United Gulf Bank B.S.C. (c)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2026 (REVIEWED)

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF UNITED GULF BANK B.S.C. (c)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of United Gulf Bank B.S.C. (c) (the "Bank") and its subsidiaries (together, the "Group") as at 31 March 2026, comprising of the interim consolidated statement of financial position as at 31 March 2026 and the related interim consolidated statements of income, comprehensive income, cash flows and changes in equity for the three month period then ended and explanatory notes. The Board of Directors of the Bank is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst + Young

11 May 2026
Manama, Kingdom of Bahrain

United Gulf Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2026 (Reviewed)

	Note	***Reviewed 31 March 2026 US$ 000***	*Audited 31 December 2025 US$ 000*	*Reviewed 31 March 2025 US$ 000*
ASSETS				
Demand and call deposits with banks	4	**70,230**	70,211	92,936
Treasury bills	4	**62,195**	48,031	5,030
Placements with banks	4	**88,306**	92,172	82,350
Investments carried at fair value through profit or loss		**118,017**	114,514	106,723
Investments carried at fair value through other comprehensive income		**174,557**	141,503	133,989
Loans and receivables		**41,641**	31,113	6,037
Other assets		**45,078**	52,807	59,244
Investment in associates		**73,650**	77,037	70,974
Investment properties		**133,815**	133,503	133,095
Property and equipment		**17,799**	17,858	17,157
Goodwill and other intangible assets		**59,683**	60,009	60,050
TOTAL ASSETS		**884,971**	838,758	767,585
LIABILITIES AND EQUITY				
Liabilities				
Due to banks		**196,534**	137,395	112,214
Deposits from customers		**24,787**	24,580	39,550
Term loans		**218,757**	201,235	201,433
Other liabilities		**63,143**	73,540	70,899
Total liabilities		**503,221**	436,750	424,096
Equity				
Share capital	6	**196,132**	196,132	116,132
Share premium		**5,687**	5,687	5,687
Statutory reserve		**54,982**	54,982	54,034
General reserve		**4,713**	4,713	3,765
Fair value reserve		**13,767**	20,695	21,245
Foreign currency translation reserve		**(6,054)**	(6,177)	(4,296)
(Accumulated deficit) / retained earnings		**(6,210)**	3,440	(3,517)
Equity attributable to shareholders of the Parent		**263,017**	279,472	193,050
Perpetual Additional Tier 1 Capital	12	**-**	-	33,000
Non-controlling interests		**118,733**	122,536	117,439
Total equity		**381,750**	402,008	343,489
TOTAL LIABILITIES AND EQUITY		**884,971**	838,758	767,585

Sheikh Abdullah Nasser Al Sabah	Antoine Jean Daher	Hussain Lalani
Chairman	Vice Chairman	Chief Executive Officer

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

United Gulf Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three-month period ended 31 March 2026 (Reviewed)

	Note	***Three-month period ended 31 March***	
		2026	*2025*
		US$ 000	*US$ 000*
Interest income		**2,739**	1,731
Investment income - net		**(2,568)**	4,742
		171	6,473
Fees and commission income - net		**11,595**	11,390
Foreign exchange gain - net		**189**	629
Share of results of associates		**(3,459)**	3,370
Total income		**8,496**	21,862
Interest expense		**(4,492)**	(4,832)
Operating income before expenses and expected credit losses ("ECL")		**4,004**	17,030
Salaries and benefits		**(12,058)**	(10,911)
General and administrative expenses		**(6,025)**	(5,541)
Operating (loss) / income before ECL		**(14,079)**	578
Allowance for expected credit losses - net	5	**(344)**	(81)
(Loss) / Profit before tax		**(14,423)**	497
Tax expense		**(26)**	(248)
Net (loss) / profit for the period		**(14,449)**	249
Net (loss) / profit attributable to non-controlling interests		**(4,799)**	669
Net loss to shareholders of the Parent		**(9,650)**	(420)

Sheikh Abdullah Nasser Al Sabah
Chairman

Antoine Jean Daher
Vice Chairman

Hussain Lalani
Chief Executive Officer

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2026 (Reviewed)

	Three-month period ended 31 March	
	2026	*2025*
	US$ 000	*US$ 000*
Net (loss) / profit for the period	**(14,449)**	249
Other Comprehensive Income (OCI)		
Items that may be reclassified to profit or loss in subsequent periods		
Foreign currency translation changes	**447**	1,717
Net change in cashflow hedges	**8**	34
Fair value changes of debt investments carried at fair value through other comprehensive income	**(2,719)**	-
Items that will not be reclassified to profit or loss in subsequent periods		
Fair value changes of equity investments carried at fair value through other comprehensive income	**(4,875)**	661
Other comprehensive (loss) / income for the period	**(7,139)**	2,412
Total comprehensive (loss) / income for the period	**(21,588)**	2,661
Total comprehensive (loss) / income attributable to:		
- Shareholders of the Parent	**(16,455)**	1,166
- Non-controlling interests	**(5,133)**	1,495
	(21,588)	2,661

