بنك الخليج المتحد ش.م.ب.(مقفلة)

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

Annual Report

2025

Contents

H.M. King Hamad
bin Isa Al Khalifa

King of the Kingdom of Bahrain

H.H. Sheikh Mishal Al-Ahmad
Al-Jaber Al Sabah

Amir of the State of Kuwait

With more than 60 investment banking transactions successfully completed since 2001, UGB and KAMCO bring a proven track record of delivery for clients.

Corporate Profile

United Gulf Bank B.S.C. (c) (UGB, the Bank)

Established in 1980 and operating under a conventional wholesale banking license from the Central Bank of Bahrain, UGB is the merchant banking arm of the KIPCO Group, it is a leading asset management and investment banking group headquartered in the Kingdom of Bahrain with operations across the MENA region. UGB's proprietary investments include assets in commercial banking, real estate, private equity, and quoted securities. As of 31 December 2025, UGB's consolidated assets under management totalled US$16.4 billion (31 December 2024: US$16.1 billion).

UGB's core subsidiary is KAMCO Investment Company (KAMCO Invest) K.S.C.P, incorporated in Kuwait. UGB and KAMCO have a proven track record of successfully completing more than 60 investment banking transactions for clients since 2001. KAMCO provides a comprehensive range of investment products and services in asset management, investment banking, and brokerage. It has assets under management allocated across various asset classes and jurisdictions. Since its incorporation, KAMCO Invest has acted as investment banker on equity and debt capital markets and mergers and acquisitions transactions with a value exceeding US$ 48.3 billion as of 31 December 2025.

In January 2025, the shareholders of United Gulf Holding Company B.S.C. approved the transfer of their entire stake in the Bank, to Burgan Bank K.P.S.C. The final approval of the Ministry of Industry and Commerce was obtained in February 2025, following which UGB became a subsidiary of Burgan Bank K.P.S.C

Burgan Bank K.P.S.C.

Established in 1977, Burgan Bank is a Kuwait-based conventional bank with a significant focus on the corporate and financial institution sectors. From its earliest days, the Bank has significantly sought to diversify its offering to cater to its growing retail and private banking customer base.

Burgan Bank has majority-owned subsidiaries, collectively known as the "Burgan Bank Group", in the MENAT region. This Group is supported by one of the largest branch networks across the region and includes: Gulf Bank Algeria – AGB (Algeria), Tunis International Bank – TIB (Tunisia), Burgan Bank Turkey (Turkey) and United Gulf Bank (Bahrain). Furthermore, Burgan Bank has a presence in the UAE through its corporate office, Burgan Financial Services Limited.

The Bank has continuously improved its performance over the years, through an expanded revenue structure, diversified funding sources, and a strong capital base. The adoption of state-of-the-art services and technology has positioned it as a trendsetter in the domestic market and within the MENA region. Moreover, Burgan Bank's brand has been built on a foundation of real values – trust, commitment, excellence, and progression – which serve as a reminder of the high standards to which the Bank always aspires. In fact, the Bank's core philosophy of 'Driven by You' is the foundation on which its products and services are continuously developed.

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

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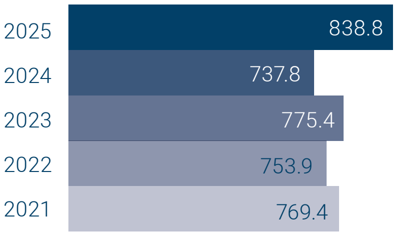
Licensed as a Conventional Wholesale Bank by the Central Bank of Bahrain

Financial Highlights

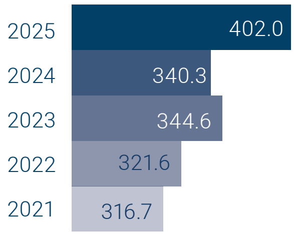
Total Assets

838.8 US$ Million



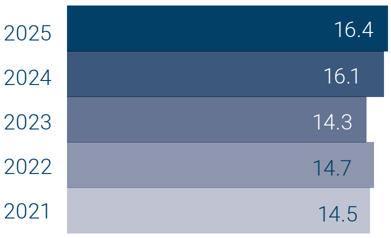
Total Equity

402.0 US$ Million



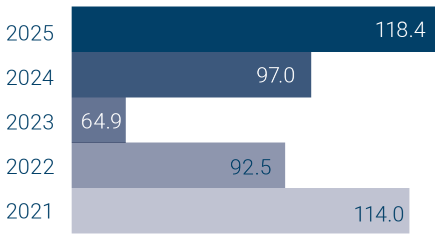
Assets Under Management

16.4 US$ Billion



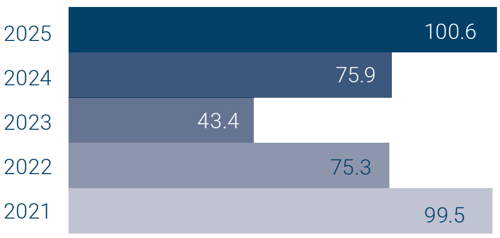
Revenue

118.4 US$ Million



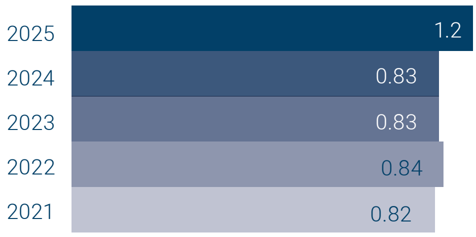
Operating income

100.6 US$ Million



Book value per share

1.2 US$



Financial Summary

US$ Million	2025	2024	2023	2022	2021
Total Income	118.4	97.0	64.9	92.5	114.0
Investment income	38.8	25.7	14.0	10.1	30.1
Operating income	100.6	75.9	43.4	75.3	99.5
Total Equity	402.0	340.3	344.6	321.6	316.7
Total Assets	838.8	737.8	775.4	783.0	769.4
Net Income / (Loss)	9.5	4.1	(9.5)	5.2	14.9

%					
Return on Average Equity	4.02%	2.14%	-4.92%	2.69%	8.01%
Return on Average Assets	1.20%	0.54%	-1.22%	0.67%	1.97%
Operating Expense/ Operating Income	81.6%	83.8%	121.9%	81.0%	65.3%
Average Equity to Average Assets	29.9%	25.4%	24.8%	25.8%	24.6%
Capital Adequacy Ratio	22.0%	18.2%	17.5%	18.7%	19.6%

Book Value per share (US$)	1.2	0.83	0.83	0.84	0.82
Earnings per share (US Cents)	0.04	0.02	(0.04)	0.01	0.05

Comparative Average balances (based on quarterly averages)					
Assets	779.5	765.7	749.0	760.7	771.9
Liabilities	410.9	422.2	426.7	437.4	460.0
Minority Interest	119.2	118.1	100.3	94.0	89.2
Additional Tier 1 Capital	18.9	33.0	33.0	33.0	33.0
Shareholder's Equity	230.6	192.5	189.0	196.3	189.7
	779.5	765.7	749.0	760.7	771.9
Guarantees and commercial LC	2.8	2.3	2.3	2.4	2.4
Commitments	3.1	3.1	3.0	0.8	0.3
Assets under management (US$ Billion)	16.4	16.1	14.3	14.7	14.5

Chairman's Statement

"The year marked a significant turning point in UGB's history following its acquisition by Burgan Bank K.P.S.C. (Burgan Bank). This was more than a change in ownership; it opened a new chapter for the Bank, offering closer alignment with a leading regional banking group and access to a stronger financial platform.

Chairman's Statement

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the annual report and consolidated financial statements for United Gulf Bank B.S.C. (c) (UGB, the Bank) for the year ended 31 December 2025.

The year marked a significant turning point in UGB's history following its acquisition by Burgan Bank K.P.S.C. (Burgan Bank). This was more than a change in ownership; it opened a new chapter for the Bank, offering closer alignment with a leading regional banking group and access to a stronger financial platform. It also provided a solid foundation for redefining UGB's long-term strategy and pursuing new growth opportunities.

During the year, the Bank concentrated on laying the groundwork for this next phase, strengthening its capital structure, improving governance under a newly elected Board of Directors, and defining priorities that will guide its development in the coming years. These efforts were carried out in close coordination with the Burgan Bank Group, enabling UGB to leverage the broader capabilities, resources, and client relationships offered by its new shareholder while beginning to realize early operational and business synergies across the Group.

Economic Background

The global economy showed resilience during 2025, despite geopolitical tensions, evolving trade dynamics, and shifting monetary conditions. Steady demand across major markets helped support economic activity, even as policy uncertainty and financial market volatility influenced investor sentiment. Growth in advanced economies remained uneven, with some markets benefiting from strong domestic consumption and improving supply chains, while others faced slower investment activity.

In the Middle East and North Africa, economic conditions remained broadly stable, supported by structural reforms, private sector growth, and continued investment across key sectors. Within the Gulf Cooperation Council, governments advanced diversification strategies, strengthened infrastructure, and expanded non-oil sectors, supporting long-term economic stability. Financial institutions in the region, however, had to navigate evolving interest rate conditions and broader market dynamics. UGB managed these challenges through disciplined financial management and a robust hedging policy, mitigating higher financing costs while preserving financial stability.

Business Performance

Against this backdrop, 2025 was a year of transition and repositioning for UGB as it aligned its strategy with the broader priorities of the Burgan Bank Group. A key focus was the development of Islamic financing and treasury investment activities, which form important pillars of the Bank's new growth strategy and support a more diversified, resilient business model.

In coordination with Burgan Bank, UGB began disbursing Islamic financing facilities, including to customers within the Burgan Bank Group network. These early transactions represent a significant step in establishing a Shari'ah-compliant banking platform. The portfolio has been designed with diversification in mind, serving corporates, individuals, local and regional financial institutions, thereby reducing concentration risk within the Bank's balance sheet.

Treasury investment activities were also expanded through increased allocations to liquid assets. The Board approved an increase in the investment limit for Central Bank of Bahrain Treasury Bills and a new portfolio of Bahraini Government Bonds with an aggregate limit of USD 100 million. By the end of the year, the treasury portfolio had grown to approximately USD 80 million, providing a stable source of recurring income. These developments are helping UGB build a more balanced business mix, combining growth opportunities from Islamic financing with the stability of treasury investments to navigate market volatility with greater confidence.

Being part of the Burgan Bank Group also expanded UGB's opportunities for growth. Access to the Group's regional client base allows the Bank to scale its emerging business segments more effectively, while Burgan Bank's commercial banking capabilities provide capital support and liquidity at competitive rates, strengthening UGB's ability to pursue its strategic initiatives.

Financial Results

During the year, UGB undertook several measures to strengthen its capital structure and funding profile. In coordination with Burgan Bank, the Bank completed a capital increase of USD 80 million, reinforcing its financial foundation and providing additional flexibility for strategic initiatives. A portion of these proceeds was used to repay USD 33 million of Additional Tier 1 capital in the second quarter, reducing financing costs and improving the efficiency of the Bank's capital structure.

The Bank also refinanced an existing loan at a lower interest rate, further improving its liability profile and reducing funding costs. These measures contributed to a meaningful improvement in financial performance, with net profit attributable to the share holder of the parent reaching approximately USD 9.5 million for 2025, compared to USD 4.1 million the previous year. Stronger income generation across the Bank's activities and continued development of investment and financing portfolios drove this result.

UGB maintained strong capital and liquidity ratios well above regulatory requirements, guided by integrated risk policies and a risk-adjusted return framework that ensures new opportunities remain aligned with the Bank's overall risk appetite.

UGB's financial performance was further supported by the contribution of its subsidiary, Kamco Investment Company K.S.C.P. (Kamco Invest, KAMCO), which reported a net profit of KWD 9.2 million in 2025. This performance was driven by growth in fee and commission income, together with a favourable legal

Chairman's Statement

outcome during the year.

At the beginning of 2025, Kamco Invest also made an early-stage investment in a new strategic platform aligned with its long-term growth strategy and expected to support sustainable earnings in the years ahead. During the year, the company raised more than USD 1.5 billion across a range of products and transactions, including activity within its investment banking platform, while continuing to deliver competitive returns on managed assets. Assets under management increased by 3.9% to reach USD 16.4 Billion as of 31 December 2025, further reinforcing the Company's position as one of the largest asset managers in the region.

Governance

The ownership transition also enabled the Bank to strengthen governance and operational frameworks. A new Board of Directors was elected to provide oversight and strategic direction, supported by enhancements to the Executive Committee, including weekly meetings to improve coordination and decision-making. The other Board committees were also re-constituted.

Operational improvements continued, including upgrades to the core banking system to support evolving reporting requirements and operational needs. The organisational structure was also expanded to support UGB's growing activities, while integration within the Burgan Bank Group improved reporting practices, financial oversight, transparency, and operational efficiency.

Looking Ahead

Despite the challenging times in an era of uncertainty, UGB is committed to remaining prudent and focused on building momentum as and when appropriate opportunities arise. The continued growth of Islamic financing and treasury investment activities will remain central to the Bank's strategy, supporting measured expansion of its asset base.

UGB's regional position is further strengthened through its association with Kamco Invest, a leading asset manager with over USD 16.5 billion in assets under management, providing a strategic link to regional financial markets.

Over the medium term, realising synergies within the Burgan Bank Group will be key. Access to the Group's regional network, along with enhanced capital and liquidity support at competitive rates, provides a strong platform for expanding new business segments. Maintaining financing access on attractive terms will continue to support UGB's growth ambitions.

The current regional events have added a new layer of complexity and uncertainty to the business environment in the short to medium term. UGB, backed by its strong shareholders, remains focused on its core principles of financial discipline and governance excellence and intends to continue serving its customers and stakeholders while adhering to regulatory requirements and the guidance of the Board of Directors.

Acknowledgements

On behalf of the Board of Directors, I extend our sincere appreciation to the Central Bank of Bahrain, the Ministry of Industry and Commerce, the Ministry of Finance, and the Bahrain Bourse for their continued guidance and support.

My thanks also extend to our shareholders, including our parent company, Burgan Bank, for their continued confidence in the Bank's future. I would equally like to recognise the dedication of our management team and employees, whose commitment and professionalism have been especially important during this period of transition.

Together, we look forward to building a stronger and more resilient UGB in the years ahead.

Sheikh Abdullah Nasser Sabah Al Ahmad Al Sabah

Chairman, Non-Executive Director

Board of Directors

Sheikh Abdullah Nasser Sabah Al Ahmad Al Sabah

Chairman of Board Directors, non-Executive Director

Chairman of the Corporate Governance Committee

- Graduate of the Royal Military Academy, Sandhurst, UK
- BSc in Business Administration, New York Institute of Technology, USA
- Over 27 years' experience in the financial sector

Current Positions Held:

- Vice Chairman, Kuwait Projects Company (Holding) K.S.C.P, Kuwait
- Chairman, Burgan Bank K.P.S.C., Kuwait
- Vice Chairman, KAMCO Investment Company K.S.C.P., Kuwait
- Vice Chairman, Al Daiya United Real Estate Company K.S.C.P, Kuwait

Antoine Jean Daher

Vice Chairman, Executive Director

Chairman of Executive Committee

- Advanced Management Program, Harvard Business School, USA
- MBA, Case Western Reserve University, Ohio, USA
- BSc in Civil Engineering, Cleveland State University, USA
- Over 27 years' experience in the financial sector

Current Positions Held:

- Group Chief Executive Officer – Burgan Bank K.P.S.C., Kuwait

Previous Positions Held:

- Chief Executive Officer, Gulf Bank, Kuwait
- General Manager for Domestic Corporate Banking, National Bank of Kuwait, Kuwait
- Head of Multi National Unit – National Bank of Kuwait, Kuwait
- Vice President-Corporate Banking, National City Bank, USA

Amro Mohamed ElBanna

Executive Director, Member of Executive Committee

- CFA Charter-Holder, CFA Institute
- MSc in Investments, AAST, Egypt
- BSc in Accounting, Alexandria University, Egypt
- Over 22 years' experience in the financial sector

Current Positions Held:

- Consultant – Burgan Bank K.P.S.C, Kuwait
- Partner, Head of Advisory Services, ROK Capital, Canada
- Director, Commercial Banking, Wyth, Canada

Previous Positions Held:

- Head of Corporate Finance, Gulf Bank, Kuwait
- Associate Director, Structured Finance, HSBC, Egypt

Mishary Yousef AlEssa

Executive Director

Member of Executive Committee

Member of Board Audit Committee

- MBA, MIT Sloan School of Management, USA
- Chartered Financial Analyst (CFA)
- BSc in Computer Engineering, Kuwait University
- Over 16 years' experience in the financial sector

Current Positions Held:

- Deputy General Manager – Investments, Burgan Bank K.P.S.C, Kuwait
- Advisory Committee Member, HQ Capital Auda Co-Investment Fund III, Kuwait
- Board Member, Middle East Payment Services, Kuwait

Previous Positions Held:

- Vice President, Alternative Investments, KAMCO Invest, Kuwait
- Assistant Vice President, Corporate Finance and Advisory, Arab Investment Company, Kuwait
- Board Member, First Education Holdings, Kuwait
- Several positions in Alternative Investments, NBK Capital, Kuwait

Board of Directors

Dr. Amani Khaled Bouresli
Independent Director,
Chairperson of Nominating & Remuneration Committee
Member of Board Audit Committee,
Member of Corporate Governance Committee

- PhD in Corporate Finance, Southern Illinois University at Carbondale, USA
- BSc in Finance and Banking, Kuwait University, Kuwait
- MBA, Seattle University, USA
- Over 32 years' experience in the financial sector

Current Positions Held:

- Board Member, Boubyan Bank, Kuwait
- Board Member, IB Capital, Bahrain
- Vice Chairman, Kuwait Airways Company, Kuwait
- Board Member, Ithmaar Bank, Bahrain
- Board Member, Faisal Islamic Bank of Cairo, Egypt
- Professor of Finance, Kuwait University College of Business Administration, Kuwait

Previous Positions Held:

- Former Independent Board Member, Burgan Bank K.S.C.P., Kuwait
- Former Minister of Commerce and Minister of Planning and Development Affairs, Kuwait

Jawad Al Asfoor
Independent Director
Chairman of Board Audit Committee
Member of the Nominating & Remuneration Committee

- Diploma in Accounting and Finance, Association of Certified Chartered Accountants
- Diploma in Islamic Banking & Finance
- Over 33 years' experience in the financial sector

Previous Positions Held:

- Head of Treasury, United Gulf Bank B.S.C. (Closed), Bahrain
- Vice President, Sales and Marketing, Liquidity Management Centre, Bahrain
- Director, Islamic Banking Capital Market, Credit Agricole Indosuez, Bahrain
- Senior Dealer, Corporate & Islamic, BNP Paribas, Bahrain
- Chief Dealer, Banque Indosuez, Bahrain

Mohamed Sadiq Al Rahma
Independent Director
Member of the Nomination & Remuneration Committee
Member of The Corporate Governance Committee

- Chartered Financial Analyst (CFA)
- MSc in Finance and Accounting, London, UK
- BA in Management, London, UK
- Over 10 years' experience in the financial sector

Current Positions Held:

- Director Strategic Investments, Bahrain Mumtalakat Holding Company B.S.C.(c), Bahrain
- Board Member, Silah Gulf B.S.C, Bahrain
- Board Member, General Poultry Company, Bahrain
- Board Member, Bahrain Food Holding Company W.L.L, Bahrain
- Board Member, Safa W.L.L, Bahrain
- Advisory Board Member – FAI rent-a-jet GmbH, Germany

Executive Management

Hussain A. Lalani

Chief Executive Officer, FCA, CISA

Mr. Lalani joined UGB in 2002 and was appointed as the Acting CEO in September 2015, and subsequently CEO in April 2019. His career extends over 29 years. He has worked extensively with the Board of Directors on advisory transactions in his previous capacity as the Bank's Chief Financial Officer, and partnered with business divisions to support growth and business plans. Mr. Lalani was previously employed by Ernst & Young, Bahrain; and Price Waterhouse Coopers, Pakistan. He is a Board Member of United Gulf Financial Services – North Africa, Tunisia; FIMBank plc. – Malta; Assoufid B.V. – Netherlands; London Forfaiting Company – UK and North Africa Holding Company – Kuwait. A Chartered Accountant and a Certified Information Systems Auditor, Mr. Lalani holds a Bachelor of Commerce degree from the University of Karachi, Pakistan

Mohammed Alqumaish

Assistant General Manager,
Chief Audit Executive & Corporate Secretary

Mr. Alqumaish joined UGB in September 2001 and is a seasoned banking professional with more than 29 years of experience across commercial, investment, and financial services institutions in the Middle East and North Africa. His expertise covers internal audit, risk management, regulatory compliance, corporate governance, project management, internal control, and financial reporting, with extensive exposure to senior management and Board-level oversight.

