion cycle of 2021-2023.

According to Cushman & Wakefield, the national industrial vacancy rate held at 7.1 % through the second half of 2025, supported by slow speculative deliveries and moderating sublease space availability¹. Meanwhile, net absorption reached 54.5 million square feet in Q4 2025, contributing to a total turnover trend that reflected continued positive tenant demand, with 2025 marking the fourteenth consecutive year of positive net absorption nationally ². Completion of new industrial supply fell to ~280 million square feet in 2025, representing the lowest annual total since 2017 as elevated interest rates and tighter

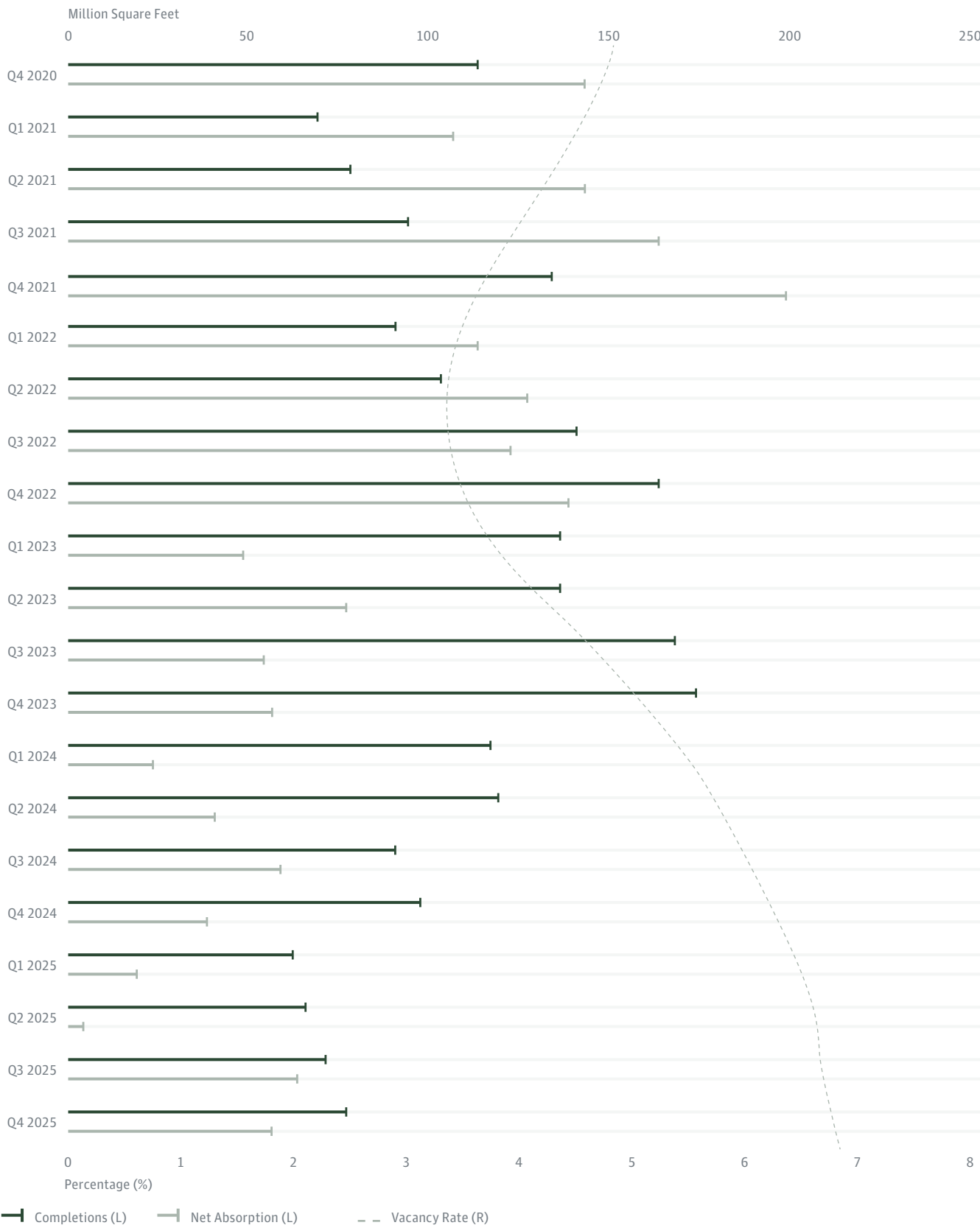
financing slowed construction starts³. Rent growth moderated compared with prior years, with Cushman & Wakefield reporting 1.5 % year-on-year industrial asking rent growth in Q4 2025, the slowest since early 2020. However, long-term rents remain elevated relative to pre-pandemic baselines⁴. Complementary data from JLL noted that annual net absorption totaled ~166.1 million square feet in 2025, reflecting an ~18 % increase year-over-year, driven by occupiers prioritising efficient and modern space⁵. Together, these indicators demonstrate a market shifting from the accelerated expansion of 2021-2023 toward a stabilised equilibrium between supply and demand ahead of 2026, with disciplined construction activity and renewed leasing momentum expected to gradually compress vacancy levels over the next cycle phase.

Industrial Real Estate Demand & Supply Dynamics



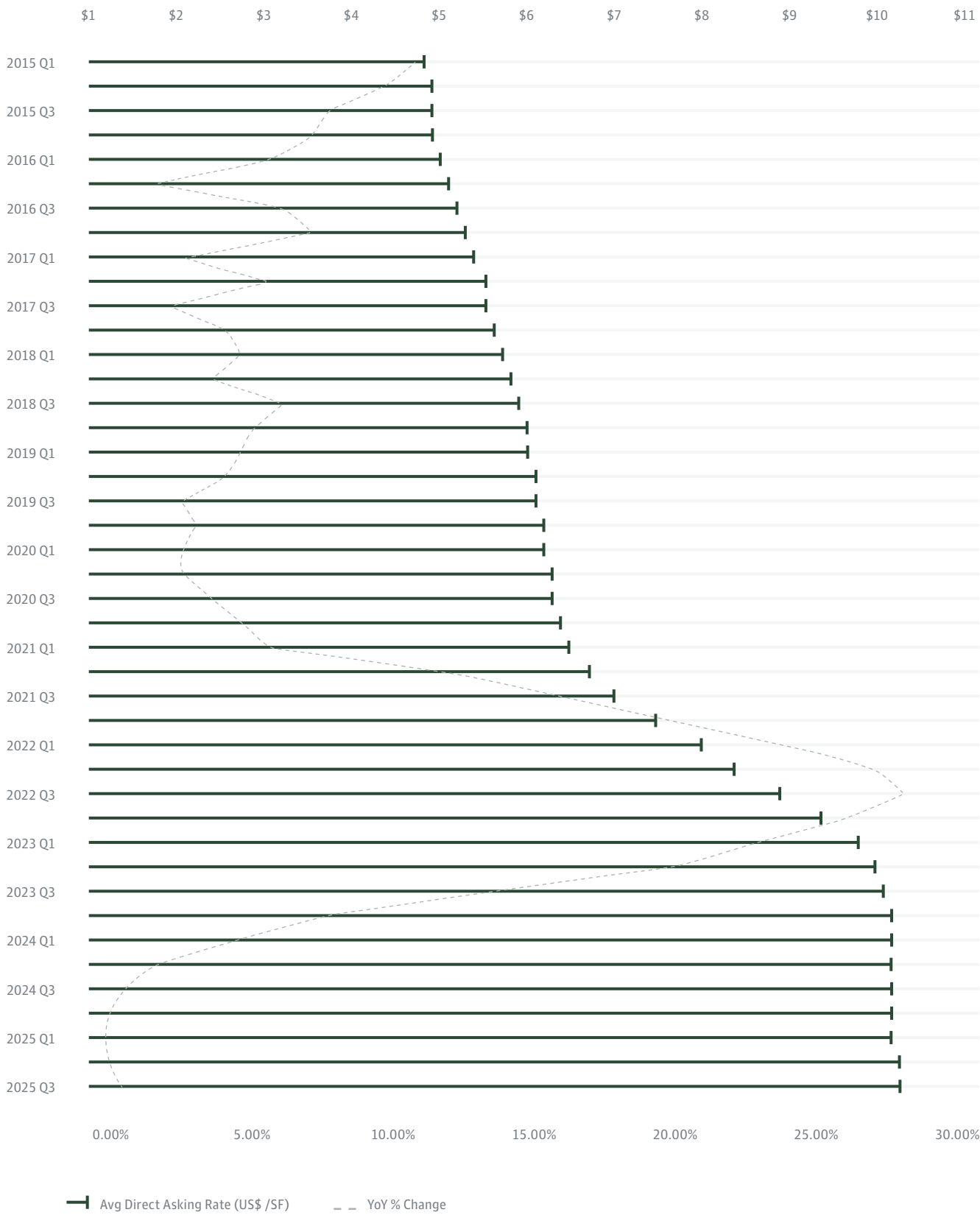
Sources: Cushman and Wakefield

US Industrial Real Estate Quarterly Completion and Net Absorbtion



Sources: CBRE Econometric Advisors, Q4 2025

Historical direct asking rents



Sources: JLL Research

Specialized Sub-Sectors

Cold Storage:
The cold storage market benefitted from food security priorities, pharmaceutical logistics, and the modernisation of temperature-controlled supply chains, with limited institutional-grade inventory supporting durable occupancy and rental performance. According to Research and Markets, the global cold storage market is projected to reach a valuation of US\$38.65 billion in 2025, growing at an annual rate of 8.2%6. Additionally, The US Census Bureau reported that e-commerce sales accounted for 16.4% of total retail sales in Q3 2025 creating structural demand for last-mile and temperature-controlled logistics formats serving perishable and pharmaceutical supply chains7.

This high baseline of digital penetration has necessitated a permanent expansion of temperature-controlled last-mile infrastructure to support perishable goods.

Given high build costs, power requirements, and zoning complexity, new institutional-grade cold storage development remains constrained, reinforcing rental durability relative to traditional bulk warehouse segments.

Industrial Outdoor Storage:
Industrial Outdoor Storage (IOS) maintained strong operating momentum through 2025, underpinned by durable demand from transportation, construction, equipment-leasing, and infrastructure-linked users amid ongoing supply-chain reconfiguration. According to Metastat Insight, the U.S. IOS market was valued at approximately US\$228.3 billion by year-end 2025. Rental growth has materially outpaced traditional logistics assets, with IOS rents increasing by approximately 123% since 2020, compared to roughly 58% growth in bulk warehouse rents over the same period.

This relative outperformance reflects structurally constrained supply, limited infill land availability, and restrictive zoning frameworks that continue to limit new development. At the same time, IOS assets have become increasingly embedded within occupiers' logistics networks, supporting fleet parking, trailer storage, equipment laydown, and bulk material staging. Well-located sites near major transport corridors have consequently commanded premium pricing, sustaining institutional capital interest and reinforcing the sector's defensive characteristics within diversified industrial allocations.

Built-to-Suit
Built-to-Suit developments continued to attract US occupiers requiring specialised layouts, higher power capacity, and location-specific efficiencies, particularly across logistics, advanced manufacturing, and data-intensive operations. Leasing activity remained resilient in 2025, with total US industrial leasing volumes reaching ~533 million square feet, reflecting sustained demand for modern, purpose-configured facilities even as speculative supply moderated10. This demand profile has increasingly favoured built-to-suit solutions, as occupiers seek operational certainty and efficiency rather than retrofitting legacy stock in tightening labour and energy environments. According to JLL, net absorption totalled ~166 million sq ft in 2025, up ~18 % year-on-year, highlighting continued occupier commitment to long-term space decisions. Construction activity increasingly favoured built-to-suit formats, as evidenced by the decline in speculative starts and the 11% year-on-year reduction in space under construction to approximately 268 million square feet in 2025, down materially from the 711 million square foot peak at the end of 2022. These built-to-suit transactions typically translate into long lease durations, commonly exceeding 10 years, supporting strong covenant quality and income visibility relative to standard speculative leasing, and reinforcing the strategic role of built-to-suit assets within institutional industrial portfolios.

Looking into 2026, the US industrial and logistics real estate market is expected to continue its transition into a more stabilised and selective phase, underpinned by disciplined supply and structurally resilient occupier demand. The sharp slowdown in new construction observed in 2025, alongside steady net absorption and moderating vacancy, should support occupancy and limit downside risk. With construction pipelines projected to reach a cyclical trough in 2026, supply-demand alignment is expected to improve gradually, positioning the sector for the next phase of measured growth. Performance is likely to diverge further across sub-sectors, with cold storage benefiting from sustained food, pharmaceutical, and e-commerce demand, Industrial Outdoor Storage retaining pricing power due to persistent zoning constraints and infill land scarcity, and built-to-suit assets continuing to attract occupiers seeking specialised layouts, power capacity, and operational certainty, typically translating into long lease terms and strong covenant profiles. Collectively, these dynamics suggest that while headline growth may normalise in 2026, the sector's risk-adjusted returns should remain supported by structural demand drivers, limited new supply, and increasing differentiation across asset types.



Pictured Above
With occupancy near record highs and location premiums intensifying, purpose-built student accommodation close to leading US universities remains a high-conviction real estate investment.

24

The U.S. student accommodation market is projected to grow from US\$22.80 billion in 2025 to US\$24.56 billion in 2026.

Living Sector

Driven by durable enrolment trends and a limited supply, US student housing near top-tier universities is delivering strong occupancy, rental growth, and compelling valuation premiums for investors.

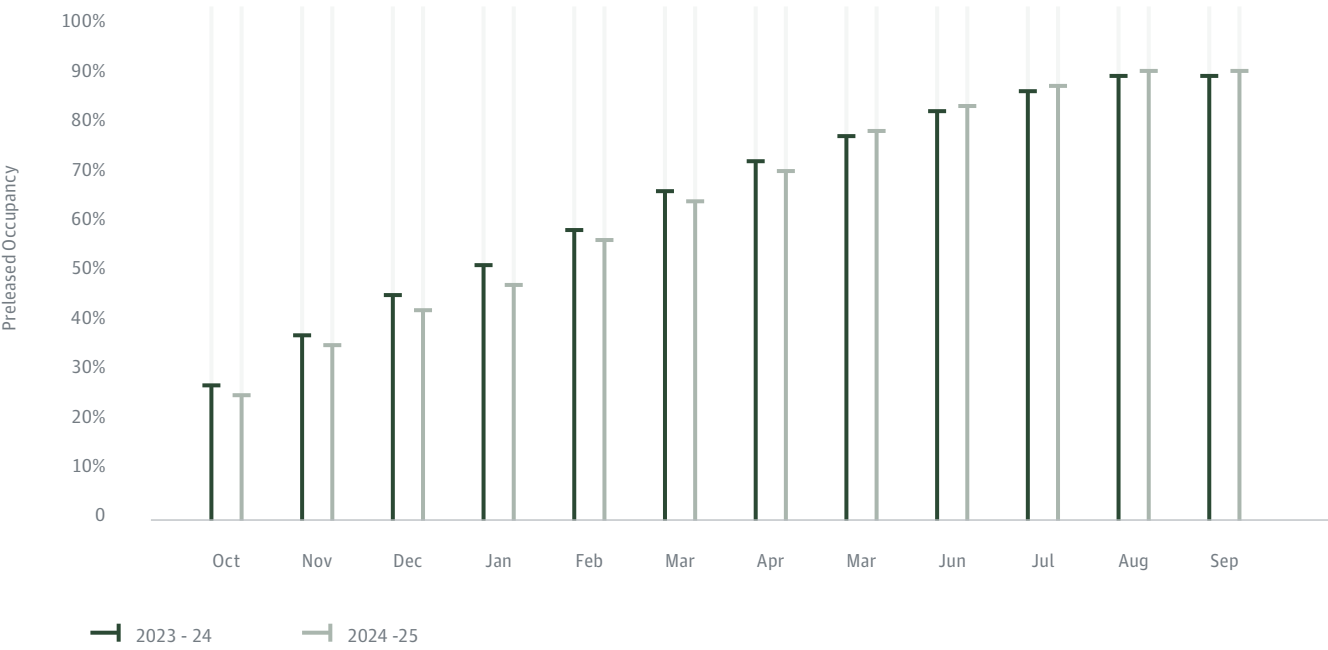
US Student Housing Sector

The U.S. student housing sector continues to demonstrate structural resilience, underpinned by durable enrolment trends at major public universities, limited on-campus supply growth, and sustained demand for purpose-built accommodation near Tier-1 institutions.

Leasing velocity within the U.S. student housing sector has increasingly shifted toward a later-stage absorption pattern, with students committing closer to the academic start date rather than during the traditional early pre-leasing window. For the Fall 2025 leasing cycle, pre-leasing began slower than usual. Despite this, demand accelerated later in the season and resulted in one of the highest final occupancy levels on record. By August 2025, ~96.5 percent of beds were leased across core university markets¹. This compares with ~92.8 percent in August 2024². The strong late-stage absorption reflects tighter supply conditions in academically driven locations,. In contrast, early leasing for the Fall 2026 season has been notably weak. As of October 2025, only ~3.3 percent of beds had been pre-leased, a sharp drop from the same point in the previous cycle³. This shift suggests students are committing later in the decision process. It also increases the execution risk for assets that rely heavily on early leasing momentum to support pricing and occupancy outcomes.

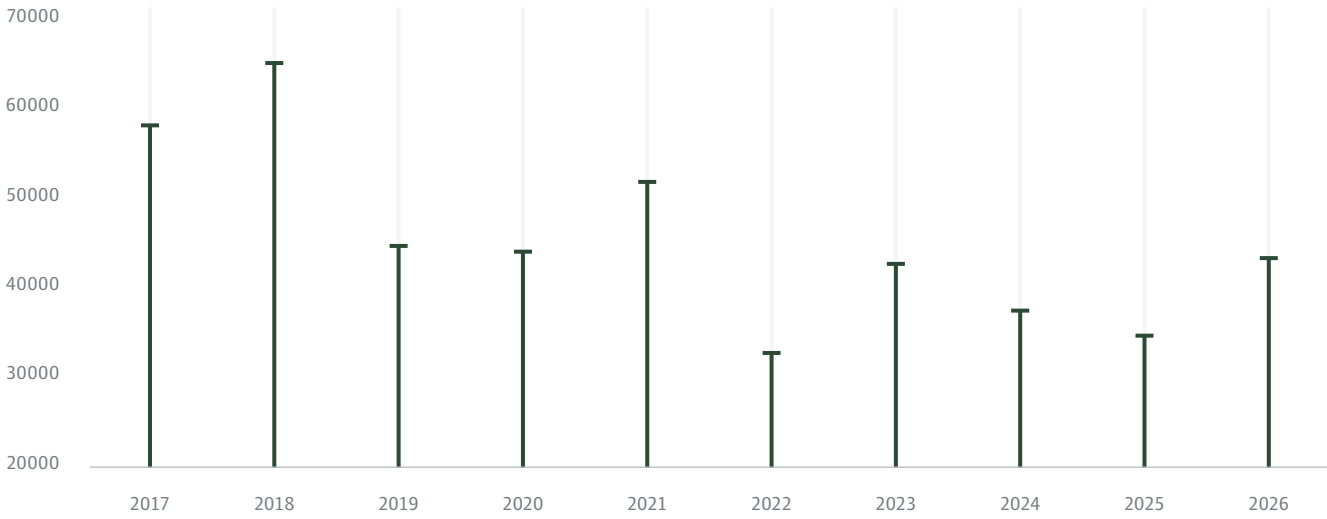
Core Tier-1, Power five and high-profile university markets continue to outperform in annual net absorption and conversion from early pre-leasing, supporting higher rent growth and valuations. For example, the national average asking rent per bed reached ~US\$1,017 as of September 2025, up ~3.4% year-over-year, with overall occupancy near 91.6%, indicating healthy sector fundamentals despite varied pre-leasing timing⁴. However, secondary and liquidity-challenged submarkets are more exposed to volatility in student decision timing, which can directly impact pricing and cash flow risk. Across the US in 2025, student housing valuations averaged ~US\$129,230 per bed, with properties within 0.5 miles of campus commanding a ~33 percent valuation premium over those farther away. This reflects a strong price differential tied to location and leasing performance⁵. Transaction activity in 2025 also underscores this bifurcation. Total student housing sales is estimated to reach ~US\$6 billion by mid-December 2025, even as volume trails 2024 levels, and pricing per bed has softened slightly in some markets⁶.

Preleasing Velocity Y-o-Y



Sources: Cushman& Wakefield

National Beds Delivered 2017 - 2026



Sources: College House

Rank	Market	School	Current Occupancy	Average Rate	Pre-Lease	Pipeline
1	College Station, TX.	Texas A&M University	92.2%	\$857	75.6%	6574
2	Orlando, FL	University of Central Florida	96.4%	\$1,064	76.1%	6495
3	Atlanta, GA*	Georgia Tech / Georgia State University	90.0%	\$1,338	61.3%	5543
4	Knoxville, TN	University of Tennessee	97.7%	\$1,170	84.0%	5506
5	Madison, WI	University of Wisconsin, Madison	93.8%	\$1,410	81.6%	5224
6	West Lafayette, IN	Purdue University	99.2%	\$1,098	81.2%	5138
7	Tallahassee, FL*	Florida State University	94.6%	\$965	73.7%	4923
8	Ann Arbor, MI	University of Michigan	95.2%	\$1,618	70.9%	4684
9	Clemson, SC	Clemson University	88.6%	\$924	80.2%	4313
10	Berkley, CA	University of California	83.3%	\$2,594	54.9%	3852

Pre-leasing and Rental growth

US purpose-built student housing fundamentals remained resilient through 2025, supported by structurally strong demand and limited new supply in core university markets. Occupancy across the sector remained elevated, reflecting continued enrolment growth at large public universities and constrained on-campus housing capacity. Demand has increasingly concentrated in well-amenitised, purpose-built communities located in close proximity to campus, where modern facilities, integrated study and social spaces, and walkable access to academic buildings enhance leasing velocity, rental premiums, and overall asset defensibility.

National occupancy concluded the 2024-25 academic year at ~95.1%, underscoring one of the strongest post-pandemic performance outcomes for the sector⁷. Pre-leasing activity for

fall 2025 improved materially as the leasing cycle progressed, reversing a slow start earlier in the season. Leasing momentum strengthened most notably at Tier-1 universities and large public institutions, where demand visibility remained highest. By August 2025, national pre-leasing reached 93.7%, representing an increase of ~200 basis points year-on-year⁸. Late-cycle leasing acceleration emerged as a defining feature of the 2025 season, with operators prioritising occupancy optimisation over early rent escalation. This trend reflected a normalised pricing environment compared with the exceptional post-pandemic period.

Early pre-leasing for the fall 2026 cycle began at historically low levels in October 2025, highlighting a shift toward later decision-making by students. Momentum improved by November, signaling continued confidence in underlying

demand despite macroeconomic uncertainty. By November 2025, ~17.3% of fall 2026 beds were pre-leased, marginally ahead of the comparable point in the prior year⁹. Rental growth moderated across the sector during 2025, reflecting affordability constraints and increased competitive pricing in select markets. Operators adopted targeted pricing strategies, particularly in markets experiencing near-term supply additions. The average asking rent per bed reached ~US\$1,017, reflecting 3.4% year-on-year growth as of September 2025¹⁰. Annual rent growth decelerated further to 0.8% year-on-year by September 2025, marking the lowest rate recorded in recent data series.

Despite soft rental growth, reduced development pipelines continued to support high occupancy levels and cash-flow stability. Performance remained highly differentiated by university quality, market liquidity, and proximity to campus. Looking ahead, the student housing sector is expected to deliver moderate rental growth in 2026, with pricing power concentrated in supply-constrained Tier-1 university markets.

Public-Private Partnerships and Transaction Activity
Public-private partnerships (PPPs) continued to play a significant role in U.S. student housing development in 2025 as universities faced mounting capital constraints and aging on-campus housing stock, reinforcing the reliance on private capital and expertise. By partnering with universities and local authorities, PPP structures enabled access to prime campus-adjacent land, expedited entitlement processes. Meanwhile housing solutions aligned with academic and operational needs, while allowing institutions to preserve balance sheet flexibility.

UK Student Housing Sector

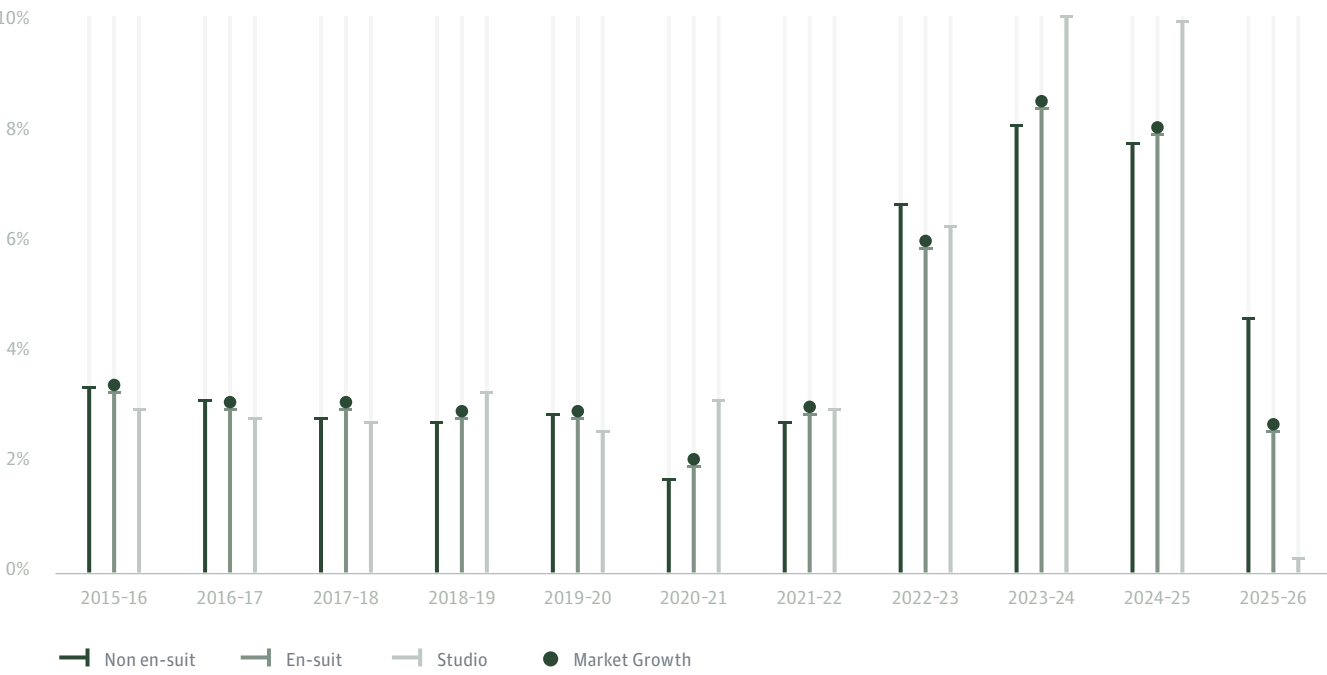
The UK student housing sector continued to demonstrate resilience and structural demand from 2024 into 2025, driven by consistently high occupancy and investment interest amid shifting market dynamics. In the first nine months of 2025, transactional activity in student accommodation reached £2.8 billion, reflecting strong investment momentum despite broader economic headwinds¹. Full-year PBSA investment reached approximately £4.6 billion in 2025 (+22% vs 2024), according to JLL, underscoring sustained capital allocation to the sector. While international student visa issuances dropped sharply by 30.8% in 2024, they were projected to rebound by ≈7% in 2025, underscoring renewed confidence in UK higher education demand². Rent growth patterns also evolved: average

In 2025, the economics of U.S. student housing continued to reinforce the role of public-private partnerships as a preferred delivery model. According to Gilbane, PPP structures supported more than US\$2.3 billion of active higher-education housing and social infrastructure projects, allowing universities to expand and modernisation housing capacity without committing scarce balance-sheet capital¹². This private capital inflow has been underpinned by resilient asset-level performance, with Berkadia reporting that average student housing pricing exceeded US\$102,000 per bed in 2024, up more than 41% from 2019, while well-located campus-adjacent assets frequently traded near US\$120,000 per bed¹³.

Looking ahead, the financial outlook suggests sustained expansion and deeper institutional reliance on PPP models. The U.S. student accommodation market is projected to grow from US\$22.80 billion in 2025 to US\$24.56 billion in 2026 and is forecast to reach US\$35.65 billion by 2031, implying a CAGR of 7.74% over 2026-2031¹⁴. As construction costs remain elevated and public funding remain constrained, PPPs are increasingly viewed as a structurally efficient solution that accelerates delivery while preserving university financial flexibility. Continued investor appetite, reflected in elevated per-bed valuations and cap rate compression relative to traditional multifamily assets, supports an optimistic medium-term outlook in which PPP-led developments remain central to addressing housing shortages and enabling long-term campus growth.

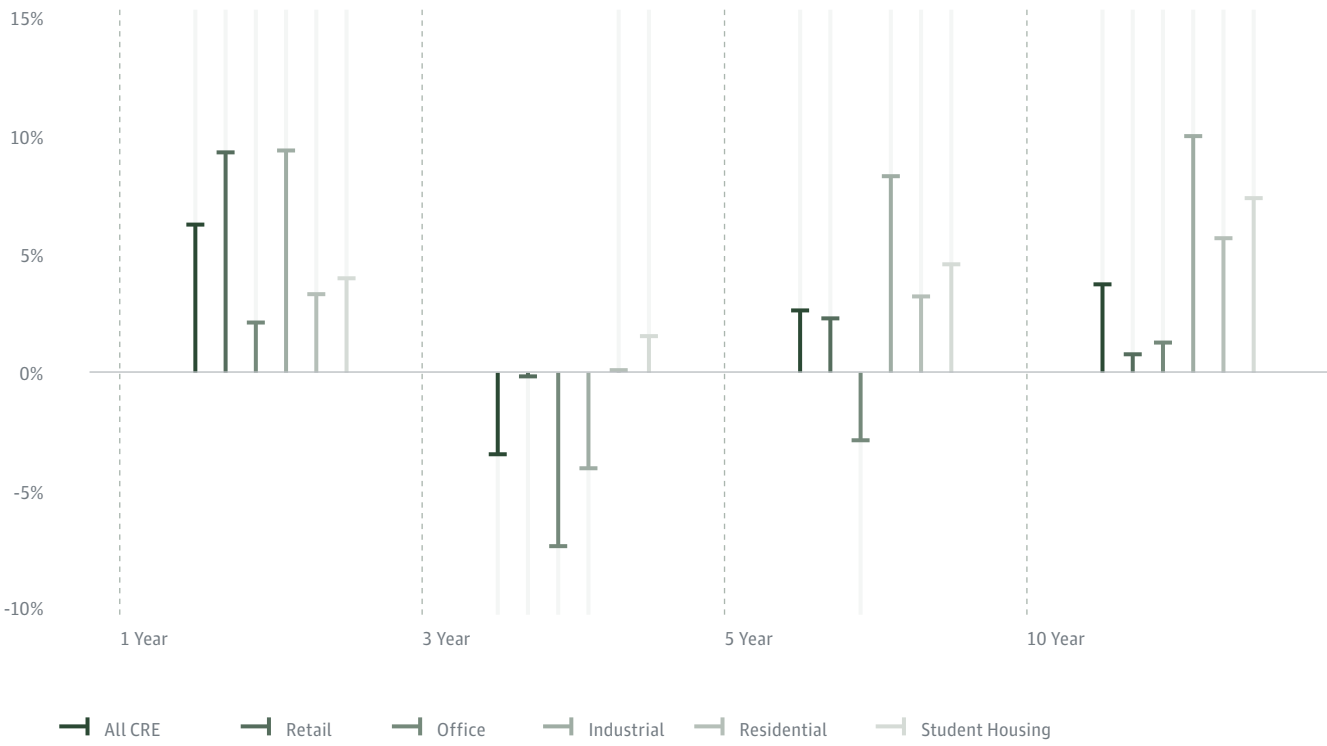
weekly student rents rose by approximately 4.13% year-on-year between 2024 and 2025, indicating steady pricing power even as affordability pressures mounted³. On returns, purpose-built student accommodation delivered a positive 3.4% total return over the year to September 2025, highlighting ongoing investor appetite for this sub-sector⁴. These trends suggest that from 2024 to 2025 the UK student housing market maintained strong fundamentals, with recovery in demand, sustained rent growth, and continued capital allocation with forward funding and development joint ventures accounting for approximately 45% of PBSA transactions in 2025, compared to a five-year average of less than one-third.