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2026 (Reviewed)

	Note	*Three-month period ended 31 March* **2026** **US$ 000**	2025 US$ 000
OPERATING ACTIVITIES			
Net (loss) / profit before tax		**(14,423)**	497
Adjustments for non-cash items:			
Interest expense		**4,492**	4,832
Depreciation and amortisation		**1,065**	1,014
Interest income		**(2,739)**	(1,731)
Gain on investments carried at fair value through profit or loss		**4,671**	(3,105)
Share of results of associates		**3,459**	(3,370)
Allowance for expected credit losses - net	5	**344**	81
Operating loss before working capital changes		**(3,131)**	(1,782)
Changes in operating assets and liabilities:			
Treasury bills		**19,843**	(186)
Placements with banks		**479**	(6,053)
Investments carried at fair value through profit or loss		**(8,174)**	3,045
Investments carried at fair value through OCI		**(40,648)**	(1,155)
Loans and receivables		**(10,528)**	112
Other assets		**7,759**	(13,286)
Due to banks		**59,139**	136
Deposits from customers		**207**	22,472
Other liabilities		**(14,212)**	1,180
Interest received		**2,485**	4,710
Interest paid		**(3,767)**	(7,697)
Directors' remuneration paid		**-**	(100)
Donations paid		**-**	(50)
Net cash flows from operating activities		**9,453**	1,346
INVESTING ACTIVITIES			
Investments in associates - net		**-**	393
Property and equipment - net		**(525)**	(467)
Purchase of intangible assets		**(78)**	(17)
Net cash flows used in investing activities		**(603)**	(91)
FINANCING ACTIVITIES			
Term loans obtained - net		**17,522**	5,837
Movement in non-controlling interests		**1,329**	484
Net cash flows from financing activities		**18,851**	6,321
NET CHANGE IN CASH AND CASH EQUIVALENTS		**27,702**	7,576
Foreign currency translation adjustments		**2,937**	2,348
Cash and cash equivalents at 1 January		**165,192**	159,179
CASH AND CASH EQUIVALENTS AT 31 MARCH	4	**195,831**	169,103

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2026 (Reviewed)

	Attributable to shareholders of the Parent										
	Share capital US$ 000	*Share premium US$ 000*	*Statutory reserve US$ 000*	*General reserve US$ 000*	*Fair value reserve US$ 000*	*Foreign currency translation reserve US$ 000*	*Retained earnings / (accumulated deficit) US$ 000*	*Total US$ 000*	*Perpetual Additional Tier 1 Capital US$ 000*	*Non-controlling interests US$ 000*	*Total equity US$ 000*
Balance at 1 January 2026	**196,132**	**5,687**	**54,982**	**4,713**	**20,695**	**(6,177)**	**3,440**	**279,472**	**-**	**122,536**	**402,008**
Net loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(9,650)**	**(9,650)**	**-**	**(4,799)**	**(14,449)**
Other comprehensive (loss) income	**-**	**-**	**-**	**-**	**(6,928)**	**123**	**-**	**(6,805)**	**-**	**(334)**	**(7,139)**
Total comprehensive (loss) income for the period	**-**	**-**	**-**	**-**	**(6,928)**	**123**	**(9,650)**	**(16,455)**	**-**	**(5,133)**	**(21,588)**
Other movements in non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,329**	**1,329**
Balance at 31 March 2026	**196,132**	**5,687**	**54,982**	**4,713**	**13,767**	**(6,054)**	**(6,210)**	**263,017**	**-**	**118,733**	**381,750**
Balance at 1 January 2025	116,132	5,687	54,034	3,765	21,286	(5,923)	(3,097)	191,884	33,000	115,460	340,344
Net (loss) profit for the period	-	-	-	-	-	-	(420)	(420)	-	669	249
Other comprehensive (loss) income	-	-	-	-	(41)	1,627	-	1,586	-	826	2,412
Total comprehensive (loss) income for the period	-	-	-	-	(41)	1,627	(420)	1,166	-	1,495	2,661
Other movements in non-controlling interests	-	-	-	-	-	-	-	-	-	484	484
Balance at 31 March 2025	116,132	5,687	54,034	3,765	21,245	(4,296)	(3,517)	193,050	33,000	117,439	343,489

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

1 CORPORATE INFORMATION

1.1 Incorporation

United Gulf Bank B.S.C. (c) ("UGB" or the "Bank") is a closed joint stock company incorporated in the Kingdom of Bahrain in 1980, under Commercial Registration number 10550 issued by the Ministry of Industry and Commerce ("MOIC"). The Bank’s registered office is situated at UGB Tower, Diplomatic Area, P.O. Box 5964, Manama, Kingdom of Bahrain.

