

بنك السلام
Al Salam Bank



20

عاماً
YEARS

كُتِبَتْ بِأَيْدِيكُمْ Written by You

AGM & EGM 2026

Content

Firstly

Annual Ordinary General Meeting for the Year Ended 31 December 2025

05	Agenda of the Annual Ordinary General Meeting 2026
07	Minutes of the previous Ordinary General Meeting held on 19 March 2025
14	Board of Directors' report on the Bank's activities for the financial year ended 31 December 2025
18	Shari'a Supervisory Board's report for the financial year ended 31 December 2025
21	External auditors' report on the consolidated financial statements of the Bank for the financial year ended 31 December 2025
26	Consolidated Financial Statements of the Bank for the financial year ended 31 December 2025
101	Operations and Transactions with Related Parties
102	Recommendations of the Board of Directors for Appropriation of the Net Profit
103	Board of Directors Remuneration
105	Corporate Governance Report
137	Absolve the Members of the Board of Directors from Liability for their actions for the Year Ended 31 December 2025
138	Appoint or Reappoint the Shari'a Supervisory Board for the Year Ended 31 December 2026
139	Appoint or Reappoint External Auditors for the Year Ended 31 December 2026
140	Other matters that may arise

Secondly

Annual Extraordinary General Meeting for the Year Ended 31 December 2025

142	Agenda of the Extra Ordinary General Meeting 2026
144	Minutes of the Extra Ordinary General Meetings held on 27 November 2025
151	Approve Increase of the Issued and Paid-up Share Capital
152	Approve Amending the Memorandum of Association and Articles of Association for the Bank
153	Authorize to Sign the Amended and Restated Memorandum and Articles of Association of the Bank

Firstly

ANNUAL GENERAL ASSEMBLY MEETING For the Year Ended 31 December 2025

Thursday 12 March 2026

Al Ghazal 3 Ballroom
Ritz Carlton
Kingdom of Bahrain

Agenda of the Annual Ordinary General Meeting

For the Year Ended 31 December 2025

1. To approve the minutes of the previous Annual Ordinary General Meeting held on 19 March 2025.
2. To discuss and approve the Board of Directors' report on the Bank's activities for the financial year ended 31 December 2025.
3. To discuss the Shari'a Supervisory Board's report for the financial year ended 31 December 2025.
4. To discuss the external auditors' report on the consolidated financial statements of the Bank for the financial year ended 31 December 2025.
5. To discuss and approve the consolidated financial statements of the Bank for the financial year ended 31 December 2025.
6. To report the transactions carried out by the Bank during the financial year ended 31 December 2025 with any related parties or major shareholders of the Bank as presented in the note (no. 30) to the consolidated financial statements in accordance with Article 189 of the Commercial Companies Law No. 21 for the year 2001 and its amendments.
7. To approve the recommendations of the Board of Directors with respect to the following appropriations of the available net profit attributable to shareholders for the financial year ended 31 December 2025 as follows:
 - a. Transfer of BD 7.683 million to the statutory reserves.
 - b. Distribute a total Dividends of 15% of the issued and paid-up share capital of the Bank, amounting to BD 44.117 million, for the financial year ended 31 December 2025, as follows:
 - 8% as cash dividends, equivalent to 8 fils per share amounting to BD 23.344 million, excluding treasury shares;
 - 7% as bonus shares, amounting to BD 20.773 million - i.e. (1 share for each 14.3 shares held).

The last day of trading with entitlement to dividends is 13 March 2026 on Dubai Financial Market and 15 March 2026 on Bahrain Bourse, and the first day of trading without entitlement to dividends is 16 March 2026. The record date is 17 March 2026 and the dividends will be paid to the entitled shareholders on 1 April 2026 on Dubai Financial Market and 5 April 2026 on Bahrain Bourse .
 - c. Retain BD 1 million for charitable donations and social welfare programs.
 - d. Transfer of the remaining balance of BD 13.028 million to retained earnings account.
8. To approve remuneration to the members of the Board of Directors amounting to BD 1.300 million, for the financial year ended 31 December 2025.
9. To receive and discuss the Bank's Corporate Governance Report for the financial year ended 31 December 2025, as required by the Central Bank of Bahrain and Ministry of Industry and Commerce.
10. To absolve the members of the Board of Directors from any liability for their actions as directors during the financial year ended 31 December 2025.
11. To reappoint the Shari'a Supervisory Board for the financial year ending 31 December 2026 and authorize the Board of Directors to determine their remuneration.
12. To reappoint external auditors for the financial year ending 31 December 2026 and authorize the Board of Directors to determine their remuneration, taking in consideration that this appointment will be subject to the approval of the Central Bank of Bahrain.
13. To discuss and approve any other matters that may arise as per Article 207 of the Commercial Companies' Law.

01

**To approve the minutes of the
previous Annual Ordinary General
Meeting held on 19 March 2025**

Minutes of the 2025 Annual General Assembly Meeting

Time:

11:00 a.m. - Venue: Ritz Carlton Hotel - Manama, Kingdom of Bahrain

Meeting Chairman:

The meeting was presided over by H.E. Sheikh Khalid Bin Mustahail Al Mashani, Chairman of the Board of Directors.

Legal Quorum:

The Chairman announced that the legal quorum was met for holding the Ordinary General Assembly Meeting in accordance with the Bahrain Commercial Companies Law and the Articles of Association of the Bank, as the attendance stood at 75.43%, in person and by proxy, of the total share capital.

Meeting Rapporteur:

The General Assembly authorized the Counsellor - Mr. Eihab Abdullatif Ahmed, Board Secretary as meeting's rapporteur.

The meeting was attended by the following Members of the Board of Directors:

1.	H.E Sh. Khalid Bin Mustahail Al Mashani,	Chairman
2.	Mr. Salman Saleh Al Mahmeed,	Director
3.	Mr. Salim Abdulla Al Awadi,	Director
4.	Mr. Ahmed Habib Kassim,	Director
5.	Mr. Alhur Mohammed AlSuwaidi,	Director
6.	Mr. Tariq Abdul Hafeedh Al Aujaili,	Director

Board Secretary:

1.	Counsellor Mr. Eihab Abdullatif Ahmed
----	---------------------------------------

Attended by Fatwa and Shari'a Supervisory Board:

1.	Dr. Osama Bahar	Member
----	-----------------	--------

Attended by the Executive Management:

1.	Mr. Rafik Al Nayed	Group Chief Executive Officer (CEO).
2.	Mr. Anwar Murad	Deputy Chief Executive Officer
3.	Counsellor Eihab Ahmed	Deputy Chief Executive Officer, Board Secretary
4.	Mr. Yousif Ebrahim	Chief Financial Officer (CFO)

Minutes of the 2025 Annual General Assembly Meeting (continued)

The meeting was also attended by:

1.	Ms. Khadija Juma,	Representative of the Central Bank of Bahrain.
2.	Mr. Husien Mohammed,	Representative of the Central Bank of Bahrain.
3.	Ms. Fatima AlJar,	Representative of the Central Bank of Bahrain.
4.	Ms. Nada Al Thawadi,	Representative of The Ministry of Industry and Commerce.
5.	Mr. Jalil Al Aali,	Representative of the KPMG Fakhro – External Auditors.
6.	Mr. Parvin Manik,	Representative of the KPMG Fakhro – External Auditors
7.	Ms. Heba Mubarak,	Representative of Bahrain Clear, Share Registrar
8.	Ms. Noor Sadeq,	Representative of Bahrain Clear, Share Registrar
9.	Ms. Rawan Albanki,	Representative of Bahrain Clear, Share Registrar
10.	Mr. Senan AlSherooqi,	Representative of Bahrain Bourse.

H.E Sh. Khalid Bin Mustahail Al Mashani, the Chairman of the meeting, who welcomed the shareholders and thanked them for attending the meeting. He also welcomed the representatives of the Central Bank of Bahrain, the Ministry of Industry and Commerce, KPMG, and the Registrars Bahrain Clear, and presented the agenda of the meeting as follows:

1. To approve the minutes of the previous Annual Ordinary General Meeting held on 31 March 2024:

H.E Sh. Khalid Bin Mustahail Al Mashani stated that a copy of the mentioned minutes has been sent to all shareholders, and no comments or inquiries have been received regarding it, He requested the attending shareholders to provide any remarks they may have or to approve the minutes and ratify them as presented.

The minutes were approved with no remarks or amendments.

Resolution No. (1) The Ordinary General Assembly unanimously approved the minutes of the previous meeting held on 31st March 2024.

2. To discuss and approve the Board of Directors' Report on the Bank's activities for the financial year ended 31 December 2024.

H.E Sh. Khalid Bin Mustahail Al Mashani, the Chairman of the Board of Directors presented the Board of Directors' Report discussing the exceptional achievements and distinguished growth that AlSalam Bank has achieved, which demonstrated its significant ability to adapt flexibly and clearly to a complex global economic environment. Also addressed the bank's future plans, and requested any potential input from the shareholders on the Board of Directors Report.

There were no remarks on the Board of Directors' Report.

Resolution No. (2); The Ordinary General Assembly unanimously approved the Board of Directors' Report on the Bank's activities for the financial year ended 31 December 2024.

3. To receive the Shari'a Supervisory Board's report for the financial year ended 31 December 2024:

Dr. Osama Bahar, member of the Fatwa and Shari'a Supervisory Board, presented the report of Fatwa and Shari'a Supervisory Board and underlined that the Bank is in compliance with the rules and principals of Shari'a in respect of all businesses and transactions of the Bank is the responsibility of the Bank's management. The Shari'a Supervisory Board representative confirmed that the transactions executed by the Bank during the year, to the extent of the information and data made available to it by the Bank's Management, do not conflict, in general, with the rules and principles of Shari'a. He also confirmed that the accuracy of information, data, numbers, and correctness of the profit distribution are the responsibility of the management.

Resolution No. (3): The Ordinary General Assembly Meeting Unanimously approved the Report of the Bank's Fatwa and Shari'a Supervisory Board for the year ended 31 December 2024.

Minutes of the 2025 Annual General Assembly Meeting (continued)

4. To receive the external auditor's report on the consolidated financial statements of the Bank for the financial year ended 31 December 2024.

Mr. Jalil Ala'ali representative of KPMG Fakhro, the Bank's external auditors, presented the external auditors report. He stated that the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 31 December 2024, and consolidated results of its operations, changes in equity, its cash flows, for the year then ended in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

There were no other remarks on the report.

Resolution No. (4): The Ordinary General Assembly unanimously approved the report of the External Auditors for the year ended 31 December 2024.

5. To discuss and approve the consolidated financial statements of the Bank for the financial year ended 31 December 2024:

Mr. Yousif Ebrahim, (CFO), presented the financial statements for the year ended 31 December 2024, providing a detailed overview of the bank's financial performance. The bank achieved a net profit attributable to shareholders of BHD 59 million (an increase of 40% compared to the previous period), Additionally, total assets increased to BHD 7.063 billion, compared BHD 5.147 billion in 2023. The financing and Sukuk portfolios grew by 39%, reaching BHD 5.1 billion.

The presentation also highlighted the major strategic achievements and regional expansion of the bank during 2024, which included the successful completion of the acquisition of Kuwait Finance House – Bahrain within six months, which is recognized as the fastest banking transition in the region. Furthermore, ASB Capital was established as an asset management arm, aiming to achieve USD 10 billion in managed assets by 2027. He also noted the Bank's acquisition of a majority stake (68%) in AlSalam Bank Algeria to enhance the bank's presence in North Africa. Moreover, the presentation addressed the various awards and achievements the bank received during the year, reflecting the esteemed position achieved through strong performance and efforts, as well as the progress made in sustainability and social responsibility initiatives. Mr. Ebrahim also presented an overview of the digital projects implemented to enhance digital transformation and banking innovation. Finally, he requested the shareholders to present their comments regarding the financial statements.

Shareholder, Mr. Ali AlTareef praised the bank for obtaining the DSIB classification, which is considered a significant achievement for the bank's standing. He then inquired about the bank's acquisitions, highlighting its successful and extensive track record in this area. He noted that other banks are following the same path and asked whether these acquisitions would present competition. Sh. Khalid explained that the acquisitions have contributed to increasing the bank's market share and expanding its operations. As for competition, he emphasized that it is beneficial as it motivates the board and the management team to put in greater efforts to meet the shareholders' aspirations.

Shareholder Ms. Shaima Tuhani congratulated the bank on its significant success in all financial aspects. She also raised several inquiries summarized in the following points:

She asked about the improvement in net profit by 44%, specifically what percentage of this growth is attributable to Al Salam Bank's operations alone, and what percentage can be attributed to the acquisition of Kuwait Finance House - Bahrain. Mr. Ahmed Saif, the Head of Strategy & Planning, clarified that most of the profits (more than 90% of the profits) were achieved from Al Salam Bank's operations. She further inquired about the impact of acquisition KFHB of increase in total customer deposits by 38%. Mr. Ahmed Saif explained that the growth in deposits resulted from the bank's expansion activities, in addition to the growth arising from the acquisition of Kuwait Finance House - Bahrain.

Ms. Shaima also questioned the injection of quasi-equity into the equity (AT1) in the form of wakala and mudaraba, asking how sustainable this type of equity is, and whether it is permanent and will continue to exist in the balance sheet. Mr. Ahmed Saif commented regarding mudaraba that the mentioned speculation (Tier 1 capital) is considered sustainable as long as the conditions and agreements governing it remain in place and are managed effectively.

Minutes of the 2025 Annual General Assembly Meeting (continued)

Regarding Ms. Tahami's last inquiry about the bank still not being rated by rating agencies, she asked if this matter is part of the plan or not estimated. The Group CEO, Mr. Rafik, explained that the subject is being studied carefully and thoroughly. He added that the bank is still in a phase of expansion and growth, and to build a solid foundation and achieve the established plans, the bank will not seek classification at this time until the strategic plans are completed. Ms. Shaima also praised the bank's Bahrainization rate, which is estimated at 93%, and called for an increase in the percentage of female employees in the bank.

Then, shareholder Mr. Ali AlTareef inquired regarding the bank's shareholding in Bank of Bahrain and Kuwait and the plan in this respect. He also asked about the possibility of studying the acquisition of the Bank of Bahrain and Kuwait. Sh. Khalid Al Mashani stated that the first obstacle is that we are an Islamic bank, and our estimated share of 26% is inherited from the acquisition of Ithmaar retail portfolio. The Group CEO also indicated that our goal is to become the leading Islamic bank in Bahrain; however, there are obstacles related to balancing between Islamic and conventional banks. Therefore, the idea of acquiring or merging with the Bank of Bahrain and Kuwait may not be feasible at this time.

Since there were no further comments and inquiries about the financials:

Resolution No. (5): The Ordinary General Assembly approved the Bank's consolidated financial statements for the year ended 31 December 2024 as presented by the Board of Directors.

6. To report the transactions carried out by the Bank during the financial year ended 31 December 2024 with any related parties or major shareholders of the Bank as presented in the note no. 29 to the consolidated financial statements in accordance with Article 189 of the Commercial Companies Law No. 21 for the year 2001 and its amendments:

The related parties transactions were shown according to note (No 29) of the consolidated financial statement.

Resolution No (6): The Ordinary General Assembly agreed to ratify and approved the operations and transactions carried out during the year ended 31 December 2024 with any related parties or major shareholders of the Bank as presented in the note (No. 29) of the consolidated audited financial statements.

7. To approve the recommendations of the Board of Directors with respect to the following appropriations of the net profit attributable to shareholders for the financial year ended 31 December 2024, as follows:

- a. Transfer of BD 5.901 million to the statutory reserves.
- b. Distribute a total dividends of 14% of the issued and paid-up share capital of the Bank, amounting to BD 37.533 million, for the financial year ended 31 December 2024, as follows:
 - 6% as cash dividends, equivalent to 6 Bahraini fils per share amounting to BD 15.551 million, excluding treasury shares;
 - 8% as bonus shares, equating to 21.982 million shares – i.e. (1 share for each 12.5 shares held).

The last day of trading with entitlement to dividends is 20 March 2025, and the first day of trading without entitlement to dividends is 21 March 2025 on Dubai Financial Market (DFM) and 23 March 2025 on Bahrain Bourse. The record date is 24 March 2025 and the dividends will be paid to the entitled shareholders on 7 April 2025.

- c. Retain BD 1 million for charitable donations and social welfare programs.
- d. Transfer of the remaining balance of BD 10.569 million to retained earnings account.

There were no further observations on the proposed distributions as outlined above. The assembly approved the distribution proposal as presented by the Board of Directors:

Minutes of the 2025 Annual General Assembly Meeting (continued)

Resolution No (7): The Ordinary General Assembly unanimously approved the allocation of the net profits of the financial year ended 31 December 2024 as follows:

- a. Transfer of BD 5.901 million to the statutory reserves.
- b. Distribute a total dividends of 14% of the issued and paid-up share capital of the Bank, amounting to BD 37.533 million, for the financial year ended 31 December 2024, as follows:
 - 6% as cash dividends, equivalent to 6 Bahraini fils per share amounting to BD 15.551 million, excluding treasury shares;
 - 8% as bonus shares, equating to 21.982 million shares – i.e. (1 share for each 12.5 shares held).

The last day of trading with entitlement to dividends is 20 March 2025, and the first day of trading without entitlement to dividends is 21 March 2025 on Dubai Financial Market (DFM) and 23 March 2025 on Bahrain Bourse. The record date is 24 March 2025 and the dividends will be paid to the entitled shareholders on 7 April 2025.

- c. Retain BD 1 million for charitable donations and social welfare programs.
- d. Transfer of the remaining balance of BD 10.569 million to retained earnings account.

8. To approve remuneration to the members of the Board of Directors amounting to BD 1.110 million, for the financial year ended 31 December 2024

Resolution No. (8): The Ordinary General Assembly unanimously approved the remuneration to the members of the Board of Directors amounting BD 1.110 million for the year ended 31 December 2024.

9. To receive and discuss the Bank's Corporate Governance Report for the financial year ended 31 December 2024, as required by the Central Bank of Bahrain and the Ministry of Industry and Commerce

The Chairman requested the shareholders to present their comments on the Corporate Governance Report.

With no comments or objections, the report was approved by an absolute majority of shareholders represented at the meeting.

Resolution No. (9): The Ordinary General Assembly approved the Bank's Corporate Governance Report for the financial year ended 31 December 2024, as required by the Central Bank of Bahrain and the Ministry of industry and Commerce.

10. To absolve the members of the Board of Directors from any liability for their actions as directors during the financial year ended 31 December 2024

The shareholders agreed on discharging the members of the Board of Directors from any liability.

Resolution No. (10): The Ordinary General Assembly agreed to absolving the members of the Board from any liability for their actions as directors during the financial year ended 31 December 2024.

Minutes of the 2025 Annual General Assembly Meeting (continued)

11. To appoint or reappoint the Shari'a Supervisory Board for the financial year ending 31 December 2025 and authorize the Board of Directors to determine their remuneration

The Board of Directors recommended to reappoint the members of the Shari'a Supervisory Board for the required period for the financial year ending 31 December 2025 and requested the shareholders to present their comments and suggestions. The assembly approved the Board's recommendation to reappoint the Shari'a Supervisory Board as follows:

Resolution No. (11): The Ordinary General Assembly unanimously agreed to reappoint the members of Shari'a Supervisory Board for the required period in the financial year ending 31 December 2025, and authorized the Board of Directors to determine their remuneration as follows:

1. Sheikh Adnan Abdulla Al Qattan
2. Sheikh Dr Fareed Yaqoob Almeftah
3. Sheikh Dr. Nizam Yaqubi
4. Sheikh Dr. Osama Bahar

12. To appoint or reappoint external auditors for the financial year ending 31 December 2025 and authorize the Board of Directors to determine their remuneration, taking in consideration that this appointment will be subject to the approval of the Central Bank of Bahrain

The Board recommended that the External Auditors, KPMG is to be reappointed for the audit work for the financial year ended 31 December 2025 and requested the shareholders to present their comments and suggestions. Since there were no remarks on the proposal, the assembly approved the Board's recommendation to reappoint the External Auditors as follows:

Resolution No: (12): The Ordinary General Assembly unanimously agreed to reappoint KPMG to carry out the external auditing work for the financial year ending 31 December 2025 and authorized the Board of Directors to determine their fees, subject to the approval of the Central Bank of Bahrain.

13. To discuss and approve any other matters that may arise as per Article 207 of the Commercial Companies' Law:

No new matter was discussed under this item.

There were no further matters for discussion in the agenda of the meeting, H.E. Sh. Khalid Bin Mustahail Al Mashani, the Chairman, expressed his thanks to all attended shareholders, representatives of the official authorities, directors and the Executive Management for their continued support, and announced the end of the meeting.

The meeting closed at 11:40 afternoon.

H. E. Sh. Khalid Bin Mustahail Al Mashani
Chairman of the Board
Chairman of the Meeting

Counsellor Mr. Ehab Abdullatif Ahmed
Deputy Chief Executive Officer
Board Secretary
Meeting Rapporteur

02

To discuss and approve the Board of Directors' report on the Bank's activities for the financial year ended 31 December 2025

Board of Directors' Report – 2025 Financial Year Results

The global economic environment in 2025 was characterized by heightened uncertainty across trade, policy direction, and geopolitical developments. While global growth moderated modestly compared to 2024, economic fundamentals across the GCC remained supportive, underpinned by sustained investment activity and continued economic diversification efforts. These factors continued to support regional resilience and provide a foundation for sustainable growth, despite ongoing global challenges.

In Bahrain, economic growth is expected to stabilize at 3.5% in 2025, up from 3.0% in 2024, supported by the continued expansion of various sectors including infrastructure, logistics, fintech, and tourism. During the year, Bahrain's sovereign credit rating was revised downwards, prompting the implementation of reforms aimed at strengthening fiscal position and furthering revenue diversification. These initiatives reflect a broader commitment to reinforcing the Kingdom's long-term economic resilience and macroeconomic stability.

Against this backdrop, Al Salam Bank navigated the operating environment with discipline and focus, remaining committed to executing its strategy, diversifying revenues, expanding regionally, and delivering sustainable growth. It is our pleasure to present our Annual Report for 2025 to our esteemed shareholders, customers, and partners, outlining the strategic progress achieved during the year and the priorities shaping the group's next phase of growth.

Over recent years, Al Salam Bank strengthened its presence through a combination of organic expansion and strategic inorganic growth, evolving into a diversified regional financial group. In 2025, the focus increasingly shifted towards optimization and performance, ensuring that the scale achieved translates into sustainable profitability, operational efficiency, and balance sheet resilience. This represents a natural and important progression for the group, aligning growth ambitions with long-term financial sustainability.

The group delivered record financial performance during the year with gross operating income of BD 444.2 million (USD 1.18 billion), an increase of 13.3% compared to 2024. Driven by the improved performance of the group's core banking operations, effective asset liability management, and the implementation of group-wide optimization initiatives, net profit attributable to shareholders reached BD 76.8 million (USD 203.8 million), increasing by 30.2% compared to BD 59.0 million (USD 156.5 million) in 2024.

The group also continued to expand its balance sheet, with consolidated assets closing at BD 8.05 billion (USD 21.36 billion), an increase of 14.0% from BD 7.06 billion (USD 18.73 billion) in 2024, supported by higher financing assets and an expanded fixed income portfolio. Growth across business verticals was achieved alongside a continued emphasis on resilience and balance sheet strength. During the year, we further strengthened our capital position through targeted capital-building initiatives, growing total equity by 26.3% to reach BD 749.7 million (USD 1.99 billion), compared to BD 593.4 million (USD 1.57 billion) in 2024. As a result, the group's capital adequacy ratio increased from 24.8% in 2024 to 27.2% in 2025, reinforcing the group's capacity to support future growth while maintaining a strong capital buffer.

In light of the strong 2025 performance, and consistent with our firm commitment to enhance long-term sustainable value for our shareholders, the Board of Directors has recommended a dividend distribution of 15% of the bank's issued and paid-up share capital (8% cash dividends and 7% stock dividends), aggregating to BD 44.1 million (USD 117.0 million). This recommendation remains subject to AGM and regulatory approvals.

Our disciplined approach to balance sheet optimization and funding management served as a key enabler for growth. In response to dynamic market conditions, Al Salam Bank continued to optimize its asset allocation and funding profile through a strategic focus on sovereign fixed income instruments, selective participation in high credit-quality exposures across local and regional markets, and further diversifying the group's funding base. Collectively, these efforts supported income growth during the year, improved risk-adjusted returns, and further enhanced our balance sheet positioning.

Alongside the continued strengthening of its domestic platform, the group made further progress in expanding its regional footprint through its subsidiaries and new growth verticals, including ASB Capital. During the year, the successful listing of the XASB Sukuk ETF on the London Stock Exchange, in partnership with Xtrackers by DWS, represented an important milestone in broadening international access to ethical investment solutions. ASB Capital also launched its global equity fund, global Sukuk fund, global technology fund, and MENA equity fund during 2025. These developments reflect the group's growing regional presence and its ability to connect international capital with high-quality opportunities, while further diversifying its revenue sources.

Board of Directors' Report – 2025 Financial Year Results (continued)

As part of our strategic roadmap to consistently invest in digital capabilities to support our scale, agility, and disciplined growth, we strengthened our digital foundations this year through a comprehensive infrastructure modernization program, while continuing to roll out digital offerings including our new wealthtech proposition. These capabilities underpin the group's efforts to enhance customer experience, promote financial inclusion, and support growth across its core and emerging business segments.

Throughout the year, the group remained guided by its brand promise, "we nurture relationships by enriching experiences." This commitment is reflected not only in how the bank serves its customers, but also in how it supports its people and contributes to the communities in which it operates. Social responsibility initiatives continued to focus on building capability, inclusion, and opportunity, recognizing that sustainable value creation is shaped as much by societal progress as it is by financial performance.

As we close 2025, I would like to thank the bank's valued customers, shareholders, and partners for their continuing support and loyalty, and in particular, to the entire AI Salam Bank team whose effort and commitment underpins our success and reputation.

In line with the Commercial Companies Law No. (21) of 2001 and its amendments, and pursuant to the provisions of Article No. (188) of the Commercial Companies Law and Article No. (125) of the Executive Regulations of Resolution No. (3) for the year 2023, we are pleased to attach the table below that shows the remuneration of members of the Board and the Executive Management for the year ending 31 December 2025.

Disclosure forms for the remuneration of members of the Board of Directors and the Executive Management in the report of the board of directors

First: Board of directors' remuneration details:

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others*	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others**	Total			
First: Independent Directors:													
1. Mr. Salim Abdullah Al Awadi	140,000	52,000	-	-	192,000	-	-	-	-	-	-	192,000	-
2. Mr. Alhur Mohammed Al Suwaidi	140,000	72,000	-	-	212,000	-	-	-	-	-	-	212,000	-
3. Mr. Tariq Abdul Hafidh Al- Aujaili	140,000	72,000	-	-	212,000	-	-	-	-	-	-	212,000	-
4. Mr. Ahmed Habib Kassim	140,000	60,000	-	-	200,000	-	-	-	-	-	-	200,000	-
Second: Non-Executive Directors:													
1. H. E. Shaikh Khalid Al Mashani	180,000	79,000	-	-	259,000	-	-	-	-	-	-	259,000	-
2. Mr. Matar Mohamed Al Blooshi	140,000	52,000	-	-	192,000	-	-	-	-	-	-	192,000	-
3. Mr. Salman Saleh Al Mahmeed	140,000	44,000	-	-	184,000	-	-	-	-	-	-	184,000	-
4. Mr. Zayed Ali Al-Amin	140,000	68,000	-	-	208,000	-	-	-	-	-	-	208,000	-
5. Mr. Hisham Saleh Al-Saie	140,000	44,000	-	-	184,000	-	-	-	-	-	-	184,000	-
Total	1,300,000	543,000	-	-	1,843,000	-	-	-	-	-	-	1,843,000	-

Note: All amounts stated in Bahraini Dinars. The Bank does not have any Executive Directors

Other remunerations:

* No in-kind benefits.

** No share of the profits.

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

Board of Directors' Report – 2025 Financial Year Results (continued)

Second: Executive management remuneration details:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2025	Aggregate Amount
Top 6 remunerations for executives, including CEO* and Senior Financial Officer**	2,038,500	1,942,760	1,344,620	5,325,880

Note: All amounts must be stated 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 Paid salaries and allowances exclude indirect staff expenses such as GOSI contributions, leave and indemnity accruals, medical insurance and air travel reimbursements.
- 2 Other cash remuneration include sales based incentives and board remuneration earned by executive management from their role in investee companies or other subsidiaries.
- 3 In addition to the benefits reported above, the Bank also operates a long-term share incentive plan (LTIP) that allows employees to participate in a share-ownership plan. Under the terms of the LTIP, employees allocated shares, would vest and acquired by employees over a performance period of 5 years. The non-cash accounting charge for the LTIP is assessed under IFRS 2 - Share-based payment and recognized over the vesting period of 5 years. No new share awards were made during 2025. Refer to the Remuneration related disclosures in the Annual Report for a better understanding of the Bank's variable remuneration framework components.



H.E. Shaikh Khalid Bin Mustahil Al Mashani

Chairman

9 February 2026

Manama, Kingdom of Bahrain

03

**To discuss the Shari'a
Supervisory Board's report
for the financial year ended
31 December 2025**

Fatwa & Shari'a Supervisory Board Report to the Shareholders

In the name of Allah, the Beneficent and the Merciful

*Praise be to Allah; Prayers and peace be upon the most ennobled messenger,
our Prophet Muhammad and his companion.*

The Report of Shari'a Supervisory Board of Al Salam Bank B.S.C. ("the Board") submitted to the General Assembly on the Bank's activities during the financial year ending 31 December 2025.

First: Memorandum and Articles of Association

Al Salam Bank, B.S.C. operates as an Islamic Bank authorized by the Central Bank of Bahrain. We therefore confirm that the Memorandum and Articles of Association of the Bank are in conformity with the rules and principles of Shari'a.

Second: Activities of the Bank and Board's Guidance

The Board has supervised the activities and transactions of the Bank during the reporting year either directly or through the Sharia Board executive Committee and/or the Sharia Compliance department, it has, therefore, instructed and guided various departments to comply with the rules and principles of Shari'a and fatwas of the Board in relation to such activities and transactions. During the year, the SSB has held four meetings with the senior staff of the Bank, all of which are conducted physically. Also, SSB Executive Committee conducted three meetings.

Third: Contracts and Transactions

The Board studied the operational structures that have been presented to it during the year, approved their contracts and documents, and responded to the questions and inquiries that were raised in respect thereof and issued decisions and fatwas in this regard. These fatwas and decisions have been circulated to the concerned departments of the Bank for execution and implementation. It has also reviewed and studied drafts of the contracts and agreements that were presented to it in respect to sukus (investment certificates), syndicated financing transactions and investment funds and approved them after its comments were considered.

Fourth: Access to Records

The Management of the Bank has positively cooperated with the Board and based on its request, allowed it to access the records, information and data of the Bank that are necessary for it to perform its tasks or are relevant to Sharia audit and Sharia supervision.

Fifth: Shari'a Audit

The Board has reviewed Internal Shari'a Audit reports and pointed out its observations on the reports. The Board further reviewed and discussed the external Shari'a Auditor observations and took note of these observations.

Sixth: Training

The Board has taken note of the efforts of the Bank's Management in training its employees and recommended that the Management continues to conduct regular training programmes for its employees in order to raise the level of Shari'a performance and compliance.

Seventh: Balance Sheet

The Board has reviewed the balance sheet, profit and loss accounts, accounting policies for the preparation of the financial statement and the basis of distributing dividends and profits to the shareholders and depositors.

The Board believes that the financial information presented in the balance sheet, to the extent of correct presentation and information provided by the Bank's Management and the Bank's compliance with some observations, did not result in non-compliance of the underlying transactions with the rules and principles of Shari'a. The Bank have set-aside and purified non-Sharia compliant earnings by channelling them to relevant accounts established for disbursement of charity amounts. The Board, therefore, approved the balance sheet.

Fatwa & Shari'a Supervisory Board Report to the Shareholders (continued)

Eighth: Zakah

Since the Articles of Association of the Bank do not oblige the Bank to pay Zakah on behalf of shareholders, and on the invested Shareholder's equity, the Board has reviewed the calculation of the Zakah payable by the shareholders in order to be disclosed in the balance sheet. The Zakah calculation was prepared in line with Shari'a Standards no.35 on Zakah and Financial Accounting Standards no.39 on Financial Reporting for Zakah issued by Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"). Resultantly, the Board approved the calculation of Zakah and instructed the bank to notify Shareholders of the Zakah for this year as a disclosure in the balance sheet.

Ninth: Charity Fund

The Board has ensured, through its representative in the Social Committee, that all non-Sharia compliant income and dividends are channelled to the Bank's Charity Fund, The amount had been paid to the licensed Charitable organization upon approved of SSB from either the previous transactions due to merger and conversion of conventional banks into Al Salam Bank or any other arising reasons.

Decision of the Board

The Board emphasizes that compliance to the rules and principles of the Shari'a in respect of all the businesses and transactions of the Bank is the responsibility of the Bank's Management. The Board confirms that the transactions executed by the Bank during the year, to the extent of the information and the data made available to it by the Bank's Management, do not conflict, in general, with the rules and principles of Shari'a and standards issued by Accounting and Auditing Organization for Islamic Financial Institutions "AAOIFI". The Board also confirms that the accuracy of information, data, numbers, and correctness of the profit distribution are the responsibility of the management.

Allah is the guider to the right path.

The Board wishes for the Bank a continuous success and rectitude in doing things that pleases Allah.

Fatwa and Shari'a Supervisory Board



Shaikh Adnan Abdulla AIQattan

Chairman



Dr. Fareed Yaqoob AIMeftah

Vice Chairman



Dr. Nedham Mohamed Yaqoobi

Member



Dr. Osama Mohamed Bahar

Member



Dr. Mohammed Arbouna

Head – Shari'a Compliance Department

04

**To discuss the external auditors' report
on the consolidated financial statements
of the Bank for the financial year ended
31 December 2025**

Independent Auditors' Report to the Shareholders

Al Salam Bank B.S.C., Manama, Kingdom of Bahrain
31 December 2025

Opinion

We have audited the accompanying consolidated financial statements of Al Salam Bank 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 assets under management 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 its consolidated results of operations, consolidated income and attribution related to quasi-equity, consolidated changes in owners' equity, consolidated cash flows, and consolidated changes in off-balance sheet assets under management 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

Al Salam Bank B.S.C., Manama, Kingdom of Bahrain

31 December 2025

Impairment allowance on financing contracts

Refer to accounting policy in Note 3 (e), disclosure on use of estimates and judgment in Note (2.2) and management of credit risk in Note (33.2) to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>We focused on this area because:</p> <ul style="list-style-type: none"> • of the significance of financing contracts representing 50% of total assets; • impairment of financing contracts involves: <ul style="list-style-type: none"> ➢ complex estimates and judgement over both timing and recognition of impairment including susceptibility to management bias; ➢ use of statistical models and methodologies for determination of expected credit losses. The Group exercises significant judgments and makes a number of assumptions in developing its expected credit loss ("ECL") models which is determined as a function of the assessment of the probability of default ("PD"), loss given default ("LGD"), and exposure at default ("EAD") associated with the underlying financial assets; and ➢ complex disclosure requirements regarding credit quality of the portfolio including explanation of key judgments and material inputs used in determination of expected credit losses; • 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; and • adjustments to the ECL model results are made by management to address known impairment model limitations or emerging trends or risks. 	<p>Our procedures included, but not limited to:</p> <ul style="list-style-type: none"> • 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 <p>Control testing</p> <p>We performed process walkthroughs to identify key systems, applications and controls associated with the ECL calculation process.</p> <p>Key aspects of our control testing involved the following:</p> <ul style="list-style-type: none"> • Testing controls over the transfer of data between underlying source systems and the 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. <p>Tests of details</p> <p>Key aspects of our testing involved:</p> <ul style="list-style-type: none"> • 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 source data. • Assessing the adequacy of provisions against individually impaired financing assets (stage 3) in accordance with the applicable FAS. <p>Use of specialists</p> <p>For the relevant portfolios examined, we have involved our 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:</p> <ul style="list-style-type: none"> • We involved our Information Technology Audit specialists to test the relevant General IT and Application Controls over key systems used for data extraction as part of the ECL calculation process. • We involved our credit risk specialists in: <ul style="list-style-type: none"> ➢ Evaluating the appropriateness of the Group's ECL methodologies (including the staging criteria used); ➢ On a test check basis, re-performing the calculation of certain components of the ECL model (including the staging criteria); ➢ Evaluating the appropriateness of the Group's methodology for determining the economic scenarios used and the probability weights applied to them; and ➢ 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. <p>Disclosures</p> <p>We assessed the adequacy of the Group's disclosure in relation to use of significant estimates and judgement and credit quality of financing assets by reference to the requirements of relevant accounting standards.</p>

Independent Auditors' Report to the Shareholders

Al Salam Bank B.S.C., Manama, Kingdom of Bahrain
31 December 2025

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 Board of Directors' report 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.