UK PBSA rental growth, by room type



Sources: Knight Frank Research

UK student housing returns vs major commercial real estate (CRE)



Sources: MSCI, Knight Frank Research

UK PBSA rental growth by city



Sources: Knight Frank Research

Reflecting strong institutional demand and growing confidence in the asset class's long-term fundamentals, annual volumes have reached approximately £4.6 billion (+22% vs 2024), reflecting sustained demand.

Demand-Supply Dynamics

Despite strong underlying demand in 2025, the UK student housing market continues to show a structural imbalance between demand and supply as new beds struggle to keep pace with student growth. According to Amber Student data, undergraduate applications in 2025 increased by approximately 6% compared with 2024, with overall UCAS acceptances rising by approximately 5%, underscoring robust demand for accommodation for the 2025-26 academic year⁵. However, while demand indicators remain healthy, supply has not expanded proportionately: almost 16,400 new PBSA beds were delivered across the UK in 2024⁶, with only 1,609 added so far in 2025 and a projected 17,802 beds expected by the 2025/26 academic year, underscoring continued supply constraints amid strong student growth⁷.

This slow supply response has contributed to persistent tightness in many core university towns and cities. However, affordability challenges continue to affect occupancy in some markets, with Cushman & Wakefield highlighting instances of under-occupancy linked to higher rents relative to student budgets. The imbalance between available beds and students has also been noted in broader research as a long-term structural issue (e.g., significant shortfalls in student-to-bed ratios at national level), reinforcing that supply remains well below the demand in many areas. Meanwhile, the broader pipeline for new PBSA projects remains active, supported by institutional capital and long-term investor interest, even as development costs and planning constraints temper the pace of delivery, particularly amid elevated construction costs (+2.7% YoY in Q3) and a 24% decline in new housing permits, highlighting broader supply-side constraints across the UK living sector.

Rental Growth

Rental growth in the UK student housing market remained positive through 2024 and into 2025. However, the pace showed signs of moderating amid broader affordability pressures. Data from Amber Student indicates that average weekly PBSA rents increased by approximately 4.13% year-on-year between 2024 and 2025, with en-suite rooms leading growth at ≈4.34% and studios rising by approximately 3.02%⁸. Broader estimates suggest that student housing costs nationally may have increased by up to 15% over a

similar period, reflecting strong demand and limited supply in key university cities⁹. Analysis from CBRE points out that although rental growth continues, the broader living sector trends, including inflationary pressures and stretched student budgets, are expected to decelerate rent increases relative to earlier peaks¹⁰. Despite this moderation, the underlying imbalance between supply and demand has sustained rent resilience, particularly in core university towns where purpose-built stock remains limited.

Investment Activity

Investment activity in the UK purpose-built student accommodation (PBSA) sector remained robust through 2024 and into 2025, reflecting strong institutional demand and growing confidence in the asset class's long-term fundamentals with annual volumes reaching approximately £4.6 billion (+22% vs 2024), reflecting sustained institutional demand despite concerns around international student flows. Data from Cushman & Wakefield shows that transactional activity in the first nine months of 2025 reached £2.8 billion, with full-year volumes expected to track slightly below 2024's total which reflects selective investor activity rather than weakening demand¹¹. Knight Frank reported that by approximately £830 million was deployed in PBSA assets in the second quarter of 2025 alone, bringing the half-year total investment to approximately £1.6 billion, which sat above the long-run average and highlighted continued liquidity in the first half of the year. PBSA formed part of a broader UK Living investment market that reached a record £22.8 billion in 2025 (+61% YoY), although this growth was primarily driven by healthcare M&A activity¹².

Investors are increasingly looking beyond traditional portfolios as new sources of capital enter the UK student housing space. Analysis indicates that new capital sources accounted for 44% of portfolio transactions so far in 2025, compared with 67% in the prior year. This reflects expanding participation from global funds and alternative investors attracted by the sector's structural demand profile¹³. Institutional interest is further supported by strong total returns, with CBRE reporting a 3.4% total return for PBSA assets over the year until September 2025, driven by rising income and capital values in key markets¹⁴.

Section

02

Environment

Sustainability

Governance

ESG

Review

GFH's platforms are developed to ensure positive results for Environment, Social + Governance.

An overview of our 2025 activities + achievements.

GFH Financial Group’s ESG Framework rests upon these three core principles: **Responsibility, Nurturing & Integrity**

Responsible for our actions

01

- Responsible Finance
- Sustainable Performance
- Environmental Management
- Community Engagement
- Social Responsibility
- Sustainable Procurement
- Bahrain stimulates growth by enhancing productivity and skills
- Bahraini nationals and residents enjoy a sustainable and attractive living environment
- A high standard of social assistance gives all Bahrainis an equal start

Nurturing + growing talent

02

- Diversity and Inclusion
- Health, Safety and Well-being
- Talent Attraction and Management
- A predictable, transparent and fairly enforced regulatory system facilitates economic growth
- All Bahraini nationals and residents have access to quality healthcare
- Bahrain stimulates growth by enhancing productivity and skills

Operating with integrity

03

- Governance, Business Ethics and Compliance
- Data Privacy
- Risk Management
- Customer Experience and Relations
- Digitalisation and Innovation
- A predictable, transparent and fairly enforced regulatory system facilitates economic growth
- Bahrain stimulates growth by enhancing productivity and skills
- A world-class infrastructure links Bahrain to the global economy

Bahrain Vision 2030

We aligned the ESG management process with National goals by incorporating key components of the Bahrain Vision 2030, these outline a sustainable path for the future. Bahrain Vision 2030 sets out the Kingdom's importance on the global stage while providing insight into its unique challenges.

How We Achieve Our ESG Goals

The world is uniting to address critical societal and environmental challenges – from climate change and poverty to biodiversity loss. GFH Financial Group embraces its role in this collective effort, understanding how we operate across our business units shapes the impact we have on the communities and environments in which we invest. Acting responsibly is not separate from growth – it is the platform on which sustainable growth is built.

Shareholders

With our stakeholders, we focus on delivering sustainable financial returns and transparent communication.

Clients

Providing innovative, Sharia-compliant investment solutions and exceptional service.

Employees

Fostering a culture of inclusion, career growth and well-being.

Regulators

Adhering to stringent compliance standards to maintain integrity and trust.

Community

Investing in societal growth through education, healthcare and sustainable development initiatives.

Material Topics

GFH conducted a materiality assessment to identify Environmental, Social and Governance (ESG) priorities. These material topics align with Bahrain's Vision 2030 and the United Nations Sustainable Development Goals (SDGs):

- Governance, Business Ethics & Compliance
- Sustainable Performance
- Social Responsibility
- Diversity and Inclusion
- Customer Experience and Relations
- Environmental Management
- Talent Attraction and Management
- Health, Safety and Well-being
- Community Engagement
- Responsible Finance
- Risk Management
- Data Privacy
- Digitalisation and Innovation
- Sustainable Procurement

Materiality Index + Stakeholders

GFH Financial Group's stakeholder community spans clients, shareholders, employees, regulators and the broader public. A structured materiality assessment has identified our key ESG priorities, forming the platform of our sustainability strategy and reporting. By actively engaging stakeholders, we ensure our ESG approach remains relevant across each part of the business – keeping every platform aligned with the expectations of those who matter most.

Towards a Better Planet

Responsible Operations



Clean Water + Sanitation



Affordable + Clean Energy



Decent Work + Economic Growth



Sustainable Cities + Communities



Responsible Consumption + Production



Reduces Climate Impact

Energising Human Capital

Nurturing Our Talent



Good Health + Well-being



Promotes Gender Equality



Reduced Inequalities

Living Our Values

Operating with Integrity



Decent Work + Economic Growth



Industry, Innovation + Infrastructure



Peace, Justice + Strong Institutions



Partnerships for Our Goals

13 Sustainable Development Goals

Throughout 2025, GFH demonstrated its commitment to the UN Sustainable Development Goals through initiatives anchored in its core purpose. The 17 goals the Group actively pursues are presented here, with our activities reflected across this ESG section – illustrating how each business platform contributes to a shared agenda that reaches beyond financial performance alone.

Enhancing Group Sustainability



The twin towers of GFH Financial Group's Bahrain Headquarters as seen from across Muharraq bay area. The bay area is home to a popular, working fishing port, which still contributes to the economy of the old capital of Bahrain and is reliant on the environment for its sustained viability.

During 2025, GFH Financial Group advanced its sustainability commitments through meaningful environmental, social and governance initiatives. Designed in alignment with the Kingdom of Bahrain's Vision 2030, these efforts reflect our belief that each part of the Group carries a responsibility to drive positive change — locally, regionally and globally — as it pursues its growth objectives.



World Economic Forum

GFH was proud to participate in the World Economic Forum 25 in Davos, where global leaders in business and innovation gather to shape a better future.



TEDx Dilmun, Bahrain

Powered by GFH, as the Kingdom's largest TEDx event was held uniting global thinkers, regional change makers and inspiring talent under the theme "Edge: Explore, Discover, Grow, Engage". With HH Shaikh Nasser bin Hamad Al Khalifa taking the stage as one of the event's distinguished speakers, this landmark gathering celebrates the power of ideas to shape a more connected and sustainable future.



Crown Prince's International Scholarship Program (CPISP)

His Excellency Shaikh Mohammed bin Essa Al Khalifa, Advisor for Political and Economic Affairs at the Court of the Crown Prince, and Board Member and Head of the Financial and Administrative Committee of the Crown Prince's International Scholarship Program (CPISP), presented the Group's contribution as the Program's "Platinum" Sponsor to Mr. Hisham Al Rayes, Chief Executive Officer and Board Member of GFH Financial Group.

GFH is proud to continue its support for the Crown Prince's International Scholarship Program (CPISP), reflecting its commitment to empowering Bahrain's youth, fostering educational excellence, and supporting the Kingdom's vision to advance human capital development.

GFH's Sustainability Strategy is built around 12 foundational pillars. These ensure our impact is reduced with out effecting group operational performance and shareholder value.

Future Investment Initiatives (FII), Riyadh

GFH's participation in the FII9 (Future Investment Initiative) filled with engaging and innovative ideas, this venue fosters exploring new opportunities that shape the future of investment and development.

GFH Supports Education of the Youth in the UAE

As part of its ongoing commitment to creating a positive impact in the communities where it operates, GFH Financial Group (GFH) signed a partnership agreement with Dubai Cares, part of Mohammed Bin Rashid Al Maktoum Global Initiatives (MBRGI), to support the organisation's mission of providing children and youth with access to quality education.

GFH Foundation Rehabilitation Center

GFH was proud to establish the GFH Foundation Rehabilitation Center in partnership with KAAF. The center provides a capacity of more than 2000 beneficiaries annually where treatment offers a fresh start.

Podcast platforms

Supporting youth entrepreneurship and innovation through thought leadership initiatives, including podcast platforms and knowledge-sharing content, aligned with the Group's strategic focus on empowering future leaders and fostering entrepreneurial ecosystems.

Sports Sponsorships

Rolling kings: GFH was proud to announce its role as the investment banking partner for the highly anticipated Rolling Kings event at the Bahrain International Circuit. This partnership reflects our ongoing commitment to support sports, youth initiatives, and world class entertainment experienced in the kingdom.

Breast Cancer Awareness

GFH was honored to promote awareness and foster a proactive approach to breast cancer prevention through a dedicated awareness session led by Dr. Amal AlRayes for GFH staff.

ESG Award Recognition

GFH has been awarded the "Best ESG Strategy" at the MEA Finance Awards 2025. This recognition reflects the Group's continuous commitment to building sustainable future through strategic investments that create lasting impact across emerging and resilient sectors, both in the region and around the world.

Supporting Youth Development

GFH supported the Ministry of Youth Affairs in the establishment of Youth 365 Space in its commitment to providing an encouraging environment for Bahraini youth to engage with international programmes and events. The platform is established to share international experiences and showcase Bahraini success stories, marking an important step in reinforcing the Kingdom's position as a country that supports and empowers youth regionally and internationally.

Celebrating National Tree Week

As part of GFH's strategy and effort to promote environmental awareness, GFH participated in the National Tree Week initiative with tree planting on the outskirts of the Bahrain Financial Harbour, reflecting our shared vision with the Kingdom to fostering greener communities.

Providing + Innovating
Responsible Finance



We are committed to creating sustainable wealth for our investors by diversifying our portfolio of investments, contributing to the Bahrain Economic Vision 2030. GFH commits to incorporating ESG issues into investment analysis and decision-making processes.

GFH's Business Units are responsible for taking ESG forward and ensuring its implementation across the investment portfolio where possible and practical. The Business Units shall report regular progress updates regarding implementing this practice to the ESG Committee. Business Units shall analyse and set a dialogue on ESG objectives and risks before making a decision while taking into account the return on investments.

Driving Efficiency Through
Sustainable Performance



We pursue a diversified asset allocation strategy to adapt to many challenges in an ever-changing macro environment while working closely with our stakeholders to meet expectations realistically. We developed a strong and consistent ability to identify, successfully bring to market and capitalise on a wide range of solid investment opportunities in some of the world's most dynamic markets and sectors.

This approach signifies the Group's investment insights and commitment to increase the value of its assets and continue to achieve a solid financial performance that reflects its investors and shareholders.

Taking Care of the planet Through
Environmental Stewardship



GFH continues its efforts to integrate sustainable practices across its operations and investments to support the transition to a low-carbon economy. We have focused on exploring opportunities and creating partnerships related to offsetting carbon emissions, as well as in environmental and water restoration related projects.

Additionally, we continue to improve the energy efficiency of our offices and buildings by adopting energy-saving technologies, sustainable fixtures, and responsible waste management practices, reducing overall consumption and emissions while contributing to a greener future.

Driving + Promoting Positive
Social Impact



GFH is committed to inclusive economic growth by fostering local talent, employee development, and community engagement. We prioritise local hiring to support national workforce development and invest in training programmes for employees and university students to equip them with future-ready skills.

Through strategic partnerships with NGOs and social organisations, we support initiatives in education, healthcare, and workforce empowerment, aligning with national and international sustainable development goals. By working with key stakeholders, we extend our reach and amplify our positive impact, ensuring a more sustainable and resilient future for our communities.

A Review of Our ESG Philosophy

GFH Financial Group operates with a deep sense of environmental responsibility, embedding sustainability considerations into its vision and investment decisions. By applying innovative tools and practices to reduce environmental impact, the Group ensures that its business activities enhance rather than erode the social and environmental foundations they depend upon.

Reducing Our Impact on Our Environment

A photograph of two Arabian Oryx standing in a coastal landscape. The oryx are in the foreground, looking towards the camera. They are surrounded by low-lying, scrubby vegetation. In the background, the blue sea meets a clear sky. The oryx have light brown fur and distinctive long, spiraling horns.

Two Arabian Oryx observe the photographer capturing the iconic fauna of Bahrain's Hawar island. The recently redeveloped island is home to a broad variety of local fauna and flora.

GFH Financial Group has taken meaningful steps to integrate environmental sustainability within the core business operations of each platform. In 2025, GFH continued its partnership with SAFA to offset the full carbon emissions of its entire workforce – a significant commitment that brings ESG principles into direct contact with everyday working life and signals the Group's intent to lead by example and from within.

GFH Financial Group is committed to engaging and inspiring its clients to support sustainable business practices and promote the transition to a low-carbon economy.

We believe tackling environmental issues, such as climate change, environmental degradation and pollution, should be part of every responsible business agenda. GFH aspires to act in a manner that minimises the detrimental environmental impacts of its operations. We also take into account the environmental impact of our investments and financing activities, including greenhouse gas emissions, waste management and resource use.

Additionally, we seek to prioritise investment opportunities in renewable energy, low-carbon transportation and other sustainable infrastructure projects that contribute to the reduction of greenhouse gas emissions where possible and practical. We are committed to engaging with our clients to encourage sustainable business practices and promote the transition to a low-carbon economy.

Environmental Project Spotlight

- Offsetting GFH Staff Carbon Emissions for the year 2025:**
GFH partnered with Safa to explore innovative strategies for reducing environmental impact and integrating sustainability into corporate operations, which resulted in offsetting all GFH staff carbon emissions for the year 2025 which reflects a shared commitment to supporting Bahrain's 2035 and 2060 Net Zero goals, demonstrating leadership in environmental stewardship and corporate responsibility.

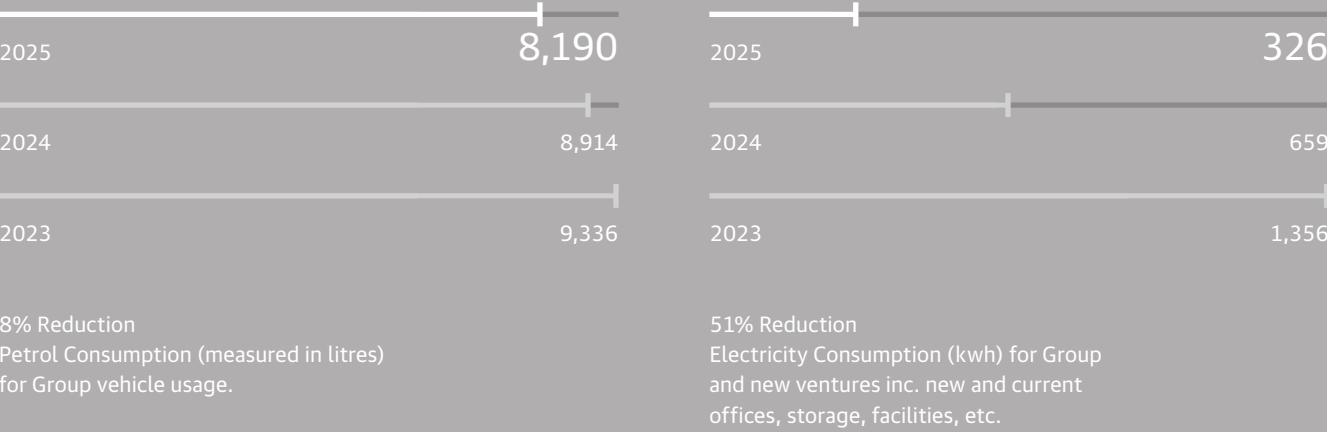
Moving into Hybrid Corporate Vehicles:
GFH has begun replacing a number of its vehicles with environmentally friendly (hybrid) fleet.
- Energy Efficiency Upgrades:**
GFH implemented energy-efficient technologies across its facilities, including high-efficiency HVAC systems and LED lighting. These upgrades contributed significantly to the reduction in Scope 2 emissions by optimising energy consumption.

Installed drinkable water purifying machines in the premises
In 2025, we installed drinkable water purifiers to reduce the usage of plastic water bottles and avoid the mass logistics of moving water bottles into coolers.

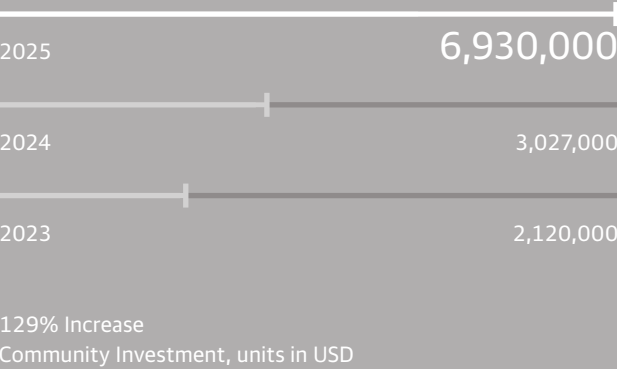
Water Consumption



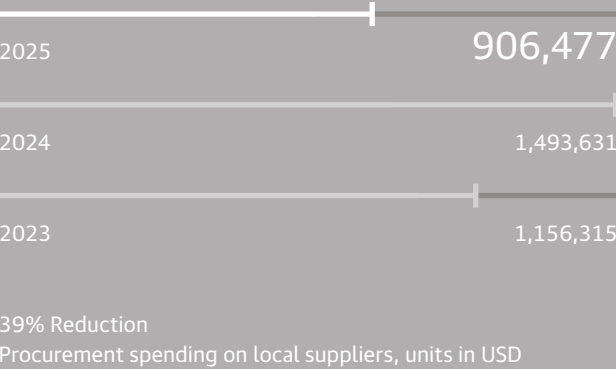
Energy Consumption



Community Investment



Procurement



Increased Community Investment

Community Investment
increased 129% over the
past 12 months

2025

USD 6.930m

2024

USD 3.027m



How We're Supporting Social Progress

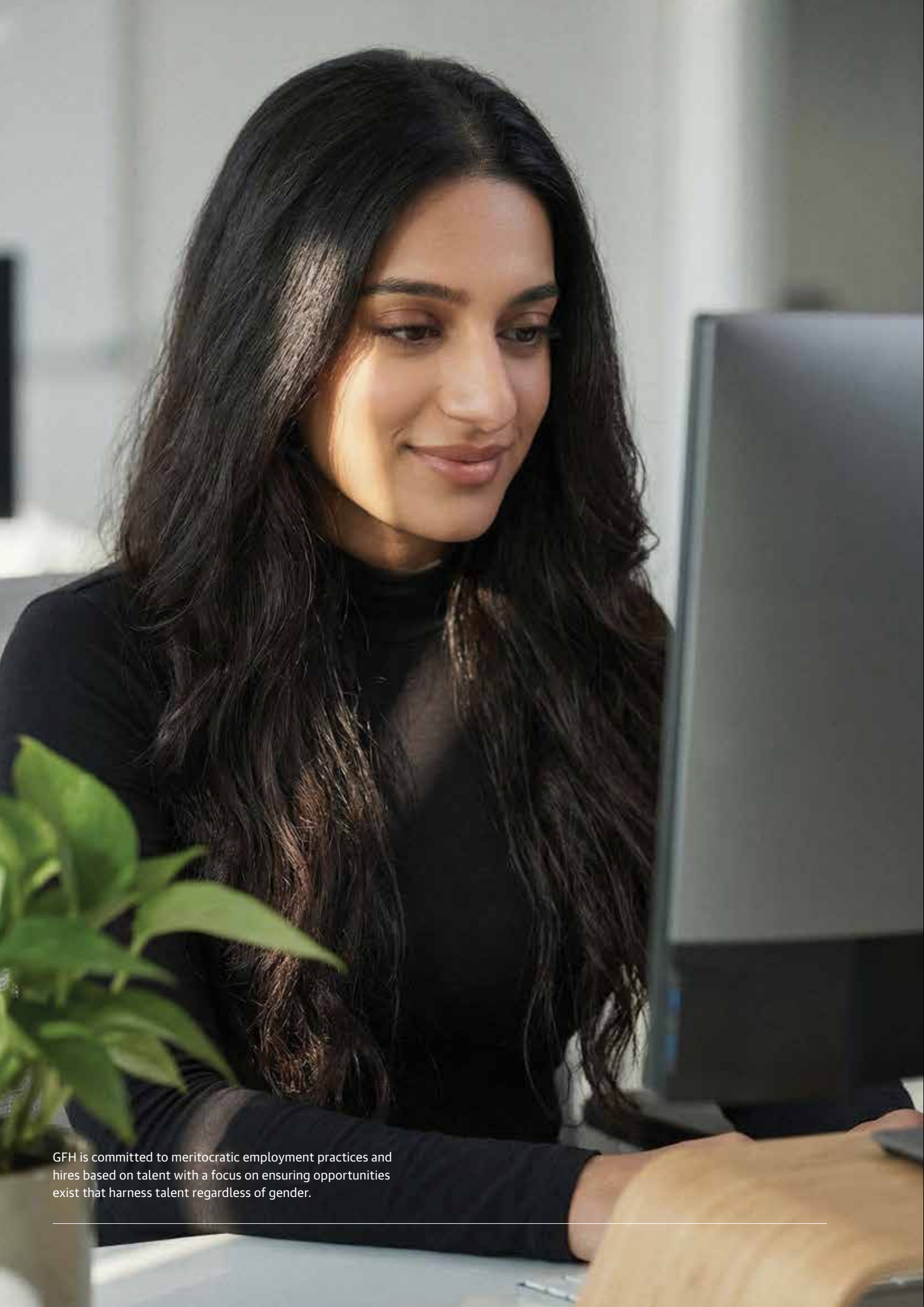
GFH is committed to making a positive difference in the communities it serves, channelling efforts into social infrastructure, charitable causes and essential support services. From educational sponsorships and medical equipment to targeted financial assistance, these programmes reflect the Group's understanding that strong communities are part of what makes long-term investment and growth possible.

Investment in social infrastructure such as the Bahrain Harbour master plan development is enhancing social cohesion in the capital. GFH's subsidiary Infracorp is developing service offerings and F&B outlets to enhance city center living.

Nurturing Our Human Capital

GFH's Talent Management Principles are designed to cultivate a culture of excellence, innovation and collaboration across the Group. By empowering employees to grow and contribute meaningfully, these principles help build the kind of organisation in which each business unit can perform with confidence — one where people are genuinely the platform on which lasting success is constructed.

GFH hired 40 interns during 2025,
11% increase compared to 2024.



GFH is committed to meritocratic employment practices and hires based on talent with a focus on ensuring opportunities exist that harness talent regardless of gender.

Workforce Gender



Female Leadership Positions



12

The turnover rate reached 12%.

Increased Female Leadership

The representation of women
in leadership positions moved
positively with a 6% increase

2025

18

2024

17





GFH works to discover and empower talent to a global standard. actively seeking to acquire staff from local talent wherever possible.

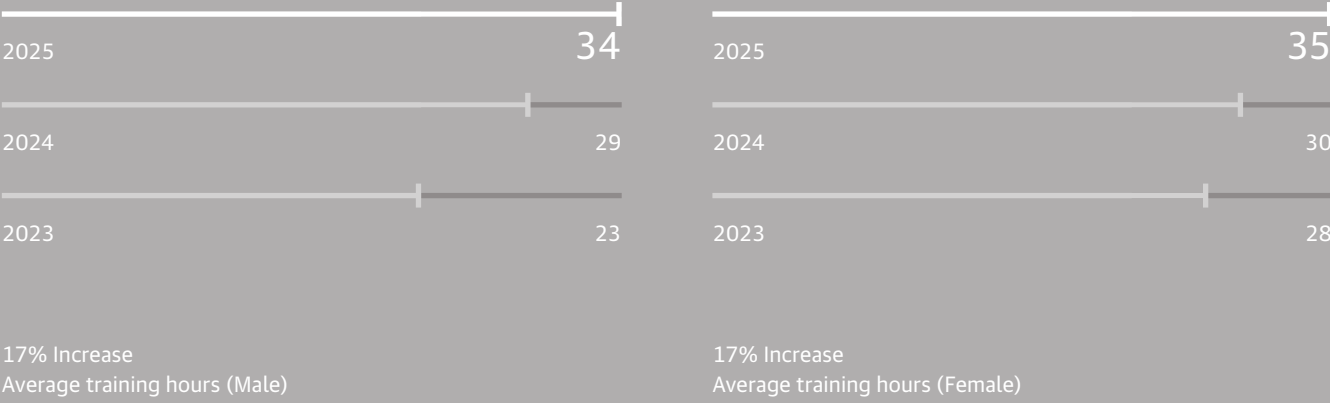
Nationalisation Balance



ESG Trainings Provided



Training & Development Hours per Gender



Acting with Integrity

A man in a white thobe and ghutra is walking across a paved courtyard in front of a mosque. The mosque has large stone pillars and arched windows with intricate geometric patterns. The scene is captured in a cinematic style with warm lighting.

GFH's Sharia Advisory Board helps maintain our alignment with our spiritual values regarding our investments, and our essential nature as an Islamic financial institute underpins all our decision making.

Transparency and integrity are central to how GFH Financial Group conducts itself. Regularly updated strategies and policies uphold the highest regulatory and supervisory standards, ensuring that compliance is never passive. For a group whose business units each operate with distinct mandates, a shared commitment to honest and accountable conduct is what keeps the whole aligned and trusted.

Distinguished Corporate Governance

GFH Financial Group recognises that robust corporate governance is fundamental to delivering long-term stakeholder value. Our governance framework — built on transparency, accountability and ethical decision-making — provides a structural platform that allows each part of the Group to operate with integrity and purpose. It is what ensures that growth, wherever it occurs across the business, remains principled and sustainable.

GFH business operates under a broad framework of diligent oversight provided by our Shariah Board Chairman and Board of Directors

GFH established a management-level ESG Committee to provide structured oversight of the Group's environmental, social and governance (ESG) strategy. Its role is to ensure that ESG principles remain embedded and active across the business – maintaining the alignment between each unit's operational approach and the Group's broader commitments to responsible growth.

ESG Committees

The charter document of the ESG committee outlines the structure, responsibilities and authority to ensure the highest levels of governance. The members are representations from different internal departments to provide consolidated and valuable contributions to oversee and continuously develop our ESG best practices and governance.

The members are comprised of representatives from different internal departments providing consolidated and valuable contributions, with the aim of overseeing and continuously developing our ESG best practices and governance.

The management-level ESG Committee oversees the Group's environmental, social, and governance strategy, ensuring alignment with regulations and standards. Its charter defines the structure, responsibilities, and authority needed for strong governance.

6 ESG Committee Objectives



01

Review & Assessment:
Review and assess the implementation and effectiveness of the Group's ESG Strategies.



02

Performance Efficacy:
Review overall performance against the Group's ESG objectives and targets.



03

Coherent Alignment:
Ensure both business and ESG priorities are coherently aligned & effective.



04

Continual Exploration:
Explore, advise and wherever possible, approve new Group ESG opportunities, activities and initiatives.



05

Recommend & Advise:
Make required board recommendations, including new policies implementations and the proposal of strategic initiatives.



06

Maintain Relevance:
Regularly update Group awareness regarding regulatory requirements of ESG laws & sustainability disclosures.