The Bank operates in the Kingdom of Bahrain under a Wholesale Banking License of Volume 1 issued by the Central Bank of Bahrain (the "CBB").

1.2 Activities

The principal activities of the Bank and its subsidiaries (together, the "Group") comprise of investment and commercial banking. Investment banking activities include asset portfolio management, corporate finance, advisory, investment in quoted and private equity / funds, real estate, capital markets, international banking and treasury functions. Commercial banking activities include extending loans and other credit facilities, accepting deposits and current accounts from corporate and institutional customers.

The Bank's parent is Burgan Bank K.P.S.C ("Burgan" or the "Parent"), which owns 100% shares of the Bank, and the ultimate holding company is Kuwait Projects Company Holding K.S.C.P. ("KIPCO" or the "Ultimate Parent"). Both Burgan and KIPCO are incorporated in the State of Kuwait as a public share holding companies and are listed on the Kuwait Stock Exchange (Boursa Kuwait).

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 10 May 2026.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the three-month period ended 31 March 2026 have been prepared in accordance with IAS 34 - *Interim Financial Reporting*. The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The Board of Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. The Group has formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the date of approval of the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2025. In addition, results for the three-month period ended 31 March 2026 are not necessarily indicative of the results that may be expected for the financial year ending on 31 December 2026.

Certain corresponding figures have been reclassified in order to conform to the presentation of the interim condensed consolidated financial statements for the current period. Such reclassifications did not affect previously reported net profit or total equity of the Group.

These interim condensed consolidated financial statements are reviewed and not audited.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.2 Material accounting policies

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2025, except for the adoption of new and amended standards and interpretations effective as of 1 January 2026 as stated in note 2.3. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.3 New standards, interpretations and amendments adopted by the Group

The adoption of the below new and amended standards and interpretations had no impact on the interim condensed consolidated financial statements of the Group:

2.3.1 Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- Clarifications of the requirements for recognition and derecognition of financial assets and financial liabilities. In particular, a financial liability is derecognised on the 'settlement date' and an accounting policy choice is introduced (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date.
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed.
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments.
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The amendments had no impact on the Group's interim condensed consolidated financial statements.

2.3.2 Annual Improvements to IFRS accounting Standards – Volume 11

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

2.3.3 Contracts Referencing Nature -dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity, and they:

- Clarify the application of the 'own-use' requirements for in-scope contracts;
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in - scope contracts; and
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

3 BASIS OF CONSOLIDATION

These interim condensed consolidated financial statements include the interim condensed financial statements of the Bank and its subsidiaries as at and for the three-month period ended 31 March 2026. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The basis of consolidation used in these interim condensed consolidated financial statements of the Group is consistent to the basis of consolidation used and disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2025.

The principal subsidiaries of the Group are as follows:

Name of the subsidiary	***Country of incorporation***	***Ownership*** ***31 March 2026***	*31 December 2025*
Held directly			
KAMCO Investment Company K.S.C.P. [KAMCO]	Kuwait	**60%**	60%
United Gulf Realty International, Ltd [UGRIL]	The British Virgin Islands	**-**	50%
Partly held directly and partly through KAMCO			
Manafae Investment Company	Kuwait	**58%**	58%
N.S. 88	Bahrain	**77%**	77%
Held through KAMCO			
Kuwait Private Equity Opportunities Fund	Kuwait	**73%**	73%
KAMCO Global Fund (formerly KAMCO GCC Opportunistic Fund)	Kuwait	**98%**	98%
KAMCO Mena Plus Fixed Income Fund (OEIC) Limited	UAE	**54%**	54%
Al Jazi Money Market Fund	Kuwait	**51%**	51%
Buckeye Power Manager Limited	Jersey	**100%**	100%
Buckeye Power Advisory Company LLC	USA	**48%**	48%
HP Plaza Investor Inc.	USA	**100%**	100%
Centerstone Investor Inc	USA	**100%**	100%
Lawson Lane Investor Inc.	USA	**100%**	100%
KAMCO Investment Company - Saudia	KSA	**100%**	100%
First Securities Brokerage Company K.S.C (Closed) ("FSBC')	Kuwait	**93%**	93%
1925 Investor Inc.	Jersey	**100%**	100%
American Blvd Investor, Inc	USA	**100%**	100%
Kamco Investment Company Ltd	UK	**100%**	100%
KAMCO Investment Company (DIFC) Limited	UAE	**100%**	100%
EGLS Holdings, s.r.o.	Czechia	**60%**	60%
Al Tadamun United Holding Company K.S.C. (Closed)	Kuwait	**100%**	100%
Nawasi United Holding Company K.S.C. (Closed)	Kuwait	**100%**	100%
Kubbar United Real Estate Company (SPC)	Kuwait	**100%**	100%
Plans United Real Estate Company (SPC)	Kuwait	**100%**	100%