In connection with our audit of the consolidated 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 ASIFs 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 ASIFs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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.

Independent Auditors' Report to the Shareholders

Al Salam Bank B.S.C., Manama, Kingdom of Bahrain

31 December 2025

- 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 2001 (as amended) 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 Board of Directors' report is consistent with the consolidated financial statements;
- c) we are not aware of any violations during the year of the Commercial Companies Law 2001 (as amended), 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 Jalil Al Aali.



KPMG Fakhro
Partner Registration Number 100
9 February 2026

05

**To discuss and approve
the consolidated financial
statements of the Bank for
the financial year ended 31
December 2025**

Consolidated Statement of Financial Position

As at 31 December 2025

	Note	2025 BD '000	2024 BD '000
ASSETS			
Balances with banks and central banks	5	775,733	633,611
Placements with financial institutions	6	456,634	476,450
Investments in sukuk	7	1,934,154	1,447,803
Financing contracts	8	4,066,788	3,661,670
Non-trading investments	10	96,004	97,944
Takaful and related assets	11	29,748	26,353
Investments in real estate	12	84,129	129,295
Investments in associates	13	279,000	255,008
Other assets	14	100,767	129,894
Goodwill and intangible assets	15	230,939	204,750
TOTAL ASSETS		8,053,896	7,062,778
LIABILITIES, QUASI-EQUITY AND OWNERS' EQUITY			
LIABILITIES			
Placements from financial institutions and individuals	16	117,586	171,016
Murabaha term financings	17	1,076,354	751,062
Customers' current accounts		1,486,337	1,279,886
Takaful and related liabilities	11	93,460	75,550
Other liabilities	18	142,366	127,822
TOTAL LIABILITIES		2,916,103	2,405,336
QUASI-EQUITY			
Wakala from financial institutions		556,945	420,231
Wakala and mudaraba from customers		3,831,128	3,643,830
TOTAL QUASI-EQUITY	19	4,388,073	4,064,061
OWNERS' EQUITY			
Share capital	20	296,760	274,778
Treasury shares		(8,684)	(28,010)
Employees incentive scheme shares		(2,986)	(6,617)
Share premium		209	209
Retained earnings		82,111	60,563
Reserves		95,037	59,554
Equity attributable to owners' of the Bank		462,447	360,477
Other equity participations	22	209,124	159,026
Non-controlling interests		78,149	73,878
TOTAL OWNERS' EQUITY		749,720	593,381
TOTAL LIABILITIES, QUASI-EQUITY AND OWNERS' EQUITY		8,053,896	7,062,778



H.E. Shaikh Khalid bin Mustahil Al Mashani
Chairman



Matar Mohamed Al Blooshi
Deputy Chairman



Rafik Nayed
Group Chief Executive Officer

The attached notes 1 to 43 form an integral part of the consolidated financial statements.

Consolidated Income Statement

Year ended 31 December 2025

	Note	2025 BD '000	2024 BD '000
INCOME			
Income from financing contracts	24	247,786	236,373
Income from placements with financial institutions		29,478	24,888
Income from investments in sukuk		103,119	71,568
Finance expense on placements from financial institutions and individuals		(8,116)	(11,287)
Finance expense on murabaha term financing		(46,333)	(30,851)
Other finance expense		(4,571)	(3,470)
Net finance income		321,363	287,221
Fees and commissions, net	25	27,927	26,267
Share of profit of associates	13	21,423	18,169
Income from takaful operations, net	26	3,424	5,357
Other income	27	11,088	9,437
Total income		385,225	346,451
EXPENSES			
Staff cost	28	46,693	44,346
Other operating expenses	29	65,052	50,019
Total expenses		111,745	94,365
Profit before allowances for impairment, income attribution to quasi-equity and tax			
		273,480	252,086
Allowance for impairment on financial instruments	9	(35,912)	(21,173)
Profit before income attribution to quasi-equity and tax		237,568	230,913
Income attributable to quasi-equity		(145,046)	(154,516)
Profit before tax		92,522	76,397
Tax expense		(7,063)	(6,896)
PROFIT FOR THE YEAR		85,459	69,501
ATTRIBUTABLE TO:			
- Owners' of the Bank		76,834	59,012
- Non-controlling interest		8,625	10,489
		85,459	69,501
Basic and diluted earnings per share (fils)	23	22.7	19.2

H.E. Shaikh Khalid bin Mustahil Al Mashani
Chairman

Matar Mohamed Al Blooshi
Deputy Chairman

Rafik Nayed
Group Chief Executive Officer

The attached notes 1 to 43 form an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2025

	2025 BD '000	2024 BD '000
Profit for the year	85,459	69,501
Other comprehensive income		
Items that are or may be reclassified subsequently to the income statement		
Fair value changes on investments carried at fair value through other comprehensive income	23,262	7,905
Share of movements in fair value reserve of associates	3,557	4,276
Movement in foreign currency translation reserve	4,528	1,381
Share in fair value reserve attributable to quasi-equity	(3,403)	(5,376)
Total other comprehensive income	27,944	8,186
Total comprehensive income for the year	113,403	77,687
ATTRIBUTABLE TO:		
- Owners' of the Bank	103,427	67,124
- Non-controlling interests	9,976	10,563
	113,403	77,687

The attached notes 1 to 43 form an integral part of the consolidated financial statements.

Consolidated Statement of Income and Attribution Related to Quasi-Equity

Year ended 31 December 2025

	Note	2025 BD '000	2024 BD '000
Profit before allowances for impairment, income attribution to quasi-equity and tax		273,480	252,086
Adjusted for:			
Income not attributable to quasi-equity		(51,318)	(42,086)
Expenses not attributable to quasi-equity		111,745	94,365
Share of income for Bank's investments, net		(80,021)	(61,054)
Allowance for impairment attributable to quasi-equity		(11,956)	(5,635)
Other finance expense		4,571	3,470
Total income available for quasi-equity holders		246,501	241,146
Mudarib's share		(9,098)	(5,995)
Wakala incentive		(92,357)	(80,635)
Profit distributable to quasi-equity	A	145,046	154,516
Other comprehensive income – attributable to quasi-equity - before recycling to statement of income			
Items that will not be classified to income statement		3,403	5,376
Other comprehensive income not subject to immediate distribution		(3,403)	(5,376)
Other comprehensive income subject to immediate distribution	B	-	-
Total income attributable to quasi-equity	C=A+B	145,046	154,516

The attached notes 1 to 43 form an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Owners Equity

Year ended 31 December 2025

	Attributable to owners of the bank											Total owners' equity				
	Employee incentive scheme				Reserves				Equity				Non-controlling interest			
	Share capital	Treasury shares	Employee incentive scheme shares	Share premium	Share	Retained earnings	Statutory reserve	Share grant scheme	Investment fair value reserve	Real estate fair value reserve	Foreign exchange translation reserve			Total reserves	Attributable to Bank's equity participations	Other equity participations
Balance at 1 January 2025	274,778	(28,010)	(6,617)	209	60,563	31,883	947	4,198	22,683	(157)	59,554	360,477	159,026	73,878	593,381	
Profit for the year	-	-	-	-	76,834	-	-	-	-	-	-	76,834	-	-	8,625	85,459
Other comprehensive income	-	-	-	-	-	-	-	23,416	-	3,177	26,593	26,593	-	-	1,351	27,944
Issuance of other equity participations	-	-	-	-	-	-	-	-	-	-	-	-	51,021	-	-	51,021
Issuance cost on other equity participations	-	-	-	-	388	-	-	-	-	-	-	388	(923)	(388)	-	(923)
Profit distribution on other equity participations	-	-	-	-	(11,006)	-	-	-	-	-	-	(11,006)	-	-	(1,221)	(12,227)
Bonus shares issued	21,982	-	-	-	(21,982)	-	-	-	-	-	-	-	-	-	-	-
Cash dividend for the year 2024	-	-	-	-	(16,211)	-	-	-	-	-	-	(16,211)	-	-	-	(16,211)
Movement of treasury shares, net	-	19,326	-	-	2,208	-	-	-	-	-	-	21,534	-	-	-	21,534
Shares vested	-	-	3,631	-	-	-	1,207	-	-	-	1,207	4,838	-	-	-	4,838
Transfer to statutory reserve	-	-	-	-	(7,683)	7,683	-	-	-	-	7,683	-	-	-	-	-
Appropriation towards charity fund	-	-	-	-	(1,000)	-	-	-	-	-	-	(1,000)	-	-	-	(1,000)
Movements in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,096)	(4,096)
Balance at 31 December 2025	296,760	(8,684)	(2,986)	209	82,111	39,566	2,154	27,614	22,683	3,020	95,037	462,447	209,124	78,149	749,720	
Balance at 1 January 2024	261,693	(6,799)	(8,770)	209	44,348	25,982	2,120	(2,607)	22,691	(1,464)	46,722	337,403	-	-	71,247	408,650
Impact of adoption of FAS.42 and 43	-	-	-	-	(1,332)	-	-	-	-	-	-	(1,332)	-	-	(1,290)	(2,622)
Restated balance as at 1 January 2024	261,693	(6,799)	(8,770)	209	43,016	25,982	2,120	(2,607)	22,691	(1,464)	46,722	336,071	-	-	69,957	406,028
Profit for the year	-	-	-	-	59,012	-	-	-	-	-	-	59,012	-	-	10,489	69,501
Other comprehensive income	-	-	-	-	-	-	-	6,805	-	1,307	8,112	8,112	-	-	74	8,186
Sale of investment in real estate	-	-	-	-	-	-	-	-	(8)	-	(8)	(8)	-	-	-	(8)
Issuance of other equity participations	-	-	-	-	-	-	-	-	-	-	-	-	162,464	-	-	162,464
Issuance cost on other equity participations	-	-	-	-	-	-	-	-	-	-	-	-	(3,438)	-	-	(3,438)
Profit distribution on other equity participations	-	-	-	-	(4,009)	-	-	-	-	-	-	(4,009)	-	-	-	(4,009)
Bonus shares issued	13,085	-	-	-	(13,085)	-	-	-	-	-	-	-	-	-	-	-
Cash dividend for the year 2023	-	-	-	-	(17,947)	-	-	-	-	-	-	(17,947)	-	-	-	(17,947)
Movement of treasury shares, net	-	(21,211)	-	-	-	-	-	-	-	-	-	(21,211)	-	-	-	(21,211)
Shares vested	-	-	2,153	-	(23)	-	(1,173)	-	-	-	(1,173)	957	-	-	957	
Transfer to statutory reserve	-	-	-	-	(5,901)	5,901	-	-	-	-	5,901	-	-	-	-	-
Appropriation towards charity fund	-	-	-	-	(500)	-	-	-	-	-	-	(500)	-	-	-	(500)
Movements in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,642)	(6,642)
Balance at 31 December 2024	274,778	(28,010)	(6,617)	209	60,563	31,883	947	4,198	22,683	(157)	59,554	360,477	159,026	73,878	593,381	

The attached notes 1 to 43 form an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	2025 BD '000	2024 BD '000
OPERATING ACTIVITIES		
Profit for the year	85,459	69,501
Adjustments:		
Tax expense	7,063	6,896
Depreciation and amortisation	12,876	8,056
Amortisation of sukuk, net	(913)	(1,324)
Allowance for impairment on financial instruments	35,912	21,173
Share of profits from associates	(21,423)	(18,169)
Operating income before changes in operating assets and liabilities	118,974	86,133
Changes in operating assets and liabilities:		
Mandatory reserve with central banks	13,990	(65,703)
Murabaha and Wakala receivables from banks	(13,594)	(692)
Financing contracts	(437,936)	32,509
Takaful and related assets	20,028	41,017
Other assets	13,589	(5,033)
Placements from financial institutions and individuals	(53,430)	(81,447)
Customers' current accounts	206,451	94,096
Takaful and related liabilities	(28,654)	(38,943)
Other liabilities	4,241	(10,127)
Quasi-equity	320,609	110,236
Net cash from operating activities	164,268	162,046
INVESTING ACTIVITIES		
Purchase of sukuk, net	(441,190)	(199,761)
Cash acquired as part of business combination	12,254	77,967
Cash paid for business acquisition	(69,146)	(214,488)
Disposal of securities and real estate	64,781	14,700
Dividends received from associates	17,576	15,052
Purchase of premises and equipment	(2,207)	(2,721)
Net cash used in investing activities	(417,932)	(309,251)
FINANCING ACTIVITIES		
Drawdown of murabaha term financing	325,292	240,214
Dividends paid	(16,211)	(17,947)
Issuance of other equity participations, net.	39,092	155,017
Movement on treasury shares, net	21,534	(21,211)
Net cash from financing activities	369,707	356,073
NET INCREASE IN CASH AND CASH EQUIVALENTS	116,043	208,868
Cash and cash equivalents at 1 January	920,511	711,643
CASH AND CASH EQUIVALENTS AT 31 December	1,036,554	920,511
Cash and cash equivalents comprise of:*		
Cash and unrestricted balances with central banks*	179,021	267,314
Balances with commercial banks **	400,891	176,741
Placements with financial institutions with original maturities of less than 90 days*	456,642	476,456
	1,036,554	920,511
Profit received	359,199	341,951
Dividends received	18,926	15,052
Profit paid	201,229	187,091

* Cash and cash equivalents is gross of the expected credit loss of BD 195 thousand (2024: BD 135 thousand).

** Balances with commercial banks is net of restricted cash of BD 28,191 thousand (2024: BD 8,194 thousand) which is not available for day to day operations.

The attached notes 1 to 43 form an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Off-Balance-Sheet Assets Under Management

Year ended 31 December 2025

	Movement during the year					Amounts in BD '000s
	Balance at 1 January 2025	Investment / (withdrawals)	Revaluation	Gross income	Bank's fees as an agent	Balance at 31 December 2025 Total
31 December 2025	471,448	36,324	5,889	23,622	(1,165)	536,118
Fixed income portfolio	471,448	36,324	5,889	23,622	(1,165)	536,118
Equity and funds portfolio	33,425	100,091	-	1,909	(1,429)	133,996
Real estate portfolio	140,846	(4,965)	(2,891)	603	(143)	133,450
Other portfolio	5,955	-	(1,117)	-	-	4,838
	651,674	131,450	1,881	26,134	(2,737)	808,402

	Movement during the year					Amounts in BD '000s
	Balance at 1 January 2024	Investment / (withdrawals)	Revaluation	Gross income	Bank's fees as an agent	Balance at 31 December 2024 Total
31 December 2024	157,647	305,496	-	9,102	(797)	471,448
Fixed income portfolio	157,647	305,496	-	9,102	(797)	471,448
Equity and funds portfolio	50,396	(16,960)	-	12	(23)	33,425
Real estate portfolio	128,195	4,880	156	8,969	(1,354)	140,846
Other portfolio	5,963	-	-	-	(8)	5,955
	342,201	293,416	156	18,083	(2,182)	651,674

The attached notes 1 to 43 form an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

As at 31 December 2025

1 REPORTING ENTITY

Al Salam Bank B.S.C. ("the Bank") was incorporated in the Kingdom of Bahrain under the Bahrain Commercial Companies Law No. 21/2001 (as amended) and registered with Ministry of Industry and Commerce ("MOIC") under Commercial Registration number 59308 on 19 January 2006. The Bank is regulated and supervised by the Central Bank of Bahrain ("the CBB") and has an Islamic retail banking license and operates under Islamic principles in accordance with all relevant regulatory guidelines for Islamic banks issued by the CBB.

The Bank's registered office is at Building 935, Road 1015, Block 410, Sanabis, Kingdom of Bahrain. The Bank's ordinary shares are listed on Bahrain Bourse and Dubai Financial Market.

The principal subsidiaries as follows:

Name of entity	Country of incorporation	Principal activities	% holding	
			2025	2024
Al Salam Bank- Seychelles limited.	Seychelles	Banking services	70.0%	70.0%
Solidarity Group Holding B.S.C. (c).*	Kingdom of Bahrain	Holding Company for insurance business	55.9%	55.9%
Al Salam Bank Algeria (S.P.A).	Algeria	Banking services	68.0%	68.0%
ASB Capital limited.	United Arab Emirates	Assets management	100.0%	100.0%
ASB Finance B.S.C. (c) (formerly Kuwait Finance House (Bahrain) B.S.C. (c)).	Kingdom of Bahrain	Banking services	100.0%	100.0%

The Bank and its principal banking subsidiaries operates through 20 branches (2024: 24 branches) in the Kingdom of Bahrain, 26 branches in Algeria (2024: 25 branches) and 1 branch (2024: 1 branch) in Seychelles and offer a full range of Shari'a-compliant banking services and products. The activities of the Bank includes managing profit sharing investment accounts, offering Islamic financing contracts, dealing in Shari'a-compliant financial contracts as principal / agent, managing Shari'a-compliant financial contracts and other activities permitted under the CBB's Regulated Islamic Banking Services as defined in the licensing framework.

* Its main subsidiary is Solidarity investment company BSC, a takaful insurance company listed on Bahrain Bourse.

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries together (the "Group") as at 31 December 2025.

The consolidated financial statements have been authorised for issue in accordance with a resolution of the Board of Directors dated 9 February 2026.

2 BASIS OF PREPARATION

2.1 BASIS OF ACCOUNTING

The consolidated financial statements are prepared in accordance with the Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), and in conformity with the Bahrain Commercial Companies Law 2001 (as amended) and the guidelines of CBB and Financial Institutions Law.

In line with the requirements of AAOIFI and the CBB rule book, for matters not covered under AAOIFI accounting standards the group takes guidance from the relevant International Financial Reporting Standards ("IFRS accounting standards") issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements of the Group are prepared on a historical cost basis, except for certain investment in sovereign and corporate sukuk, non-trading investments, investments properties, which are carried at fair value.

These consolidated financial statements are presented in Bahraini Dinars, being the functional and presentation currency of the Bank, rounded to the nearest thousand [BD '000], except where otherwise indicated.

Notes to the Consolidated Financial Statements

As at 31 December 2025

2 BASIS OF PREPARATION (continued)

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to make judgments and estimates that affect the reported amount of financial assets, financial liabilities and income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are revised on an ongoing basis. Revisions to estimates are recognised prospectively.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimating uncertainty at the date of the consolidated statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment assessment of financial contracts subject to credit risk

In determining expected credit losses ('ECL') on financial contracts subject to credit risk, significant estimates are made in determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information. Refer to notes 3(e) and 33.2 for further details.

Impairment of goodwill

Impairment exists when carrying value of asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The recoverable amount of the cash-generating unit's goodwill is based on value-in-use calculations using cash flow projections from financial budgets approved by the Board of Directors, extrapolated for three years projection using nominal projected growth rate. The determination of projected growth rate and discount rate involves judgment whereas, preparation of cash flow projections requires various management assumptions.

The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates based on the actual loss experience. Refer to note 3(p) and note 15.

Impairment of investments at fair value through other comprehensive income

The Group determines that investments carried at fair value through other comprehensive income (FVTOCI) are impaired when there has been a significant or prolonged decline in the fair value below their cost. This determination of what is significant or prolonged requires judgment. The Group generally considers a decline in value below cost of 30%, or a decline that persists for more than 9 months as an indicator of impairment.

Fair value of unquoted equity securities

The Group determines fair value of equity investments that are not quoted in active markets by using well-recognized valuation techniques such as discounted cash flows, net assets value, income approaches 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 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. In case where discounted cash flow models have been used to estimate fair values, the future cash flows have been estimated by the management based on information from and discussions with representatives of investee companies and based on the latest available audited and un-audited 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

As at 31 December 2025

2 BASIS OF PREPARATION (continued)

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Valuation of investments in real estate

Valuation of investments in real estate measured at fair value involve judgment and is normally based on one of the following recognised valuation models:

- valuation by independent external valuers of underlying properties / projects;
- recent arm's length market transactions;
- 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.

Estimating fair value of investment property and net realizable value of development property

Investment properties are carried at their fair values. Development property is stated at lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

The Group appoints experienced external valuers under A category approved by Real Estate Regulatory Authority to determine the market value of the investment and development properties at the statement of financial position date. For large development projects, a residual value approach is adopted which forecasts future cost to completion and use of the expected development. The management 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 / forecasted market selling prices for similar properties. Net realizable value estimates are made at a specific point in time, based on market conditions and information about the expected use of development property.

Judgments

Going concern

The management has made an assessment of the Group's ability to continue on a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Control over 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 financial statements of special purpose entities are not included in these consolidated financial statements except when the Group controls the entity. 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.

Investment classification

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 equity 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.

Significant judgement is involved in assessment of the business model within which the investments are managed and assessment of whether the contractual terms of the investment represents either a debt-type instrument or other investment instrument having reasonably determinable effective yield.

Notes to the Consolidated Financial Statements

As at 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method when the acquired set of activities meets the definition of a business. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and recognizes the resulting gain or loss, if any, in the consolidated income statement.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

In a business combination in which the Bank and the acquiree exchange only equity interests, the acquisition-date fair value of the acquiree's equity interests is used to determine the amount of goodwill.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see 3(p)). Any gain on a bargain purchase is recognized in consolidated income statement immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in consolidated income statement.

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 equity of investment accountholders.

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.

Investments acquired that do not meet the definition of business combination are recorded as assets acquisitions e.g. financial assets or investment in properties as appropriate. When such investments are acquired, the Group allocates the cost of acquisition between the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. Cost of such assets is the sum of all consideration given and any non-controlling interest recognized. If the non-controlling interest has a present ownership interest and is entitled to a proportionate share of net assets upon liquidation, the Group recognizes the non-controlling interest at its proportionate share of net assets.

Notes to the Consolidated Financial Statements

As at 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation (continued)

(ii) Subsidiaries

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December 2025. The financial statements of the subsidiaries are prepared for the same reporting year. All subsidiaries are using consistent accounting policies of the Bank.

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.

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.

The financial statements of special purpose entities are not included in these consolidated financial statements except when the Group controls the entity.

(iii) Non-controlling interests

Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Profits or losses attributable to non-controlling interests are reported in the consolidated income statement as income attributable to non-controlling interests. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group.

(iv) Loss of control

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in the consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in equity in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other equity are reclassified to the consolidated income statement.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Intra-group gains on transactions between the Group and its equity accounted associates are eliminated to the extent of the Group's profit in the investees. Unrealized losses are also eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. Accounting policies of the subsidiaries and associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Consolidated Financial Statements

As at 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation (continued)

(vi) Foreign currency

(a) 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 Bahraini Dinars, which is the Bank's functional and presentation currency.

(b) Foreign currencies

Foreign currency transactions are recorded at rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies at the consolidated statement of financial position date are retranslated at market rates of exchange prevailing at that date. Gains and losses arising on translation are recognized in the consolidated income statement. Non-monetary assets that are measured in terms of historical cost in foreign currencies are recorded at rates of exchange prevailing at the value dates of the transactions. Translation gains or losses on non-monetary items classified as "fair value through equity" are included in consolidated statement of changes in equity until the related assets are sold or derecognized at which time they are recognized in the consolidated income statement. Translation gains on non-monetary assets classified as "fair value through consolidated income statement" are directly recognized in the consolidated income statement as part of fair value changes.

(c) Translation of foreign operations

Assets and liabilities of foreign subsidiaries and associates whose functional currency is not Bahraini Dinars are translated into Bahraini Dinars at the rates of exchange prevailing at the reporting date. Income and expense items are translated at average exchange rates prevailing for the reporting year. Any exchange differences arising on translation are included in foreign exchange translation reserve forming part of equity except to the extent that the translation difference is allocated to the non-controlling interest. On disposal of foreign operations, exchange differences relating thereto and previously recognized in foreign exchange translation reserve are recognized in the consolidated statement of changes in equity.

b) Financial instruments

Financial assets consist of balances with banks and the Central Bank, Sovereign Sukuk, Corporate Sukuk, placements with financial institutions, Murabaha financing (net of deferred profits), Mudaraba financing, Musharaka financing, Salam financing, Istisna'a financing, receivable under finance lease assets contracts, asset under conversion, non-trading investments in equity securities, tahawwut used for risk management and other receivables.

Financial liabilities consist of placement from financial institutions and individuals, customers' current accounts, murabaha term financings and other payables.

Except for sukuk, non-trading investments and tahawwut used for risk management instruments, carried at fair value all financial assets and financial liabilities are carried at amortised cost.

A financial asset or financial liability is measured initially at fair value plus, for an item not at Fair Value Through income statement (FVTIS), transaction costs that are directly attributable to its acquisition or issue. In the case of items of FVTIS, transaction costs are expensed. The fair value of a financial instrument at initial recognition is generally its transaction price.

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

The Group segregates its investment into following categories:

i) Equity-type instruments:

Instruments that evidence a residual interest in the assets of an entity after deducting all its liabilities and quasi-equity balances, including ordinary equity instruments and such other structured investment instruments that classify as equity instrument.

Notes to the Consolidated Financial Statements

As at 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Financial instruments (continued)

ii) Debt-type instruments:

Monetary debt-type instruments - instruments whereby the transaction structure results in creation of a financial liability / debt such as Murabaha payable.

Non-monetary debt-type instruments - instruments whereby the transaction structure results in creation of a non-financial liability, such as goods (Salam or Istisna'a) or usufruct (Ijarah Mawsufah fi al-Dhimmah) or services (service Ijarah) to be delivered in future.

iii) Other investment instruments:

The Group classifies its investments on initial recognition as measured at: (a) amortised cost, (b) fair value through other comprehensive income ("FVTOCI") or (c) fair value through income statement ("FVTIS").

c) Trade and settlement date accounting

The Group recognizes financing, investments, deposits and quasi-equity on the date on which they are originated. Purchases and sale of all other financial assets and liabilities are recognized on the trade date, i.e. the date that the Group contracts to purchase or sell the asset or liability.

d) Derecognition

Financial assets are derecognized 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

Financial liabilities are derecognized when the obligation specified in the contract is legally discharged, cancelled, or expired.

e) Impairment of exposures subject to credit risk

Impairment of financial assets and commitments

The Group applies three-stage approach to measure ECL on financial assets carried at amortised cost which include assets migrated through the following three stages based on the change in credit quality since initial recognition.

Stage 1: Twelve months ECL

For exposures where there has not been a Significant Increase in Credit Risk ("SICR"), since initial recognition, a portion of the lifetime ECL associated with the probability of default events occurring within next twelve months is recognized.

Twelve-month ECL (Stage 1) is the portion of ECL that results from probable default events on a financial contract within twelve months after the reporting date.

Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a SICR since initial recognition but that are not credit impaired, a lifetime ECL is recognized.

Lifetime ECL (Stage 2) is a probability-weighted estimate of credit losses and is determined based on the difference between the present value of all cash shortfalls. The cash shortfall is the difference between all contractual cash flows that are due to the Group and the present value of the recoverable amount, for financial assets that are not credit-impaired at the reporting date.

Stage 3: Lifetime ECL – credit impaired

Financing contracts are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

For Stage 3 financing contracts, the provisions for credit-impairment are determined based on the difference between the net carrying amount and the recoverable amount of the financial contract.

Notes to the Consolidated Financial Statements

As at 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Credit-impaired financing contracts

At each reporting date, the Group assesses whether financing contracts are credit impaired.

Evidence that a financing contract is credit-impaired includes the following observable data:

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

Write-offs

Financial assets are written-off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-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.

Presentation of allowance for credit losses in the consolidated statement of financial position

Allowance for credit losses are presented in the consolidated statement of financial position as follows:

- financial assets measured at amortised cost, as a deduction from the gross carrying amount of the assets;
- financing commitments and financial guarantee contracts: generally as a provision under other liabilities; and
- where a financial contract includes both a drawn and undrawn component, and the Group has identified the ECL on the financing commitments / off-balance sheet component separately from those on the drawn component, the Group presents allowance for credit losses for drawn components. The amount is presented as a deduction from the gross carrying amount of the drawn component. Allowance for credit losses for the undrawn component is presented as a provision in other liabilities.

f) Cash and cash equivalents

For the purpose of the consolidated cash flows statement, "cash and cash equivalents" consist of cash on hand, balances with the Central Bank of Bahrain excluding mandatory reserve deposits, balances with banks and other financial institutions (excluding restricted balances) and placements with financial institutions with original maturities of 90 days or less when acquired.

g) Financing contracts

Financing contracts comprise of Sharia'a complaint financing contracts with fixed or determinable payments. These include financing provided through Murabaha, Musharaka, Mudaraba, Istisna, Salam, Ijarah contracts and credit card-based receivables. Financing contracts are recognized on the date they are originated and are carried at their amortised cost less allowance for expected credit losses, 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 contracts 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 derecognized and a new financing asset is recognized at fair value plus any eligible transaction cost.

If the modification of a financing contracts 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 recognizes the resulting adjustment as a modification gain or loss in consolidated income statement.

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

Notes to the Consolidated Financial Statements

As at 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financing contracts (continued)

(i) Murabaha financing

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 installment 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.

The Group considers the promise to purchase made by the Purchaser in a Murabaha transaction in favor of the Seller to be binding.

(ii) Mudaraba financing

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.

(iii) Musharaka

Musharaka is used to provide venture or project finance. The Group and customer contribute towards the capital of the Musharaka. Profits are shared according to a pre-agreed profit distribution ratio, but losses are borne by the partners according to the capital contributions of each partner. Capital contributions may be in cash or in kind, as valued at the time of entering into the Musharaka.

(iv) Istisna'a

Istisna'a is a sales contract in which the Group acts as 'al-sani' (a seller) with an 'al-mustasni' (a purchaser) and undertakes to manufacture or otherwise acquire a product based on the specification received from the purchaser, for an agreed upon price.

(v) 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.

h) Ijara Muntahia Bitamleek (IMB also called as finance lease assets)

Ijarah Mutahia Bitamleek contracts is an agreement with the customers whereby, based on the customer's request and promise to lease, the Group purchases or acquires a specified tangible asset, either from a third-party seller or from the customer. The Group ("Lessor") leases an asset to the customer ("Lessee") against certain rental payments for a specific lease term / year, payable on fixed and / or variable rental basis.

The IMB agreement specifies the leased asset, duration of the lease term, as well as the basis for rental calculation, the timing of rental payment and responsibilities of both parties during the lease term. The Lessee provides the Lessor with an undertaking to renew the lease years and pay the relevant rental payment amounts as per the agreed schedule throughout the lease term.

The Lessor retains the ownership of the assets throughout the lease term. At the end of the lease term, the lessor transfers the leased asset to the lessee in line with the promise to purchase provided by the Lessee. upon fulfillment of all the obligations by the Lessee under the IMB agreement, based on sale undertaking given by the Lessor.

Depreciation is provided on a systematic basis on all IMB assets other than land (which is deemed to have an indefinite useful life), at rates calculated to write off the cost of each asset over the shorter of either the lease term or economic life of the asset.

The Group measures at each reporting date whether there is objective evidence that IMB assets are impaired. Impairment loss is recognized when the carrying amount of assets exceeds its recoverable amount. The estimates of future cashflows, when dependent on a single customer, takes into consideration the credit evaluation of the customer in addition to other factors. Impairment losses, if any, are recognized in the income statement.

Notes to the Consolidated Financial Statements

As at 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Ijara Muntahia Bitamleek (IMB also called as finance lease assets) (continued)

Modification of IMB assets

If the terms of the IMB assets 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 IMB assets are deemed to have expired. In this case, the original IMB assets is derecognized and a new IMB assets is recognized at fair value plus any eligible transaction cost.

If the modification of a IMB assets measured at amortized cost does not result in the derecognition of the IMB assets then the Group first recalculates the gross carrying amount of the IMB assets using the original effective profit rate of the asset and recognizes the resulting adjustment as a modification gain or loss in consolidated income statement.

i) Placements with financial institutions

Placements with financial institutions comprise short-term treasury contracts with financial institutions in the form of Commodity Murabaha receivables, Mudaraba contracts and Wakala investments. These placements are stated at amortised cost net of deferred profits and allowance for credit losses, if any.

j) Sukuk

These investments are in the nature of debt-type instruments that provide fixed or determinable payments of profits and also includes equity type sukuk. Sukuk that are assessed under two distinct business models:

- Held-to-collect business model – This portfolio includes short-term and long-term Sukuk and treasury instruments that are held to meet core liquidity requirements and consist of high-quality liquid assets that are typically held to their contractual maturity. Assets under this model are classified and measured at amortised cost. Although management considers fair value information, it does so from a liquidity perspective, and the main focus of its review of financial information under this business model is on the credit quality and contractual returns.
- Both held-to-collect and for sale business model: The remaining treasury portfolio will be held under active treasury management to collect both contract cash flows and for sale. The key management personnel consider both of these activities as integral in achieving the objectives set for the Treasury business unit. This portfolio, while generating returns primarily through yield, is also held to meet expected or unexpected commitments, or to fund anticipated acquisitions or growth in other business units. Assets under this model are classified and measured at fair value through equity.

k) Assets under conversion

Loans and advances

At amortised cost less any amounts written off and allowance for credit losses, if any.

Non-trading investments

These are classified as fair value through equity and are fair valued based on criteria set out in note 2.2.

l) Non-trading investments

Equity-type investments

Equity-type instruments are investments that do not exhibit features of debt-type instruments and include instruments that evidence a residual profit in the assets of an entity after deducting all its liabilities. Investments in equity type instruments are classified in the following categories: 1) at fair value through income statement ('FVTIS') or 2) at fair value through other comprehensive income ('FVTOCI'), consistent with its investment strategy.

Recognition and de-recognition

Investment securities are recognized at the trade date i.e. the date that the Group contracts to purchase or sell the asset, at which date the Group becomes party to the contractual provisions of the instrument. Investment securities are derecognized 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.

Notes to the Consolidated Financial Statements

As at 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Non-trading investments (continued)

Measurement

Investment securities are measured initially at fair value, which is the value of the consideration given. For FVTIS investments, transaction costs are expensed in the consolidated income statement. For other investment securities, transaction costs are included as a part of the initial recognition.

Subsequent to initial recognition, equity-type investments carried at FVTIS and FVTOCI are re-measured to fair value. Gains and losses arising from a change in the fair value of instruments carried at FVTIS are recognized in the income statement in the year which they arise. Gains and losses arising from a change in the fair value of investments carried at FVTOCI are recognized in the consolidated statement of other comprehensive income. When the investments carried at FVTOCI are sold, impaired, collected or otherwise disposed of, the cumulative gain or loss previously recognized in the in the consolidated statement of other comprehensive income is transferred to the consolidated income statement.

m) Investments in associates and joint ventures

The Group's investments in associates and joint ventures, that are acquired for strategic purposes, are accounted for under the equity method of accounting. Other equity investments in associates and joint ventures (note 2.2) are accounted for at fair value through consolidated income statement by availing the scope exemption under FAS 24, Investments in Associates. An associate is an entity over which the Group has significant influence, but not control or joint control. An entity is considered as an associate if the Group has more than 20% ownership of the entity or the Group has significant influence through any other manner. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and its liabilities.

