KHALEEJI BANK B.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 JUNE 2026

Commercial Registration	:	55133 (registered with Central Bank of Bahrain as a retail Islamic bank)
Office	:	Bahrain Financial Harbour GFH Tower PO Box 60002, Manama, Kingdom of Bahrain
Directors	:	Yusuf Abdulla Taqi – Chairman Sh. Ahmed Bin Isa Khalifa Al Khalifa – Vice Chairman Ali Murad H.E. Ayman Tawfeeq Almoayed Dawood Alghoul Sh. Isa Bin Khalid Al Khalifa Mazen Ibrahim Abdulkarim Riyadh Eid Al Yaqoob Razi Al Merbati Salah Abdulla Sharif
Chief Executive Officer (till 31 March 2026)	:	Sattam Algosaibi
Acting Chief Executive Officer (appointed 1 April 2026)	:	Abdulkarim Alzakari
Board Secretary	:	Mohammed Abdulla Saleh
External Auditors	:	KPMG Fakhro, Bahrain

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

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

Independent auditors' report on review of condensed consolidated interim financial information

To the Board of Directors of
Khaleeji Bank B.S.C.
Kingdom of Bahrain

Introduction

We have reviewed the accompanying 30 June 2026 condensed consolidated interim financial information of Khaleeji Bank B.S.C. (the "Bank") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2026;
- the condensed consolidated statement of income for the three-month and six-month periods ended 30 June 2026;
- the condensed consolidated statement of comprehensive income for the three-month and six-month periods ended 30 June 2026;
- the condensed consolidated statement of income and attribution related to quasi-equity for the three-month and six-periods ended 30 June 2026;
- the condensed consolidated statement of changes in owners' equity for the six-month period ended 30 June 2026;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2026;
- the condensed consolidated statement of changes in off-balance sheet assets under management for the six-month period ended 30 June 2026; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Bank is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with FAS 41, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2026 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with FAS 41, "Interim Financial Reporting".

KPMG

9 August 2026

KHALEEJI BANK B.S.C.
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2026

	Note	**30 June 2026 BD '000 (Reviewed)**	31 December 2025 BD '000 (Audited)
ASSETS			
Cash and bank balances		37,295	51,484
Placements with financial institutions		66,439	153,038
Investment in sukuk and other yielding investments	7	722,415	568,599
Financing contracts	8	847,211	830,206
Investment securities	9	17,202	17,453
Investment in real estate	10	37,946	45,933
Equity accounted investees	11	6,953	6,948
Other assets	12	24,128	23,243
Property and equipment		27,547	28,220
TOTAL ASSETS		**1,787,136**	1,725,124
LIABILITIES			
Placements from financial institutions		183,897	196,899
Placements from non-financial institutions and individuals		337,951	343,983
Term financing from financial institutions		276,671	222,005
Customers' current accounts		103,607	95,842
Other liabilities	13	20,560	28,674
TOTAL LIABILITIES		**922,686**	887,403
QUASI-EQUITY			
- From financial institutions		151,604	142,458
- From non-financial institutions and individuals		584,963	553,393
TOTAL QUASI-EQUITY	14	**736,567**	695,851
OWNERS' EQUITY			
Share capital	15	113,044	113,044
Statutory reserve		14,618	14,618
Treasury shares		(4,802)	(5,907)
Investment fair value reserve		(13,596)	(5,195)
Retained earnings		11,005	17,710
Equity attributable to Bank's shareholders		**120,269**	134,270
Non-controlling interest		7,614	7,600
TOTAL OWNERS' EQUITY		**127,883**	141,870
TOTAL LIABILITIES, QUASI-EQUITY AND OWNERS' EQUITY		**1,787,136**	1,725,124

The Board of Directors approved the condensed consolidated interim financial information on 9 August 2026 and signed on its behalf by:

Yusuf Abdulla Taqi Chairman	Sh. Ahmed Bin Isa Al Khalifa Vice Chairman	Abdulkarim Alzakari Acting Chief Executive Officer

The accompanying notes 1 to 29 form an integral part of this condensed consolidated interim financial information.

KHALEEJI BANK B.S.C.
CONDENSED CONSOLIDATED STATEMENT OF INCOME
For the six-months period ended 30 June 2026