He previously worked with Ahli United Bank and Shamil Bank in Bahrain and has served in board and advisory capacities for group entities in Algeria, Tunisia, Iraq, and Syria. Mr. Alqumaish is a Certified Internal Auditor (CIA) and holds an MBA from the University of Strathclyde Business School, UK.

Executive Management

Syed Rehan Ashraf

Chief Financial Officer, FCA, MBA

Mr. Ashraf joined UGB in 2005. He was appointed CFO in October 2015 after serving as Head of Credit and Risk Management since October 2007.

He has more than 29 years' experience in the areas of credit, risk management, finance, advisory, compliance and assurance services – with Islamic and conventional banks – and the big four audit firms. He previously worked with Shamil Bank, Deloitte & Touche, Faysal Bank, and Price Waterhouse Coopers. A Fellow Chartered Accountant (FCA) from the Institute of Chartered Accountants of Pakistan, Mr. Ashraf holds an MBA from DePaul University of Chicago, USA.

Deepa Chandrasekhar

Senior Vice President, Chief Compliance Officer & MLRO, MBA, APRM, CAMS, FICA, CFE

Mrs. Chandrasekhar joined UGB in 2008. She has worked extensively in the past 37 years. in the areas of compliance, AML, risk management, treasury, operations, and internal audit. She holds a BA degree in Economics and an MBA from the University of Alberta, Canada as well as several professional qualifications.

Mrs. Chandrasekhar is a member of the Steering Committee of the Professional Risk Managers International Association (PRMIA), Bahrain Chapter; and the Advisory Council of the Chartered Institute of Securities and Investment (CISI), Bahrain Chapter. She also serves as an International Moderator in the field of compliance and corporate governance for the Finance Accreditation Agency, Malaysia. Mrs. Chandrasekhar is a frequent speaker at professional forums and has published several financial articles.

Executive Management

Adel Al-Arab

Senior Vice President, Head of Operations CRA

Mr. Al Arab joined UGB in 1994. He has 33 years of experience in the field of operations, credit and risk management. Mr. Al Arab holds a Bachelor of Science degree in Business Administration from the University of Bahrain.

He is a Chartered Risk Analyst (CRA) from the Global Academy of Finance and Management, USA; and was awarded the Certificate of ISMA Foundation Program from the International Securities Market Association, Zurich. Mr. Al Arab has attended several professional courses in banking, finance, operations and risk management.

Nirmal Parik

Senior Vice President, Head of Investment Banking & Asset Management CFA, MBA

Mr. Parik joined UGB in 2007. He has more than 23 years of experience in the financial services industry in investment management, asset management, investment banking and corporate banking.

Mr. Parik worked in various capacities with multinational firms including ING Investment Management (I) Pvt. Ltd., the asset management arm of ING Group NV, Netherlands. Mr. Parik currently manages a portfolio of direct equity investments (primarily in the MENA region) as well as investments with third party investment managers, primarily in the US and European markets (with focus towards PE Funds). Mr. Parik serves as a Board Member of India Factoring and Finance Solutions Private Limited, India. He is a Chartered Financial Analyst (CFA) and holds an MBA degree with specialization in Finance.

Executive Management

Abbas Al Tooq, APRM, MBA

Vice President, Head of Credit & Risk APRM, MBA

Mr. Al Tooq joined UGB in 1999. He assumed the role of Head of Credit and Risk Management in October 2015. He has more than 29 years of experience in the areas of credit, risk management, operations and audit.

He previously worked with Jawad Habib Coopers & Lybrand, Daiwa Middle East Bank, and The Arab Investment Company. Mr. Al Tooq holds an MBA degree from DePaul University, Chicago, USA; and is an Associate Professional Risk Manager (APRM) from the Professional Risk Managers International Association.

Hussain Khalil

Vice President, Head of Treasury CQF

Mr. Khalil joined UGB in September 2020. He is a seasoned banker with over 17 years of experience in the Treasury department, where he was intrinsically involved in managing liquidity through Money Market, Foreign Exchange and Capital Market products.

He has managed Investment portfolios and deals in Sukuk, GCC equities and structured products. He has also worked closely with regional and multinational financial institutions in trading different financial securities and regional debt issuances. Mr. Khalil holds an MSc in Finance from Loughborough University, UK.

Business Review

Either directly or through its subsidiaries and associate companies, UGB engages primarily in asset and fund management, investment banking, private equity and corporate banking. Other business activities include proprietary investments, brokerage and treasury.

Strategy and Business Overview

UGB's key strategic objective is to create the MENA region's premier asset management, merchant banking, and investment banking group. It aims to be the preferred gateway to the region for clients and global partners by offering both conventional and Shari'ah-compliant services, supported by strong infrastructure and processes. The Bank collaborates with strategic partners to create opportunities that position it as a leading financial institution in the region.

Either directly or through its subsidiaries and associate companies, UGB engages primarily in asset and fund management, investment banking, private equity, and corporate banking. Other business activities include proprietary investments and treasury.

Being now part of the Burgan Bank Group, It is aligning its products and services with its parent. UGB is focusing on corporate and financial institution sectors providing both conventional and Islamic modes of financing providing an array of commercial banking services.

Asset Management and Investment Banking.

Asset Management

UGB's asset and fund management activities span local, regional, and international markets. Services include discretionary and non-discretionary portfolio management, securities trading, portfolio structuring, asset allocation advice, mutual funds, investment structuring, and alternative structured investments.

Investment Banking

UGB's conventional and Islamic investment banking services cover equity and debt underwriting, private placements, capital restructuring, and mergers and acquisitions

Private Equity

Private equity investments focus on high-growth sectors such as telecommunications, media, technology, and energy.

Corporate Banking

Corporate banking advisory services include IPO and private placement advisory and execution, business valuation, financial feasibility studies, project finance, and due diligence.

Islamic Financing / Deposit

Operating under the umbrella of Islamic Banking window, UGB provides an array of Islamic financing products to corporate and financial institution sectors. In addition, UGB also entertains Islamic modes of deposits from financial institutions using Wakala and Commodity Murabaha modes of financing.

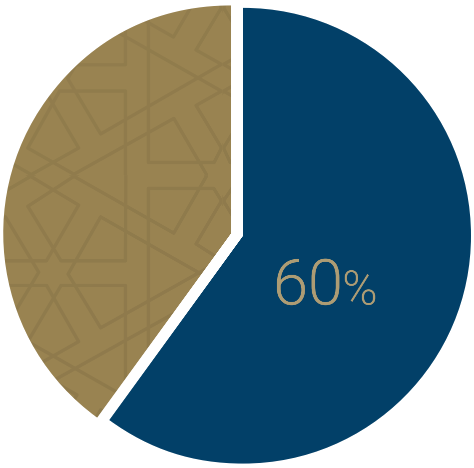
Key business developments & initiatives in 2025

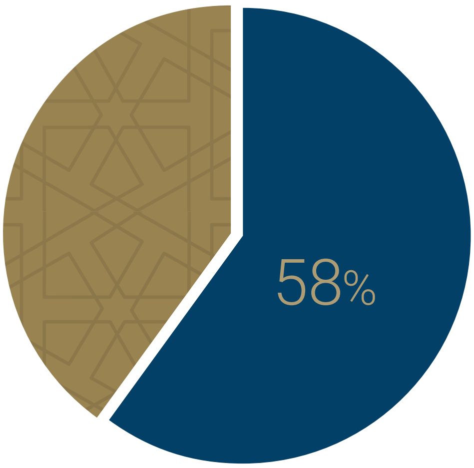
Following its transition under the Burgan Bank ownership, UGB continued to implement strategic initiatives aimed at strengthening its balance sheet, enhancing governance alignment, and expanding its business model. The year focused on capital optimization, Islamic financing expansion, investment portfolio growth, risk framework enhancement, and continued operational modernization.

- UGB maintained a strong capital and liquidity position, supported by the capital injection from Burgan Bank, which enhanced capital adequacy and enabled funding cost optimization. The Bank continued refining its liability structure and improving balance sheet efficiency.
- During the year, UGB advanced its Islamic financing segment, successfully executing initial Shari'ah-compliant transactions. System, accounting, and operational adjustments were implemented to support Islamic structures, broadening the Bank's product offering and revenue base.
- The Bank further strengthened its investment portfolio strategy by increasing its approved limit for Central Bank of Bahrain T-bills and securing approval to invest in longer-duration Bahrain Government bonds, supporting yield enhancement within a prudent sovereign framework.
- The Internal Audit function strengthened reporting quality and governance alignment, updated charters and policies, enhanced issue follow-up processes, and managed expanded group reporting requirements while delivering audits across key risk areas.
- UGB continued enhancing its core banking system to support Islamic financing capabilities, improve data integration, and streamline processes.
- The Operations function successfully completed the migration to ISO 20022 MX SWIFT messaging standards, improving payment transparency, reconciliation efficiency, and operational control.
- Employee development remained a priority, with continued professional training and CPD programs aligned with regulatory requirements, supporting leadership capability and cultural alignment with Burgan Bank Group standards.

Business Review

UGB SUBSIDIARIES





KAMCO Investment Company K.S.C.P (KAMCO)
Consolidated Subsidiary based in Kuwait

Established in 1998, KAMCO is a leading asset management and financial institution, with one of the largest private sector assets under management in the MENA region. Its three principal business lines are asset management, financial services, and investment advisory research services, which are offered to a diverse local, regional and international client base. At the end of 2025, assets under management totalled US$ 16.6 billion. UGB owns 60 percent of KAMCO, which is listed on the Kuwait Stock Exchange.

Manafea Holding Company K.S.C.C. (Manafea)
Consolidated Subsidiary based in Kuwait

Manafea is an investment holding company, which has ownership in real estate projects based in Bahrain. UGB owns ~58 percent of Manafea on a consolidated basis (~34 percent through KAMCO). The company is unlisted and based in Kuwait.

Business Review

Shared Services

Asset Management and Investment Banking

In 2025, UGB's Asset Management and Investment Banking activities were shaped by a combination of ownership change early in the year and continued focus on expanding core investment activity. Work during the year centred on progressing existing portfolio priorities while also opening new lines of business aligned with the Bank's evolving positioning.

A key development was the start of new business segment work, including the exploration of Islamic banking opportunities in coordination with Burgan. By year-end, one disbursement had been completed, with additional opportunities identified and progressing through the pipeline. Alongside this, the department continued to advance portfolio expansion work initiated in 2024.

As part of the yield strategy, UGB increased the approved limit for its Central Bank of Bahrain T-bills portfolio from USD 50 million to USD 100 million during the year. The strategy was supported by net interest income generated from the CBB T-bills portfolio, and the Bank continued to progress this approach further. Approval was also obtained from the Executive Committee for investment in Bahrain government bonds with longer duration and maturity.

Client appetite remained cautious throughout the year, with investors assessing opportunities conservatively. This approach applied consistently across fixed income, equity, and alternative investment opportunities, and reinforced a selective decision-making posture across asset classes.

Following the ownership change early in the year, activity also focused on funding and the capital increase of the Bank. Capital support of US$ 80 million was provided after completion of the transaction, alongside steps to reduce the cost of funding, including retirement of Additional Tier 1 capital and a shift toward lower-cost funding through Burgan loan. The ownership change also supported a number of synergy opportunities, including discussions focused on cross-selling in private banking.

Future priorities will focus on continuing coordination with Burgan Bank, alongside further growth in Islamic banking activity. This will be supported by an overall portfolio increase target of USD 400–500 million across Islamic banking, private banking, and Sovereign bonds portfolio.

Treasury

Throughout 2025, the treasury department remained focused on proactive cash management, funding activity, and the effective management of interest rate and foreign exchange exposures. With market conditions evolving and the interest rate environment shifting toward a more dovish outlook, the department's work centred on balance sheet positioning while supporting the Bank's evolving mandate.

Injection of Tier 1 capital of US$ 80 million, refinancing medium to long-term liabilities at reduced rate was a key highlight of the year amid a shifting rate environment., Burgan Bank acquisition strengthened the balance sheet profile through providing liquidity at all levels which helped the bank in repayment of expensive Additional Tier 1 capital of US$ 33 Million.

Managing market exposures remained a priority, with FX swaps and Interest Rate Swaps (IRS) continuing to play a central role in mitigating foreign exchange and interest rate risk. IRS positions were maintained throughout 2025, with no need to unwind them as booking levels remained favourable and mark-to-market values stayed positive.

Amid ongoing market volatility, exposure levels were carefully managed, and the established hedging strategy was consistently applied. FX swap activity also remained key in managing currency exposures arising from investment in Kuwaiti Dinar (KWD)-denominated assets.

The year also saw progress in investment and transaction activity aligned with the Bank's evolving mandate, with greater flexibility applied in seeking yield opportunities through High Quality Liquid Assets (HQLA). Islamic-structured activity also advanced, highlighted by the successful execution of Financial Institution (FI) financing, with further transactions expected to follow in 2026.

Executing these developments required careful coordination to ensure Islamic transactions were processed correctly. Introducing these structures required careful coordination and additional testing in sandbox and UAT environments to observe their effects on the system and general ledger, which confirmed the transactions could be implemented successfully.

Looking ahead to 2026, the Bank will prioritize strengthening its fixed income portfolio while advancing targeted corporate and FI transactions. Membership in a KWD -denominated group is expected to enhance strategic access to local funding, and with market rates lower than USD, this is expected to support yield pickup.

Control Functions

Anti-Money Laundering

UGB has a designated Money Laundering Reporting Officer (MLRO) and a Deputy MLRO (DMLRO) who are Controlled Persons approved by the Central Bank of Bahrain (CBB). The position of MLRO has been combined with that of the CCO. It has a direct reporting line to the Board Audit Committee and has access to the Chairman of the Board of Directors. The Bank has implemented an anti-money laundering (AML) and combating the financing of terrorism (CFT) policy, which is reviewed annually and approved by the Board.

The Bank emphasizes the importance of following a risk-based approach in establishing its AML/CFT program and conducting risk assessments prior to, and throughout the course of its relationship with the customer. It follows prudent practices related to Customer Due Diligence, Enhanced Due Diligence and Ultimate Beneficial Ownership. The Bank has also subscribed to World Check, Media Check, and Know Your Country.com services to screen its customers and analyze geographical risk.

Anti-money laundering and counter-terrorist financing activity during the year remained focused on maintaining oversight of customer, geographic, product, channel of distribution and sanctions-related risks, while responding to additional group-level requirements following the Bank's integration. Activity continued through established monitoring practices, supported by structured assessments and regular review.

A major milestone during the year was the completion of an enterprise-wide assessment of sanctions and anti-money laundering risks using the Association of Certified Anti-Money Laundering Specialists (ACAMS) risk assessment tool. Undertaken at the request

Business Review

of Burgan Bank and performed by UGB, the assessment examined inherent risks across products, customers, and geographies, alongside a review of the effectiveness of existing controls.

Ongoing monitoring activity also included the completion of annual risk reviews examining customer behaviour and transactional patterns, supporting continued oversight throughout the year. In parallel, an AML refresher was delivered to all staff, reinforcing awareness and supporting consistent application of AML controls across the organization.

Compliance

The Compliance department in UGB continued to build on established regulatory practices while adapting to more frequent and more comprehensive reporting following the Bank's integration into the Burgan Bank Group. Day-to-day work remained anchored in core obligations, with closer engagement with group stakeholders shaping how information was prepared, shared, and escalated across the year.

A key development was the introduction of structured group-level compliance reporting, supported by regular liaison with Burgan Bank and a new quarterly cycle for submitting information at group level. Reporting covered defined compliance key risk indicators, group interaction records, and regulatory updates, including matters relating to inspections, regulatory changes, and regulatory ratios. Regulatory penalties also formed part of this reporting scope, with confirmation that no regulatory penalties were incurred by the Bank during 2025.

Alongside expanded reporting obligations, Compliance continued to work closely with regulators on specific approvals and requirements. During the year, the team liaised with the Central Bank of Bahrain(CBB) to secure approval for UGB to become an indirect member of the Scripless Securities Settlement System. This enables the Bank to directly subscribe to and purchase local government issued securities.

Regulatory priorities during the year were shaped by external developments, including revised Fit and Proper requirements issued by the CBB, which reduced the number of senior management roles subject to prior regulatory approval. The approval focus now applies to specified senior roles, including the Chief Executive Officer, Head of Internal Audit, Chief Financial Officer, Head of Risk, Head of Compliance, and the Money Laundering Reporting Officer.

The Bank also began preparing for upcoming changes to the CBB's Capital Adequacy framework, with initial work focused on readiness for a future parallel run.

Environmental, social and governance reporting also formed part of the Bank's regulatory reporting obligations. UGB published its first ESG report in June 2025, covering the 2024 reporting period, and has begun work on the next reporting cycle.

Delivery of compliance obligations continued to be supported by the RiskNucleus Compliance System, which provided a structured framework for tracking regulatory deadlines, coordinating submissions, and maintaining oversight across the year. Although no material enhancements were introduced during 2025, the system continued to support effective management of regulatory requirements.