Under the equity method, investments in associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Losses in excess of the cost of the investments in associates are recognized when the Group has incurred obligations on its behalf. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. The consolidated income statement reflects the Group's share of results of operations of the associates. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on its investments in associates. The Group determines at each reporting date whether there is any objective evidence that the investments in associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated income statement.

Profit and losses resulting from transactions between the Group and the associates are eliminated to the extent of the profit in associates.

Foreign exchange translation gains / losses arising out of the translation of net assets of investments in associates are included in the consolidated statement of changes in equity.

n) Investments in real estate

This includes properties held for rental, or for capital appreciation purposes, or both and development properties. The investment in real estate excluding development properties is initially recognized at fair value and subsequently measured based on intention whether the investments in real estate is held-for-use or held-for-sale. The Group has adopted the fair value model for its investments in real estate. Under the fair value model, any unrealized gains are recognized directly in owners' equity under the Real Estate Fair Value Reserve. Any unrealized losses are adjusted in equity to the extent of the available credit balance. Where unrealized losses exceed the available balance in owners' equity, these are recognized in the consolidated income statement. In case there are unrealized losses relating to investments in real estate that have been recognized in the consolidated income statement in a previous financial year, the unrealized gains relating to the current financial year is recognized to the extent of crediting back such previous losses in the consolidated income statement. Development properties are measured lower of cost and net realisable value.

Notes to the Consolidated Financial Statements

As at 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Premises and equipment

Premises and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is charged on a straight-line basis over the estimated useful lives of all premises and equipment, other than freehold land and capital work-in-progress.

- Computer hardware	3 to 5 years
- Computer software	3 to 5 years
- Furniture and office equipment	3 to 5 years
- Motor vehicle	4 to 5 years
- Leasehold improvements	Over the lease year

The assets residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

p) Goodwill and other intangible assets

(i) Goodwill

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment at least annually. Any impairment is recognized immediately in the consolidated income statement. Goodwill is allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Impairment exists when carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

Impairment of goodwill is determined by assessing the recoverable amount of the CGU (or group of CGUs), to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount, an impairment loss is recognized immediately in the consolidated income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGU, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is / are not larger than a segment based on either the Group's primary or the Group's geographic segment reporting format.

(ii) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of the intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in consolidated income statement in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. All acquired intangible assets carried on the reporting date have a finite useful life such as the Core Deposits ("CD") and the Purchased Customer Relationships ("PCR") and are amortized over a period of 7 to 15 years.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the consolidated statement of income in the expense category that is consistent with the function of the intangible assets.

Notes to the Consolidated Financial Statements

As at 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Goodwill and other intangible assets (continued)

(ii) Intangible assets (continued)

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income.

q) Offsetting

Financial assets and financial liabilities can only be offset with the net amount being reported in the consolidated statement of financial position when there is a religious or legally enforceable right to set off the recognized amounts and the Group intends to either settle on a net basis or intends to realise the asset and settle the liability simultaneously.

r) Customers' current accounts

Customers' current accounts balances are in non-investment accounts and are recognized when received by the Bank. The transaction is measured at the cash equivalent amount received by the Bank at the time of contracting. At the end of the accounting year, the accounts are measured at their book value, which represents the settlement value to the customers.

s) Quasi-equity

Quasi-equity are funds held by the Group in one common pool of unrestricted investment account, which is invested by the Group's ('Mudarib') in its own discretion. These include funds raised under Mudaraba contracts and Wakala contracts under multi-level investment arrangements. The funds received under the Wakala arrangement is invested in the Mudaraba investment pool and is considered as investment made by an investment account holder ("IAH"). Under both the Mudaraba and a comingled Wakala arrangement, the investment accountholder authorizes the Group to invest the accountholder's funds in a manner which the Group deems appropriate without laying down any restrictions as to the purpose of the funds should be invested. The Group charges management fee (Mudarib fees) to investment accountholders. The allocation of income is determined by the management of the Group within the allowed profit sharing limits as per the terms agreed with IAH. Administrative expenses incurred in connection with the management of the fund are borne directly by the Group and are not charged to investment accounts. Only profits earned on pool of assets funded from IAH are allocated between the owners' equity and IAH. All equity of investment accountholders are carried at cost plus profit and related reserves less amounts settled.

The basis applied by the Group in arriving at the quasi-equity share of income is total investment income less shareholders' income. In case of Wakala contracts, the Bank does not act as both an investment agent and Mudarib of the same fund at one time. Therefore, in case of comingling of Wakala investment funds with the Mudaraba pool, the investment agent will only charge Wakala Fee and will not share in the profits from the Mudaraba investment pool in the capacity of Mudarib.

Under FAS 30, ECL is allocated to the assets invested using funds from unrestricted investment accounts.

t) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

u) Employees' end-of-service 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 recognized 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.

Notes to the Consolidated Financial Statements

As at 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

u) Employees' end-of-service benefits (continued)

Post employment benefits

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

Eligible employees on fixed contracts are entitled to leaving indemnities payable under the Bahraini Labour Law, 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.

Share based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Deferred share-based annual incentives

In line with its variable remuneration policy, the Group awards a component of its annual bonuses for certain covered employees (material risk-takers and approved persons) in the form of deferred incentives that are released proportionately over a period of five years. The deferred incentives include a cash component and a share component. The share component is converted to phantom shares of the Bank based on the book value per share at the award date. The deferred incentives are cash-settled on each release date based on the most recent book value per share of the Bank. The deferred incentive liability is carried at their settlement amounts at each reporting date and any changes in the carrying value of the liability is recognized as an expense or release in the income statement of the reporting period. All deferred incentives are subject to malus and claw back provisions.

v) Revenue recognition

Financing contracts

As the income is quantifiable and contractually determined at the commencement of the contract, income is recognized on effective yield basis over the contract term. Recognition of income is suspended when the Group believes that the recovery of these amounts may be doubtful or when the payments of installments are overdue by 90 days, whichever is earlier.

Istisna'a

Istisna'a revenue is the total price agreed between the seller and purchaser including the Group's profit margin. The Group recognizes Istisna'a revenue and profit margin based on percentage of completion method by taking in account the difference between total revenue (cash price to purchaser) and Group's estimated cost. The Group recognizes anticipated losses on Istisna'a contract as soon as they are anticipated.

Sukuk

Income on debt-type sukuk is recognized on a time-proportionate basis based on underlying rate of return of the respective type of Sukuk.

Income on equity-type sukuk is recognized when the group's right to receive dividends is established.

Dividend

Dividend income is recognized when the Group's right to receive the dividend is established.

Ijara Muntahia Bitamleek

Ijara income is recognized on a time-proportionate basis over the lease term. Income related to non-performing Ijara deals is suspended. Accrual of income is suspended when the Group believes that the recovery of these amounts may be doubtful or normally when the rental payments are overdue by 90 days, whichever is earlier.

Notes to the Consolidated Financial Statements

As at 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

v) Revenue recognition (continued)

Fees and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following main categories:

- Fee income on financing transactions: Fee earned on financing transactions including up-front fees and early settlement fees are recognized when earned. To the extent the fees are deemed yield enhancement they are recognized over the year of the financing contracts.
- Fee income from transaction services: Fee arising from corporate finance, corporate advisory, arranging the sale of assets and wealth management are recognized when earned or on a time proportionate basis when the fee is linked to delivery of services over the term of the contract.
- Other fee income: This is recognized when services are rendered.

w) Fair value of financial assets

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction on the measurement date.

For investments that are actively traded in organized financial markets, fair value is determined by reference to the prevailing market bid price on the reporting date.

For investments where there is no quoted market price, a reasonable estimate of fair value is determined by using well-recognized valuation technique such as DCF and recent arm's length market transactions. Alternatively, the estimate would also be based on current market value of another contract, which is substantially the same, or is based on the assessment of future cash flows. The cash equivalent values are determined by the Group by calculating the present value of future cash flows at current profit rates for contracts with similar terms and risk characteristics.

For assets having fixed or determinable payments, fair value is based on available active broker quotes or the net present value of estimated future cash flows determined by the Group using current market profit rates for contracts with similar terms and risk characteristics.

x) Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Group and are accordingly not included in the consolidated statement of financial position. These include assets under management and custodial assets.

y) Dividend on ordinary shares

Dividend payable on ordinary issued and fully paid shares of the Bank is recognized as a liability and deducted from equity when it is approved by the Group's shareholders.

z) 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 recognized from the date of its issue. The liability arising from a financial guarantee contract is recognized at the present value of any expected payment, when a payment under the guarantee has become probable.

aa) Treasury shares

Own equity contracts that are re-acquired, are recognized at cost and deducted from equity. No gain or loss is recognized in consolidated income statement on the purchase, sale, issue or cancellation of the Bank's own equity contracts. Any difference between the carrying amount and the consideration, if re-issued, is recognized in share premium in consolidated statement of changes in equity.

Notes to the Consolidated Financial Statements

As at 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

ab) Zakah

Zakah is calculated on the Zakah base of the Group in accordance with FAS 39 Zakah using the net assets method. Zakah is calculated based on the eligible reserve and retained earnings balances at the end of the year. The Bank calculates and notifies the shareholders of their pro-rata share of the Zakah payable annually. The calculation of Zakah is approved by the Sharia'a Supervisory Board. Payment of Zakah on the unrestricted investment and other accounts is the responsibility of the investment accountholders.

ac) Repossessed assets

In certain circumstances, properties are repossessed following the foreclosure of financial facilities that are in default. Repossessed properties that are held for immediate sale, are measured at the lower of the carrying value on closure and fair value less cost to sell. Other repossessed properties are classified as investment property.

ad) Earnings prohibited by Shari'a

The Group is committed to contributing to charity any income generated from non-Shari'a sources. Accordingly, any earning prohibited by Shari'a is credited to charity funds to be used for charity purposes.

ae) Takaful and retakaful contracts

Takaful contracts

As an Islamic insurance provider, the Group issues contracts that are based on cooperative activity by risk sharing. The Group classifies all its contracts individually as takaful contracts.

Takaful contracts are those contracts where the takaful operator accepts significant takaful risk from the participant by agreeing to compensate the participant if a specified uncertain future event adversely affects the participant. Such contracts may also transfer financial risk. As a general guideline, the Group defines significant takaful risk as the possibility of having to pay benefits on the occurrence of a takaful event. Takaful risk is risk other than financial risk that is transferred from the holder of a contract to the issuer.

Financial risk is the risk of a possible future change in one or more of a security price, index of prices or rates or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Takaful risk is significant if, and only if, a takaful event could cause the Group to pay significant additional benefits. Once a contract is classified as a takaful contract it remains classified as a takaful contract until all rights and obligations are extinguished or expired.

Retakaful contracts

Retakaful contracts are contracts entered into by the Group with retakaful operators for the purpose of limiting its net loss potential through the diversification of its risks, under which the Group is compensated for losses on takaful contracts issued.

Assets, liabilities, income and expense arising under ceded retakaful contracts are presented separately from the assets, liabilities, income and expense from the related takaful contracts because the retakaful arrangements do not relieve the Group from its direct obligations to its participants.

The benefits to which the Group is entitled under its retakaful contracts held are recognized as retakaful assets. These assets consist of balances due from retakaful operators on settlement of claims and other receivables such as profit commissions and retakaful operator's share of outstanding claims that are dependent on the expected claims and benefits arising under the takaful contracts covered under retakaful contracts. Amounts recoverable from or due to retakaful operators are recognized consistently with the amounts associated with the underlying takaful contracts and in accordance with the terms of each retakaful contract. Retakaful liabilities are primarily contributions payable for retakaful contracts and are recognized as an expense when due.

Retakaful contracts are contracts entered into by the Group with retakaful operators for the purpose of limiting its net loss potential through the diversification of its risks, under which the Group is compensated for losses on takaful contracts issued.

Notes to the Consolidated Financial Statements

As at 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

ae) Takaful and retakaful contracts (continued)

Retakaful contracts (continued)

Assets, liabilities, income and expense arising under ceded retakaful contracts are presented separately from the assets, liabilities, income and expense from the related takaful contracts because the retakaful arrangements do not relieve the Group from its direct obligations to its participants.

The benefits to which the Group is entitled under its retakaful contracts held are recognized as retakaful assets. These assets consist of balances due from retakaful operators on settlement of claims and other receivables such as profit commissions and retakaful operator's share of outstanding claims that are dependent on the expected claims and benefits arising under the takaful contracts covered under retakaful contracts. Amounts recoverable from or due to retakaful operators are recognized consistently with the amounts associated with the underlying takaful contracts and in accordance with the terms of each retakaful contract. Retakaful liabilities are primarily contributions payable for retakaful contracts and are recognized as an expense when due.

The participants' takaful funds comprises of general takaful and family takaful fund which represent the accumulated undistributed surplus or deficit in respect of contracts in force at the reporting date. It also includes fair value reserves of investments at fair value through equity.

Gross contributions

Gross contributions comprise the total contributions receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognized on the date on which the policy incepts. Contributions include any adjustments arising in the accounting period for contributions receivable in respect of business written in prior accounting periods. Contributions collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in contributions written. The unexpired portion of such contributions is included under "Unearned contributions" in the statement of financial position. The earned proportion of contributions is recognized as revenue in the participants' statement of revenues and expenses.

Retakaful contributions

Retakaful contributions are amounts paid to retakaful operators in accordance with the retakaful contracts of the Group. In respect of proportional and non-proportional retakaful contracts, the amounts are recognized in the participants' statement of revenues and expenses as per the terms of these contracts.

Unearned contributions

Unearned contributions represent contributions under takaful contracts which are to be earned in the following or subsequent financial periods, for the unexpired period of takaful content as at the reporting date.

Gross claims

Gross claims are recognized in the participants' statement of revenues and expenses when the claim amount payable to participants and third parties is determined as per the terms of the takaful contracts. Gross claims include all claims occurring during the year, whether reported or not, related claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Claims recovered

Claims recovered include amounts recovered from retakaful operators and other insurance companies in respect of the gross claims paid by the Group, in accordance with the retakaful contracts held by the Group and also includes salvage and other claims recoveries. Claims recovered from retakaful and other parties are recognized when the related gross claims settled are recognized according to the terms of the relevant contracts.

Notes to the Consolidated Financial Statements

As at 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

ae) Takaful and retakaful contracts (continued)

Outstanding claims

Outstanding claims are based on the estimated ultimate cost of all claims incurred but not settled at the statement of financial position date, whether reported or not, together with the related claims handling costs and reduction for salvage and other recoveries. Provisions for outstanding claims reported is based on estimates of the loss, which will eventually be payable on each unpaid claim, established by management based on currently available information and past experience modified for changes reflected in current conditions, increased exposure, rising claims costs and the severity and frequency of recent claims, as appropriate. Outstanding claims are not discounted for time value of money. The methods used, and the estimates made, are reviewed regularly.

The provision for claims incurred but not reported ('IBNR') is made per the actuarial valuation which is updated on the basis of the latest valuation reports.

Any difference between the provisions for outstanding claims at the statement of financial position date and settlements and provisions for the following year is included in the participants' statement of revenues and expenses for that year.

Takaful and insurance receivables

Takaful and insurance receivables are recognized when due and are measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of takaful and insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of income.

af) AT1 Mudaraba

The AT1 Mudaraba which meet the criteria for equity under FAS 1 (no contractual obligation to deliver cash or other financial assets) is classified as component of Owners equity. The AT1 Mudaraba is initially recognized at its subscribed amount, net of any directly attributable transaction cost and the related distribution is accounted for as a debit to retained earnings.

ag) New standards, amendments, and interpretations issued but not yet effective.

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

AAOIFI had 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 unrestricted 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.

The Group does not expect any significant impact on its consolidated financial statements from the adoption of this standard.

Notes to the Consolidated Financial Statements

As at 31 December 2025

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

AAOIFI had 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 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 its consolidated financial statements from the adoption of this standard.

iii) FAS 47: Transfer of Assets Between Investment Pools

AAOIFI had 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 its consolidated financial statements from 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 its consolidated financial statements from the adoption of this standard.

v) Withdrawal of FAS 26 – Investment in Real Estate

In December 2025, AAOIFI issued guidance on the withdrawal of FAS 26 – Investment in Real Estate, together with related transitional provisions (the "Guidance"). Following the withdrawal, investment in real estate shall be accounted for in accordance with IAS 40-Investment Property.

The Guidance is effective for annual periods beginning on or after 1 January 2027, with early adoption permitted.

The Group does not expect a significant impact on its consolidated financial statements from adopting this standard.

Notes to the Consolidated Financial Statements

As at 31 December 2025

4 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	2025			
	At fair value through income statement	At fair value through OCI	At amortised cost	Total
	BD '000	BD '000	BD '000	BD '000
ASSETS				
Cash and balances with banks and central banks	-	-	775,733	775,733
Placements with financial institutions	-	-	456,634	456,634
Investments in sukuk	-	1,234,979	699,175	1,934,154
Financing contracts	-	-	4,066,788	4,066,788
Non-trading investments	83,529	12,475	-	96,004
Takaful and related assets	-	-	29,748	29,748
Other assets	-	-	47,181	47,181
	83,529	1,247,454	6,075,259	7,406,242
LIABILITIES				
Placements from financial institutions and individuals	-	-	117,586	117,586
Murabaha term financings	-	-	1,076,354	1,076,354
Customers' current accounts	-	-	1,486,337	1,486,337
Takaful and related liabilities	-	-	93,460	93,460
Other liabilities	-	-	142,366	142,366
	-	-	2,916,103	2,916,103
	2024			
	At fair value through income statement	At fair value through OCI	At amortised cost	Total
	BD '000	BD '000	BD '000	BD '000
ASSETS				
Cash and balances with banks and central banks	-	-	633,611	633,611
Placements with financial institutions	-	-	476,450	476,450
Investments in sukuk	-	800,387	647,416	1,447,803
Financing contracts	-	-	3,661,670	3,661,670
Non-trading investments	79,354	18,590	-	97,944
Takaful and related assets	-	-	26,353	26,353
Other assets	-	-	74,443	74,443
	79,354	818,977	5,519,943	6,418,274
LIABILITIES				
Placements from financial institutions and individuals	-	-	171,016	171,016
Murabaha term financings	-	-	751,062	751,062
Customers' current accounts	-	-	1,279,886	1,279,886
Takaful and related liabilities	-	-	75,550	75,550
Other liabilities	847	-	126,975	127,822
	847	-	2,404,489	2,405,336

Notes to the Consolidated Financial Statements

As at 31 December 2025

5 BALANCES WITH BANKS AND CENTRAL BANKS

	2025 BD '000	2024 BD '000
Mandatory reserves with Central Banks*	167,630	181,620
Other balances with Central Banks	179,208	267,185
Balances with commercial banks	429,082	184,935
Allowance for credit losses	(187)	(129)
	775,733	633,611

* This balance is not available for use in the day-to-day operations of the Group.

6 PLACEMENTS WITH FINANCIAL INSTITUTIONS

These represent short-term interbank placements with financial institutions

	2025 BD '000	2024 BD '000
Wakala	34,273	34,624
Mudaraba	2,119	5,590
Commodity murabaha	420,250	436,242
Allowance for credit losses	(8)	(6)
	456,634	476,450

7 INVESTMENTS IN SUKUK

	2025 BD '000	2024 BD '000
Sovereign sukuk	1,823,041	1,401,378
Corporate sukuk	111,113	46,425
	1,934,154	1,447,803

The rating of corporate sukuk are as follows:

	2025 BD '000	2024 BD '000
Investment grade (AAA - BBB+)	84,144	24,842
High Yielding (Below BBB-)	13,827	10,923
Un-rated sukuk	13,180	10,782
Allowance for credit losses	(38)	(122)
	111,113	46,425

Notes to the Consolidated Financial Statements

As at 31 December 2025

7 INVESTMENTS IN SUKUK (continued)

i) Sukuk Carried at FVTOCI

	2025			2024
	Sovereign Sukuk BD '000	Corporate Sukuk BD '000	Total BD '000	Total BD '000
At 1 January	774,079	26,308	800,387	364,518
Purchases	436,891	70,317	507,208	391,333
Acquired through business combination	744	646	1,390	124,365
Sale / redemption	(99,927)	(7,159)	(107,086)	(96,094)
Fair value movement	22,397	865	23,262	7,905
Movement in allowance for credit losses	93	82	175	(106)
Profit accrual	9,023	620	9,643	8,466
At 31 December	1,143,300	91,679	1,234,979	800,387

Corporate Sukuk with carrying value of BD 50,595 thousand (2024: BD 13,916 thousand) are equity-type sukuk and balance is debt-type sukuk.

This includes sukuk with carrying value of BD 699,030 thousand (2024: BD 293,525 thousand) which are pledged against murabaha term financing (note 17).

ii) Sukuk Carried at Amortised cost

	2025			2024
	Sovereign Sukuk BD '000	Corporate Sukuk BD '000	Total BD '000	Total BD '000
At 1 January	627,299	20,117	647,416	638,321
Purchases	244,115	5,765	249,880	178,116
Reclassified	(187)	187	-	-
Acquired through business combination	12,529	6,604	19,133	102,904
Redemption	(207,678)	(13,378)	(221,056)	(273,594)
Movement in allowance for credit losses	286	2	288	(46)
Amortisation of premium / discount	776	137	913	1,324
Profit accrual	2,601	-	2,601	391
At 31 December	679,741	19,434	699,175	647,416
	1,823,041	111,113	1,934,154	1,447,803

This includes sukuk with carrying value of BD 314,745 thousand (2024: BD 360,813 thousand) which are pledged against murabaha term financing (note 17).

Notes to the Consolidated Financial Statements

As at 31 December 2025

8 FINANCING CONTRACTS

	2025				
	Stage 1: 12 month ECL BD '000	Stage 2: Lifetime ECL not credit- impaired BD '000	Stage 3: Lifetime ECL credit- impaired BD '000	POCI BD '000	Total BD '000
Leased-based:					
Ijarah	1,443,624	99,964	53,166	28,485	1,625,239
Trade-based:					
Murabaha*	1,268,834	23,650	20,776	9,925	1,323,185
Salam	234,801	3,732	27,905	146	266,584
Istisnaa	137,663	2,588	2,611	157	143,019
Participatory-based:					
Mudaraba	669,268	19,080	24,773	150	713,271
Musharaka	29,481	15	2,342	-	31,838
Credit cards	24,936	157	188	-	25,281
Total gross financing contracts	3,808,607	149,186	131,761	38,863	4,128,417
Allowance for credit losses	(35,879)	(12,748)	(48,541)	-	(97,168)
Foreign currency translation	33,003	529	1,983	24	35,539
	3,805,731	136,967	85,203	38,887	4,066,788
	2024				
	Stage 1: 12-month ECL BD '000	Stage 2: Lifetime ECL not credit- impaired BD '000	Stage 3: Lifetime ECL credit-impaired BD '000	POCI BD '000	Total BD '000
Leased-based:					
Ijarah	1,333,453	105,440	45,999	23,900	1,508,792
Trade-based:					
Murabaha*	1,079,838	41,763	19,435	13,118	1,154,154
Salam	265,419	5,590	25,809	499	297,317
Istisnaa	73,534	1,587	4,722	154	79,997
Participatory-based:					
Mudaraba	581,757	21,613	31,394	55	634,819
Musharaka	30,020	22	2,353	-	32,395
Credit cards	26,251	239	1,421	-	27,911
Total gross financing contracts	3,390,272	176,254	131,133	37,726	3,735,385
Allowance for credit losses	(22,590)	(14,947)	(30,574)	-	(68,111)
Foreign currency translation	(5,202)	(86)	(307)	(9)	(5,604)
	3,362,480	161,221	100,252	37,717	3,661,670

* Murabaha financing is reported net of deferred profits of BD 154,900 thousand (2024: BD 133,184 thousand).

Notes to the Consolidated Financial Statements

As at 31 December 2025

8 FINANCING CONTRACTS (continued)

Movement on allowance for credit losses

	2025				
	Stage 1: 12-month ECL BD '000	Stage 2: Lifetime ECL not credit- impaired BD '000	Stage 3: Lifetime ECL credit- impaired BD '000	Purchased credit- impaired POCI BD '000	Total BD '000
Balance at 1 January	22,590	14,947	30,574	-	68,111
Movement between stages, net	1,549	(5,196)	3,647	-	-
Movement in allowance for credit loss	11,740	2,997	29,151	(7,893)	35,995
Exchange adjustments and other transfers on settlement	-	-	-	7,893	7,893
Exposures charged off during the year *	-	-	(14,831)	-	(14,831)
Balance at 31 December	35,879	12,748	48,541	-	97,168

	2024				
	Stage 1: 12-month ECL BD '000	Stage 2: Lifetime ECL not credit- impaired BD '000	Stage 3: Lifetime ECL credit-impaired BD '000	Purchased credit-impaired POCI BD '000	Total BD '000
Balance at 1 January	16,334	8,332	23,922	435	49,023
Movement between stages, net	590	2,351	(2,941)	-	-
Movement in allowance for credit loss	5,666	4,264	15,734	(5,319)	20,345
Exchange adjustments and other transfers on settlement	-	-	-	4,884	4,884
Exposures charged off during the year *	-	-	(6,141)	-	(6,141)
Balance at 31 December	22,590	14,947	30,574	-	68,111

* Represent exposures charged off during the year for which recovery efforts will continue.

The non-performing financing ratio at 31 December 2025 exclusive and inclusive of non-performing POCI is 3.2% and 4.2% respectively (31 December 2024: 3.5% and 4.5%).

The POCI assets are currently carried at 37.1% (2024: 33.4%) compared to the original contractual amounts. On a cumulative basis, the impaired assets (Stage 3 and POCI) have a provision coverage of 48.0% (2024: 43.4%) compared to their original contractual amounts. Provision coverage including collateral amounts to 133.2% (2024: 126.6%).

Ijarah Muntahia Bitamleek (IMB)

This represents assets leased (land and buildings) under a IMB arrangement with customers of the Bank. Under this arrangement the Bank (lessor) undertakes to transfer the leased assets to the customer (lessee) at the end of the lease term upon the lessee fulfilling all the obligations under the IMB agreement.

	2025 BD '000	2024 BD '000
Ijarah Muntahia Bitamleek	1,973,213	1,752,445
Depreciation	(347,974)	(243,653)
Ijarah Muntahia Bitamleek net of depreciation	1,625,239	1,508,792
Allowance for credit losses	(22,786)	(15,866)
Foreign currency translation	6,778	(835)
At 31 December	1,609,231	1,492,091

Notes to the Consolidated Financial Statements

As at 31 December 2025

8 FINANCING CONTRACTS (continued)

Ijarah Muntahia Bitamleek (IMB) (continued)

The future minimum lease receivable (excluding future profits) in aggregate are as follows:

	2025 BD '000	2024 BD '000
Due within one year	235,382	249,689
Due in one to five years	532,715	152,223
Due after five years	841,134	1,090,179
	1,609,231	1,492,091

9 ALLOWANCE FOR IMPAIRMENT ON FINANCIAL INSTRUMENTS

	2025				
	Stage 1: 12-month ECL BD '000	Stage 2: Lifetime ECL not credit- impaired BD '000	Stage 3: Lifetime ECL credit- impaired BD '000	POCI BD '000	Total BD '000
Balance at 1 January	26,133	15,088	34,300	-	75,521
- transfer to Stage 1: 12 month ECL	2,456	(1,084)	(1,372)	-	-
- transfer to Stage 2: Lifetime ECL not credit-impaired	(613)	2,198	(1,585)	-	-
- transfer to Stage 3: Lifetime ECL credit-impaired	(313)	(6,268)	6,581	-	-
Net remeasurement of loss allowance	10,524	3,177	29,850	(7,893)	35,658
Allowance for credit losses	12,054	(1,977)	33,474	(7,893)	35,658
Exchange adjustments and other transfers	-	-	(1,947)	7,893	5,946
Exposures charged off during the year*	-	-	(14,831)	-	(14,831)
Balance at 31 December	38,187	13,111	50,996	-	102,294

* Represent exposures charged off during the year for which recovery efforts will continue.

	2025				
	Stage 1: 12-month ECL BD '000	Stage 2: Lifetime ECL not credit- impaired BD '000	Stage 3: Lifetime ECL credit- impaired BD '000	POCI BD '000	Total BD '000
Balances with banks and central banks	168	19	-	-	187
Placements with financial institutions	8	-	-	-	8
Investments in sukuk	199	-	-	-	199
Financing contracts	35,879	12,748	48,541	-	97,168
Financing other assets	4	32	1,370	-	1,406
Other receivables	-	-	236	-	236
Financing commitments and financial guarantee contracts	1,929	312	849	-	3,090
	38,187	13,111	50,996	-	102,294

Notes to the Consolidated Financial Statements

As at 31 December 2025

9 ALLOWANCE FOR IMPAIRMENT ON FINANCIAL INSTRUMENTS (continued)

Net impairment charge on financial instruments

	2025 BD '000	2024 BD '000
Balances with banks and central banks	58	(198)
Placements with financial institutions	2	(12)
Investments in sukuk	(463)	152
Financing contracts (note 8)	35,995	20,345
Financing other assets	513	(946)
Financing commitments and financial guarantee contracts	(447)	1,872
Investments	254	(40)
	35,912	21,173

	2024				
	Stage 1: 12-month ECL BD '000	Stage 2: Lifetime ECL not credit- impaired BD '000	Stage 3: Lifetime ECL credit-impaired BD '000	POCI BD '000	Total BD '000
	Balance at 1 January	19,222	8,487	27,421	435
- transfer to Stage 1: 12 month ECL	1,434	(757)	(677)	-	-
- transfer to Stage 2: Lifetime ECL not credit-impaired	(569)	5,947	(5,378)	-	-
- transfer to Stage 3: Lifetime ECL credit-impaired	(284)	(2,831)	3,115	-	-
Net remeasurement of loss allowance	6,330	4,242	15,960	(5,319)	21,213
Allowance for credit losses	6,911	6,601	13,020	(5,319)	21,213
Exchange adjustments and other transfers on settlement	-	-	-	4,884	4,884
Exposures charged off during the year*	-	-	(6,141)	-	(6,141)
Balance at 31 December	26,133	15,088	34,300	-	75,521

* Represent exposures charged off during the year for which recovery efforts will continue.

	2024				
	Stage 1: 12-month ECL BD '000	Stage 2: Lifetime ECL not credit- impaired BD '000	Stage 3: Lifetime ECL credit-impaired BD '000	POCI BD '000	Total BD '000
	Cash and balances with banks and central banks	129	-	-	-
Placements with financial institutions	6	-	-	-	6
Investments in sukuk	660	-	-	-	660
Financing contracts	22,590	14,947	30,574	-	68,111
Financing other assets	17	1	971	-	989
Other receivables	8	-	2,079	-	2,087
Financing commitments and financial guarantee contracts	2,723	140	676	-	3,539
	26,133	15,088	34,300	-	75,521

Notes to the Consolidated Financial Statements

As at 31 December 2025

10 NON-TRADING INVESTMENTS

	2025 BD '000	2024 BD '000
At fair value through income statement:		
Equity securities	83,206	78,716
Funds	323	638
At fair value through other comprehensive income		
Equity securities	9,771	18,577
Funds	2,704	13
	96,004	97,944

The Group holds 40% stake (2024: 40%) in Manara Developments Company B.S.C.(c) ("Manara") & Bareeq Al Retaj Real Estate Services WLL ("Bareeq") each, incorporated in the Kingdom of Bahrain and engaged in the business of property development. The investments measured at fair value through income statement using the fair value scope exemption of FAS 24. As part of restructuring, net assets of Manara will be novated to Bareeq, pending legal formalities.

During the year, non-trading investments of BD 17,675 thousand (2024: BD 12,887 thousand) were acquired as part of a business combination.

11 TAKAFUL ASSETS AND LIABILITIES

	2025 BD '000	2024 BD '000
Takaful assets	19,708	17,140
Investments of participants in units	10,040	9,213
Takaful and related assets	29,748	26,353
Takaful liabilities	83,791	66,273
Other liabilities	9,669	9,277
Takaful and related liabilities	93,460	75,550

12 INVESTMENTS IN REAL ESTATE

	2025 BD '000	2024 BD '000
Land	73,174	103,654
Buildings	10,955	25,641
	84,129	129,295

13 INVESTMENTS IN ASSOCIATES

The Group has a 20.9% (2024: 20.9%) stake in Gulf African Bank ("GAB"), an Islamic commercial bank incorporated as the first Islamic bank in Kenya in August 2006, licensed by the Central Bank of Kenya.

During 2022, as part of its acquisition of the retail business of Ithmaar Holding, the Group acquired economic interests in a sharia compliant financing arrangement provided to FINCORP W.L.L (formerly Al Salam International W.L.L. ("ASI")), the holder of 26.2% stake in Bank of Bahrain and Kuwait B.S.C. ("BBK"), a retail bank incorporated in Bahrain and licensed by the Central Bank of Bahrain. FINCORP W.L.L's investment in BBK forms part of a security package assigned to the Bank under a shariah compliant financing structure. The Bank or its quasi-equity do not directly participate in the underlying business activities of FINCORP W.L.L and are not legal owners of its underlying assets. The returns generated by the Bank are to the extent of the profit and the respective repayment, if any, generated from the sharia compliant financing arrangement only. As per the requirements of the financial accounting standards, the effective economic interest of this arrangement is recognized in these financial statements.

Notes to the Consolidated Financial Statements

As at 31 December 2025

13 INVESTMENTS IN ASSOCIATES (continued)

During 2024, Solidarity Bahrain B.S.C., an insurance subsidiary of the Group acquired 28.9% stake in Alliance Insurance P.J.S.C., an insurance company incorporated in UAE and listed on the Dubai Financial Market resulting in the Groups share of bargain purchase of BD 2,681 thousand.

During the year, Solidarity Bahrain B.S.C., acquired additional stake of 10.0% stake in United Insurance B.S.C.(C), an insurance company incorporated in Bahrain, resulting in total stake of 20.0%.

	2025 BD '000	2024 BD '000
Balance at 1 January	255,008	231,484
Acquisitions during the year	3,700	16,131
Additional stake acquired during the year	3,544	-
Recognition of associate due to step down acquisition	9,344	-
Share of profits	21,423	18,169
Share of other changes in equity	3,557	4,276
Dividends received from associates	(17,576)	(15,052)
Balance at 31 December	279,000	255,008

The summary of financial information of the Group's material investments in associates, which is adjusted for changes in accounting policies and fair value adjustments on acquisition.

Reconciliation of financial information to carrying value of Group's interest in BBK.

	2025 BD '000	2024 BD '000
Group's holding	26.2%	26.2%
Total assets	4,635,342	4,215,423
Total liabilities	3,962,300	3,567,500
Net assets (100%)	673,042	647,923
Group's share of recognised net assets	176,270	169,691
Acquisition accounting related adjustments	65,202	65,202
Carrying amount of interest in associate	241,472	234,893
Revenue	159,200	166,700
Profit (100%)	75,700	71,700
Other change in equity (comprehensive income)	13,000	16,823
Total comprehensive income (100%)	88,700	88,523
Group's share of profits	19,825	17,859
Groups share of other changes in equity	3,403	5,376

The market value of BBK stood at BD 245.0 million as at 31 December 2025 (2024: BD 229.3 million). This fair value was determined using market value per share not adjusted for the size of the holding.

For other associates based on the summarized financial statements, the revenue, profit and Group's share of profit were BD 45,625 thousand (2024: BD 2,797 thousand), BD 6,413 thousand (2024: BD 1,304 thousand) and BD 1,598 thousand (2024: BD 310 thousand), respectively.