The management-level ESG Committee provides authoritative oversight of GFH's ESG strategy, ensuring ongoing alignment with local and global regulations and standards. With a clearly defined charter outlining structure, responsibilities and authority, the Committee gives the Group the governance architecture it needs to hold each part of the business to a consistent and principled standard.

Section

03

[Sharia Supervisory Board](#)

[Board of Directors](#)

[Executive Team](#)

[Financial Highlights](#)

[Chairman's Report](#)

[CEO's Report](#)

Our People

The Sharia Supervisory Board provides independent Sharia guidance to the Group, approving financial statements and working closely with management to support the development of Sharia-compliant investment products and services aligned with GFH's strategy to build a diversified, high-growth investment and commercial portfolio.

The Board maintains full and unrestricted access to the Group's Board of Directors and management, as well as to the Sharia Internal Audit and Sharia Coordination and Implementation functions. These units play an active role

in reviewing and advising on the Sharia compliance of all products and investment activities, conducting Sharia audits across the Group's operations, and reporting their findings to the Sharia Supervisory Board to ensure ongoing adherence to Sharia principles.

The oversight provided by the Sharia Supervisory Board strengthens governance and transparency across the Group, reinforcing the confidence and trust of shareholders and investors, which remains a fundamental pillar of GFH's long-term success.

His Eminence Sheikh Abdulla Bin Suleiman Al-Menai President	Adviser at the Royal Court with the rank of Minister, a judge in the Court in Makkah Al-Mukarramah (formerly) and a member of the Council of Senior Scholars (Saudi Arabia) and Chairman of the Sharia Supervisory Board for a number of Islamic banks.
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His Eminence Sheikh Nizam Bin Muhammad Saleh Yaqoubi Executive Member	Member of the Shari'a Supervisory Board at Central Bank of Bahrain, Alsalam Bank, Kingdom of Bahrain, GFH Financial Group, Kingdom of Bahrain, ABC Islamic Bank, Kingdom of Bahrain, ABC Islamic Bank, London and others. He is also a council member of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).
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Holds a number of awards, First Degree Award of Capability for Islamic services within and outside Bahrain 2007, from the King of Bahrain, Euro Money Award for innovation in Islamic banking supervision, Malaysia 2007, Malaysia Award for contribution to Islamic banking. He has participated and been a speaker in a number of jurisprudence, educational, economic, intellectual, social and cultural conferences and seminars.

His Eminence Farid Bin Muhammad Hadi Executive Member	Dr. Hadi is an Assistant Professor of Sharia, he was the Head of the Department of Arabic and Islamic Studies at the College of Arts at the University of Bahrain and Islamic Banking at College of Business Administration at University of Bahrain. He is the chairman of Bahrain Institute for Sharia Studies which is under the supervision of Ministry of Justice. He holds a PhD in Ibn Hazm's Methodology of Jahala from Edinburgh University and a PhD in Al-Bukhari's Methodology from the University of Mohammed V in Morocco. Dr Hadi is also a member of the Sharia Supervisory Boards of a number of leading Islamic banks.
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His Eminence Sheikh Abdul Aziz Al-Qassar Executive Member	Dr. Alqassar is a Professor of Comparative Jurisprudence at the Faculty of Sharia and Islamic Studies at Kuwait University, he received a doctorate degree in comparative jurisprudence from the Faculty of Sharia and Law - AL-Azhar University - Cairo - Arab Republic of Egypt in 1997 AD. Faculty member at the Faculty of Sharia and Islamic Studies at Kuwait University from 1997 until 2017, he served as Associate Dean for Academic Affairs and Graduate Studies and Research at the Faculty of Sharia and Islamic Studies at Kuwait University from the period 2001-2005 AD, and a member of the Fatwa and Shari'a in many institutions and Islamic banks in Kuwait and abroad, a lecturer in Islamic finance, has many research and religious studies in Islamic jurisprudence and contemporary financial transactions.
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Sharia Supervisory Board

GFH's Sharia Supervisory Board reviews every activity and product the Group is responsible for, working to ensure all innovative products and investment transactions are fully compliant within the framework and governing principles of Islamic Sharia.

The Board of Directors leading GFH comprises distinguished regional leaders who provide strategic insight coupled with expert oversight, steering our Group towards sustainable growth for the foreseeable future.

41

Mr. Abdulmohsen is a highly experienced investment professional with a remarkable and distinguished career spanning more than 41 years.

GFH Financial Group's chairman Mr. Abdulmohsen Alrashed is a highly experienced investment professional with a remarkable and distinguished career spanning more than 40 years. His corporate experience covers a broad segment of the market with a keen focus on real estate and investment sectors.

Since 1982, Mr. Alrashed has held the position of Managing Partner at world renowned Al-Rashed Group, showcasing his leadership and expertise in the demanding field of corporate group management. Throughout his distinguished career, he has also served as a director on numerous corporate boards

as well as holding the executive director position in various companies across KSA.

Mr. Alrashed pursued his education at the illustrious Seattle University (USA), where he earned a bachelor's degree in business administration. His academic background, combined with his extensive industry experience, has contributed to his success and rising prominence within the challenging field of corporate leadership.

Board of Directors



Abdulmohsen Al Rashed
Chairman



Ghazi Faisal Ebrahim Al Hajeri
Vice Chairman

Mr. Ghazi Al Hajeri is the Chariman of GFH Capital Kuwait. He brings 23 years of experience to the Group. In prior roles Mr. Al Hajeri was the CEO of Wafra International Investment Company, a Kuwait-based asset management company with US\$ 7 billion in AUM.

Mr. Al Hajeri was also Managing Director for Wafra InterVest Corp. In 2007 he established Wafra's regional office and remained Regional Director until 2017. He was responsible for the firm's regional business strategy and product development and served as a corporate liaison with the firm's largest clients. Mr. Al Hajeri was responsible for directing the firm's largest client relationships. He devised strategic plans to grow the firm's expansion in assets from US\$7 billion to US\$20 billion in a period of 10 years. Mr. Al Hajeri managed complex projects for sovereign wealth and pension clients that included asset allocation, business development and investment planning.

Mr. Al Hajeri was a member of the Alternative Investments Division Investment Committee and responsible for reviewing and monitoring external investment managers while directing departmental strategy at Wafra Investment Advisory Group in New York from 2001– 2006. Mr. Al Hajeri holds a Bachelor's degree in Science (Bsc) in Business Administration from the University of Denver, USA.



Hisham Alrayes
Member & Group CEO, Executive Director

Mr. Hisham Alrayes leads GFH's drive to become the region's most prominent, diversified financial Group, providing a dynamic platform delivering superior Wealth, Banking and Investment Management services. Mr. Alrayes provides the Group with extensive expertise and banking knowledge from more than 28 years in the industry. Hisham inspires and directs the Group's global investment strategy.

He holds many directorship in financial, banking and real estate investment companies. He's a member of the board in Bahrain Association of Banks (BAB) , and Bahrain Centre for Studies and Research (BCSR) and Supreme Counsil for Youth & Sports. Mr. Alrayes holds a master's degree with honours in Business Administration from the University of DePaul, Chicago (USA) and a bachelor's degree in electronic engineering with honours from the University of Bahrain.

In 2023, he received a First-Class National Action Pioneers Medal from His Majesty King Hamad bin Isa Al Khalifa. Ranked among 100 Most Inspiring Leaders in the Middle East and awarded CEO of the year by many including; Forbes, Global Economics, MEA Finance and CEO Middle East.



H.H. Shaikha Minwa Bint Ali Bin Khalifa Al Khalifa
Member, Independent Director

H.H. Shaikha Minwa Bint Ali Bin Khalifa Al Khalifa is a versatile professional who serves as the Vice Chairman of Global Express and is the founder of Saynario, a company and community-driven hub that fosters and promotes the appreciation of film as an art form in Bahrain and the wider region.

Additionally, Sh. Minwa is an accomplished content creator and podcaster, focusing on current media and culture. Sh. Minwa holds a Bachelor of Arts in Business Management from the University of Westminster, showcasing her academic foundation in the field.



Ali Murad
Member, Independent Director

Mr. Ali Murad is the Managing Director and Co-Founder of Pinnacle W.L.L., Bahrain. He also serves as a board member in several companies including EAT App, Wavepoint Publishing W.L.L and Alareen Holding Company.

Throughout the 21 years of experience in his career, Mr. Murad occupied several positions in the banking sector before he moved into the private sector. He commenced his banking career at Arab Banking Corporation, where he remained for five years. During this time, he held the position of credit analyst of ABC Islamic Bank EC, money market dealer and thereafter, as a deputy manager of the Treasury and Marketable Securities Department. Mr. Murad then joined Unicorn Investment Bank (now, Bank Alkhair) in the Investment Development and Distribution Department and later First Energy Bank as a director in Investment Placement, where he placed numerous financial products and services to high-net-worth individuals, governments and quasi-governmental organisations, publicly listed and unlisted companies, as well as numerous private banking clients.

Mr. Murad was part of the investment team, where he also worked on tailoring customised investment products catering to the tough market conditions at the time. In 2010, Mr. Murad embarked on a career in the private sector and founded Pinnacle W.L.L. as a holding company for stakes in various sectors including technology, music publishing, real estate to name a few. He continues to explore, review and monitor active and potential investments both regionally and internationally. Mr. Murad holds a Bachelor of Science (BSc) in Business Administration, majoring in Marketing from Suffolk University, Boston, Massachusetts.



Fawaz Talal Al Tamimi
Member, Independent Director

Mr. Fawaz Al Tamimi is currently the Executive Vice President of Tamimi Group of Companies, where he has established an impressive career spanning 23 years in the industry.

He holds directorships in several esteemed organizations, including the GFH Board of Directors, Tamimi Market, Kingdom Holding, NTT Data Saudi Arabia, Gulf Islamic Investment LLC, Specialized Industrial Casting Company, and Al Tamimi Holding.

Mr. Fawaz Al Tamimi holds a Bachelor of Science degree in Marketing from California State University, Los Angeles, obtained in 2010, and has completed executive education programmes at IMD and INSEAD. He has served the Group in several key leadership roles and has been appointed by the Board of Directors to represent the Group in the negotiation of new joint ventures and investment opportunities.

Mr. Al Tamimi also leads the Group's Corporate Governance programme and serves as a member of the Group's Board of Directors, as well as several Board committees.



Abdulaziz Al Bassam
Member, Independent Director

Mr. Abdulaziz Albassam is the CEO & Chief Investment Officer of Aljomaih Holding Co. in Saudi Arabia. He has successfully led the company's asset allocation and investment strategy, diversifying its portfolio internationally. With previous experience as the CEO of Abdulla Ibrahim Al Subeaei (AIMS) Investments and a portfolio manager at Saudi Aramco.

Mr. Albassam brings a wealth of expertise. He holds directorships in various prestigious entities and holds an MBA from Harvard Business School, as well as being a CFA Charter holder.



Darwish Al Ketbi
Member, Independent Director

Mr. Darwish Alketbi is a highly motivated, analytical and focused young professional with built-up expertise on the stock market with in-depth knowledge on alternative investments, structured products and sophisticated trading strategies. Mr. Alketbi is the Investment and Portfolio Manager at Darwish Bin Ahmed & Sons, a board member at Union Properties PJSC in Dubai, and Darwish Cybertech India Private Limited, India.

He holds Bachelor of Science (BSc) in Business, majoring in Finance from Zayed University in Abu Dhabi. Over the past nine years, Mr. Alketbi has gained vast experience in managing investments, real estate, corporate finance, placement, treasury, modelling and valuation of investment opportunities and monitoring and managing portfolios. With his experience and enthusiasm, Mr. Alketbi is expected to add value to GFH's progressive growth and transformation.



Abdulla Al Zain
Member, Independent Director

Mr. Abdulla Alzain is the Chairman of Infinity Capital, W.L.L., a prominent private investment holding company in Bahrain. With more than 22 years of executive expertise in private investments and wealth management, Mr. Alzain is also involved in various other ventures. He serves as the Chairman of the Board of Directors at BAPCO Refining and is a member of the Board of Directors at BAPCO Energies.

Mr. Alzain holds directorship positions in sports teams and is currently the President of Cordoba Football Club in Spain. He holds a Bachelor of Business Administration from Hult Business School in London, UK and is a member of the Young Presidents' Organization (YPO).



Rashid Nasser Al Kaabi
Member, Non-Executive Director

Mr. Rashid Al Kaabi is the Vice Chairman and Chief Executive Officer of Al Sraiya Holding Group, one of Qatar's expanding, leading private family conglomerates. Mr. Al Kaabi joined the family business in 1995, was appointed vice chairman of the board in 2006 and became group chief executive officer in 2010. In this capacity, Mr. Al Kaabi leads the group's growth strategy through leading investments within the group's four main clusters: Construction, Hotels & Hospitality, Industrial and Trading. Under his tenure, Mr. Al Kaabi has launched new businesses across Qatar, the Middle East, the UK, Europe and North America.

In addition to his role at Al Sraiya Holding Group, Mr. Al Kaabi serves on the board of several organisations in various sectors, i.e., Insurance, Real Estate, Finance and Investment. Mr. Al Kaabi serves as Chairman of the board of Inma Holding and AMLAK Holding, in addition to being a member of the board of Msheireb Properties and Qatar Islamic Insurance Company. In addition to being Vice Chairman of Qatar International Islamic Bank (QIIB), he is a member of the board of internationally acclaimed banks such as GFH Financial Group, QInvest and Bank Audi.

Mr. Al Kaabi joined the board of Qatar Chamber of Commerce & Industry (QCCI) in 2006, currently serving as the Chairman of its Banking & Investment Committee. He is actively involved in multiple other bilateral and multilateral chambers of commerce, focusing on fostering trade and investment relations. He serves as a member of the board of Arab-BelgianLuxembourg Chamber of Commerce (ABLCC), Arab Hellenic Chamber of Commerce & Development (AHCC), Arab-Swiss Chamber of Commerce and Industry (CASCI) and Union of Arab Chambers (UAC).



In 2023 CEO Hisham Alrayes was honoured twice, firstly with the First-Class National Action Pioneers Medal, bestowed upon him by His Majesty King Hamad bin Isa Al Khalifa and secondly by Arabian Business for being among the GCC’s 100 Most Inspiring Leaders in the Middle East’.

100

Forbes ranked Hisham Alrayes as one of the 'Top 100 CEOs in the Middle East' in 2025.

Mr. Hisham Alrayes leads GFH's drive to become the region's most prominent, diversified financial Group, providing a dynamic platform delivering superior Wealth, Banking and Investment Management services. Mr. Alrayes provides the Group with extensive expertise and banking knowledge from more than 28 years in the industry. Hisham inspires and directs the Group's global investment strategy.

He holds many directorship in financial, banking and real estate investment companies. He's a member of the board in Bahrain Association of Banks (BAB) , and Bahrain Centre for Studies and Research (BCSR) and Supreme Council for Youth & Sports.

Mr. Alrayes holds a master's degree with honours in Business Administration from the University of DePaul, Chicago (USA) and a bachelor's degree in electronic engineering with honours from the University of Bahrain.

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Executive Team



Hisham Alrayes
Group CEO & Board Member



Salah Sharif
Chief Operating Officer

A key player in the strategic management of the Group's core operational functions, Salah Sharif, Chief Operating Officer of GFH, is also responsible for ensuring the highest standards of operational excellence across the Group and its Special Purpose Vehicles and Project Companies. He has more than 33 years of regional and international exposure to conventional and Islamic banking and finance, with experience across commercial and wholesale banking and in industrial and infrastructure advisory sectors. In addition to his executive role at the Group, Salah also serves on a number of investee company boards. He is the Chairman of Falcon Cement Company, Vice Chairman of Infracorp and Vice Chairman of Gulf Holding Company and a Board Member of Khaleeji Commercial Bank, GBCorp and CapCorp.

Prior to his current role in GFH, Salah was seconded as the CEO of Cemena Holding Company (CHC), an industrial subsidiary of the Group, one of the largest cement holding companies in the MENA region. Previously, he held a number of senior roles in leading, global financial institutions, including American Express and Standard Chartered Bank where he held key executive positions.

Salah holds an MBA from the University of South Wales, UK. And most recently, he completed the Senior Executive Leadership Program offered by Harvard Business School, Boston, USA.



Razi AlMerbati
CEO – GFH Capital & Group Chief Wealth Management Officer

Razi Almerbati is the CEO of GFH Capital and the Group Chief Placement Officer of GFH Financial Group. He brings to his role more than 22 years of banking and finance experience including a significant track record in Islamic investments and advisory. His areas of expertise include private banking and wealth management as well as private equity. Before joining GFH, Razi was the Head of Investment Development & Distribution for the GCC region at The First Investor in Qatar, a subsidiary of Barwa Bank. Prior to that, he was the Regional Director of the Investment Advisory Group of Abu Dhabi Investment House.

Razi is currently a board member of Esterad Investment Company and the Chairman of the board's Audit & Risk Committee (ARC).



Nael Mustafa
CEO – GFH Partners

Nael is the Chief Executive Officer of GFH Partners Ltd. and the Real Estate Chief Investment Officer at GFH Financial Group, where he oversees the Group's global real estate investment strategy. With over 30 years of experience in investment banking and finance, he has led capital markets, corporate finance, and Shari'ah-compliant investments across North America, Europe, and the Middle East.

Nael has led the thematic investment approach at GFH Partners, focusing on resilient sectors with strong long-term fundamentals, specifically industrial and logistics, living, and healthcare real estate. With GFH Partners now managing over US\$6.5 billion in assets, Nael is leading the firm's expansion into the GCC logistics sector, where it manages over US\$0.5 billion in assets. He is also overseeing the growth of GFH Partner's activities within the GP staking area, which has seen its portfolio of managers and strategic partners grow to six, including one successful exit. This strategy is strengthening the firm's global presence and investment pipeline.

Nael is a CFA charterholder, holds an MBA in Finance from the University of Edinburgh, and serves on various investment committees and boards.



Hammad Younas
CEO – GFH Equities

Hammad Younas is Chief Investment Officer – Private Equity where he leads the Group's investment business, including Private Equity, Corporate Investment and Asset Management. He serves on the Group's management committee and leads strategic initiatives expanding market share, increasing GFH's AUM, entering new markets, asset classes and business lines. Hammad has over 26 years of experience across corporate finance, investment banking, private equity, structured credit, real estate and asset management. Hammad led several multibillion-dollar regional and cross-border transactions and exits across MENA, US, Europe and Asia in multiple sectors and asset classes. His expertise includes M&As, IPOs, listings, secondary offerings, private placements, special situations and debt raising. A growth strategy and business development expert, Hammad led the setup of several financial institutions and served on advisory and executive committees including several multi-portfolio company boards.

Hammad has deep understanding of complex, multi-jurisdictional structures. He delivered region-wide multi-strategy fundraising programmes, supported by extensive institutional investor interaction experience and his broad network of banking, private equity, sovereign and HNIs. Prior to joining in 2016, Hammad was a Partner at Ernst & Young (MENA) and their Transaction Advisory Leader for Bahrain. He was also CEO of Ernst & Young Corporate Finance (Bahrain) where he worked for 13 years advising clients across financial institutions, sovereign wealth funds, private equity, real estate investment firms, governments, family businesses and HNIs. Hammad holds a CFA charter from the CFA Institute (USA), a member of the Association of Chartered Certified Accountants (UK) and holds an FCA from the Institute of Chartered Accountants (Pakistan).



Osama Ali Nasr
Group Chief Digital & Technology Officer

Mr. Nasr is a seasoned professional with more than two decades of experience in the banking industry, where he has honed his skills in the fields of technology and information. Over the course of his career, he has faced numerous challenges, rigorous transformations, continuous innovations and significant advancements in technology.

Mr. Nasr started his journey in the banking sector as a Senior System Analyst for 3 years, where he demonstrated exceptional technical expertise. He then transitioned into a functional consultant role, one where he served for 7 years and gained valuable experience in providing clients with strategic guidance.

After this, Mr. Nasr took on administrative roles at BisB where he served as Senior Manager, Assistant General Manager, Head of Information Technology and Chief Information Officer for a total of 15 years. During his tenure, he developed and implemented innovative solutions to streamline operations and enhance client experience.

Mr. Nasr's banking experience has continued to grow and he now holds newer responsibilities and positions at GFH Financial Group as Group Chief Technology Officer and at Khaleeji Bank as Chief Technology Officer. Mr. Nasr holds a bachelor's degree in Computer Science from Isra University and a master's degree in ISM from the University of Liverpool.



Bhaskar Mehta
Chief Risk Officer & Acting CFO

Mr. Bhaskar Mehta is the Group's Chief Risk Officer and Acting CFO. Mr. Bhaskar brings over a decade of risk management and accounting experience in financial services, including private investment and public markets across the Middle East and emerging markets. As CRO, he is responsible for the development and implementation of strategies and frameworks to effectively manage risks associated with the Group's various functions – including Credit, Market, Liquidity Information Security & Operational Risk. He serves in several of the Group's executive management committees and reports independently to the Board Audit & Risk Committee.

Prior to joining, he served as Head of Risk & Portfolio Analytics at Waha Capital in Abu Dhabi, overseeing developing and management of governance & risk. Previously Mr. Mehta was at UBS (India), acting as a Senior Associate covering clients for structured products. He was responsible for developing the quantitative & risk models for Fixed Income & Rate structuring products. He also worked for Asset Managers building the risk management models & advance analytics. He began his career as a Programmer Analyst, BFSI (Banking, Financial Services and Insurance) Vertical at Cognizant Technology Solutions (India).

Mr. Mehta is a Financial Risk Management (FRM) Certified – GARP and holds an MBA in Finance & International Business from IMT (Ghaziabad). He also holds an International Diploma in Governance, Risk & Compliance from ICA (International Compliance Association) where he completed the Harvard Business School Executive Education programme in Risk Management for Corporate Leaders.



Ayman A. Zaidan
Group Chief – Treasury & Financial Institutions

Ayman Zaidan serves as the Group Chief of Treasury & Financial Institutions, leveraging over three decades of experience in the financial sector to drive strategic growth and operational excellence. His recent role as Deputy CEO & Chief Investment Officer at Qatar First Bank (QFB) was marked by significant achievements, including leading a strategic overhaul focusing on a fee income business model that returned the bank to profitability and increased its assets under management by US\$1 billion. Under his leadership, QFB saw a remarkable increase in fee income revenue, demonstrating his capacity to generate sustainable growth.

Prior to QFB, Mr. Zaidan excelled as General Manager of the Treasury Group at the National Bank of Kuwait, where he enhanced the bank's treasury operations and income diversification strategies. His career also includes transformative roles at First Energy Bank in Bahrain, where he was instrumental in developing Islamic finance products and improving the bank's funding strategies.

Mr. Zaidan's professional journey began at the Bank of Jordan, where he quickly rose to become Chief Dealer. He holds a BSc in Accounting and a minor in Business Administration from the University of Jordan. Fluent in both Arabic and English, Mr. Zaidan's blend of strategic vision and practical execution skills make him a key asset to our leadership team, guiding our financial strategies to new heights on the global stage.



Pietro De Libero
Chief Legal Officer

Pietro de Libero is Chief Legal Officer at GFH, where he is responsible for the Group's legal activities relating to all general corporate, commercial and financing matters as well as managing relationships with external local and international counsel on issues pertaining to regulation, compliance and litigation. He is a seasoned lawyer with more than two decades of experience in Europe and the GCC managing, coordinating and executing complex multi-jurisdictional M&A transactions, negotiating joint venture agreements, advising on company law and coordinating intra-group reorganisations.

Prior to joining GFH, Pietro spent 22 years at Baker McKenzie. He began his career at the firm's offices in Milan, where he became a partner in 2007. He then relocated to Baker McKenzie's Dubai office, where he served as a partner between 2013 and 2022. During his tenure at the firm, he was a leading member of Baker McKenzie's Corporate and M&A practice and led the UAE's competition law practice. Pietro graduated summa cum laude from the Law School at Università degli Studi di Milano. He is admitted to practice law in England and Wales, Dubai and Italy.



Dr. Mohamed Abdulsalam
Group Head – Sharia Compliance

Head of Sharia and Corporate Secretary at GFH, Dr. Mohamed Abdulsalam supervises all Group transactions to ensure they are conducted in compliance and in accordance with the teachings of Islamic Sharia. Furthermore, Dr. Abdulsalam assumes the fiduciary duty of maintaining all records, meetings and minutes of GFH's Board and its committees in addition to moderating meetings and managing all record keeping activities for GFH's project companies. He joined the Group in 2006 with 22 years of Sharia experience. Prior to GFH, Dr. Abdulsalam worked with other Islamic financial institutions in Bahrain. He was a Sharia Auditor at Kuwait Finance House (KFH) and an Internal Auditor at Bahrain Islamic Bank (BisB).

Dr. Abdulsalam obtained his Bachelor of Islamic Accounting in 2003 from Al-Imam Mohammed Ibn Saud University. He also holds an MBA in Accounting and Financial Control and a Ph.D. in Accounting from the United States, California. He has also pursued additional qualifications including a Masters of Sharia and Accounting Standards from AAOIFI, courses in Sharia Control Fatwa for Islamic banks as well as successfully completing the third module of the International Arbitration Certificate from Bahrain Chamber for Dispute Resolution (BCDR-AAA) in 2014. Passionate about his field, Dr. Abdulsalam regularly attends specialised courses covering topics such as Sharia Auditing, Sharia Standards, Sharia Products and many others in order to expand his knowledge of Islamic finance on an ongoing basis.



Baha Al-Marzooq
Chief Internal Audit

Baha Al-Marzooq, Chief Internal Audit, has more than two decades of auditing and banking experience. He is supporting the Group's strategic success by ensuring a systematic and disciplined approach to internal control, risk management and governance processes; reporting to the Board Audit & Risk Committee to maintain the internal audit function independency from the Group's management.

Prior to joining the Group in 2006, Baha has worked with Ernst & Young (EY) – Bahrain, one of the 'Big Four' global auditing firms for several years, as Manager in the Assurance Services during which he also served in other regional offices of EY such as Kuwait, Qatar and Houston Texas – USA. During his tenure with EY, Baha was in charge of auditing a number of clients from different sectors namely Islamic Banks, Conventional Banks, Investment funds, Insurance, Oil & Gas, Hospitality and Government sectors.

He holds a B.Sc. in Accounting from Bahrain University and is a Certified Public Accountant (CPA) California, USA in 2001. He holds an Executive MBA from the University of Bahrain in addition to a number of specialised professional qualifications including, Certified Internal Auditor, Chartered Global Management Accountant and has a Certification in Risk Management Assurance. He has also participated in several technical, business and leadership programs and lately completed the Senior Executive Leadership Program from Harvard Business School.



Mariam Jowhary
Head – Compliance & AML

Mariam Jowhary joined the Group in late 2019 as Head of Compliance and AML, responsible for establishing and maintaining a robust and effective compliance and corporate governance framework across the Group that complies with regulatory requirements and industry legislation. She works closely with the CEO and other members of the Group's executive management and reports independently to the Board Audit & Risk Committee.

Mariam is also assigned as the Complaint Handling Officer at the Group in addition to her responsibilities for ensuring compliance with the rules and regulations of the CBB, the Bahrain Bourse, the Dubai Financial Market, Abu Dhabi Securities Exchange, the UAE Securities and Commodities Authority, the Boursa Kuwait and the Kuwaiti Capital Markets Authority. Leveraging 22 years of professional experience, she has significant expertise in the field of compliance and has previously worked with Central Bank of Bahrain for more than 14 years. She holds a B.Sc. in Banking and Finance (with honours degree) from the University of Bahrain, Advanced Islamic Banking Diploma from BIBF, as well as APRM & CIPA Professional Certifications.



Muneera Isa
Head – Human Resources

Muneera Isa, Head of Human Resources (HR), manages employee strategies, organisational development, talent acquisition, succession planning, leadership development, talent retention, career planning and progression, objectives and performance management, training, compensation, benefits and rewards, ESG, organisational culture, change management and employee experience in addition to regulatory compliance, policy making and the overall implementation of the HR strategy for the Group. Muneera is a seasoned HR professional, bringing the strength of more than 22 years of extensive experience to the Group having worked with regional and international financial institutions in the Kingdom of Bahrain including Bahrain Mumtalakat Holding Company, Capinvest and BNP Paribas.

She holds a bachelor's degree in English Literature from the University of Bahrain, a CIPD Level 5 Diploma in Human Resource Management from the Chartered Institute of Personnel and Development (CIPD) and a Master's Certificate in Human Resource Management from the Society for Human Resource Management (SHRM). Muneera has also completed the "Strategic Leadership in the Era of Disruption" executive programme at Saïd Business School, University of Oxford.



Sahar Qanati
Head – Corporate Communications

Sahar Qanati serves as the Head of Corporate Communications at GFH Financial Group. With over 19 years of experience in marketing and communications, she oversees the development and execution of the Group's public relations, events, and marketing communications strategies.

Before assuming her current role, Sahar was the Head of HR & Admin at Britus Education, GFH's education investment arm, where she established internal operations and aligned policies with the Group's strategic objectives. Previously, Sahar was the Director of Corporate Communications at GFH Properties. Prior to that, she spent six years at Arab Insurance Group (ARIG), the region's largest insurer, as an Assistant Manager in the Human Resources department, focusing on internal communications, employee engagement, and events. She began her career at Ernst & Young Bahrain in 2006.

Sahar holds a B.Sc. in Computer Engineering from the University of Bahrain. Most recently, she completed her Specialist Diploma in Crisis Communication from the Chartered Institute for Public Relations (CIPR). In 2016, Sahar also received her Advanced Diploma in Public Relations from CIPR with Merit, becoming the first Bahraini to receive this certification. In 2011, she completed her Diploma in Learning & Development from CIPD.



Yousif Al Ansari
Head – Operations & Fund Administration

Mr. Yousif Al Ansari is a seasoned financial services executive with nearly 20 years of experience in operations and fund administration. In his role at GFH, he oversees the Group's operational strategy and fund administration functions, ensuring the efficient management of complex fund structures and the highest standards of governance, compliance and reporting.

Mr. Al Ansari is responsible for managing the full lifecycle of funds, including investor servicing and operational execution. He also oversees treasury back-office functions, payables, cash management and SPV-related payments across the Group's underlying companies, supporting the seamless execution of GFH's investment activities.

Throughout his career at GFH, Mr. Yousif has played a key role in strengthening operational frameworks, enhancing reporting accuracy and driving efficiencies across the organization. His focus on transparency, governance and stakeholder engagement has contributed to reinforcing investor confidence and supporting GFH's continued growth.

Mr. Al Ansari holds a Bachelor's degree in Managerial Accounting from the New York Institute of Technology (NYIT).