As reporting requirements expanded, the primary operational challenge was managing overlapping regulatory and group submission timelines while maintaining accuracy and consistency. Addressing this required sustained coordination and discipline across the organization, reinforcing the importance of robust compliance processes in a more complex reporting environment.

Internal Audit & Quality Assurance

Following UGB's transition under Burgan Bank's ownership, the Internal Audit department adapted to robust reporting requirements and a more structured governance framework. This required a shift in time and resource allocation, while maintaining the delivery of planned audits and support for board and committee processes.

The year was shaped by expanded group reporting requirements, realignment with the new board's governance expectations, and closer alignment with Burgan Bank's standards for internal audit planning, reporting and the use of technology. Execution against the audit plan remained aligned, with revisions introduced shortly after the acquisition to accommodate changing priorities.

Key assignments completed included reviews covering investment banking and asset management, anti-money laundering (AML), operations, SWIFT, corporate governance, cyber security and ESG. Alongside this, policies, procedures and governance papers were revamped to align with applicable standards, changes introduced via the restructuring on a Board, Board Committee, and governance level with updated charters and policies and procedures documents reflecting this milestone.

The department also adapted to an increase in the frequency and volume of group reporting. Quarterly and ad hoc reporting requests were received through group interaction consolidated reporting packs, and Internal Audit was entrusted with coordinating the full reporting package from UGB to Burgan Bank, covering financial, compliance, risk, information technology, human resources, and audit requirements. This involved compilation, review, and timely submission to meet group timelines.

Governance expectations also increased under the new board structure, with emphasis placed on timely preparation of board packages and key documentation, detailed meeting minutes and structured follow-up on decisions. This also included support for General Assembly processes and wider corporate governance activity, which were incorporated into the department's work program without interrupting planned audit delivery.

Operational enhancements were also reflected in changes to working practices. Audit reporting quality was strengthened, with reports becoming more comprehensive and structured around findings, risk impact and recommendations. The follow-up mechanism was enhanced through a shift from quarterly to monthly monitoring of outstanding issues, supporting timelier closure of actions.

In parallel, additional external oversight was introduced through assurance work performed by Burgan's internal audit team, with external perspective welcomed as part of ongoing improvement. Activity also advanced ESG-related governance, including development of ESG policies and procedures. Discussions also began around introducing audit automation capability, with the department assessing an appropriately scoped solution given the size of the team.

Looking ahead, priorities remain focused on completing audits in line with the plan, ongoing management of Burgan Bank reporting requirements, and continued consistency with group governance and internal audit standards.

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Support Functions

HR and Administration

During 2025, Human Resources focused on supporting workforce stability and continuity as the Bank continued its integration with the Burgan Bank Group. HR initiatives were aligned with Group priorities, emphasizing employee engagement, professional development, diversity, and a strong risk and compliance culture.

In a year defined by change, maintaining a stable and motivated workforce remained a key priority. UGB continued to invest in employee well-being and engagement through structured initiatives that encouraged teamwork, social connection, and healthy lifestyles, including participation in Group-wide and community events.

UGB continued to strengthen its commitment to diversity and inclusion during the year, with particular focus on supporting women's professional development. This included participation in industry-led networking initiatives, which provided employees with valuable exposure to sector peers and broader leadership development opportunities.

As workforce continuity and culture were strengthened, the Bank also continued to prioritize safety and operational resilience. In line with regulatory expectations, UGB enhanced emergency preparedness through structured first aid training and regular fire drills, ensuring a safe and secure working environment.

Building on these foundations, capability development remained central to the Bank's people strategy. Senior management and other approved persons undertook CPD activities aligned with regulatory and governance requirements, while employees participated in structured training programs covering compliance, risk management, cybersecurity, audit, ESG, and professional skills development.

Knowledge sharing and continuous improvement were further reinforced during the year through UGB's hosting of the annual KIPCO Group Conference in Bahrain. The conference supported cross-Group learning and facilitated dialogue on key industry developments and emerging risk themes.

Beyond internal development, UGB continued to contribute to community and market development through its ongoing support of the Bahrain Bourse Tradequest Program, with senior management actively participating in education and mentoring initiatives.

Looking ahead, HR priorities for 2026 will focus on deeper integration with the Burgan Bank Group's people frameworks, strengthening digital and future-ready skills, and further enhancing performance and talent management to support the Group's strategic objectives.

Information Technology & Security

Throughout 2025, UGB's IT and Cybersecurity functions delivered a comprehensive, risk-based program across systems, infrastructure, and staff, with regular assessments to identify and address vulnerabilities and strengthen controls. These efforts were supported by ongoing awareness campaigns and simulations to reinforce secure behaviour, alongside enhanced governance and reporting to senior management and the Board. Together, these initiatives further strengthened the Bank's resilience and preparedness against evolving cyber risks, providing a strong foundation for its digital ambitions.

The Bank also advanced its digitalization agenda through key initiatives in payments and core banking. IT led several enhancement projects to improve the efficiency and control of SWIFT payment operations, while initiating a strategic upgrade of the core banking platform to introduce Islamic financing capabilities.

In parallel, the Bank explored the responsible use of automation and AI to support selected internal activities, helping reduce manual effort, improve consistency, and enhance productivity. These projects lay the groundwork for new Shari'ah-compliant digital products and a more modern, scalable, and future-ready technology landscape at UGB.

Operations

The Bank continued to strengthen operational resilience and service continuity in 2025, while delivering major modernization initiatives aligned with regulatory and industry developments. The year was marked by progress in payments infrastructure and continued refinement of the operating model following the implementation of the new core banking platform.

A key operational achievement was the successful transition to ISO 20022 MX SWIFT messaging standards, fully completed in Q3 2025, which reinforced the Bank's readiness to meet evolving global banking requirements. The implementation was achieved with adequate training requirements, supported by the compatibility of the Bank's core banking platform and strong internal knowledge transfer. UGB delivered this transition largely through reliable in-house expertise, reducing reliance on external consultants and supporting long-term cost efficiency and sustainability. The shift from legacy MT messaging to MX also delivered meaningful operational improvements. MX messages provide richer and more structured information, enhancing traceability and oversight while reducing reconciliation gaps and minimizing the need for manual correction or investigation. The improved structure also enhanced interoperability with other banks, clearing systems, and payment providers, strengthening UGB's control environment and operational risk management.

Lessons from the experience highlighted the importance of early readiness planning, parallel testing of old and new messaging standards, and close coordination with stakeholders including internal teams, the Central Bank, and peer institutions.

Alongside payments modernization, the operating model built around TCS Bancs remained stable in 2025. Treasury processes saw improved integration and data consistency, enhancing the reliability of liquidity and risk monitoring. On the operations and settlement side, the model increased automation and reduced manual touchpoints, with ongoing adjustments to align legacy workflows with the new environment.

Operational effectiveness benefited from a stronger internal structure and improved cross-functional collaboration. The compliance-support operations framework introduced in 2024 continued to perform effectively in 2025, centralizing KYC documentation, onboarding, AML support, account updates, and inspection readiness. At the same time, Operations worked closely with the management team, IT, Risk, and Compliance to enhance monitoring, maintain alignment with regulatory expectations, and uphold service and control standards.

Looking ahead, Operations' 2026 priorities will focus on maintaining service resilience and preparing for new initiatives, including the rollout of Islamic transactions aligned with Burgan Bank's products and services.

Financial Review

The notes to UGB's Consolidated Financial Statements provide additional relevant details, with some of these notes being cross referenced here. Figures contained in the Financial Review are subject to rounding adjustments and, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total figure given for that column or row.

Incorporation and Activities

United Gulf Bank B.S.C. (c) is a closed joint stock company incorporated in the Kingdom of Bahrain in 1980, under Commercial Registration number 10550. 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").

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

During the year, Burgan Bank K.P.S.C ("Burgan" or the "Parent") acquired 100% shares of the Bank from United Gulf Holding Company ("UGH").

Revenue

UGB's total revenues were US$ 118.4 million in 2025 compared with US$ 97.0 million in 2024, as indicated below:

Total Revenues (US$ million)	2025	2024
Financial Associates	9.2	5.8
Other Associates	0.3	0.4
Real Estate	4.8	10.3
Management fees from fiduciary activities	44.1	39.8
Credit related fees and commission	16.0	14.2
Advisory fees	2.8	2.7
Interest Income	7.0	7.7
Unrealised gain on investments carried at FVTPL	9.9	3.8
Realized (loss) gain on investments carried at FVTPL	4.0	3.5
Dividend income	3.5	4.9
Other Income	16.6	3.2
Foreign currency translation gains(losses)-net	0.2	0.7
Total	**118.4**	97.0

During 2025, the increase in total revenues was mainly attributable to the recovery of global and regional markets, which had witnessed a downturn in 2024, and gains on the Group's real estate investments in Kuwait. The market rebound also led to higher fee and commission income, with KAMCO earning increased fees from its funds and assets under management.

Financial Services

UGB's financial services-related revenues were derived from its investment in associates that are involved in asset management, investment banking, and brokerage. Results from financial associates recorded a gain of US$ 9.2 million in 2025 compared with a gain of US$ 5.8 million in 2024. The increase was mainly on account of gains on trading investments recorded by KAMCO Investment Fund.

Real Estate

UGB's real estate revenues were derived mainly from rental income from its real estate properties in Bahrain and Kuwait and the results from its real estate-based associates.

Revenue - Financial Associates (US$ million)	2025	2024
United Capital Transport Company K.S.C.C	(0.1)	(0 .2)
KAMCO Real Estate yield Fund	0.1	0.2
Rental Income	4.2	4.3
Unrealized gain on investment properties	0.6	6.0
Total	**4.8**	10.3

Management Fees from Fiduciary Activities.

Management fee income increased to US$ 44.1 million in 2025 from US$ 39.8 million in 2024, as regional equity markets rebounded and KAMCO earned higher management fees on its funds.

Credit-related fees and commission

Credit related fees and commission increased to US$ 16.0 million in 2025 from US$ 14.2 million in 2024 due to a higher number of deals being concluded in 2025.

Interest Income

The main source of interest income for KAMCO and UGB was derived from interbank placements, T bills and loans Interest income decreased from US$ 7.7 million in 2024 to US$ 7.0 million in 2025 mainly on account of declining interest rates during the year.

Dividend Income

Dividend income decreased to US$ 3.5 million in 2025 compared with US$ 4.9 million in 2024. This was derived mainly from KAMCO's investments

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Foreign Currency Translation gains

Foreign currency translation gains of US$ 0.2 million were recorded for 2025 compared to gains of US$ 0.7 million in 2024. Gains were mainly recorded on Kuwaiti Dinar denominated forward deals against the US Dollar..

Expenses

Interest Expense

UGB's interest expense decreased from US$ 21.1 million in 2024 to US$ 17.7 million in 2025, primarily due to the decrease in benchmark reference rates and replacement of medium term funding of US$45 million at significantly reduced rates.

Operating Expenses

Operating expenses increased by 29.2% to US$ 82.2 million in 2025 compared with US$ 63.6 million in 2024, largely due to higher incentive fee and bonus accruals at KAMCO for front office deals, and the opening of KAMCO offices in the UAE and Saudi Arabia.

Salaries and benefits increased to US$ 49.8 million (2024: US$ 41.6 million). General and administration expenses increased to US$ 32.4 million (2024: US$ 22.0 million).

Operating expenses (US$ million)	2025	2024
Salaries and benefits	49.8	41.6
General and administrative expenses	32.4	22.0
Total	**82.2**	63.6

Taxation

A net tax expense of US$ (0.4) million was recorded in 2025 compared with an expense of US$ (0.8) million in 2024.

Provisions

Provisions for expected credit losses amounted to US$ 0.3 million in 2025. These mainly related to increase in stage 1 and 2 ECL provisions at KAMCO. This compares to a reversal of US$ 1.7 million in 2024.

Net Income Attributable to Parent

The Group recorded a net income attributable to the parent of US$ 9.5 million in 2025 compared with a net profit of US$ 4.1 million in 2024.

Consolidated Assets

Assets (US$ million)	2025	2024
Demand and call deposits with banks	70.2	104.6
Treasury Bills	48.0	4.8
Placements with banks	92.2	54.7
Investments carried at fair value through profit or loss	114.5	106.7
Investments carried at fair value through other comprehensive Income	141.5	133.2
Loans and receivables	31.1	6.1
Other assets	52.9	49.0
Investments in associates	77.0	68.0
Investment properties	133.5	133.1
Property and equipment	17.9	17.2
Goodwill and other intangible assets	60.0	60.4
Total Assets	**838.8**	737.8

UGB's consolidated assets stood at US$ 838.8 million as at 31 December 2025 compared with US$ 737.8 million at the end of 2024. A comparison of the two years is provided below.

Demand, Call Deposits and Placements with Banks

Demand, call and placements with banks were consistent at US$ 162.4 million in 2025 (2024: US$ 159.4 million). These mainly include nostros and time deposits with banks. Total liquid assets comprising cash, deposits, liquid securities and other assets, represented 41.3% of the balance sheet as at 31 December 2025 (2024: 43.9%).

Investments carried at fair value through the statement of income

Investments carried at fair value through the statement of income were US$ 114.5 million in 2025 compared with US$ 106.7 million in 2024. This portfolio mainly comprises quoted and unquoted equities, quoted debt securities, and unquoted managed funds designated as fair value through statement of income. The decrease was mainly on account of the sale of certain real estate based private equity investments and GIG shares at KAMCO level, along with net fair value movements on other listed investments.

Non-trading Investments

Non-trading investments stood at US$ 141.4 million in 2025 compared with US$ 133.2 million in 2024. The total portfolio mainly comprises unlisted equities of US$ 115.0 million (2024: US$ 104.6 million).
The major investments classified under the non-trading investments portfolio as at 31 December 2025, were:

Advanced Technologies Company (ATC): UGB holds a 5.1% stake in ATC, which is a leading medical equipment and turn-key solution provider. It was established in Kuwait in 1981 and listed on the Boursa Kuwait in 2007. It offers over 1,000 products to customers in the public and private sectors, focusing on medical, pharmaceutical, dental and laboratory equipment. ATC provides its products and services to over 500 health care facilities and has circa 45% share of the Kuwait medical sector.

Assoufid B.V.: Assoufid is a company incorporated in the Netherlands. Its primary assets include a Morocco-based real estate development company, which owns a high-end mixed-use development in Marrakech. The property is spread over 222 hectares. The first phase is the award winning Assoufid Golf Club, which has been completed. The second phase is currently underway and includes a 5-star hotel and luxury branded golf villas. UGB owns a 25 percent stake in this unlisted company.

United Networks: United Networks is a leading solutions and service provider in the communications, information technology and media sectors in the MENA region. Operating through its subsidiaries, United Networks strives to develop, deploy, and deliver innovative products and services using state of the art technology platforms to advance connectivity, value and efficiency in the business and entertainment sectors. UGB owns an 18 percent stake in this unlisted company.

Financial Review

Loans and Advances

Loans and advances in 2025 amounted to US$ 31.1 million (2024: US$ 6.1 million). The loan book comprises of:

Loans and Advances (US$ million)	2025	2024
Loans to customers	36.7	12.0
Staff loans	2.3	2.0
Gross Loans and Advances	39.0	14.0
Less: Provision for impairment	(7.9)	(7.9)
Total	**31.1**	6.1

Past due and impaired loans amounted to US$ 7.9 million (2024: US$ 7.9 million) against which specific provisions of US$ 7.9 million (2024: US$ 7.9 million) were recorded. Collective provisions of US$ 0.2 million were carried in the books against performing loans and advances as of 31 December 2025 (2024: US$ 0.1 million).

Investments in Associated Companies

Investments in UGB's associated companies increased to US$ 77.0 million in 2025 compared to US$ 68.0 million in 2024. The Group's associated companies contributed a net income of US$ 9.4 million in 2025 (2024: US$ 6.2 million). The key contributors were Kamco Investment Fund and North Africa Holding Company, which posted net incomes of US$ 9.2 million and US$ 0.3 million respectively (2024: US$ 5.8 million and US$ 0.4 million respectively).

Investment properties

UGB's investment properties mainly comprise real estate properties in Kuwait and the Kingdom of Bahrain. Rental income on these investments amounted to US$ 4.2 million (2024: US$ 4.3 million)

Consolidated Liabilities

UGB's consolidated liabilities were US$ 436.7 million in 2025 up from US$ 397.5 million in 2024. A breakdown of liabilities is as follows:

Liabilities (US$ million)	2025	2024
Due to banks and other financial institutions	137.4	112.1
Deposits from customers	24.6	17.1
Term loans	201.2	195.6
Other liabilities	73.6	72.7
Total	**436.8**	397.5

Total Equity

As at 31 December 2025 the issued and fully paid-up share capital comprised 392,263,000 shares of US$ 0.50 each (2024: 232,263,041 shares of US$ 0.50 each) and UGB's equity increased to US$ 402.0 million (2024: US$ 340.4 million).

Equity (US$ million)	2025	2024
Share capital	196.1	116.1
Share premium	5.7	5.7
Statutory reserve	55.0	54.0
General reserve	4.7	3.8
Fair value reserve	20.7	21.3
Foreign currency translation reserve	(6.2)	(5.9)
Retained earnings / (Accumulated losses)	3.5	(3.1)
Capital and reserves attributable to the shareholders of the parent.	279.5	191.9
Perpetual Tier 1 capital	-	33.0
Non-controlling interests in equity	122.5	115.5
Total Equity	**402.0**	340.4

Off-Balance Sheet Commitments

UGB's off-balance sheet commitments comprise guarantees and undrawn investment commitments; financial instruments to cover foreign exchange risk; forward purchase and sales contracts; and interest rate and currency swaps. The Bank's investments and credit-related commitments aggregated to US$ 4.3 million as at 31 December 2025 (2024: US$ 7.7 million). Further details regarding off-balance sheet commitments are provided in Note 24 to the Consolidated Financial Statements for the year ended 31 December 2025.

Capital Adequacy

As of 31 December 2025, UGB's consolidated capital adequacy ratio stood at 21.6%, up from 18.2% in 2024. This remains well above the Central Bank of Bahrain's minimum requirement of 12.5% under Basel III regulations.

Capital adequacy (US$ million)	2025	2024
Capital base:		
Tier 1 capital	181.8	160.3
Tier 2 capital	16.6	15.6
Total capital base (a)	198.4	175.9
Credit risk weighted exposure	874.3	861.7
Market risk weighted exposure	6.6	48.1
Operational risk weighted expo sure	127.4	97.6
Total risk weighted exposure (b)	1,008.3	1,007.4
Capital adequacy (a/b * 100)	19.7%	17.5%
Minimum requirement	12.5%	12.5%

Risk Management Review

Risk Management Review

UGB's Credit and Risk Management Department continues to strengthen its framework for identifying, assessing, and mitigating potential vulnerabilities across all areas of the Bank's operations. The Department remains committed to enhancing its risk awareness, monitoring capabilities, and governance practices, while regularly reviewing and updating policies to address emerging risks and evolving business needs.