Notes to the Consolidated Financial Statements

As at 31 December 2025

14 OTHER ASSETS

	2025 BD '000	2024 BD '000
Assets under conversion		
Loans and advances to customers	-	10
Non-trading investments - fair value through OCI	-	163
Total assets under conversion *	-	173
Other receivables and advances	56,431	75,933
Prepayments	18,607	14,852
Premises and equipment including right of use assets	25,729	38,936
	100,767	129,894

*These represent non-Shari'a compliant assets resulting from the acquisition of ASBS, BMI B.S.C. (c) and Bahraini Saudi Bank B.S.C. including assets which are carried at nil carrying value (2024: BD 173 thousand). Income derived from these assets are transferred to charity (on collection basis) and as such are not recognised as revenue in the consolidated income statement. During the year, income from this portfolio amounting to BD 40 thousand (2024: BD 217 thousand) has been transferred to charity, recognised under "Accounts payable"

15 GOODWILL AND INTANGIBLE ASSETS

During the year, Solidarity Bahrain, a subsidiary of the Group that engages in Takaful business and listed on Bahrain Bourse entered into agreement with Bahrain National Holding company BSC, a company incorporated in Kingdom of Bahrain and listed on Bahrain Bourse for the purchase of 100% of the issued share capital of its two subsidiaries, BNI and BNL, that resulted in a goodwill of BD 23,990 thousand (refer note 42).

The Bank assesses, on annual basis, whether there are indicators, based on internal and external source of information, that the intangible assets may be impaired in accordance with IAS 36 ('impairment of non-financial assets'). As of 31 December 2025, there was no indicators of impairment of the CGU.

An impairment test is carried out on an annual basis for each CGU to which goodwill has been allocated. The Group's goodwill and acquisition related intangibles primarily relate to the Banking and Insurance business segments. The impairment assessment exercise for the year ended 31 December 2025 indicated that the recoverable amount of the assessed CGU's were above its carrying values with a sizeable headroom.

The recoverable amount of each CGU has been determined based on higher of fair value less cost to sell and value in use. The fair value less cost to sell is calculated using market approaches, which considers trading multiples such as price-to-book and price-to-earnings for comparable entities in the region, adjusted for control premium and illiquidity adjustments. The value in use for the CGU is calculated by estimating the present value of the future cashflow projections from continuing use and disposal of the CGU, discounted at an appropriate rate representative of the risk associated with the CGU. During the period, the valuation of CGUs based on the market approach was higher than the value in use and hence determined to be the recoverable amount for each CGU. A steady growth rate of 2% and discount rate of 13.5% is applied to the estimated cash flows. A sensitivity analysis for reasonable change in market-based inputs by +/- 5% does not indicate any risk of impairment.

	2025					2024
	Goodwill BD '000	License BD '000	Core deposits BD '000	Customer Relationship BD '000	Total BD '000	Total BD '000
Balance at 1 January	151,919	12,000	27,468	13,363	204,750	78,145
Acquired during the year	23,990	-	-	7,525	31,515	130,038
Adjustment to acquired goodwill	-	-	-	-	-	(371)
Amortised during the year	-	-	(2,024)	(3,302)	(5,326)	(3,062)
Balance as at 31 December	175,909	12,000	25,444	17,586	230,939	204,750

Notes to the Consolidated Financial Statements

As at 31 December 2025

16 PLACEMENTS FROM FINANCIAL INSTITUTIONS AND INDIVIDUALS

These represent short-term placements from banks, financial institutions and individuals in the form of Murabaha contracts.

	2025	2024
	BD '000	BD '000
Placement from financial institutions	117,586	142,481
Placements from individuals	-	28,535
	117,586	171,016

17 MURABAHA TERM FINANCINGS

These represent short-term and long-term financings obtained from various financial institutions and are collateralised by corporate and sovereign sukuk with total carrying value BD 1,013,775 thousand (2024: BD 654,335 thousand) (note 7).

18 OTHER LIABILITIES

	2025	2024
	BD '000	BD '000
Accounts payable	77,163	83,128
Accrued expenses	28,030	25,626
Manager cheques	15,097	5,534
LC margin deposit	12,657	6,604
Project payables	69	60
End of service benefits and other employee related accruals	6,260	3,331
Allowance for credit losses relating to financing commitments and financial guarantee contracts	3,090	3,539
	142,366	127,822

Notes to the Consolidated Financial Statements

As at 31 December 2025

19 QUASI-EQUITY

	2025 BD '000	2024 BD '000
Wakala from financial institutions	556,945	420,231
Wakala, Mudaraba from customers	3,831,128	3,643,830
	4,388,073	4,064,061

Including in Quasi-equity is an amount of BD 8,779 thousand (2024: BD 5,376 thousand) representing the Quasi-equity holders share of movement in fair value reserve.

The Group does not allocate stage 3 assets to quasi-equity pool. All the impairment allowances relating to non performing assets are allocated to owners' equity. Recoveries from non-performing financial assets are also not allocated to quasi-equity. Only the profits earned on pool of assets funded from quasi-equity are allocated between the owners' equity and quasi-equity. As per the policy of the Group, minimum of 15% of return on assets earned is distributed to quasi-equity and up to 85% is retained by the Group as mudarib share. The Group did not charge any administration expenses to quasi-equity. The average profit rate earned on assets attributed to quasi-equity based on the above ratio for the year ended 31 December 2025 was 5.8% (2024: 6.2%) and the average profit rate distributed to quasi-equity for the year ended 31 December 2025 was 3.4% (2024: 4.0%).

	2025			2024		
	Self-financed BD '000	Quasi equity BD '000	Total BD '000	Self-financed BD '000	Quasi equity BD '000	Total BD '000
Distribution of assets by ownership						
Balances with banks and central banks	524,223	251,510	775,733	489,993	143,618	633,611
Placements with financial institutions	8,018	448,616	456,634	8,094	468,356	476,450
Investments in sukuk	1,934,154	-	1,934,154	1,447,803	-	1,447,803
Financing contracts	634,759	3,432,029	4,066,788	469,986	3,191,684	3,661,670
Non-trading investments	96,004	-	96,004	89,676	8,268	97,944
Takaful and related assets	29,748	-	29,748	26,353	-	26,353
Investments in real estate*	76,283	7,846	84,129	112,053	17,242	129,295
Investments in associates	37,528	241,472	279,000	20,115	234,893	255,008
Other assets	94,167	6,600	100,767	129,894	-	129,894
Goodwill and other intangible assets	230,939	-	230,939	204,750	-	204,750
Total Assets	3,665,823	4,388,073	8,053,896	2,998,717	4,064,061	7,062,778

*Real estate investments allocated to quasi-equity are yielding.

Notes to the Consolidated Financial Statements

As at 31 December 2025

19 QUASI-EQUITY (continued)

	2025			2024		
	Self-financed BD '000	Quasi equity BD '000	Total BD '000	Self-financed BD '000	Quasi equity BD '000	Total BD '000
Distribution of income by ownership						
INCOME						
Income from financing contracts	38,568	209,218	247,786	33,394	202,979	236,373
Income from placements with financial institutions	1,015	28,463	29,478	67	24,821	24,888
Income from Investments in sukuk	103,119	-	103,119	71,568	-	71,568
Finance expense on placements from financial institutions and individuals	(8,116)	-	(8,116)	(11,287)	-	(11,287)
Finance expense on murabaha term financing	(46,333)	-	(46,333)	(30,851)	-	(30,851)
Other finance expense	(4,571)	-	(4,571)	(3,470)	-	(3,470)
Net finance income	83,682	237,681	321,363	59,421	227,800	287,221
Fees and commission, net	27,927	-	27,927	26,267	-	26,267
Share of profit from associates	1,598	19,825	21,423	310	17,859	18,169
Income from Takaful operations, net	3,424	-	3,424	5,357	-	5,357
Other income	10,137	951	11,088	8,315	1,122	9,437
Total income	126,768	258,457	385,225	99,670	246,781	346,451
EXPENSES						
Staff costs	46,693	-	46,693	44,346	-	44,346
Other operating expenses	65,052	-	65,052	50,019	-	50,019
Total expenses	111,745	-	111,745	94,365	-	94,365
Profit before impairment allowances, tax and income attribution to quasi-equity	15,023	258,457	273,480	5,305	246,781	252,086
Allowance for impairment on financial instruments	(23,956)	(11,956)	(35,912)	(15,538)	(5,635)	(21,173)
Group's share as a mudarib and wakil	101,455	(101,455)	-	86,630	(86,630)	-
Allocated profits	92,522	145,046	237,568	76,397	154,516	230,913

	2025 BD 000	2024 BD 000
Quasi Equity - by type and maturity		
Saving accounts (including call accounts)	1,307,887	1,048,020
One month up to six months investment accounts	967,278	724,209
Six months up to one year investment accounts	1,319,255	492,321
One year up to three years investment accounts	466,621	965,622
Three years and above	318,253	828,513
	4,379,294	4,058,685
Quasi-equity holders share of fair value reserve	8,779	5,376
	4,388,073	4,064,061

In case of investment accounts on contractual basis, these can be withdrawn subject to deduction of profit upon management discretion.

Notes to the Consolidated Financial Statements

As at 31 December 2025

20 SHARE CAPITAL

	2025 BD '000	2024 BD '000
Authorised:		
5,000,000,000 ordinary shares (2024: 5,000,000,000 shares) of BD 0.100 each	500,000	500,000
Issued and fully paid: (BD 0.100 per share)		
Number of shares 2,967,598,791 (2024: 2,747,776,658)	296,760	274,778

Names and nationalities of the major shareholders and the number of equity shares in which they own 5% or more of outstanding share as of 31 December 2025 is as follows:

Investor Name	Nationality	No. of Shares	% of the outstanding shares
Bank Muscat (S.A.O.G.)	Omani	437,315,389	14.7%
Muscat Overseas Company L.L.C.	Omani	250,246,941	8.4%
Sayacorp B.S.C Closed	Bahraini	186,273,227	6.3%

A distribution schedule of equity shares, setting out the number of holders and the percentages as of 31 December 2025 is presented below:

Categories	No. of Shares	No. of the shareholders	% of the outstanding shares
Less than 1%	983,153,010	22,996	33.2
1% up to less than 5%	1,110,610,224	13	37.4
5% up to less than 10%	436,520,168	2	14.7
10% up to less than 20%	437,315,389	1	14.7
Total	2,967,598,791	23,012	100.0

21 RESERVES AND OTHER CAPITAL INSTRUMENTS

The Board of Directors is proposing a cash dividend of 8 fils per share or 8% (2024: 6%) of the par value of BD 0.100 per share excluding treasury shares and 7% of the paid up capital to be paid by issue of bonus shares (1 share for every 14.3 shares held). This amounts to BD 44,117 thousand (2024: BD 38,193 thousand) for the year ended 31 December 2025.

21.1. Treasury shares

Total number of treasury shares outstanding as of 31 December 2025 was 49,606,561 shares (2024: 155,932,001 shares).

21.2. Employee incentive scheme

The Bank operates a long term share based incentive scheme under which share awards were issued to employees with future performance conditions. As of 31 December 2025, 34,465,669 (2024: 84,523,957 shares) share awards remain unvested.

21.3. Statutory reserve

As required by Bahrain Commercial Companies Law 21/2001 (as amended) and the Bank's articles of association, 10% of the net profit for the year is transferred to the statutory reserve. The Group may resolve to discontinue such annual transfers when the reserve reaches 50% of the paid up share capital of the Bank. The reserve is not distributable except in such circumstances as stipulated in the Commercial Companies Law and approval of the CBB.

Notes to the Consolidated Financial Statements

As at 31 December 2025

22 OTHER EQUITY PARTICIPATIONS

i) Subordinated Mudaraba issued by the Bank

The Bank issued bilateral subordinated mudaraba, classified as additional Tier 1 mudaraba (AT1) of BD 169,675 thousand (2024: BD 162,464 thousand). The subscription was fully paid in cash, total issuance cost is BD 3,733 thousand (2024: BD 3,438 thousand).

Summary of key terms and conditions of this issue are as follows:

- a) Profits on this contract are distributed monthly starting from date of subscription at an expected rate of 6% p.a. Profit payments under the contract are discretionary and non-cumulative and non-payment will not be considered as an event of default.
- b) The contract does not have a stated maturity and is perpetual in nature and the Bank has an option to settle the AT1 Mudaraba at its discretion after 5 years from the date of its initial subscription.
- c) The AT1 mudaraba has a write-down feature in the event of non-viability as per the terms of the contract.

Accordingly, AT1 mudaraba meets the criteria for classification as equity as per FAS 1 and is recognized under the owners' equity in the consolidated statement of financial position and the profits paid under the contract are accounted for as appropriation of profits. During the year, BD 10,108 thousand (2024 BD 4,009 thousand) was paid as profit on AT1 Mudaraba.

ii) Subordinated Mudaraba issued by a Subsidiary of the Bank

During the year, Solidarity Bahrain BSC, a subsidiary of Solidarity Group Holding issued bilateral subordinated mudaraba of BD 43,000 thousand, classified as upper Tier 2 as per volume 3 of the rule book issued by the CBB. The subscription was fully paid in cash, total issuance cost BD 440 thousand (2024: BD Nil).

Summary of key terms and conditions of the issue are as follows:

- a. Profits on this contract are distributed quarterly starting from the date of subscription at an expected rate of 7% p.a. Profit payments under the contract are discretionary and non-cumulative and non-payment will not be considered as an event of default.
- b. The contract does not have a stated maturity and is perpetual in nature and the issuer has an option to settle the Mudaraba at its discretion after 5 years from the date of its initial subscription.
- c. The mudaraba has a write-down feature in the event of non-viability as per the terms of the contract.

Accordingly, Subordinated mudaraba meets the criteria for classification as equity as per FAS 1 and is recognized under the owners' equity in the consolidated statement of financial position and the profits paid under the contract are accounted for as appropriation of profits. During the year, BD 2,119 thousand was paid as profit on this subordinated Mudaraba.

iii) Musharaka-based participatory shares

During the year, Solidarity Bahrain BSC issued a Musharaka-based, non-voting, non-cumulative perpetual shares of BD 810 thousand, classified as Tier 1 as per volume 3 of the rule book issued by the CBB. Total issue was for BD 12,000 thousand and the subscription was fully paid in cash, total issuance cost BD 188 thousand (2024: BD Nil).

Summary of key terms and conditions of this issue are as follows:

- a) The shares are non-cumulative, and the dividend distribution is at the discretion of the issuer.
- b) The shares do not have any stated maturity and are perpetual in nature and the issuer has a call option at its discretion after 5 years from the date of its initial subscription.
- c) The shares rank pari-passu with the ordinary shares in terms of return to them upon liquidation, however the shares do not carry any voting rights.

Accordingly, these shares meet the criteria for classification as equity as per FAS 1 and is recognized under Owners' equity in the consolidated statement of financial position and the dividends paid to these shares are accounted as appropriation of profits.

Notes to the Consolidated Financial Statements

As at 31 December 2025

23 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. There were no dilutive instruments issued by the Bank.

	2025	2024
Net profit attributable to Shareholders of the Bank (BD '000)	76,834	59,012
Less: Profit on other equity participations (BD '000)	(11,006)	(4,009)
Weighted average number of shares (thousand)	2,899,458	2,870,399
Basic and diluted earnings per share (fils)	22.7	19.2

24 INCOME FROM FINANCING CONTRACTS

	2025 BD '000	2024 BD '000
Leased-based:		
Ijarah, net*	100,158	88,420
Trade-based:		
Murabaha	80,851	77,897
Salam	18,090	21,129
Istisna	8,145	3,780
Participatory-based:		
Mudaraba	38,503	42,933
Musharaka	2,039	2,214
	247,786	236,373

* Ijarah income is net of depreciation of BD 202,219 thousand (2024: BD 110,306 thousand).

25 FEES AND COMMISSION, NET

	2025 BD '000	2024 BD '000
Transaction related fees and income	16,244	13,277
Arrangement fees	2,906	3,854
LC and LG commission	4,947	5,124
Card income and others, net	3,830	4,012
	27,927	26,267

26 INCOME FROM TAKAFUL OPERATIONS, NET

	2025 BD '000	2024 BD '000
Takaful revenue	131,901	94,502
Takaful service expenses	(79,015)	(48,426)
Net from retakaful contracts	(35,757)	(29,751)
Net finance expense from takaful contracts	(1,379)	(1,283)
Net finance expense from retakaful contracts	346	319
Takaful corporate expenses	(12,672)	(10,004)
	3,424	5,357

Notes to the Consolidated Financial Statements

As at 31 December 2025

27 OTHER INCOME

	2025 BD '000	2024 BD '000
Income from non-trading investments, net	(1,658)	2,433
Foreign exchange gains	5,621	4,007
Recoveries of previously charged-off financing exposures	4,833	1,262
Others	2,292	1,735
	11,088	9,437

28 STAFF COST

	2025 BD '000	2024 BD '000
Salaries and short term benefits	39,427	35,146
Employees' social insurance expenses	3,790	4,666
Other staff expenses	3,476	4,534
	46,693	44,346

In 2022, a long term incentive plan (LTIP) was introduced where employees are compensated in the form of shares as a percentage 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 five 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 financing features and are entitled to dividends, if any, released along with the vested shares.

29 OTHER OPERATING EXPENSES

	2025 BD '000	2024 BD '000
Business related expenses	20,943	14,024
Information technology expenses	9,042	9,619
Professional expenses	6,042	3,945
Board of directors related expenses	4,107	2,877
Premises cost	4,738	4,494
Depreciation and amortisation	12,876	8,056
Other expenses	7,304	7,004
	65,052	50,019

Notes to the Consolidated Financial Statements

As at 31 December 2025

30 RELATED PARTY TRANSACTIONS

Related parties comprise major shareholders, directors of the Bank, senior management, close members of their families, entities owned or controlled by them and companies affiliated by virtue of common ownership with that of the Bank. The transactions with these parties were approved by the board of directors.

The balances with related parties at 31 December 2025 and 31 December 2024 were as follows:

	2025				
	Associates and joint ventures BD '000	Major shareholders BD '000	Directors and related entities BD '000	Senior management BD '000	Total BD '000
Assets:					
Balances with banks and central bank	-	244	-	-	244
Placements with financial institutions	1,480	-	-	-	1,480
Financing contracts	22,905	-	2,002	1,014	25,921
Non-trading investments	68,538	-	-	-	68,538
Takaful and related assets	-	-	2,149	-	2,149
Investments in associates	279,000	-	-	-	279,000
Other assets	-	-	31	6,262	6,293
Liabilities and Quasi-equity:					
Placements from financial institutions and individuals	8,400	-	-	-	8,400
Customers' current accounts	1,807	360	7,134	1,034	10,335
Other liabilities	146	-	55	47	248
Takaful Liabilities	729	-	-	-	729
Quasi-equity	17,166	39,080	7,776	4,856	68,878
Contingent liabilities and commitments	-	-	351	-	351
	2024				
	Associates and joint ventures BD '000	Major shareholders BD '000	Directors and related entities BD '000	Senior management BD '000	Total BD '000
Assets:					
Balances with banks and central bank	-	244	-	-	244
Financing contracts	24,958	-	2,557	2,036	29,551
Non-trading investments	68,854	-	-	-	68,854
Takaful and related assets	-	-	620	-	620
Investments in associates	255,008	-	-	-	255,008
Other assets	-	-	-	2,468	2,468
Liabilities and Quasi-equity:					
Customers' current accounts	1,234	358	3,944	1,795	7,331
Other liabilities	16	-	106	85	207
Takaful Liabilities	372	-	-	-	372
Quasi-equity	12,271	3,407	7,718	7,655	31,051
Contingent liabilities and commitments	8	-	502	191	701

Notes to the Consolidated Financial Statements

As at 31 December 2025

30 RELATED PARTY TRANSACTIONS (continued)

The income and expenses in respect of related parties included in the consolidated income statement are as follows:

	2025				
	Associates and joint ventures BD '000	Major shareholders BD '000	Directors and related entities BD '000	Senior management BD '000	Total BD '000
Income:					
Placements with financial institutions	38	84	-	-	122
Income from financing contracts	1,521	-	137	26	1,684
Share of profit from associates, net	21,423	-	-	-	21,423
Income from takaful operations, net	-	-	2,961	-	2,961
Expenses:					
Finance expense on placements from financial institutions and individuals	2,532	-	-	-	2,532
Other operating expenses	-	-	3,314	166	3,480
Expense from takaful operations	412	-	571	-	983
Income attributable to quasi-equity	559	1,089	345	176	2,169

	2024				
	Associates and joint ventures BD '000	Major shareholders BD '000	Directors and related entities BD '000	Senior management BD '000	Total BD '000
Income:					
Income from financing contracts	1,656	1	162	69	1,888
Share of profit from associates, net	18,169	-	-	-	18,169
Income from takaful operations, net	-	-	1,053	4	1,057
Expenses:					
Other operating expenses	-	-	2,701	2,525	5,226
Expense from takaful operations	382	-	196	-	578
Income attributable to quasi-equity	470	142	432	165	1,209
Allowance for impairment	17	-	-	-	17

Key management personnel compensation

Board of Directors' remuneration for the year 2025 amounted to BD 1,300 thousand (2024: BD 1,110 thousand) and sitting fees for the year 2025 amounted to BD 543 thousand (2024: BD 587 thousand).

Sharia Supervisory Boards' remuneration for the year 2025 amounted to BD 113 thousand (2024: BD 113 thousand).

Key management personnel of the Bank comprise key members of management having authority and responsibility for planning, directing and controlling the activities of the Bank. Compensation of key management personnel for the year 2025 includes salaries and other benefits of BD 7,550 thousand (2024: BD 7,838 thousand).

Notes to the Consolidated Financial Statements

As at 31 December 2025

31 CONTINGENT LIABILITIES AND COMMITMENTS

	2025 BD '000	2024 BD '000
Contingent liabilities on behalf of customers		
Guarantees	201,996	155,363
Letters of credit	135,827	212,977
Acceptances	1,573	1,558
	339,396	369,898
Unutilised commitments		
Unutilised financing commitments	285,672	384,562
Unutilised non-funded commitments	28,501	46,089
	314,173	430,651

Letters of credit, guarantees (including standby letters of credit) commit the Group to make payments on behalf of customers contingent upon their failure to perform under the terms of the contract.

Commitments generally have fixed expiration dates, or other termination clauses. Since commitments may expire without being utilized, the total contract amounts do not necessarily represent future cash outflows.

32 WA'AD BASED FX TRANSACTIONS FOR RISK MANAGEMENT

The Group enter into Wa'ad based FX transactions to manage its exposures to foreign currency risk. The fair values of FX Wa'ad instruments is as follows;

	2025		2024	
	Notional Amount BD '000	Fair Value BD '000	Notional Amount BD '000	Fair Value BD '000
FX Wa'ad instruments				
Assets position	56,351	261	49,024	321
Liabilities position	236,279	617	82,281	847

The above contracts have tenor not more than two years as at the end of the reporting period.

33 FINANCIAL RISK MANAGEMENT

33.1 Introduction - Risk management of Banking operations

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk appetite limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk, operational risk, information security risk and market risk. It is also subject to early settlement risk.

The Group's risk function is independent of lines of business and the Chief Risk Officer reports to the Audit and Risk Committee with access to the Group Chief Executive Officer.

The independent risk control process does not include business risks such as changes in the environment, technology and industry as they are monitored through the Group's strategic planning process.

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks.

Notes to the Consolidated Financial Statements

As at 31 December 2025

33 FINANCIAL RISK MANAGEMENT (continued)

33.1 Introduction - Risk management of Banking operations (continued)

Board of Directors

The Board of Directors is responsible for setting the overall risk management framework and appetite encompassing the risk strategies and policies.

Audit and Risk Committee

The Audit and Risk Committee is appointed by the Board of Directors who are non-executive directors of the Group. The Audit and Risk Committee assists the Board in carrying out its responsibilities with respect to assessing the quality and integrity of financial reporting, the audit thereof, the soundness of the internal controls of the Group, reviewing and monitoring the overall risk framework and profile of the Group as well as its adherence to stipulated policies and limits, and the methods for monitoring compliance with laws, regulations and supervisory and internal policies.

The Audit and Risk Committee reviews Group's accounting and financial practices, risk management reports, integrity of the Group's financial and internal controls and consolidated financial statements. It also reviews the Group's compliance with legal requirements, recommends the appointment, compensation and oversight of the Group's external and internal auditors. The Committee has the responsibility to review and recommend to the Board for approval the overall risk process and policies within the Bank.

Shari'a Supervisory Board

The Group's Shari'a Supervisory Board is entrusted with the responsibility to ensure the Group's adherence to Shari'a rules and principles in its transactions and activities.

Credit Investment Committee

Credit and Investment Committee (CIC) reviews the Credit Risk Policies and Investment Policies to ensure they are consistent with the corporate values and strategy of the Bank. The Committee will discuss, review and approve all investments and financing transactions.

The Committee establishes the framework for setting country, product and sector limits, consider proposals for changes in such limits, review periodic reports to monitor compliance and agree actions to be taken to address exceptions.

It assesses and approves credit risk parameters (including pricing) relating to new products and changes in credit risk for existing products.

Asset and Liability Committee

The Asset and Liability Committee (ALCO) establishes policy and objectives for the asset and liability management of the Group's financial position in terms of ICAAP, Stress Testing, Step-in Risk, Recovery and Resolution Plan, Risk and Return and its impact on profitability. It also monitors the cash flow, tenor and cost / yield profiles of assets and liabilities and evaluates the Group's financial position both from profit rate sensitivity and liquidity points of view, making corrective adjustments based upon perceived trends and market conditions, monitoring liquidity, monitoring foreign exchange exposures and positions.

Operational, Market Risk and Compliance Committee (OMAC)

The Operational, Market Risk and Compliance Committee (OMAC) is responsible for the design, implementation and supervision of the compliance risk framework (excluding credit risk) of the Bank. It reviews risk management policies (excluding Credit Risk policies). It ensures Bank's compliance with applicable regulations with the assistance of relevant stakeholders. It ensures that the Business Continuity Framework is robust and maintained. It reviews the ICAAP, Stress Testing, Resolution and Recovery Plan and Step-in Risk prior to submission to the Board.

Notes to the Consolidated Financial Statements

As at 31 December 2025

33 FINANCIAL RISK MANAGEMENT (continued)

33.1 Introduction - Risk management of Banking operations (continued)

Information Security Committee

Information Security Committee is an advisory committee appointed by the Management Executive Committee of the Bank to develop, review and execute a comprehensive Information Security Management System for the Bank. The Committee will regularly review the information security risk exposure of the Bank.

Internal Audit

Risk management processes throughout the Group are audited by the internal audit function that examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit and Risk Committee.

Risk measurement and reporting systems

The Group's risk management policies aim to identify, measure, analyse and manage the risks faced by the Group, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. The Group's risk management department is also responsible for identifying risk characteristics inherent in new and existing products, activities and setting exposure limits to mitigate these risks.

Monitoring and controlling risks is primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept, with additional emphasis on selected industries. In addition, the Group monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across respective risk types and activities.

Information compiled from all the businesses is examined and processed in order to analyse, control and identify early risks. This information is presented and explained to the Board of Directors, the Audit and Risk Committee, Credit and Investment Committee, The Operational, Market Risk and Compliance Committee (OMAC), Information Security Committee and ALCO, whenever required. The reports include aggregate credit quality and exposures, market risk exposures, operational risk metrics, Information Security updates, limit exceptions, liquidity ratios, stress testing, and risk profile changes. A detailed report is produced on a quarterly basis. Senior management assesses the appropriateness of the allowance for credit losses on a quarterly basis. The Audit and Risk Committee of the Board receives a comprehensive risk report once a quarter which is designed to provide all the necessary information to assess the risks of the Group.

For all levels throughout the Group, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, necessary and up-to-date information. Briefing is given to all relevant members of the Group on the utilization of market limits, proprietary investments and liquidity, plus any other risk developments.

Concentrations arise when a number of counterparties are engaged in similar business 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. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

33.2 Credit risk

Credit risk is the risk that one party to a financial contract will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, setting limits for transactions with counterparties, and continually assessing the creditworthiness of counterparties.

In addition to monitoring credit limits, the Group manages the credit exposures by entering into collateral arrangements with counterparties in appropriate circumstances and by limiting the duration of the exposure.

Notes to the Consolidated Financial Statements

As at 31 December 2025

33 FINANCIAL RISK MANAGEMENT (continued)

33.2 Credit risk (continued)

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

Credit risk grades

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment. 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 customer. Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates. Each exposure is allocated to a credit risk grade at initial recognition based on available information about the customer. Exposures are subject to ongoing monitoring which may result in an exposure being moved to a different credit risk grade.

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position. The maximum exposure is shown gross of provision, before the effect of mitigation through the use of master netting and collateral agreements.

	Gross maximum exposure 2025 BD '000	Gross maximum exposure 2024 BD '000
ASSETS		
Balances with commercial banks	429,082	184,935
Placements with financial institutions	456,642	476,456
Investment in sukuk	1,934,353	1,448,463
Financing contracts	4,163,956	3,729,781
Financing contracts under other assets	2,057	20,244
Total	6,986,090	5,859,879
Contingent liabilities and commitments	653,569	800,549
Total credit risk exposure	7,639,659	6,660,428

Where financial contracts are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Type of credit risk

Various contracts entered into by the Group comprise Murabaha financing, Mudaraba financing, Musharaka, Credit card receivables, Sukuk and IMB contracts. Murabaha contracts cover financing of land, buildings, commodities, motor vehicles and others non-financial assets. Mudaraba financing consist of financing transactions entered through other Islamic banks and financial institutions. Mudaraba is a partnership agreement in which the Islamic bank acts as the provider of funds (the Rabalmaal) while the recipient of the funds (the Mudarib or the manager) provides the professional, managerial and technical know-how towards carrying out the venture, trade or service with an aim of earning profit.

The Group follows an internal rating mechanism for grading relationships for financial assets. All financial assets are assigned a rating in accordance with the defined criteria. The Group utilises a scale ranging from 1 to 10 for credit relationships, with 1 to 7 denoting performing grades and 8 to 10 denoting non-performing grades. Ratings 1 to 4 represent good credit grade, 5 to 7 represents a satisfactory credit grade and 8 to 10 represents default grade.

For externally rated exposures, credit risk ratings of an authorised Credit Rating Agency are converted into internal ratings which are calibrated with the risk appetite of the Bank. Conversion of an external credit risk rating to an internal risk rating is done to ensure consistency across publicly rated and unrated entities.

Notes to the Consolidated Financial Statements

As at 31 December 2025

33 FINANCIAL RISK MANAGEMENT (continued)

33.2 Credit risk (continued)

The Group endeavors continuously to improve upon the internal credit risk rating methodologies and credit risk management policies and practices to reflect the true underlying credit risk of the portfolio and the credit culture in the Group.

Considering the pre-prevailing market situation, the Group has taken preemptive measures to mitigate credit risk by adopting more cautious approach for credit approvals thereby tightening the criteria for extending credit to impacted sectors.

Measurement of ECL

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 financial asset.

The key parameters into the measurement of ECL are the following variables:

- Probability of Default (PD);
- Loss Given Default (LGD); and
- Exposure At Default (EAD).

These parameters are generally derived from internally developed models, historical and projected data. These are further adjusted to reflect forward-looking scenarios as described below.

Definition of default

The Group considers a financial asset to be in default when the customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as liquidating collateral; or the customer is genuinely past due more than 90 days on any credit obligation to the Group. In assessing whether a customer is in default, the Group considers both qualitative factors such as breaches of covenants and quantitative factors such as overdue status and non-payment on another obligation of the same issuer to the Group.

Probability of default

PDs estimates are estimated at a certain date, which are calculated based on the Bank's default experience, and assessed using rating tools tailored to the segment of counterparties and exposures. These estimations are based on internally compiled data comprising both quantitative and qualitative factors. In case of lack of default history, market data may also be used to derive the PD for selected segment of counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD.

Generating the term structure PD

Credit risk grades are a primary parameters 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 credit risk grading for corporate and days-past-due for retail portfolio. The Group employs credit risk estimation models for analysing the data collected and generate estimates of PD of exposures and how these are expected to change as a result of the passage of time.

Incorporation of forward - looking information

The Group uses industry recognized models to estimate impact of macro-economic factors on historical observed default rates. In case the results of forecasted PDs are significantly different from the expected default rates that may be observed for the forecasted economic conditions, conservative and discretionary overlays shall be used by the management after analyzing the portfolio and impact. The key macro-economic indicators include gross domestic product (GDP) growth, inflation, domestic credit growth and oil prices.

Incorporating forward-looking information requires continuous assessment as to how changes in these macroeconomic factors will affect the ECL applicable to the stage 1 and stage 2 exposures which are considered as performing (Stage 3 are the exposures under default category). The methodologies and assumptions involved, including any forecasts of future economic conditions, are reviewed yearly.

Notes to the Consolidated Financial Statements

As at 31 December 2025

33 FINANCIAL RISK MANAGEMENT (continued)

33.2 Credit risk (continued)

Loss Given Default

LGD is the magnitude of the likely loss if there is a default. LGD parameters based on the history of recovery rates of claims against defaulted counterparties, based on historical data using both internal and external factors. The LGD is estimated using below factors:

Cure Rate: Defined as the ratio of accounts which have fallen to default and have managed to move backward to the performing accounts.

Recovery Rate: Defined as the ratio of liquidation value to market value of the underlying collateral at the time of default would also account for expected recovery rate from a general claim on the individual's assets for the unsecured portion of the exposure.

In case of non-availability of recovery data, the Bank uses LGD estimate based on market practice.

Discounting Rate: Defined as the opportunity cost of the recovery value not being realized on the day of default adjusted for time value. Where the Group does not have stable or adequate internal loss or recovery experience, an expert judgement measure using market benchmarks as inputs is considered.

Exposure At Default

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty. The EAD of a financial asset is its gross carrying amount. For financing 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 and forward-looking forecasts.

Significant Increase in Credit Risk

A SICR occurs when there has been a significant increase in the risk of a default occurring over the expected life of a financial instrument. In the measurement of ECL, judgement is involved in setting the rules and trigger points to determine whether there has been a SICR since initial recognition of a financing facility, which would result in the financial asset moving from 'stage 1' to 'stage 2'.

When determining whether the risk of default on financial contracts has increased significantly since initial recognition, 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 expert credit assessment including forward-looking information.

The criteria for determining whether credit risk has increased significantly vary on a portfolio level and include quantitative and qualitative factors, including days past due, restructured status and relative migration in risk rating. Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk grade 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 4 and 5.

The Group continues to assess customer for other indicators of unlikeliness to pay, taking into consideration the underlying cause of any financial difficulty and whether it is likely to be temporary as a result of prevailing economic conditions or longer term.

Management overlays are applied to the model outputs consistent with the objective of identifying a significant increase in credit risk.

Renegotiated financial assets

The contractual terms of a financing may be modified for a number of reasons including changing market conditions, and other factors not related to the current or potential credit deterioration of a customer. When the terms of a financial asset are modified and the modification does not result in a derecognition, the determination of whether the asset's credit risk has increased significantly reflects a comparison of its remaining lifetime PD at the reporting date based on modified terms, with the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

The Group renegotiates financing to customers in financial difficulties to maximize collection opportunities and minimize the risk of default. This may involve extending the payment arrangements and documenting the agreement of new conditions for providing finance. Management continuously reviews renegotiated facilities to ensure that all criteria are met and that future payments are likely to occur.

Notes to the Consolidated Financial Statements

As at 31 December 2025

33 FINANCIAL RISK MANAGEMENT (continued)

33.2 Credit risk (continued)

The accounts which are performing prior to restructuring but restructured due to financial difficulty are categorised under stage 2. The accounts that are non-performing or meet any criteria for classifying as non-performing (prior to restructuring), then such restructured accounts are categorized under stage 3.