	Note	Six months ended		Three months ended	
		30 June 2026 BD '000 (Reviewed)	30 June 2025 BD '000 (Reviewed)	**30 June 2026 BD '000 (Reviewed)**	30 June 2025 BD '000 (Reviewed)
Income from financing contracts		25,212	25,426	12,552	13,277
Income from placements with financial institutions		1,879	2,544	869	1,279
Income from sukuk and other yielding investments		17,296	11,497	9,507	6,284
Finance expense on placements from financial institutions, non-financial institutions and individuals		(10,993)	(10,715)	(5,702)	(4,955)
Finance expense on term financing from financial institutions		(6,895)	(6,803)	(3,612)	(3,767)
Net finance income		**26,499**	21,949	**13,614**	12,118
Income from investment securities, net		1,211	24	1,225	24
Income from investment in real estate, net	17	1,970	4,434	1,745	(21)
Fees and other income, net	18	2,267	1,562	1,315	779
TOTAL INCOME		**31,947**	27,969	**17,899**	12,900
Staff cost		4,454	4,427	2,572	1,921
Other operating expenses		5,692	5,191	3,083	2,423
TOTAL EXPENSES		**10,146**	9,618	**5,655**	4,344
Profit before impairment allowances and attribution to quasi-equity		**21,801**	18,351	**12,244**	8,556
Allowances for impairment and expected credit losses, net	19	(6,736)	(1,224)	(1,736)	271
Profit before attribution to quasi-equity		**15,065**	17,127	**10,508**	8,827
Less: Net profit attributable to quasi-equity		(14,647)	(11,513)	(7,658)	(6,456)
PROFIT FOR THE PERIOD		**418**	5,614	**2,850**	2,371
Attributable to:					
Bank's shareholders		404	5,614	2,848	2,371
Non-controlling interest		14	-	2	-
		418	5,614	**2,850**	2,371
Earnings per share					
Basic and diluted earnings per share (fils)	20	**0.37**	5.18	**2.61**	2.19

Yusuf Abdulla Taqi
Chairman

Sh. Ahmed Bin Isa Al Khalifa
Vice Chairman

Abdulkarim Alzakari
Acting Chief Executive Officer

The accompanying notes 1 to 29 form an integral part of this condensed consolidated interim financial information.

KHALEEJI BANK B.S.C.
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six-months period ended 30 June 2026

	Six months ended		Three months ended	
	30 June 2026	30 June 2025	**30 June 2026**	30 June 2025
	BD '000	BD '000	**BD '000**	BD '000
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Profit for the period	**418**	5,614	**2,850**	2,371
Other comprehensive income				
Items that are or may subsequently be classified to statement of income				
- Fair value changes on debt investments carried at fair value through other comprehensive income	(8,435)	570	6,695	(1)
- Fair value changes on equity investments carried at fair value through other comprehensive income	-	324	(9)	296
- Less: Attributable to quasi-equity	34	(127)	4	-
Total other comprehensive income for the period	(8,401)	767	6,690	295
Total comprehensive income	**(7,983)**	6,381	**9,540**	2,666
Attributable to:				
Bank's shareholders	(7,997)	6,381	9,538	2,666
Non-controlling interest	14	-	2	-
	(7,983)	6,381	**9,540**	2,666

The accompanying notes 1 to 29 form an integral part of this condensed consolidated interim financial information.

KHALEEJI BANK B.S.C.
CONDENSED CONSOLIDATED STATEMENT OF INCOME AND ATTRIBUTION RELATED TO QUASI-EQUITY
For the six-months period ended 30 June 2026

	Six months ended		Three months ended	
	30 June 2026 BD '000 (Reviewed)	30 June 2025 BD '000 (Reviewed)	**30 June 2026 BD '000** (Reviewed)	30 June 2025 BD '000 (Reviewed)
Profit before impairment allowances and attribution to quasi-equity	**21,801**	18,351	**12,244**	8,556
Adjusted for:				
Less: Income not attributable to quasi-equity	(5,448)	(6,020)	(4,285)	(782)
Add: Finance expense on due to FIs and non-FIs	17,888	17,518	9,314	8,722
Add: Expenses not attributable to quasi-equity	10,146	9,618	5,655	4,344
Less: Institution's share of income for its own/ share of investments	(28,677)	(25,540)	(14,119)	(12,898)
Less: Allowances for impairment and expected credit losses, net – attributable to quasi-equity	645	312	(317)	(299)
Total income available for quasi-equity holders	**16,355**	14,239	**8,492**	7,643
Profit equalization reserve – net movement	-	-	-	-
Total income attributable to quasi-equity holders	**16,355**	14,239	**8,492**	7,643
Less: Mudarib's share	(1,482)	(2,440)	(702)	(1,128)
Less: Wakala incentive	(226)	(286)	(132)	(59)
Net income attributable to quasi-equity	**14,647**	11,513	**7,658**	6,456
Investment risk reserve - net movement	-	-	-	-
Profit attributable to quasi-equity	**14,647**	11,513	**7,658**	6,456
Add: Other comprehensive income that may subsequently be classified to statement of income – attributable to quasi-equity	(34)	127	(4)	69
Total comprehensive income – attributable to quasi-equity	**14,613**	11,640	**7,654**	6,525
Less: Other comprehensive income not subject to immediate distribution to immediate distribution	34	(127)	4	(69)
Total comprehensive income subject to immediate distribution	**14,647**	11,513	**7,658**	6,456