During 2025, the global economic environment continued to present challenges, including geopolitical and economic uncertainties, regulatory and capital requirements, interest risk and margin pressure, technology and cyber risk, and climate risk including measurement and disclosure of physical and transition risks. In response, it was imperative for the risk management framework to proactively counter any impact and stress that could affect the Bank's business and operations. Backed by strong internal governance, UGB addressed the challenges imposed by the macroeconomic landscape and continued to prepare recommendations and action plans to mitigate risks inherent in the Bank's business model and operational activities. In addition, compliance with all CBB Rulebook modules/directives and timely adherence to all reporting requirements remained top priorities in 2025.

Key developments in 2025

UGB's Credit & Risk Management function ensured the Bank's risk profile remained aligned with its approved risk appetite and tolerance levels. The year was largely defined by continuity and refinement, with emphasis on maintaining a stable risk profile, strengthening oversight, and ensuring that all activities stayed aligned with the Bank's approved risk appetite and tolerance levels.

Ensuring continued compliance with CBB requirements across capital adequacy, liquidity, and governance remained a key area of focus. UGB continued to manage its capital position in line with regulatory expectations, including ongoing ICAAP requirements, while maintaining strong liquidity indicators such as the Liquidity Coverage Ratio above minimum thresholds. The Bank also benefited from a capital injection of USD 80 million from Burgan Bank, which significantly improved UGB's capital adequacy position.

The Bank also applied severe liquidity stress testing scenarios and maintained contingency measures to ensure it could restore liquidity under adverse conditions. Alongside this, heightened market uncertainty and interest rate fluctuations drove increased focus on market risk management, including sensitivity analysis and stress testing. UGB continued to use hedging strategies to manage interest rate and foreign exchange exposures, including instruments such as interest rate swaps (IRS) and FX swaps.

On the credit side, UGB's portfolio expanded during 2025, supported by a revised strategy that introduced Islamic credit lending. In response, the Bank strengthened its credit decision-making framework through enhanced risk-return assessment. A RORAC-based approach was developed to support more consistent credit evaluation and align credit practices with Burgan Bank methodologies.

Risk governance and reporting also continued to evolve and oversight of subsidiaries was supported through regular engagement and quarterly reporting cycles. Reporting to the Board and Audit Committee became more interactive and frequent, and group-level reporting increased following the transition to Burgan Bank ownership, strengthening governance.

In line with evolving priorities and to ensure compliance with the CBB rulebook, the Bank submitted the first Sustainability Report on 30th June, 2025 to the Regulators. UGB also strengthened its Environmental, Social, and Governance (ESG) framework by tracking Key Performance Indicators (KPIs), set according to the guidelines, and performing materiality assessment set by the ESG committee. While these KPIs will continue to evolve based on changing business and regulations, this ongoing progress reflects the Bank's commitment to sustainable practices and responsible governance.

The department also prioritized resilience in the face of economic and regulatory challenges. Stress testing played a major role, with the deployment of a sophisticated model capable of simulating severe interest rate scenarios. Additionally, the Bank invested in advanced cybersecurity systems and implemented rigorous data protection measures to safeguard against emerging threats. These efforts were complemented by enhanced monitoring and reporting of the subsidiaries, aligning with regulatory requirements and improving oversight.

Global economic pressures, including inflation and geopolitical conflicts, influenced UGB's credit strategies throughout the year. By adopting conservative risk factors, requiring collateral for high-risk exposures, and leveraging hedging strategies, the Bank maintained a prudent approach. Regular assessments of counterparties and a focus on compliance with CBB directives further bolstered the risk management framework, ensuring adaptability to dynamic market conditions.

Technology and analytics continued to drive progress across the department by improving efficiency and supporting data driven decisions. Cloud migration and automation streamlined operations, while enhanced scenario analysis models strengthened our ability to anticipate operational risks and assess threats such as fraud and cyberattacks. These efforts lay a strong foundation for further advancement in 2026, with continued focus on ESG integration and operational resilience.

Looking ahead, the Bank's priorities include tighter oversight of credit proposals to support a healthy loan portfolio, cyber and operational resilience, funding and liquidity management, continued enhancement of ESG reporting, and implementing revised regulatory modules impacting credit risk and capital adequacy.

Risk Philosophy

The Bank's risk philosophy is based on the following five principles:

1. Sound knowledge base, experience and judgement of Senior Management and Risk Management staff, are the cornerstone of successful risk mitigation.
2. Vigilance, discipline and attention to detail are mandatory.
3. Complete segregation of duties and reporting authorities must exist between business lines and support functions.
4. Policies and procedures must be clear, properly documented, well-communicated, understood, and implemented in both letter and spirit.
5. Well-established processes and systems provide the backbone

Risk Management Review

of risk management practices at the Bank.

Responsibilities

The Board of Directors of UGB has the ultimate authority for setting the overall risk appetite, risk tolerance, parameters and limits, within which the Bank operates. The Board approves the Bank's overall risk profile and significant risk exposures, as well as the policies, procedures and controls that have been extensively documented.

The Board has delegated day-to-day decision making to the Executive Committee (EC) that comprises three Executive Directors. The EC meets between Board meetings to approve all proposals that exceed the threshold of the Investment Committee.

The Investment Committee (IC) is responsible for approving or recommending approvals to the Executive Committee; limits for individual exposures; investments; and concentrations towards banks, countries, industries, risk-rating classes, or other special risk asset categories.

The Risk and Compliance Committee (RCC) supervises the adoption of best practice in the areas of risk and compliance. It acts as the steering committee for risk and compliance initiatives, responsible for monitoring the progress and facilitating a smooth transition towards complete compliance with provisions of the New Capital Accord and other regulatory requirements. During 2025, the Committee met four times.

Further information on the constitution and responsibilities of these committees is disclosed in the Corporate Governance Report available on the Bank's website: www.ugbbah.com.

UGB's ability to properly identify, assess, manage, measure, monitor and report risk is critical to its financial strength and profitability. A comprehensive set of risk management policies, processes and limits are in place to provide guidelines and parameters. These are continuously updated with the objective of incorporating best practice, changes in market factors, and changes in the regulatory environment in the various jurisdictions in which the Bank operates.

Risk Management Strategy

The overall risk management strategy of UGB focuses on optimising the risk-return profile of the Bank's exposures (a portfolio approach) as well as avoiding losses. The risk management philosophy of the Bank for managing the main types of risk to which it is exposed, is summarised below:

Risk type risk management philosophy

Credit	Discipline its lending activities and ensure that credit facilities are granted on a sound basis; and that the Bank's funds are invested in a profitable manner.
Market	Minimise the loss of the value of financial instruments or a portfolio of financial instruments, due to an adverse change in market prices or rates.
Interest Rate	Capture all material sources of interest rate risk, and assess the effect of interest rate changes on the income stream and equity of the Bank.
Liquidity	Identify, capture, monitor and manage the various dimensions of liquidity risk with the objective of protecting asset values and income streams, such that the interests of the Bank's shareholders are safeguarded, while maximising returns to shareholders.
Operational	Mitigate or ensure the risk of loss arising from a failure in UGB's internal processes due to inadequate internal controls and procedures, human error, deliberate acts, and/or business interruptions caused by technology, systems or external disasters that are beyond the Bank's control.

Type of Risk

The major types of risk to which UGB is primarily exposed include credit, market, operational, liquidity and funding, interest rate, concentration, reputational and legal risks. Detailed information on each of these are provided in the Basel III Pillar III Risk Management and Capital Adequacy Disclosures available on the Bank's website www.ugbbh.com. The following section provides a brief synopsis of the different types of risk and the processes adopted to identify, assess and monitor them.

Credit Risk

Credit risk arises mainly from the extension of credit facilities in the UGB Group's commercial banking, investment banking and trading activities, where there is a possibility that a counterparty may fail to honour its commitments.

The Bank identifies and manages credit risk inherent in all products and activities, and ensures that such risks are assessed in depth and are well understood. These activities are then subject to adequate risk management procedures and controls which are approved by the Board of Directors prior to implementation.

The Bank mitigates its credit risk through:

- Establishing an appropriate credit risk environment
- Operating under a sound credit and investment approval process
- Ensuring adequate controls over the credit risk management process
- Knowledge of target markets, borrowers and counterparties
- Maintaining appropriate credit administration, measurement and monitoring processes

The Bank's policies and procedures provide the guidelines for credit risk management. UGB manages credit risk through its limit structure, which controls the amount of risk that it is willing to accept for individual counterparties, related parties, and for geographical and industry concentrations. Exposures with respect to the adherence of these limits are monitored on a regular basis.

There is a two-tier committee structure to approve and review credit and investment risk. The Investment Committee (IC) includes the Chief Executive Officer, the Head of Asset Management and Investment Banking, and the Chief Financial Officer. The Head of Credit and Risk Management is a non-voting member on the Committee and acts as its secretary. Exposures beyond IC-delegated limits are approved by the Board's Executive

Risk Management Review

Committee or the full Board of Directors.

The credit risk inherent in trading activities is also actively managed, and in case of exposures to counterparties, is calculated daily as the sum of mark-to-market values. In certain cases, the Bank has entered into legally-enforceable netting agreements covering its money market and foreign exchange trading activities. In areas where UGB acts as an agent for commodity trading on behalf of certain Islamic financial institutions, the risk is managed through simultaneous spot and forward trading in commodities, through well-established financial and commodity trading institutions that have been subjected to a detailed credit review. The Bank does not trade in derivatives.

Continuous monitoring of the Bank's assets through various reports and reviews is critical to early and timely identification of any impairment. A monthly risk asset review report is produced by the Credit and Risk Management Department and reviewed by the Management Committee and quarterly by the Risk & Compliance Committee.

All investments are assessed based on rating, industry and geographic exposure, in addition to a number of other parameters. The purpose of this report is also to ensure compliance with external regulatory requirements and internal risk policy guidelines. Additionally, a semi-annual review of all investments is conducted for monitoring performance and highlighting any recent developments.

A quarterly review of loans is prepared for the purpose of identifying impairments and providing an update on the status of each facility. The risk asset review report is reviewed on a monthly basis by Management, and quarterly by the Risk and Compliance Committee.

The Bank has established overall credit limits at the level of individual borrowers and counterparties, as well as groups of connected or comparable counterparties. These are aggregated in a meaningful manner to indicate different types of exposures in the banking and trading book, and on and off the balance sheet. The credit limits recognise and reflect the risks associated with the near-term liquidation of positions in the event of counterparty default. Limits also factor in any unsecured exposure in a liquidation scenario. All extensions of credit are made on an arm's length basis. Any credit extended to companies and individuals that are outside the approved policy parameters are avoided, or are authorised on an exception basis by the appropriate authorities. A detailed review of connected party exposure is conducted on a monthly basis and reported to Central Bank of Bahrain.

Detailed information on the Bank's credit risk exposures, including geographical distribution, industry and sector allocation, details of the collaterals and other credit enhancements, and bifurcation based on internal ratings, is provided in Note 26(c) of the Consolidated Financial Statements.

Market Risk

Market risk is defined as the risk of losses in the value of on- or off-balance sheet financial instruments caused by a change in market prices or rates (including changes in interest rates and foreign exchange rates). UGB's policy guidelines for market risk have been vetted by the Board of Directors in accordance with the rules and guidelines provided by the Central Bank of Bahrain.

UGB has adopted the Standardized Approach for the measurement of its market risk. This involves a 'building block' methodology that aggregates charges for interest rate exposure, equities, foreign exchange, commodities and options. The Bank has entered into forward contracts and interest rate swaps for hedging purposes, and does not trade in commodities or derivatives. Consequently, UGB's market risk capital adequacy requirements cover the securities trading book and the foreign exchange book.

The minimum capital charge for interest rate exposure is expressed as the sum of the specific and general market risk of each position. For the general market risk capital charge, the Bank applies the maturity method with its respective rules. Information on the interest rate sensitivity in the Bank's asset and liability structure is detailed in Note 26(d) of the Consolidated Financial Statements.

The capital charge for equities held in the Bank's trading book is also an aggregate of 'specific risk' of holding a long or short position in an individual equity; and the 'general market risk' of holding that position in the market as a whole. In case of foreign exchange risk, the open currency position is taken both in the banking and the trading book. The sensitivity towards currency movements on the Bank's equity is detailed in Note 26(d) of the Consolidated Financial Statements.

The Bank seeks to manage the market risks that it faces through diversification of exposures across dissimilar markets, industries and products. In addition to the exercise of business judgement and management experience, UGB utilises limit structures related to positions, portfolios, maturities and maximum allowable losses, to control the extent of such risk.

Interest Rate Risk in the Banking Book

Interest rate risk in the banking book arises as a result of mismatches in the re-pricing or maturity of interest rate sensitive financial assets and liabilities. This is also known as re-pricing risk. Additionally, UGB is exposed to minimal basis risk which results from a change in the relationship between the yields/yield curves of long and short positions with the same maturity in different financial instruments. In effect, this means that the long and short positions no longer fully hedge each other.

The Bank clearly identifies the sources of interest rate risk, and the interest rate risk-sensitive products and activities. It proactively measures and monitors the interest rate risk in the banking book. UGB also periodically carries out stress tests to assess the effect of extreme movements in interest rates that could expose the Bank to high risks.

A conscious effort is also made to match the amount of floating rate assets with floating rate liabilities in the banking book. All new products and transactions are evaluated with respect to their inherent interest rate risk, and the identification of mitigating factors. UGB also enters into certain transactions in order to hedge exposures arising from day-to-day banking and investment activities. These hedge transactions include instruments such as interest rate swaps (IRS) and floating rate notes (FRN), to convert a floating rate asset/liability into a fixed rate one or vice-versa. The Bank continuously monitors the effectiveness of the hedges.

Operational Risk

Operational risk is defined as the risk of losses arising from a failure in UGB's internal processes due to inadequate internal controls and procedures, human error, deliberate acts and/or business

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interruptions caused by technology, systems or external disasters beyond the Bank's control.

In accordance with Basel guidelines, UGB has developed a comprehensive operational risk framework, whereby all activities and processes of the Bank are analysed and residual risks are identified, measured and reported as appropriate.

Internal control systems have been introduced that are based on the tenet of adequate segregation of duties. Exception and excess exposure reporting by the Credit and Risk Management Department, succession planning and business continuity planning, reliable management reporting, and supervision of the Internal Audit and Quality Assurance Department and the Board Audit Committee, is also adhered to by the Bank. Anti-money laundering procedures and controls are also in place to mitigate any possible misuse of the Bank's services. These are reviewed by the external auditors on a yearly basis, and their report is forwarded to the Central Bank of Bahrain as mandated by local regulations.

The management of operational risk in the Bank is the responsibility of every employee. The operational risk framework is built around a detailed Risk Control Self-Assessment (RCSA) that identifies all risks stemming from activities of each department of the Bank. The probability of occurrence and potential severity of the risks are assessed; existing controls against each probable risk event are plotted and reviewed in terms of their effectiveness; residual risks after taking into account the effectiveness of controls are documented; and action plans are developed to reduce or mitigate the residual risks. The results of the RCSA are periodically reviewed by the Risk and Compliance Committee. Heat maps are produced to alert Senior Management to areas that may be subject to an increased level of operational risk.

In line with CBB guidelines, UGB uses the Basic Indicator Approach (BIA) to calculate the capital charge for operational risk. This is prescribed as 15% of the average annual gross income of the current year and the preceding two years. The detailed working for the capital charge on operational risk is provided in the Prudential Disclosures related to Basel III - Pillar III, which are posted on the Bank's website at: www.ugbbh.com.

UGB has enhanced its Operational Risk framework by implementing a fully-automated Operational Risk System. The system comprises four key modules: loss database, risk and control self-assessment, key risk indicators, and exposure monitoring. This enables the Bank to monitor, mitigate and report its operational risk exposures in a structured and robust manner on a real-time basis.

Liquidity Risk and Funding

Liquidity risk stems from the inability to procure sufficient cash flow to meet UGB's financial obligations as and when they fall due. The risk arises due to the timing differences between the maturity profile of the Bank's assets and liabilities. In order to ensure that the Bank can meet its financial obligations as they fall due, the tenors of UGB's assets and liabilities are closely monitored across different maturity time bands.

The Asset and Liability Committee evaluates the balance sheet from a structural, liquidity and sensitivity point of view. The whole process is aimed at ensuring availability of sufficient liquidity to fund the Bank's ongoing business activities; effectively managing maturity mismatches between assets and liabilities; managing market sensitivities; and ensuring the Bank's ability to fund its obligations as they fall due. Daily and weekly reports are generated, which monitor deposits by counterparties to ensure maintenance of a diversified funding base in terms of individual depositors, their ratings, geographical concentration and maturities.

A diversified funding base an evolved around the deposits raised from the interbank market, Shari'ah-compliant market deposits received from customers, and medium-term funds raised through syndicated borrowings. Access to available but uncommitted short-term funding from the Bank's established relationships, internationally and across the MENA region, provides additional comfort.

Liquidity risk is minimised by actively managing mismatches, and through diversification of assets and liabilities. The Bank uses a combination of maturity gap limits and liquidity ratio limits to ensure that liquidity risk is managed and controlled from the asset and liability perspective:

- Maturity gap limits: assets and liabilities in the Bank's balance sheet are grouped in specific maturity time buckets. The maximum liquidity mismatch between assets and liabilities in each defined time bucket (e.g. one to seven days, eight days to one month, one to three months, three to six months, six to twelve months, one to three years, three to five years, and more than five years), is controlled by gap limits that have been set for each time bucket. The Risk Management team tracks these limits.
- Liquidity ratio limits: UGB has limits on a set of ratios which it uses proactively for monitoring liquidity risk. These include the current ratio, liquid assets as a percentage of total assets, liquid assets as a percentage of total liabilities, and short-term liabilities as a percentage of total liabilities.

Information on the liquidity risk and maturity profile of UGB's asset and liability structure as at the end of 2025 is detailed in Note 26(e) of the Consolidated Financial Statements. As of this date, 100% of total assets and 52% of total liabilities were contracted to mature within one year (2024: 100% and 67% respectively). A significant portion of assets with longer-term maturities comprise readily realizable securities or listed assets with active markets. A significant portion of liabilities with short-term contractual maturities comprise of term deposits from Burgan Bank KPSC (parent) group entities that are expected to roll-over.

Concentration Risk

Concentration of exposures in credit portfolios is an important aspect of credit risk that is monitored separately in UGB. This risk can be considered from either a micro (idiosyncratic) or a macro (systemic) perspective. The first type – name concentration relates to imperfect diversification of risk in the portfolio, either because of its small size or because of large exposures to specific individual obligors/investments. The second type – sector concentration, relates to imperfect diversification across systemic components of risk, namely industry sectoral factors.