4 CASH AND CASH EQUIVALENTS

	Reviewed 31 March 2026 US$ 000	*Audited 31 December 2025 US$ 000*	*Reviewed 31 March 2025 US$ 000*
Demand and call deposits with banks	**70,230**	70,211	92,936
Treasury bills	**62,195**	48,031	5,030
Placements with banks	**88,306**	92,172	82,350
	220,731	210,414	180,316
Adjusted for:			
Mandatory reserves	**(318)**	(318)	(318)
Time deposits with original maturities of more than 90 days	**(17,369)**	(17,848)	(10,895)
Treasury bills having original maturities of more than 90 days	**(7,213)**	(27,056)	-
Cash and cash equivalents	**195,831**	165,192	169,103

5 MOVEMENT IN EXPECTED CREDIT LOSS (ECL)

An analysis of movement in ECL allowances during the three-month period ended 31 March 2026 is as follows:

	Stage 1 US$ 000	***Stage 2 US$ 000***	***Stage 3 US$ 000***	***Total US$ 000***
As at 1 January 2026	**17,679**	**-**	**7,740**	**25,419**
Net transfer between stages	**(11)**	**-**	**11**	**-**
Net remeasurement of loss allowances	**312**	**-**	**32**	**344**
Written-off during the period	**-**	**-**	**(11)**	**(11)**
Foreign exchange adjustments	**128**	**-**	**23**	**151**
As at 31 March 2026 (Reviewed)	**18,108**	**-**	**7,795**	**25,903**

An analysis of movement in ECL allowances during the three-month period ended 31 March 2025 is as follows:

	Stage 1 US$ 000	*Stage 2 US$ 000*	*Stage 3 US$ 000*	*Total US$ 000*
As at 1 January 2025	17,593	-	7,830	25,423
Net remeasurement of loss allowances	102	-	(21)	81
As at 31 March 2025 (Reviewed)	17,695	-	7,809	25,504

6 SHARE CAPITAL

	Reviewed 31 March 2026 US$ 000	*Audited 31 December 2025 US$ 000*	*Reviewed 31 March 2025 US$ 000*
Authorised share capital			
Number of shares (in thousands)	**500,000**	500,000	500,000
Par value (US$)	**0.50**	0.50	0.50
Authorised share capital (US'000)	**250,000**	250,000	250,000
Issued and fully paid up share capital			
Number of shares (in thousands)	**392,263**	392,263	232,263
Par value (US$)	**0.50**	0.50	0.50
Issued and fully paid up share capital (US'000)	**196,132**	196,132	116,132

In an Extraordinary General Meeting (the "EGM") held on 6 May 2025, the shareholders approved increasing the issued and paid up share capital of the Bank from the amount of US$ 116,131,520.50 to the amount of US$ 196,131,520.50, by issuing 160,000,000 new ordinary shares, of nominal value of US$ 0.50 each, fully subscribed and settled entirely by the Parent, in cash, after obtaining approvals of the Central Bank of Bahrain and the Ministry of Industry and Commerce.

7 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the Ultimate Parent, Parent, associates and joint ventures, directors and key management personnel and entities which are controlled, jointly controlled or significantly influenced by any of the above mentioned parties.

The income and expenses in respect of related party transactions included in the interim consolidated statement of income were as follows:

	(Reviewed) Three-month period ended 31 March 2026			
	Parent US$ 000	***Associates US$ 000***	***Other related parties US$ 000***	***Total US$ 000***
Fees and commissions - net*	**220**	**272**	**1,578**	**2,070**
Rental income	**-**	**-**	**276**	**276**
Interest income	**46**	**-**	**73**	**119**
Interest expense	**(3,033)**	**-**	**(748)**	**(3,781)**
General and administrative expenses	**(154)**	**-**	**(579)**	**(733)**

7 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	(Reviewed) Three month period ended 31 March 2025			
	Parent	*Associates*	*Other related parties*	*Total*
	US$ 000	*US$ 000*	*US$ 000*	*US$ 000*
Fees and commissions - net*	8	263	1,646	1,917
Rental income	-	-	274	274
Interest income	2	-	96	98
Interest expense	(354)	-	(1,154)	(1,508)
General and administrative expenses	(8)	-	(569)	(577)

All related party transactions are on terms that are mutually agreed between the counterparties.