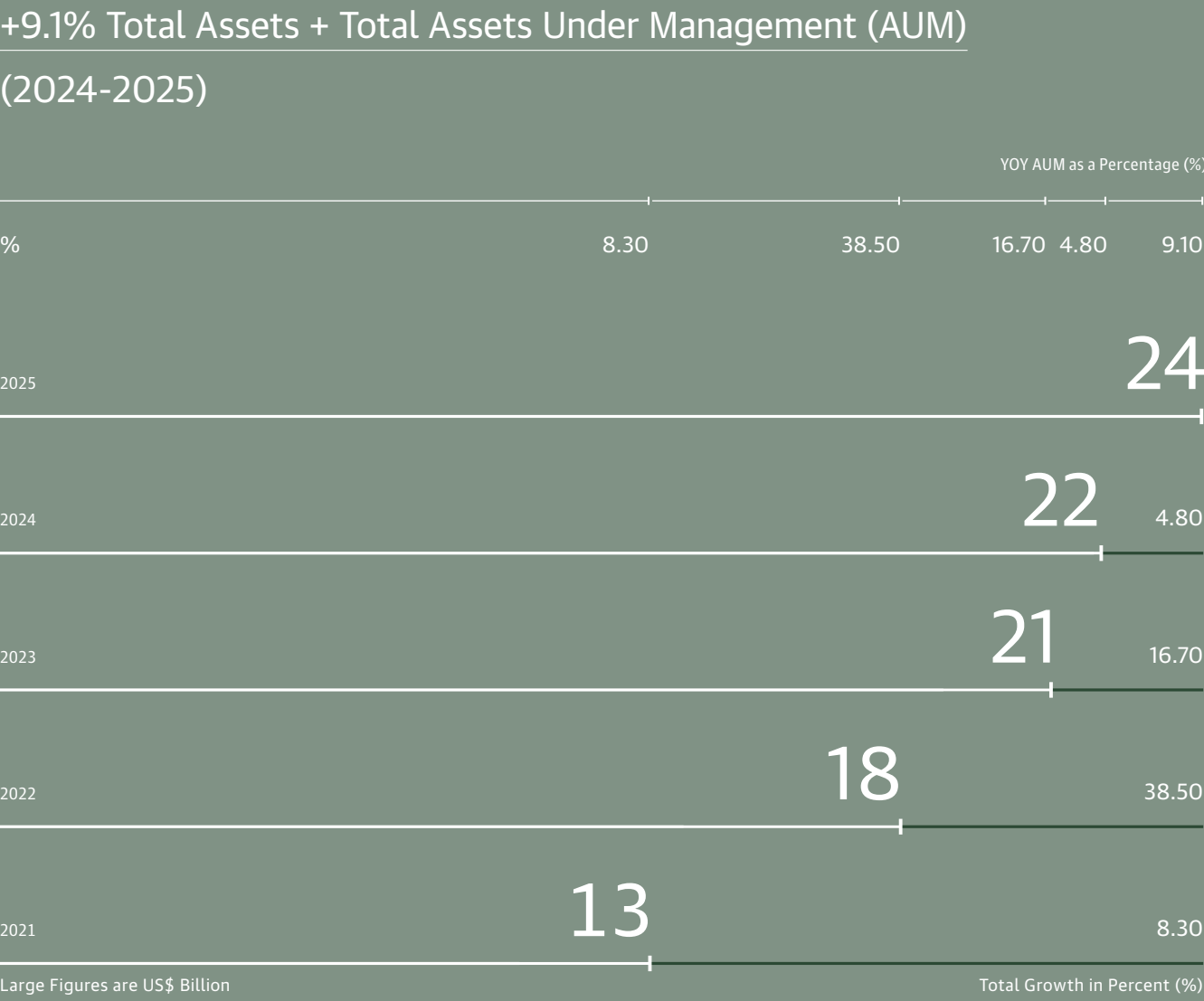


Mohammed Ghareeb
Head – Administration

Mohammed Ghareeb is a seasoned corporate services and administration leader with more than 23 years of experience spanning strategic project management, corporate administration, procurement, facilities management, logistics, and customer experience transformation. He currently serves as Head of Administration at GFH Financial Group in Bahrain and Head of Administration and Project Management at Outlive Group in Abu Dhabi, where he leads group-wide administrative strategy and oversees major office fit-outs, construction projects, facilities and vendor management, as well as corporate insurance and contractual frameworks, ensuring operational efficiency, governance alignment, and scalable infrastructure to support organisational growth.

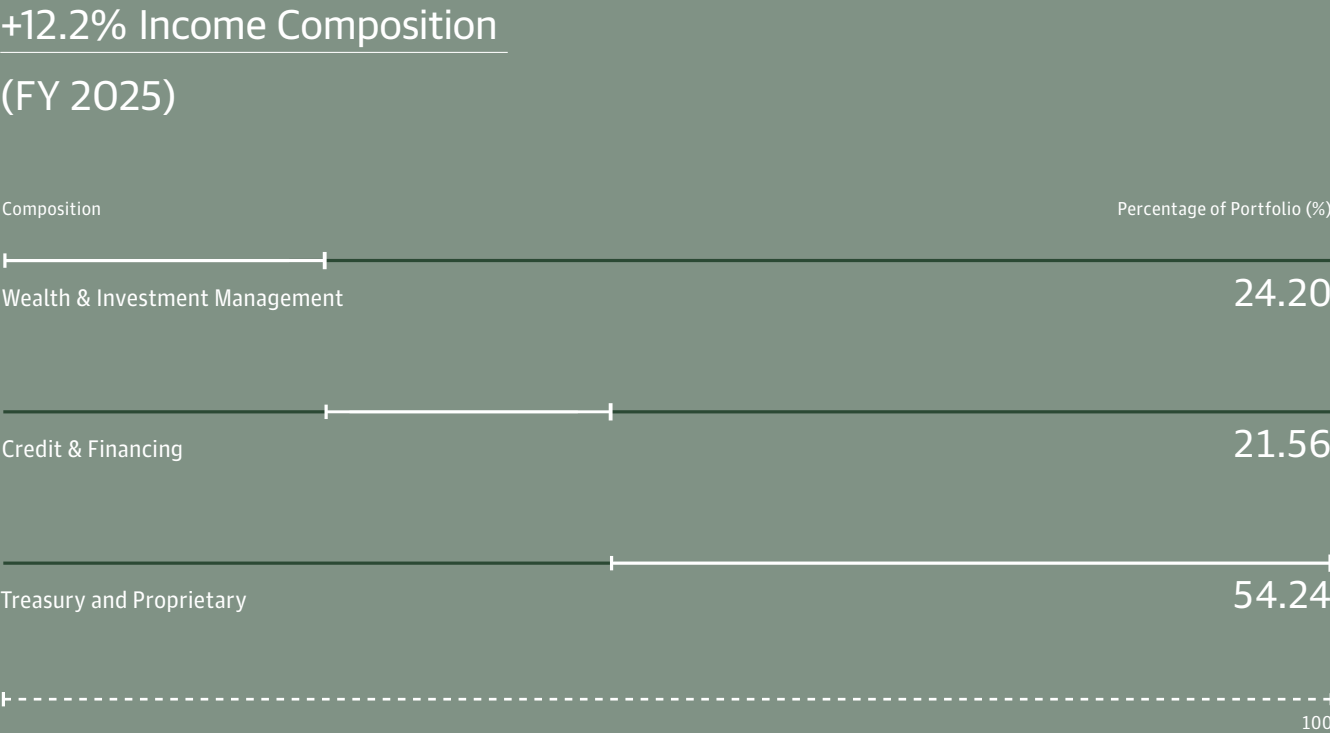
Earlier in his career, Mohammed held key roles in investment placement administration at GFH, customer service and process improvement at the National Bank of Bahrain, and at Gulf Petrochemicals Industries Company, where he spearheaded the development of enterprise-wide digital tools and knowledge management systems that enhanced operational performance and efficiency.

He holds a Master's degree in Marketing & International Business and a Bachelor of Science in Business Information Systems. Mohammed has been repeatedly recognised with CEO and innovation awards for his proactive leadership style, governance-driven approach, and ability to deliver cost-effective, high-impact solutions that drive sustainable organisational success.



Section 03

Financial Highlights



As a result of the highly successful execution of our group’s platform strategy throughout FY2025, our results outperformed investor expectations across the board.

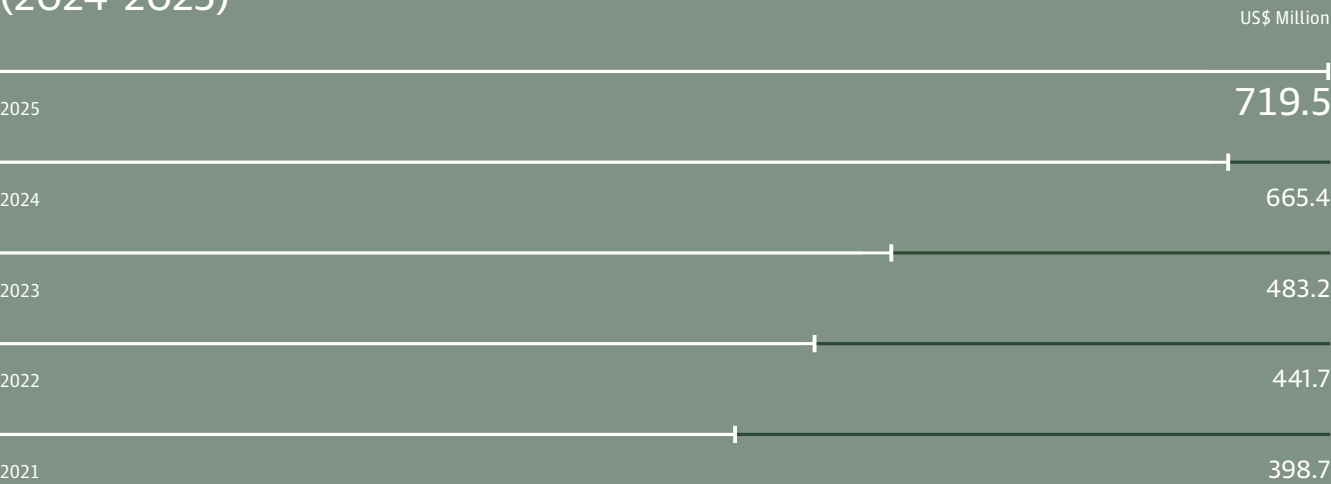
+16.4% Return on Average Equity
(2024-2025)



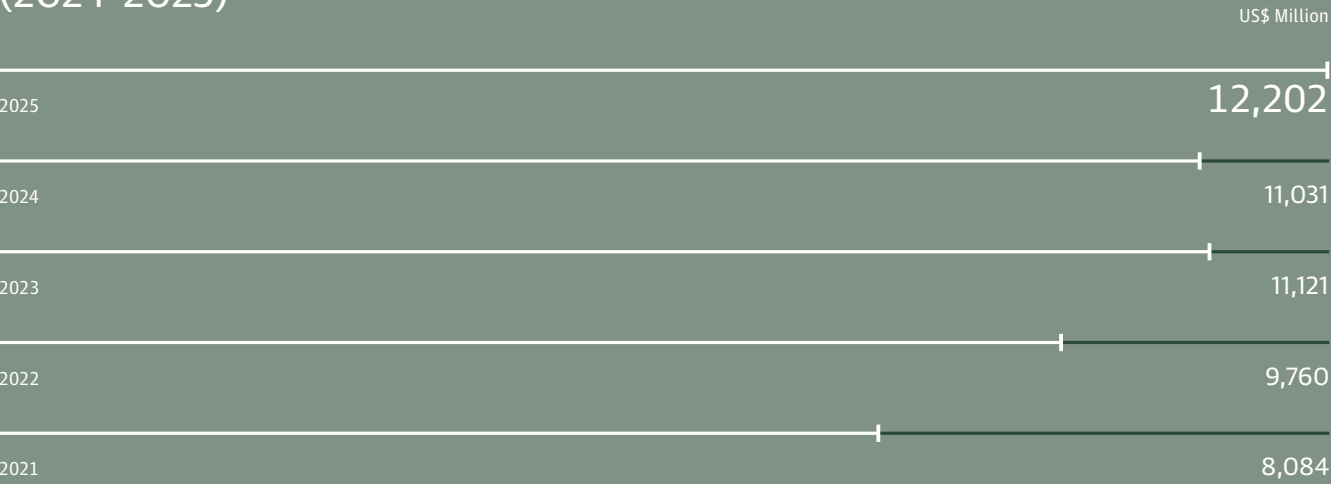
-2.4% Capital Adequacy
(2024-2025)



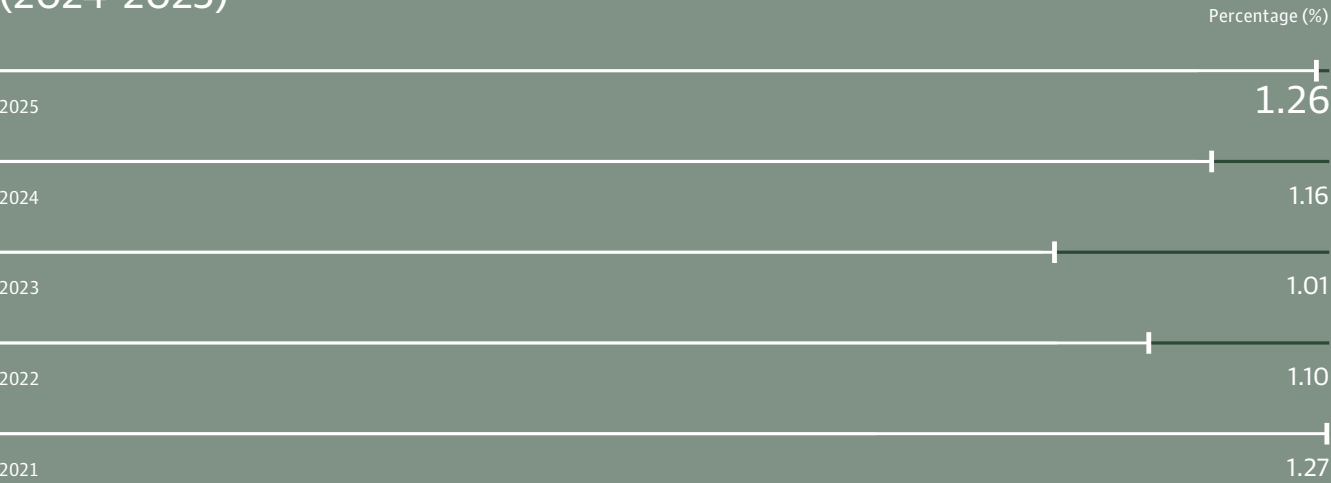
+8.1% Turnover
(2024-2025)



+10.6% Assets
(2024-2025)



+8.6% Return on Average Assets
(2024-2025)



-2.6% Cost to Income
(2024-2025)





Abdulmohsen Al Rashed
Chairman

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The Group continued to grow its assets and funds under management, which reached approximately US\$23.63 billion as of year end.

Our Chairman's Report

Our Chairman outlines GFH's performance of the preceding twelve months, marked by growth and value creation. Throughout the year, GFH continued to extend its reach into new segments and markets, strengthening its platform strategy through strategic partnerships with leading firms across the key territories that define our operational focus.

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, strengthening 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.

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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%.

During the year, the Group continued to deliver attractive shareholder returns through a combination of dividend distributions and share price appreciation.

First:

First: Remuneration of the Board of Directors:

In accordance with the requirements of Article 188 of the Commercial Companies Law, we are pleased to present the remuneration of the members of the Board of Directors and Executive Management for the financial year ended 31 December 2025.

Name	Fixed remunerations				Aggregate amount (Does not include expense allowance)
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Others	Total	
First: Independent Directors (1):					
Abdulmohsen 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 employees are reported in the second table below.

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

Second:

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.

Abdulmohsen Al Rashed

Chairman
GFH Financial Group



Hisham Alrayes
Group CEO & Board Member

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During 2025 GFH's commercial banking platform Khaleeji Bank delivered net profit attributable to shareholders of BD11.582 million - 10% YoY growth.

Our CEO's Report

2025 was a year in which our strategy ensured GFH's new investment opportunities and holdings would continue to further expand their value creation and revenue generation.

Driving Growth and Long-Term Value

The year 2025 marked another important milestone in GFH's journey, reflecting disciplined execution, strategic expansion and continued advancement of our diversified global investment platform. Throughout the year, we remained focused on strengthening our operating foundations, enhancing digital capabilities and deploying capital into resilient sectors aligned with long-term structural trends. These priorities enabled GFH to navigate a dynamic economic environment while continuing to deliver sustainable growth and meaningful value creation for our shareholders and stakeholders.

Our focus throughout the year has been clear: to scale GFH's global investment platform while maintaining disciplined capital allocation and delivering sustainable long-term value.

Against a backdrop of accelerating technological change and evolving global markets, GFH reinforced its position as a leading regional investment banking institution with a growing international footprint. Our strategy continues to be anchored in thematic investing, operational excellence and innovation, allowing us to capture opportunities across the GCC, the United States, Europe and the United Kingdom while maintaining a disciplined and selective investment approach.

Scaling Growth Across Our Investment Platform

Reflecting the strength of our diversified operating model, GFH delivered another year of strong financial performance. Assets and funds under management increased to approximately US\$23.6 billion, supported by continued expansion across income-generating assets and strategic deployment of capital. Net profit attributable to shareholders reached US\$140.11 million, representing an 18.2% increase year-on-year, while total income approached US\$720 million, demonstrating sustained growth across our core business lines.

Importantly, the Group's operational achievements translated into exceptional outcomes for both shareholders and investors. During the year, total shareholder returns exceeded 100%, driven by strong share price appreciation alongside dividend distributions. In parallel, GFH delivered approximately US\$188 million in distributions across managed investments, reinforcing the strength of our asset management platform and our commitment to generating consistent income and long-term value for our investor base.

Our investment philosophy remains centered on thematic sectors positioned for sustainable growth, including logistics and industrial infrastructure, living platforms, healthcare, education and digital infrastructure. By focusing on sectors aligned with structural global trends, we continue to strengthen portfolio resilience while enhancing long-term value creation.

Operational Excellence and Market Expansion

Operational execution across the Group remained a defining feature of the year, with continued expansion of our investment platform through strategic initiatives that enhance connectivity across markets and expand our ability to originate and execute institutional-grade opportunities.

Our GFH partners platform continued to expand in quantum and type with the acquisition of a majority stake in Devmark, a specialised branded development management business in the UAE, which expanded our real estate reach and capabilities. On the asset side, we continued to deploy capital in the area of logistics through selective, unique opportunities such as the acquisition of a stake in Cold Link, USA, a cold storage developer and service provider and the development of Corning's main manufacturing facility on a build-to-suit basis. Corning is the leading manufacturer of fiber-optics, a key requirement for the AI revolution. On the healthcare front, we added to our medical clinics portfolio in the US through an acquisition of investment grade tenants' medical facilities in the US leased to established healthcare systems such as Memorial Herman, the largest healthcare provider in Texas and Dignity Health. These initiatives were complemented by the establishment of a UAE-focused industrial and logistics platform through a partnership with Gaw Capital, combining regional insight with global institutional expertise. At the same time, investments linked to AI-driven data center platforms expanded our exposure to next-generation digital infrastructure, positioning GFH to benefit from increasing demand for technology-enabled assets and data mobility.

During the year, the Group further strengthened its presence in the region through the establishment of a dedicated investment platform in Riyadh, GFH Capital, which is focused on regional wealth management, private equity and money market. From this base, several strategic initiatives were advanced, including the acquisition of Harris Pye, a global industrial services provider, and securing the development of the iconic Al Faisaliah District, one of the Kingdom's landmark mixed-use urban transformation projects. These initiatives reflect our continued focus on building scalable investment platforms and alignment with the region's long-term economic transformation.

Our landmark private equity acquisition of Byrne Equipment Rental further strengthened our presence within essential industrial services across the GCC, supporting regional infrastructure growth and aligning with our focus on mission-critical sectors. At the same time, investments linked to AI-driven data center platforms expanded our exposure to next-generation digital infrastructure, positioning GFH to benefit from increasing demand for technology-enabled assets and data mobility. Additionally, GFH expanded its Healian Healthcare Platform through the signing of a definitive agreement to acquire a large chain of single- and multi-specialty clinics in KSA. Private equity delivered some partial exits from its portfolio, enabling the recycling of capital for our investors while delivering attractive risk-adjusted returns.

Alongside the continued expansion of our investment activities, our commercial banking platform, Khaleeji Bank, delivered net profit attributable to shareholders of BD11.582 million for 2025, reflecting growth of over 10% year-on-year. Supported by disciplined credit expansion, enhanced balance sheet efficiency and ongoing digital innovation, Khaleeji continues to play an important role in strengthening the Group's diversified income streams while advancing our broader digital banking strategy.

Treasury and proprietary investments remained a strategic pillar underpinning the Group's performance and capital efficiency. During the year, Treasury & Capital Markets generated approximately US\$310.6 million in revenues, contributing US\$66.6 million to total income and supporting the Group's overall profitability through active liquidity management and disciplined capital deployment. Overall, treasury and proprietary investments delivered approximately US\$390 million in income, reflecting the strength of our diversified portfolio strategy and our ability to capture opportunities across market cycles. Strategic exits, including selected real estate assets, alongside continued progress on flagship developments demonstrated our focus on capital recycling, portfolio optimisation and long-term value realisation, reinforcing GFH's ability to translate strategy into measurable outcomes.

Digital Transformation and Innovation

Digital transformation remains a key pillar of GFH's long-term strategy and a critical enabler of the Group's continued growth and operational excellence. During the year, GFH strengthened its digital infrastructure through the implementation of a new Temenos core banking system, enhancing the Group's ability to deliver more agile wealth and investment management solutions while providing a scalable foundation for future innovation.

In parallel, the GFH App was further enhanced with the introduction of AI-powered investment assistants, improved digital onboarding journeys and expanded capabilities designed to streamline client interactions and strengthen engagement. The deployment of human-like AI call center agents further advanced our client servicing model, enabling intelligent, scalable support while reinforcing our commitment to embedding advanced technologies across the investment lifecycle and driving greater efficiency across the Group's operations.

Embracing Responsibility: ESG and Sustainable Growth

GFH remains committed to embedding environmental, social and governance principles across its operations, investment activities and long-term strategic direction. During 2025, the Group continued advancing responsible investment strategies aligned with global sustainability priorities while reinforcing strong governance standards and operational resilience.

As part of its ESG agenda, GFH strengthened its participation in global platforms focused on innovation, sustainability and responsible finance, including active engagement at the World Economic Forum Annual Meeting and the Future Investment Initiative, reinforcing its role in contributing to global dialogue

on economic transformation and sustainable investment. The Group also continued to support youth entrepreneurship and innovation through thought leadership initiatives and educational content, reflecting its commitment to developing future talent and fostering knowledge-driven growth.

Internally, GFH advanced its "Minds at Work" knowledge platform, hosting specialised sessions aimed at increasing awareness of sustainability, governance practices and responsible business strategies among employees, helping embed ESG principles more deeply into the Group's corporate culture. The Group further strengthened its presence in regional innovation and management forums focused on sustainable development and human capital advancement, supporting broader ecosystem development aligned with ESG objectives.

These initiatives were complemented by continued investment in digital transformation and operational efficiency, reflecting GFH's belief that sustainable growth is driven by governance excellence, technological advancement and responsible innovation. Recognition through regional awards for ESG strategy and governance leadership further highlights the Group's commitment to integrating sustainability into its business model and long-term value creation framework.

Driving the Next Phase of Growth

As we look ahead, GFH enters its next phase with clear strategic focus, strengthened capabilities and growing global reach. The progress achieved during the year reflects the effectiveness of our disciplined investment approach and our ability to adapt to evolving market dynamics while capturing new opportunities across resilient sectors.

We remain committed to scaling our platform, advancing digital innovation and deepening our international partnerships to drive sustainable growth. With a diversified business model, strong financial foundations and a forward-looking strategy, GFH is well positioned to build on its momentum and continue delivering long-term value in an increasingly dynamic global landscape.

Treasury & Capital Markets generated approximately US\$310.6 million in revenues, a contribution of US\$66.6 million to total income.

Section

04

Digital Banking +
Technology
Management Review
of Operations

Performance



Management Review of Operations

188

Total distributions amounting to US\$ 188 million were paid across the Group's managed investments.

Headquartered in the GCC, GFH is a diversified financial group with over 20 years of experience across local, regional and global markets. The Group's activities span wealth and investment management, commercial banking, private credit and treasury operations. GFH provides high-quality investments to Ultra High Net Worth and institutional clients.

GFH's investment platform operates across the full spectrum of private markets, undertaking direct investments, international co-investments with leading global asset managers, secondary investments, strategic general partner partnerships and structured equity solutions. The platform maintains a thematic focus on sectors with defensive characteristics and prioritizes downside protection alongside capital appreciation. Core investment themes span Healthcare & Life Sciences, Education, Logistics & Industrial Infrastructure, Residential & Hospitality, Technology, Energy & Infrastructure .

Healthcare & Life Sciences

Healthcare represents a high-conviction thematic allocation across both GFH's equity and real estate platforms. Key structural drivers include low healthcare penetration in emerging markets, rising life expectancy, the growing prevalence of non-communicable diseases, mandatory health insurance expansion, strain on public health systems and increasing demand for private-sector provision. The following is a review of the key platforms undertaken by GFH in this space:

Healian — Regional Healthcare Platform
GFH continued to develop Healian, its Middle East and Africa-focused healthcare investment platform. Healian operates as an integrated healthcare provider, offering coverage across the full care continuum, from preventive to tertiary services, with a focus on quality and affordability in high-growth, underserved markets — primarily within the Kingdom of Saudi Arabia and the UAE.

The platform's inaugural investment to date is Trust Vision Investment LLC, which was followed by Saudi South Hospital, a 300-bed facility widely regarded as one of the most advanced hospitals in the Kingdom's Southern Region of Asir.

During 2025, Healian continued to assess new investment opportunities. Several transactions targeting expansion into specialist medical aesthetics, wellness and hospital care in both the KSA and the UAE are expected to be completed in 2026, subject to customary approvals and market conditions.

Wealth + Investment Management

The Wealth & Investment Management business line generates income through placement fees, acquisition & structuring fees as well as management fees arising from the Group's private equity and real estate activities.

Logistics & Industrial Infrastructure

Logistics and industrial infrastructure represent a core thematic allocation across both the Group’s equity and real estate platforms, underpinned by regional economic diversification agendas and cross-border trade growth.

Gulf Energy Investment – GCC Industrial Services

In 2025, GFH established Gulf Energy Investment (‘GEI’) as its dedicated GCC industrial services platform, focused on equipment rental solutions. GEI’s strategy focusses on the aggregation of mission-critical service providers, operational efficiency improvements and scale-driven earnings growth.

Following this strategy, GFH acquired Byrne Equipment Rental, a leading provider of specialised equipment rental services in the region. Founded in 1992, Byrne serves end markets including oil and gas, infrastructure, industrial services, utilities and major development projects. The business benefits from structural growth drivers linked to energy sector maintenance, infrastructure investment and national transformation programmes including Saudi Vision 2030 and the UAE’s ‘We the UAE 2031’ initiative.

Logistics Real Estate – US and GCC Markets

In the United States, GFH continued to expand its platform with additional investments in transportation logistics assets, industrial assets and cold storage facilities. With reduced supply of assets, changing supply chain dynamics as a result of near-shoring and re-shoring of industrial activities, the sector witnessed improved industrial vacancy rates in 2025 and

improving net absorption across infill, built-to-suit and cold-storage segments. The prospects for this sector, as a result, continued to offer attractive investment opportunities. During 2025, GFH completed the acquisition of 3 transportation logistics assets and an industrial facility leased to Corning, the leading fibre-optics manufacturer.

In the GCC, demand for Grade A industrial facilities remained firm, particularly in last-mile, temperature-controlled and institutional-scale logistics assets where supply remains constrained. The Saudi Arabian logistics market generated revenue of US\$136.3 billion in 2025, with growth projected to reach US\$198.9 billion by 2030.

In 2025, GFH continued to grow its GCC logistics platform with deployments in the UAE and Saudi Arabia. In the UAE, GFH continued growth in its flagship GFH Partners UAE MANNRE REIT to over one million square feet under management across 21 properties, providing investors with access to diversified, institutional-grade industrial and logistics real estate in key transportation hubs in the UAE.

In Saudi Arabia, GFH acquired cold storage facilities and industrial assets to grow its Saudi portfolio to over SR 1bn. During the year, GFH completed the exit of its stake in Roebuck Asset Management, a UK-based pan-European manager of logistics and commercial real estate assets. The disposal crystallised value from a long-standing strategic partnership following the maturation of the platform.

Living Sector – Purpose-Built Student Housing & Branded Residential

US purpose-built student accommodation outperformed broader residential segments through the 2024–2025 academic cycle, supported by enrolment growth, affordability pressures in conventional rental markets and limited on-campus capacity. Assets proximate to leading universities demonstrated high occupancy visibility and inflation-protected rental structures.

GFH’s Student Housing sector strategy is anchored by its subsidiary SQ Asset Management, a US-based asset and property manager specialises in purpose-built student housing,

with US\$1.5 billion in assets under management, comprised of 35 properties and over 13,000 beds across 23 university campuses.

In the Branded residential sector, GFH acquired a majority stake in Devmark, Dubai. Devmark is a specialist branded residential development & sales advisor with a proven track record in working with best in class developers to offer unique, branded accommodation for sale.

Energy & Infrastructure

GFH continued to expand its energy infrastructure portfolio, recognising the strategic role of power generation and distribution capacity in supporting technological progress, including the rapid build-out of artificial intelligence and data center infrastructure. The Group focuses on essential enabling assets within these areas with a focus on assets with stable and contractually underpinned cash flows.

Investments in this segment include Encavis, a pan-European renewable energy independent power producer with a diversified portfolio of wind and solar assets, accessed via KKR – a global investment firm managing approximately US\$720 billion in assets. Earlier commitments include Invenergy via Blackstone and a co-investment into Saber Power, a fully integrated electrical infrastructure services platform, made in partnership with Schroders Capital.

Infrastructure: Infracorp

The Group’s real estate and infrastructure development affiliate Infracorp, made significant progress across its portfolio throughout 2025. Key milestones included groundbreaking for the Marina Bay project, located at Reef Island, Bahrain, commencement of California Village’s Phase 3 construction in Dubai, completion of construction of the Kempinski Hotel and Residences at Bahrain Harbour, handover of the Pearlhouse Residences and the launch of Roka, the inaugural offering of Infracorp’s newly established hospitality division.

Technology

GFH has expanded its global technology investment portfolio, backing over 25 high-growth, late-stage technology companies across cloud and enterprise software, cyber security, fintech and digital payments and e-commerce. During 2025, active portfolio management resulted in full exits from Snowflake, Rubrik, UiPath, DoorDash, Robinhood and Samsara, alongside a partial exit from Klaviyo.

The Group’s technology strategy is aligned with structural trends including enterprise AI adoption, infrastructure scaling and digital ecosystem expansion.

Education

A further milestone in 2025 was the launch of the US\$300 million Britus Pre-IPO Education Fund, seeded with a portfolio of ten K-12 schools and one university across the MENA region, serving approximately 11,000 students in Saudi Arabia, the UAE, Bahrain and Tunisia. The strategy targets fragmented assets in a market where KSA’s private K-12 segment is projected to grow from US\$20 billion in 2024 to US\$43 billion by 2032. The Fund pursues bolt-on acquisitions and operational improvements with the objective of achieving capital market readiness for an IPO exit.