Concentration risk is captured in UGB's framework through the use of internal and external regulations that cap the maximum exposure to any single obligor/investment. There are established limits in place that set thresholds for aggregate industry, geography, and counterparty. The actual levels of exposure are monitored against

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approved limits and regularly reviewed by Senior Management and the Board of Directors.

The Bank pursues a set of internal policies and limits that ascertain to a large extent, that no defined exposure limits referred to in its various policies are exceeded. If any potential exposure is deemed to result in breach of regulatory and/or internal limits, the Bank obtains due approvals from the appropriate authority (Central Bank of Bahrain and/or the Bank's relevant approving authority) before executing the respective business transaction.

Legal Risk

Legal risk is defined as the loss that may arise as a result of the inability to enforce contracts and agreements entered into, the failure of these to adequately cover the risks, and liabilities the Bank may face, and their inability to protect the Bank's interests. In order to mitigate legal risk, UGB uses industry standard master agreements wherever available. Expert legal advice is sought on all legal structures and arrangements to which the Bank is a party. A retainer agreement is maintained with a Bahrain law firm for the review of standard business agreements and, for special assignments documentation, the Bank involves local and international law firms. Proper execution and completion of all legal contracts is ensured prior to committing funds to the transactions. All legal documents are reviewed on a periodic basis to ensure their ongoing enforceability, and are maintained under dual custody.

Reputational Risk

Reputational risk is defined as the risk arising from negative perception on the part of customers, counterparties, shareholders, regulators, investors, debt-holders, market analysts, and other shareholders which can adversely affect a bank's ability to maintain existing, or establish new, business relationships and continued access to sources of funding (e.g. through the interbank markets, bilateral funding agreements and/or securitisation markets); and associated risk to earnings, capital or liquidity. UGB has established a Reputational Risk Framework to provide consistent standards for the identification, assessment and management of reputational risk issues.

Basel III

The Central Bank of Bahrain issued detailed Basel III regulations with respect to capital adequacy calculations which became effective from 1 January 2015. UGB remains fully compliant with respect to CBB capital adequacy guidelines and follows a robust Internal Capital Adequacy Assessment Process (ICAAP) at the enterprise level.

Monitoring and Reporting

The monitoring and reporting of risk is conducted on a daily basis for market and liquidity risk, on a monthly basis for credit risk, and on a quarterly basis for operational risk. The regular forums in which risk-related issues are highlighted and discussed are Management meetings, Risk and Compliance Committee meetings, and Executive Committee meetings. The Board of Directors is also regularly apprised of pertinent risk issues, including the semi-annual investment reviews and the proposed corrective action.

Internal Capital Adequacy Assessment Process

The Internal Capital Adequacy Assessment Process (ICAAP) is a requirement of Pillar II norms of Basel III, and involves appropriate identification and measurement of risks; and maintenance of an appropriate level of internal capital in alignment with the Bank's overall risk profile and business plan. The objective of the Bank's ICAAP is to ensure that adequate capital is retained at all times to support the risks that UGB undertakes in the course of its business.

The Bank recognises that its earnings are the first line of defense against losses arising from business risks, and that capital is one of the tools to address such risks. Also important, are establishing and implementing documented procedures; defining and monitoring internal limits on the Bank's activities/exposures; strong risk management, compliance and internal control processes; as well as adequate provisions for credit, market and operational losses. Since capital is vital to ensure continued solvency, the Bank's objective is to maintain sufficient capital such that a buffer above regulatory capital adequacy requirement is available to meet risks arising from fluctuations in asset values, revenue streams, business cycles, and expansion and future requirements. UGB's ICAAP covers Pillar 1 risks, along with the following Pillar 2 risks:

- Interest Rate Risk in the Banking Book
- Liquidity Risk
- Reputational Risk
- Strategic and other Risks
- Single Name Concentration Risk
- Geographic Concentration Risk

The Bank seeks to achieve the following goals by implementing an effective capital management framework:

- Meet the regulatory capital adequacy requirement and maintain a prudent buffer
- Generate sufficient capital to support the overall business strategy
- Integrate capital allocation decisions with the strategic and financial planning process
- Provide sufficient information to the Board and Senior Management to understand how much capital flexibility exists to support the overall business strategy
- Improve the Bank's understanding on capital requirements under different economic and stress scenarios
- Create sufficient links between risks and capital, and tie performance to both of them

Capital Sources

UGB's capital is primarily derived from common shareholders' equity and retained earnings.

Capital Management

The Board of Directors of the Bank is responsible for ensuring that adequate levels of capital are maintained at all times. The Board also approves and oversees the processes adopted for capital management by the Bank.

Corporate Governance Review

UGB's Philosophy on the Code of Corporate Governance.

The Board of Directors (Board, BOD) of United Gulf Bank B.S.C (c) (UGB, the Bank) recognize the importance of good governance in promoting and strengthening the trust of their shareholders and the public. It is their firm belief that sound ethical practices, transparency in operations and timely disclosures, go a long way in enhancing long term shareholder value while safeguarding the interest of the stakeholders.

UGB's Corporate Governance framework (CG) is based on the Central Bank of Bahrain's (CBB) High Level Controls rulebook (Module HC) and the Corporate Governance Code of the Kingdom of Bahrain that is issued by the Ministry of Industry and Commerce (Code). The Bank's CG guidelines and the underlying policies that constitute the CG framework were last approved by the Bank's Board of Directors via a resolution dated 16 February 2026

This report informs shareholders on the status of UGB's compliance with the rules of Module HC specified by the Bank's primary regulator – the CBB. The reasons for non-compliance are also disclosed wherever applicable.

Profile and ownership structure of the Bank

UGB is licensed as a wholesale conventional bank by the Central Bank of Bahrain (License Number: WB/04) and operates as a Bahraini closed shareholding company under its Commercial Registration # 10550. This information can be validated on the MOIC's website https://www.sijilat.bh/.

It can be recalled that in 2024, Burgan Bank K.P.S.C. (Burgan Bank) - a financial institution listed on the Kuwait Bourse, obtained approval from the Central Bank of Kuwait (its primary regulator) to acquire 100% of the shares of UGB. The Central Bank of Bahrain also gave its no objection to the same and provided a time frame of one year to complete the transaction. The sale purchase agreement between United Gulf Holding Company B.S.C. and Burgan Bank was signed in January 2025.

At the Extra Ordinary General Meeting held on 27 January 2025, the shareholders of UGB approved the transfer of Two Hundred, Thirty Two Million, Two Hundred Sixty Three Thousand and Forty (232,263,040) shares of a nominal value of United States Fifty Cents (US$ 0.50) each, representing the entire shares owned by United Gulf Holding Company B.S.C. in the Bank, to Burgan Bank K.P.S.C. The price of this transaction was US$ 190 Million.

The final approval of the Ministry of Industry and Commerce was obtained in February 2025, following which UGB became a subsidiary of Burgan Bank K.P.S.C.

In another Extraordinary General Meeting held on 6 May 2025, the new owner Burgan Bank injected US$ 80 Million of cash by increasing the issued and paid up share capital of the Bank. The total paid up capital of the Bank as at year end 2025 was hence US$ 196,131,520.5 with the shareholding as follows:

Name (Arabic)	Name (English)	Nationality	Number of Shares	Ownership (٪)
بنك برقان ش.م.ك.ع	Burgan Bank K.P.S.C.	Kuwaiti	392,263,040	100
محمد هارون نورالرحمن عبدالله خان	Mohammed Haroon Nur Rehman Abdlla Khan	Bahraini	1	N.A.

This data is verifiable on the Ministry of Industry, Commerce & Tourism's website www.sijilat.bh. No government or sovereign fund holds any shares of UGB.

UGB's parent Burgan Bank is listed on the Kuwait Bourse under ticker symbol BURG. Its ownership details are as follows:

Shareholders	Ownership (٪)
Kuwait Projects Company Holding & Group (Overland Real Estate Co., United Industries Co., Kuwait United Consultancy Co., United Gulf Holding Co.)	64.3%
The Public Institution For Social Security	7.9%
Members of the public	27.8%
Total	**100.0%**

Source : https://www.boursakuwait.com.kw/en/stock/profile#107

Board of Directors

The Board of Directors is the apex body constituted by the shareholders for the overall supervision and governance of the Bank. The Board provides and evaluates the strategic direction of the Company, management policies, and their effectiveness and that the long-term interest of the shareholder is being served. The Chairman of the Board is assisted by the Executive Directors, the Independent Directors and senior management in overseeing the functional matters of UGB. The Board operates under the terms of the Charter of the Board of Directors that was last via a resolution dated 16 February 2026.

Corporate Governance Review

Following the change in ownership, fresh elections for the Board of Directors were held at the Ordinary General Meeting held on 15 June 2025. There were four resignations comprising three Executive Directors (Mr. Masoud J. Hayat, Mr. Faisal Al Ayyar, Mr. Samer Khanachet) and one independent Director (Mr. Majed Al Ajeel).

The following members were elected on 15 June 2025. Executive Directors represent the interest of Burgan Bank K.P.S.C. – the controller of UGB.

Sr.	Name	Position
1	Sheikh Abdullah Nasser Sabah Al Ahmad Al Sabah	Non- Executive Director
2	Mr. Antoine Jean Daher – Vice Chairman	Executive Director
3	Mr. Amro Mohamed ElBanna	Executive Director
4	Mr. Mishary Yousef AlEssa	Executive Director
5	Dr. Amani Khaled Bouresli	Independent Director
6	Mr. Jawad Kadhem Al Asfoor	Independent Director
7	Mr. Mohamed Sadiq AlRahma	Independent Director

Composition of the Board of Directors

The CBB requirements state that at least half of a conventional bank licensee's Board should be non-executive directors and at least three of those persons should be independent directors. There is however an exception granted for banks with a controller which state that ‘in conventional bank licenses with a controller, at least one third of the board must be independent directors.’ As at year end 2025, UGB’s Board members met this condition as three out of seven directors i.e., 42.8% were independent. The composition of UGB’s Board of Directors is indicated below:

Category	Number of Directors	Percentage of the Board
Non-Executive	1	14.29%
Executive	3	42.86%
Independent directors	3	42.86%
Aggregate	7	100%

All the independent Directors of UGB are required to furnish a declaration both at the time of their appointment and annually, that they meet the criteria of independence. These declarations were last reviewed by the Bank’s Nominating and Remuneration Committee (NRC) at their meeting held on 15 February 2026. For a director to be considered independent, the Board determines that the incumbent does not have any direct or indirect material, pecuniary relationships with the Bank and has not served over three successive terms as an independent director. This condition was met for the year ending 2025, as none of the independent directors have served more than three consecutive terms.

The profile of UGB’s Directors, information on other Directorships they hold, and their biographical details are available in UGB’s Annual Report and on its website www.ugbbh.com.

UGB’s Board members meet the criteria that no two directorships of licensees within the same category are held by any Board member, and that no person should hold more than three directorships in public companies in Bahrain.

The CBB Rulebook and the Code of Corporate Governance (Code) requires the Chairman of the Board to be an independent Director. It should be noted that UGB’s current Chairman – Sheikh Abdullah Nasser Sabah Al Ahmad Al Sabah is a non-executive board member, as he is not an officer or employee receiving a salary or otherwise involved in the day-to-day management of either:

(a) The Bank

(b) Another company which is a controlling shareholder of the company

(c) Another company of which the Bank is a controlling shareholder; or

(d) Another company which is controlled by a controlling shareholder

Sh. Abdullah Nasser Al Sabah has been a Board member of UGB since 1999 and hence has an in-depth understanding of the Bank, its history, its functioning style, and its operations. The CBB’s approval on his position as a non-Executive Director was received from the Wholesale Banking Directorate on 25 May 2025.

Corporate Governance Review

Board Terms and the Start Date of Each Term

As mentioned earlier, the following Directors of UGB were last elected at the Ordinary General Meeting held on 15 June 2025. Their three-year term will continue until the date of the Annual General Meeting of 2028. All the Directors standing for election / re-election submitted the Application for Approved Persons Status (Form 3) along with their resume, educational qualifications, personal identification records, and credit bureau reports. They were approved by the CBB.

Sr.	Name	Position
1	Sheikh Abdullah Nasser Sabah Al Ahmad Al Sabah	Non- Executive Director
2	Mr. Antoine Jean Daher – Vice Chairman	Executive Director
3	Mr. Amro Mohamed ElBanna	Executive Director
4	Mr. Mishary Yousef AlEssa	Executive Director
5	Dr. Amani Khaled Bouresli	Independent Director
6	Mr. Jawad Kadhem Al Asfoor	Independent Director
7.	Mr. Mohamed Sadiq AlRahma	Independent Director

Following their election at the OGM, each member of the Board of Directors was issued an appointment letter dated 17th June 2025, which documented his/her powers, duties, responsibilities, accountabilities, term, time commitment, entitlements, and access to independent professional advice.

Board Member selection

The Board approved the Corporate Governance related PPMs and guidelines via a resolution dated 16th February 2026. The policies were updated to reflect the changes made by the CBB in Module HC. It has a separate policy called Criteria for the Election / Re-election of Directors. This policy contains the questionnaire evaluating the criteria for a person to be considered as appropriate for serving on the Board. The Charter of the Nominating and Remuneration Committee mandates that all questionnaires be assessed by the Nominating & Remuneration Committee based on information available on/from the prospective/ existing Director/s and submitted to the Board along with the Committee's recommendation. All of UGB's directors meet the fit and proper requirements specified by the CBB as they possess the requisite experience and competencies specified in Module FP (Fit & Proper) of the rulebook.

The Board has approved a separate policy called 'Ordinary / Extraordinary General Assembly Meetings Procedures.' In accordance with the Commercial Companies Law, voting takes place on a cumulative basis. A cumulative vote implies that each shareholder has a number of votes equal to the number of shares he holds and has the right to vote for one candidate or to distribute them to his chosen candidates.

In notices of meetings at which directors are to be elected or removed, the Bank ensures that where the number of candidates exceeds that of the number of available seats, the notice of the meeting explains the voting method by which the successful candidates are selected, and the method used for counting of the votes. The methodology of cumulative voting was not warranted during the OGM held in June 2025, as the number of vacancies for Board Directorships was equal to the number of candidates available for re-election.

The Charter of the Board of Directors provides for the termination of membership of Board members for misuse of position; failure to attend at least three consecutive meetings or at least 75% of the meetings in a financial year without a reasonable excuse; resignation; appointment to any other managerial position in the Bank for which the member receives remuneration; bankruptcy or any other violation of laws.

Responsibilities of the Board

The Board's role and responsibilities include oversight of the Bank's strategic direction.

Strategy:

In this context, the Board is responsible for:

1. Approving and overseeing the development of the licensee's strategy, business plans, and budget,
2. Actively engaging in the affairs of UGB and keeping up with material changes in the Bank's business and the external environment.
3. Reviewing major strategy papers and business plans and the inherent level of risk of the plans.
4. Assessing the adequacy of capital to support the strategy of UGB.
5. Setting performance objectives and reviewing management performance against those budgets and key performance indicators.
6. Overseeing major capital expenditures, divestitures, and acquisitions.
7. Monitoring and implementation of strategy by management.

Corporate Governance Review

Accountability for Internal Controls is achieved through:

1. Ensuring that there is a robust finance function responsible for accounting and financial data that is used to prepare financial statements that accurately disclose UGB's financial position.
2. Reviewing the integrity of the Bank's accounting and financial reporting systems while approving the annual and interim financial statements.
3. Ensuring that adequate systems, controls, processes, and procedures are implemented by senior management in line with the Board approved policies.
4. Receiving affirmation that management develops, implements, and oversees the effectiveness of comprehensive know your customer standards, as well as ongoing monitoring of accounts and transactions, in keeping with the requirements of relevant law, regulations and best practice.
5. Establishing a control environment that maintains client confidentiality and ensures that the privacy of the Bank is not violated, and clients' rights and assets are properly safeguarded.
6. Overseeing that the Bank has adequate processes to ensure full compliance with the requirements of the CBB Law, other relevant laws and the relevant rulebooks.
7. Ensuring that the risk management, compliance, and internal audit functions are properly positioned, staffed, and resourced and carry out their responsibilities independently, objectively, and effectively. It is imperative that Senior management maintain an effective and transparent relationship with the CBB.
8. Approving an appropriate code of conduct/ ethics that outlines the acceptable practices that all Board members, senior management and other staff must follow in performing their duties, and the unacceptable practices/ conduct that must be avoided. This sets the corporate values that create expectations that the business must be conducted in a legal, professional, and ethical manner, and oversees the adherence to such values by Board members, senior management, and other employees. Directors, Senior Management, and other staff will provide an annual affirmation to the Code of Conduct, as they are aware that appropriate disciplinary or other actions will be taken to address all incidents of unacceptable behaviour, practices, and transgressions.
9. The adoption and review of management structure and responsibilities. This involves approving the selection and overseeing the performance of the Chief Executive Officer (CEO), Chief Financial Officer and heads of the risk management, compliance, and internal audit functions. These must be executives with integrity, technical and managerial competence, and appropriate experience. The Board also reviews succession planning and replacing key executives when necessary, overseeing with the assistance and advice of the Remuneration Committee, the remuneration system's design and operation for approved persons and material risk-takers and monitoring and reviewing board remuneration packages and executive compensation and assessing whether it is aligned with UGB's remuneration policy, risk culture and risk appetite.
10. Ensuring that there is appropriate delegation of authority from the Board to executive management.
11. Convening and preparing for shareholder meetings. UGB's Board has approved a detailed policy & procedure manual on 'Ordinary / Extraordinary General Assembly Meetings' that enumerates the requirements for conducting meetings. This is based on the requirements of the Commercial Companies Law.

Accountability for Risk Management

The Board is also responsible for:

1. Approving, and overseeing the implementation of UGB's risk management framework and all policies that are reviewed based on the size, complexity, business strategy, markets, or regulatory requirements in the jurisdictions where UGB operates. These are updated on a regular basis to mitigate the occurrence of a major failure of controls.
2. Establishing, along with senior management and the Chief Risk Officer, UGB's risk appetite, which is based on the strategy, competitive and regulatory landscape, UGB's long-term interests, risk exposure, and ability to manage risk effectively.
3. Adherence to the risk appetite statement, risk policy and risk limits and promoting risk awareness within a strong risk culture by conveying its expectation that it does not support risk-taking beyond the risk appetite and risk limits set by the Board, and that all employees are responsible for ensuring that UGB operates within the established risk appetite and risk limits. These requirements are enumerated in detail in the Corporate Governance guidelines published on the website, and the Charter of the Board of Directors. The responsibilities assigned to Board members, are in line with the spirit of the care and loyalty expected from them vis-à-vis the Bank and its shareholders. Directors understand that they should be collegial, knowledgeable and are accountable both individually and collectively in discharging their duties.
4. The minutes of the Board reflect the decisions taken by Directors during their meetings/ resolutions. A concerted effort is made to ensure that the content of minutes includes a detailed commentary of Board deliberations to ensure that minutes documented were comprehensive and complete. The strategy of the Bank was last discussed by the CBB at the Prudential meeting held in November 2025. It is envisaged that this will be reviewed and approved by the Board during the current year.