* The Bank and United Gulf Holding Company ("UGH") have entered into an arrangement for service sharing between the two entities. In line with the arrangement, the Bank provides certain services to the UGH against mutually agreed service fee.

The balances with related parties included in the interim consolidated statement of financial position are as follows:

	(Reviewed) 31 March 2026			
	Parent	***Associates***	***Other related parties***	***Total***
	US$ 000	***US$ 000***	***US$ 000***	***US$ 000***
Demand and call deposits with banks	**18,598**	**-**	**3,580**	**22,178**
Placements with banks	**-**	**-**	**18,402**	**18,402**
Investments carried at fair value through profit or loss	**523**	**-**	**2,273**	**2,796**
Investments carried at fair value through other comprehensive income	**-**	**-**	**59,745**	**59,745**
Loans and receivables	**-**	**-**	**778**	**778**
Other assets	**451**	**546**	**3,820**	**4,817**
Due to banks	**(110,735)**	**-**	**(56,478)**	**(167,213)**
Deposits from customers	**-**	**-**	**(13,749)**	**(13,749)**
Term Loans	**(168,757)**	**-**	**-**	**(168,757)**
Other liabilities	**(2,308)**	**-**	**(613)**	**(2,921)**
Off statement of financial position items:				
Letters of guarantee	**-**	**-**	**157**	**157**

7 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	(Audited) 31 December 2025			
	Parent US$ 000	*Associates US$ 000*	*Other related parties US$ 000*	*Total US$ 000*
Demand and call deposits with banks	19,178	-	587	19,765
Placements with banks	-	-	18,355	18,355
Investments carried at fair value through profit or loss	823	-	1,632	2,455
Investments carried at fair value through other comprehensive income	-	-	66,304	66,304
Loans and receivables	-	-	204	204
Other assets	19	577	4,116	4,712
Due to banks	(50,000)	-	(58,162)	(108,162)
Term loan	(45,000)	-	-	(45,000)
Deposits from customers	-	-	(13,893)	(13,893)
Other liabilities	(984)	-	(2,255)	(3,239)
Off statement of financial position items:				
Letters of guarantee	-	-	157	157

All related party exposures are performing as of 31 March 2026 and 31 December 2025.

Compensation of key management personnel was as follows:

	Three-month period ended 31 March	
	2026 Reviewed US$ 000	*2025 Reviewed US$ 000*
Short-term employee benefits	**1,506**	1,522
Long-term employee benefits	**355**	185
	1,861	1,707

8 COMMITMENTS

The Group has the following credit and investment-related commitments:

	Reviewed 31 March 2026 US$ 000	*Audited 31 December 2025 US$ 000*	*Reviewed 31 March 2025 US$ 000*
Credit-related commitments:			
Letters of guarantee	**2,313**	2,302	4,415
Investments related commitments*	**1,837**	2,030	1,125
	4,150	4,332	5,540

8 COMMITMENTS (continued)

*Investment related commitments are Group's commitment to invest in private equity funds representing the uncalled capital by the investment managers (general partners) of various private equity funds in which the Group has made investments. The capital can be called at the investment manager's discretion.

9 DERIVATIVES

In the ordinary course of business, the Group enters into various types of transactions that involve derivative financial instruments.

31 March 2026 (Reviewed)	***Positive fair value US$ 000***	***Negative fair value US$ 000***	***Notional amount US$ 000***
Derivatives held for trading			
Interest rate swaps	**149**	**(149)**	**115,000**
Forward foreign exchange contracts*	**111**	**(116)**	**77,828**
Derivatives used as hedge of net investments in foreign operations			
Forward foreign exchange contracts	**276**	**(7)**	**116,357**
Derivatives used as fair value hedges			
Forward foreign exchange contracts	**-**	**(97)**	**30,489**
Derivatives used as cash flow hedges			
Interest rate swaps	**43**	**-**	**22,500**

31 December 2025 (Audited)	*Positive fair value US$ 000*	*Negative fair value US$ 000*	*Notional amount US$ 000*
Derivatives held for trading			
Interest rate swaps	296	(296)	165,000
Forward foreign exchange contracts*	672	(415)	157,747
Derivatives used as hedge of net investments in foreign operations			
Forward foreign exchange contracts	1,111	-	185,246
Derivatives used fair value hedges			
Forward foreign exchange contracts	-	(49)	30,831
Derivatives used as cash flow hedges			
Interest rate swaps	35	-	22,500

* The Group uses foreign currency denominated borrowings and forward currency contracts to manage some of its transaction exposures. These currency forward contracts are not designated as cash flow, fair value or net investment in foreign operations hedges and are entered into for periods consistent with currency transaction exposures.