GFH also entered into definitive agreements for the sale of Britus Education to the Saudi Education Fund, managed by the private equity arm of EFG Hermes. Originally established in 2019, the platform delivered material growth in student enrolment and operational efficiency under GFH’s stewardship. The transaction reflects disciplined capital recycling following the realisation of value over the investment holding period.

Distributions to Fund Investors

During 2025, total distributions of US\$188 million were paid to investors across the Group’s managed investment vehicles, reflecting the performance and income durability of the underlying portfolio.

Private Credit

Equity-Linked Private Credit

GFH continues to pursue its private credit strategy, targeting high-quality businesses undergoing significant transitions – including buyouts, growth-phase expansion and industry consolidation – where liquidity requirements create attractive risk-adjusted entry points. The strategy capitalises on elevated M&A activity and structural economic and demographic shifts across the GCC, US, European and Asian markets.

Real Estate Private Credit & Structured Debt

Private credit strategies remained integral to the Group's capital deployment in 2025, reflecting continued constraints on traditional bank lending across commercial real estate markets. Senior and structured lending strategies backed by high-quality real estate collateral offered enhanced yield potential through conservative loan-to-value positioning and contractual income visibility. Deployment was concentrated in sectors exhibiting durable demand, supply constraints and defensible income characteristics.

Commercial Banking: Khaleeji Bank

Khaleeji Bank BSC ('Khaleeji') is the Group's commercial banking subsidiary, headquartered in the Kingdom of Bahrain and operating under a Retail Islamic Banking licence from the Central Bank of Bahrain. Khaleeji was established in 2004 and is publicly listed and traded on the Bahrain Bourse. The Bank offers retail banking, corporate banking, wealth management, structured investment products and project financing facilities. As at 31 December 2025, GFH holds an 82.95% interest in Khaleeji.

Equity Attributable to the Parent's Shareholders reached BD 134.27 million in 2025, up from BD 128.06 million in 2024 (an increase of 4.85%). Total assets increased by 15.31% to BD 1,725.12 million and the Bank's capital adequacy ratio stood at 22.72%. The Bank maintained a liquidity coverage ratio of 429.62% and a net stable funding ratio of 102.67%. Return on average total owners' equity was 8.83% and return on average total assets was 0.72%.

Khaleeji delivered Net Profit Attributable to Shareholders of BD 3.574 million in the fourth quarter of 2025, compared with BD 3.469 thousand in the same period of 2024, representing an increase of 3.03%. Total Income for the quarter amounted to BD 20.222 million, compared with BD 13.816 million in the prior-year period, an increase of 46.37%.

Investment in Sukuk and other yielding instruments increased by 13.24% to BD 568.60 million, whilst total deposits grew by 15.42% to BD 1,554.58 million.

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Total Income for the quarter amounted to BD 20.222 million, compared with BD 13.816 million in the prior-year period, an increase of 46.37%.

Credit +
Financing
Income

The Credit & Financing Income business line captures income generated from the Group's financing and lending activities, encompassing returns from private credit strategies and the full range of Sharia-compliant retail, corporate and institutional financing conducted through Khaleeji Bank, the Group's commercial banking subsidiary.

Treasury & Capital Markets

The Treasury & Capital Markets division delivered materially higher and more diversified revenue in 2025 relative to the prior year, supported by disciplined balance sheet management, active liquidity deployment and gains from investment activities. Treasury activities contributed US\$66.6 million to the Group's total income for the period, driven by portfolio optimisation and capital allocation across asset classes.

- The division's principal objectives are:
- Optimising Group liquidity and ensuring cost-effective funding to support business activities and growth
 - Strategically deploying excess liquidity with rigorous analysis of risk-adjusted returns whilst preserving capital
 - Selectively allocating capital to regional and international opportunities to capitalise on market dislocations

Primary investment activities include Murabaha and Wakala interbank placements, fixed income investments in Sukuk and other Sharia-compliant credit instruments and alternative investments for diversification and enhanced risk-adjusted returns.

Institutional Financial Services
The Group continued to deepen strategic partnerships with leading international financial institutions, providing access to investment products, structured solutions, funding sources and risk management capabilities across key asset classes.

Proprietary Investment

The Proprietary Investment team delivered strong performance in 2025 through a series of strategic exits and structured transactions. During the year, GFH completed the successful exit of its investments in hotels in Marrakech, Morocco at an attractive valuations, contributing positively to key regulatory ratios. The Group also structured the exit of its Istanbul residential portfolio and a residential land parcel within the Al Areen Masterplan. In addition, the Tilal Residential Project, located within the Al Areen Masterplan, was launched with off-plan sales and construction commencing during the year.

Progress continued on Kempinski Bahrain at Harbour Heights – the Group's new hospitality and branded residence project – which reached its final pre-launch stage and is on track for an early 2026 launch. The team also advanced initiatives to diversify the investor base in the Group's Exchangeable Hybrid Capital Certificates via Infracorp Sukuk Limited.

Credit Ratings

Fitch Ratings affirmed GFH's Long- and Short-Term Issuer Default Ratings at 'B', with a Stable Outlook on the Long-Term IDR. S&P Global Ratings similarly affirmed a long-term issuer credit rating of 'B-' with a Stable outlook.

390

Treasury & Proprietary Income in 2025 was US\$ 390 million, representing the single largest contributing business line to Group total income

Treasury +
Proprietary
Income

Treasury & Proprietary Income generated approximately US\$310.593 million in revenues during 2025, contributing to total income for the year of approximately US\$390 million.



Digital Banking + Technology

24/7

GFH implemented an AI platform capable of deploying multiple virtual agents, including 24/7 multi-lingual call center agents 'Sara' and 'Ahmed'.

GFH continues its transition towards fluid CEX by utilising new and enhanced technologies from Digital Banking to AI-driven customer care approaches. This enabled us to broaden our addressable market, enhance our CEX and increase revenues.

Advancing Our Digital and AI Transformation

In 2025, GFH continued to advance its digital transformation strategy, strengthening our technological foundations, expanding digital capabilities and accelerating the adoption of AI across the Group. The focus remains on building a seamless, secure and data-driven investment experience for clients while improving internal efficiency and governance.

GFH's initiatives are guided by three strategic pillars. The first is elevating the customer experience ('CEX') by delivering

intuitive, mobile-first platforms, simplified digital journeys and AI-enabled support to ensure fast, reliable and user-friendly interactions. The second is digitising internal processes by re-engineering and automating key workflows, embedding digital-by-default controls and improving accuracy, turnaround times and operational resilience. The third is leveraging data, AI and analytics to generate insights, support decision-making and enable predictive and personalised client engagement.

Key Milestones

Core Banking Platform

Enabling Scalable and Digital Operations

GFH continued to leverage and enhance its core banking platform to support digital growth, strengthen automation and improve operational resilience. Ongoing enhancements are enabling faster product deployment, improved integrations across channels and provide greater data availability – all contributing to a more seamless and reliable experience for all.

AI Virtual Agent

GFH implemented its AI platform capable of deploying multiple virtual agents, including Call Centre agents 'Sara' and 'Ahmed', to support client inquiries in Arabic, English and other languages across voice and digital channels. Operating around the clock, these agents manage high volumes of routine queries, deliver consistent responses and transform interactions into structured insights, helping the Group better understand our client's current needs as well as planning for emerging service expectations.

AI Co-Pilot Capabilities

AI Co-Pilot tools were deployed across multiple functions to support productivity, document drafting, research, data analysis and workflow automation, contributing to more insight-driven operations across GFH Financial Group businesses.

Optimised Digital Journeys

Several in-app journeys – including onboarding, transfers, beneficiary management, subscription flows and payments were simplified and redesigned to improve clarity, reduce the number of steps required and minimise operational rework and client queries.

Strategic Partnerships

GFH Financial Group integrated with a digital bank in the Kingdom of Saudi Arabia, expanding its regional reach and enabling tailored product access for clients in the KSA. Additional partnerships are being evaluated to support further growth and diversification.

During the year, GFH implemented several technological and AI initiatives designed to support growth, scalability and enhance our CEX.

GFH App Enhancements (2024-2025)

Enhancements to the Group's investment app focused on usability, transparency and client engagement. The updated app features an enhanced UI and UX design alongside real-time registration and onboarding across the GCC. Integration with Bahrain's national eKey initiative enabled seamless onboarding for residents, while investors benefit from IBAN creation for their accounts, beneficiary management and local, domestic and international transfer capabilities.

As well as these enhancements, GFH App added instant account creation and streamlined investment subscriptions, complemented by seamless subscription and payment functionality. An AI-enabled text and voice virtual assistant was also added to enhance the CEX. Finally, GFH's Visa Infinite Privilege Credit Card was made available via the app for eligible UHNWI clients.

Core Digital Features improving CEX

AI-Powered Virtual Assistant

The AI-powered virtual assistant provides round-the-clock support, addressing account and investment queries and guiding clients through key transactions.

Portfolio Management

The portfolio management feature allows clients to view and manage their portfolios, download statements and track NAVs and project performance through a consolidated dashboard.

Digital and Crypto Wallet Integrations

Planned integrations with Apple Pay, Samsung Pay, Binance Pay and Crypto.com will enable clients to fund their accounts and transact directly from their digital wallets.

GFH Visa Infinite Privilege Credit Card

Eligible UHNWI clients can apply for the GFH Visa Infinite Privilege Credit Card directly through the app, benefiting from a range of exclusive privileges offered in partnership with Khaleeji Bank.

Integration with Bahrain's national eKey initiative enabled seamless onboarding for residents, while investors benefit from IBAN creation for their accounts, beneficiary management and local, domestic and international transfer capabilities.

Section

05

Governance

+ Risk

Corporate Governance

Risk Management



Corporate Governance

23

As of 2025, the Group manages total assets and average assets under management together exceeding US\$ 23.61 billion

Throughout 2025, GFH continued to restructure and reposition its investment portfolio to capitalize on emerging market opportunities and evolving sector dynamics.

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).

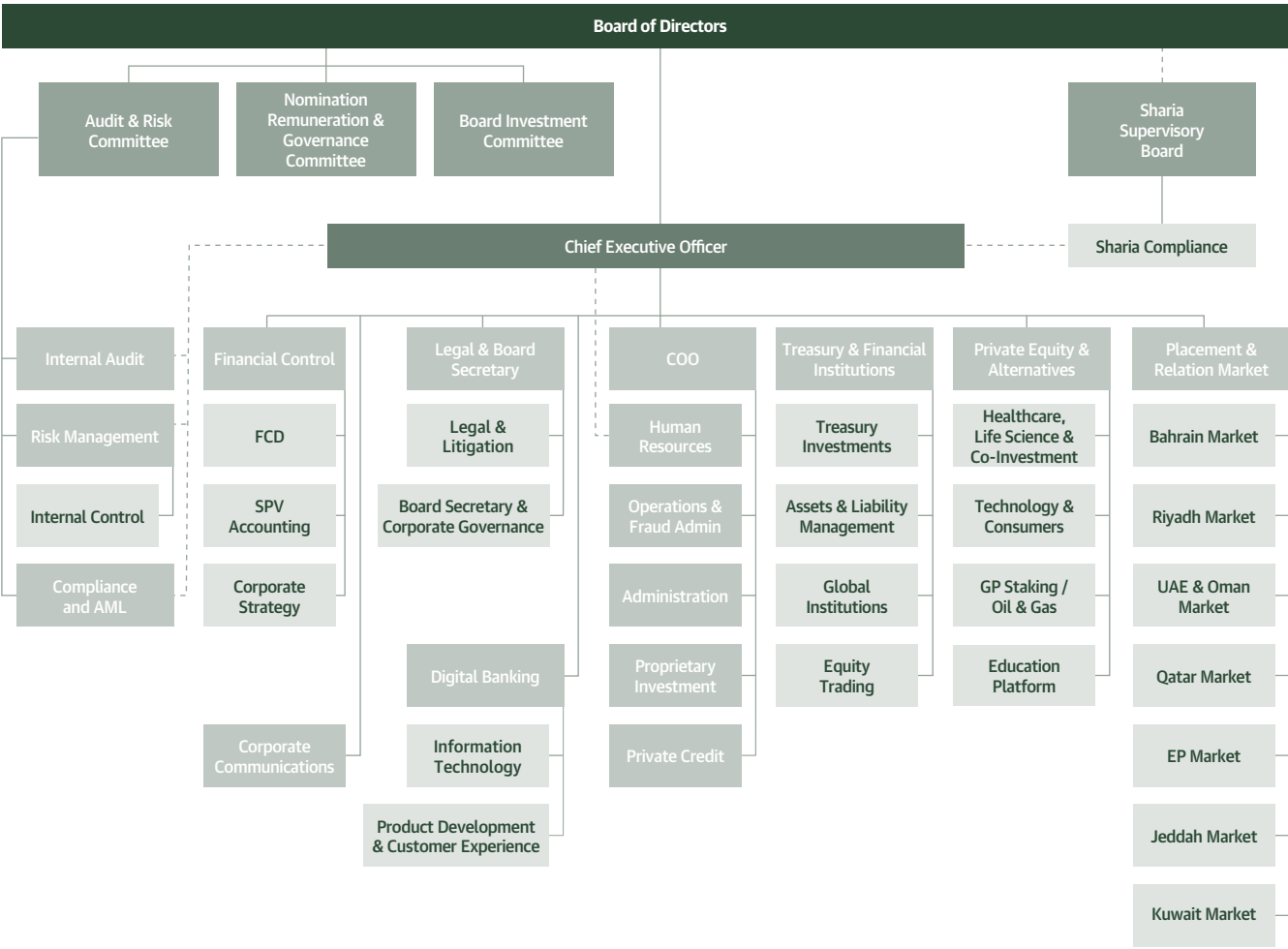
GFH ensures that the disclosures of all relevant information to stakeholders are done in a timely manner.

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' inquiries 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' inquiries.
- 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, NRGC 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.

Board of Directors	Designation	Representation	Start Date	Term
Mr. Abdulmohsen Rashed Alrashed	Chairman – Independent Director	NA	24-Mar-24	First
Mr. Ghazi Faisal Alhajeri	Vice Chairman – Independent Director	NA	1-Mar-17	Third
Mr. Hisham Ahmed Alrayes	Member – Executive Director	NA	5-Apr-16	Fourth
Mr. Rashid Nasser Al-Kaabi	Member – Non-Executive Director	NA	1-Mar-17	Third
Mr. Ali Murad Ali Murad	Member – Independent Director	NA	31-Mar-20	Second
Mr. Abdulla Jehad Alzain	Member – Independent Director	NA	24-Mar-24	First
Mr. Abdulaziz Abdulhamid Albassam	Member – Independent Director	NA	24-Mar-24	First
Mr. Fawaz Talal Altamimi	Member – Independent Director	NA	30-Sep-20	Second
Mr. Darwish Abdulla Alketbi	Member – Independent Director	NA	3-Apr-22	Second
H.H. Shaikha Minwa Bint Ali Alkhalifa	Member – Independent Director	NA	24-Mar-24	First

**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 Members*

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 phone/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 phone/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 phone/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 phone/video conference

During the fiscal year 2024, 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	12-Feb-24	Attendance %
Mr. Fawaz Talal Altamimi	Chairman – Independent Director	✓	100%
Mr. Rashid Nasser Al-Kaabi	Non-Executive Director	✓	100%
Mr. Ghazi Faisal Alhajeri*	Independent Director	✓	100%
H.H. Shaikha Minwa Bint Ali Alkhalifa**	Independent Director	NA	NA

- ✓ Attended physically
- ✓ Attended via phone/video conference
- * Directors whose membership in NRGC ended on 24 March 2024, due to re-election.
- ** Directors were not appointed as members in the NRGC prior to 13 February 2024.

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	13-Jun-25	10-Sep-25	2-Dec-25	Attendance %
H.E. Sheikh Abdullah Bin Sulaiman Al Meneea	Chairman	✓	✓	✓	✓	100%
Sheikh Nedham Mohamed Yaqoobi	Executive Member	✓	✓	✓	✓	100%
Sheikh Fareed Mohamed Hadi	Executive Member	✓	✓	✓	✓	100%
Sheikh Abdulaziz Khalifa 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 US\$405,000.

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 23	- Graduated in law, summa cum laude, at Universita' degli Studi di Milano. - Solicitor of England and Wales. - Associate of the Chartered Institute of Arbitrators (ACI Arb) - Qualified in Italy (non-practicing)
Baha Al-Marzooq Chief Internal Audit	Auditing & Banking	Over 23	- 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. - Charted Financial Analyst.

Name & Designation	Profession	Experience in years	Qualifications
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 & 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).

Name & Designation	Profession	Experience in years	Qualifications
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 31st Dec 2024	Transactions - within the period 1st Jan – 31st Dec 2025			Total no. of shares held as of 31st 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 type 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 - Audit Related Services - Tax - Advisory	505.06 178.24 262.80	Audit related services - 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. Tax related services - DMTT, Transfer pricing, corporate tax assessment and VAT compliance and tax advisory services to GFH Group and its subsidiaries. Other non-audit services (advisory) - 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.

#The assessment of conflict and independence is subject to review by the Audit Committee of the Group and / or its subdiaries, 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:

Board Member Name	Abstaining from Voting Instances	Approval Authority	Status
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:
- Efficiency and effectiveness of activities (performance objectives).
 - Reliability, completeness, and timeliness of financial and management information (information objectives); and
 - Compliance with applicable laws and regulations (compliance objectives).

Also, the internal control system of the Bank consists of five (5) interrelated elements:

- Management oversight and control culture.
- Risk recognition and assessment.
- Control activities and segregation of duties.
- Information and communication; and
- 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 Whistle blowing

• 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 NRGC 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 NRGC 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 NRGC. 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 NRGC carefully evaluates practices by which remuneration is paid for potential future revenues whose timing and likelihood remain uncertain. NRGC 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 NRGC. 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 NRGC 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 avoids 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 NRGC 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 NRGC keeps itself abreast of GFH's performance against the risk management framework. The NRGC 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 compensation, which may be paid once GFH's performance improves.
- 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 NRGC, 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 NRGC. GFH's NRGC 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.

Components of Variable remuneration

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	-	-	✓
Upfront shares	-	0%-10%	immediate	6 months	✓	✓
Deferred cash	0%-10%	-	Over 3 years	-	✓	✓
Deferred share	0%-50%	0%-50%	Over 3 years	6 months	✓	✓
Other Non-Cash Awards or FPA	0%-60%	0%-50%	Performance linked	6 months	✓	✓

The NRCG, 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.

Details of remuneration paid

a) Board of Directors

	US\$ 000's	
Particulars	2025	2024
Sitting Fees	1,459	1,459
Remuneration	3,000	2,400
Total	4,459	3,859

These above disclosures pertain to information related to the remuneration paid by GFH Financial Group BSC only and exclude any remuneration paid by subsidiaries which are governed by applicable laws for each entity.

b) Employee remuneration

US\$ 000's

2025		Number of staff	Fixed remuneration	Variable Remuneration					Total
				Upfront			Deferred		
				Cash	Share	Commission	Cash	Shares	
Type of employees									
Approved Persons	Business Lines	5	4,296	8,748	-	-	437	14,683	28,164
	Control & Support	10	3,733	1,471	-	-	-	1,323	6,527
Other Material risk Takers		12	5,291	390	-	2,775	-	532	8,989
Other Employees: Bahrain Operations		115	15,682	5,544	-	890	-	95	22,211
Other Employees: Other Subsidiaries		50	11,646	4,223	-	1,086	829	2,968	20,752
Total		192	40,648	20,377	-	4,751	1,266	19,600	86,642

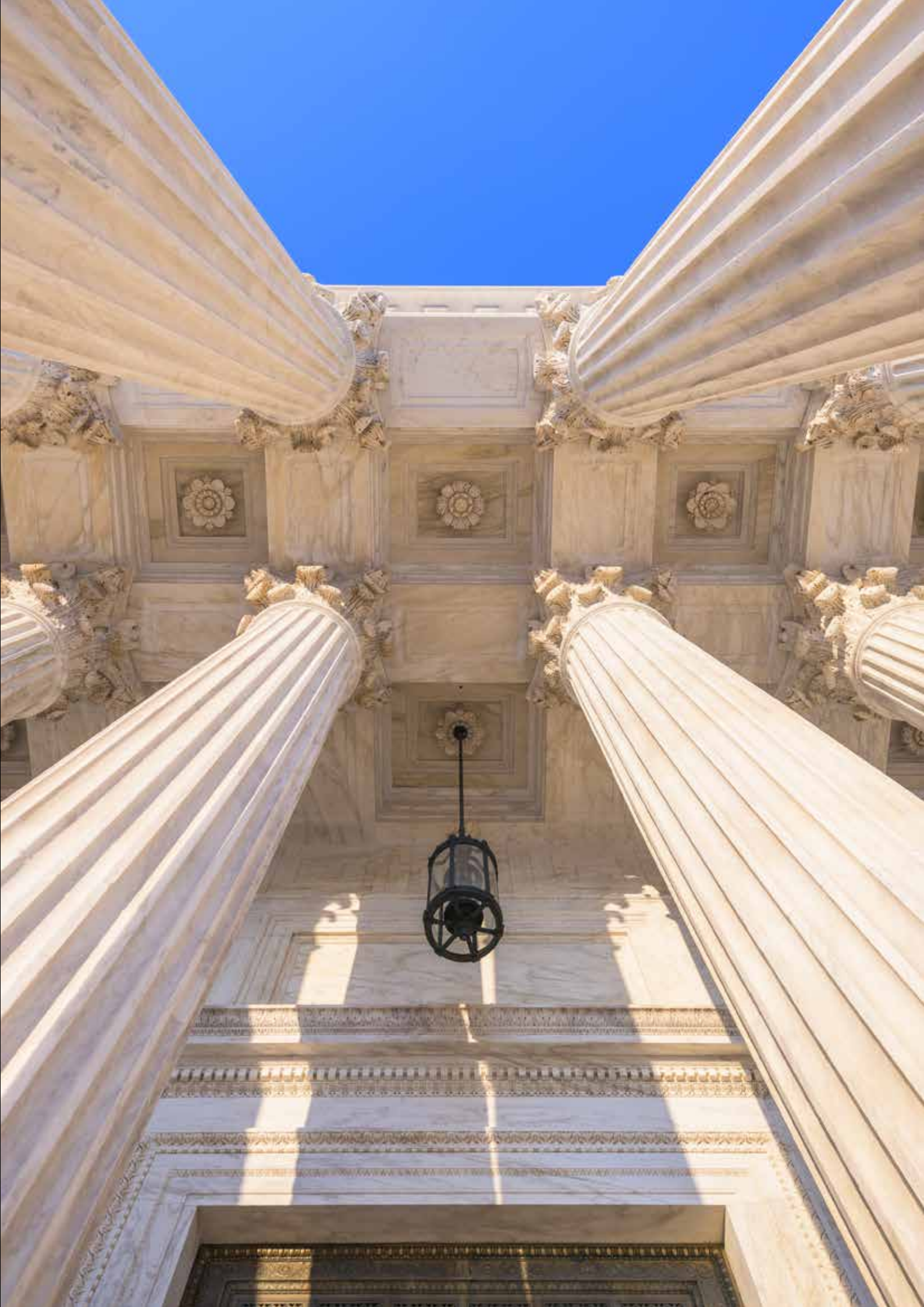
US\$ 000's

2024		Number of staff	Fixed remuneration	Variable Remuneration				Total
				Upfront		Deferred		
				Cash	Shares	Cash	Shares	
Type of employees								
Approved Persons	Business Lines	6	3,751	4,472	-	1,098	5,490	14,811
	Control & Support	11	2,975	1,198	-	-	1,000	5,173
Other Material risk Takers		40	6,671	2,624	-	53	300	9,648
Other Employees: Bahrain Operations		64	5,868	2,202	-	-	25	8,094
Other Employees: Other Subsidiaries		94	16,552	6,867	-	1,021	1,229	25,669
Total		215	35,818	17,363	-	2,171	8,044	63,396

- Notes
- The above disclosures exclude remuneration details of Khaleeji Bank BSC (Khaleeji) and its subsidiaries. Information pertaining to KHC B is separately available within their annual report.
 - The financial information is presented based on final approvals by the NRG C and awards communicated to employees subsequent to the issue of the consolidated financial statements.
 - The amounts attributed to share awards are based on the final allocation of bonus pool to deferred share awards after the issue of the financial statements. Additional accounting charge arising due to fair value adjustments on share awards will be reflected in the subsequent accounting periods. Accordingly, the information reported in the table above may not necessarily match with the accounting charge reflected for the financial year. The LTIP benefit has been included as part of deferred shares awards and measured equivalent to the accounting expense for the vested tranches. The overall accounting cost of LTIP is being recognised ratably over the vesting period of up to 5 years.
 - The total amount of remuneration includes severance payments during the year amounted to US\$ 1,189,576 of which the highest paid to a single person amounted to US\$ 255,447.

c) Deferred awards

As at 31 December 2025, US\$ 7,528 thousand (2024: US\$ 8,891 thousand) was outstanding in the form of deferred cash bonuses and 208.9 million shares (2024: 207.6 million shares) were held back under various deferred share-based arrangements.





Risk + Capital Management

16

In 2025, GFH's Total Capital Adequacy Ratio was standing safely at 16.62%.

Managing risk on behalf of our investors is a key responsibility in the business. GFH applies the right approach on the risk-reward to decide the asset allocation and employs cutting-edge risk infrastructure and governance to manage risk across the Group.

1. EXECUTIVE SUMMARY

This report contains a description of the Bank’s risk management and capital adequacy practices and processes, including detailed information on the capital adequacy process. The report is prepared in accordance with Pillar III disclosure requirements prescribed by the Central Bank of Bahrain, herein referred to as “CBB”. CBB’s Basel III capital rules and guidelines became effective on 1st January 2015 as the common framework for the implementation of the Basel Committee on Banking Supervision’s (Basel Committee) Basel III capital adequacy framework for banks incorporated in the Kingdom of Bahrain.

The disclosures in this report are in addition to or in some cases, serve to clarify the disclosures set out in the consolidated financial statements for the year ended 31 December 2025, presented in accordance with the Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). To avoid any duplication, information required under PD module but already disclosed in other sections of Annual Report has not been reproduced. These disclosures should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2025.

The Bank’s Tier I and total capital adequacy ratios comply with the minimum capital requirements under the CBB’s Basel III / IFSB for Islamic financial institutions framework.

The Group’s total risk weighted assets as at 31 December 2025 amounted to US\$ 6,309,640 thousand. Credit risk accounted for 86.73%, operational risk 11.37%, and market risk 1.91% of the total risk weighted assets respectively. Tier I and total regulatory capital were US\$ 1,001,280 thousand and US\$ 1,048,414 thousand respectively, as at 31 December 2025.

At 31 December 2025, Group’s CET1 and T1 capital adequacy ratios were at 15.87% and 15.92%, respectively, and total capital adequacy ratio was at 16.62%.

2. INTRODUCTION

The Basel III framework consists of three mutually reinforcing pillars:
i. **Pillar I:** Minimum capital requirements for credit risk, market risk and operational risk.
ii. **Pillar II:** Supervisory review of capital adequacy including Internal Capital Adequacy Assessment process (ICAAP)
iii. **Pillar III:** Market discipline including rules for disclosure of risk management and capital adequacy.

2.1. Pillar I
Pillar I prescribe the basis for the calculation of the regulatory capital adequacy ratio. Pillar I define the regulatory minimum capital requirements for each bank to cover the credit risk, market risk and operational risk inherent in its business model. It also defines the methodology for measurement of these risks and the various elements of qualifying capital. The capital adequacy ratio is calculated by dividing the regulatory capital base by the total Risk Weighted Assets (RWAs).

The resultant ratio is to be maintained above a predetermined and communicated level. The CBB also requires banks incorporated in Bahrain to maintain a 12.5% minimum Total Adequacy Ratio including the above Capital Conservation Buffer (CCB) requirement of 2.5%.

In the event that the capital adequacy ratio falls below 12.5% (consolidated), additional prudential reporting requirements apply, and a formal action plan setting out the measures to be taken to restore the ratio above the target level is to be formulated and submitted to the CBB. Consequently, the CBB requires GFH to maintain a minimum capital adequacy ratio of 12.5% (consolidated).

The table below summarizes the Pillar I risks and the approaches used by the Bank to calculate the RWAs in accordance with the CBB’s Basel Capital Adequacy Framework.

Risk Type	Approach used by GFH
Credit risk	Standardised Approach
Market risk	Standardised Approach
Operational risk	Basic Indicator Approach

2.2. Pillar II
Pillar II deals with the Supervisory Review and Evaluation Process (SREP). It also addresses the Internal Capital Adequacy Assessment Process (ICAAP) to be followed by Banks to assess the overall capital requirements to cover all material risks (including those covered under Pillar I).

The ICAAP enables the bank to review the capital impact of assessed Pillar I and Pillar II risks as well as to examine new risk dimensions coming out of existing and new businesses / products. It acts as a mechanism for the evaluation of the long-term strategic growth plans and the short-term annual business plans based on projected risk profile and capital under both expected and adverse scenarios.

The Bank has decided to adopt a Pillar I + Pillar II approach for capital estimation as recommended under CBB guidelines and Basel framework. Under this approach, the banking institutions calculate the Pillar I capital or minimum regulatory capital requirements in accordance to CBB’s CAR guidelines under the Basel III framework. Secondly, additional capital or pillar II capital requirement is calculated separately based on an “add-on” approach, where the additional capital requirements are added onto the calculated Pillar I capital requirements, to arrive at the Bank’s internal capital requirements.

GFH conducts periodic stress testing of its portfolio as part of the ICAAP process. GFH’s objective of stress testing for its ICAAP is to ensure that the Bank can always meet its capital requirements in a forward-looking manner, including throughout a reasonably severe economic recession or other scenarios specific to the Bank’s portfolio and risk profile. The results of the stress tests assist the Bank in ascertaining whether it has sufficient capital in periods of stress.

2.3. Pillar III
In the CBB’s Basel framework, Pillar III prescribes how, when, and at what level information should be publicly disclosed about an institution’s risk management, governance and capital adequacy practices. The disclosures comprise detailed qualitative and quantitative information. The purpose of the Pillar III disclosure requirements is to complement the first two Pillars and the associated supervisory review process. The disclosures are designed to enable stakeholders and market participants to assess an institution’s risk appetite and risk exposures and to encourage all banks, via market pressures, to move towards more advanced forms of risk management.

The current regulations require partial disclosure consisting mainly of quantitative analysis during half year reporting and fuller disclosure during year end to coincide with the financial year-end reporting.

3. OVERALL RISK AND CAPITAL MANAGEMENT
3.1. Risk Management Framework
GFH perceives strong risk management capabilities to be the foundation in delivering results to customers, investors, and shareholders. The Bank will continue to enhance its existing framework and adopt international best practices of risk management, corporate governance and the highest level of market discipline.