Corporate Governance Review

Organisation of the Board

The Board of Directors held seven meetings in 2025. The attendance record of the past and current Directors at these meetings is disclosed below:

Attendance	**27 Feb 2025 Bahrain**	**24 Mar 2025 Bahrain**	**13 May 2025 Bahrain**	**22 July 2025 Virtual***	**12 Aug 2025 Virtual***	**13 Nov 2025 Virtual***	**17 Nov 2025 Virtual***
Masoud Jouhar Hayat, (resigned 15 June 2025)	x	x	x	N.A.	N.A.	N.A.	N.A.
Faisal Mubarak Al Ayyar, ex Vice (resigned 15 June 2025)	x	x	x	N.A.	N.A.	N.A.	N.A.
Samer Subhi Khanachet (resigned 15 June 2025)	x	x	x	N.A.	N.A.	N.A.	N.A.
Majed Eissa Al Ajeel (resigned 15 June 2025)	x	x	x	N.A.	N.A.	N.A.	N.A.
Attendance	27 Feb 2025 Bahrain	24 Mar 2025 Kuwait	13 May 2025 Bahrain	22 July 2025 Virtual*	12 Aug 2025 Virtual*	13 Nov 2025 Virtual*	17 Nov 2025 Virtual*
Board Members elected in June 2025							
Sheikh Abdullah Nasser Sabah Al Ahmad Al Sabah - Chairman	x	x	x	-	-	x	x
Mr. Antoine Jean Daher – Vice Chairman	N.A.	N.A.	N.A.	x	x	x	x
Mr. Amro Mohamed ElBanna	N.A.	N.A.	N.A.	x	-	x	x
Mr. Mishary Yousef AlEssa	N.A.	N.A.	N.A.	x	x	x	x
Dr. Amani Khaled Bouresli	N.A.	N.A.	N.A.	x	x	x	x
Mr. Jawad Kadhem Al Asfoor	x	x	x	x	x	x	x
Mr. Mohamed Sadiq AlRahma	x	x	x	x	x	x	x

*Organised from Bahrain

It is a regulatory requirement that individual Board members must attend at least 75% of all Board meetings in a given financial year to enable the Board to discharge its responsibilities effectively. For the year 2025 attendance records highlighted above were based on two different Boards of Directors, as new Directors were appointed halfway through the year on the 15th of June 2025. The majority of Directors have met the attendance regulatory requirements. The newly appointed Board will focus on ensuring the attendance mandate is strictly adhered to in the financial year 2026.

Informal communication is also maintained among Board members between meetings. A detailed package containing the agenda, minutes of prior meetings, adequate background information on the issues is circulated by the Chairman/ Corporate Secretary, prior to the date of the Board meeting.

Evaluation of the Board, Its Committees, and the Directors

The Nominating and Remuneration Committee of the Board of Directors (NRC) completed the annual evaluation of individual Directors, the performance of the Board, the Executive Committee, the Board Audit Committee, and its own standing through a questionnaire administered by the Chairman of the Board, and the Chairman of the various committees to their members. The written self-assessment covered an assessment of how the Board functioned, the evaluation of the performance of each committee considering its specific purpose and responsibilities, and the attendance records of each Director at Board and Committee meetings. The performance of each individual Director was carried out through the completion of a structured questionnaire on the effectiveness and contribution of each member against certain pre-defined criteria as per the mandate of the Board and each Board sub-committee. The completed evaluations were collated by the Chairman of the Board and the Corporate Secretary and submitted to the NRC which reviewed them on 15 February, 2026. The overall performance of the Board, its members and its committees were deemed to be satisfactory for the year ended 2025. This is affirmed to the shareholders at the Annual General Meeting held each year through this Corporate Governance report.

Corporate Governance Review

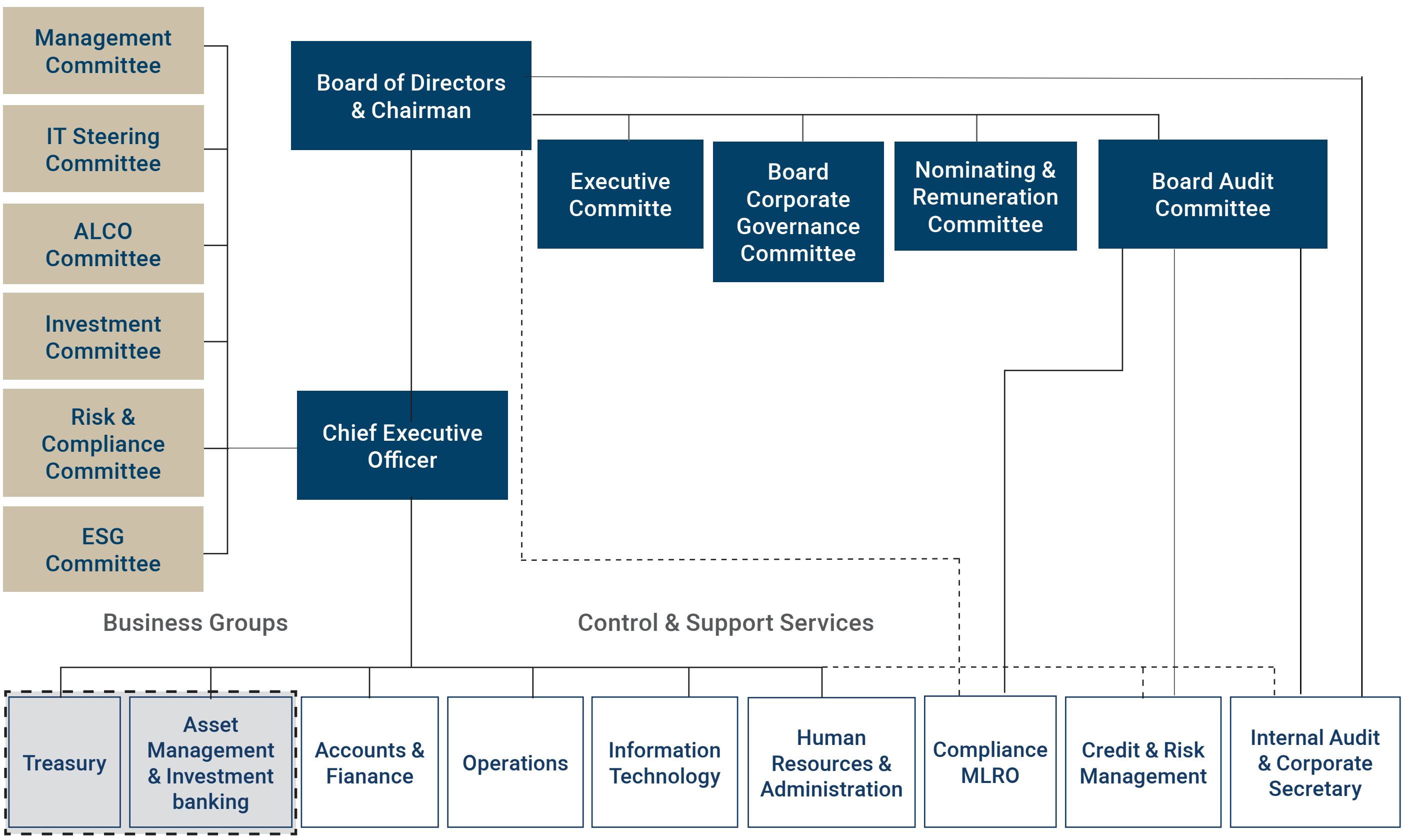
Directors' ownership and trading of shares during the year

Name	31 December 2025	31 December 2024
Sheikh Abdullah Nasser Sabah Al Ahmad Al Sabah - Chairman	-	-
Mr. Antoine Jean Daher – Vice Chairman	-	-
Mr. Amro Mohamed ElBanna	-	-
Mr. Mishary Yousef AlEssa	-	-
Dr. Amani Khaled Bouresli	-	-
Mr. Jawad Kadhem Al Asfoor	-	-
Mr. Mohamed Sadiq AlRahma	-	-

Board Committees

Following the election of the new Board of Directors, the members approved the creation of a Corporate Governance (CG) Committee alongside the other three standing Committees, namely: the Executive Committee (EC), the Board Audit Committee (BAC), the Nominating & Remuneration Committee (NRC). Each committee has its own charter that outlines the responsibilities of its members. The Board is authorised to constitute additional functional Committees from time to time, depending on the business needs. The membership of the Committees was last re-constituted after the election of the Directors for their current term.

The governance structure and the organisation chart of the Bank are given below. The Chief Audit Executive, the Chief Compliance Officer, and the Head of Credit & Risk Management all report directly to the Board Audit Committee with a dotted reporting line to the Chief Executive Officer for administrative purposes. The Chief Compliance Officer who is also the MLRO, has access to the Board of Directors and the Chairman for Anti Money laundering issues.



Corporate Governance Review

Each committee has the prerogative to invite non-directors or members of the management team to participate in their meetings, if they are of the opinion that the committee will gain the benefit of their advice and expertise in financial or other areas. Care is taken to ensure that their membership and constitution are in line with CBB regulations. Further information on the work done by the Committees is provided below:

Executive Committee (EC)

Composition: The three Executive Directors who serve on the Executive Committee are Mr. Antoine Jean Daher, Mr. Amro Mohamed ElBanna and Mr. Mishary Yousef AlEssa.

Responsibilities: The Executive Committee is appointed by the Board to exercise their powers and duties during the interim periods by circulation to ensure timely review and approvals with regards to strategic and investment related proposals. The EC is also empowered by its Charter to act on the Board's behalf, if an immediate decision is required on any matters falling outside the authority of Management. The Executive Committee Charter was last approved by the Board on 16 February 2026.

The EC supports the BOD in credit & investment related decision-making processes. Its responsibilities include:

- Reviewing and approving credit proposals including Murabaha, Waqala and other facilities.
- Considering recommendations and approving sales or acquisitions.
- Reviewing and approving the loan and investment portfolio
- Monitoring the General Risk Profile of loans and investments.
- Asset quality provisioning.
- Asset Liability Management matters including hedging strategies for foreign exchange and interest rate risk, funding structure, and capital adequacy.

Meetings: The executive committee meetings are held through virtual meetings organised out of Bahrain, details of which are given below:

Attendance	4 Aug 2025 Virtual*	11 Sept 2025 Virtual*	25 Sept 2025 Virtual*	19 Oct 2025 Virtual*	20 Nov 2025 Virtual*
Mr. Antoine Jean Daher –Chairman	x	x	x	x	x
Mr. Amro Mohamed ElBanna	x	x	x	x	x
Mr. Mishary Yousef AlEssa	x	x	x	x	x

Board Audit Committee (BAC)

Composition: During 2025, the BAC comprised three members (two independent Directors and one executive Director) with the Chairman of the BAC being an independent Director. All members have sufficient technical expertise and financial literacy to enable the committee to function efficiently. The CEO is not a member of this committee. Prior to the election of the new Board of Directors, the BAC comprised:

Name	Position
Mr. Jawad Kadhem Al Asfoor	Chairman
Mr. Faisal Hamad Al Ayyar	Member
Mr. Majed Eissa Al Ajeel	Member

After the election of the new Board of Directors, the newly constituted BAC had the following members:

Name	Position
Mr. Jawad Kadhem Al Asfoor	Chairman
Mr. Mishary Yousef AlEssa	Member
Dr. Amani Khaled Bouresli	Member

Responsibilities: The BAC assists the Board in overseeing the quality and integrity of the accounting, auditing, and reporting practices of UGB, overseeing the internal and external audit functions and monitoring the Bank's compliance with legal and regulatory requirements. Its main functions as enumerated in its Charter, which was last approved by the Board on 16 February 2026, encompass:

- assessing the quality and integrity of UGB's financial audit and reporting;
- ensuring the independence of UGB's internal and external audit functions;
- reviewing the adequacy of, and overseeing UGB's compliance with, all existing and newly introduced laws and regulations;
- reviewing systems and means of monitoring risk including capital adequacy, liquidity, and stress testing;

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- reviewing the implementation and enforcement of the Bank's code of conduct and corporate governance framework and monitoring any adverse deviations;
- recommending the appointment, compensation, and oversight of the Bank's external auditors
- reviewing the work of the internal auditor, head of compliance and The Head of Credit & Risk Management
- ensuring that there are effective whistleblowing procedures in place.

The BAC is responsible for the supervision of the Bank's overall internal controls framework, risk management profile, and compliance with regulations. As the scope of corporate governance falls within this purview, permission was obtained from the CBB on 13 March 2012, to merge the Board Audit Committee and the Corporate Governance Committee to supervise the regulatory aspects thereof. In 2026, the responsibilities of corporate governance will be shifted to the newly constituted CG Committee.

The CBB introduced several new rules under the revised Module HC that pertains to the Audit Function, Compliance Function, and the Risk Function. One of these involves establishing a Board Risk Committee comprising at least three independent Directors. The task of the Risk Committee is to support the Board in its oversight and decision making related to the Bank's risk management framework. UGB's BAC has supervised the Bank's risk functions for several years. It was therefore considered appropriate for the BAC to continue overseeing the risk framework. Approval from the CBB was obtained on 23 April 2019.

Meetings: During the year 2025, the Board Audit Committee met in a combination of physical and virtual meetings for a total of eight times; the attendance details are as follows:

Attendance	9 Feb 2025	26 Feb 2025	23 Mar 2025	12 May 2025	11 Aug 2025	6 Oct 2025	12 Nov 2025	7 Dec 2025
Mr. Faisal Mubarak Al Ayyar (resigned 15 June 2025)	x	x	x	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. Majed Eissa Al Ajeel (resigned 15 June 2025)	x	x	x	N.A.	N.A.	N.A.	N.A.	N.A.

Attendance	9 Feb 2025	26 Feb 2025	23 Mar 2025	12 May 2025	11 Aug 2025	6 Oct 2025	12 Nov 2025	7 Dec 2025
Mr. Jawad Kadhem Al Asfoor	x	x	x	x	x	x	x	x
Mr. Mishary Yousef AlEssa	N.A.	N.A.	N.A.	N.A.	x	-	x	x
Dr. Amani Khaled Bouresli	N.A.	N.A.	N.A.	N.A.	x	x	x	x

Two meetings were held with the external auditors Ernst & Young (EY) during the year ended 2025. EY met with the BAC members on 6 October 2025 and 7 December 2025. In line with regulatory requirements the BAC met with the Chief Audit Executive, the Chief Compliance Officer, and the Head of Credit & Risk Management, at its meeting held on December 2025 in the absence of the CEO and members of executive management.

In line with regulatory requirements, the Bank's CEO and CFO state in writing to the audit committee and the Board of Directors each quarter, that the interim and annual financial statements present a true and fair view, in all material respects, of UGB's financial condition and results of operations in accordance with applicable accounting standards.

Nominating & Remuneration Committee (NRC)

Composition: : in accordance with the requirements of the CBB Rulebook and the Code of Corporate Governance, it is mandatory for all conventional banks to have a Nominating Committee and a Remuneration Committee. After receiving the CBB's approval in March 2012 to combine both roles, UGB's Board of Directors approved the creation of a Nominating & Remuneration Committee (NRC).

All members of the NRC are independent. Prior to the election, the three independent members of the NRC were:

Name	Position
Mr. Majed Essa Al Ajeel	Chairman
Mr. Jawad Kadhem Al Asfoor	Member
Mr. Mohamed Sadiq AlRahma	Member

After the selection of the new Board of Directors, the newly consituted NRC had the following members

Name	Position
Dr. Amani Khaled Bouresli	Chairman
Mr. Jawad Kadhem Al Asfoor	Member
Mr. Mohamed Sadiq AlRahma	Member

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Responsibilities: The NRC assists the Board in assessing the skill sets of Board members and ensures that there is an appropriate mix of eminent persons having an independent standing in their respective fields or professions who can effectively contribute to UGB's business and policy decisions. The Committee is empowered by its Charter, which was last approved by the Board on 16 February 2026.

The Committee oversees the preparation of the necessary nomination documents and notifications proposing candidates for Directorships, a process undertaken once every three years. The NRC last reviewed the candidacy and credentials of members standing for re election at its meeting held on 26 May 2025. Its recommendations were shared with the Board of Directors, which in turn submitted its recommendation to shareholders regarding the candidates standing for election or re-election at the Ordinary General Meeting held on 15 June 2025. No conflicts of interest were reported by any of the members.

The NRC also reviews the independence of Directors on an annual basis, notes the time commitment from non-executive Directors, supervises the preparation of induction materials and orientation sessions, makes recommendations to the Board regarding the candidates for Board membership / management and ensures that there is a succession plan in place.

The NRC recommends/ reviews the remuneration policies for the Board of Directors and Senior Management once in two years. This was last done on 13 November 2023 and will be submitted for approval in 2026. Every effort is taken to ensure that the remuneration of both Directors management and material risk takers is sufficient to attract, retain, and motivate persons of the quality needed to run the Bank successfully. The NRC also has the prerogative to compensate certain members of the UGB management team with variable remuneration, for additional responsibilities that they undertake for UGH. This is under the terms of a service agreement signed between the two entities dated 24 August 2017 which continues to be valid until such time as it is rescinded.

Meetings: The Nominating & Remuneration Committee met three times during 2025, meeting the CBB requirement of holding at least two meetings in a financial year. All the three meetings of the NRC were held prior to the election of the new Board Members. The attendance at these meetings is shown below:

Attendance	4 Feb 25	16 Feb 25	26 May 25
Mr. Majed Essa Al Ajeel Chairman	x	x	x
Mr. Jawad Kadhem Al Asfoor	x	x	x
Mr. Mohamed Sadiq AlRahma	x	x	x

Corporate governance principles are uniformly endorsed by UGB's Board of Directors and Executive Management. These are in place in the Bank's primary subsidiary – KAMCO Investment Company K.S.C.P. However, the extent of the arrangements is subject to the requirements of the regulators of the jurisdictions in which the subsidiaries operate.

UGB's Board of Directors approved the Directors' Induction Policy that requires each new Director to receive a formal and tailored induction to UGB's vision, strategic direction, and core values including ethics, corporate governance practices, financial matters, and business operations. The familiarisation is aimed at ensuring that the new Director meets with the Bank's Senior Management, and that he/she is provided with the necessary documents, brochures, reports, and internal policies. It is also in line with the CBB's requirement that the Board of Directors should be effective and informed. An induction-oriented presentation was conducted by the CEO for new members of the Board of Directors shortly after their election in June 2025.