Backward transition

In accordance with FAS 30 and CBB credit-risk guidelines, backward migration from lifetime ECL (Stage 2/Stage 3) to 12-month ECL (Stage 1) is not automatic when SICR indicators cease. Any stage improvement must follow a controlled, documented assessment demonstrating sustained credit-risk improvement. Factors such as an appropriate cooling-off period, consistent payment performance, and the absence of qualitative or quantitative SICR triggers must be satisfied before reclassification. All backward transitions must be supported by objective evidence and applied in line with the Bank's credit-risk governance and approval framework.

FAS 30 staging model is of symmetrical nature as exposures may migrate from lifetime ECL measurement (Stage 2 and Stage 3) to 12 month ECL measurement (Stage 1). However, movement across stages are not immediate once SICR indicators are no longer triggered. Once such indicators are no longer triggered, movement back to Stage 1 or Stage 2 has to be calibrated and cannot be automatic or immediate. Certain criteria like cooling off period, SICR indicators and payment history are considered for migrating customers to Stage 2 or Stage 1.

Credit Conversion Factor

The estimation of EAD takes into account any unexpected changes in the exposure after the assessment date, including expected drawdowns on committed facilities through the application of a credit conversion factor (CCF). The EAD is estimated using the outstanding exposure adjusted by CCF times for undrawn portion of the facilities.

The outstanding exposure is calculated as principal plus profit less expected prepayments. The undrawn portion refers to the portion of the unutilized credit limit. CCF applied to the facilities would be the higher of average behavioral utilization over the last five years or the CCF considered for capital charge.

The Bank applies regulatory CCF as defined by the Central Bank of Bahrain.

Expected credit Losses

ECLs were estimated based on a range of forecast economic conditions as at that date the Group has considered the impact of volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

The following table summarizes the key judgements and assumptions in relation to the model inputs and the interdependencies between those inputs during the current year.

Key model inputs	Model assumptions
Probability of default (PD's)	Point-in-time PD's updated using latest available macro-economic forecasts by using historical correlation to Oil (Brent) price; General government total expenditure; Domestic credit growth (%); Total investment; Volume of imports of goods and services and General government gross debt as percentage of GDP
Probability weighted outcomes	Probability weights - Base 65, Worst 25, Best 10
Loss Given Default (LGD)	Unsecured LGD is 65% and it is consistent with those used in 2024.

The Group has previously performed historical analysis and identified key economic variables impacting credit risk and ECL for each portfolio and expert judgement has also been applied in this process. These economic variables and their associated impact on PD, EAD and LGD vary by financial instrument.

Judgement is involved in determining which forward looking information variables are relevant for particular financing portfolios and for determining the sensitivity of the parameters to movements in these forward-looking variables. As with any economic forecasts, the projections and likelihoods of the occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.

Notes to the Consolidated Financial Statements

As at 31 December 2025

33 FINANCIAL RISK MANAGEMENT (continued)

33.2 Credit risk (continued)

a) The credit quality of balances with commercial banks and placements with financial institutions subject to credit risk is as follows:

	2025			
	Stage 1: 12-month ECL BD '000	Stage 2: Lifetime ECL not credit- impaired BD '000	Stage 3: Lifetime ECL credit- impaired BD '000	Total BD '000
Good (R1-R4)	784,174	-	-	784,174
Satisfactory (R5-R7)	101,438	112	-	101,550
Allowance for credit losses	(176)	(19)	-	(195)
	885,436	93	-	885,529

	2024			
	Stage 1: 12-month ECL BD '000	Stage 2: Lifetime ECL not credit- impaired BD '000	Stage 3: Lifetime ECL credit-impaired BD '000	Total BD '000
Good (R1-R4)	578,618	-	-	578,618
Satisfactory (R5-R7)	82,773	-	-	82,773
Allowance for credit losses	(135)	-	-	(135)
	661,256	-	-	661,256

b) The following tables sets out information about the credit quality of other financial assets. For financing commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed.

i) Investment in sukuk

	2025			
	Stage 1: 12-month ECL BD '000	Stage 2: Lifetime ECL not credit- impaired BD '000	Stage 3: Lifetime ECL credit- impaired BD '000	Total BD '000
Good (R1-R4)	1,848,463	-	-	1,848,463
Past Due				
Satisfactory (R5-R7)	85,890	-	-	85,890
Allowance for credit losses	(199)	-	-	(199)
	1,934,154	-	-	1,934,154

	2024			
	Stage 1: 12-month ECL BD '000	Stage 2: Lifetime ECL not credit- impaired BD '000	Stage 3: Lifetime ECL credit-impaired BD '000	Total BD '000
Good (R1-R4)	1,442,128	-	-	1,442,128
Past Due				
Satisfactory (R5-R7)	6,335	-	-	6,335
Allowance for credit losses	(660)	-	-	(660)
	1,447,803	-	-	1,447,803

Notes to the Consolidated Financial Statements

As at 31 December 2025

33 FINANCIAL RISK MANAGEMENT (continued)

33.2 Credit risk (continued)

ii) Financing contracts

	2025				
	Stage 1:	Stage 2:	Stage 3:	POCI	Total
	12-month ECL	Lifetime ECL	Lifetime		
BD '000	not credit- impaired BD '000	ECL credit- impaired BD '000	BD '000	BD '000	
Good (R1-R4)	3,585,344	23,387	172	-	3,608,903
Satisfactory (R5-R7)	256,266	126,328	451	1,444	384,489
Default (D8-D10)	-	-	133,121	37,443	170,564
Allowance for credit losses and impairment	(35,879)	(12,748)	(48,541)	-	(97,168)
	3,805,731	136,967	85,203	38,887	4,066,788

	2024				
	Stage 1:	Stage 2:	Stage 3:	POCI	Total
	12-month ECL	Lifetime ECL	Lifetime ECL		
BD '000	not credit- impaired BD '000	credit-impaired BD '000	BD '000	BD '000	
Good (R1-R4)	2,734,529	34,781	1,375	53	2,770,738
Satisfactory (R5-R7)	650,541	141,387	50,843	22,231	865,002
Default (D8-D10)	-	-	78,608	15,433	94,041
Allowance for credit losses and impairment	(22,590)	(14,947)	(30,574)	-	(68,111)
	3,362,480	161,221	100,252	37,717	3,661,670

As 31 December 2025, profit in suspense amounted to BD 24,465 thousand (2024: BD 19,709 thousand).

iii) Other financing

	2025			
	Stage 1:	Stage 2: Lifetime	Stage 3: Lifetime	Total
	12-month ECL	ECL not credit- impaired	ECL credit- impaired	
BD '000	BD '000	BD '000	BD '000	BD '000
Good (R1-R4)	249	2	-	251
Satisfactory (R5-R7)	18	146	-	164
Default (D8-D10)	-	-	1,642	1,642
Allowance for credit losses	(4)	(32)	(1,370)	(1,406)
	263	116	272	651

	2024			
	Stage 1:	Stage 2: Lifetime	Stage 3: Lifetime	Total
	12-month ECL	ECL not credit- impaired	ECL credit- impaired	
BD '000	BD '000	BD '000	BD '000	BD '000
Good (R1-R4)	331	-	-	331
Satisfactory (R5-R7)	18,928	14	-	18,942
Default (D8-D10)	-	-	971	971
Allowance for credit losses	(17)	(1)	(971)	(989)
	19,242	13	-	19,255

Notes to the Consolidated Financial Statements

As at 31 December 2025

33 FINANCIAL RISK MANAGEMENT (continued)

33.2 Credit risk (continued)

iv) Financing commitments and financial guarantee contracts

	2025			Total BD '000
	Stage 1: 12-month ECL BD '000	Stage 2: Lifetime ECL not credit- impaired BD '000	Stage 3: Lifetime ECL credit- impaired BD '000	
Good (R1-R4)	619,443	1,328	1	620,772
Satisfactory (R5-R7)	13,633	15,393	1,000	30,026
Default (D8-D10)	-	-	2,771	2,771
Allowance for credit losses	(1,929)	(312)	(849)	(3,090)
	631,147	16,409	2,923	650,479

	2024			Total BD '000
	Stage 1: 12-month ECL BD '000	Stage 2: Lifetime ECL not credit- impaired BD '000	Stage 3: Lifetime ECL credit- impaired BD '000	
Good (R1-R4)	764,088	59	1	764,148
Satisfactory (R5-R7)	18,849	11,800	1,540	32,189
Default (D8-D10)	-	-	4,212	4,212
Allowance for credit losses	(2,723)	(140)	(676)	(3,539)
	780,214	11,719	5,077	797,010

The aging analysis of financing contracts:

	2025			Total BD '000
	Stage 1 BD '000	Stage 2 BD '000	Stage 3 / POCI BD '000	
Current	3,700,635	88,016	40,299	3,828,950
< 30 days	140,975	14,333	5,302	160,610
30 to 90 Days	-	47,366	9,194	56,560
> 90 days	-	-	117,836	117,836
	3,841,610	149,715	172,631	4,163,956

	2024			Total BD '000
	Stage 1 BD '000	Stage 2 BD '000	Stage 3 / POCI BD '000	
Current	3,285,362	109,354	29,426	3,424,142
< 30 days	99,708	23,892	10,723	134,323
30 to 90 Days	-	42,922	34,171	77,093
> 90 days	-	-	94,223	94,223
	3,385,070	176,168	168,543	3,729,781

The maximum credit risk, without taking into account the fair value of any collateral and Shari'a-compliant netting agreements, is limited to the amounts on the consolidated statement of financial position plus commitments to customers disclosed in note 31 except capital commitments.

During the year BD 59,563 thousand (2024: BD 86,456 thousand) of financing facilities were restructured. Most of the restructured facilities are performing and are secured.

Notes to the Consolidated Financial Statements

As at 31 December 2025

33 FINANCIAL RISK MANAGEMENT (continued)

33.2 Credit risk (continued)

Write-off policy

The Group writes off an asset/security balance (net of any related allowances for impairment losses) when it determines that the asset/security are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the counterparty's financial position such that they can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Collateral held and other credit enhancements

The Group accepts the following type of collateral, as defined in CBB rule book. The collateral can be in Bahraini Dinars or other Foreign Currencies-in such cases, haircut as appropriate as per the credit risk policy is applied.

- Cash Margin and deposits
- Sukuk-Long Term – rated & unrated
- Equities listed and not listed in main index
- Units in collective investment schemes
- Other physical assets including real estate

The Group holds collateral and other credit enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

Type of credit exposure	Principal type of collateral held	2025	2024
		BD '000	BD '000
Financing contracts to corporates	Cash, Property, or listed Shares and Sukuk	2,614,515	2,620,860
Financing contracts to retail customers	Cash, Property, or listed Shares and Sukuk	2,021,448	1,941,496

FTV ratio

Financing to value (FTV) is calculated as the ratio of the gross amount of the financing or the amount committed for financing commitments to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral.

	2025	2024
	BD '000	BD '000
Less than 50%	690,345	1,411,372
51-70%	448,981	107,649
71-90%	475,077	156,291
91-100%	314,804	177,343
More than 100%	2,234,749	1,877,126
	4,163,956	3,729,781

Key drivers of credit risk and credit losses

Credit risk arises from all transactions that give rise to actual, contingent or potential claims against any counterparty, obligor or client (which is referred to collectively as "counterparties"). This is the most frequent and substantial risk faced by any financing Bank.

Credit risk may have the following consequences leading to credit losses:

- Delayed fulfilment of a payment obligation
- Partial loss of the credit exposure
- Complete loss of the credit exposure

Notes to the Consolidated Financial Statements

As at 31 December 2025

33 FINANCIAL RISK MANAGEMENT (continued)

33.2 Credit risk (continued)

The various types of credit risk are defined as follows:

- Default Risk
- Country Risk
- Settlement Risk
- Replacement cost-risk
- Concentration risk
- Residual risk (e.g. legal risk, documentation risk, or liquidity risk)

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 included the key indicators for Kingdom of Bahrain such as the gross domestic product (GDP) growth, inflation, domestic credit growth and oil prices.

33.3 Legal risk and claims

Legal risk is the risk arising from the potential that unenforceable contracts, lawsuits or adverse judgments can disrupt or otherwise negatively affect the operations of the Group. The Group has developed controls and procedures to identify legal risks and believes that losses will be minimised.

As at 31 December 2025, legal suits amounting to BD 293 thousand (2024: BD 6,552 thousand) were pending against the Group. Based on the opinion of the Group's legal counsel, the total estimated liability arising from these cases is not considered to be material as the Group has also filed counter cases against these parties.

33.4 Operational risk management

The BCP was thoroughly tested during the year, including the implemented measures like working from the BCP site and from home. The measures continued to work satisfactorily.

As of 31 December 2025, the Group did not have any significant issues relating to operational risks.

33.5 Risk Management for Takaful operations of the Group

The activity of Solidarity Group Holding BSC (c), one of the principal subsidiaries of the Group is to issue takaful contracts for personal and corporate clients. The risk under Takaful contract is the possibility that an event occurs and the uncertainty of the amount payable under the Takaful contract resulting from such occurrence referred to as the claim. By the very nature of takaful contract, this risk is fortuitous, random and therefore unpredictable. The principal risks that the Group faces in writing a portfolio of takaful contracts are the frequency of occurrence of the events and the severity of resulting claims. The Group's risk profile is improved by having sufficient large numbers, diversification by nature of risk and geographical spread of these risks. This reduces the vulnerability of the Group's financial position and profits to large losses or a high frequency as there will be a larger income to sustain such impacts. The exposure of high frequency and severe large losses are also protected contract provides by a comprehensive retakaful program placed with highly reputable international retakaful contract provider.

(i) Underwriting Policy

The Group principally issues takaful contracts marine (cargo and hull), motor (own damage and third-party liability), property (material damage and business interruption), liability and general accident. These policies usually cover twelve months duration. For the above general takaful contracts, the most significant risks arise from accidents including motor or other incidents causing fire and accidental damage, negligence resulting in accidents or liabilities against third parties, natural disasters and other activities causing damage by riots, civil commotion and terrorist acts. The level of risks vary in relation to the location of the risk covered and type of risk covered and by industry.

Notes to the Consolidated Financial Statements

As at 31 December 2025

33 FINANCIAL RISK MANAGEMENT (continued)

33.5 Risk Management for Takaful operations of the Group (continued)

(ii) Retakaful Policy

As part of the underwriting process the next risk control measure in respect of the takaful risk is the transfer of the risks to third parties through a retakaful contract or facility. The Group has in place proportional facilities, referred to as treaties, which are used to transfer a proportion of the risks automatically subject to pre-agreed conditions with the retakaful contracts provider. The portion of the risk retained by the Group is also guided by a strict retention policy adopted by the Group. Any claim will be recovered in the same proportion. Furthermore, the Group also has in place non-proportional treaties which pay a proportion of losses above a pre-agreed priority level for each loss or an aggregation of losses arising out of one event. The placements of retakaful contracts are diversified with a panel of internationally reputed reinsurers so that the Group is not dependent on a single retakaful contracts provider or a retakaful contract. The Group also transfers risk on a case-by-case basis referred to as facultative retakaful. This is used in cases when the risk under consideration is either too large for the treaty capacities or else has risks which are excluded from the treaties. In this case the Group seeks internationally rated retakaful contracts providers but also places some small shares in the local markets as exchange of business.

33.6 Concentrations

Concentrations arise when a number of counterparties are engaged in similar business 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. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. The Group manages its exposure through diversification of financing activities to avoid undue concentrations of risks with customers in specific locations or businesses.

The distribution of assets, liabilities and quasi-equity by geographic region and industry sector was as follows:

	2025			2024		
	Assets BD '000	Liabilities and quasi-equity BD '000	Contingent liabilities and Commitments BD '000	Assets BD '000	Liabilities and quasi-equity BD '000	Contingent liabilities and Commitments BD '000
Geographic region						
GCC	6,507,212	5,554,219	318,250	5,841,013	4,957,448	278,730
Middle East and North Africa	1,159,836	1,379,285	334,555	1,062,514	1,233,654	311,973
Europe	114,468	241,255	-	30,646	162,213	79,947
Asia	37,644	96,266	-	13,548	60,140	-
America	220,325	-	764	98,950	194	129,899
Others	14,411	33,151	-	16,107	55,748	-
	8,053,896	7,304,176	653,569	7,062,778	6,469,397	800,549

Notes to the Consolidated Financial Statements

As at 31 December 2025

33 FINANCIAL RISK MANAGEMENT (continued)

33.6 Concentrations (continued)

	2025			2024		
	Assets BD '000	Liabilities and quasi-equity BD '000	Contingent liabilities and Commitments BD '000	Assets BD '000	Liabilities and quasi-equity BD '000	Contingent liabilities and Commitments BD '000
Industry sector						
Government and public sector	3,158,071	139,449	-	2,078,086	240,595	45,794
Banks and financial institutions	844,018	1,989,917	42,088	778,280	1,655,255	15,851
Real estate	367,585	150,723	99,415	301,316	214,166	146,646
Trading and manufacturing	769,111	539,664	236,414	771,663	553,056	494,851
Individuals	2,010,178	3,844,651	158,904	2,271,388	3,170,714	59,026
Others	904,933	639,772	116,748	862,045	635,611	38,381
	8,053,896	7,304,176	653,569	7,062,778	6,469,397	800,549

33.7 Market risk

Market risk arises from fluctuations in global yields on financial contracts and foreign exchange rates that could have an indirect effect on the Group's assets value and equity prices. The Board has set limits on the risk that may be accepted. This is monitored on a regular basis by the Audit and Risk Committee as well as ALCO of the Group.

a) Equity price risk

Equity price risk arises from fluctuations in equity prices. The Board has set limits on the overall investment exposure of the Bank. This is monitored on an ongoing basis by the Group's Credit and Investment Committee and Risk Management.

The effect on income (as a result of changes in the fair values of non-trading investments held at fair value through profit or loss and fair value through equity investments) solely due to reasonably possible changes in equity indexes, is as follows:

	2025			
	10% increase		10% decrease	
	Effect on net profit BD '000	Effect on equity BD '000	Effect on net profit BD '000	Effect on equity BD '000
Quoted investment	220	542	(220)	(542)

	2024			
	10% increase		10% decrease	
	Effect on net profit BD '000	Effect on equity BD '000	Effect on net profit BD '000	Effect on equity BD '000
Quoted investment	293	1,156	(293)	(1,156)

Notes to the Consolidated Financial Statements

As at 31 December 2025

33 FINANCIAL RISK MANAGEMENT (continued)

33.7 Market risk (continued)

b) Profit return risk

Profit rate risk arises from the possibility that changes in profit rates will affect the future profitability or the fair values of financial assets. The Board has set limits on the risk that may be accepted. This is monitored on a regular basis by the Audit and Risk Committee as well as ALCO of the Group.

The Group manages exposures to the effects of various risks associated with fluctuations in the prevailing levels of market profit rates on its financial position and cash flows.

The sensitivity on income solely due to reasonably possible immediate and sustained changes in profit return rates, affecting both floating rate assets and liabilities and fixed rate assets and liabilities with maturities up to one year (re-pricing maturity on cumulative basis) are as follows:

	2025			
	Change in rate	Effect on net profit	Change in rate	Effect on net profit
	%	net profit BD '000	rate %	net profit BD '000
Bahraini dinars	0.10	23,308	(0.10)	(23,308)

	2024			
	Change in rate	Effect on net profit	Change in rate	Effect on net profit
	%	net profit BD '000	rate %	net profit BD '000
Bahraini dinars	0.10	13,894	(0.10)	(13,894)

c) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set limits on positions by currency. Positions are monitored regularly by the Audit and Risk Committee as well as ALCO to ensure positions are maintained within established limits.

Substantial portion of the Group's assets and liabilities are denominated in Bahraini Dinars, US Dollars or Saudi Riyals. As the Bahraini Dinar and Saudi Riyals are pegged to the US Dollars, positions in these currencies are not considered to represent significant currency risk as of 31 December 2025 and 31 December 2024.

The Group's net exposure for denominated in foreign currencies as at 31 December for its financial instruments are as follows:

	Long (short) 2025 BD '000	Long (short) 2024 BD '000
Sterling Pounds	251	92
Japanese Yen	203	96
Euro	696	726
Kuwaiti Dinar	249	243
Others	1,844	231

Notes to the Consolidated Financial Statements

As at 31 December 2025

33 FINANCIAL RISK MANAGEMENT (continued)

33.7 Market risk (continued)

Standard scenarios that are considered include a 10% increase or decrease 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:

	Change in currency rate %	Effect on profit 2025 BD '000	Effect on equity 2025 BD '000	Change in currency rate %	Effect on profit 2024 BD '000	Effect on equity 2024 BD '000
Sterling Pounds	10	25.1	-	10	9.2	-
Japanese Yen	10	20.3	-	10	9.6	-
Euro	10	69.6	-	10	72.6	-
Kuwaiti Dinar	10	24.9	-	10	24.3	-
Others	10	184.4	-	10	23.1	-
Total		324.3	-		138.8	-

33.8 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities as they fall due. Liquidity risk can be caused by market disruptions or credit downgrades which may impact certain sources of funding. To mitigate this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining an adequate balance of cash, cash equivalents and readily convertible marketable securities. Liquidity position is monitored on an ongoing basis by the Risk and Audit Committee as well as ALCO of the Group.

The Bank has computed the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) as per the requirements of the CBB rulebook. The LCR at the Group level as at 31 December 2025 is 377.8% and the simple average of the daily consolidated LCRs of the last three months is 323.0%. The NSFR as at 31 December 2025 is 125.8%.

The maturity profile of sukuk, placements with or from financial institutions, financing contracts and murabaha term financings has been presented using the contractual maturity year. For other balances, maturity profile is based on expected cash flows / settlement profile of the respective assets and liabilities.

The management of the Group has enhanced its monitoring of the liquidity and funding requirements. ALCO meetings are convened more frequently in order to carryout granular assessment of funding requirements with the objective to explore available sources of funding and to drawdown the existing funding sources as and when necessary to maintain enough liquidity at a reasonable cost of funding.

Notes to the Consolidated Financial Statements

As at 31 December 2025

33 FINANCIAL RISK MANAGEMENT (continued)

33.8 Liquidity risk (continued)

As at the reporting date the liquidity and funding position of the Group remains strong and is well placed to absorb and manage the impacts of any disruption. Further information on the regulatory liquidity and capital ratios are disclosed in (note 40) to the consolidated financial statements.

	2025				
	Up to 3 months BD '000	3 months to 1 year BD '000	1 to 5 years BD '000	Over 5 years BD '000	Total BD '000
ASSETS					
Balances with banks and central banks	775,733	-	-	-	775,733
Placements with financial institutions	448,853	6,307	1,474	-	456,634
Investments in sukuk	45,616	142,358	321,704	1,424,476	1,934,154
Financing contracts	869,775	1,077,354	1,112,382	1,007,277	4,066,788
Non-trading investments	-	-	-	96,004	96,004
Takaful and related assets	-	29,748	-	-	29,748
Investments in real estate	-	-	-	84,129	84,129
Investments in associates	-	-	-	279,000	279,000
Other assets	6,284	11,519	24,166	58,798	100,767
Goodwill and other intangible assets	-	-	-	230,939	230,939
	2,146,261	1,267,286	1,459,726	3,180,623	8,053,896
LIABILITIES AND QUASI-EQUITY					
Placements from financial institutions & individuals	62,602	54,984	-	-	117,586
Murabaha term financings	603,765	443,092	-	29,497	1,076,354
Customers' current accounts	1,486,337	-	-	-	1,486,337
Takaful and related liabilities	-	93,460	-	-	93,460
Other liabilities	88,466	19,825	3,835	30,240	142,366
Quasi-Equity	2,279,734	1,241,744	295,795	570,800	4,388,073
	4,520,904	1,853,105	299,630	630,537	7,304,176

Notes to the Consolidated Financial Statements

As at 31 December 2025

33 FINANCIAL RISK MANAGEMENT (continued)

33.8 Liquidity risk (continued)

	2024				
	Up to 3 months BD '000	3 months to 1 year BD '000	1 to 5 years BD '000	Over 5 years BD '000	Total BD '000
ASSETS					
Balances with banks and central banks	633,611	-	-	-	633,611
Placements with financial institutions	459,484	16,966	-	-	476,450
Investments in sukuk	142,514	186,004	513,408	605,877	1,447,803
Financing contracts	844,719	730,360	565,234	1,521,357	3,661,670
Non-trading investments	-	-	-	97,944	97,944
Takaful and related assets	-	-	26,353	-	26,353
Investments in real estate	-	-	-	129,295	129,295
Investments in associates	-	-	-	255,008	255,008
Other assets	27,869	652	33,271	68,102	129,894
Goodwill and other intangible assets	-	-	-	204,750	204,750
	2,108,197	933,982	1,138,266	2,882,333	7,062,778
LIABILITIES AND QUASI-EQUITY					
Placements from financial institutions and individuals	105,082	59,901	6,033	-	171,016
Murabaha term financings	404,817	143,275	20,452	182,518	751,062
Customers' current accounts	1,279,886	-	-	-	1,279,886
Takaful and related liabilities	-	75,550	-	-	75,550
Other liabilities	37,728	28,155	22,415	39,524	127,822
Quasi-equity	2,630,242	708,875	127,601	597,343	4,064,061
	4,457,755	1,015,756	176,501	819,385	6,469,397

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2025 and 2024 based on contractual undiscounted payment obligation:

	2025					
	On demand BD '000	Up to 3 months BD '000	3 months to 1 year BD '000	1 to 5 years BD '000	Over 5 years BD '000	Total BD '000
LIABILITIES AND QUASI-EQUITY						
Placements from financial institutions	-	62,748	56,328	-	-	119,076
Customers' current accounts	1,486,337	-	-	-	-	1,486,337
Murabaha term financings	-	607,187	451,360	-	31,806	1,090,353
Other financial liabilities	33,944	-	-	-	-	33,944
Quasi-Equity	1,316,259	969,868	1,273,654	309,879	570,898	4,440,558
	2,836,540	1,639,803	1,781,342	309,879	602,704	7,170,268
COMMITMENTS AND CONTINGENT LIABILITIES						
Contingent liabilities and commitments	-	202,519	225,662	132,467	92,921	653,569
	-	202,519	225,662	132,467	92,921	653,569

Notes to the Consolidated Financial Statements

As at 31 December 2025

33 FINANCIAL RISK MANAGEMENT (continued)

33.8 Liquidity risk (continued)

	2024					Total BD '000
	On demand BD '000	Up to 3 months BD '000	3 months to 1 year BD '000	1 to 5 years BD '000	Over 5 years BD '000	
LIABILITIES AND QUASI-EQUITY						
Placements from financial institutions	-	105,653	60,377	6,303	-	172,333
Customers' current accounts	1,279,886	-	-	-	-	1,279,886
Murabaha term financings	-	407,629	148,845	21,646	183,795	761,915
Other financial liabilities	28,460	-	-	-	-	28,460
Quasi-Equity	1,251,094	1,711,649	742,182	147,152	597,433	4,449,510
	2,559,440	2,224,931	951,404	175,101	781,228	6,692,104
COMMITMENTS AND CONTINGENT LIABILITIES						
Contingent liabilities and commitments	-	298,855	366,822	113,423	21,449	800,549
	-	298,855	366,822	113,423	21,449	800,549

34 SEGMENT INFORMATION

Primary segment information

For management purposes, the Group is organised into the following primary business segments:

Banking

Principally managing Shari'a compliant profit sharing investment accounts, and offering Shari'a compliant financing contracts and other Shari'a-compliant products. This segment comprises corporate banking, retail banking, private banking and wealth management in Kingdom of Bahrain and through the Bank's subsidiaries in Seychelles and Algeria. Banking segment also includes the Group's investments in banking associates which are allocated as assets attributable to the jointly financed pool of investment accountholders. Other overseas associate investments form part of the investment segment.

Treasury

Principally handling Shari'a compliant money market, trading, fixed income products and treasury services including short-term commodity murabaha.

Investments

Principally the Group's proprietary portfolio and asset management services to clients with a range of investment products, funds and alternative investments. These also include the Group's investment in certain associates and joint ventures.

Takaful

Represents the Group's investment in Solidarity Group Holding BSC (c) which is primarily involved in the business of offering Shari'a compliant takaful contracts. These comprise motor, non-motor, medical, group life and family takaful products. All activities of this business including its investment activities are reported under this segment as they are managed together along with the Takaful business.

Transactions between banking and other segments are conducted at estimated allocated internal rates. Transfer charges are based on a pool rate which approximates the cost of funds.

Notes to the Consolidated Financial Statements

As at 31 December 2025

34 SEGMENT INFORMATION (continued)

Segment information is disclosed as follows:

	2025					
	Banking BD '000	Treasury BD '000	Investments BD '000	Takaful BD '000	Unallocated BD '000	Total BD '000
Income						
Income from financing contracts	246,856	930	-	-	-	247,786
Income from placements with financial institutions	-	27,087	-	2,391	-	29,478
Income from Investments in sukuk	-	100,564	-	2,555	-	103,119
Finance expense on placements from financial institutions and individuals	(977)	(4,218)	-	(2,921)	-	(8,116)
Finance expense on murabaha term financing	-	(46,333)	-	-	-	(46,333)
Other finance expense	(4,571)	-	-	-	-	(4,571)
Net finance income	241,308	78,030	-	2,025	-	321,363
Fees and commission, net	21,629	6,298	-	-	-	27,927
Share of profit from associates	19,826	-	-	1,597	-	21,423
Income from Takaful operations, net	-	-	-	3,424	-	3,424
Other income	7,333	3,621	(5,166)	5,300	-	11,088
Total income	290,096	87,949	(5,166)	12,346	-	385,225
Expenses						
Staff costs	38,580	7,665	448	-	-	46,693
Other operating expenses	48,789	9,092	1,007	6,164	-	65,052
Total Expenses	87,369	16,757	1,455	6,164	-	111,745
Profit before allowances for impairment, income attribution to quasi-equity and tax	202,727	71,192	(6,621)	6,182	-	273,480
Allowance for impairment on financial instruments	(36,008)	350	(377)	123	-	(35,912)
Profit before income attribution to quasi-equity and tax	166,719	71,542	(6,998)	6,305	-	237,568
Income attributable to quasi-equity	(121,918)	(23,128)	-	-	-	(145,046)
Profit before tax	44,801	48,414	(6,998)	6,305	-	92,522
Tax	(7,136)	-	-	73	-	(7,063)
Profit for the year	37,665	48,414	(6,998)	6,378	-	85,459
Segment assets	4,685,478	2,920,508	171,654	224,141	52,115	8,053,896
Segment liabilities, and quasi-equity	5,116,514	2,006,901	545	101,860	78,356	7,304,176

Notes to the Consolidated Financial Statements

As at 31 December 2025

34 SEGMENT INFORMATION (continued)

	2024					
	Banking BD '000	Treasury BD '000	Investments BD '000	Takaful BD '000	Unallocated BD '000	Total BD '000
Income						
Income from financing contracts	236,088	285	-	-	-	236,373
Income from placements with financial institutions	-	24,208	-	680	-	24,888
Income from Investments in sukuk	-	69,508	-	2,060	-	71,568
Finance expense on placements from financial institutions and individuals	(2,920)	(8,367)	-	-	-	(11,287)
Finance expense on murabaha term financing	-	(30,851)	-	-	-	(30,851)
Other finance expense	(3,470)	-	-	-	-	(3,470)
Net finance income	229,698	54,783	-	2,740	-	287,221
Fees and commission, net	20,328	5,939	-	-	-	26,267
Share of profit from associates	17,858	-	273	38	-	18,169
Income from Takaful operations, net	-	-	-	5,357	-	5,357
Other income	3,969	2,118	(892)	4,242	-	9,437
Total income	271,853	62,840	(619)	12,377	-	346,451
Expenses						
Staff costs	35,078	8,164	1,104	-	-	44,346
Other operating expenses	33,829	9,047	1,670	5,473	-	50,019
Total Expenses	68,907	17,211	2,774	5,473	-	94,365
Profit before allowances for impairment, income attribution to quasi-equity and tax	202,946	45,629	(3,393)	6,904	-	252,086
Allowance for impairment on financial instruments	(21,244)	31	(17)	57	-	(21,173)
Profit before income attribution to quasi-equity and tax	181,702	45,660	(3,410)	6,961	-	230,913
Income attributable to quasi-equity	(123,245)	(31,271)	-	-	-	(154,516)
Profit before tax	58,457	14,389	(3,410)	6,961	-	76,397
Tax	(6,896)	-	-	-	-	(6,896)
Profit for the year	51,561	14,389	(3,410)	6,961	-	69,501
Segment information for the year ended 31 December 2024 (audited) was as follows:						
Segment assets	4,381,587	2,234,185	199,354	156,631	91,021	7,062,778
Segment liabilities, and quasi-equity	4,838,936	1,464,323	679	78,932	86,527	6,469,397

Total assets in the Banking segment includes goodwill and intangibles of BD 190,529 thousand (2024: BD 193,841 thousand) and total assets in the Takaful segment includes goodwill and intangibles of BD 40,410 thousand (2024: 10,909 thousand).

Notes to the Consolidated Financial Statements

As at 31 December 2025

34 SEGMENT INFORMATION (continued)

The distribution of assets, liabilities and quasi-equity by geographic segment was as follows:

	2025			2024		
	Assets BD '000	Liabilities and Quasi- equity BD '000	Contingent liabilities and Commitments BD '000	Assets BD '000	Liabilities and Quasi- equity BD '000	Contingent liabilities and Commitments BD '000
GCC	6,507,212	5,554,219	318,250	5,841,013	4,957,448	278,730
International	1,546,684	1,749,957	335,319	1,221,765	1,511,949	521,819
Total	8,053,896	7,304,176	653,569	7,062,778	6,469,397	800,549

Secondary segment information

The Group primarily operates in the GCC and derives substantially all its operating income and incurs all operating expenses in the GCC.

35 SHARI'A SUPERVISORY BOARD

The Bank's Shari'a Supervisory Board ("SSB") consists of four Islamic scholars who review the Bank's compliance with general Shari'a rules and principles, specific fatwas and rulings issued by SSB and the guidelines of the Central Bank of Bahrain ("CBB") in relation to Shari'a governance and compliance. Their review includes examination and approval of products, documentation, procedure manuals and policies, services and related charges and fees that are presented to it to ensure that the Bank's adopted activities are conducted in accordance with Shari'a rules and principles, and consequently, issue report on the bank's compliance following the review and approval of the financial statements.

36 EARNINGS AND EXPENSES PROHIBITED BY SHARI'A

During the year, the Group earned Shari'a prohibited income totaling BD 237 thousand (2024: BD 337 thousand). These include income earned from the conventional financing and investments due to acquiring BMI, ASBS and BSB, penalty charges from customers and interest on balances held with correspondent banks. These funds were allocated to charitable account for disbursement.

37 SOCIAL RESPONSIBILITY

The Group discharges its social responsibility through charity fund expenditures and donations to individuals and organisations which are used for charitable purposes.

Sources and application of Charity fund

	2025 BD '000	2024 BD '000
Opening balance	642	500
Sources of Charity fund		
Non-Shariah compliant income / late payment charges	237	300
Contributions by the Bank for charity	1,000	500
Total Sources of Charity	1,879	1,300
Uses of charity funds		
Payment to charitable societies	348	121
payments to needy families	41	27
Others	1,211	510
Total uses of funds during the year	1,600	658
Closing balance	279	642

Notes to the Consolidated Financial Statements

As at 31 December 2025

38 ZAKAH

According to the Bank's articles of association the bank is not obliged to pay Zakah on behalf of shareholders. The bank calculates Zakah per share and informs the shareholders. Zakah payable for 2025 approved by the Group's Shari'a supervisory board as 1.7 fils (2024: 3.5 fils) per share, calculated at 2.577% of the Zakah base of BD 195,210 thousand (2024: BD 368,580 thousand) which was determined on the Net assets method.