The primary objectives of the Enterprise risk management framework of the Bank are to:
• Identify & Manage risks inherent in the Bank’s activities in line with the risk appetite of the Bank;
• Strengthen the Bank’s risk management practices to reflect the industry best practices;
• Align internal capital requirements with risk materiality; and
• Assign the teams to mitigate the existing & emerging risks in the business

The risk strategy is articulated through the limit structures and targets for individual risks. These limits are based on the Bank’s business plans, its risk appetite and guided by regulatory requirements and guidance in this regard. The risk limits reflect the level of risk that GFH is prepared to take in order to achieve its objectives. The Bank reviews and realigns its risk limits as per its evolving business plan of the Bank with changing economic and market scenarios. The Bank also assesses its tolerance for specific risk categories and its strategy to manage these risks. The limits outline the Bank’s risk exposures and define its tolerance levels towards accepting or rejecting these risks. Tolerance levels are reflected in the limits defined by the Bank for each risk area.

3. OVERALL RISK AND CAPITAL MANAGEMENT (contd.)

3.1. Risk management framework (contd.)

Building Blocks of Risk Management Framework:

The Board of Directors has overall responsibility for establishing risk culture and ensuring that an effective risk management framework is in place.

The diagram below represents the Bank’s overall risk management framework and its components:

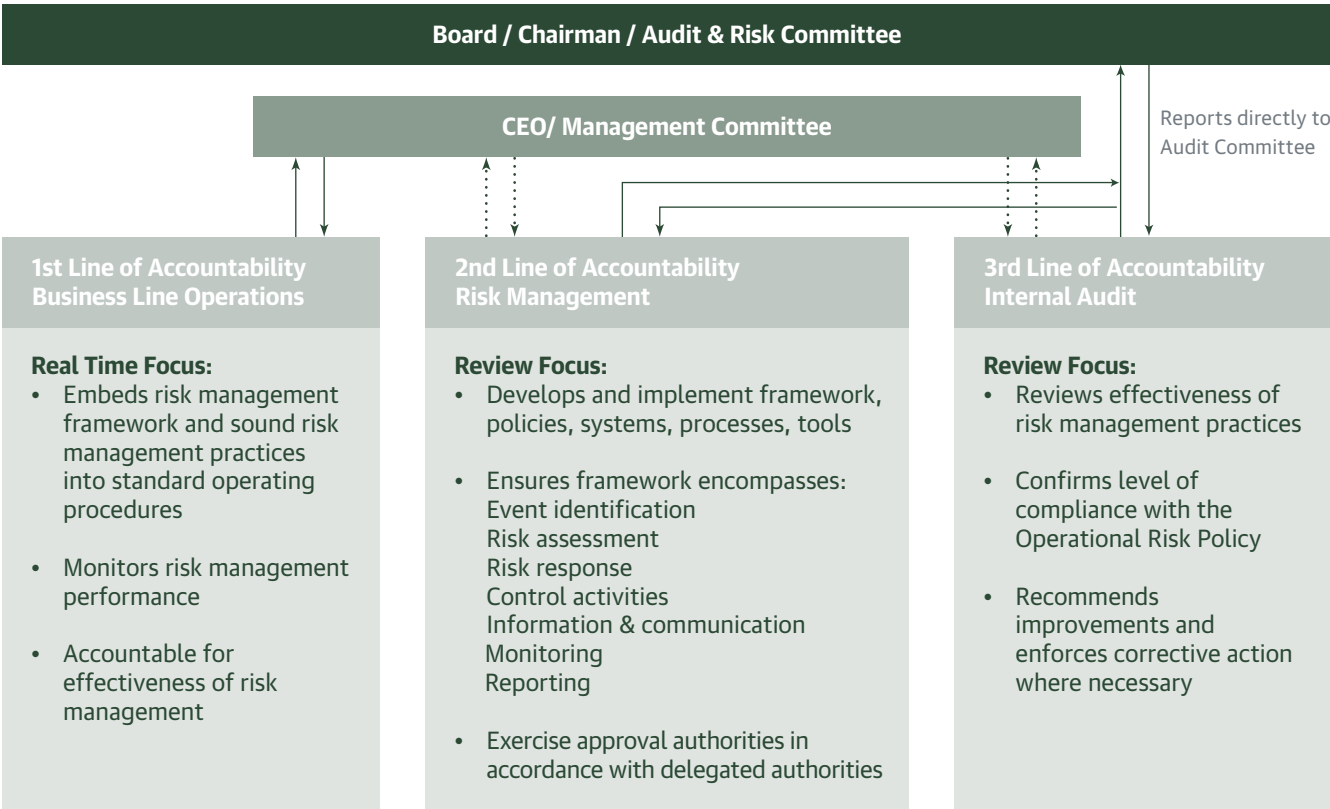


The risk management framework of the Bank encapsulates the spirit of the following key principles for Risk Management as articulated by Basel and CBB:

- Active Board and senior management oversight and control;
- Independent Risk Management function;
- Board driven sound risk management culture and ownership;
- Appropriate policy, procedures and limits;
- Risk recognition and assessment;
- Control activities and segregation of duties;
- Information and communication;
- Monitoring Risk Management activities and correcting deficiencies;
- Comprehensive and timely identification, measurement, mitigation, controlling, monitoring and reporting of risks;
- Appropriate MIS at a business and Bank-wide level; and
- Comprehensive internal controls.

Three Lines of Accountability

To ensure effective governance across all processes and functions, GFH has adopted a ‘Three Lines of Accountability’ approach, as illustrated below. The structure clearly reflects the requisite independence between the three functions.



Risk Heat Map

As part of risk identification, measurement and analysis, RMD uses a two-dimensional heat map to visualize the risks identified based on the likelihood/probability and impact. It allows the department to track the risks, prioritize the risks and develop an action or a mitigation plan accordingly. In addition, it helps in identifying what risks are material and imposes a threat to the Bank.

Likelihood	Most Certain					
	Likely					
	Possible					
	Unlikely					
	Extremely Improbable					
		Insignificant	Minor	Moderate	Major	Critical
Severity						

Risk Appetite Framework

Risk appetite is defined as “the amount and type of risk that GFH is willing to take to meet their strategic objectives.” It identifies key parameters to monitor the risks and put limits for each of these risks in order to monitor them effectively. To implement the Risk Appetite Framework GFH identifies various types of risks under which it operates and the key factors/ thresholds to measure these risks. GFH then identifies its current risk profile and its capacity to take risks. An acceptable risk appetite is then set up for each of the risks and every endeavor should be made to grow the business within the risk appetite framework. In the Risk Appetite Framework the Bank identifies how these risks are managed prudently to keep them under control and wherever possible to reduce exposure to these risks.

3. OVERALL RISK AND CAPITAL MANAGEMENT (contd.)

3.2. Risk Monitoring & Oversight

The Risk Governance structure of the Bank is depicted by the following diagram:

Level 1	Board of Directors Sharia Supervisory Board	Internal Audit
Level 2	Board Committees - Board Nomination, Remuneration and Governance Committee (NRGC) - Board Investment Committee - Board Audit and Risk Committee (ARC)	
Level 3	Senior Management Committees - Management Investment Committee (MIC) - Assets Liability Management Committee (ALCO) - Valuation Committee - DPM Wakala Committee - Policies & Procedure Committee - ESG Committee	
Level 4	Risk Management Department - Credit and Investment Risk - Market Risk - Liquidity Risk - Operational Risk - Information Security - Internal Control	
Level 5	Desktop level procedures, systems and control in day-to-day business	

Our Board of Directors has overall responsibility for establishing our risk culture and ensuring that an effective risk management framework is in place. The Board of Directors approves and periodically reviews our risk management policies and strategies. The Board Audit & Risk Committee ('ARC') is responsible for providing an independent assurance to the Board about the effectiveness of risk management, internal controls, the accounting policies, financial reporting and disclosure practices of the Bank by organizing and managing the internal and external audits and examination of the entire spectrum of the Bank's activities and reporting the findings of such audits and examination to the Board.

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 Chief Risk Officer reports to the Board Audit & Risk Committee and administratively to the Group CEO.

Risk Management Responsibilities

The RMD plays a pivotal role in monitoring the risks associated with various activities of the Bank. The principal responsibilities of the department are:

- Monitoring and reporting the Bank's risks against the Board approved risk appetite.
- Developing and reviewing risk management policies in accordance with the risk management guidelines issued by the CBB, Basel Guidelines, IFSB and international best practices.
- Implementation of risk policies and ensuring that risk policies and practices are adequately built in Business Unit's departmental policies.
- Identifying and recommending risk analysis tools and techniques as required under guidelines issued by Basel, CBB and IFSB and in accordance with best business practices.
- Reviewing the adequacy of the risk limits and providing feedback to the relevant authorities.
- Preparing quarterly risk reports and other risk items and MIS reports for review by various Board and Senior Management level committees.
- Supports the Business Units in identification and management of risks.
- Developing systems and resources to review the key risk exposures of the Bank and communicating the planned/ executed corrective actions to various Board and Senior Management level Committees.
- Adherence to regulatory risk reporting requirements and monitor the same.

3.3. Capital Management

The Bank's policy is to maintain a strong capital base and meet the capital requirements imposed by the regulator (CBB), so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also monitored and the Bank recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The allocation of capital is primarily driven by regulatory requirements. The Bank seeks to maximize return on capital while satisfying all the regulatory requirements.

The Bank has put in place a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) that includes Board and Senior Management oversight, monitoring, reporting and internal control reviews, to identify and measure the various risks that are not covered under Pillar I risks and to regularly assess the overall capital adequacy considering the risks and the Bank's planned business strategies. The non-Pillar I risks covered under the ICAAP process include concentration risk, investment risk, liquidity risk, profit rate risk in the banking book and other miscellaneous risks.

The Group does not have a trading book. The Group aims to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Central Bank of Bahrain (CBB) sets and monitors capital requirements for the Bank and the Group. In implementing current capital requirements CBB requires the Bank and the Group to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Bank's regulatory capital is analyzed 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 comprises 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:**
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 regulations prescribe higher risk weights for certain exposures that exceed 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.

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.

3.4. Risk types

The Bank is exposed to various types of risk.

Risks in Pillar I	- Credit risk - Market risk - Operational risk	
Risks in Pillar II	- Liquidity risk - Investment Risk - Concentration risk - Profit rate risk in banking book	- Reputational risk - Other risks - including strategic risk, pillar 1 residual risks etc.

The details of components of risks and how they are managed are discussed in the following sections of this document.

3. OVERALL RISK AND CAPITAL MANAGEMENT (contd.)

3.5. Monitoring and reporting

The RMD, together with the Internal Audit, 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 monitoring and reporting frequency depend on the severity and volatility of the risk factor as set out in the respective policies. Risk reports are regularly presented to the Senior Management committees, ARC and Board as per the reporting requirements set in the risk policies. In addition, the RMD submits a quarterly Risk Overview Report (ROR) to the Board Audit & Risk Committee. The ROR describes the potential issues for a wide range of risk categories and classifies the risks. The ROR also provides management comments as to how risk factors are being addressed and mitigated by the Bank. The Bank has established an adequate system for monitoring and reporting risk exposures and capital adequacy requirements. These reports aim to provide the Senior Management and Board level committees with an up-to-date view of the risk profile of the Bank.

3.6. Group Structure

The consolidated financial statements for the year comprise of the financial statements of the Bank and its subsidiaries (together referred to as “the Group”) as at 31 December 2025. The Group’s financial statements are prepared and published on a full consolidation basis, with all material subsidiaries being consolidated in accordance with AAOIFI. Please refer to notes 4 in the consolidated financial statements for more details on the accounting policies for investments, including subsidiaries and associates of the Bank.

The principal subsidiaries and associates as at 31 December 2025 and their treatment for capital adequacy purposes are as follows:

Entity Name*	Entity classification as per CBB Rules & Guidelines	Treatment by the Bank	
		Consolidated basis	Solo basis
Khaleeji Bank B.S.C	Banking subsidiary	Full consolidation	Full deduction from capital
GFH Equities B.S.C(c)	Financial entity	Full consolidation	Full deduction from capital
GFH Sukuk Limited	Financial entity	Full consolidation	No impact as no direct investment by the Bank and the entity is a securitization vehicle.
GFH Partners Ltd	Financial entity	Full consolidation	Full deduction from capital
GFH Capital Limited KSA	Financial entity	Full consolidation	Full deduction from capital
Delmon Lost Paradise Project Company 1 WLL	Commercial entities	Risk weighting (look through approach) approved by the CBB on 12 June 2019.	
Harbour North 1 Real Estate WLL	Commercial entities		
Harbour North 2A Real Estate WLL	Commercial entities		
Harbour North 2B Real Estate WLL	Commercial entities		
Harbour North 3 Real Estate WLL	Commercial entities		
Harbour Row 4 Real Estate WLL	Commercial entities		
Britus Int’l School for Special Education WLL	Commercial entities		
GFH Tower WLL	Commercial entity	Risk weighting of investment exposure	
Harbour House Row Towers WLL	Commercial entity	Risk weighting of investment exposure	
Al Areen Project companies	Commercial entity	Risk weighting of investment exposure	
TEI Holdings	Commercial entity	Risk weighting of investment exposure	
Ain El Aouda Properties W.L.L. (Formerly Naseej Rabat W.L.L.)	Commercial entity	Risk weighting of investment exposure	
C.Y. Holdings	Commercial entity	Risk weighting of investment exposure	

* The above list does not include subsidiaries and other SPE holding companies of the Bank set up to supplement the activities of the Bank

Associates*	Entity classification as per CBB Rules & Guidelines	Treatment by the Bank for Consolidated and Solo basis
Infracorp BSC (c)**	Commercial entity	Risk weighting of investment exposure
Al Areen Leisure & Tourism The Lost Paradise of Dilmun Waterpark (“LPOD”) and Domina	Commercial entity	Risk weighting of investment exposure
Seef Properties B.S.C.	Commercial entity	Risk weighting of investment exposure
Enshaa Development Real Estate BSC (c)	Commercial entity	Risk weighting of investment exposure
Capital Real Estate Projects BSC (c)	Commercial entity	Risk weighting of investment exposure

* Does not include investments that were fully impaired and that do not have an impact on Form PIRI.

** Risk weighting of investment exposure in accordance with the CBB approval dated 25 March 2025 for Infracorp.

Investments in subsidiaries and associates are subject to Large Exposure and Connected Counter party limits and guidelines set by the CBB. Significant investment in banking subsidiaries and financial entities that exceed the threshold for deduction from capital, the excess should be deducted from the capital of the Group.

Khaleeji Bank B.S.C (“Khaleeji”), a banking subsidiary of the Bank, is a locally incorporated commercial bank and the specific quantitative and qualitative disclosures pertaining to all the risks of Khaleeji have been disclosed in the Risk Management Disclosures of Khaleeji as at 31 December 2025, which is not reproduced in this document and can be accessed through the Annual Report of Khaleeji. This document provides the Risk and Capital Management Disclosures of the Bank.

This document intends to combine the risk and capital management disclosures of the Bank and its involvement with its subsidiaries and associates. The quantitative disclosures in these documents provide further details of the exposures used for capital calculation purposes (where some entities are consolidated, and some may be risk weighted) and accordingly will not match with the consolidated financial statements of the Group.

There are no restrictions for transfer of capital other than those applicable to licensed financial entities and process of commercial companies' law of respective jurisdictions.

4. COMPOSITION OF CAPITAL

4.1. 3 steps approach to reconciliation between balance sheet in published financial statements and the composition of capital disclosure template

Statement of financial position under the regulatory scope of consolidation and reconciliation of published financial statements to regulatory reporting as at 31 December 2025

The table below shows the link between the statement of financial position in the published financial statements (accounting statement of financial position) and the regulatory statement of financial position.

US\$ 000's

As at 31 December 2025	Consolidated Statement of Financial Position as in published financial statements	Consolidated Statement of Financial Position as per Regulatory Reporting	Reference
ASSETS			
Cash and bank balance	249,230	240,093	
Of which Expected Credit Losses (ECL) resulting from adoption of FAS 30	(76)	(76)	A
Treasury portfolio	5,291,923	5,298,851	
Of which Expected Credit Losses (ECL) as per FAS 30	(18,848)	(13,021)	A
Financing assets	2,529,917	2,529,917	
Of which Expected Credit Losses (ECL) as per FAS 30	(47,446)	(20,946)	A
Proprietary investments	3,075,844	3,098,351	
Of which Expected Credit Losses (ECL) as per FAS 30	(1,066)	(13)	A
Of which non-significant investments in financial entities	1	1	B
Of which significant investments in the common stock of financial entity	838	838	C
Receivables and other assets	1,000,405	914,690	
Of which Expected Credit Losses (ECL) as per FAS 30	(30,046)	(5,962)	A
Property and equipment	54,796	20,158	
Total assets	12,202,115	12,093,060	
LIABILITIES			
Clients' Accounts	335,400	335,400	
Placements from financial institutions	3,044,067	3,044,067	
Placements from non-financial institutions and individuals	1,280,091	1,280,091	
Term financing	2,523,516	2,514,391	
Other liabilities	563,891	552,768	
Total liabilities	7,746,965	7,726,717	
Equity of investment account holders			
	3,317,929	3,317,929	

US\$ 000's

As at 31 December 2025	Consolidated Statement of Financial Position as in published financial statements	Consolidated Statement of Financial Position as per Regulatory Reporting	Reference
OWNERS' EQUITY			
Share capital	1,015,637	1,015,637	D
Treasury shares	(158,578)	(158,578)	D
Statutory reserve	73,379	73,379	E
Fair value reserve	(27,370)	(27,370)	F
Other reserves	-	9,440	
Retained earnings	107,358	107,358	G
Share grant reserve	10,342	10,342	H
Total equity attributable to shareholders of the Bank	1,020,768	1,030,208	
Non-controlling interests			
Of which Total minority interest in banking subsidiaries given recognition in CET1 capital	-	18,206	I
Total owners' equity	1,137,221	1,048,414	
Total liabilities, equity of investment account holders and owners' equity	12,202,115	12,093,060	

The table below shows the total assets and shareholders' equity of the Bank's subsidiaries as at 31 December 2025 which are not consolidated for capital adequacy calculation purposes. For principal activities of these subsidiaries refer to Note 1 of the consolidated financial statements as at 31 December 2025.

US\$ 000's

Entity Name	Principal activities	Total Assets *	Total Shareholders' equity *
Britus International School for Special Education W.L.L	Educational services	2,011	779
GFH Tower Real Estate WLL	Own & lease real estate	46,694	42,246
Harbour house Row Towers W.L.L.	Own & lease real estate	19,471	12,117
The Entertainer	Entertainment services	36,296	22,054
Morrocco Rabat	Real Estate	29,849	24,756
C.Y. Holdings	Management and development of Commercial and Residential Real Estate properties	42,126	37,903
Al Areen Holding	Hospitality management services	35,446	6,832

* The numbers disclosed are before considering intercompany eliminations.

4. COMPOSITION OF CAPITAL (contd.)

Composition of Regulatory Capital as at 31 December 2025

US\$ 000's		
	Component of regulatory capital reported by bank	Source based on reference letters of the statement of financial position under the regulatory scope of consolidation
Common Equity Tier 1 capital: instruments and reserves		
Directly issued qualifying common share capital plus related stock surplus (Net of Treasury Shares of US\$ 158,578)	857,059	D
Retained earnings	107,358	G
Accumulated other comprehensive income (and other reserves)	56,351	E+F+H
Not applicable		
Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	18,206	I
Common Equity Tier 1 capital before regulatory adjustments	1,038,974	
Common Equity Tier 1 capital; regulatory adjustments		
Prudential valuation adjustments	-	
Goodwill (net of related tax liability)	8,340	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	29,354	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Cash-flow hedge reserve	-	
Shortfall of provisions to expected losses	-	
Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	-	
Not applicable		
Defined-benefit pension fund net assets	-	
Investments in own shares	-	
Reciprocal cross-holdings in common equity	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	
Mortgage servicing rights (amount above 10% threshold)	-	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
Amount exceeding the 15% threshold	-	
of which: significant investments in the common stock of financials	-	
of which: mortgage servicing rights	-	
of which: deferred tax assets arising from temporary differences	-	
CBB specific regulatory adjustments	-	
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
Total regulatory adjustments to Common equity Tier 1	-	
Common Equity Tier 1 capital (CET1)	1,001,280	

Composition of Regulatory Capital as at 31 December 2025

US\$ 000's		
	Component of regulatory capital reported by bank	Source based on reference letters of the statement of financial position under the regulatory scope of consolidation
Additional Tier 1 capital: instruments		
Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-	
of which: classified as equity under applicable accounting standards	-	
of which: classified as liabilities under applicable accounting standards	-	
Directly issued capital instruments subject to phase out from Additional Tier 1	-	
Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	3,050	
of which: instruments issued by subsidiaries subject to phase out	-	
Additional Tier 1 capital before regulatory adjustments	3,050	
Additional Tier 1 capital: regulatory adjustments		
Investments in own Additional Tier 1 instruments	-	
Reciprocal cross-holdings in Additional Tier 1 instruments	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
CBB specific regulatory adjustments	-	
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
Total regulatory adjustments to Additional Tier 1 capital	-	
Additional Tier 1 capital (AT1)	-	
Tier 1 capital (T1 = CET1 + AT1)	1,004,330	
Tier 2 capital: instruments and provisions		
Directly issued qualifying Tier 2 instruments plus related stock surplus	-	
Directly issued capital instruments subject to phase out from Tier 2	-	
Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	4,066	
of which: instruments issued by subsidiaries subject to phase out	-	
Provisions	40,018	A
Tier 2 capital before regulatory adjustments	44,084	

4. COMPOSITION OF CAPITAL (contd.)

Composition of Regulatory Capital as at 31 December 2025

US\$ 000's		
	Component of regulatory capital reported by bank	Source based on reference letters of the statement of financial position under the regulatory scope of consolidation
Tier 2 capital: regulatory adjustments		
Investments in own Tier 2 instruments	-	
Reciprocal cross-holdings in Tier 2 instruments	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	
Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
National specific regulatory adjustments	-	
Total regulatory adjustments to Tier 2 capital	-	
Tier 2 capital (T2)	44,084	
Total capital (TC = T1 + T2)	1,048,414	
Total risk weighted assets	6,309,640	
Capital ratios and buffers		
Common Equity Tier 1 (as a percentage of risk weighted assets)	15.87%	
Tier 1 (as a percentage of risk weighted assets)	15.92%	
Total capital (as a percentage of risk weighted assets)	16.62%	
Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus D-SIB buffer requirement, expressed as a percentage of risk weighted assets)	N/A	
of which: capital conservation buffer requirement	N/A	
of which: bank specific countercyclical buffer requirement	N/A	
of which: D-SIB buffer requirement	N/A	
Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	15.87%	
National minima including CCB (where different from Basel III)		
CBB Common Equity Tier 1 minimum ratio	9.00%	
CBB Tier 1 minimum ratio	10.50%	
CBB total capital minimum ratio	12.50%	
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financials	1	B
Significant investments in the common stock of financials	838	C
Mortgage servicing rights (net of related tax liability)	-	
Deferred tax assets arising from temporary differences (net of related tax liability)	-	
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to 9 standardized approach (prior to application of cap)		
	40,018	A
Cap on inclusion of provisions in Tier 2 under 9 standardized approach	-	
N/A	-	
N/A	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2019 and 1 Jan 2024)		
Current cap on CET1 instruments subject to phase out arrangements	N/A	
Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	N/A	
Current cap on AT1 instruments subject to phase out arrangements	N/A	
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	N/A	
Current cap on T2 instruments subject to phase out arrangements	N/A	
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	N/A	

Disclosure template for main features of regulatory capital instrument

Issuer	GFH Financial Group B.S.C
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	GFH (DFM) GFH (ADX) GFH (BHB) GFH (KSE)
Governing law(s) of the instrument	Regulatory treatment
All applicable laws and regulations in the Kingdom of Bahrain.	
Regulatory treatment	
Transitional CBB rules	Common Equity Tier 1
Post-transitional CBB rules	Common Equity Tier 1
Eligible at solo/group/group & solo	Group and solo
Instrument type (types to be specified by each jurisdiction)	Common equity shares
Amount recognized in regulatory capital (Currency in US\$ million, as of most recent reporting date)	US\$ 1,016 million
Par value of instrument	US\$ 0.265
Accounting classification	Shareholders' equity
Original date of issuance	1999
Perpetual or dated	Not applicable
Original maturity date	Not applicable
Issuer call subject to prior supervisory approval	Not applicable
Optional call date, contingent call dates and redemption amount	Not applicable
Subsequent call dates, if applicable	Coupons / dividends
Dividends	Dividends as decided by the shareholders
Coupon rate and any related index	Not applicable
Existence of a dividend stopper	Not applicable
Fully discretionary, partially discretionary or mandatory	Full discretionary
Existence of step up or other incentive to redeem	Not applicable
Noncumulative or cumulative	Not applicable
Convertible or non-convertible	Not applicable
If convertible, conversion trigger (s)	Not applicable
If convertible, fully or partially	Not applicable
If convertible, conversion rate	Not applicable
If convertible, mandatory or optional conversion	Not applicable
If convertible, specify instrument type convertible into	Not applicable
If convertible, specify issuer of instrument it converts into	Not applicable
Write-down feature	Not applicable
If write-down, write-down trigger(s)	Not applicable
If write-down, full or partial	Not applicable
If write-down, permanent or temporary	Not applicable
If temporary write-down, description of write-up mechanism	Not applicable
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable
Non-compliant transitioned features	Not applicable
If yes, specify non-compliant features	Not applicable

5. CAPITAL STRUCTURE AND CAPITAL ADEQUACY RATIO

5.1. Capital adequacy

The Bank’s regulator CBB sets and monitors capital requirements for the Bank as a whole (i.e. at a consolidated level). The banks are required to maintain minimum capital adequacy ratio (CAR) of 12.5% on a consolidated basis [i.e. CET1 – 6.5%, AT1-1.5%, Tier 2 – 2% and CCB – 2.5%] and a capital adequacy ratio (CAR) of 8% on a solo basis [i.e. CET1 – 4.5%, AT1 – 1.5% and Tier 2– 2%]. Banking operations are categorised as either a 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 Bank’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business.

The Bank has adopted the standardized approach to credit and market risk and basic indicator approach for operational risk management under the Capital Adequacy Framework.

The Group’s regulatory capital position at 31 December 2025 was as follows:

US\$ 000's	
Total Capital	31 December 2025
Common Equity Tier 1 (CET 1)	
Issue and fully paid ordinary shares	1,051,637
Less: Treasury shares	(158,578)
Statutory reserve	73,379
Retained earnings	(38,146)
Current interim cumulative net profit	145,504
Other reserves	(17,028)
Total CET1 capital before minority interest	1,020,768
Total minority interest in banking subsidiaries given recognition in CET1 capital	18,206
Total CET1 capital prior to the regulatory adjustments	1,038,974
Less: Investment in own shares	-
Total CET1 capital after to the regulatory adjustments	1,038,974
Less Goodwill	(8,340)
Less: Intangibles other than mortgage servicing rights	(29,354)
Less: Cash flow hedge reserves	-
Total CET 1 capital after the regulatory adjustments above (CET1)	1,001,280
Other capital - Additional Tier 1 (AT1) & Tier 2 (T2) capital	
Instruments issued by banking subsidiaries to third parties	
- AT1	3,050
- T2	4,066
General financing loss provisions	
- T2	40,018
Total Available AT1 & T2 capital	44,084
Total Capital	1,048,414
Risk weighted exposures	
31 December 2025	
Credit risk	5,472,165
Market risk	120,371
Operational risk	717,104
Total Risk Weighted Exposures	6,309,640
CET1 ratio	15.87%
T1 ratio	15.92%
Total Capital Adequacy ratio (Total Capital)	16.62%

Total and Tier 1 Capital ratios of Khaleeji Bank BSC (c) (significant banking subsidiary of GFH) as at 31 December 2025 are as follows:

31 December 2025	
Capital adequacy ratio (CET1 and T1)	21.68%
Capital adequacy ratio (T1)	21.68%
Total capital Adequacy ratio (Total capital)	22.72%

The Bank’s paid-up capital consists only of ordinary shares which have proportionate voting rights.

Pillar I Risks

6. CREDIT RISK

6.1. Introduction

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Bank’s placements with financial institutions, financing assets, investment in Treasury products and other receivables balances. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country, and sector risk).

The Bank does not have a trading book and hence all of its equity investments are classified in the banking book and are subject to credit risk weighting under the capital adequacy framework. For regulatory capital computation purposes, the Bank’s equity investments in the banking book include investments carried at fair value through comprehensive income, investments designated at fair value through income statement, significant and majority investments in commercial entities and associate investments in non-significant financial and non-financial entities (as significant financial entities which qualify as associates are treated separately for regulatory purposes).

6.2. Credit risk management

The Bank is primarily exposed to credit risk from placements with other financial institutions, investment in sukuks, equity investments, treasury products, financing assets, receivables from its investment banking services and in respect of funding made (both in the form of financing and short-term liquidity facilities) to its projects and other direct credit facilities provided.

The Bank has an established internal process for assessing credit risk. The Bank has established investment and credit risk policies covering credit risk identification and assessment, risk reporting, documentation and legal procedures, and compliance with regulatory and statutory requirements. The policies are supplemented by an internal authorization structure for the approval and renewal of investment and credit facilities. Authorization limits for credit facilities are as per the Board approved Delegated Authority Limits (DAL). The RMD helps the team to assess all investment and credit proposals prior to investments / facilities being committed. RMD lists down its concerns, performs internal rating and provides final risk comments on all applications prior to circulation for sign off. Renewals and reviews of investments / facilities are subject to the same review process. Investment updates are periodically reviewed by the Board of Directors. Regular audits of Business Units and credit processes are undertaken by Internal Audit.

Please refer to Note 35 of the consolidated financial statements for additional details on the processes for measuring and managing credit risk.

6.3. Risk grading of exposure

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. Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. The Bank relies on the ratings issued by ECAI such as S&P, Moody’s and Fitch that are approved by the Central Bank of Bahrain mainly for Financial Institutions & Sovereign. If there are two assessments by ECAs, the lowest rating will be applied while if there are three assessments by ECAs, the middle rating will be applied. Ratings from selected ECAs will be used regularly for the ongoing monitoring of the exposures which may result in an exposure being moved to a different credit risk grade. The credit risk grade for unrated exposures will be based on qualitative and quantitative factors which may vary depending on the nature of the exposure and the type of borrower.

Please refer to Note 35 (a) of the consolidated financial statements for additional details on the processes for measuring and managing credit risk.

6. CREDIT RISK (contd.)

6.4. Capital requirements for credit risk

To assess its capital adequacy requirements for credit risk in accordance with the CBB requirements, the Bank adopts a standardized approach. According to standardized approach, on and off-balance sheet credit exposures are assigned to various defined categories based on the type of counterparty or underlying exposure. Risk Weighted Assets (RWAs) are calculated based on prescribed risk weights by CBB.