10 FINANCIAL INSTRUMENTS

The tables below summarises the accounting classification of the Group's financial assets and financial liabilities:

31 March 2026 (Reviewed)	***At FVTPL US$ 000***	***At FVOCI US$ 000***	***Amortised cost US$ 000***	***Total US$ 000***
Demand and call deposits with banks	**-**	**-**	**70,230**	**70,230**
Treasury bills	**-**	**-**	**62,195**	**62,195**
Placements with banks	**-**	**-**	**88,306**	**88,306**
Investments carried at FVTPL	**118,017**	**-**	**-**	**118,017**
Investments carried at FVOCI	**-**	**174,557**	**-**	**174,557**
Loans and receivables	**-**	**-**	**41,641**	**41,641**
Other assets	**260**	**319**	**43,028**	**43,607**
Total financial assets	**118,277**	**174,876**	**305,400**	**598,553**
Due to banks	**-**	**-**	**196,534**	**196,534**
Deposits from customers	**-**	**-**	**24,787**	**24,787**
Term loans	**-**	**-**	**218,757**	**218,757**
Other liabilities	**265**	**104**	**62,665**	**63,034**
Total financial liabilities	**265**	**104**	**502,743**	**503,112**

31 December 2025 (Audited)	*At FVTPL US$ 000*	*At FVOCI US$ 000*	*Amortised cost US$ 000*	*Total US$ 000*
Demand and call deposits with banks	-	-	70,211	70,211
Treasury Bills	-	-	48,031	48,031
Placements with banks	-	-	92,172	92,172
Investments carried at FVTPL	114,514	-	-	114,514
Investments carried at FVOCI	-	141,503	-	141,503
Loans and receivables	-	-	31,113	31,113
Other assets	968	1,146	49,130	51,244
Total financial assets	115,482	142,649	290,657	548,788
Due to banks	-	-	137,395	137,395
Deposits from customers	-	-	24,580	24,580
Term loans	-	-	201,235	201,235
Other liabilities	711	49	72,647	73,407
Total financial liabilities	711	49	435,857	436,617

11 FAIR VALUE MEASUREMENT

Fair value hierarchy
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

11 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy (continued)

Fair values of quoted securities are derived from quoted market prices in active markets, if available. For unquoted securities, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

The fair values of the funds that are listed on active markets are determined by reference to their quoted bid prices. The fair values of unlisted funds are based on net asset values which are determined by the fund manager using the quoted market prices of the underlying assets, if available, or other acceptable methods such as a recent price paid by another investor or the market value of a comparable company.

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

The Group uses the following hierarchy for determining and disclosing the fair value of the Group's assets and liabilities by valuation technique:

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

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

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

The following table shows an analysis of the Group's assets and liabilities recorded at fair value by level of the fair value hierarchy at 31 March 2026 (Reviewed):

	Level 1	*Level 2*	*Level 3*	*Total*
	US$ 000	*US$ 000*	*US$ 000*	*US$ 000*
Assets measured at fair value				
Investments carried at FVTPL				
Equities	**21,221**	**-**	**13,246**	**34,467**
Debt securities	**12,049**	**-**	**859**	**12,908**
Managed funds	**-**	**49,962**	**20,680**	**70,642**
Investments carried at FVOCI				
Equities	**18,710**	**-**	**119,704**	**138,414**
Debt securities	**35,711**	**-**	**-**	**35,711**
Managed funds	**-**	**-**	**432**	**432**
Investment properties	**-**	**-**	**133,815**	**133,815**
Derivatives				
Interest rate swaps	**-**	**192**	**-**	**192**
Forward foreign exchange contracts	**-**	**387**	**-**	**387**
	87,691	**50,541**	**288,736**	**426,968**
Liabilities measured at fair value				
Derivatives				
Interest rate swaps	**-**	**149**	**-**	**149**
Forward foreign exchange contracts	**-**	**220**	**-**	**220**
	-	**369**	**-**	**369**

11 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy (continued)

The following table shows an analysis of the Group's assets and liabilities recorded at fair value by level of the fair value hierarchy at 31 December 2025 (Audited):

	Level 1	*Level 2*	*Level 3*	*Total*
	US$ 000	*US$ 000*	*US$ 000*	*US$ 000*
Assets measured at fair value				
Investments carried at FVTPL				
Equities	14,400	-	13,593	27,993
Debt securities	12,669	-	854	13,523
Managed funds	-	52,052	20,946	72,998
Investments carried at FVOCI				
Equities	21,597	-	119,474	141,071
Managed funds	-	-	432	432
Investment properties	-	-	133,503	133,503
Derivatives				
Interest rate swaps	-	331	-	331
Forward foreign exchange contracts	-	1,783	-	1,783
	48,666	54,166	288,802	391,634
Liabilities measured at fair value				
Derivatives				
Interest rate swaps	-	296	-	296
Forward foreign exchange contracts	-	464	-	464
	-	760	-	760

The fair values of financial instruments carried at amortised cost are not significantly different from their carrying values included in the interim condensed consolidated financial statements.