39 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received upon the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; or

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

(i) Financial instruments measured at fair value

The following table shows an analysis of the non-trading investments (equity securities), sukuk and FX waad portfolio carried at fair value in the consolidated statement of financial position:

	Level 1 BD '000	Level 2 BD '000	Level 3 BD '000	Total BD '000
31 December 2025				
Sovereign sukuk at fair value through OCI	850,216	293,084	-	1,143,300
Corporate sukuk at fair value through OCI	91,679	-	-	91,679
Equity securities at fair value through income statement	2,196	-	81,010	83,206
Equity securities at fair value through OCI	5,419	298	4,054	9,771
	949,510	293,382	85,064	1,327,956
FX Wa'ad assets position	-	261	-	261
FX Wa'ad liabilities position	-	617	-	617
	-	(356)	-	(356)
31 December 2024	Level 1 BD '000	Level 2 BD '000	Level 3 BD '000	Total BD '000
Sovereign sukuk at fair value through OCI	679,521	94,559	-	774,080
Corporate sukuk at fair value through OCI	25,001	1,306	-	26,307
Equity securities at fair value through income statement	2,927	-	75,789	78,716
Equity securities at fair value through OCI	11,564	-	7,013	18,577
	719,013	95,865	82,802	897,680
FX Wa'ad assets position	-	321	-	321
FX Wa'ad liabilities position	-	847	-	847
	-	(526)	-	(526)

Notes to the Consolidated Financial Statements

As at 31 December 2025

39 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(ii) Financial instruments measured at amortised cost

31 December 2025	Level 1 BD '000	Level 2 BD '000	Level 3 BD '000	Total BD '000
Sovereign sukuk	467,463	212,278	-	679,741
Corporate sukuk	19,434	-	-	19,434
	486,897	212,278	-	699,175
Fair value	494,169	212,717	-	706,886

31 December 2024	Level 1 BD '000	Level 2 BD '000	Level 3 BD '000	Total BD '000
Sovereign sukuk	553,718	73,581	-	627,299
Corporate sukuk	15,865	-	4,252	20,117
	569,583	73,581	4,252	647,416
Fair value	410,145	276,767	4,252	691,164

The movements in fair value of investments in equity securities classified in Level 3 of the fair value hierarchy are as follows:

	2025 BD '000	2024 BD '000
At beginning of the year	82,802	78,694
Acquired as part of business combination	1,242	3,055
Purchases	5,656	-
Disposals	(247)	-
Transfers	(3,609)	-
Fair value changes	(780)	1,053
At end of the year	85,064	82,802

(iii) Other Financial instruments not measured at fair value

The estimated fair value of yielding financing liabilities approximates their carrying value as their pricing is not materially different to expected market return on such contracts.

The estimated fair values of other financial assets are not expected to be materially different from their carrying values as of 31 December 2025 and 31 December 2024 due to their short term nature.

Notes to the Consolidated Financial Statements

As at 31 December 2025

40 REGULATORY RATIOS

(i) Capital Adequacy Ratio

The primary objectives of the Group's capital management policies are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value. Capital adequacy for each of the group companies is also managed separately at individual company level. The Group does not have any significant restrictions on its ability to access or use its assets and settle its liabilities other than any restrictions that may result from the supervisory frameworks within which the banking subsidiaries operate.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

The regulatory capital and risk-weighted assets have been calculated in accordance with Basel III as adopted by the CBB.

BD'000	As at	
	2025	2024
CET 1 Capital before regulatory adjustments	452,872	352,201
Less: regulatory adjustments	52,620	48,628
CET 1 Capital after regulatory adjustments	400,252	303,573
AT 1 Capital	171,008	163,719
T 2 Capital adjustments	88,400	63,425
Regulatory Capital	659,660	530,717
Risk weighted exposure:		
Credit Risk Weighted Assets	2,180,268	1,962,782
Market Risk Weighted Assets	2,164	1,357
Operational Risk Weighted Assets	244,159	174,544
Total Regulatory Risk Weighted Assets	2,426,591	2,138,683
Total Adjusted Risk Weighted Exposures	2,426,591	2,138,683
Capital Adequacy Ratio	27.2%	24.8%
Common Equity Tier 1 Capital Ratio	16.5%	14.2%
Tier 1 Capital Adequacy Ratio	23.5%	21.8%
Tier 2 Capital Ratio	3.6%	3.0%
Minimum required by CBB	14.0%	14.0%

As of 31 December 2025, aggregate of modification loss of BD nil thousand (2024: BD 8,256 thousand) has been added back to Tier 1 capital.

Notes to the Consolidated Financial Statements

As at 31 December 2025

40 REGULATORY RATIOS (continued)

(ii) Liquidity Coverage Ratio (LCR)

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 year. 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. The average consolidated LCR for three months calculated as per the requirements of the CBB rulebook, as of 31 December 2025 and 31 December 2024, is as follows:

	Total weighted value BD'000	
	2025	2024
Stock of HQLA	1,197,284	1,121,664
Net cashflows	382,615	316,329
LCR %	323.0%	363.5%
Minimum required by CBB	100.0%	100.0%

As per CBB instructions, the above concessional treatment would be followed for three years ending 31 December 2020, 31 December 2021 and 31 December 2022, thereafter this amount will be proportionately deducted from Tier 1 capital for three years starting 1 January 2023.

(iii) Net Stable funding Ratio

The objective of the NSFR is to promote the resilience of banks' liquidity risk profiles and to incentivize a more resilient banking sector over a longer time horizon. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on-balance sheet and off-balance sheet items, and promotes funding stability.

NSFR is calculated in accordance with the Liquidity Risk Management Module guidelines, issued by CBB and its affective from 2019. The minimum NSFR ratio as per CBB is 100%.

Notes to the Consolidated Financial Statements

As at 31 December 2025

40 REGULATORY RATIOS (continued)

(iii) Net Stable funding Ratio (continued)

The NSFR (as a percentage) as at 31 December 2025 is calculated as follows:

BD'000	Unweighted Values (before applying relevant factors)				
	No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	Total weighted value
Item					
Available Stable Funding (ASF):					
Capital:					
Regulatory Capital	626,974	-	-	72,338	699,312
Retail deposits and deposits from small business customers:					
Stable deposits	-	604,193	35,160	7,923	615,308
Less stable deposits	-	2,363,270	560,114	230,891	2,861,936
Wholesale funding:					
Other wholesale funding	-	2,712,653	275,795	202,332	874,636
Other liabilities:					
All other liabilities not included in the above categories	-	186,784	-	-	-
Total ASF	626,974	5,866,900	871,069	513,484	5,051,192
Required Stable Funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	65,768
Performing financing and sukuk/ securities:					
Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	910,433	1,084	8,706	145,812
Performing financing to non- financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	-	1,347,296	572,625	1,499,295	2,206,405
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio guidelines	-	-	-	139,784	90,860
Performing residential mortgages, of which:	-	-	-	511,181	332,268
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	511,181	332,268
Securities/ sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	7,435	-	-	3,717
Other assets:					
All other assets not included in the above categories	1,116,671	68,742	5,607	212,846	1,227,956
OBS items	-	652,720	-	-	32,636
Total RSF	1,116,671	2,986,626	579,316	2,232,028	4,014,562
NSFR (%)	-	-	-	-	125.8%

Notes to the Consolidated Financial Statements

As at 31 December 2025

40 REGULATORY RATIOS (continued)

(iii) Net Stable funding Ratio (continued)

The NSFR (as a percentage) as at 31 December 2024 is calculated as follows:

Item	Unweighted Values (before applying relevant factors)				Total weighted value
	No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	
BD*000					
Available Stable Funding (ASF):					
Capital:					
Regulatory Capital	508,378	-	-	63,425	571,803
Retail deposits and deposits from small business customers:					
Stable deposits	-	571,095	33,455	11,305	585,628
Less stable deposits	-	2,058,395	540,615	219,778	2,558,887
Other wholesale funding	-	2,421,460	253,136	105,069	756,018
Other liabilities:					
All other liabilities not included in the above categories	-	172,320	-	-	-
Total ASF	508,378	5,223,270	827,206	399,577	4,472,336
Required Stable Funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	54,201
Performing financing and sukuk/ securities:					
Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	648,620	210	3,783	101,181
Performing financing to non- financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:					
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio guidelines	-	1,341,203	444,796	1,249,265	1,934,973
Performing residential mortgages, of which:					
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	497,045	323,079
Securities/ sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	19,557	867	-	10,212
Other assets:					
All other assets not included in the above categories	1,108,102	26,366	3,970	101,667	1,131,103
OBS items	-	799,874	-	-	39,994
Total RSF	1,108,102	2,835,620	449,843	1,851,760	3,648,944
NSFR (%)	-	-	-	-	122.6%

Notes to the Consolidated Financial Statements

As at 31 December 2025

41 GLOBAL MINIMUM TAX

The Global Anti-Base Erosion ("Pillar Two") Model Rules issued by the Organisation for Economic Co-operation and Development ("OECD") (the "GloBE Rules") apply to multinational enterprise ("MNE") groups with consolidated annual revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

The Kingdom of Bahrain enacted Decree Law No. (11) of 2024 (the "Bahrain DMTT Law") on 1 September 2024, introducing a domestic minimum top-up tax ("DMTT") of up to 15% on the taxable income of Bahrain-resident entities within in-scope groups, applicable for fiscal years beginning on or after 1 January 2025.

Based on management's assessment, the Group falls within the scope of the Bahrain DMTT Law. However, no DMTT liability arises for the year ended 31 December 2025 in respect of the Group's Bahrain-resident entities, as the Group qualifies for the Initial Phase of International Activity exclusion under the Bahrain DMTT Law.

42 BUSINESS COMBINATION

i) Acquisition of Bahrain National Insurance Company BSC Closed ("BNI") and Bahrain National Life Assurance Company BSC Closed ("BNL")

During Q1 2025, Solidarity Bahrain, a subsidiary of the Group that engages in Takaful business and listed on Bahrain Bourse had entered into a sale and purchase agreement with Bahrain National Holding company BSC, a company incorporated in Kingdom of Bahrain and listed on Bahrain Bourse for the purchase of 100% of the issued share capital of its two subsidiaries, BNI and BNL. In April 2025, the necessary regulatory and shareholders' approval were obtained and share transfers were completed and accordingly the Group consolidated the results and financial position of BNI and BNL from 1 April 2025.

The fair value of assets, liabilities, equity interests are reported in these disclosures on a provisional basis and will be finalized within a period of 12 months from the date of acquisition. In line with the provisions of IFRS 3 "Business Combinations", if new information, obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date, identified adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised. Revisions to provisional acquisition accounting will be reflected on a retrospective basis.

a) Total consideration

Total cash consideration paid is BD 69,146 thousand.

b) Fair value of identifiable net assets acquired

ASSETS ACQUIRED

	BD '000
Balances with banks and central banks	12,254
Placements with financial institutions	6,719
Investments in sukuk	20,523
Non-trading investments	17,675
Takaful contract assets	2,915
Retakaful contract assets	20,508
Investments in associates	3,700
Identified Intangible assets	7,525
Other assets	3,460
Total assets acquired (A)	95,279
LIABILITIES ASSUMED	BD '000
Takaful contract liabilities	32,346
Retakaful contract liabilities	14,218
Investment contract liabilities	1,834
Other provisions and liabilities	1,725
Total liabilities (B)	50,123
Total fair value of identifiable net assets acquired (C = A-B)	45,156

Notes to the Consolidated Financial Statements

As at 31 December 2025

42 BUSINESS COMBINATION (continued)

i) Acquisition of Bahrain National Insurance Company BSC Closed ("BNI") and Bahrain National Life Assurance Company BSC Closed ("BNL") (continued)

c) Goodwill

	BD '000
Consideration paid	69,146
Fair value of identifiable net assets acquired	(45,156)
Goodwill	23,990

ii) Acquisition of Kuwait Finance House (Bahrain) BSC closed

On 1 April 2024, the Bank acquired 100% shareholding in ASB Finance B.S.C. (c) (formerly Kuwait Finance House (Bahrain) B.S.C. (c)), a Retail Islamic Bank incorporated in the Kingdom of Bahrain, which was fully owned subsidiary of Kuwait Finance House K.S.C.P. ("KFH Group") a Kuwait incorporated islamic retail bank listed on Kuwait stock exchange, after obtaining the requisite regulatory approvals. The Group consolidated the results and financial position of KFH Bahrain from 1 April 2024.

a) Total consideration

Total cash consideration paid is BD 214,488 thousand.

b) Fair value of identifiable assets acquired and liabilities assumed

ASSETS ACQUIRED

	BD '000
Balances with banks and central banks	77,967
Placements with financial institutions	48,583
Investments in sukuk	227,269
Financing contracts	977,930
Non-trading investments	12,887
Investments in real estate	47,090
Identified Intangible assets	15,000
Other assets	15,190
Total assets acquired (A)	1,421,916

LIABILITIES ASSUMED

Placements from financial institutions and individuals	23,019
Customers' current accounts	119,759
Other liabilities	31,348
Total liabilities	174,126
Quasi-equity	1,148,340
Total liabilities and Quasi-equity (B)	1,322,466
Total fair value of identifiable net assets acquired (C = A-B)	99,450

c) Goodwill

	BD '000
Consideration paid	214,488
Fair value of identifiable net assets acquired	(99,450)
Goodwill	115,038

43 COMPARATIVE FIGURES

Certain of the prior period figures have been regrouped to conform to the current year presentation. Such re-grouping did not affect previously reported profit for the year or total owners' equity of the Group.



06

To report the transactions carried out by the Bank during the financial year ended 31 December 2025 with any related parties or major shareholders of the Bank as presented in the note (no. 30) to the consolidated financial statements in accordance with Article 189 of the Commercial Companies Law No. 21 for the year 2001 and its amendments.

07

To approve the recommendations of the Board of Directors with respect to the following appropriations of the available net profit attributable to shareholders for the financial year ended 31 December 2025 as follows:

- a. Transfer of BD 7.683 million to the statutory reserves.
- b. Distribute a total Dividends of 15% of the issued and paid-up share capital of the Bank, amounting to BD 44.117 million, for the financial year ended 31 December 2025, as follows:
 - 8% as cash dividends, equivalent to 8 fils per share amounting to BD 23.344 million, excluding treasury shares;
 - 7% as bonus shares, amounting to BD 20.773 million - i.e. (1 share for each 14.3 shares held).

The last day of trading with entitlement to dividends is 13 March 2026 on Dubai Financial Market and 15 March 2026 on Bahrain Bourse, and the first day of trading without entitlement to dividends is 16 March 2026. The record date is 17 March 2026 and the dividends will be paid to the entitled shareholders on 1 April 2026 on Dubai Financial Market and 5 April 2026 on Bahrain Bourse.

- c. Retain BD 1 million for charitable donations and social welfare programs.
- d. Transfer of the remaining balance of BD 13.028 million to retained earnings account.

08

To approve remuneration to the members of the Board of Directors amounting to BD 1.300 million, for the financial year ended 31 December 2025.

09

To receive and discuss the Bank's Corporate Governance Report for the financial year ended 31 December 2025, as required by the Central Bank of Bahrain and Ministry of Industry and Commerce

Corporate Governance Report

Corporate Governance Practice

The Bank is committed to upholding the highest standards of corporate governance that is essential for fostering transparency, accountability, and ethical conduct. The Bank's governance framework includes robust risk management systems and strict compliance with regulatory requirements including CBB Rulebook's Module HC, promoting effective oversight by the Board of Directors. Furthermore, The Bank prioritizes clear communication with stakeholders and regularly evaluate the conducted practices to ensure alignment with best standards.

Major Shareholders as of 31 December 2025

S. No.	Investor Name	Country	No. of Shares	%
1	Bank Muscat (S.A.O.G)	Sultanate of Oman	437,315,389	14.74
2	Muscat Overseas Company L.L.C.	Sultanate of Oman	250,246,941	8.43
3	Sayacorp B.S.C Closed	Kingdom of Bahrain	186,273,227	6.28

Shareholding – 31 December 2025

Category	No. of Shares	No. of Shareholders	% of Outstanding Shares
Less than 1%	983,153,010	22,996	33.13
1% up to less than 5%	1,110,610,224	13	37.42
5% up to less than 10%	436,520,168	2	14.71
10% up to less than 20%	437,315,389	1	14.74
20% up to less than 50%	-	-	-
50% and above	-	-	-
Total	2,967,598,791	23,012	100

Corporate Governance Report (continued)

The outstanding ordinary share ownership of the Bank is distributed as follows:

Nationality	No. of Shares	Ownership Percentage
Kingdom of Bahrain		-
Government	-	-
Institution	910,063,265	30.67
Individual	432,887,287	14.59
GCC		
Government	-	-
Institution	1,125,807,479	37.94
Individual	304,706,254	10.27
Others		
Government	-	-
Institution	167,022,703	5.63
Individual	27,111,803	0.91
Total	2,967,598,791	100

Board of Directors

The Board of Directors provides central leadership to the Bank, establishes the Bank's objectives, and develops the strategies that directs the ongoing activities of the Bank to achieve these objectives. Directors determine the future of the Bank through the protection of its assets and reputation. Directors apply skill and care in exercising their duties to the Bank and are subject to fiduciary duties. Directors are accountable to the shareholders of the Bank for the Bank's performance and can be removed from office by them.

The primary responsibility of the Board is to provide effective governance over the Bank's affairs for the benefit of its shareholders, and to balance the interests of its diverse stakeholders including its customers, correspondents, employees, suppliers, and the local community. In all actions taken by the Board, the directors are expected to exercise their business judgment in what they reasonably believe to be in the best interests of the Bank and its stakeholders. In discharging that obligation, directors may rely on the honesty and professional integrity of the Bank's senior management and, its external advisors and auditors.

Corporate Governance Report (continued)



H. E. Shaikh Khalid bin Mustahail Al Mashani

Chairman
Non-executive

Director since: 5 May 2014

Current Term started: 31 March 2024

Experience: more than 30 years

His Excellency Shaikh Khalid AlMashani has over 30 years of experience and holds several important managerial positions. He is the Chairman of the Board of Directors of Al Salam Bank, the Solidarity Group Holding and Solidarity Bahrain in the Kingdom of Bahrain, as well as Chairman of Bank Muscat S.A.O.G. and Dhofar International Development & Investment Holding Company S.A.O.G. in Sultanate of Oman. Additionally, H.E. Shaikh Khalid Al Mashani is also Director of Al Omaniya Financial Services Company, Dhofar Food and Investment Co S.A.O.G. in Sultanate of Oman and Maalem Holding in the Kingdom of Bahrain.

H.E. Shaikh Khalid Al Mashani holds a Bachelors Degree in Economics, and a Masters Degree in International Boundary Studies from the School of Oriental & African Studies, from the University of London.



Mr. Matar Mohamed Al Blooshi

Deputy Chairman
Non-executive

Director since: 22 March 2018

Current Term started: 31 March 2024

Experience: more than 31 years

Mr. Matar Mohamed Al Blooshi has over 31 years of experience in the financial sector and fund management industries. Beginning his career in 1992 with the Central Bank of the United Arab Emirates as a Dealer in the Treasury department, he then joined Abu Dhabi Investment Company as a Portfolio Manager in 1995. In 1998, he advanced his career and joined First Gulf Bank as the Head of Treasury & Investment, moving to National Bank of Abu Dhabi in 2001 as Head of Foreign Exchange and Commodities.

In February 2005, Mr. Matar Al Blooshi became the Head of Domestic Capital Market Group and the General Manager of Abu Dhabi Financial Services (a subsidiary of National Bank of Abu Dhabi) and was given the title of Senior Manager, Asset Management Group in October 2006. Mr. Matar Al Blooshi is Group Chief Investment Officer at Das Holding LLC, a Member of the Board of Directors of Al Salam Bank and member of SAYACORP in Bahrain, Etisalat Misr, Air Arabia, Chief investment officer and Member of Emirates Strategic Investment Company in Emirates.

Mr. Matar Al Blooshi holds a Bachelor's degree in Banking & Financial Management from University of Arkansas in the United States.

Corporate Governance Report (continued)



Mr. Salman Saleh Al Mahmeed

Board Member
Non-executive

Director since: 15 February 2010

Current Term started: 31 March 2024

Experience: more than 38 years

Mr. Salman Saleh Al Mahmeed has over 38 years of experience. He currently holds the following positions: Chairman of Burj Al Jewar and Burj Al Safwa, Vice Chairman of Solidarity Bahrain and Vice Chairman of Dar Albilad, and Chairman of Coca Cola Bottling Company Bahrain. He is also a Board member of the Ritz Carlton Bahrain and Owner's Representative of Global Express and the Movenpick Hotel in Bahrain.

Previously, Mr. Salman AlMahmeed served as a Board Member and a member of the Executive committee, Investment committee and Strategy committee at the Bahraini Saudi Bank. He also held the position of CEO of Bahrain Airport Services and was the Investment Director at Magna Holdings.

Mr. Salman Al Mahmeed holds a Master's degree in Business Administration, a Diploma in Hotel Management and a Bachelor's degree in Management.



Mr. Salim Abdullah Al Awadi

Board Member
Independent

Director since: 22 March 2018

Current Term started: 31 March 2024

Experience: more than 36 years

Mr. Salim Abdullah Al Awadi holds various positions in several companies. He is the Board member of Al Salam Bank Bahrain, Board member of Al Salam Bank Seychelles Board member of Al Salam Bank Algeria and the Deputy CEO of Al Omaniya Financial Services S.A.O.G., Oman. He is also Director of Dhofar International Development & Investment Holding S.A.O.G., Oman, Chairman of Dhofar Poultry S.A.O.C., Oman and Chairman of Rital Travel LLC, Oman.

Mr. Salim AlAwadi holds a Bachelor's Degree in Business Administration, a Post Graduate Diploma in Accounting from Strathclyde University, UK and an MBA from Lincoln University, UK.

Corporate Governance Report (continued)



Mr. Zayed Ali Rashid Al-Amin

Board Member
Independent

Director since: 22 March 2018

Current Term started: 31 March 2024

Experience: more than 27 years

Mr. Zayed Al-Amin is a Bahraini Businessman with over 27 years of experience in the finance and investment sectors. Currently serving as Executive Director of Investments at Ali Rashid Al-Amin Group, he is also a Board Member of various organizations including Board Member of Al Salam Bank, Vice Chairman of Solidarity Group Holding, Board Member of Esterad Investment Co., Board Member of Gulf African Bank "Kenya", Board Member of SAYACORP. And a former Board Member of MIDAD Gulf Energy, Board Member of RAMAKAZA Logistics "Qatar" and Board Member of Food Storage Co. Ltd. "KSA". Prior to his current responsibilities at Al- Amin Group, he worked for National Bank of Bahrain and Towry Law International, and Bahrain Gourmet as a Chairman.

Mr. Zayed Al-Amin holds a Post Graduate Degree in Finance and Investment from the London School of Business & Finance. He has also attended many executive courses in management, finance and investment.



Mr. Alhur Mohammed Al Suwaidi

Board Member
Independent

Director since: 22 March 2018

Current Term started: 31 March 2024

Experience: more than 21 years

Mr. Alhur Mohammed Al Suwaidi is a well-rounded investment strategist with over 21 years of experience in investments, portfolio management in both listed and private equities. He currently holds the position as a Director in Al Salam Bank in the Kingdom of Bahrain, and also a Director in Al Salam Bank Seychelles.

Beginning his career in 2004, Mr. Alhur Al Suwaidi held senior positions at Abu Dhabi Investment Authority (ADIA), UAE. as a Portfolio Manager, Fund Manager and Investment Manager. He also served in a number of Advisory Boards of General Partners and International Private Equity Firms which includes Leonard Green and Partners, The Blackstone Group, Carlyle Group, Apollo Global Management, Ares Management and Silver Lake Partners and Chairman of BHM Capital in UAE.

Mr. Alhur Al Suwaidi holds a Bachelor degree in Business Administration from Chapman University, California, USA.

Corporate Governance Report (continued)



Mr. Hisham Al-Saie

Board Member
Independent

Director since: 17 March 2021

Current Term started: 31 March 2024

Experience: more than 27 years

Mr. Hisham Al Saie is the Chief Executive Officer of Star Capital W.L.L in the Kingdom of Bahrain, bringing over 27 years of experience across financial investments, real estate asset management and development, corporate finance, and start-up ventures. He holds an MBA from the London Business School and has completed the INSEAD YMP Executive Management Program. Additionally, he earned a BA in Accounting from the University of Texas.

Beyond his executive role at Star Capital, Mr. Al Saie is currently a member of the Board and Executive Committee at Al Salam Bank. He also serves as Board member of McLaren Group Limited where he is a member of the Board Audit and Risk Committee and the Chairman of the Board Remuneration Committee. In addition, he is a member of the Board at Investcorp Holdings B.S.C where he contributes as a member of the Board Nomination & Remuneration Committee.

Furthermore, he is a Board member at Solidarity Group, where he holds the position of the Chairman of the Board Audit Committee. Prior to his current position, Mr. Al Saie served as Deputy CEO at Premier Group for approximately 18 years, primarily overseeing the group's investment portfolio as Chief Investment Officer. During his time at Premier Group he held several non- Executive directorship positions in companies such as Diyyar Al-Muharraq, Bahrain Bay and Al-Khaleeji Bank - Qatar. Before joining Premier Group, he was the Head of Corporate Finance at SICO Investment Bank, where he was instrumental in structuring key equity and debt capital market transactions across the region. His earlier professional experience includes roles at BDO Jawad Habib, PricewaterhouseCoopers, and Arthur Andersen.



Mr. Tariq Abdul Hafidh Salim Al- Aujaili

Board Member
Independent

Director since: 17 March 2021

Current Terms started: 31 March 2024

Experience: more than 24 years

Mr. Tariq Al-Aujaili has over 24 years of experience in the financial sector. He currently holds the following positions: Board Member at Al Salam Bank, Vice Chairman at Dhofar International Development and Investment Holding Co. SAOG, Dhofar Insurance SAOG and Oman Investment and Finance Co. SAOG. Additionally, Mr. Tariq serves as a Board member at Bank Dhofar SAOG, Solidarity Bahrain and Chairman at Garden Hotel, Muscat, Oman.

Mr. Tariq Al-Aujaili holds a bachelor's degree in accounting and financial studies from the London School of Economics and Political Science.

Corporate Governance Report (continued)



Mr. Ahmed Habib Ahmed Kassim

Board Member
Independent

Director since: 31 March 2024

Current Term started: 31 March 2024

Experience: more than 22 years

Mr. Ahmed Kassim brings over 22 years of experience, having served in various prestigious organizations in the Kingdom of Bahrain. He is currently a Board Member of Al Salam Bank and serves as the Chairman of Quality Wire Products.

Mr. Kassim holds the position of Vice President at Century 21 – Bahrain. He is also a Board Member at several other esteemed institutions, including Habib Ahmed Kassim & Sons, Al Mahd Day Boarding School, Solidarity Bahrain, and Banz Group.

Mr. Ahmed Kassim earned a Bachelor's degree in Economics and Finance from Bentley College in Boston, Massachusetts.

Corporate Governance Report (continued)

Board Composition

The Board consists of members who possess both the required skills and expertise to govern the Bank in a manner that would achieve the objectives of all stakeholders. Furthermore, in compliance with relevant regulations, the Board Committees consist of Directors with adequate professional background and experience. The Board periodically reviews its composition, the contribution of Directors and the performance of its various Committees. The appointment of Directors is subject to prior screening by the Nomination and Corporate Governance Committee and the Board of Directors, as well as the approval of both the Shareholders and the Central Bank of Bahrain. The classification of "executive", "non-executive" and "independent" directors is as per the definitions stipulated in the Central Bank of Bahrain Rulebook.

Each Director is elected for a three-year term, after which he must present himself to the Annual General Meeting of shareholders for re-appointment. Board Meeting attendance is as per the regulations stipulated in the Central Bank of Bahrain Rulebook.

Currently, Al Salam Bank does not have any female representation on the Board of Directors as per the below:

Gender	Men	Women
Number of Directors	9	0
Percentage %	100%	0%

Mandate of the Board of Directors and their Roles and Responsibilities

The principal role of the Board is to oversee the implementation of the Bank's strategic initiatives in accordance with relevant statutory and regulatory structures. The Board is also responsible for the consolidated financial statements of the Group. The Board ensures the adequacy of financial and operational systems and internal controls, as well as the implementation of corporate ethics and the code of conduct. The Board has delegated the responsibility of the day-to-day management of the Bank to the Group Chief Executive Officer ("Group CEO").

The Board reserves a formal schedule of matters for its decision to ensure that the direction and control of the Bank rests with the Board. This includes:

- Reviewing the strategic plan of the Bank.
- Performance reviews of the Senior Management (all approved persons).
- Performance assessment of the Board, Board Sub-Committees and the Shari'a Supervisory Board.
- Approving material acquisition and disposal of assets.
- Approving capital expenditure.
- Approving authority levels.
- Appointing auditors and, reviewing the financial statements and financing activities.
- Reviewing the Corporate Governance Report
- Approving the annual operating plan and budget.
- Ensuring regulatory compliance through its various committees.
- Reviewing the adequacy and integrity of the internal controls; and
- Approving all policies pertaining to the Bank's operations and functioning.

Corporate Governance Report (continued)

Board Elections System

Article 25 of the Bank's Articles of Association provides the following:

1. The company shall be administered by a Board of Directors consisting of not less than five (5) members elected by the shareholders by means of cumulative voting by secret ballot and in accordance with the provisions of the Commercial Companies Law, after obtaining the approval of the Central Bank of Bahrain for their appointment. Members of the Board of Directors shall be appointed or elected to serve for a term not exceeding three (3) years renewable. A cumulative vote shall mean that each shareholder shall have a number of votes equal to the number of shares he owns in the Company and shall have the right to vote for one candidate or to distribute them among his chosen candidates.
2. Each shareholder owning 10% or more of the capital may appoint whoever represents him on the Board to the same percentage of the number of the Board members. His right to votes shall be forfeited for the percentage he has appointed representatives. If a percentage is left that does not qualify him to appoint another member, he may use such percentage to vote.
3. The Board of Directors shall elect, by secret ballot, a Chairman and one Vice Chairman or more, three years renewable. The Vice Chairman shall act for the Chairman during his absence or if there is any barrier preventing him. The Ministry of Industry and Commerce and the Central Bank of Bahrain shall be provided with a copy of the resolution electing the Chairman and the Deputy Chairman.
4. The Board of Directors shall consist of independent and non-executive members in accordance with the Central Bank of Bahrain's rules and regulations.
5. No person may be appointed or elected as a member of the Board of Directors until he has declared his acceptance to such nomination in writing, provided that the declaration includes the disclosures of any work performed that may directly or indirectly constitute competition for the company, names of the companies and entities in which he works in or in which he is a member of their board of directors.

Article 27 of the Bank's Articles of Association covers the "Termination of Membership in the Board of Directors" which states the following:

A Director shall lose his office on the Board in the event that he:

1. Fails to attend four consecutive meetings of the Board in one year without an acceptable excuse, and the Board of Directors decides to terminate his membership;
2. Resigns his office by virtue of a written request;
3. Forfeits any of the provisions set forth in Article 26 of the Articles of Association;
4. Is elected or appointed contrary to the provisions of the Law; and
5. Has abused his membership by performing acts that may constitute a competition with the Company or caused actual harm to the Company;
6. If he has been convicted before any court for theft, embezzlement, fraud, forgery or issuing dishonored cheques or any crime as provided in the law;
7. If he declares bankruptcy;
8. If any of the shareholders have terminated his appointment to any of their representatives on the Board of Directors or if the shareholders of the General Assembly vote for his removal in accordance with Article 42; or
9. If the Central Bank of Bahrain considers him not eligible for the position.

Independence of Directors

An independent Director is a Director whom the Board has specifically determined has no material relationship, which could affect his independence of judgment, taking into account all known facts. The Directors have disclosed their independence by signing the Directors Annual Declaration whereby they have declared that during the year ending 31 December 2025, they have met all the conditions required by the various regulatory authorities to be considered independent.

Corporate Governance Report (continued)

As of 31 December 2025, the members of the Board were:

Non-executive Members

H.E. Shaikh Khalid bin Mustahil Al Mashani	Chairman
Mr. Matar Mohamed Al Blooshi	Vice Chairman
Mr. Salman Saleh Al Mahmeed	Board Member

Independent Members

Mr. Ahmed Habib Kassim	Board Member
Mr. Alhur Mohammed Al Suwaidi	Board Member
Mr. Hisham Saleh AlSaie	Board Member
Mr. Salim Abdullah Al Awadi	Board Member
Mr. Tariq Abdulhafidh AlAujailli	Board Member
Mr. Zayed Ali Al-Amin	Board Member

All current Directors were elected for a three-year term on 31 March 2024.

The Board Charter

The Board has adopted a Charter which provides the authority and practices for governance of the Bank. The Charter was approved by the Board with the beginning of its term in 2024 and it has been updated to be aligned with the new regulation rules. The charters include general information on the composition of the Board of Directors', classification of Directors', Board related Committees, Board of Directors' roles and responsibilities, Board of Directors' code of conduct, Board remuneration and evaluation process, insider dealing, conflict of interest and other Board related information.

Conflict of Interest

The Bank has a documented procedure for dealing with situations involving "conflict of interest" of Directors. In the event of the Board or its Committees considering any issues involving "conflict of interest" of Directors, the decisions are taken by the full Board/ Committees. The concerned Director abstains from the discussion/ voting process. These events are recorded in Board/ Committees proceedings. The Directors are required to inform the entire Board of (potential) conflicts of interest in their activities with, and commitments to, other organizations as they arise and abstain from voting on the matter. This disclosure includes all material facts in the case of a contract or transaction involving the Director. A report detailing the absentation from voting relating to conflict of interest is made available to shareholders upon their request.

The below illustrates instances where Board Members have abstained from voting due to conflict of interest:

Sr.	Members	Instances of abstaining from voting	Status
1	Mr. Ahmed Habib Kassim	2 instances	Approved by Board
2	Mr. Hisham Saleh AlSaie	4 instances	Approved by Board
3	Mr. Zayed Ali Al-Amin	1 instance	Approved by Board

Corporate Governance Report (continued)

Induction and Orientation for New Directors

When new Directors are appointed, they shall be provided with an appointment letter and the Directors' Handbook containing information relevant to the performance of their duties as members of the Board. The Handbook includes the Corporate Governance Guidelines, Charters of the Board and Committees, key policies, etc. The Board reserves a formal schedule of matters for its decision to ensure that the direction and control of the Bank rests with the Board.

Code of Conduct

The Board has an approved Code of Conduct for Directors, as follows:

- To act with honesty, integrity and in good faith, with due diligence and care, in the best interest of the Bank and its stakeholders;
- To act only within the scope of their responsibilities;
- To have a proper understanding of the affairs of the Bank and to devote sufficient time to their responsibilities;
- To keep confidential Board discussions and deliberations;
- Not to make improper use of information gained through the position as a director;
- Not to take undue advantage of the position of director;
- To ensure his/her personal financial affairs will never cause reputational loss to the Bank;
- To maintain sufficient/detailed knowledge of the Bank's business and performance to make informed decisions;
- To be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions of the Board;
- To consider themselves as a representative of all Shareholders and act accordingly;
- Not to agree to the Bank incurring an obligation unless he/she believes at the time, on reasonable grounds, that the Bank will be able to discharge the obligations when it is required to do so;
- Not to agree to the business of the Bank being carried out or cause or allow the business to be carried out, in a manner likely to create a substantial risk of serious loss to the Bank's creditors;
- To treat fairly and with respect all of the Bank's employees and customers with whom they interact;
- Not to enter into competition with the Bank;
- Not to demand or accept substantial gifts from the Bank for himself/herself or his/her associates;
- Not to take advantage of business opportunities to which the Bank is entitled for himself/herself or his/her associates;
- Report to the Board any potential conflicts of interests; and
- Absent themselves from any discussions or decision-making that involves a subject in which they are incapable of providing objective advice or which involves a subject or proposed conflict of interest.