Following is the Group's analysis for credit risk as computed for regulatory capital adequacy purposes:

US\$ 000's					
Exposure class	Gross Credit Exposure	Credit Risk Mitigant	Credit Risk Exposure after Credit Risk Mitigant	Average Risk weights	Total Credit risk Weighted Exposure
Self-financed assets					
Cash items	8,398	-	8,398	0%	-
Total claims on sovereign and PSEs treated as sovereign	2,799,889	-	2,799,889	0%-100%	62,376
Standard Risk Weights for Claims on Banks	1,268,571	-	1,268,571	20%-150%	637,586
Short term Claims on Banks	213,085	-	213,085	20%	42,617
Claims on Corporates	3,118,847	-	3,118,847	0%-100%	3,006,098
Regulatory Retail Portfolio	68,610	(31,127)	37,483	75%	28,112
Mortgage	223,384	-	223,384	35%	78,184
Past Due Facilities	149,981	(25,910)	124,071	100%-150%	173,941
Investments in Equity Securities and Equity Sukuk	152,217	-	152,217	100%-250%	159,808
Holding of Real Estate	140,743	-	140,743	100%	140,743
Other Assets	193,700	-	193,700	100%	193,700
Total self-financed assets (A)	8,337,425	(57,037)	8,280,388	0%-250%	4,523,165
Total regulatory capital required - self-financed assets (A x 12.5%)				12.50%	565,396
Financed by EIAH					
Total claims on sovereign and PSEs treated as sovereign	285,071	-	285,071	0%-100%	215,861
Standard Risk Weights for Claims on Banks	47,036	-	47,036	20%-100%	47,036
Claims on Corporates	2,153,619	(239,011)	1,914,608	20%-150%	1,907,196
Regulatory Retail Portfolio	64,598	(16,111)	48,487	75%	36,365
Past Due Facilities	5,802	-	5,802	150%	8,703
Investment in Equity Securities and Equity Sukuk	668,805	-	668,805	100%	890,200
Holding of Real Estate	39,121	-	39,121	100%	39,121
Total financed by EIAH (B)	3,317,930	(255,122)	3,062,808	0%-150%	3,136,339
Considered for credit risk (C) = (B x 30%)				30%	949,002
Total regulatory capital required - financed by EIAH (C x 12.5%)				12.50%	118,625
Total Credit Risk Assets (A+C)					5,472,167
Minimum regulatory capital required (at 12.5%)					684,021

6.5. Quantitative information on credit risk

6.5.1. Gross and average credit exposure

The following are gross credit risk exposures considered for Capital Adequacy Ratio calculations of the Group classified as per disclosure in the consolidated financial statements:

US\$ 000's				
Balance sheet items	Self-finance	EIAH	Total credit exposure	Average credit exposure*
Cash and bank balances	181,077	68,153	249,230	256,131
Treasury portfolio	3,730,931	1,560,992	5,291,923	5,508,837
Financing contracts	1,216,065	1,313,852	2,529,917	2,438,459
Proprietary assets	2,700,911	374,933	3,075,844	2,805,108
Receivables and other assets	1,000,405	-	1,000,405	1,038,554
Property and equipment	54,796	-	54,796	57,123
Total funded exposure	8,884,185	3,317,929	12,202,115	12,104,212
Commitments	297,190	-	297,190	305,015
Total unfunded exposure	297,190	-	297,190	305,015

* Average gross credit exposures have been calculated based on the average of balances outstanding on a quarterly basis during the year ended 31 December 2025. Assets funded by EIAH are geographically classified in GCC countries, MENA, Asia, Europe and North America. Cash and Bank Balances that are funded by EIAH are placed with Banks and financial institutions having maturity profile of up to 3 months.

6.5.2. Credit exposure by geography

The classification of credit exposure by geography, based on the location of the counterparty, was as follows:

US\$ 000's						
31 December 2025	GCC Countries	MENA	Asia	North America	Others	Total
Assets						
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	2,539,917
Proprietary assets	3,012,336	-	505	30,969	32,034	3,075,844
Receivables & 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
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	297,187
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

6. CREDIT RISK (contd.)

6.5. Quantitative information on credit risk (contd.)

6.5.3. Credit exposure by industry

The classification of credit exposure by industry was as follows:

US\$ 000's

31 December 2025	Banks and financial institutions	Real Estate	Others	Total
Assets				
Cash and bank balances	211,511	27,961	9,758	249,230
Treasury portfolio	3,822,077	134,355	1,335,491	5,291,923
Financing contracts	466,859	798,254	1,264,804	2,529,917
Proprietary assets	2,577,555	456,261	42,028	3,075,844
Receivables and prepayments	778,196	105,417	116,792	1,000,405
Property and equipment	9,173	4,757	40,866	54,796
Total assets	7,865,371	1,527,005	2,809,739	12,202,115
Quasi Equity	1,796,880	83,587	1,437,462	3,317,929
Off-balance sheet items				
Forward contract	3,711,497	-	-	3,711,497
Off-balance-sheet investment accounts	1,998,260	-	569,435	2,567,695
Commitments	-	66,842	230,347	297,189

6.5.4. Credit exposure by maturity

The maturity profile of credit exposures based on expected maturity was as follows:

US\$ 000's

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						
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	1,882,301	1,363,228	815,704	2,628,944	5,511,938	12,202,115
Quasi Equity	1,016,175	407,823	302,783	323,335	1,267,813	3,317,929
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

The table above shows the maturity profile of the Group’s assets and unrecognized commitments on the basis of their contractual maturity. For other items, (including past due receivables), the maturity profile is on the basis of their expected realization/ settlement profile for assets and liabilities respectively. The total assets are reconciled to the gross credit exposures considered for capital adequacy computation purposes.

6.6. Large Exposures

The CBB has set a single exposure limit of 15% of the Bank’s total capital base on exposures to individual and a combined exposure limit of 25% of total capital base of closely connected counterparties. The excess amount of any exposure above the mentioned thresholds must be risk weighted at 800%, unless it is an exempt exposure in accordance with the requirements of CBB rulebook.

The Bank had sought approval to exempt the Infracorp exposures from the single large exposure limit, Esterad and Infracorp exposures from the connected counterparty exposure limit and the application of the 800% risk weighting on the excess exposure.

Accordingly, in a letter from CBB dated 25 March 2025, the request for exemption has been approved by CBB for a period of six months, subject to semi-annual review and reassessment.

Also, The Bank had sought approval to exempt the investment in Seef Properties B.S.C from the 25% aggregate limit in connected counterparties and exemption from risk weighting the excess exposure above 25% aggregate limit at 800% in Connected counterparties. Accordingly, in a letter from CBB dated 26 May 2025, the request for exemption has been approved by CBB.

Based on the Banks discussions and communications with the CBB, During the period, the Bank had sought approval to the current exemptions for large exposures of the Bank are under review by the CBB, however it will continue to be extended for the foreseeable future and is not expected to be withdrawn in the next 6 months. Hence, the Bank have considered these exemptions for the computation of the Capital Adequacy Ration (“CAR”).

All large exposures in excess of 15% of capital base as at 31 December 2025 has been risk weighted at 800%. Also, the combined exposures in excess of 25% of total capital base of closely connected counterparties have been risk weighted at 800%.

As at 31 December 2025, the Group did not report a single large exposure which is in excess of 15% of Capital Base.

6.7. Impaired facilities and past due exposures

The Bank classifies credit exposures into two broad categories “Unimpaired” and “Impaired”, reflecting risk of default and the availability of collateral or other credit risk mitigation. The Bank does not perform a collective assessment of impairment for its credit exposures as the credit characteristics of each exposure are considered to be different. Credit and investment exposures are subject to regular reviews by the Investment Units and RMD.

The definition and details of impaired assets, past due but not impaired exposures and policy for establishing an allowance account and write-off of an exposure is provided for in Note 35 to the consolidated financial statements. The details of changes in impairment allowances for financial assets are provided for in the notes to the consolidated financial statements.

All impaired and past due credit exposures at 31 December 2025 mainly relate to the treasury, financing contracts and other receivables .

6.8. Credit risk mitigation

The credit risk exposures faced by the Bank are primarily related to placements with other financial institutions, investments in sukuks, other credit facilities and in respect of investment-related funding made to its projects. The funding made to the projects are based on the assessment of the underlying value of the assets and the expected streams of cash flows.

The Bank shall conduct all necessary due diligence irrespective of obtaining credit risk mitigates. As a principle, the Bank should try, on a best effort basis, not to extend facilities without any security / collateral. Only eligible collaterals as per the CBB guidelines shall be considered for reducing the capital requirement though the Bank can continue to take non-eligible collaterals to safeguard its exposure subject to obtaining requisite approvals. As a matter of principle, collateral should not replace a careful assessment of the borrower’s ability to repay.

6.9. Regulatory capital requirements by type of financing contracts

US\$ 000's

Financing Contracts	Exposure		Credit Risk Weighted Assets		Capital Requirement @ 12.5%	
	Self-finance	IAH	Self-finance	IAH	Self-finance	IAH
Murabaha	539,900	1,143,023	484,611	303,692	60,577	30,496
Ijarah Assets	275,655	581,374	148,873	27,690	18,610	3,462
Total	815,555	1,724,397	633,484	331,382	79,187	33,958

6.10. Related party and intra-group transactions

Related counterparties are those entities which are connected to the Bank through significant shareholding or control or both. The Bank has entered into business transactions with such counterparties in the normal course of its business. For the purpose of identification of related parties, the Bank strictly follows the guidelines issued by Central Bank of Bahrain and definitions as per FAS issued by AAOIFI. Detailed break-up of exposure to related parties has been presented in Note 24 to the consolidated financial statements.

6.11. Exposure to highly leveraged and other high-risk counterparties

The Bank has no exposure to highly leveraged and other high-risk counterparties as per definition provided in the CBB rule book PD 1.3.24.

6. CREDIT RISK (contd.)

6.12. Restructured Facilities

In certain cases, on a need basis, the Bank supports its projects by providing credit facilities. These facilities are provided based on assessment of cash flow requirements of the projects and the projects' ability to repay the financing amounts based on its operating cash flows. The assessment is independently reviewed by the RMD. The terms of the renegotiation primarily include extension of the repayment period. The facilities are provided as viewed necessary based on periodic impairment assessments.

6.13. Equity investments held in banking book

The Bank does not have a trading book and hence all of its equity investments and other investments are classified in the banking book and are subject to credit risk weighting under the capital adequacy framework. For regulatory capital computation purposes, the Bank's equity investments in the banking book include available-for-sale investments, significant and majority investments in commercial entities and associate investments in non-significant financial and non-financial entities (i.e. significant financial entities which qualify as associates are treated separately for regulatory purposes).

Please refer to the notes to the consolidated financial statements for policies covering the valuation and accounting of equity holdings, including the accounting policies and valuation methodologies used, key assumptions and practices affecting valuation.

The Bank provides review of all transactions. A fair evaluation and impairment assessment of investments takes place. Investment updates are periodically reviewed by the Board of Directors. Regular audits of business units and processes are undertaken by Internal Audit.

The Bank's equity investments are predominantly in its own projects, which include venture capital, private equity, asset management, real estate development and development infrastructure investment products. The intent of such investments is a later stage exit along with the investors principally by means of sell-outs at the project level or through initial public offerings. The Bank also has a strategic financial institutions investment and treasury portfolio which is aligned with the long-term investment objectives of the Group.

Information on equity investments	US\$ 000's
Privately held	931,065
Quoted in an active market	529,980
Dividend and other income from equity investment, net	63,347
Realised gain/ (loss) during the year	20,779

The following are the categories under which equity investments are included in the capital adequacy computations as per the requirements of the CBB rules:

	US\$ 000's					
	Gross exposure		Risk weighted exposure		Capital Charge 12.5%	
	Self-finance	EIAH	Self-finance	EIAH	Self-finance	EIAH
Claims on Banks	-	104,601	-	20,920	-	785
Other Corporates Including Category 3 Investment Firms - unrated	515,982	-	515,982	-	64,498	-
Listed equity investment	138,712	233,997	138,712	233,997	17,339	8,775
Unlisted equity investment*	109,524	107,410	164,288	161,116	20,536	6,042
Significant investment in the common shares of financial entities >10%	838	-	2,095	-	262	-
Investments in unrated funds - listed	-	23,330	-	23,330	-	875
Investments in unrated funds - unlisted	-	133,940	-	200,910	-	7,534
Investment in unlisted real estate companies	63,085	29,626	63,085	8,889	7,886	333
Other Assets	-	-	-	-	-	-
Total	828,141	632,904	884,161	649,161	110,520	24,344

* Includes amounts of risk weighted from full consolidation of Khaleeji

6.14. Geographical and sector wise break up of impairment allowances and impaired and past due accounts

During the period, there is no credit impaired or past due accounts.

For disclosures related to Khaleeji, please refer to Khaleeji's annual report.

7. MARKET RISK

7.1. Introduction

Market risk is the risk that changes in market prices, such as foreign exchange rates, profit rates, equity prices, sukuk prices and commodity prices will affect the Bank's income 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 optimizing the return on risk. As a matter of general policy, the Bank does not assume trading positions on its assets and liabilities, and hence the entire balance sheet is a non-trading portfolio (banking book). The Bank has adopted a standardized approach for measurement of market risk under the CBB capital adequacy framework. The CBB's standardized approach capital computation framework requires risk weighted assets to be computed for price risk, equities position risk, Treasury products risk, foreign exchange risk and commodities risk. Hence, from a capital computation perspective the Bank's market risk measurement is limited to foreign exchange risk in the banking book. The Bank is also exposed to profit rate risk in the banking book which is managed separately.

7.2. Foreign exchange risk management

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank seeks to manage currency risk by continually monitoring exchange rates. The Board of Directors approves policies and strategies related to the management of FX risk. The Assets and Liabilities Committee ('ALCO') supports the Board in managing FX risk by recommending policies, setting limits and guidelines and monitoring the FX risk of the Bank on a regular basis. ALCO provides guidance for day-to-day management of FX risk and also approves hedging programs. The management of the day-to-day FX position of the Bank is the responsibility of the Treasury. The Treasury department shall ensure adequate FX liquidity to meet the maturing obligations and growth in assets while ensuring that all limits and guidelines set by the Board and ALCO are complied with; and shall implement hedging and other approved strategies for managing the risk. The Risk Management Department on an ongoing basis reviews the limits set and ensures that the concerned department(s) is complying with all limits set as per the risk appetite of the Bank. The Group has reported net exposures denominated in various foreign currency as of 31 December 2025 from various financial instruments and structural foreign currency exposure arising from unhedged equity investments in its foreign subsidiaries and investments (refer to Note 35 (c) of the consolidated financials statements).

The management of foreign exchange risk against net exposure limits is supplemented by monitoring the sensitivity of the Bank'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 Bank's net foreign exchange position and its sensitivity to an increase or decrease in foreign exchange rates (assuming all other variables, primarily profit rates, remain constant) has been presented in Note 35 to the consolidated financial statements.

7.3. Capital requirements for market risk

To assess its capital adequacy requirements for market risk in accordance with the CBB capital adequacy module for Islamic Banks, the Bank adopts the standardized approach. A foreign exchange risk charge is computed based on 8% of overall net open foreign currency position of the Group.

US\$ 000's			
Self Financed	31 December 2025	Maximum during the year	Minimum during the year
Foreign exchange risk - [A]	9,630	22,148	8,545
Risk weighted assets - [B] = (A*12.5)	120,375	276,847	106,813
Capital requirement - (B*12.5%)	15,047	34,606	13,352

8. OPERATIONAL RISK

8.1. Introduction

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk is an inherent part of normal business operations. The Bank has adopted the Basic Indicator Approach for measurement of operational risk under the Basel Framework and CBB capital adequacy computation framework.

8.2. Operational risk management

Whilst operational risk cannot be eliminated entirely, the Bank endeavors to minimize it by ensuring that a strong control infrastructure is in place throughout the organization. Various procedures and processes used to manage operational risk include effective staff training, appropriate controls to safeguard assets and records, regular reconciliation of accounts and transactions, close monitoring of risk limits, segregation of duties, and financial management and reporting. The Risk Management Department manages the framework and facilitates the process of operational risk management.

The Bank has an operational risk management framework which includes components such as Key Risk Indicators (KRIs), operational loss data and Risk & Control Self-Assessment (RCSA) across the Bank.

The Bank's definition of operational risk also incorporates legal and Sharia'a compliance risk. This is defined as an operational risk facing Islamic banks which can lead to, loss of reputation, non-recognition of income and loss of revenue. This definition excludes strategic, liquidity, credit, market and reputational risks. Whilst operational risk excludes losses attributable to traditional banking risks (credit, market and liquidity), the Bank recognizes that operational risk is attached to the management of those traditional risks. For example, operational risk includes legal and compliance related risks attached to the management of credit and market risk. Operational risks are attached to the management of business as usual as well as to changes such as the introduction of new products, projects or program activities.

8.3. Legal compliance and litigation

The Bank has established approved policies in relation to legal, regulatory and compliance risk; and has dedicated Compliance and Legal departments in place.

All contracts, documents, etc. have to be reviewed by the Legal department as well. For information on contingencies, refer to Note 34 of the consolidated financial statements.

8.4. Sharia Compliance

The Shari'a Supervisory Board (SSB) is entrusted with the duty of directing, reviewing and supervising the activities of the Bank in order to ensure that they are in compliance with the rules and principles of Islamic Shari'a and specific fatwas, rulings and guidelines issued. The Bank also has a dedicated Shari'a audit function, who performs an ongoing independent review of the compliance with the fatwas and rulings of the SSB on products and processes and also reviews compliance with the requirements of the Shari'a standards prescribed by AAOIFI while the Coordination and Implementation function assists the SSB in issuing Sharia pronouncements/ resolutions about the products and services offered by the Group. The SSB reviews and approves all products and services before launching and offering to the customers and also conducts periodic reviews of the transactions of the Bank. An annual audit report is issued by the SSB confirming the Bank's compliance with Shari'a rules and principles.

8.5. Capital requirements for operational risk

The Bank adopts the Basic Indicator Approach to evaluate operational risk charge in accordance with the approach agreed with the CBB. The Bank's average gross income for the last three financial years is multiplied by a fixed coefficient alpha of 15% set by CBB and a multiple of 12.5x is used to arrive at the risk weighted exposure that are subject to capital charge of 12.5%.

US\$ 000's

	Average gross income	Risk weighted exposure	Capital charge at 12.5%
Operational risk	382,456	717,104	89,638

9. OTHER TYPES OF RISK

9.1. Introduction

Apart from the risks listed in the previous sections, the Bank is also exposed to other types of risks which it identifies and manages as part of its risk management framework. Although these risks do not directly form part of the Tier 1 risks, they are identified and captured by the ICAAP under pillar II risks.

9.2. Liquidity risk

Liquidity risk is the inability of the Bank to fund or meet obligations as they come due, without incurring unacceptable losses. This also includes the inability of the Bank to liquidate its assets at their expected prices in a reasonable period. The Group's approach to managing liquidity is to ensure that it should 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.

The Bank has a liquidity risk policy in place, which describes the roles and responsibilities of various committees, Treasury and other concerned departments in management of liquidity. The Liquidity Risk policy and Liquidity Risk appetite limits stipulate various liquidity ratios to be maintained by the Bank, as well as gap limits for time bucket of the maturity ladder.

The liquidity position is closely monitored and stressed to cover both normal and severe bank specific and market specific conditions. Daily reports cover the liquidity position of the Bank. Moreover, periodic reports are submitted to the Asset and Liability Management Committee of the Bank (ALCO), Audit & Risk Committee (ARC) and to the Board of Directors for review and strategic decision. For maturity profile of assets and liabilities refer to Note 30 of the consolidated financial statements.

The following are the key liquidity ratios which reflect the liquidity position of the Group:

US\$ 000's

Liquidity Ratios	31 December 2025	Maximum	Minimum
Liquid assets : Total assets	47.54%	49.89%	47.54%
Liquid assets : Total deposits	137.79%	188.06%	137.79%
Short-term assets : Short-term liabilities	56.63%	56.63%	37.00%
Illiquid assets : Total assets	52.46%	52.46%	50.11%

9.3. Management of profit rate risk in the banking book (PRRBB)

Profit rate risk is the exposure of a bank's financial condition to adverse movements in profit rates. Changes in profit rates affect a bank's earnings by changing its net profit income and the level of other profit-sensitive income and operating expenses. Changes in profit rates also affect the underlying value of the bank's assets, liabilities, and off-balance-sheet (OBS) instruments because the present value of future cash flows change when profit rates change.

The sources of profit rate risk relevant for Bank's balance sheet size and complexity comprises mainly of:

- Repricing Risk: The primary form of profit rate risk arises from timing differences in the maturity (for fixed-rate) and repricing (for floating-rate) of bank assets, liabilities, and OBS positions.
- Basis risk: Another important source of profit rate risk arises from imperfect correlation in the adjustment of the rates earned and paid on different instruments with otherwise similar repricing characteristics. When profit rates change, these differences can give rise to unexpected changes in the cash flows and earnings spread between assets, liabilities and OBS instruments of similar maturities or repricing frequencies.
- Yield Curve Risk: Yield curve risk is the risk associated with either a flattening or steepening of the yield curve. Mismatch in maturity or repricing dates of assets, liabilities and off-balance sheet items expose the Bank to risks that arises from non-parallel shift in yield curve.
- Optionality risk: This risk arises from the discretion that a Bank's customers and counterparties have in respect of their contractual relations with the bank in the form of financial instruments. Embedded options are diverse and bank-specific and include prepayment risk on fixed rate loans and deposits and switching risk on non-interest-bearing current accounts.

The Board is responsible for the overall management of the profit rate risk. ALCO helps the Board in determining the borrowing and funding strategy of the Bank in order to optimize risk return trade off. It supports the Board in managing profit rate risk by recommending policies, setting limits and guidelines and monitoring the risk on a regular basis.

9. OTHER TYPES OF RISK (contd.)

9.3. Management of profit rate risk in the banking book (PRRBB) (contd.)

The objective of profit rate risk measurement is to maintain the Bank's profit rate risk exposure within risk appetite limits. The process of establishing profit rate risk limits and describing the risk-taking guidelines provides the means for achieving the objective. Such a process defines the boundaries for the level of profit rate risk for the Bank. The limit structure also ensures that positions that exceed certain predetermined levels receive prompt management attention.

The limit system enables management to control profit rate risk exposures, initiate discussion about opportunities and risks, and monitor actual risk taking against predetermined risk tolerance.

9.3.1 Management of profit rate risk in the banking book (PRRBB)

A Summary of the Bank's profit rate gap position at 31 December 2025 is as follows:

The management of profit rate risk against profit rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard profit rate scenarios. Standard scenarios that are considered include a 100 basis points (bps) parallel fall or rise in yield curves and a 50 bps rise or fall of all yield curves.

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 below:

	US\$ 000's	
	100bp parallel increase/decrease	50bps increase/decrease
At 31 December 2025	±11,477	±5,739
Average for the period	±11,902	±5,951
Maximum for the period	±12,620	±6,310
Minimum for the period	±11,318	±5,659

200 bps parallel increase / (decrease)	US\$ 000's
At 31 December 2025	±22,955
Average for the period	±23,804
Maximum for the period	±25,240
Minimum for the period	±22,637

9.4. Concentration risk

This risk arises from exposure to a common set of factors that can produce losses large enough to threaten the Bank's health or ability to maintain its core business. Concentration risk can arise from exposure to specific classes of assets, sector, country, revenue streams, counterparty, a group of counterparties, etc. Concentration risk is mitigated by limits, diversification by assets, geography, counterparty quality etc. The industry sector and geographical concentration of credit exposures has been disclosed in Notes 31(a) and 31(b) of the consolidated financial statements respectively.

9.5. Counterparty credit risk

Counterparty credit risk is the risk that a counterparty to a contract in the profit rate, foreign exchange, equity and credit markets defaults prior to maturity of the contract. In addition to the identified credit risk exposures the Bank's counterparty credit risk from markets as such is limited to the fair value of contracts of foreign exchange risk management instruments the overall exposure to which is usually not significant. For other credit market transactions (primarily inter-bank placements), the Bank has established a limit structure based on the credit quality (assessed based on external rating) of each counter party bank to avoid concentration of risks for counterparty, sector and geography. The Bank is constantly reviewing and monitoring the positions to ensure proper adherence to the limits and defined policies of the Bank. As at 31 December 2025, 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.

9.6. Reputational risk (non-performance risk)

Reputation risk is the risk that negative perception regarding the Bank's business practices or internal controls, whether true or not, will cause a decline in the Bank's investor base, leading to costly litigation that could have an adverse impact on the liquidity or capital of the Bank. Being an Islamic Investment Bank, reputation is an important asset and among the issues that could affect the Bank's reputation is the inability to exit from investments, lower than expected returns on investments and poor communication to investors. A well developed and coherently implemented communication strategy helps the Bank to mitigate reputational risks.

9.7. Displaced commercial risk

Displaced Commercial Risk (DCR) refers to the market pressure to pay returns that exceed the rate that has been earned on the assets financed by the liabilities, when the return on assets is under performing as compared with competitor's rates. The returns to investors on the funds are based on returns earned from treasury portfolio and financing contracts and hence the Bank is not exposed to a significant repricing risk or maturity mismatch risk in relation to these accounts. In relation to the DCR that may arise from its investment banking and restricted investment account products, the risk is considered limited as the Bank does not have any obligation to provide fixed or determinable returns to its investors. Displaced Commercial Risk is covered under the Bank's Market Risk Policy.

9.8 Cybersecurity and Data Protection Risk

Cybersecurity risk refers to the potential loss or damage resulting from cyberattack or data breaches. For the Bank, cybersecurity remains a top priority, crucial for safeguarding client data and institutional assets. The Bank has enhanced its security posture through comprehensive risk management strategies, regular system assessments, and the deployment of advanced threat prevention and detection tools. The Information Security Team has diligently ensured compliance with international standards and local regulatory requirements, achieving the highest levels of data protection and operational resilience.

The Bank's cyber resilience practices to safeguard the clients' data and services include implementing state-of-the-art cybersecurity measures aligned with international standards, providing continuous security monitoring and response, and ensuring compliance with regulations such as those from the Central Bank of Bahrain (CBB) and the Bahrain Data Protection Law (PDPL). Information Security best practices are embedded into the organizational culture, utilize advanced systems and cyber threat intelligence to defend against emerging threats, and detect and eliminate online impersonation and phishing attempts targeting GFH and its subsidiaries.

9.9. Other risks

Other risks include strategic, fiduciary risks, regulation risks etc. which are inherent in all business activities and are not easily measurable or quantifiable. However, the Bank has policies and procedures to mitigate and monitor these risks. The Bank's Board is overall responsible for approving and reviewing the risk strategies and significant amendments to the risk policies. The Bank's Senior Management is responsible for implementing the risk strategy approved by the Board to identify, measure, monitor and control the risks faced by the Bank. The Bank as a matter of policy regularly reviews and monitors financial and marketing strategies, business performance, new legal and regulatory developments and its potential impact on the Bank's business activities and practices.

10. ICAAP CONSIDERATIONS

The ICAAP incorporates a review and evaluation of risk management and capital relative to the risks to which the bank is exposed. GFH has developed an ICAAP which involves identification and measurement of risks to maintain an appropriate level of internal capital in alignment to the Bank's overall risk profile and business plan. An ICAAP policy and framework has been developed to address major components of the Bank's risk management, from the daily management of material risks including risk types which are not covered under Pillar I including liquidity risk, profit rate risk in the banking book, concentration risk, strategic risk, reputational risk etc. The Bank uses the ICAAP document for internal capital monitoring purposes.

11. PRODUCT DISCLOSURES

11.1. Product descriptions and consumer awareness

The Bank offers a comprehensive mix of Shari'a compliant investment banking products primarily to high net worth and sophisticated investors. This includes a range of innovative structured investment products like funds, repackaged products and structured restricted investment accounts. The investment department of the Bank has expertise in creating innovative high-end and value-added products offering a wide range of structures, expected returns, tenors and risk profiles.

A proposal for any new product is initiated by individual business lines within the Bank. The Management Investment Committee of the Bank reviews such proposals to ensure that the new product/ business is in line with the Bank's business and risk strategy. All new products will need the approval of the respective authorities as per the Delegated Authority Limits (DAL) as well as the Shari'a Supervisory Board of the Bank.

11.2. Customer complaints

GFH is dedicated to providing a high standard of service and to maintaining its reputation for honesty and integrity in all its dealings. The Bank takes all disputes and complaints from its customers and business partners very seriously. The Bank has a comprehensive policy on handling external complaints, approved by the Board. All employees of the Bank are aware of and abide by this policy. The complaint handling process is disclosed on the Bank's website and also in all printed prospecting materials. Complaints are normally investigated by persons not directly related to the subject matter of the complaint.

11.3. Equity of Investment Account Holders (EIAHD)/URIA

The current EIAH “Quasi Equity” deposits have been accepted on a case-by-case basis considering the Bank’s relationship with its customers.

The EIAH “Quasi Equity” holder authorises the Bank to invest the funds in any investments approved by the Bank’s Shari’a Board without any preconditions. All EIAH “Quasi Equity” accounts are on profit sharing basis, but the Bank does not guarantee any particular level of return. In accordance with the principles of Shari’a, the entire investment risk is on the investor. Any loss arising from the investment will be borne by the customer except in the case of the Bank’s negligence. The Bank charges a Mudarib fee as its share of profit. Early withdrawal is at the discretion of the Bank and is subject to the customer giving reasonable notice for such withdrawal and agreeing to forfeit a share of the profit earned on such account.

The Bank has only one type of financing for URIA which is Murabaha. Currently, the Bank comingles the EIAH “Quasi Equity” funds with its funds for investments into interbank placements, treasury products and financing assets.. The Bank has an element of displaced commercial risk on EIAH “Quasi Entity” which is mitigated by setting up and maintaining an appropriate level of Profit Equalisation Reserve (PER) and Investment Risk Reserve (IRR) to smoothen return to EIAH “Quasi Entity” holders. Profit Equalisation Reserve (PER) is created by allocations from gross income of the Mudarabah before adjusting the Mudarib (Bank) share. Investment Risk Reserves (IRR) comprises amounts appropriated out of the income of investment account holders after deduction of the Mudarib share of income.

Administrative expenses incurred for management of the funds are borne directly by the Bank and are not charged separately to investment accounts. All terms of the EIAH “Quasi Entity” are agreed upfront with the customers and form part of the agreement with the customer. For the last one year, the Bank has not made any withdrawals on PER or IRR. Any movements on these accounts are therefore only on account of additional reserves added. The quantitative disclosures below are pertaining to the EIAH “Quasi Equity” from the Bank.

For the qualitative disclosures pertaining to EIAH “Quasi Equity” of Khaleeji, please refer to the annual report of Khaleeji.

The details of Bank’s income distribution to IAH holders for the last five years are given below:

US\$ 000's					
As at 31 December	2025	2024	2023	2022	2021
Allocated income to IAH	163,149	91,412	63,926	2,597	11,548
Distributed profit	163,149	91,412	63,926	2,597	11,548
Mudarib fees*	0.0	0.0	0.2	0.3	0.3
Average rate of return earned	6.92%	4.36%	4.42%	4.44%	5.77%
IAH ^[1]	2,358,384	2,097,284	1,445,867	58,548	200,234
Profit Equalisation Reserve (PER)	10	10	9	9	9
Investment Risk Reserve (IRR)	6	6	6	6	6
Profit Equalisation Reserve-to-IAH (%)	-	-	-	-	-
Investment Risk Reserve-to-IAH (%)	-	-	-	-	-

[1] Represents average balance

* Includes contribution towards deposit protection scheme

Market Benchmark Rates:

The Bank refers to the SOFR curve plus 150 to 200 bps and BHIBOR curve plus 75 to 150 bps to benchmark the rate or return on EIAH “Quasi-Equity”.