Transfers between Level 1, Level 2 and Level 3

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the three month period ended 31 March 2026.

11 FAIR VALUE MEASUREMENT (continued)

The following table shows a reconciliation of the opening and closing amount of Level 3 financial instruments and other assets, which are recorded at fair value:

	As at 1 January 2026 US$'000	***Net purchases, sales, transfer and settlement US$'000***	***(Loss) gain recognised in the consolidated statement of income US$'000***	***(Loss) gain recognised in OCI US$'000***	***As at 31 March 2026 (Reviewed) US$'000***
Investments carried at FVTPL					
Equities	**13,593**	**10**	**(357)**	**-**	**13,246**
Debt securities	**854**	**3**	**2**	**-**	**859**
Managed funds	**20,946**	**(209)**	**(57)**	**-**	**20,680**
	35,393	**(196)**	**(412)**	**-**	**34,785**
Investments carried at FVOCI					
Equities	**119,474**	**2,086**	**-**	**(1,856)**	**119,704**
Managed funds	**432**	**-**	**-**	**-**	**432**
	119,906	**2,086**	**-**	**(1,856)**	**120,136**
Investment properties	**133,503**	**-**	**312**	**-**	**133,815**

	As at 1 January 2025 US$'000	*Net purchases, sales, transfer and settlement US$'000*	*Gain (loss) recognised in the consolidated statement of income US$'000*	*Gain (loss) recognised in OCI US$'000*	*As at 31 March 2025 (Reviewed) US$'000*
Investments carried at FVTPL					
Equities	15,571	(6,374)	30	-	9,227
Debt securities	325	-	-	-	325
Managed funds	23,610	(1,385)	(661)	-	21,564
	39,506	(7,759)	(631)	-	31,116
Investments carried at FVOCI					
Equities	131,863	26	-	274	132,163
Managed funds	474	1	-	(9)	466
	132,337	27	-	265	132,629
Investment properties	133,145	-	(50)	-	133,095

12 PERPETUAL ADDITIONAL TIER 1 CAPITAL

On 28 March 2016, the Bank issued Perpetual Additional Tier 1 Capital (the “AT1 Capital”) amounting to US$ 33,000 thousand. The AT1 Capital constitutes subordinated obligations of the Bank and is classified as equity in accordance with IAS 32: Financial Instruments – Classification. The AT1 Capital does not have a maturity date and bears interest on its nominal amount from the date of issue at a fixed annual rate.

The AT1 Capital is redeemable by the Bank at its sole discretion on any interest payment date subject to the prior consent of the Central Bank of Bahrain. The Bank at its sole discretion may elect not to distribute interest and this is not considered an event of default. If the Bank does not pay interest on the AT1 Capital (for whatever reason), then the Bank must not make any other distribution on or with respect to its other shares that rank equally with or junior to the AT1 Capital.

The Bank voluntarily repaid its Perpetual Additional Tier 1 Capital on 20 May 2025, following approval from the Central Bank of Bahrain.

13 REGULATORY RATIOS

Net Stable Funding Ratio ("NSFR")

The NSFR ratio is calculated in accordance with the Liquidity Risk Management Module guidelines, issued by the CBB. The minimum NSFR ratio limit as per CBB is 100%. The Group's consolidated NSFR as of 31 March 2026 is 120.8% (31 December 2025: 113.4%). 40% (2025: 45%) of the total available stable funding is made up of the Group's capital base with 46% (2025: 40%) comprising of other deposits and funding from financial institutions and 12% (2025: 13%) comprising of other liabilities.

The Group's required stable funding comprises of 86% (2025: 87%) assets that have no specified maturity and 11% (2025: 10%) that have contractual maturities of less than 6 months.