The Charter of the Nominating & Remuneration Committee states that the Nominating & Remuneration Committee is responsible for the preparation of induction materials and orientation sessions for new Directors, in consultation with senior management and the Board Secretary.

Disclosure of Conflicts of Interest

During the financial year ended 2025 all business transactions entered into between UGB and its controller Burgan Bank K.P.S.C. were on an arm's length business. There were no commercial transactions with any Director or Management, and no material transactions with subsidiaries, or associates, which could be construed to have a conflict with the interests of the Bank at large. Consequently, there was no need to declare any conflicts, in accordance with the .

The Disclosure of Conflict of Interest policy document approved by UGB's Board of Directors requires each Director to make decisions based on his independent judgement, and in the interests of all shareholders. If there is any conflict, Directors are expected to inform the entire Board of conflicts of interest in their activities with, and commitments to other organisations as they arise, and abstain from voting on any matter where they perceive a conflict. This disclosure will include all material facts in the case of a contract or transaction involving the Director.

If the disclosure is upheld, the Director deemed to have a conflict of interest is expected to abstain from voting on the issue. Such abstention will be recorded by the Corporate Secretary in the minutes of the committee or the Board (as appropriate). Furthermore, the policy requires the Bank to disclose to its shareholders in the Annual Report, any abstention from voting motivated by a conflict of interest, as well as any authorisation of a conflict-of-interest contract or transaction.

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At its meeting held on 17 November 2025, the Board approved granting a Power of Attorney to Mr. Amro ElBanna and Mr. Mishary AlEssa to sign all relevant documentation on behalf of UGB before the Ministry of Justice in Kuwait. Each is authorised to sign individually. This authorisation is intended to ensure the timely execution of transaction related requirements and to support the smooth operational rollout of the envisaged increase in UGB's lending activities. In accordance with governance instructions and conflict of interest rules, the concerned Executive Directors, Mr. ElBanna and Mr. AlEssa, abstained from voting on this matter.

All individual Directors have complete access to UGB's Corporate Secretary.

Remuneration

Directors' Remuneration

The details of the amounts paid to Board members as total allowance for attending Board and committee meetings for the year ended 2025 is indicated below

(Amount in BD)

Name	Fixed remuneration				Variable remuneration						
	Remuneration of the Chairman and BOD	Total allowance for attenting Board and committee	Others	Total	Remuneration of the Chairman and BOD	Incentive plans	Others	Total	End -of-service award	Aggregate amount (does not include expense allowance)	Expenses Allowance
First: Independent Directors:											
Jawad Al Asfoor	-	13,195	-	13,195	-	-	-	-	-	-	-
Dr. Amani Khaled Bouresli	-	18,850	-	18,850	-	-	-	-	-	-	-
Mohamed Sadiq AlRahma	-	13,195	-	13,195	-	-	-	-	-	-	-
Second: Non Executive Directors	-	-	-	-	-	-	-	-	-	-	-
Sheikh Abdullah Nasser Sabah Al Ahmad Al Sabah	-	-	-	-	-	-	-	-	-	-	-
Third: Executive Directors:											
Antoine Jean Daher	-	-		-	-	-	-	-	-	-	-
Amro Mohamed ElBanna	-	-	-	-	-	-	-	-	-	-	-
Mishary Yousef AlEssa	-	-	-	-	-	-	-	-	-	-	-
Total	-	45,240	-	45,240	-	-	-	-	-	-	-

Management Remuneration Structure

As mandated by the MOIC and as disclosed in the Board of Directors' report submitted to the CBB, the details of the remuneration paid during 2025 to the six largest earning members of the executive team including the Chief Executive Officer and the Chief Financial Officer in Bahraini Dinars, were as follows:

Executive management	Total paid salaries and allowances (BD)	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration paid during the year*	Aggregate Amount Total (BD)
Top six remuneration for executives (2025)	923,068	-	77,845	1,000,913

*This was the additional compensation approved by the NRC of UGB on 15 February 2026.

for additional responsibilities undertaken by certain executives of the management team for UGH. These services are rendered under the terms of a service agreement signed between the two entities dated 24 August 2017.

The CBB has established stringent remuneration standards to ensure that banks follow a balanced methodology when determining their compensation practices. These standards take into account present and potential risk alongside performance goals. All payments

Corporate Governance Review

are made in accordance with the Labour Law, and every effort is made to ensure that the Bank does not reward failure. In line with the regulator's requirements, an independent consulting firm undertakes an annual assurance review of the Bank's compliance with the remuneration rules, which is then submitted to the CBB by 31 March of each year.

The design and operation of the remuneration framework for approved persons and material risk-takers are approved by the Board of Directors based on the recommendation of the NRC. The NRC remains the main body overseeing the Bank's remuneration framework. No external consultants were engaged during 2025 to assist the NRC in carrying out the responsibilities set out in its Charter.

The Board has also approved the remuneration framework comprising the following salient features:

- Approved persons engaged in support functions (risk management, audit, operations, financial controls, AML, and compliance) are remunerated in a manner that is independent of the business areas which they oversee.
- The performance appraisal of each approved person is done annually and based on the achievement of his/her objectives and targets.
- At its meeting held on 15 February 2026, the NRC reviewed the annual performance evaluation of the Bank's employees for the year 2025 and noted its results.

The categorization of staff in terms of approved persons, material risk takers, approved persons in the control and support functions, and other staff working in the business and support units was reviewed by the NRC at its meeting held on 15 February 2026.

Governance of Group Structures

The revised rules of Module HC mandate that the Board of Bahraini conventional bank licensees which act as a parent, must have the overall responsibility for the Group and exercise adequate oversight over subsidiaries, while respecting the independent legal and governance responsibilities that apply to the Boards of subsidiaries. UGB's Board members recognize the need to balance the degree of control that needs to be exercised by the Bank in its capacity as a parent, and the degree of independence and authority that needs to be provided to the subsidiaries pursuant to local legislation. There also must be a balance between standardization of the systems and processes across the organization and local adaptation at the subsidiary levels. The overarching principle is to ensure that the Board of UGB and the Boards of its subsidiaries incorporate systems and processes which assure the parent that there is adequate "downstream governance" that reflects the same values, ethics, controls, and processes as at the parent level as practically feasible and in line with the size, scope, regulatory jurisdiction, and business of the group organization.

In November 2023 and then subsequently on 16 February 2026, the Board of Directors approved the Governance of Group Structures policy and procedures manual which defines the responsibility of the Boards of UGB's subsidiaries, UGB Board Representatives in subsidiaries and Group Communication.

Each subsidiary is expected to have adequate and comprehensive criteria governing the composition of its Board, in line with the regulatory requirements of the jurisdiction in which it operates. Board members must be suitably qualified and must be responsible for developing and implementing effective corporate governance, compliance, and risk management frameworks. They are also responsible for reviewing each entity's strategy, business plan, financial controls, policies, and corporate values.

Boards of subsidiaries are encouraged to provide adequate oversight to ensure that the management of the subsidiary is conducted in a sound and prudent manner. This includes ensuring that there are sufficient resources at the subsidiary levels to monitor risks and compliance, and that there is an open, transparent, and effective relationship with the subsidiaries' regulators.

Each subsidiary maintains its own strategy, business policy, and a defined set of policies covering risk management, internal audit, compliance, and financial controls, similar to those implemented at the UGB level. The Bank recognizes that full alignment across subsidiaries may not be feasible due to differing business models. The key priority is to ensure adequate supervision at both the parent and subsidiary levels, with these functions conducting periodic reviews of the entities' activities, controls, and organizational structures.

UGB's primary operating subsidiary is KAMCO Investment Company K.S.C.P., which is listed on the Kuwait Bourse and regulated by the Capital Markets Authority (CMA). The CMA has established detailed corporate governance standards covering, among other areas, board composition, financial reporting, risk management, internal audit, disclosure and transparency, ethics, and regulatory requirements. As a regulated entity, KAMCO is required to comply with the CMA's Corporate Governance Framework Module.

UGB has therefore sought an exemption from the Central Bank of Bahrain (CBB) to maintain certain Group function roles at the parent level. The Bank and KAMCO maintain distinct and independent Internal Audit, Compliance, Risk Management, and Financial Control functions, adhering respectively to the CBB's and CMA's regulatory requirements.

There is, however, ongoing interaction between these functions at both the parent and subsidiary levels, with Audit, Compliance, and Risk Management functions holding biannual meetings to discuss relevant matters.

KAMCO's business entails launching funds, making proprietary investments, and having co-investments. New structures and legal entities are established at the KAMCO level to reduce contagion, limit legal liability, and ensure tax optimization. Dormant subsidiaries are dissolved when they are no longer deemed essential. These are business decisions taken at the KAMCO level; the Policy,Legal and Compliance Department of KAMCO have a list of these entities and are informed of their decisions. KAMCO also has a separate PPM

Corporate Governance Review

approved by its Board of Directors on Legal Entity Monitoring Policies and Procedures. It is hence not possible to have a complete synchronization and a centralized process between UGB and KAMCO for approving the creation of new legal entities and subsidiaries including the ability to monitor and fulfil each entity's regulatory, tax, financial reporting, governance, and other requirements. Exemption has been sought from the CBB for this as well.

The divergence in the business model of UGB which is more of a proprietary investment holding bank and its which has a diverse set of operations spanning asset management, equity trading, research, private equity, advisory, custody and real estate, make it practically impossible to capture KAMCO's data in the pan bank risk management system that is part of the overall risk governance framework. An exemption has been sought from this rule as well.

Management

The positions of Chairman & Vice Chairman are established by UGB's Articles of Association. These are distinct from those of the Chief Executive Officer of the Bank. Furthermore, there is a clear division of responsibility between these two positions, as defined in the Charter of the Board of Directors.

The Chairman of the Board is responsible for the leadership and the effective functioning of the Board. He is the main point of contact between the Board and Management as well as the Board and the Shareholders. The role requires that he be kept informed of all material operational matters and facilitates the effective conduct of Board processes and evaluation procedures. He is also responsible for overseeing the conduct of the Annual General Meetings.

The Board has established a management structure that promotes accountability and transparency and facilitates effective decision making and good governance. It is headed by Mr. Hussain Lalani, the Chief Executive Officer of the Bank. He is responsible for the executive leadership and the day-to-day operations of UGB. He is assisted by the Management Committee team members, who are responsible for implementing the Board's strategies and controls. Members of Senior Management are appointed based on their experience, competencies, financial soundness, and integrity.

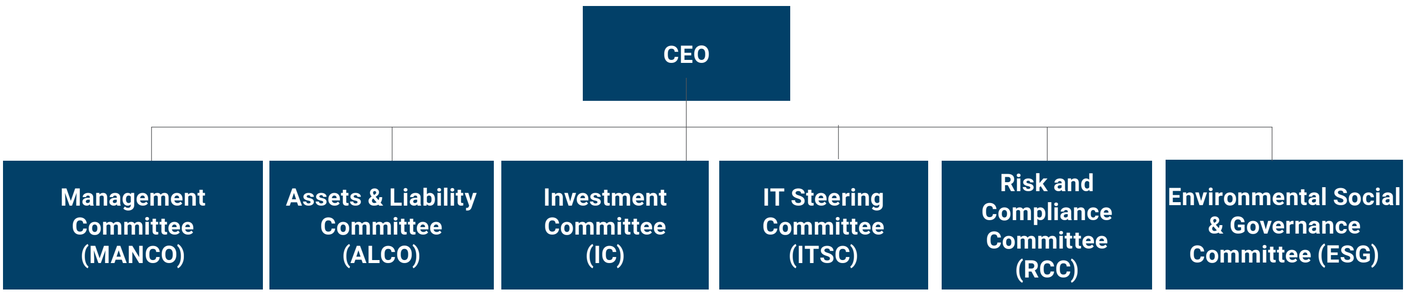
In accordance with best practice, there is complete segregation of duties between the business and support functions, with compliance, risk management and financial reporting functions being adequately resourced and independent. Independence is further reiterated with the Compliance, Internal Audit & Quality Assurance and Risk Management Departments having a direct reporting line to the Board Audit Committee.

The organization chart was last approved by the NRC at its meeting held on 15 February 2026– this is submitted to the CBB annually by March, as part of the mandatory statutory reporting. The management team comprises the following:

Name	Position
Hussain Lalani	Chief Executive Officer
Mohammed Al Qumaish	AGM, Chief Audit Executive & Corporate Secretary
Deepa Chandrasekhar	Senior Vice President, Chief Compliance Officer & MLRO Corporate Governance Officer
Rehan Ashraf	Senior Vice President, Chief Financial Officer
Adel Al Arab	Senior Vice President, Head of Operations
Nirmal Parik	Vice President, Head of Asset Management & Investment Banking
Abbas Al Tooq	Assistant Vice President, Head of Credit & Risk Management
Hussain Khalil	Vice President, Head of Treasury

Management Committees

In addition to the Board committees, several management committees have been instituted to ensure that there is adequate supervision and governance of the Bank's activities. The Executive Management of UGB is headed by the CEO who is responsible for the daily operations of UGB's business in line with policies and procedures approved by the Board of Directors. The management committees complement and facilitate the efforts of the Board of Directors towards meeting its responsibility towards all stakeholders.
The following chart describes the relationship of the various internal committees:



Corporate Governance Review

Management Committee (MANCO)

The Management Committee acts as the steering body of the Bank and consists of the CEO and certain Department Heads. It provides a forum for discussing all relevant issues pertaining to the Bank's ongoing activities and follow-up on any action points, as and when warranted. The Chief Compliance Officer and MLRO, acts as the Secretary to this Committee. In line with the CBB's requirement to demonstrate training and competency, the Bank reiterates that the necessary number of 15 continuous professional development hours (or prorated in the case of all new 'controlled persons'), should be completed by all approved persons. During 2025, this condition was met by all members of the management team.

Asset and Liability Committee (ALCO)

The Asset and Liability Committee is assigned the task of establishing policy and objectives for the asset and liability management of UGH/UGB's balance sheet in terms of structure, distribution, risk, return and its impact on liquidity. ALCO also monitors asset and liability exposures and evaluates the overall balance sheet from an interest rate risk perspective. It coordinates proposed strategies to achieve optimal risk and return from a liquidity perspective and based on perceived trends and market conditions. The Committee aims to meet at least once a quarter and more frequently if deemed necessary. It is headed by the Chief Executive Officer and includes the Chief Financial Officer, Head of Credit and Risk Management and other senior management team members. The Head of Treasury acts as the Secretary of this Committee. The Chief Audit Executive attends the meetings in his capacity as an observer

Environmental, Social and Governance Committee (ESG)

Awareness of environmental issues has grown in recent years, and sustainability has become a central focus for businesses and policymakers alike. It is a key development goal under the Kingdom of Bahrain's Economic Vision 2030, and regulators like the CBB and the Bahrain Bourse, have encouraged companies to adopt policies that support national, regional, and global ESG objectives.

In line with the CBB's requirements, UGB constituted the ESG Committee at the management level, chaired by the CEO and comprising the senior management team members. The Head of Credit and Risk Management acts as the secretary while the Chief Audit Executive is an observer. The Committee's Charter was approved by the Board in November 2023 and the first ESG report was published in June 2025.

Specific responsibilities of the ESG committee include:

- Appointing an effective cross-functional ESG team (members from various departments) to support the implementation and execution of the ESG strategy and reporting goals.
- Reviewing and approving the ESG Materiality Assessment process for the internal and external stakeholders.
- Reviewing the ESG targets and goals and the measurements of the KPIs for each ESG aspect.
- Reporting to the Board on progress on the development of ESG strategy and performance against target goals and dates.
- Reviewing the ESG framework and the plan on an annual basis to ensure that it is in line with regulatory requirements and best industry practices.
- Authorizing and enable key resources to facilitate the timely execution of the ESG strategy.
- Ensuring that appropriate training is conducted for Board members and Bank staff to create awareness.

Investment Committee (IC)

The Investment Committee comprises the Chief Executive Officer, the Head of Asset Management and Investment Banking and the Chief Financial Officer. The Head of Credit and Risk Management is the Secretary of this committee and participates in meetings as a non-voting member. It meets whenever deemed essential to do so.

Under the terms of reference, the committee is responsible for approving or recommending approval to the Executive Committee issues related to limits for individual exposures, investments, loans, and Islamic Financing Facilities (new as well as existing); and recommending the procedures relating to origination, approval, recording, performance measurement and appraisal, monitoring, and reporting.

Pursuant to its approval guidelines for credit and investments, the Investment Committee undertakes its function of appraisal of new and existing loan facilities and investments by reviewing the industry, sector and relevant trends, key cash flow drivers, regulatory requirements, and credit rating reports. The Investment Committee also focuses on other relevant information pertaining to the investment/borrower: ownership, relationships to the parent or other industrial groups, key managers, and their backgrounds (with independent references) and organisational structure.

While conducting the credit appraisal, the Investment Committee also takes into consideration financial information (company financial and operational data represented by financial ratio analysis for the past three to five years).

For any existing or potential investment or credit opportunity, legal / regulatory issues, such as compliance with relevant statutes and regulations, constitutive documents are considered and analysed. The Investment Committee reviews the use of proceeds, the background of other stakeholders involved in the proposed transaction, their roles, and the proposed structure, together with expected repayment / exit timelines, and the additional underlying risks involved (technology shift, market shift, regulatory changes, financial structure, etc.).

Corporate Governance Review

IT Steering Committee (ITSC)

The IT Steering Committee headed by the Chief Executive Officer, is responsible for assisting the Board in the supervision of IT related activities. It meets at least twice a year. The Committee ensures that it minimises the risks associated with UGB's investment in information technology and that it contributes to the attainment of technology related corporate objectives. Members include the Chief Financial Officer and other senior management team members. The Head of Information Technology acts as the Secretary of this committee. The Chief Audit Executive and the Chief Compliance Officer attend the meetings in their capacity as observers.

Risk and Compliance Committee (RCC)

The primary function of the Risk and Compliance Committee is to assist the Board of Directors in fulfilling its responsibilities of defining UGB's risk appetite and overseeing the identification, measurement, monitoring and controlling of UGB's principal business risks. It also monitors adherence to stipulated regulatory deadlines, reviews compliance to internal and external policies and apprises senior management on the impact of newly introduced regulatory requirements. The RCC is headed by the Chief Executive Officer and includes the Heads of Credit and Risk Management, Compliance, and other senior management team members. The Chief Audit Executive attends the meetings in his capacity as an observer.

Employment of relatives

The NRC is also aware that as part of the Bank's Human Resources Policy, the hiring of immediate relatives including spouses, children, brothers, and sisters, is prohibited to ensure that there is no favouritism or current or potential conflicts of interest in decision making. It also reiterates the Bank's principle that any hiring of employees, is based purely on an objective evaluation of qualifications, capability, and suitability. Any exceptions to this policy must be approved by the Chairman. As of 31 December 2025, there were no cases of relatives of approved persons who were working for the Bank. This is affirmed by the CEO to the Board of Directors on an annual basis.