11.4. Restricted investment accounts

The Bank offers Restricted Investment Accounts (“RIAs”) to both financial institutions and high net worth individuals in the GCC. All RIA product offering documents (“Offering Document”) are drafted and issued with input from the Bank’s Investment Banking, Shari’a, Financial Control, Legal and Risk Management Departments to ensure that the Investors have sufficient information to make an informed decision after considering all relevant risk factors. The Bank has guidelines for the development, management and risk mitigation of its’ RIA investments and for establishment of sound management and internal control systems to ensure that the interests of the investment account holders are protected at all times. Wherever it is necessary for the Bank establishes Special Purpose Vehicles (SPVs) for management of the investment. The Bank has a Board approved SPV Governance framework in place to equip the Board in ensuring that the management of such SPVs is conducted in a professional and transparent manner.

The Bank is aware of its fiduciary responsibilities in management of the RIA investments and has clear policies on discharge of these responsibilities. The Bank considers the following in discharge of its fiduciary responsibilities:

- Ensuring that the investment structure, Offering Documents and the investment itself are fully compliant with Islamic Shari’a principles and the CBB regulations;
- Appropriately highlighting to the Investors, as part of the RIA Offering Document, of all the relevant and known risk factors and making it clear that the investment risk is to be borne by the Investor before accepting the investment funds;
- Completing all necessary legal and financial due diligence on investments undertaken on behalf of the Investors with the same level of rigor as the Bank requires for its’ own investments;
- Ensuring that the funds are invested strictly in accordance with the provisions outlined in the Offering Documents;
- Preparing and disseminating periodical investment updates to Investors on a regular basis during the tenor of the investment;
- Distributing the capital and profits to the Investor in accordance with the terms of the offering document; and;
- In all matters related to the RIA, RIA SPV(s) and the investment, act with the same level of care, good faith and diligence as the Bank would apply in managing its own investments.

Within the Bank, the abovementioned responsibilities and functions are provided, managed and monitored by qualified and experienced professionals from the Investment Banking, Shari’a, Financial Control, Legal, Investment Administration and the Risk Management Departments with Internal Audit oversight.

The restricted investment accounts primarily represent the investments in the projects promoted by the Bank and managed on a portfolio basis on behalf of investors.

There have been no annual distributions made in RIA for the past five years.

For the qualitative disclosures pertaining to RIA’s of Khaleeji, please refer to the annual report of Khaleeji.

12. OTHER DISCLOSURES

12.1. Details of Penalties Paid to CBB

As at 31 December 2025, no penalties paid to CBB.

12.2. Earnings prohibited by Sharia

The Group is committed to avoid recognizing 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 utilized exclusively for charitable purposes and amount to US\$ 46 thousand (2024: US\$ 55 thousand).

Section

06

Financial

Statements

Sharia Board Report

Auditors' Report

Consolidated Statement

Sharia Supervisory Board Report on the Activities of GFH Financial Group B.S.C

for the year ended 31 December 2025

11 February 2025
12 Shaban 1446 AH

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 activates 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,

- The contracts, transactions and dealings entered by the Bank are in compliance with Islamic Sharia rules and principles.
- 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.
- Any earnings resulted from sources or means prohibited by the Islamic Sharia rules and principles, have been directed to the Charity account.
- 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.
- 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
Executive Member

Sheikh Abdulla Al Menai
President

Sheikh Abdulaziz Al Qassar
Executive Member

Sheikh Fareed Hadi
Executive Member

Independent Auditors’ Report to the Shareholders of

GFH Financial Group B.S.C, PO Box 10006, Manama, Kingdom of Bahrain

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 to the Shareholders (contd.)

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:	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.
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.	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.
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.	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.

Independent Auditors' Report to the Shareholders (contd.)

Impairment allowance on financing assets (contd.)

The key audit matter	How the matter was addressed in our audit
	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.

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.

Independent Auditors’ Report to the Shareholders (contd.)

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.

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

Independent Auditors’ Report to the Shareholders (contd.)

- 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.

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

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
		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:

Abdalmohsen 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 Income Statement

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

Abdalmohsen 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 & 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

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

Consolidated Statement of Changes in Owners' Equity

for the year ended 31 December 2025

US\$ 000's

31 December 2025	Attributable to shareholders of the Bank			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	Total		
Balance at 1 January 2025	1,015,637	(90,692)	59,368	(26,189)	(40,546)	56,918	6,440	980,936	134,155	1,115,091
Profit for the year	-	-	-	-	-	140,110	-	140,110	5,394	145,504
Other comprehensive income	-	-	-	26,189	13,176	-	-	39,365	1,222	40,587
Total comprehensive income for the year	-	-	-	26,189	13,176	140,110	-	179,475	6,616	186,091
Share-based payments	-	-	-	-	-	-	15,204	15,204	-	15,204
Issue of shares under incentive scheme	-	11,302	-	-	-	-	(11,302)	-	-	-
Transfer to zakah and charity fund	-	-	-	-	-	(1,500)	-	(1,500)	-	(1,500)
Dividends declared for 2024	-	-	-	-	-	(61,000)	-	(61,000)	-	(61,000)
Interim dividends declared for 2025	-	-	-	-	-	(20,000)	-	(20,000)	-	(20,000)
Transfer to statutory reserve	-	-	14,011	-	-	(14,011)	-	-	-	-
Purchase of treasury shares	-	(292,684)	-	-	-	-	-	(292,684)	-	(292,684)
Sale of treasury shares	-	213,496	-	-	-	2,120	-	215,616	-	215,616
Reduction in NCI on account of additional stake in susbsidiary	-	-	-	-	-	4,721	-	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	1,020,768	116,453	1,137,221

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

31 December 2024	Attributable to shareholders of the Bank				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	Total		
Balance at 1 January 2024	1,015,637	(125,525)	47,518	(2,135)	(13,612)	(46,103)	105,831	7,930	989,541	84,821	1,074,362
Profit for the year	-	-	-	-	-	-	118,504	-	118,504	10,010	128,514
Other comprehensive income	-	-	-	2,135	(12,577)	5,557	-	-	(4,885)	(756)	(5,641)
Total comprehensive income for the year	-	-	-	2,135	(12,577)	5,557	118,504	-	113,619	9,254	122,873
Share-based payments	-	-	-	-	-	-	-	10,000	10,000	-	10,000
Issue of shares under incentive scheme	-	11,490	-	-	-	-	-	(11,490)	-	-	-
Transfer to zakah and charity fund	-	-	-	-	-	-	(7,037)	-	(7,037)	-	(7,037)
Dividends declared for 2023	-	-	-	-	-	-	(61,000)	-	(61,000)	-	(61,000)
Transfer to statutory reserve	-	-	11,850	-	-	-	(11,850)	-	-	-	-
Purchase of treasury shares	-	(273,726)	-	-	-	-	-	-	(273,726)	-	(273,726)
Sale of treasury shares	-	297,069	-	-	-	-	(31,328)	-	265,741	-	265,741
Reduction in NCI due to additional stake in subsidiary	-	-	-	-	-	-	(18,842)	-	(18,842)	(84,059)	(102,901)
Additional NCI without a change in control	-	-	-	-	-	-	(37,360)	-	(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	980,936	134,155	1,115,091

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

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

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

	31 December 2025	31 December 2024
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

	Opening balance	Additions during the year	Income	Wakala Fee	Distributions/ Withdrawal during the year	NAV Movement	Closing Balance
31 December 2025	1,685,279	1,331,468	138,502	(29,286)	(425,993)	101,651	2,801,622

	Opening balance	Additions during the year	Income	Wakala Fee	Distributions/ Withdrawal during the year	NAV Movement	Closing Balance
31 December 2024	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).

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

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)	Kingdom of Bahrain	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 (contd.)

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:

- a) to provide unique investment opportunities and manage the wealth on behalf of its clients as an agent
- b) to provide specialised credit and financing services
- c) 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
- d) to actively manage treasury portfolio with the objective of earning higher returns from capital and measured investment opportunities

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

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.

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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

3. BASIS OF MEASUREMENT (contd.)

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 anagement 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.
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 contratual 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 (contd.)

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 financial reporting in line with the requirements of the respective AAOIFI FAS.

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 (contd.)

for the year ended 31 December 2025

4. SIGNIFICANT ACCOUNTING POLICIES (contd.)

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

(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 (contd.)

for the year ended 31 December 2025

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.

(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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

4. SIGNIFICANT ACCOUNTING POLICIES (contd.)

(b) Basis of consolidation (contd.)
(iii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of 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.

(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 losses 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 exists 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 venters 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 investees 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 investees, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

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.

(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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

4. SIGNIFICANT ACCOUNTING POLICIES (contd.)

(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

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 FVCOI 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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

(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.

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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

4. SIGNIFICANT ACCOUNTING POLICIES (contd.)

(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.

(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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

(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.

(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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

4. SIGNIFICANT ACCOUNTING POLICIES (contd.)

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

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.

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 propertiess

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 (contd.)

for the year ended 31 December 2025

(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 if intangible assets.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

4. SIGNIFICANT ACCOUNTING POLICIES (contd.)

(m) Intangible assets (contd.)

Other Intangible assets (contd.)

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.

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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

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.

(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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

4. SIGNIFICANT ACCOUNTING POLICIES (contd.)

(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).

(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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

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.

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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

4. SIGNIFICANT ACCOUNTING POLICIES (contd.)

(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.

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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

(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.

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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

4. SIGNIFICANT ACCOUNTING POLICIES (contd.)

(z)Employees benefits (contd.)

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.

(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 recognises 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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

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.

ii) 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).

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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

4. SIGNIFICANT ACCOUNTING POLICIES (contd.)

ae) Ijarah (contd.)

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 (contd.)

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

(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 (contd.)

for the year ended 31 December 2025

5. JUDGEMENTS AND ESTIMATES IN APPLYING ACCOUNTING POLICIES (contd.)

(b) Estimations (contd.)

(ii) Measurement of fair value of unquoted equity investments (contd.)

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.

(i) 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 (contd.)

for the year ended 31 December 2025

6. CASH AND BANK BALANCES

US\$ 000's		
	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

US\$ 000's		
	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 (contd.)

for the year ended 31 December 2025

7. TREASURY PORTFOLIO (contd.)

(a) Investments - At fair value through income statement

US\$ 000's		
	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

US\$ 000's		
	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

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

8. FINANCING CONTRACTS

US\$ 000's		
	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).

US\$ 000's				
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

US\$ 000's				
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:

US\$ 000's				
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

US\$ 000's				
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 (contd.)

for the year ended 31 December 2025

9 . PROPRIETARY ASSETS

US\$ 000's		
	31 December 2025	31 December 2024
I) Equity portfolio		
Investment securities mandatorily measured at FVTIS		
- Unquoted securities (i)	14,845	17,292
- Listed securities (ii)	260,001	81,288
	274,846	98,580
Investment securities designated as at FVOCI		
- Listed securities	-	17,324
- Equity type Sukuk	446,056	442,207
- Unquoted equity securities (iii)	65,198	62,598
	511,254	522,129
II) Investment properties		
- Land	611,377	493,792
- Building	214,306	178,042
	825,683	671,834
III) Development properties		
- Land	254,412	167,140
- Building	522,459	552,161
	776,871	719,301
IV) Co-investments		
Unquoted securities		
- Investment securities mandatorily measured at FVTIS	15,749	4,970
- Investment securities designated as at FVOCI	366,092	255,194
	381,841	260,164
V) Equity-accounted Investees portfolio		
	305,349	158,659
	3,075,844	2,430,667

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

US\$ 000's		
	2025	2024
At 1 January	17,292	2,942
Additions	-	9,393
Disposals, net	(1,846)	(496)
Fair value changes	(601)	5,453
At 31 December	14,845	17,292

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

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

US\$ 000's		
	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

US\$ 000's		
	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.

US\$ 000's		
	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.

US\$ 000's		
	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 (contd.)

for the year ended 31 December 2025

9 . PROPRIETARY ASSETS (contd.)

(iv) Co-investments

US\$ 000's		
	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)
	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 2025	Nature of business
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 doest not unilateral control over the equity accounted investess to direct the relevant activities and the control is exercise collectively together with the other shareholders*

US\$ 000's		
	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

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

10. RECEIVABLES AND OTHER ASSETS

US\$ 000's		
	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

US\$ 000's		
	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).

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

12. PLACEMENTS FROM NON-FINANCIAL INSITUTIONS 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.

13. TERM FINANCING

US\$ 000's		
	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).

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

14. OTHER LIABILITIES

US\$ 000's		
	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:

US\$ 000's		
	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

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

US\$ 000's		
	31 December 2025	31 December 2024
Bahrainis	211	223
Expatriates	41	39
	252	262

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

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

US\$ 000's		
	31 December 2025	31 December 2024
Placements and borrowings from financial institutions – Wakala	1,948,428	1,617,818
Mudaraba	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:

US\$ 000's		
	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 (contd.)

for the year ended 31 December 2025

17. SHARE CAPITAL

US\$ 000's		
	31 December 2025	31 December 2024
Authorised:		
9,433,962,264 shares of US\$ 0.265 each (2024: 9,433,962,264 shares of US\$ 0.265 each)	2,500,000	2,500,000
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)	1,015,637	1,015,637

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

US\$ 000's		
	2025	2024
At 1 January	1,015,637	1,015,637
Issue of bonus shares	-	-
At 31 December	1,015,637	1,015,637

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:

31 December 2025 Categories*	Number of shares	Number of Shareholders	% of total outstanding shares
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%

31 December 2024 Categories*	Number of shares	Number of Shareholders	% of total outstanding shares
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.

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

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

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

US\$ 000's		
	2025	2024
(A) Wealth and investment management		
Asset management income	73,257	50,104
Portfolio management income	23,513	21,553
Structuring and investment placement	55,561	57,630
Co-investment income	14,456	11,759
Associates income	7,334	30,202
	174,121	171,248
(B) Credit & financing		
Finance income	173,526	142,357
Underwriting income	50,907	72,402
- Less: Finance expense	(92,346)	(125,790)
- Fee and other income	23,069	22,778
	155,156	111,747
(C) Treasury and proprietary		
Fixed Income	254,070	242,309
ALM & Trading*	141,431	39,357
Proprietary and other income		
- Direct investment income	96,407	163,179
- Income from sale of assets	67,908	92,063
- Other operating income	20,824	3,569
Repo and FI Expenses	(190,378)	(158,112)
	390,262	382,365

*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

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

20. DISAGGREGATION OF REVENUE

US\$ 000's		
(A) Revenue recognised at a point in time	2025	2024
Wealth and investment management	77,351	99,591
Credit & financing	73,976	95,180
Treasury and proprietary	244,098	260,607
	395,425	455,378
Revenue recognised over time		
Wealth and investment management	96,770	71,657
Credit & financing	173,526	142,357
Treasury and proprietary	336,542	279,870
	606,838	493,884
Total revenue		
	1,002,263	949,262

(B) Gross finance income and expense	2025	2024
Finance income	566,132	494,629
Finance expense	(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

US\$ 000's		
	2025	2024
Bank balances	26	23
Treasury portfolio (note 7)	(2,252)	1,485
Financing contracts (note 8)	13,773	1,611
Proprietary assets	6,666	2,132
Other receivables (note 10)	9,040	13,058
Commitments and financial guarantees	(76)	(12)
	27,177	18,297

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

22. STAFF COST

US\$ 000's		
	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 portioned 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.

	2025		2024	
	No. of Shares	US\$ 000's	No. of Shares	US\$ 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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

23. OTHER OPERATING EXPENSES

US\$ 000's		
	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 (contd.)

for the year ended 31 December 2025

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:

					US\$ 000's
2025	Related parties			Assets under management including special purpose and other entities	Total
	Associates / Joint venture	Key management personnel	Significant shareholders / entities in which directors are interested		
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

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

					US\$ 000's
2024	Related parties			Assets under management including special purpose and other entities	Total
	Associates / Joint venture	Key management personnel	Significant shareholders / entities in which directors are interested		
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 Cost	48	371	19,786	-	20,205

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

24. RELATED PARTY TRANSACTIONS (contd.)

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 :

	US\$ 000's	
	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.

The weighted average number of ordinary equity shares for the comparative periods presented are adjusted for the issue of shares during the year without corresponding change in resources.

	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		
Basic and diluted earnings per share (US cents)	3.92	3.27

Diluted earnings per share

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

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

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.

	US\$ 000's	
	2025	2024
Sources of zakah and charity fund		
Contributions by the Group	5,900	8,034
Non-Sharia income (note 28)	46	55
Total sources	5,946	8,089
Uses of zakah and charity fund		
Contributions to charitable organisations	(6,930)	(3,027)
Total uses	(6,930)	(3,027)
Surplus of sources over uses		
Undistributed zakah and charity fund at beginning of the year	10,375	5,314
Undistributed zakah and charity fund at 31 December (note 14)	9,391	10,376
Represented by:		
Zakah payable	4,623	4,109
Charity fund	4,768	6,267
	9,391	10,376

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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

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.

US\$ 000's						
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						
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	1,882,301	1,363,228	815,704	2,628,944	5,511,938	12,202,115
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	3,150,634	1,538,538	755,718	1,186,307	1,115,768	7,746,965
Quasi Equity						
Quasi Equity	1,016,175	407,823	302,783	323,335	1,267,813	3,317,929
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

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

US\$ 000's						
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						
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						
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

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

31. CONCENTRATION OF ASSETS, LIABILITIES AND QUASI EQUITY

(a) Industry Sector

US\$ 000's				
31 December 2025	Banks and financial institutions	Real Estate	Others	Total
Assets				
Cash and bank balances	211,511	27,961	9,758	249,230
Treasury portfolio	3,822,077	134,355	1,335,491	5,291,923
Financing contracts	466,859	798,254	1,264,804	2,529,917
Proprietary assets	2,577,555	456,261	42,028	3,075,844
Receivables and prepayments	778,196	105,417	116,792	1,000,405
Property and equipment	9,173	4,757	40,866	54,796
Total assets	7,865,371	1,527,005	2,809,739	12,202,115
Liabilities				
Clients Accounts	83,666	11,249	240,485	335,400
Placements from financial institutions	3,044,067	-	-	3,044,067
Placements from non-financial institutions and individuals	4,905	245,897	1,029,289	1,280,091
Term financing	2,518,468	3,217	1,831	2,523,516
Payables and accruals	347,938	54,268	161,685	563,891
Total liabilities	5,999,044	314,631	1,433,290	7,746,965
Quasi Equity				
	1,796,880	83,587	1,437,462	3,317,929
Off-balance sheet items				
Forward contract	3,711,497	-	-	3,711,497
Off- balance- sheet investment accounts	1,998,260	-	569,435	2,567,695
Commitments	-	66,842	230,347	297,189

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

US\$ 000's				
31 December 2024	Banks and financial institutions	Real Estate	Others	Total
Assets				
Cash and bank balances	420,470	28,476	11,020	459,966
Treasury portfolio	3,700,900	169,925	980,809	4,851,634
Financing contracts	278,153	718,489	1,061,515	2,058,157
Proprietary assets	1,978,717	401,576	50,374	2,430,667
Receivables and prepayments	1,042,783	8,450	122,153	1,173,386
Property and equipment	8,786	32,774	15,655	57,215
Total assets	7,429,809	1,359,690	2,241,526	11,031,025
Liabilities				
Clients Accounts	201,745	10,655	300,332	512,732
Placements from financial institutions	2,444,459	-	-	2,444,459
Placements from non-financial institutions and individuals	521,985	159,899	710,920	1,392,804
Term financing	2,007,158	12,740	129,860	2,149,758
Payables and accruals	352,179	3,624	79,561	435,364
Total liabilities	5,527,526	186,918	1,220,673	6,935,117
Quasi Equity				
	1,620,308	111,223	1,249,286	2,980,817
Off-balance sheet items				
Forward contract	1,974,787	-	-	1,974,787
Commitments	16,578	61,648	175,211	253,437
Off- balance- sheet investment accounts	1,323,097	-	365,992	1,689,089

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

31. CONCENTRATION OF ASSETS, LIABILITIES AND QUASI EQUITY (contd.)

(b) Geographic region

US\$ 000's						
31 December 2025	GCC countries	MENA	Asia	North America	Others	Total
Assets						
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	2,781,422	233,870	-	-	28,775	3,044,067
Placements from non-financial institutions and individuals	1,103,756	30,430	145,905	-	-	1,280,091
Term Financing	2,440,244	-	-	-	83,272	2,523,516
Payables and accruals	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						
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 (contd.)

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US\$ 000's						
31 December 2024	GCC countries	MENA	Asia	North America	Others	Total
Assets						
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						
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 (contd.)

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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 (contd.)

for the year ended 31 December 2025

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

US\$ 000's

31 December 2025	Wealth & Investment Management	Credit & Financing Income	Treasury and Proprietary Income	Total
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
Other segment information				
Equity accounted investees	286,918	18,431	-	305,349
Commitments	15,000	94,607	187,583	297,190

US\$ 000's

31 December 2024	Wealth & Investment Management	Credit & Financing Income	Credit & Financing Income	Total
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
Other segment information				
Equity accounted investees	141,374	17,285	-	158,659
Commitments	13,150	94,607	145,680	253,437

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

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 financial institutions, receivables and other financial assets, clients' funds, placements from institutions and individuals, customer current accounts and other financial liabilities are not expected to be materially different from their carrying values as these are short term in nature and are re-priced frequently to market rates, where applicable. Investment securities carried at fair value through profit or loss are carried at their fair values determined using quoted market prices.

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 o 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)

US\$ 000's				
31 December 2025	Level 1	Level 2	Level 3	Total
(i) Treasury portfolio				
Investment securities carried at fair value through:				
- income statement	23,330	561,340	7,324	591,994
- comprehensive income	767,890	525,822	-	1,293,712
	791,220	1,087,162	7,324	1,885,706
(ii) Proprietary assets				
Investment securities carried at fair value through:				
- income statement	166,699	93,302	30,594	290,595
- comprehensive income	-	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

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for the year ended 31 December 2025

US\$ 000's				
31 December 2024	Level 1	Level 2	Level 3	Total
(i) Treasury portfolio				
Investment securities carried at fair value through:				
- income statement	-	308,181	-	308,181
- comprehensive income	1,176,331	-	-	1,176,331
	1,176,331	308,181	-	1,484,512
(ii) Proprietary assets				
Investment securities carried at fair value through:				
- income statement	-	98,580	255,194	353,774
- comprehensive income	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

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

US\$ 000's		
	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

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (contd.)

Fair Value Hierarchy (contd.)

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:

US\$ 000's

Valuation technique used	Key unobservable inputs	Fair value at 31 December 2025	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		

As on 31 December 2024:

US\$ 000's

Valuation technique used	Key unobservable inputs	Fair value at 31 December 2025	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		

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

34. COMMITMENTS AND CONTINGENCIES

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

US\$ 000's

	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 (contd.)

for the year ended 31 December 2025

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.

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).

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

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, ris 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 (contd.)

for the year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT (contd.)

Risk Management Framework (contd.)

a) Credit risk (contd.)

Exposures subject to credit risk

US\$ 000's				
31 December 2025	Stage 1	Stage 2	Stage 3	Total
Balances with banks and placements with financial				
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
Past due but not impaired				
Grade 1-6 Low-Fair Risk	194,326	95,915	-	290,241
Grade 7 Watch list	-	16,995	-	16,995
Past due comprises:				
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

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

US\$ 000's				
31 December 2025	Stage 1	Stage 2	Stage 3	Total
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

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT (contd.)

Risk Management Framework (contd.)

a) Credit risk (contd.)

Exposures subject to credit risk (contd.)

	US\$ 000's			
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

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

	US\$ 000's			
31 December 2024	Stage 1	Stage 2	Stage 3	Total
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

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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT (contd.)

Risk Management Framework (contd.)

a) Credit risk (contd.)

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 o 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

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

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

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).

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 Grou 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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT (contd.)

Risk Management Framework (contd.)

a) Credit risk (contd.)

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.

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.

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for the year ended 31 December 2025

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.

Notes to the Consolidated Financial Statements (contd.)

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35. FINANCIAL RISK MANAGEMENT (contd.)

Risk Management Framework (contd.)

a) Credit risk (contd.)

Measurement of ECLs (contd.)

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

US\$ 000's				
2025	12month ECL (Stage1)	Lifetime ECL not credit impaired (Stage2)	Lifetime ECL Credit 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	12month ECL (Stage1)	Lifetime ECL not credit impaired (Stage2)	Lifetime ECL Credit 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

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

US\$ 000's				
2024	12month ECL (Stage1)	Lifetime ECL not credit impaired (Stage2)	Lifetime ECL Credit 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

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

2024	12month ECL (Stage1)	Lifetime ECL not credit impaired (Stage2)	Lifetime ECL Credit 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

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT (contd.)

Risk Management Framework (contd.)

a) Credit risk (contd.)

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 (contd.)

for the year ended 31 December 2025

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.

US\$ 000's						
	31 December 2025			31 December 2024		
	Financing contracts	Assets acquired for leasing (including lease rentals receivable)	Total	Financing contracts	Assets acquired for leasing (including lease rentals receivable)	Total
Against impaired						
Property	65,170	18,865	84,034	60,528	17,520	78,048
Other	1,393	-	1,393	1,294	-	1,294
Against past due but not impaired						
Property	69,488	71,347	140,836	64,538	66,265	130,803
Other	16,663	-	16,663	15,477	-	15,477
Against neither past due nor impaired						
Property	449,050	333,851	782,902	417,066	310,074	727,140
Other	63,202	-	63,202	58,700	-	58,700
Total	664,966	424,063	1,089,030	617,603	393,859	1,011,462

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT (contd.)

Risk Management Framework (contd.)

a) Credit risk (contd.)

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:

US\$ 000's		
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.

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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

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:

	Liquid asset / Total asset	
	2025	2024
At 31 December	45.41%	48.46%
Average for the year	47.62%	46.61%
Maximum for the year	49.06%	48.46%
Minimum for the year	45.41%	45.07%

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.

US\$ 000's		
	Average 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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT (contd.)

Risk Management Framework (contd.)

b) Liquidity risk (contd.)

Measures of Liquidity (contd.)

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%.

US\$ 000's					
Item	No Specified Maturity	Less than 6 months	More than 6 months & less than one year	Over one year	Total weighted value
As at 31 December 2025					
Available Stable Funding (ASF):					
Capital:					
Regulatory Capital	986,030	-	-	44,085	1,030,114
Other Capital Instruments	-	-	-	-	-
Retail deposits and deposits from small business customers:					
Stable deposits	-	112,793	8,652	619	115,992
Less stable deposits	-	2,700,808	847,283	155,987	3,349,269
Wholesale funding:					
Operational deposits	-	-	-	-	-
Other Wholesale funding	-	5,045,215	662,642	1,091,031	5,963,045
Other liabilities:					
NSFR Shari'a-compliant hedging contract liabilities	-	-	-	-	-
All other liabilities not included in the above categories	-	218,665	-	428,629	428,629
Total ASF					10,887,049
Required Stable Funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	108,633
Deposits held at other financial institutions for operational purposes	-	-	-	-	-
Performing financing and sukuk/ securities:	-	1,375,918	-	1,414,700	1,408,883
Performing financial to financial institutions by level 1 HQLA	-	-	-	5,109	5,109
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
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
With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	-	-	-	-
Performing residential mortgages, of which:	-	-	-	-	-
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	-	-
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
Other assets:					
Physical traded commodities, including gold	-	-	-	-	-
Assets posted as initial margin for Shari'a-compliant hedging contracts contracts and contributions to default funds of CCPs	-	-	-	-	-
NSFR Shari'a-compliant hedging assets		-	-	-	7,324
NSFR Shari'a-compliant hedging contract liabilities before deduction of variation		-	-	-	-
All other assets not included in the above categories	3,926,482	-	-	-	3,926,482
OBS items	-	-	-	-	118,854
Total RSF	-	2,619,311	241,140	3,530,578	8,079,679
NSFR(%)	-	-	-	-	135%

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

US\$ 000's					
Item	No Specified Maturity	Less than 6 months	More than 6 months & less than one year	Over one year	Total weighted value
As at 31 December 2024					
Available Stable Funding (ASF):					
Capital:					
Regulatory Capital	970,191	-	-	37,669	1,007,860
Other Capital Instruments	-	-	-	-	-
Retail deposits and deposits from small business customers:					
Stable deposits	-	65,905	29,479	867	91,481
Less stable deposits	-	2,545,891	707,728	94,156	3,022,413
Wholesale funding:					
Operational deposits		-	-	-	-
Other Wholesale funding	-	4,192,610	626,516	1,228,072	5,314,678
Other liabilities:					
NSFR Shari'a-compliant hedging contract liabilities	-	-	-	-	-
All other liabilities not included in the above categories	-	493,681	-	31,852	31,852
Total ASF	-	-	-	-	9,468,285
Required Stable Funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	1,966,526	-	-		96,049
Deposits held at other financial institutions for operational purposes	-	-	-	-	-
Performing financing and sukuk/ securities:	-	1,327,483	-	1,089,511	1,125,207
Performing financial to financial institutions by level 1 HQLA	-	-	-	-	-
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
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
With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	-	-	-	-
Performing residential mortgages, of which:	-	-	-	-	-
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	-	-
Securities/sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	700,060	-	487,126	837,156
Other assets:					
Physical traded commodities, including gold	-	-	-	-	-
Assets posted as initial margin for Shari'a-compliant hedging contracts contracts and contributions to default funds of CCPs	-	-	-	-	-
NSFR Shari'a-compliant hedging assets	-	-	-	-	3,536
NSFR Shari'a-compliant hedging contract liabilities before deduction of variation	-	-	-	-	-
All other assets not included in the above categories	3,354,998	-	-	-	3,354,998
OBS items	-	-	-	-	97,366
Total RSF	-	2,464,301	97,683	3,254,896	7,116,764
NSFR(%)	-	-	-	-	133%

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT (contd.)

Risk management framework (contd.)

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.

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:

US\$ 000's						
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 (contd.)

for the year ended 31 December 2025

US\$ 000's						
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:

US\$ 000's		
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%

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

37. FINANCIAL RISK MANAGEMENT (contd.)

Risk Management Framework (contd.)

c) Market risks (contd.)

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 Groups 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:

	US\$ 000's Equivalent	
	2025	2024
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:

	US\$ 000's Equivalent	
	2025	2024
Sterling Pounds	± 1,238	± 5,412
Euros	± (31)	± (1,237)
Egyptian Pound	-	-
Kuwaiti dinar	± 537	± 6,975
Turkish Lira	± 1,500	± 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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

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.

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.

Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2025

36. CAPITAL MANAGEMENT (contd.)

Tier 2 Capital (contd.)

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 Bank’s regulatory capital position was as follows:

	US\$ 000's	
	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%

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.

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