Evaluation of Board Performance

The Board has adopted a 'Performance Assessment Framework' designed to provide Directors with an opportunity to assess their performance on an annual basis. The self-assessment consists of three categories, such as:

- Assessment of the Board as a unit;
- Assessment of the Committee as a unit; and
- Self-assessment of individual Directors.

The results of the annual performance assessment shall be communicated to the Shareholders at the Annual General Meeting. The results for this year were satisfactory.

Corporate Governance Report (continued)

Remuneration of Directors

Remuneration of the Directors as provided by Article 34 of the Articles of Association states the following:

“The General Assembly shall specify the remuneration of the members of the Board of Directors. However, such remunerations must not exceed in total 10% of the net profits after deducting statutory reserve and the distribution of dividends of not less than 5% of the paid capital among the shareholders. The General Assembly may decide to pay annual bonuses to the Chairman and members of the Board of Directors in the years when the Company does not make profits or in the years when it does not distribute profits to the shareholders, subject to the approval of the Ministry of Industry and Commerce. The report of the Board of Director to the general Assembly shall include full statement of the remuneration the members of the Board of Directors have been paid during the year in accordance with the provisions set forth in Article (188) of the Law.”

The Board, based upon the recommendation of the Remuneration Committee and subject to the laws and regulations, determines the form and amount of Director compensation subject to final approval of the shareholders at the Annual General Meeting. The Remuneration Committee shall conduct an annual review of Directors' compensation.

As per the Directors Remuneration Policy approved by the Shareholders, the structure and level for the compensation for the Board of Directors consist of the following:

1. Annual remuneration subject to the annual financial performance of the Bank and as per the statutory limitation of the law.
2. The total amount payable to each Board member with respect to Board and Committee meetings attended during the year.
3. The remuneration of the Board of Directors will be approved by the shareholders at the Annual General Meeting.

In addition to the above, Directors of the Bank may not enter any consulting arrangements with the Bank without the prior approval of the Board. Directors who serve on the Audit and Risk Committee shall not directly or indirectly provide or receive compensation for providing accounting, consulting, legal, investment banking or financial advisory services to the Bank.

Board Meetings and Attendances

The Board of Directors meets at the summons of the Chairman or his Deputy (in the event of his absence or disability) or if requested to do so as per the Bank's Board Charter. According to the Bahrain Commercial Companies Law and the Bank's Articles of Association, the Board meets at least four times a year. A meeting of the Board of Directors shall be valid if attended by half of the members in person. During 2025, the Directors that were present at the Annual General Meeting are detailed in the minutes of the 2025 Annual General Meeting. The details of the Board meetings held during 2025 are as follows:

Board Meetings in 2025 - Minimum Four Meetings per Annum

Members	9 Feb	13 May	3 Jun	13 Aug	17 Sep	12 Nov	8 Dec	%
H.E. Shaikh Khalid bin Mustahil Al Mashani	✓	✓	✓	✓	✓	✓	✓	100
Mr. Matar Mohamed Al Blooshi	✓	✓	✓	✓	✓	✓	✓	100
Mr. Ahmed Habib Kassim	✓	✓	✓	✓	✓	✓	✓	100
Mr. Alhur Mohammed Al Suwaidi	✓	✓	✓	✓	✓	✓	✓	100
Mr. Hisham Saleh AlSaie	✓	✓	✓	✓	✓	✓	✓	100
Mr. Salim Abdullah Al Awadi	✓	✓	✓	✓	✓	✓	✓	100
Mr. Salman Saleh Al Mahmeed	✓	✓	✓	✓	✓	✓	✓	100
Mr. Tariq Abdulhafidh AlAujaili	✓	✓	✓	✓	✓	✓	✓	100
Mr. Zayed Ali Al Amin	✓	✓	✓	✓	✓	✓	✓	100

Corporate Governance Report (continued)

Directors' Interests

Directors' shares ownership in two-year comparison as of 31 December:

Member	No of shares		Number of Shares in 2025	
	2025	2024	Bought	Sold
H.E. Shaikh Khalid bin Mustahil Al Mashani	0	0	0	0
Mr. Matar Mohamed Al Blooshi	0	0	0	0
Mr. Ahmed Habib Ahmed Kassim	53,463,061	49,502,835	11,253,282	11,253,282
Mr. Alhur Mohammed Al Suwaidi	0	0	0	0
Mr. Hisham Saleh AlSaie*	5,134,272	4,289,049	502,100	0
Mr. Salim Abdullah Al Awadi	0	0	0	0
Mr. Salman Saleh Al Mahmeed	0	0	0	0
Mr. Tariq Abdulhafidh AlAujaili	0	0	0	0
Mr. Zayed Ali Al-Amin	5,000,000	6,000,000	680,000	2,000,000

* Indirect ownership

Approval Process for Related Parties' Transactions

The Bank has a due process for dealing with transactions involving related parties. Any such transaction will require the unanimous approval of the Board of Directors. The nature and extent of transactions with related parties are disclosed in the consolidated financial statements under note 30- related party transaction.

Material Transactions that require Board Approval

Depending on the internal risk rating transactions above BD 5 million and up to BD 15 million requires the approval of the Executive Committee of the Board of Directors, any transaction above BD 15 million requires the approval of the Board of Directors of the Bank. In addition, when acquiring 20% of a company Board approval is required regardless of the amount.

Material Contracts and Financing Involving Directors and Senior Management During 2025

The Bank's dealings with its directors/ associated entities are conducted on an arms-length basis and at prevailing commercial terms in respect of its exposure to and deposits received from them. All financing facilities to senior management members are governed by the policies applicable to staff, which are reviewed and approved by the Board Remuneration & Nomination Committee. Material contracts and financing facilities involving directors and senior management during 2025 are as follows:

- Financing Facilities provided to certain Directors of the Board and related entities with a total amount of BD 1,287,127.
- Financing Facilities provided to senior management with a total amount of BD 484,000.

All related party transactions are disclosed in note 30 of the consolidated financial statements for the year ending 31 December 2025.

Directorships held by Directors on Other Boards

The High-Level Controls Module of the Central Bank of Bahrain Rulebook provides that no Director should hold more than three directorships in Bahrain public companies. All members of the Board of Directors met this requirement and are approved by the Central Bank of Bahrain.

Corporate Governance Report (continued)

Board Committees

Consistent with the industry's best practice, the Board has established four Committees with defined roles and responsibilities. The Standing Committees of the Board are Executive Committee, Audit and Risk Committee, Remuneration Committee and, Nomination and Corporate Governance Committee.

Certain information relating to the work of certain Board Committees during the year 2025, summary of the dates of Committee meetings held, Directors' attendance and a summary of the main responsibilities of each Committee is enclosed in this report.

Executive Committee

The Committee operates under the delegated authority of the Board and provides direction to the executive management on business matters, as delegated by the Board, to address matters arising between the Board meetings. The Committee is responsible for reviewing business matters concerning credit and market risks, strategy review and providing recommendation to the Board.

Committee Meetings in 2025 - Minimum four meetings per annum.

Four Committee meetings were held during 2025 as follows:

Members	26 Jan	25 May	10 Sep	27 Nov	%
Mr. Matar Mohamed Al Blooshi (Chairman)	√	√	√	√	100
Mr. Hisham Saleh AlSaie	√	√	√	√	100
Mr. Salim Abdullah Al Awadi	√	√	√	√	100
Mr. Salman Saleh Al Mahmeed	√	√	√	√	100

Audit and Risk Committee

The Committee's responsibility is to assist the Board in discharging its oversight duties relating to matters such as Audit, Risk and Compliance including the integrity of the Bank's financial statements, financial reporting process and systems, internal controls and financial controls. The Committee also acts as a liaison between the external auditor, internal auditor and the Board. The Committee is also charged with the responsibility of handling whistleblowing complaints and monitoring related party transactions.

Committee Meetings in 2025 - Minimum four meetings per annum.

Eight Committee meetings were held during 2025 as follows:

Members	5 Feb	5 Mar	6 May	26 May	6 Aug	8 Sep	5 Nov	30 Nov	%
Mr. Tariq Abdulhafidh AlAujaili (Chairman)	√	√	√	√	√	√	√	√	100
H.E. Shaikh Khalid bin Mustahil Al Mashani	√	√	√	√	√	√	√	√	100
Mr. Ahmed Habib Kassim	√	√	√	√	√	√	√	√	100
Mr. Alhur Mohammed Al Suwaidi	√	√	√	√	√	√	√	√	100
Mr. Zayed Ali Al Amin	√	√	√	√	√	√	√	√	100

Remuneration Committee

The Committee's role is to provide a formal and transparent procedure for developing a compensation policy for the Board, Group Chief Executive Officer and Senior Management (approved persons and material risk takers); ensures that compensation offered is competitive, in line with the market/peer group and consistent with the responsibilities assigned to employee. In addition, the Committee recommends to the Board special compensation plans, including annual performance bonus and short/long term incentives to attract, motivate and retain key employees.

Corporate Governance Report (continued)

Committee Meetings in 2025 - Minimum two meetings per annum.

Three meetings were convened during 2025:

Members	5 Feb	26 May	30 Nov	%
H.E. Shaikh Khalid bin Mustahail Al Mashani (Chairman)	√	√	√	100
Mr. Alhur Mohammed Al Suwaidi	√	√	√	100
Mr. Tariq Abdulhafidh AlAujaili	√	√	√	100

Nomination and Corporate Governance Committee

The Committee's role is to evaluate and nominate candidates to the Board, as well as facilitate the assessment of the performance of the Board, Committees and individual Directors. In addition, the Committee is responsible to ensure that Directors receive adequate training during the year so as to be able to perform their duties on the Board and the Committees they serve on. The Committee is also charged with the responsibility of ensuring that the Corporate Governance Framework of the Bank is adequate and in compliance with the prevailing regulations. The Committee liaises with the Bank's Corporate Governance Officer to manage the governance related activities.

Committee Meetings in 2025 - Minimum two meetings per annum.

Two meetings were convened during 2025:

Members	26 Jan	10 Sep	%
Mr. Salim Abdullah Al Awadi (Chairman)	√	√	100
Dr. Fareed AlMaftah (Shari'a Supervisory member)	√	√	100
Mr. Matar Mohamed Al Blooshi	√	√	100
Mr. Zayed Ali Al-Amin	√	√	100

Fatwa & Shari'a Supervisory Board

The Bank is guided by a Shari'a Supervisory Board "Sharia Board" consisting of four distinguished scholars. The Shari'a Board reviews the Bank's activities to ensure that all products and investment transactions comply fully with the rules and principles of Islamic Shari'a. Further, the Shari'a Board review and vet the screening criteria for charitable donations.

The Shari'a Supervisory Board is closely working with an internal Shari'a audit function which is in place and adequately performing its duties as stipulated in the Shari'a Governance Module and AAOIFI Standards. In addition, one designated member from the Shari'a Board represented the Sharia Board in the Nomination and Corporate Governance Committee to raise Sharia concerns in relation to the corporate governance related matters. During the year, there has been no Sharia concerns raised on corporate governance matters.

The Sharia Board conducted four meetings during the financial year. Its members are remunerated by annual retainer fee and sitting fees per meeting attended. Its members are not paid any performance-related remuneration. Performance assessment of the Shari'a Board is done on a self-assessment basis and submitted to the Board for their review and action.

Sheikh Adnan Abdullah Al Qattan Chairman

Sheikh Adnan Al Qattan holds Master's degree in the Quran and Hadith from the University of Um Al-Qura, Makka, Kingdom of Saudi Arabia; and Bachelor's degree in Islamic Shari'a from the Islamic University, Madeena, Saudi Arabia. Shaikh Al Qattan is also a Judge in the Supreme Sharia Court of Appeals, Ministry of Justice – Kingdom of Bahrain. Shaikh Al Qattan is a Member of Shari'a Supervisory Boards for several Islamic banks, and he is also Chairman of Al Sanabil Orphans Protection Society, Chairman of the Board of Trustees of the Royal Charity Establishment under the Royal Court – Kingdom of Bahrain, and President of the Kingdom of Bahrain Hajj Mission. In addition, he is a Friday sermon orator at Al Fateh Grand Mosque.

Shaikh Al Qattan contributed to drafting the Personal Status Law for the Ministry of Justice and is a regular participant in Islamic committees, courses, seminars and conferences.

Corporate Governance Report (continued)

Dr. Fareed Yaqoub Al Meftah

Member

Dr. Fareed AlMuftah is the Undersecretary – Court of Cassation, Supreme Judicial Council – Bahrain, the Former Undersecretary of the Ministry of Justice & Islamic Affairs – Bahrain, member of the Supreme Council of Islamic Affairs and a former judge of the high Shari'a Court. Dr. Fareed is the Chairman of the Shari'a Supervisory Board of Khaleeji Commercial Bank (KHCB) and a former Lecturer at the University of Bahrain and wrote a lot of research papers. Dr. Fareed holds PhD in Islamic Philosophy from University of Edinburgh – United Kingdom.

Dr. Nedham Mohammed Yaqoobi

Member

Sheikh Dr. Nedham Mohammed Yaqoobi is an internationally acclaimed Shari'a scholar in the Islamic banking industry. He has a background in both Traditional Islamic sciences with senior scholars from different parts of the Muslim World. He holds a PhD in Islamic studies also a degree from McGill University in Canada. Sheikh Nedham has taught Islamic Subjects in Bahrain and lectured all over the world. He is a member of many International Boards: the Shari'a Council of AAOIFI, Dow Jones Islamic Index, Central Bank of Bahrain Shari'a Committee and IIFM Shari'a Council. He is also a member of several local and International Shari'a Boards. Sheikh Nedham has edited several Arabic manuscripts and has more the 500 audiovisual lectures and lessons in both Arabic and English.

Dr. Osama Mohammed Bahar

Member

Sheikh Dr. Osama Mohammed Bahar is a recognized Shari'a scholar in Islamic banking and financing. He has extensive experience in the structuring of financial and Islamic products and Islamic contracts, in addition to his contributions to a number of research papers on Islamic finance and banking. Sheikh Osama Bahar holds a bachelor's degree from Prince Abdul Qader University for Islamic Studies in Algeria and he has a Master's degree in the Islamic economy from 'Al Awzai University' in Lebanon and PhD in Islamic Financial Engineering from Islamic University of Europe. He is also a member of many Shari'a Supervisory Boards.

Annual General Meeting

The Board of Directors report to the Shareholders on the performance of the Bank through the Annual General Meeting. The meeting shall be convened upon an invitation from the Chairman of Board and be convened during the three months following the end of the Bank's financial year.

All the Directors, especially the Chairs of the Board and Committees, at least one member of the Shari'a Supervisory Board and the external auditors shall be present at this meeting to answer questions from the Shareholder regarding matters within their responsibilities:

At a minimum, the Board shall report on the following to the Shareholders, for their approval, at the Annual General Meeting:

- Audited financial statements of the Bank;
- Related party transactions executed;
- Corporate governance report;
- Corporate social responsibility report;
- Performance assessment of the Board, Committees and individual Directors; and
- Remuneration for the Directors and the Shari'a Supervisory Board members.

Executive Management

The Board delegates the authority of managing the Bank to the Group Chief Executive Officer ("Group CEO"). The Group CEO and Executive Management are responsible for implementation of decisions and strategies approved by the Board of Directors and the Shari'a Supervisory Board.

Corporate Governance Report (continued)



Mr. Rafik Nayed

Group Chief Executive Officer

Experience: more than 33 years

Mr. Rafik Nayed is a banking executive with over 33 years of experience spanning financial services, oil and gas and investment sectors. He joined Al Salam Bank from Deutsche Bank where he held several positions, including Vice Chairman of the MENA region, Chief Country Officer for the UAE and Senior Executive Officer of Deutsche Bank AG Dubai (DIFC). Prior to his tenure at Deutsche Bank, Mr. Nayed was the Chief Executive Officer of the Libyan Investment Authority and prior to that worked for many years in the oil and gas and financial services industries in a variety of senior international positions. He currently serves as the Chairman of Al Salam Bank Algeria, Managing Director of ASB Capital, Chairman of ASB Capital Services, Chairman of Gulf African Bank and Board Member of Solidarity Group Holding and Al Salam Bank Seychelles. Under his leadership, Al Salam Bank has undergone a significant transformation journey emerging as the largest domestic bank in the Kingdom of Bahrain. Since 2018, the Group's profitability increased by 4.6 times while also successfully completing 3 M&A transactions, expanding its local and regional footprint.



Mr. Anwar Mohammed Murad

Deputy Group Chief Executive Officer – Banking

Experience: more than 32 years

Mr. Anwar Murad is a proficient Banker with over 32 years of experience in the areas of Private Banking, Treasury, Market Risk Management and Retail Banking. Prior to his current appointment with the Bank, Mr. Murad served as the Executive Vice President - Head of Private Banking at Al Salam Bank since May 2006. Previous to joining Al Salam Bank, he was the Head of Private Banking at BMI Bank, Bahrain and Regional Market Risk Manager for the MENA region at ABN AMRO Bank where he also headed the Bank's Treasury Operations in Bahrain and he held various senior positions at CitiBank – Bahrain. Mr. Murad has extensive knowledge and experience in Global Consumer Banking, Treasury and Investment products including Money Market, Foreign Exchange, Debt Derivatives, and Structured Products.

Corporate Governance Report (continued)



Mr. Eihab Abdellatif Ahmed

Deputy Group Chief Executive Officer - Corporate Affairs

Experience: more than 30 years

Mr. Eihab Ahmed has a wide range of professional experience that spans over 30 years covering all major legal disciplines including but not limited to Investment Banking, Corporate Banking and Criminal, Labour, Public and Private International Laws. Prior to joining Al Salam Bank, he was the General Counsel - Corporate Secretary & Money Laundering Reporting Officer (MLRO) Legal & Compliance of First Energy Bank - Bahrain. He was the focal point of communication between the Board of Directors and Senior Management as well as between the Bank and its Shareholders, providing advisory and guidance on Corporate Governance principles and practices. Mr. Ahmed had worked at the International Investment Bank - Bahrain (IIB) as Head of Legal and Compliance, MLRO and for Khaleej Finance & Investment as the Head of Legal, MLRO and Corporate Secretary. He also worked for a number of reputed firms in the Kingdom of Bahrain. Before coming to Bahrain 20 years ago, he served the Ministry of Justice, Sudan as a Legal Counsel. Mr. Ahmed holds L.L.B degree from the Faculty of Law - University of Khartoum, Sudan. In January 2017, he obtained his International Diploma in Governance, Risk and Compliance from the ICTA and University of Manchester, UK. He also holds the Sudanese Bar certificate from Sudan and he is a registered member of the Sudanese Advocates Association as a Proper Advocate before various Courts of Law. Mr. Ahmed is a Certified Compliance Officer (CCO) from the American Academy of Financial Management - Dubai, UAE. In 2014, Mr. Eihab was awarded the GCC MLRO of the year.



Mr. Yousif Ahmed Ebrahim

Chief Financial Officer

Experience: more than 32 years

Mr. Yousif Ebrahim is a proficient banker with over 32 years of experience in the areas of finance and audit. He is primarily responsible for directing and overseeing the financial and fiscal management of the Bank and its subsidiaries that includes contributing to the Bank's strategy planning, leading and directing the budget process, maintaining appropriate accounting framework and establishing effective system of cost management and internal control. Prior to joining Al Salam Bank, he served as the Chief Financial Officer at First Energy Bank for more than 9 years. He also worked at Gulf International Bank as a Vice President of Internal Audit and he was also in the Audit & Business Assurance services at PricewaterhouseCoopers. Mr. Ebrahim is a Certified Public Accountant (USA) and a member of the American Institute of Certified Public Accountant.

Corporate Governance Report (continued)



Mr. Ahmed Abdulla Saif

Group Chief Strategy Officer

Experience: more than 19 years

Mr. Ahmed Saif brings over 19 years of experience in the banking sector. Prior to joining Al Salam Bank in 2008 as part of the Investment Team, Mr. Saif worked with DBS Singapore as an Investment Analyst. In 2012, he was appointed as the Head of the Investment Middle Office Department, and in 2016 took the reigns as the Head of Strategic Acquisition and Investment Management before becoming Head of Strategy and Planning in 2018. Mr. Saif occupies various positions within the Bank's affiliate and subsidiary companies, including being a board member in Al Salam Bank-Algeria, Al Salam Bank-Seychelles, First Insurance (Solidarity Jordan), and a Board Advisor at ASB Capital. He holds an MSc in Finance and Financial Law with Honors from SOAS University of London, UK, and a BSc with Honors in Commerce, majoring in Finance & Economics, from DePaul University, USA.



Mr. Ali Habib Qassim

Chief Private Banking Officer

Experience: more than 26 years

Mr. Ali Habib Qassim is a seasoned banking professional with over 26 years of expertise spanning Corporate, Investment, and Private Banking. Throughout his career, he has played a pivotal role in expanding the Bank's regional and international footprint by driving product line growth and strengthening client relationships. His deep expertise in investment and wealth management has been instrumental in delivering tailored financial solutions to high-net-worth clients. Since his appointment as Head of Private Banking in 2011, Mr. Ali has been at the forefront of enhancing the Bank's private banking offerings. Prior to this role, he was responsible for marketing the Bank's Corporate Banking products and services across local and GCC markets, managing key relationships with financial institutions and government entities. Mr. Ali holds a Master's degree in Science from Emerson College, Boston, USA.

Corporate Governance Report (continued)



Mr. Mohammed Yaqoob Buhijji

Chief Retail Banking Officer

Experience: more than 24 years

Mohammed Buhijji is an accomplished executive of multi-cultural environments with superb organizational skills and has enjoyed an exceptional career to date with more than 24 years of high-level management in banking and consultancy. His skillset embraces superb hallmarks of understanding business restructuring and development processes within an organization. An initial period with Ernst & Young became the baseline for his audit and consultancy skills with exposure to international business practices in major financial institutions and government bodies. He moved to the nascent Al Salam Bank in 2007 to establish the Internal Audit division and various departmental policies and procedures. His essential role in driving the two acquisitions and subsequent mergers with Bahraini Saudi Bank and BMI Bank covered integration and conversion of significant areas of business-related processes. Mr. Buhijji has been resolute in the delivery of operational and financial targets as evidenced by the seamless and impressive Retail Banking transformation within Al Salam Bank resulting in a major contribution to the Bank's asset book and profitability. Mr. Buhijji holds MBA degree from the University of Strathclyde, Glasgow, and completed two Executive Management Programs at Harvard Business School, Boston, and Ivey Business School in Canada.



Mr. Ahmed Jasim Murad

Chief Corporate Banking Officer

Experience: more than 29 years

Mr. Ahmed Murad brings over 29 years of experience in the banking sector covering areas that include Retail, Commercial and Corporate Banking. Prior to joining Al Salam Bank B.S.C., he served as Head of Corporate Banking and also a member of the Credit Committee at National Bank of Bahrain BSC. Mr. Murad holds a Bachelor degree in Business Marketing from St. Edward's University – Austin, Texas, USA, Associate Diploma in Commercial Studies from University of Bahrain, and Executive Diploma from University of Virginia, USA. Moreover, he attended number of banking training courses inside the Kingdom of Bahrain and abroad.

Corporate Governance Report (continued)



Mr. Hussain Abdulhaq

Chief Treasury Officer

Experience: more than 25 years

Mr. Hussain Abdulhaq is an experienced Treasurer in the area of Islamic Banking and Financial Markets. His 25 years banking career as a treasury specialist has been very focused in Islamic liquidity management, Islamic capital markets, the development of Islamic compliant investment products and hedging instruments as well as Financial Institutions relationships. Mr. Abdulhaq joined Al Salam Bank in 2007 as a senior member in the treasury team, and has led the treasury integration process of Al Salam Bank and Bahrain Saudi Bank in 2010 and the same for BMI Bank in 2014. Prior to joining Al Salam Bank, he was in charge of dealing room activities for Kuwait Finance House Bahrain for a period of 5 years. Mr. Abdulhaq holds an MBA degree in Banking & Islamic Finance with honors from University of Bahrain and is a Chartered Financial Analyst (CFA).



Mr. Hamed Mashal

Chief Investment Officer

Experience: more than 21 years

Hamed Yousef Mashal is the head of real estate and investments, responsible for the management of the bank's real estate portfolio and the non-real estate investment portfolio. Previously, Hamed was the head of retail banking at Kuwait Finance House-Bahrain, responsible for managing the bank's branch network, consumer finance, business development, digital development, contact center, cards and e-channels. Hamed is currently a board member of Seef Properties, Bareeq Al Retaj Real Estate Services, and Fraser Suites Seef – Bahrain. After being awarded a BSc (with honors) in Computer and Business Studies from the University of Warwick, Hamed joined Deutsche Bank's Graduate Program in London. Upon joining Kuwait Finance House-Bahrain in 2007, Hamed completed the Project Management Professional (PMP) examination and then proceeded to obtain the Chartered Financial Analyst (CFA) designation in 2010. In 2016, Hamed was awarded with the Masters of Business Administration (MBA) degree with distinction from the Warwick Business School and subsequently obtained the MRICS qualification from the Royal Institute of Chartered Surveyors in 2017. Hamed is the author of the book titled "Islamic Real Estate Investment Trusts: A Property Selection Methodology".

Corporate Governance Report (continued)



Mr. Mazar Rashed Jalal

Chief Operating Officer

Experience: more than 21 years

Mazar Rashed Jalal is the Chief Operating Officer at Al Salam Bank, where he is responsible for leading enterprise operations, retail credit administration, remedial services, and internal control. With more than 21 years of experience in Islamic Banking, Mazar is recognized for his expertise in process reengineering, automation, and digital transformation, leveraging advanced technologies including Artificial Intelligence to deliver operational efficiency and enhance the client experience. Over the course of his career, Mazar has played a key role in several landmark mergers and acquisitions within Bahrain's banking sector. He was a member of the Board Independent Committee during the acquisition of Bahrain Islamic Bank (BisB) by the National Bank of Bahrain (NBB), where he advised on compliance and governance matters. He also served as project manager for the successful operational integration following Al Salam Bank's strategic acquisition of Ithmaar Bank's retail banking business. Additionally, Mazar led the operational migration during the merger of Kuwait Finance House-Bahrain with Al Salam Bank, including the seamless transfer of corporate and wealth management portfolios. This complex migration was completed in record time with the support of Robotic Process Automation (RPA), setting a new standard for efficiency and innovation. At Al Salam Bank, Mazar continues to drive transformative initiatives that redefine how clients interact with the Bank. He spearheaded the shift to paperless branch banking, eliminating manual paperwork and aligning operations with the Bank's sustainability objectives. He also introduced a nationwide network of 24/7 self-service kiosks, enabling thousands of clients to securely update their personal information and reissue cards independently. Under his leadership, Al Salam Bank integrated with the Ministry of Industry and Commerce (MOIC) to enable instant, paperless SME onboarding, significantly improving turnaround time and operational efficiency. Moreover, he led the implementation of DocuSign-powered digital services, accelerating approval cycles and reducing friction across documentation processes. Prior to joining Al Salam Bank, Mazar held senior roles at Bahrain Islamic Bank (BisB) and Kuwait Finance House-Bahrain, where he was instrumental in shaping regulatory compliance frameworks and driving digital advancements. He holds a Bachelor of Science in Accounting from the University of Bahrain, an International Compliance Associate Diploma (UK), and a Diploma in Islamic Banking and Insurance (UK). Passionate about advancing Bahrain's financial ecosystem, Mazar remains committed to delivering secure, scalable, and Sharia-compliant innovations that empower both clients and the wider economy.



Ms. Muna Al Balooshi

Chief Human Resources Officer

Experience: more than 26 years

Ms. Muna Al Balooshi is a practiced HR professional with over 26 years of industry experience and vast knowledge of HR policies and Labor Law regulations. Prior to her appointment with Al Salam Bank in 2006, Ms. Al Balooshi was the Head of Human Resources at the Court of HRH the Crown Prince prior to this served as HR Associate with KPMG Bahrain. She has played a major role in the Bank's two acquisitions of the Bahraini Saudi Bank and BMI Bank where she managed the merger of the Bank's Human Resources. She holds an MBA from De Paul University, Chicago, and is a CIPD Associate.

Corporate Governance Report (continued)



Mr. Mahmood Qannati

Chief Marketing Officer

Experience: more than 26 years

With over 26 years of extensive experience in Marketing, Communications and Branding on both local and regional levels, Mahmood Qannati is a veteran of the communications industry; having worked across various sectors including banking, telecommunications, automotive and aviation. During his time in the United Arab Emirates, Mr. Qannati worked in prominent and established institutions, leading Standard Chartered Bank as the Regional Head of Marketing & Branding for the entire Middle East, Africa and Pakistan region, as well as serving as the Middle East Chief Marketing Officer at Cigna Insurance. He has also held several senior positions on a local level, gaining experience in marketing and communications at HSBC Bank, Bahrain International Airport and Batelco. Most recently, Mr. Qannati served as the Chief Corporate Communications and Marketing Officer at Bahrain Islamic Bank (BisB), after which he joined Al Salam Bank as Head of Marketing and Communications. Mr. Qannati holds a Master's degree in Marketing Information Systems from the University of Sunderland and a Bachelor's degree in Marketing from the University of Bahrain.



Mr. Krishnan Hariharan

Chief Risk Officer

Experience: more than 41 years

Mr. Krishnan Hariharan is a versatile Banker with over 41 years of experience in conventional and Islamic banks in the region and India. Prior to joining Al Salam Bank in 2019 he worked with Ithmaar Bank, Bahrain as Chief Risk Officer. Before joining Ithmaar Bank, he was part of the founding team of Alizz Islamic Bank, Sultanate of Oman. He holds twin Bachelor degrees one in Commerce and the other in Economics from Universities in India, he also holds a Master degree in Financial Management from Jamanalal Bajaj Institute of Management Studies, Mumbai – India.

Corporate Governance Report (continued)



Mr. Qassim Taqawi

Chief Legal Officer

Experience: more than 23 years

Mr. Qassim Taqawi is a skilled legal counsel with over 23 years of experience covering Investment Banking, Islamic Banking, Retail Banking, Finance, Company Law, Labor Law, Real Estate and Construction. Mr. Taqawi has handled legal matters covering the GCC, USA, Europe and MENA region. Prior to his appointment with Al Salam Bank, Mr. Taqawi held a number of senior executive positions with various Banking and Financial Institutions throughout the region. In addition to his current executive responsibilities as General Counsel, Mr. Taqawi is a member of the Bank's Investment Committee and Remedial Committee. Mr. Taqawi holds a Bachelor degree (LLB) in Law, and is a registered lawyer with the Ministry of Justice & Islamic Affairs in the Kingdom of Bahrain.



Mr. Essa Abdulla Bohijji

Chief Auditor

Experience: more than 25 years

Mr. Essa Bohijji has more than 25 years of consulting and industry experience covering financial services, commercial entities, governmental bodies, and internal audit. Prior to joining Al Salam Bank, Mr. Bohijji was the Chief Auditor and Board Secretary of an Islamic Investment Bank in Bahrain and held senior positions at Ernst & Young where he worked in the Audit and Assurance Services Group and Business Advisory Services responsible for the Internal Audit and Risk Management assignments. Mr. Bohijji has previously served as a Board and Audit Committee member of Al Salam Bank-Algeria, a non-executive Audit Committee member in Manara Developments B.S.C. (c), as a Board member of BMI Bank, as a Board and Audit Committee member of Bahraini Saudi Bank, and an interim Board member in BMIO Bank in Seychelles. Mr. Bohijji is a Certified Public Accountant (CPA), licensed from the state of New Hampshire and is a member of the American Institute of Certified Public Accountants. He also holds a B.Sc. in Accounting from the University of Bahrain.

Corporate Governance Report (continued)



Mr. Ali Al Khaja

Chief Compliance Officer

Experience: more than 17 years

Mr. Ali Al Khaja brings more than 17 years of Compliance experience to the Bank. Prior to joining Al Salam Bank, he worked with Kuwait Finance House Bahrain, where he was responsible for various regulatory aspects including ensuring that transactions, investments and general dealings with the public were in compliance with the Central Bank of Bahrain (CBB) regulations and applicable laws. Previous to this he was employed by the CBB, where he held responsibility for the oversight of various local Islamic Banks in the Kingdom of Bahrain. Mr. Al Khaja holds a Bachelor degree in Banking and Finance from the University of Bahrain and an International Diploma in Compliance from the International Compliance Association (ICA).



Mr. Hemantha Wijesinghe

Chief Technology Officer

Experience: more than 25 years

Mr. Hemantha Wijesinghe is the Chief Technology Officer at Al Salam Bank, possessing over 25 years of experience in Information Technology management in the banking and finance sector in international markets globally. Prior to his UK based global roles, he had also covered multiple regions including Asia, Middle East, North America and Europe. He carries various international qualifications covering systems engineering and other areas of information technology, in addition to his higher IT studies in NCC Education (UK). Further to the Chartered institute of IT (UK), Mr. Wijesinghe also holds a MSc in Strategic Business Information Technology from the University of Portsmouth – UK.

Corporate Governance Report (continued)



Mr. Rashid Alkhan

Head of Wealth Management

Experience: more than 21 years

Rashid Alkhan brings a track record of over 21 years of expertise in the banking and investment field. He was previously the Head of Wealth Management and Private Banking at Kuwait Finance House - Bahrain where he spearheaded the setup of the wealth management function and led the substantial growth in both customers and assets under management. Prior to that, Rashid was a senior member of the investment team at KFH-Bahrain, which focused on private markets and alternative investments globally. Rashid received his MBA from London Business School in 2018, he is a Chartered Alternative Investment Analyst (CAIA), holds an MSc in Islamic Economics, Banking & Finance from Loughborough University in the United Kingdom, a bachelor's degree in Finance from Concordia University's John Molson School of Business in Canada, and completed his Executive Education from INSEAD Business School. He is the author of the first book written on Islamic Sukuk in 2006 titled "Islamic Securitization: A Revolution in the Banking Industry".



Mr. Haitham Alhaddad

Head of Digital Channels

Experience: more than 24 years

Haitham Al Haddad is a seasoned banking professional with over 24 years of experience in the banking and finance sector. As the Head of Digital Channels at Al Salam Bank, he spearheads the development and execution of the bank's digital strategy and implementation roadmap. With a keen focus on innovation and client-centricity, Haitham is responsible for driving the digital channels' business and ensuring their alignment with the overall business objectives. Prior to his current role, Haitham served as the Head of Business Development at Al Salam Bank, where he managed strategic business relationships and developed retail banking products and services. Haitham also led the management of e-channels, ensuring seamless client experiences across various touchpoints. Before joining Al Salam Bank, Haitham served as the Head of Product Development at BMI Bank, where he was responsible for product development, market analysis, and strategic planning. He holds a Master of Business Administration from the University of Texas Pan American and a Bachelor of Business Administration in Finance from the University of Texas at Brownsville.

Corporate Governance Report (continued)



Mr. Mohammed Alshehabi

Head of Innovation

Experience: more than 19 years

Mohammed AlShehabi has over 19 years of experience in banking covering multiple areas including Capital Markets, Corporate Banking as well as Treasury and Trade Services. He is the Head of Innovation at Al Salam Bank. Mohammed is responsible for the Bank's digital strategy and fintech initiatives with an objective to maintain the Bank's pioneering role in offering digitally native Shari'a-compliant digital products & services in the Kingdom of Bahrain. Prior to joining Al Salam Bank in 2018, he was part of the Corporate Banking team at Citi Bahrain with a business coverage role after spending several years at Citi's Treasury & Trade Solutions unit covering Bahrain and Saudi Arabia. He started his career at the Arab Banking Corporation as part of the Debt Capital Markets team as well as ABC Islamic Bank before moving to the Bahrain Economic Development Board's Business Development team with a focus on Financial Services. Mohammed holds dual Bachelor degrees with a B.Sc. in Accounting and a B.B.A. in E-Business.