Succession Planning

UGB recognizes the importance of a structured succession plan, and in accordance with the CBB's requirements, the NRC reviews and endorses a succession plan annually. This document includes an assessment of the experience, and skills for the possible successors to all Senior Management personnel, especially those who are 'approved persons' by the CBB. The objective of the plan is to identify, develop and promote personnel to ensure that there are no disruptions to the functioning of the Bank, in an event that key personnel chose to leave UGB. During 2025, details including an assessment of the experience, performance, skills, and planned training of identified successors/departments were included by the Bank's Human Resources department. The succession plan was last reviewed by the NRC at its meeting held on 15 February 2026.

Appointment letters and job descriptions

The Bank has a long-standing practice of providing formal letters of appointment to all staff that prescribe his/her title, authorities, duties, accountabilities, and internal reporting responsibilities. Job Descriptions are assessed and updated based on changes in underlying responsibilities. During 2025, the job descriptions for all Senior Managers and staff were updated by the respective Department Heads. They were reviewed by Human Resources and the Internal Audit Departments to ensure that they are in line with the CBB's Fit & Proper Module. It is envisaged that these will be submitted to the NRC in 2026.

Review of internal control processes and procedures – Internal Audit

UGB has a functional Internal Audit Department reporting directly to UGB's Board Audit Committee with an administrative reporting line to the CEO. The department is staffed by experienced and qualified employees and is governed by a Board approved Audit Charter. Its responsibilities are detailed in a Board approved policies and procedures manual. The Internal Audit Department has a close and direct work relationship with the Bank's Executive Management and Operating Committees in addition to having unrestricted access to information, records, systems, and personnel within the Bank. The internal audit team of UGB conducts the internal audit activities of the Bank and its parent UGH, liaising actively with the internal audit team at the Group's main subsidiaries. However, the internal audit department at the subsidiaries have their own BAC and follow audit methodology and quality assurance, which is in line with the rules of the jurisdiction in which they operate.

UGB's Internal Audit Department develops a 3-year strategic audit plan designed to implement a systematic and disciplined audit review approach by utilizing available audit resources in the most efficient and effective manner. The plan also includes examining the adequacy and effectiveness of internal control systems and procedures and providing recommendations to enhance their quality. Internal Audit follows up on internal control recommendations and corrective actions and reports their updated status to the Board Audit Committee. All findings that are in breach of regulatory deadlines are escalated to the Board Audit Committee in a timely manner.

In accordance with the CBB's requirements, an independent external quality assurance review was conducted in August 2024 by an external consultancy firm to affirm the adequacy and effectiveness of the Internal Audit Department. The independent assurance report also observed that Internal Audit's practices exceed the Institute of Internal Auditors Standards in some areas.

Review of internal control processes and procedures – Compliance

UGB has an independent Compliance & MLRO Department that has a direct reporting line to BAC and administratively to the Chief Executive

Corporate Governance Review

Officer. The Chief Compliance Officer & MLRO also has additional access to the Chairman of the Board of Directors for AML related issues. The Compliance function is empowered by its Charter that has been approved by the Board of Directors to communicate with any staff member, obtain access to any records and conduct investigations of possible breaches of compliance policy. The Department also has the authority to request assistance from specialists within the Bank and engage outside consultants after obtaining the CEO's prior approval.

The Compliance Manual, which is approved by the Board of Directors, forms an integral part of the Bank's Compliance framework. It establishes the procedures and processes for identifying, assessing, monitoring, reporting, testing, and advising compliance risk. The department continues to improve awareness and knowledge of staff on compliance policy requirements and issues by circulating important matters of interest. The BAC reviews the quarterly reports that it receives from the department.

During 2025, the Department updated the Compliance Risk Control Self-Assessment Register (RCSA). Alongside changes that are communicated by the regulators, this feeds into the compliance plan that is submitted to the BAC for approval on a semi-annual basis. Compliance assessments and testing of various modules are completed in line with the plan.

As required by the CBB, the department acts as a contact point for compliance queries from staff members and also as a liaison with the regulators. All applications and requests for approval to the CBB have an underlying compliance assessment report that confirms that all related level and regulatory requirements pertaining to the request have been thoroughly vetted.

The Compliance Department liaises actively with the Compliance team at the Group's main subsidiary - KAMCO. However, the latter has its own framework and methodology in line with the environment and the laws of the jurisdiction in which KAMCO and its subsidiaries operate. Although there is no Group Compliance function, quarterly reports related to the Compliance and AML functions of the Bank and KAMCO are presented to the UGB's BAC and Risk and Compliance Committee.

In accordance with the CBB's requirements, an independent external quality assurance review was conducted in June 2022 by an external consultancy firm to affirm the adequacy and effectiveness of the compliance framework. The next review will be conducted in 2027 in line with the CBB's regulations.

Review of internal control processes and procedures – Risk Management

UGB has an effective and independent risk management framework which is largely compliant with the amended requirements of the CBB's Higher Level Controls Module. The Credit & Risk Management Department (CRM) is an independent department responsible for risk management functions; it has a direct reporting line to the BAC and administratively to the CEO.

The risk management framework has the following features:

- Active Board and senior management oversight
- Independent risk management function
- Sound risk management culture.
- Well-developed Risk Appetite Framework (RAF)
- Appropriate policy, procedures, and limits
- Comprehensive and timely identification, measurement, mitigation, monitoring, and reporting of risks.

Has a sufficient number of employees who possess the requisite experience and qualifications and are subject to regular training in the risk area.

In accordance with the CBB's requirements, an independent external quality assurance review was conducted in June 2022 by an external consultancy firm to affirm the adequacy and effectiveness of the following components of the risk management framework:

Internal Capital Adequacy Assessment Framework

- Capital Adequacy
- Stress testing
- Operational Risk
- Reputational Risk
- Recovery & Resolution Plan

In accordance with the CBB's requirements, an independent external quality assurance review was conducted in June 2022 by an external consultancy firm to affirm the adequacy and effectiveness of the risk management framework. The next review will be conducted in 2027 in line with the CBB's regulations.

Authority Levels

As mentioned above, the Bank's Risk Policy & Procedures guide specifies the authority levels for investments. Approval from the entire Board is sought for any transactions exceeding the Investment Committee's authority as mentioned in the Risk Policy & Procedures Guide. The Board of Directors has also approved a Payment Authority Matrix that documents the thresholds for approval by the CEO and the CFO, for day-to-day operational expenses. The policy was last approved on 16 February 2026.

Corporate Governance Review

Senior Management's ownership and trading of shares during the year

No shares in UGB were held or traded by management in the year ended 2025.

Code of Conduct approved by the Board of Directors

UGB's Board of Directors has established corporate standards for all its Directors and employees. These are emphasized in the Bank's Code Of Conduct that reiterates the policies of upholding sensitive and confidential information; avoiding and disclosing (wherever applicable) conflicts of interest; personal accountability; honesty; harmonious relationships with its clients, subsidiaries, affiliates and the regulators; non solicitation of gifts; transparent and accurate external communication; expected standards of professionalism, fairness, behaviour and language and accounting, audit and book keeping. The Code of Conduct was enhanced to incorporate anti bribery and corruption policies and procedures. . The Chief Compliance Officer presents a refresher on the Code of Conduct for all staff on an annual basis.

The Board and Senior Management of UGB view the Code of Conduct as an integral part in the way they affirm their duty and loyalty to the Bank, exercise their responsibilities, and conduct themselves vis-a-vis customers, shareholders, staff, and the wider community. Familiarisation sessions on the requirements of the Code of Conduct, are conducted on an annual basis by UGB's Chief Compliance Officer. Each member of the Board and staff, submit a written affirmation that they will he/she by the tenets of the Code and disclose any conflicts of interest that they might have. Full disclosure of the ownership interests in any company in which the Director or member of staff or his/her immediate family has a >5% ownership stake, or where he/she serves as a manager, Director, or other form of significant participation, is made on an annual basis. Any incidents of non-compliance with the Code or the lack of affirmation by any member of staff, is escalated to the Board Audit Committee and the Board of Directors. A copy of the Code of Conduct is available on the website www.ugbbh.com

A declaration signed by the Vice Chairman of the Board of Directors is given below:

I hereby confirm that UGB has obtained an affirmation from all the members of the Board and employees, that they have complied with the Code of Conduct, in respect of the financial year 2025.

Antoine Jean Daher

Vice Chairman of the Board of Directors

Disclosure on materially significant related party transactions

Related party transactions are defined as UGB's transactions with its controller, its Directors, members of management, subsidiaries, and associates, which may have potential conflict with the interests of the Bank at large.

The Bank's major related party transactions are generally with its controller – Burgan Bank,the latter's KIPCO, and the subsidiaries and associates of the KIPCO Group. The related party transactions are entered into based on considerations of various business exigencies such as synergy in operations, sectoral specialization, the Bank's long-term strategy for its investments 'available for sale,' optimization of market share, profitability, legal requirements, liquidity and capital resources of its subsidiaries and its associates.

None of the transactions with any of the related parties conflicted with the interest of the Bank. The attention of readers is drawn to the disclosure of transactions with related parties, set out in Note 23 of the Consolidated Financial Statements which is reproduced below:

Related Party Transaction

All related party transactions were on terms that are mutually agreed between the counterparties. All such exposures were performing as of 31 December 2025 and 2024.

The nature of the income and expense generated is summarized below:

Transactions	Year ended 31 December 2025			Amount in US$ 000
	Parent	Associates	Others	Total
Investment income - net	-	-	1	1
Fees and commissions - net*	691	1,180	7,084	8,955
Dividend income	-	-	94	94
Rental income	-	-	1,102	1,102
Interest income	112	-	465	577
Interest expense	(2,742)	-	(4,070)	(6,812)
General and administrative expenses	(996)	-	(2,292)	(3,288)

	2025	2024
Interest payment on Perpetual Additional Tier 1 Capital	(335)	(534)

Corporate Governance Review

Balances	Year ended 31 December 2025		Amount in US$ 000	
	Parent	Associates	Others	Total
Demand and call deposits with banks	19,178	-	587	19,765
Placements with banks	-	-	18,355	18,355
Investments at FVTPL	823	-	1,632	2,455
Investments at FVTOCI	-	-	66,304	66,304
Loans and receivables	-	-	204	204
Other assets	19	577	4,116	4,712
Due to banks and other financial institutions	(50,000)	-	(58,162)	(108,162)
Deposits from customers	-	-	(13,893)	(13,893)
Term loan	(45,000)	-	-	(45,000)
Other liabilities	(984)	-	(2,255)	(3,239)
Off statement of financial position items:				
Letters of guarantee	-	-	150	150

The nature and counterparty of the transactions conducted during 2025 are as follows:

Owner	Financial Classification	Counterparty	Balance
UGB	Investment Income	Commercial Tower	405
UGB	Investment Income	Al Sharq Real Estate	366
UGB	Investment Income	Chairman's Club	331
KAMCO	Investment Income	Individually below US$ 250 thousand	129
UGB	Financing Income	Tunis International Bank	460
KAMCO	Financing Income	Individually below US$ 250 thousand	117
KAMCO	Commission & Fees	KIPCO	4,621
UGB	Commission & Fees	United Gulf Holding	2,000
KAMCO	Commission & Fees	Kamco Investment Fund	1,138
UGB	Commission & Fees	Burgan Private Equity	417
KAMCO	Commission & Fees	Burgan Bank	275
KAMCO	Commission & Fees	Individually below US$ 250 thousand	504
UGB	Interest expenses	Individually below US$ 250 thousand	(122)
UGB	Interest expenses	Syria Gulf Bank	(550)
UGB	Interest expenses	Jordan Kuwait Bank	(911)
UGB	Interest expenses	United Gulf Holding	(982)
UGB	Interest expenses	Tunis International Bank	(1,504)
KAMCO	Interest expenses	Burgan Bank	(2,742)
UGB	General and administrative expenses	Individually below US$ 250 thousand	(218)
UGB	General and administrative expenses	Ufm Cleaning Co.	(278)
UGB	General and administrative expenses	Burgan Bank	(996)
KAMCO	General and administrative expenses	Twenty Two Projects Management Co.	(1,831)

Corporate Governance Review

The Board of Director's review and final approval for the above related party transactions for the year ended 2025, was obtained on 19 February 2026. The Board of Directors also pre-approved related party transactions of a similar nature in line with the above, for the calendar year 2026. Any exceptional related party transactions during the year will be notified to the Board of Directors via the Executive Committee.

Disclosure and Transparency Policy

The CBB's disclosure standards and rulebook requires all locally incorporated banks to have a formal disclosure policy as part of the overall communications strategy as approved by the Board of Directors. This Policy reiterates the Bank's commitment to disclose all relevant information to stakeholders on a timely basis in a timely manner, and emphasizes:

- Adequate documentation and definition of the key components of UGB's disclosure controls and procedures and the standards to which they are designed and implemented.
- Information with respect to the steps that UGB will take when it has material information to release to the public.
- Approval of the limited group of authorised spokespersons who are entitled to speak on behalf of the Bank when material information may be disclosed.
- Adequate awareness for Directors, officers, and employees of UGB for understanding the disclosure practices and policies of UGB.

Means of Communication

Annual General Meeting: The Company schedules an annual general assembly for its shareholders within three months of year end. This provides the forum for shareholders to approve the Board of Directors' report and financial statements for the year, appoint the external auditor, review the external auditor's report, review the corporate governance report and the related party transactions and other matters which require their approval. Invitations are sent to all Directors – four out of seven members of the Board including the Chairman and the Chairman of the BAC, attended the last hybrid general assembly alongside representatives of the CBB, the MOIC and the external auditors. Attendance of each Director is primarily dependent on his availability.

Annual and Quarterly Results: In accordance with the CBB's Disclosure Standards, these are published in 'The Gulf Daily News' and the 'Al Ayam.' These are also displayed on the Bank's website www.ugbbh.com.

News Releases, Presentations.: Official news releases, detailed presentations made to the media, analysts, institutional investors etc. are displayed on the Bank's website www.ugbbh.com, after they have been released to the CBB and other regulators. This is in line with the Bank's policy of providing relevant information to stakeholders on a timely basis in a timely manner.

Website: The Bank maintains a website www.ugbbh.com which contains information related to its profile as well as audited financial data for over five years.

Annual Report: The Bank's Annual Report containing, inter alia, the Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report, and other public information is circulated to shareholders, regulators, correspondent bankers, and others entitled thereto. The Management Discussion and Analysis report forms part of the Annual Report and is displayed on the Bank's website www.ugbbh.com.

Each quarter the Chief Executive Officer and the Chief Financial Officer certify to the Board of Directors and the Board Audit Committee that to the best of their knowledge and belief, the Bank's financial statements for the relevant period, present a true and fair view in all material respects of its financial condition and results of operations, in accordance with applicable accounting and financial reporting standards. The financial statements are signed by the Chairman of the Board of Directors, Vice Chairman of the Board of Directors, and the Chief Executive Officer.

Basel III related Pillar 3 disclosures, including corporate governance disclosures on remuneration: In accordance with the Bank's requirement, the prudential disclosures are published annually and semi-annually on the Bank's website www.ugbbh.com.

Chairman's Communiqué: A printed copy of the Chairman's statement is distributed along with the consolidated financial statements at the AGM.

Communication with investors: The agenda and proxy forms for attendance in the Annual General Assembly, are sent to the shareholders on a timely basis. Representatives of the CBB and the Ministry of Industry and Commerce, are often present at the AGM.

Corporate governance guidelines: These are available on the website www.ugbbh.com. A copy of this corporate governance report which documents the extent of UGB's adherence to the CBB requirements, as well as explains any deviations thereof, is made available at the AGM. It is also posted on the Bank's website.

Designated exclusive email-ID's: In accordance with the Dispute Resolution Policy and the Whistleblowing Policy, the designated the following e-mail ids exclusively for handling complaints and potential whistle blowing cases:

* For the resolution of complaints: complaints@ugbbah.com

Corporate Governance Review

* For the investigation of whistle blowing instances: auditcompliance@ugbbah.com

Both policies are available on the Bank's website www.ugbbh.com

The bank has an email (info@ugbbah.com) which is already in place to allow members of the public to obtain further information on the Bank if warranted.

External Auditor

The Bank's external auditors are Ernst and Young (EY). They have been the auditors since 2001. In accordance with Article 206 of the Bahrain Commercial Companies Law (2001), the external auditors are appointed / re-appointed each year by the shareholders at the AGM, subject to the procurement of the no objection letter from the CBB. The decision was taken to re-appoint Ernst & Young as the external auditors, as they are a well-established name and part of the Big 4 audit firms in the world. There is no conflict of interest for engaging EY as the external auditors, as the Bank has no financial dealings with EY.

The disclosure with respect to audit and non-audit fees for the year ended 2025 are as follows:

Name of the audit firm	Position
Name of the partner in charge of the Company's audit	Abdullatif Al Mahmood
The partner's years of service as the partner in charge of the Company's audit	Since 1 July 2024
Total audit fees for the financial statements for the year 2025 (USD)	148,696
Other special fees and charges for non-audit services other than auditing the consolidated financial statements for the year 2024 (USD)	115,910
Aggregate fees paid to Ernst & Young (including VAT)- (US$)	**264,606**

Note : These are the fees paid until December 2025. Source: EY

Audit services comprise review of the financial statements while non audit services consist of agreed upon procedures performed by the external auditor that are part of the statutory submissions mandated by the CBB.

The Board of Directors has approved a policy for the Evaluation of Independence of External Auditors. This document mandates the external auditor to maintain a quality control system that provides reasonable assurance that its independence will not be impaired and was last approved by the Board on 16 February 2026.

The External Audit Firm annually confirms its independence in writing, specifically stating whether any non-audit services provided during the year compromised its independence and that they are compliant with Section 4 "prohibited serves" of the Bank's Policy for Evaluation of Independence of External Auditors, or any other relationship that could impair their ability to exercise independent judgment. Furthermore, the External auditor also confirms that all non-assurance services that they have performed during the year are in line with agreed pre-concurrence list and are permissible under International Code of Ethics for Professional Accountants Code. This certification was signed by the external audit partner on 1st February 2026. A list of non-audit services was presented along with the independence statement, to the Board Audit Committee for ratification.

The Audit Committee evaluated the non-audit services and received the external auditor's independence affirmation in its meeting held on 5th February 2026. The aggregate fees for non-audit services were also ratified in the said Board Audit Committee Meeting. As authorized by the policy, the Board Audit Committee regularly reviews the external auditor's scope and results of its audit, any difficulties that the auditor encountered including any restrictions on its access to requested information and any disagreements or difficulties encountered with management.

Name	**Hussain Lalani**	**Deepa Chandrasekhar**
Position	**Chief Executive Officer**	**Corporate Governance Officer**
Date	**10 March 2026**	**10 March 2026**

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