KHALEEJI BANK B.S.C.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
For the six-months period ended 30 June 2026

30 June 2026 (Reviewed)	Equity attributable to Bank's shareholders							
	Share capital	**Statutory reserve**	**Treasury shares**	**Investment fair value reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total owners' equity**
	BD '000	**BD '000**	**BD '000**	**BD '000**	**BD '000**	**BD '000**	**BD '000**	**BD '000**
Balance at 1 January 2026	113,044	14,618	(5,907)	(5,195)	17,710	134,270	7,600	141,870
Profit for the period	-	-	-	-	404	404	14	418
Other comprehensive income	-	-	-	(8,401)	-	(8,401)	-	(8,401)
Total comprehensive income for the period	**-**	**-**	**-**	**(8,401)**	**404**	**(7,997)**	**14**	**(7,983)**
Transfer to Zakah fund	-	-	-	-	(30)	(30)	-	(30)
Dividend declared for 2025 (note 21b)	-	-	-	-	(6,512)	(6,512)	-	(6,512)
Issue of shares under staff incentive scheme	-	-	1,151	-	(653)	498	-	498
Parent's contribution towards staff incentive scheme	-	-	-	-	86	86	-	86
Purchase of treasury shares	-	-	(46)	-	-	(46)	-	(46)
Balance at 30 June 2026	**113,044**	**14,618**	**(4,802)**	**(13,596)**	**11,005**	**120,269**	**7,614**	**127,883**

The accompanying notes 1 to 29 form an integral part of this condensed consolidated interim financial information.

KHALEEJI BANK B.S.C.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
For the six-months period ended 30 June 2026 *(Continued)*

30 June 2025 (Reviewed)	Equity attributable to Bank's shareholders							
	Share capital	Statutory reserve	Treasury shares	Investment fair value reserve	Retained earnings	Total	Non-controlling interest	Total owners' equity
	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000
Balance at 1 January 2025	113,044	13,460	(6,254)	(5,816)	13,626	128,060	587	128,647
Profit for the period	-	-	-	-	5,614	5,614	-	5,614
Other comprehensive income	-	-	-	767	-	767	-	767
Total comprehensive income for the period	-	-	-	767	5,614	6,381	-	6,381
Transfer to Zakah fund	-	-	-	-	(828)	(828)	-	(828)
Dividend declared for 2024	-	-	-	-	(5,414)	(5,414)	-	(5,414)
Issue of shares under staff incentive scheme	-	-	347	-	(165)	182	-	182
Parent's contribution towards staff incentive scheme	-	-	-	-	65	65	-	65
Balance at 30 June 2025	113,044	13,460	(5,907)	(5,049)	12,898	128,446	587	129,033

The accompanying notes 1 to 29 form an integral part of this condensed consolidated interim financial information.

KHALEEJI BANK B.S.C.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six-months period ended 30 June 2026

	Six months ended 30 June 2026 BD '000 (Reviewed)	Six months ended 30 June 2025 BD '000 (Reviewed)
OPERATING ACTIVITIES		
Profit for the period	**418**	5,614
Adjustments:		
Depreciation	1,219	695
Finance expenses on term financing	6,895	6,803
Allowances for impairment and expected credit losses, net	6,736	1,224
Amortization of premium / discount on sukuk and other yielding investments, net	91	1,066
Foreign exchange revaluation, net	(1,089)	(675)
Amortization of right-of-use assets	271	207
Gain on sale of investment in sukuk and other yielding investments	-	382
Gain on sale of investment in real estate	(1,523)	(4,336)
Gain on sale of investment securities	(1,218)	-
Operating profit before changes in operating assets and liabilities	**11,800**	10,980
Mandatory reserve with Central Bank of Bahrain	9,590	(335)
Financing contracts	(17,005)	(97,100)
Other assets	(1,156)	621
Customers' current accounts	7,765	(28,026)
Other liabilities	(5,039)	1,298
Placements from financial institutions	(13,002)	(72,546)
Placements from non-financial institutions and individuals	(6,032)	(41,965)
Quasi-equity	40,716	135,016
Net cash generated from / (used in) operating activities	**27,637**	(92,057)
INVESTING ACTIVITIES		
Purchase of sukuk and other yielding investments	(163,937)	(154,585)
Proceeds from sale / redemption of sukuk and other yielding investments	1,885	84,675
Proceeds from sale of investment in real estate	8,679	-
Proceeds from disposal / redemption of investment securities	1,440	-
Purchase of property and equipment, net	(106)	(121)
Net movement in margin call accounts	(1,359)	(821)
Net cash used in investing activities	**(153,398)**	(70,852)
FINANCING ACTIVITIES		
Drawdown / (repayment) of term financing, net	47,771	141,716
Finance expenses paid on term financing	(6,895)	(6,803)
Payments of lease liabilities	(97)	-
Dividends paid	(6,512)	(5,414)
Net cash generated from financing activities	**34,267**	129,499
Net decrease in cash and cash equivalents	**(91,494)**	(33,410)
Cash and cash equivalents at beginning of the period	159,516	138,904
Cash and cash equivalents at end of the period	**68,022**	105,494
Cash and cash equivalents comprises:*		
Cash and bank balances (excluding CBB reserve)	11,719	85,316
Placement with financial institutions with original maturities of 90 days or less (excluding margin call accounts)	56,303	20,178
	68,022	105,494