Dr. Mohammed Burhan Arbouna

Head of Shari'a Compliance

Experience: more than 28 years

Dr. Mohammed Burhan Arbouna is a well versed Islamic banking and finance expert with over 28 years of Islamic banking experience. Prior to joining Al Salam Bank, Dr. Arbouna was the Shari'a Head and Shari'a Board Member of Seera Investment Bank B.S.C Bahrain, Head of the Shari'a department at Kuwait Finance House Bahrain, and has worked as a Shari'a researcher and consultant for the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in Bahrain. He is a respected lecturer on Islamic banking and finance, and provides consultancy on orientation and professional programs for a number of professional and educational institutions. Dr. Arbouna was also a member of the Islamic Money Market Framework (IMMF) steering committee, a committee initiated by the Central Bank of Bahrain for the management of liquidity amongst Islamic banks. He holds a PhD in comparative law with a specialization in Islamic banking and finance and a Masters in Comparative Laws with specialization in Law of Evidence from the International Islamic University Malaysia, a BA degree in Shari'a, and Higher Diploma in Education from the Islamic University, Medina.

Corporate Governance Report (continued)



Sheikh Ahmed Abdulrahim Al Mahmood

Head of Internal Shari'a Audit

Experience: more than 19 years

Sheikh Ahmed Al Mahmood has around 19 years of professional experience in the field of Shari'a supervision and auditing in Islamic financial institution. Prior to joining Al Salam Bank, he established the Shari'a department in BMI Bank and GBCORP in addition to join the Shari'a department of Abu Dhabi Islamic Bank (ADIB). He also played an essential role in the integration and conversion phases of the Bank's acquisition of BMI Bank; serving as a member in the Conversion Committee. He serves in multiple professional entities as member e.g Member of scientific committee in Shari'a Professional Association – Dubai and member of Shari'a Committee in Mawarid Finance – Dubai. He holds an MBA degree in Islamic Finance from University of Bolton – UK, in addition to BA in Islamic Studies from University of Bahrain. He holds various professional qualifications that includes Certified Shari'a Advisor and Auditor (CSAA) from AAOIFI along with Advanced Diploma in Islamic commercial Jurisprudence (ADICJ) from BIBF. He also provided several training workshops on the principles of Islamic banking and Shari'a governance and wrote a lot of researches and published articles about Islamic banking & products.

Corporate Governance Report (continued)

Senior Managers' interest

The number of shares held by the senior managers, in two-year comparison, as on 31 December 2025 is as follows:

Members	Shares	
	2025	2024
Mr. Anwar Mohammed Murad*	919,812	851,679
Mr. Abdulkarim Turki	11,908	11,026
Mr. Essa Abdulla Bohijji	164,938	152,721
Dr. Mohammed Burhan Arbouna	462	428
Total	1,096,526	1,015,854

*The shares represent shares under Mr. Anwar's guardianship

Management Committees

The Group Chief Executive Officer ("Group CEO") is supported by a number of management committees each having a specific mandate to give focus to areas of business, risk and strategy. The various committees and their roles and responsibilities are:

	Roles and Responsibilities
Executive Management Committee	Overseeing the other Management committees and assisting the Group CEO in various issues or topics as and when required.
Asset Liability Committee	Review the trading and liquidity policy for the overall management of the balance sheet and its associated risks.
Credit and Investment Committee	Recommending the risk policy and framework to the Board, the Committee's primary role is the selection and implementation of risk management systems, portfolio monitoring, stress testing, risk reporting to Board, Board Committees, Regulators and Executive Management. The Committee approves and monitors retail and corporate credit transactions, transactions relating to real estate investments, and oversee the performance of fund managers and recommend exit strategies to maximize return to its investors.
Human Resource Committee	Enable the Bank's employees to meet their professional and personal goals aligned with the growth of the Bank by focusing on skill enhancement, career development, rewards with performance, and work life balance.
Information Security Committee	The role of the committee is advisory in nature. It assists the relevant stakeholders to develop, review and execute a comprehensive Information Security Management System (ISMS) for the Bank. The Committee aims to strengthen the Information Security Department's capabilities as well.
Information Technology Steering Committee	Oversees the information technology function of the Bank. It recommends the annual IT budget and plans, drawn up in accordance with the approved strategy of the Bank, to the Group CEO for submission to the Board of Directors for their approval. It supervises the implementation of the approved IT annual plan within set deadlines and budgetary allocations.
Operational, Market Risk and Compliance Committee	Review the Bank's Operational and Market Risk policies, which must be approved by the Board and be consistent with the corporate values and strategy of the Bank and makes recommendations to procedures related to Operational and Market Risk management. Furthermore, the Committee ensures the Bank's compliance with applicable regulations.
Remedial NPF's and Provisioning Committee	Assess and follow up on all non-performing assets of the Bank with the objective of maximizing recoveries for the Bank.
Sustainability Committee	Oversees the Corporate Social Responsibility affairs of the Bank, managing donations and sponsorship requests, evaluating the proposals, and allocating funds to causes that the Bank is committed to support, in line with the annual corporate social responsibility plan and the Corporate Social Responsibility Policy. Any exceptions to the approved plan are reviewed and recommended to the Board for approval. The Committee is also involved in the preparation of the Corporate Social Responsibility Report, which forms part of the Annual Report, detailing the donations and sponsorships made during the year.

Corporate Governance Report (continued)

Executive Management Compensation

The performance bonus of the Group Chief Executive Officer and Senior Management is recommended by the Remuneration Committee and approved by the Board. The Performance for the Compliance, Audit and Risk functions are assessed and approved by both the Audit and Risk Committee and the Remuneration Committee.

Compliance

The Bank is committed to maintaining the highest standards of regulatory compliance in all aspects of its business and operations. This commitment is reinforced by the establishment of a compliance framework which is designed to ensure adherence to all applicable laws, regulations and guidelines set by the Central Bank of Bahrain and other regulatory authorities.

The Bank continuously endeavors to enhance and develop its Compliance and Anti Money Laundering policies, procedures and systems to meet evolving regulatory requirements and maintain a strong compliance culture.

Remuneration and appointment of the External auditors

During the Annual General Meeting held on 19 March 2025, the shareholders approved the re-appointment of KPMG as external auditors for the year ending 31 December 2025 and authorized the Board of Directors to determine their remuneration. KPMG and its member firms have provided following services to Al Salam Bank B.S.C. and its subsidiaries during the year:

Categories of services	Fees (BD 000's)	Major type of services included in each category
(a) Audit of the group consolidated financial statements	623.30	<ul style="list-style-type: none"> Audit of the consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2025. Review of condensed consolidated interim financial information of the Bank and its subsidiaries for the quarter ended 31 March, 30 June and 30 Sep 2025.
(b) Services other than Audit*		<p>Audit related services</p> <ul style="list-style-type: none"> Audit related 352.51 Tax 35.06 Advisory 336.08 <p>Agreed upon procedures engagements relating to regulatory compliance requirements of CBB, MOIC and Capital market and related services required by regulators to be performed by the external auditors across the group entities.</p> <p>Tax related services</p> <p>Includes VAT compliance related services and corporate tax advisory services across the group entities.</p> <p>Advisory services</p> <p>Mainly includes certain pre-deal financial and tax due diligence services, review of structures used for group reorganisation and issuance of capital instruments, review of stress test and capital plans under different scenarios and assistance with compliance and reporting of liquidity risk metrics.</p>

* The assessment of conflict and independence is reviewed and approved by the Audit Committee of the Group and / or its subsidiaries, as applicable.

Internal Control

Internal control is an active process that is continually operating at all levels within the Bank. The Bank has established an appropriate culture to facilitate an effective internal control process. Every employee of the Bank participates in the internal control process and contributes effectively by identifying risks at an earlier stage and implementing mitigating controls at optimum cost. Residual risk is properly communicated to the senior management and corrective actions are taken.

Corporate Governance Report (continued)

Key Persons Policy

The Bank has established a Key Persons' Policy to ensure that Key Persons are aware of the legal and administrative requirements regarding holding and trading of the Bank's shares, with the primary objective of preventing abuse of inside information. Key Persons include the Directors, Executive Management, designated employees and any person or firm connected to the identified Key Persons. The ownership of the Key Persons' Policy is entrusted to the Board's Audit Committee. The latest Key Persons' Policy is posted on the Bank's website and is updated every board term.

Employee Relations

Al Salam Bank is committed to promoting a diverse and inclusive environment and encourages understanding of the individuality and creativity that each employee uniquely brings to the Bank. Employees are hired and placed on the basis of ability and merit. Evaluation of employees is maintained on a fair and consistent basis.

In line with the Bank's policy of being an equal opportunity firm and as part of Central Bank of Bahrain's Rulebook and Corporate Governance requirements, the Bank shall not employ relatives of employees up to the 4th degree. Existing employees must alert the Human Resources of any relatives or relationship of other employees or candidates being interviewed. Failure to do so will subject the employee to disciplinary action pursuant to the Law No. 36 of 2012 Promulgation of the Labour Law in the Private Sector and the Bank's Disciplinary Guidelines.

Communication Policy

The Bank recognizes that active communication with different stakeholders and the general public is an integral part of good business and administration. In order to reach its overall communication goals, the Bank follows a set of guiding principles such as efficiency, transparency, clarity and cultural awareness.

The Bank uses modern communication technologies in a timely manner to convey messages to its target groups. The Bank shall reply without unnecessary delay, to information requests by the media and the public. The Bank strives in its communication to be as transparent and open as possible while taking into account Bank confidentiality. This contributes to maintaining a high level of accountability. The Bank also proactively develops contacts with its target groups and identifies topics of possible mutual interest. The Bank reinforces clarity by adhering to a well-defined visual identity in its external communications. The Bank's formal communication material is provided in both Arabic and English languages.

The annual reports and quarterly financial statements and Corporate Governance reports are published on the Bank's website. Shareholders have easy access to various types of forms including proxies used for the Annual General Meeting. In addition, forms are also available online to file complaints or make inquiries which are duly dealt with. The Bank regularly communicates with its staff through internal communications to provide updates of the Bank's various activities.

Whistle Blowing Policy

This Policy details the procedures for a whistleblower to escalate a complaint to the designated authority and procedures that are to be followed by the Audit and Risk Committee to ensure that a valid whistleblowing complaint is investigated properly and action taken appropriately, while protecting the whistleblower from any adverse reaction due to their complaint.

Delegation of Authority Limits

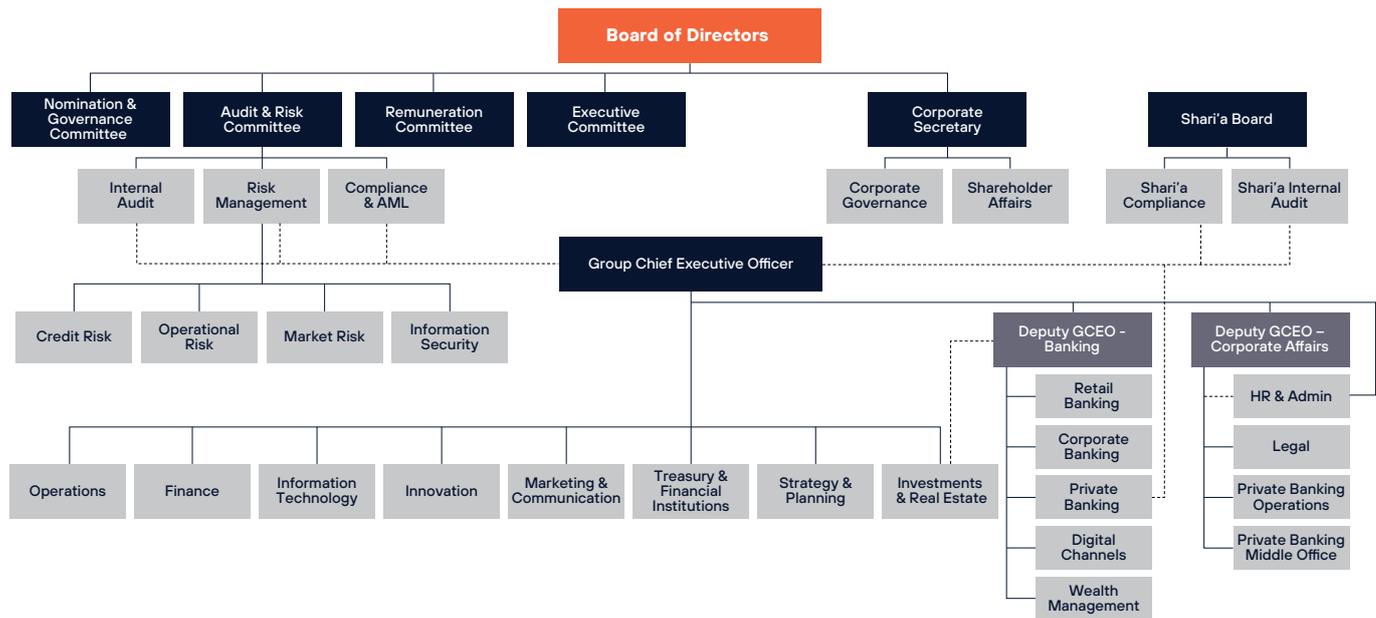
Approving limits for the Board, Board Committees and other designated individuals are incorporated into the Delegation of Authority Limits. The authorities are established for both financial and operational activities.

Disclosures

The Bank has a Disclosures Policy in place detailing the Bank's internal as well as external communications and disclosures. The Board oversees the process of disclosure and communication with the internal and external stakeholders.

Corporate Governance Report (continued)

Organizational Structure



10

To absolve the members of the Board of Directors from any liability for their actions as directors during the financial year ended 31 December 2025.



11

To reappoint the Shari'a Supervisory Board for the financial year ending 31 December 2026 and authorize the Board of Directors to determine their remuneration.

12

To appoint or reappoint external auditors for the financial year ending 31 December 2025 and authorize the Board of Directors to determine their remuneration, taking in consideration that this appointment will be subject to the approval of the Central Bank of Bahrain

13

To discuss and approve any other matters that may arise as per Article 207 of the Commercial Companies' Law

Secondly

**Annual Extraordinary General Meeting for the
Year Ended 31 December 2025**

Thursday 12 March 2026

Al Ghazal 3 Ballroom
Ritz Carlton
Kingdom of Bahrain

Agenda of the Extra Ordinary General Meeting

for the Year Ended 31 December 2025

1. To ratify the previous minutes of the Extra Ordinary General Meetings held on 27 November 2025.
2. To approve increase of the issued and paid-up share capital from BD 296,759,879 to BD 317,533,071 and the issued shares from 2,967,598,791 ordinary shares to 3,175,330,706 ordinary shares, resulting from the issuance of bonus shares amounting to 207,731,915 shares, in accordance with the resolutions of the Bank's Annual Ordinary General Meeting on 12 March 2026. This amendment will be subject to the approval of the Central Bank of Bahrain.
3. To approve amending the Memorandum of Association and Articles of Association of the Bank to reflect the resolutions mentioned in items (2) and accordingly adopting an Amended and Restated Memorandum of Association and Articles of Association for the Bank. This amendment will be subject to the approval of the Central Bank of Bahrain and the Ministry of Industry and Commerce.
4. To authorize the Chairman of the Board of Directors and/ or the Bank's Group Chief Executive Officer, Mr. Rafik Nayed and/ or Keypoint representative to individually carry out the necessary formalities, sign the Amended and Restated Memorandum of Association and Articles of Association of the Bank before the Notary Public and submit the relevant documents to the concerned authorities.

01

**To ratify the previous
minutes of the Extra
Ordinary General Meetings
held on 27 November 2025**

Minutes of the Extraordinary General Assembly Meeting 2025

Time:

11:00 am - Venue: Royal Saray Bahrain, Manama – Kingdom of Bahrain

Meeting Chairman:

The Meeting presided over by Mr. Matar Mohamed AlBlooshi, Vice Chairman of the Board of Directors.

Legal Quorum:

The Chairman announced that the legal quorum was met for holding the Extraordinary General Assembly Meeting in accordance with the Bahrain Commercial Companies Law and the Articles of Association of the Bank, as the attendance stood at 75.09%, in person and by proxy, of the total share capital.

Meeting Rapporteur:

The Extraordinary General Assembly authorized the Counsellor - Mr. Eihab Abdullatif Ahmed, Board Secretary as meeting's rapporteur.

The meeting was attended by the following Members of the Board of Directors:

1.	Mr. Matar Mohamed AlBlooshi	Vice Chairman
2.	Mr. Salman Saleh Al Mahmeed	Director
3.	Mr. Salim Abdulla Al Awadi	Director
4.	Mr. Ahmed Habib Kassim	Director
5.	Mr. Alhur Mohammed AlSuwaidi	Director
6.	Mr. Tariq Abdul Hafeedh Al Aujaili	Director

Board Secretary:

- | | |
|----|---------------------------------------|
| 1. | Counsellor Mr. Eihab Abdullatif Ahmed |
|----|---------------------------------------|

Attended by Fatwa and Shari'a Supervisory Board:

- | | | |
|----|-----------------|-----------------------------------------|
| 1. | Dr. Osama Bahar | Member of the Shari'a Supervisory Board |
|----|-----------------|-----------------------------------------|

Attended by the Executive Management:

1.	Mr. Rafik Al Nayed	Group Chief Executive Officer (CEO)
2.	Mr. Anwar Murad	Deputy Group Chief Executive Officer – Banking
3.	Counsellor Eihab Ahmed	Deputy Group Chief Executive Officer – Corporate Affairs, Board Secretary
4.	Mr. Yousif Ebrahim	Chief Financial Officer (CFO)

Minutes of the Extraordinary General Assembly Meeting 2025 (continued)

The meeting was also attended by:

1.	Ms. Rayan Ali	Representative of the Central Bank of Bahrain.
2.	Ms. Khadija Juma	Representative of the Central Bank of Bahrain.
3.	Ms. Fatima AlJar	Representative of the Central Bank of Bahrain.
4.	Mr. Ahmed Salaman	Representative of The Ministry of Industry and Commerce.
5.	Mr. Mohamed Hadi	Representative of The Ministry of Industry and Commerce.
6.	Mr. Jalil Al Aali	Representative of the KPMG Fakhro – External Auditors.
7.	Ms. Heba Mubarak	Representative of Bahrain Clear, Share Registrar
8.	Ms. Sara Ebrahim	Representative of Bahrain Clear, Share Registrar
9.	Ms. Nadin Mohamed	Representative of Bahrain Clear , Share Registrar
10.	Mr. Senan AlSherooqi	Representative of Bahrain Bourse.
11.	Mr. Wajdi AlJalad	Representative of Key point, Share Registrar

The meeting was opened by Mr. Matar AlBlooshi, the Chairman of the meeting, who welcomed the shareholders and thanked them for attending the meeting, and also welcomed the rest of the attendees.

1. To ratify the previous minutes of the Extra Ordinary General Meetings held on 19 March 2025:

The Chairman noted that the minutes had been circulated to all shareholders and no comments were received. Then they requested the attending shareholders to present any remarks that they may have or otherwise approve and ratify the minutes as is.

The minutes were approved with no remarks or amendments.

Resolution No. (1): The minutes of the previous Extraordinary General Assembly Meeting held on 19 March 2025 were approved.

2. To approve adding the following activities in Article Five – Objectives of the Company of the Article of Association of the Bank, this amendment will be subject to the approval of the Central Bank of Bahrain and Ministry of Industry & Commerce:

- a. Operations of e-Market places / websites / web portals.
- b. Retail Sale via the Internet.
- c. Distribute, promote, market and advertise local/international investment and banking products on behalf of third parties whether inside or outside the Kingdom of Bahrain.

Mr. Anwar Murad, Deputy Group CEO, presented an explanation of the activities proposed to be added, which are:

- a. Operating electronic markets, platforms, or gateways.
- b. Online sales.
- c. Distributing, promoting, marketing, and advertising local and international investment and banking products on behalf of third parties, whether inside or outside the Kingdom of Bahrain.

He explained that the banking sector is strongly shifting toward digitalization and electronic operations, and that the Bank has been active in this area, as can be seen recently through the launch of applications such as OneApp and ASB Pay, following the receipt of regulatory approvals. Therefore, the Bank deemed it appropriate to include these activities more clearly in the Articles of Association to ensure full compliance with legal requirements and in line with best market practices.

Minutes of the Extraordinary General Assembly Meeting 2025 (continued)

The Chairman highlighted the importance of adding the above activities to enhance the Bank's operations and enable the provision of diversified products within the framework of open banking, especially in light of modern electronic and technological developments, ensuring that the Bank keeps pace with these advancements to provide better services to its customers.

Resolution No. 2: The General Assembly approved the amendment of Article Five of the Bank's Articles of Association by adding the following activities to the Bank's objectives (subject to the approval of the Central Bank of Bahrain and the Ministry of Industry and Commerce):

Operating electronic markets, platforms, or gateways.

Online sales.

Distributing, promoting, marketing, and advertising local and international investment and banking products on behalf of third parties, whether inside or outside the Kingdom of Bahrain.

3. To approve adding the following in Article Twenty Six – Provisions of Board Membership of the Articles of Association of the Bank, this amendment will be subject to the approval of the Central Bank of Bahrain and Ministry of Industry & Commerce:

- a. Holds relevant academic qualification (bachelor or higher, preferably alongside a relevant professional certificate) and sufficient experience (minimum of 10 years, experience may include board membership) in the financial institution industry.
- b. Have served at least three years as an approved person in a financial institution inside or outside the Kingdom of Bahrain.

The Chairman clarified that the purpose of adding these requirements for nomination to the Bank's Board of Directors is to ensure the selection of qualified individuals who can contribute real value to the Board's work through their experience and knowledge of the banking sector. This also reflects the Bank's commitment to complying with the Central Bank of Bahrain's Fit & Proper (FP) Module, which requires financial institutions to establish criteria and qualifications for board membership in line with the scale of their operations.

Shareholder Ali Al Tarif inquired about the criteria used to determine these requirements, the empowerment of women to join boards, and whether it would be appropriate to set an age limit to allow younger individuals opportunities to gain board experience.

Mr. Eihab Ahmed responded that the CBB's recent regulatory amendments aim to enable licensees to set a criteria and select competent and experienced individuals, and the proposed requirements are to ensure that nominees can provide real value to the Bank.

Regarding women's representation on the Board, Mr. Salim Al Awadi explained that opportunities are fully open for women, whose role is valued, as they are essential partners in the Bank's success and performance.

On the topic of age limits, it was emphasized that experience is a fundamental element that supports the Board's work, and that the proposed criteria aim to benefit from accumulated expertise.

Mr. Ali Al Tarif further questioned why the topic had not been presented earlier or postponed to the March meeting.

Mr. Salem Al Awadi explained that recent updates to CBB regulations necessitated the inclusion of these amendments, in addition to adding new activities to ensure the Bank's compliance with applicable laws.

The Chairman, Mr. Matar Al Blooshi, noted that the Bank welcomes all interested candidates and that introducing these activities and amendments reflects the Bank's commitment to full regulatory compliance.

Minutes of the Extraordinary General Assembly Meeting 2025 (continued)

Shareholder Shaima Tuhami questioned the timing of presenting these requirements. Mr. Eihab explained that updating the Memorandum and Articles of Association to include the new activities required regulatory alignment therefore, the Board took advantage of the convening of the General Assembly to include this item, which would need to be presented in any case.

Resolution No (3): The Extraordinary General Assembly approved adding the following in Article Twenty Six – Provisions of Board Membership of the Articles of Association of the Bank, this amendment will be subject to the approval of the Central Bank of Bahrain and Ministry of Industry & Commerce:

- a. Holds relevant academic qualification (bachelor or higher, preferably alongside a relevant professional certificate) and sufficient experience (minimum of 10 years, experience may include board membership) in the financial institution industry.
- b. Have served at least three years as an approved person in a financial institution inside or outside the Kingdom of Bahrain.

4- To approve amending the Memorandum of Association and Articles of Association of the Bank to reflect the resolutions mentioned in items (2) & (3), and accordingly adopting an Amended and Restated Memorandum of Association and Articles of Association for the Bank. This amendment will be subject to the approval of the Central Bank of Bahrain and the Ministry of Industry and Commerce.

Resolution No. (4): The Extraordinary General Assembly approved the amendment of the Bank's Memorandum of Association and Articles of Association to reflect the amendments referenced in Items 2 and 3 above, and accordingly approved an amended and restated Memorandum of Association and Articles of Association for the Bank, subject to the approval of the Central Bank of Bahrain and the Ministry of Industry and Commerce

5- To authorize the Chairman of the Board of Directors and/ or the Bank's Group Chief Executive Officer, Mr. Rafik Nayed and/ or Keypoint representative to individually carry out the necessary formalities, sign the Amended and Restated Memorandum of Association and Articles of Association of the Bank before the Notary Public and submit the relevant documents to the concerned authorities.

Resolution No. (5): The Extraordinary General Assembly approved authorizing the Chairman of the Board and/or the Group Chief Executive Officer, Mr. Rafik Nayed, and/or a representative from Keypoint, individually, to carry out the necessary procedures to record the proposed amendments in the Bank's Commercial Register, including signing the amended Memorandum of Association and Articles of Association before the Notary Public in the Kingdom of Bahrain, and submitting any related documents to the official authorities in connection with the above items.

6- To discuss and approve any other matters that may arise.

- a. The Chairman, Mr. Matar Al Blooshi, submitted a request to the General Assembly to add a new item to the agenda under **"To discuss and approve any other matters that may arise"** in accordance with Article 207 of the Commercial Companies Law, concerning the appointment of a liquidity provider and/or market maker for the Bank's shares on both Bahrain Bourse and the Dubai Financial Market, with the aim of enhancing trading activity on the share.
- b. Mr. Nidal Abdul Bari Hamouda (representing a group of shareholders holding 10.28%) also requested adding a new item to the agenda under **"To discuss and approve any other matters that may arise"** in accordance with Article 207 of the Commercial Companies Law, to inform shareholders of the Bank's position regarding supporting and approving the expected merger between BBK (Bank of Bahrain and Kuwait) and NBB (National Bank of Bahrain), the extent of the Bank's evaluation of its stake in BBK for the purposes of the merger, and whether or not it is beneficial for the Bank to remain in the new merged entity.

Mr. Ali AlMajed (representing a group of shareholders holding 2.03%) supported the inclusion of this item due to its importance, noting that the proposed merger between BBK and NBB may have implications and consequences for Al Salam Bank given its ownership stake in BBK.

Minutes of the Extraordinary General Assembly Meeting 2025 (continued)

Ms. Alexandra Georgescu, representing shareholder Infinity (4%), inquired about the reason for Al Salam Bank not being represented on BBK's Board of Directors and about the implications of the merger on Al Salam Bank's ability to participate in the governance of the new entity.

(The representative of the Ministry of Industry and Commerce clarified that no decision should be taken on this matter; rather, it should be a general discussion, as the topic has not previously been presented to the Ministry or to the Central Bank of Bahrain.)

The General Assembly approved adding the two items above, and then began discussing them as follows:

6.1: Approval to Appoint a Liquidity Provider / Market Maker for the Bank's Shares on Bahrain Bourse and Dubai Financial Market

Mr. Yousif Ibrahim, Chief Financial Officer, presented a detailed explanation outlining the criteria and requirements for selecting the service provider.

Shareholder Mr. Mohammed Badr commented that this subject is typically not presented as a separate agenda item in other banks when engaging a market maker and noted that the Bank could also stimulate its share price through the purchase of treasury shares.

Mr. Matar Al Blooshi responded that the role of a market maker is fundamental and influential in increasing trading activity and enhancing liquidity in the share.

Shareholder Mr. Ali Al Tarif inquired about the relationship between the fair value of the share and its market price, and whether the service provider could assist the Bank in reaching fair value.

Group CEO Mr. Rafik Nayed explained that the Bank continues to deliver positive and growing results each year, and that a recent report issued by Arqam Company indicated that the fair value of Al Salam Bank's share is approximately 260 fils, while it is currently trading around 225 fils.

Resolution No. (6): The Extraordinary General Assembly approved the appointment of a Liquidity Provider and/or Market Maker on the Bahrain Bourse and the Dubai Financial Market and authorized the Board of Directors to take the necessary actions.

6.2: The Bank's approach towards the proposed merger between BBK (Bank of Bahrain and Kuwait) and NBB (National Bank of Bahrain), and the evaluation of its stake in BBK for the purposes of the merger:

In response to the inquiries raised regarding the Bank's stake in BBK, the Bank's Chief Executive Officer, Mr. Rafik Nayed, provided a detailed explanation. He clarified that shareholders are seeking to understand the potential impact of the proposed merger between BBK and NBB on Al Salam Bank, given that the Bank holds a significant stake of 26.19% in BBK. He explained that this stake was acquired as part of the assets taken over from Ithmaar Bank and has been structured in a Sharia-compliant manner until it is sold or transferred. He further stated that both BBK and NBB have appointed external advisors to conduct a detailed study to determine the appropriate share swap valuation. Al Salam Bank, however, is not represented on BBK's Board of Directors due to conflict of interest restrictions, which means the Bank must rely on its own internal analysis.

Mr. Nayed noted that the BBK stake represents approximately 25% of the Bank's income and consumes nearly 30% of its capital, underscoring its importance. He added that the Bank has appointed Rothschild & Co. to evaluate the stake and determine an appropriate exchange ratio. Rothschild's study concluded that the indicative valuation range for the share-swap ratio, for the purposes of the merger is between 49% and 53% in favor of BBK's shareholders.

He emphasized that the Bank supports the merger in principle due to its potential benefit to the banking sector. However, Al Salam Bank would be required to exit the stake in the event the merger proceeds, due to Sharia, accounting, regulatory considerations, and the Bank's expected limited representation in the merged entity.

Minutes of the Extraordinary General Assembly Meeting 2025 (continued)

He explained that remaining as a shareholder in the merged bank would alter the accounting treatment of the stake from equity accounting to fair value accounting due to dilution of the stake hence resulting in reduction in profitability by relying solely on dividend income. He further stressed that the Bank does not wish to remain as a shareholder in a direct competitor.

For these reasons, the Bank's position is to support the merger provided it serves the interests of all parties, particularly the shareholders of the Bank, ensuring a proper exit of the stake at an appropriate valuation before the completion of the merger.

Mr. Nayed added that as part of our follow-up and preparation to understand the matter more deeply, and given our lack of access to the details of the valuations being conducted by the two negotiating banks, we contracted with a reputable consulting firm (Rothschild) to assess the Bank's stake in BBK and determine the exchange price range equivalent to the value for the purposes of the merger. Although both banks are listed on the Bahrain Stock Exchange, it is difficult to rely solely on the market price due to the limited trading volume of their shares. Furthermore, the lack of detailed financial information and familiarity with the banks' future business plans led Rothschild to adopt several methodologies (including BBK's acquisition of HSBC's retail portfolio) to arrive at an exchange price valuation range based on publicly available information.

Rothschild concluded a valuation range of 49%–53% in favor of BBK shareholders, taking into account the noticeable improvement in BBK's financial performance.

He stressed that the Rothschild valuation is provided for shareholders' information only, must remain confidential, and should not be relied upon as the sole basis for any final decision.

Mr. Nidal Hamouda requested that the minimum acceptable exchange ratio should not be less than 53%, based on Rothschild's indicative valuation.

In response, Mr. Nayed reiterated that the anticipated merger is a significant step for Bahrain and the banking sector, as it contributes to strengthening the local banking market and creating a larger banking entity. Therefore, we believe that the Bank should support the public's direction towards completing this merger through a well-considered exit at a suitable price, based on a thorough study of the value of the Bank's stake in BBK. We view this from a perspective that meets everyone's aspirations, ensuring a win-win outcome for all. He emphasized the executive management's respect to shareholders' opinions, who have the ultimate right to make the final decision on this matter.

Mr. Ali Al Majed agreed with the CEO's views, adding that the Bank can show flexibility in the acceptable swap ratio, provided at no less than 50%, which is still reasonable according to Rothschild, and conditional on exiting the Bank's stake in BBK before the merger.

Mr. Ali Al Tarif enquired whether AI Salam Bank would consider acquiring BBK if the merger fails, and Mr. Ali Al Majed enquired about the possibility of acquiring Bahrain Islamic Bank as part of the deal. Mr. Nayed responded that the Bank currently sees a strong opportunity for the proposed merger between BBK and NBB, which would be beneficial and a win-win for all parties. He confirmed that any major decision would require returning to the General Assembly due to the size and significance of the stake.

Mr. Ahmed Khalfan (representing Global Express) called for an immediate resolution at this meeting, while shareholder Mr. Ali Mohammed preferred a deeper study and returning to the General Assembly later.

Ms. Shaima Tuhami emphasized the need for more detailed valuation information before submitting any proposal to the General Assembly.

Minutes of the Extraordinary General Assembly Meeting 2025 (continued)

Mr. Ali Al Tarif stressed that the final decision regarding the Bank's position in the merger given the significance of its stake in BBK must rest with the General Assembly to safeguard shareholder interests.

Mr. Hussein Al Shehab supported this view, noting that owning approximately 26% of BBK requires securing a preferential price upon exit and obtaining the prior approval of the Bank's shareholders to complete the merger.

Mr. Nayed reiterated that the Bank currently lacks detailed information on the negotiation process between the two banks, given its absence from BBK's Board, and therefore relies on its own internal assessments. He confirmed that exiting the stake is the natural course of action should the merger proceed.

Mr. Matar Al Blooshi concluded by clarifying that the final decision regarding the approval or rejection of the merger is within the authority of the General Assembly, in a manner that serves the interests of the Bank and its shareholders.

After extensive discussion, the General Assembly expressed its support in principle for the proposed merger between BBK and NBB, and directed the Board of Directors to study the Bank's position on the merger and prepare a proposal regarding the future of the Bank's stake in BBK for the purposes of the merger. The Board is to revert to the General Assembly of the Bank to take the appropriate decision on this matter.

There was no further matter for discussion in the agenda of the meeting, Mr. Matar Al Blooshi, the chairman, expressed his thanks to all attended shareholders, representatives of the official authorities, directors and the Executive Management team for their continued support, and announced the end of the meeting and close of session.

The meeting closed at 1:00 p.m.

Mr. Matar Al Blooshi
Vice-Chairman of the Board
Chairman of the meeting

Counsellor Mr. Ehab Abdullatif Ahmed
Deputy Group Chief Executive Officer – Corporate Affairs
Board Secretary
Meeting Rapporteur

02

To approve increase of the issued and paid-up share capital from BD 296,759,879 to BD 317,533,071 and the issued shares from 2,967,598,791 ordinary shares to 3,175,330,706 ordinary shares, resulting from the issuance of bonus shares amounting to 207,731,915 shares, in accordance with the resolutions of the Bank's Annual Ordinary General Meeting on 12 March 2026. This amendment will be subject to the approval of the Central Bank of Bahrain.

03

To approve amending the Memorandum of Association and Articles of Association of the Bank to reflect the resolutions mentioned in items (2) and accordingly adopting an Amended and Restated Memorandum of Association and Articles of Association for the Bank. This amendment will be subject to the approval of the Central Bank of Bahrain and the Ministry of Industry and Commerce.

04

To authorize the Chairman of the Board of Directors and/ or the Bank's Group Chief Executive Officer, Mr. Rafik Nayed and/ or Keypoint representative to individually carry out the necessary formalities, sign the Amended and Restated Memorandum of Association and Articles of Association of the Bank before the Notary Public and submit the relevant documents to the concerned authorities.