13 REGULATORY RATIOS (continued)

Net Stable Funding Ratio ("NSFR") (continued)

	31 March 2026 (Reviewed) ***Unweighted values***				
	No specified maturity ***US$ 000***	***Less than 6 months*** ***US$ 000***	***More than 6 months and less than one year*** ***US$ 000***	***Over one year*** ***US$ 000***	***Total weighted value*** ***US$ 000***
Available Stable Funding (ASF)					
Capital	**295,026**	**-**	**-**	**20,289**	**315,315**
Secured and unsecured funding	**-**	**24,804**	**-**	**77,230**	**12,479**
Other deposits and funding from financial institutions	**-**	**31,534**	**38,443**	**345,314**	**364,536**
Other liabilities	**-**	**-**	**-**	**92,059**	**92,059**
Total ASF	**295,026**	**56,338**	**38,443**	**534,892**	**784,389**
Required Stable Funding (RSF)					
Unencumbered Level 2B HQLA	**33,567**	**-**	**-**	**-**	**16,783**
Unencumbered Non-HQLA securities that are notin default and exchange -traded equities incases where the issuer is not in default	**-**	**-**	**-**	**-**	**-**
Loans	**-**	**77,230**	**30,943**	**10,698**	**36,704**
Deposits held at other financial institutions for operational purposes	**-**	**69,093**	**-**	**19,213**	**53,759**
All other assets including fixed assets, items deducted from regulatory capital,insurance assets and defaulted securities	**542,149**	**-**	**-**	**-**	**542,149**
Off-Balance Sheet exposures					
Trade finance-related obligations (including guarantees and letters of credit)	**2,074**	**-**	**-**	**-**	**104**
Total RSF	**577,790**	**146,323**	**30,943**	**29,911**	**649,499**
NSFR (%)					**120.8%**

13 REGULATORY RATIOS (continued)

Net Stable Funding Ratio ("NSFR") (continued)

	31 December 2025 (Audited) Unweighted values				
	No specified maturity	*Less than 6 months*	*More than 6 months and less than one year*	*Over one year*	*Total weighted value*
	US$ 000	*US$ 000*	*US$ 000*	*US$ 000*	*US$ 000*
Available Stable Funding (ASF)					
Capital	312,374	-	-	19,770	332,144
Secured and unsecured funding	-	24,597	-	77	12,376
Other deposits and funding from financial institutions	-	42,395	-	296,235	296,235
Other liabilities	-	-	-	97,567	97,567
Total ASF	312,374	66,992	-	413,649	738,322
Required Stable Funding (RSF)					
Unencumbered Level 2B HQLA	33,567	-	-	-	16,783
Unencumbered Non-HQLA securities that are not in default and exchange - traded equities in cases where the issuer is not in default	-	-	-	-	-
Loans	-	70,211	30,731	382	26,279
Deposits held at other financial institutions for operational purposes	-	72,959	-	19,213	55,692
All other assets including fixed assets, items deducted from regulatory capital, insurance assets and defaulted securities	552,493	-	-	-	552,493
Off-Balance Sheet exposures					
Trade finance-related obligations (including guarantees and letters of credit)	2,074	-	-	-	104
Total RSF	588,134	143,170	30,731	19,595	651,351
NSFR (%)					113.4%

14 IMPACT OF GEOPOLITICAL ESCALATION RISK AND RELATED UNCERTAINTY

The Group operates in a global and regional economic environment that continues to be affected by heightened geopolitical tensions in the Middle East. Recent developments in the region have increased uncertainty in financial markets, energy supply and costs, regional security conditions, and global trade routes. Management has assessed the potential impact of geopolitical tensions on the Group's investment portfolio, taking into consideration:

14 IMPACT OF GEOPOLITICAL ESCALATION RISK AND RELATED UNCERTAINTY (continued)

- Fair value volatility of investments, particularly those exposed to emerging markets, energy sensitive sectors, or regions indirectly affected by supply chain disruptions and energy market instability.
- Market liquidity risk, including the ability to realize investments at quoted or observable market prices in periods of heightened volatility.
- Counterparty and credit risk, particularly for investments in debt instruments, funds, or structured products whose underlying counterparties may be affected by adverse economic conditions.
- Foreign exchange risk, arising from increased currency volatility in markets linked to the region.

As at the reporting date, management has not identified any material adverse impacts on the overall valuation of the investment portfolio that would require specific adjustment beyond those reflected in observable market prices and valuation inputs.

The Group maintains liquidity buffers and capital resources that management considers sufficient to meet its investment commitments and operating expenses as they fall due. The Group has assessed the potential impact of adverse market movements on its ability to realize investments or access funding, including under stressed market scenarios. No breaches of liquidity thresholds, investment restrictions, or capital management policies were identified as at the reporting date.

Management has also considered the impact of these events on the Group's ability to continue as a going concern and concluded that the basis for going concern remains appropriate. The geopolitical situation remains dynamic, and the extent and duration of potential impacts on global financial markets are uncertain. Management continues to monitor developments closely and will reflect any material impacts in future valuations, risk disclosures, and financial reporting as appropriate.