*Cash and cash equivalents is net of the expected credit loss of BD 1 thousand (30 June 2025: BD Nil thousand).

The accompanying notes 1 to 29 form an integral part of this condensed consolidated interim financial information.

KHALEEJI BANK B.S.C.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OFF-BALANCE-SHEET ASSETS UNDER MANAGEMENT
For the six-months period ended 30 June 2026

Investment in real estate	**Six months ended 30 June 2026 BD '000** (Reviewed)	Six months ended 30 June 2025 BD '000 (Reviewed)
Balance at 1 January	1,533	1,533
Additions	-	-
Recoveries / disposals / withdrawals / expenses	-	-
Net movement	**1,533**	1,533
Bank's management share	-	-
Distributions	-	-
Balance at 30 June	**1,533**	1,533

The accompanying notes 1 to 29 form an integral part of this condensed consolidated interim financial information.

1 REPORTING ENTITY

Khaleeji Bank B.S.C. (the "Bank"), a public shareholding company, was incorporated on 24 November 2004 in the Kingdom of Bahrain under Commercial Registration No. 55133. The Bank operates under an Islamic retail license granted by the Central Bank of Bahrain ("CBB"). The Bank's shares are listed on the Bahrain Bourse.

82.95% (31 December 2025: 82.95%) of the ordinary shares of the Bank are held by GFH Bank B.S.C. (formerly known as GFH Financial Group B.S.C.) (the "Parent"), a Bahraini incorporated investment bank operating under an Islamic wholesale banking license issued by the Central Bank of Bahrain ("CBB") and whose shares are listed on Bahrain Bourse, Boursa Kuwait, Dubai Financial Markets ("DFM") and Abu Dhabi Securities Exchange ("ADX").

The condensed consolidated interim financial information comprises results of the Bank and its subsidiaries (together the "Group").

2 BASIS OF PREPARATION AND PRESENTATION

The condensed consolidated interim financial information of the Group has been prepared in accordance with Financial Accounting Standard

FAS 41, Interim Financial Reporting ("FAS 41") issued by the Accounting and Auditing Organisation of Islamic Financial Institutions ("AAOIFI").

The condensed consolidated interim financial information of the Group does not contain all information and disclosures required for the annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements for the year ended 31 December 2025. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2025.

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

Comparatives

The condensed consolidated interim financial information is reviewed, not audited. The comparatives for the condensed consolidated statement of financial position have been extracted from the audited consolidated financial statements for the year ended 31 December 2025 and comparatives for the condensed consolidated statements of income, the condensed consolidated statement of income and attribution related to quasi-equity, the condensed consolidated statement of changes in off-balance sheet assets under management, changes in owners' equity and cash flows, have been extracted from the reviewed condensed consolidated interim financial information for the six months ended 30 June 2025.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation applied by the Group in the preparation of the condensed consolidated interim financial information are the same as those used in the preparation of the Group's last audited consolidated financial statements as at and for the year ended 31 December 2025, except for those arising from adoption of the following standards and amendments to standards effective from 1 January 2026.

II. Relevant new standards, amendments, and interpretations effective for annual periods beginning on or after 1 January 2026

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

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

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

This standard is effective for the financial reporting periods beginning on or after 1 January 2026.

The Group did not have a significant impact on the adoption of this standard.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Relevant new standards, amendments, and interpretations effective for annual periods beginning on or after 1 January 2026 (Continued)

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

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

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

The participants’ Takaful fund and / or participants’ investment fund of a Takaful institution; and an investment fund managed by an institution, being a separate legal entity, which is subject to financial reporting in line with the requirements of the respective AAOIFI FAS.

This standard is effective for the financial reporting periods beginning on or after 1 January 2026.
The Group did not have any significant impact on the adoption of this standard.

3) FAS 47: Transfer of Assets Between Investment Pools

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

The standard defines an investment pool as a group of assets that are managed together to achieve a common investment objective, such as a fund, a portfolio, or a trust. The standard also defines a transfer of assets as a transaction or event that results in a change in the legal ownership or economic substance of the assets, such as a sale, a contribution, a distribution, or a reclassification.

The transfer of assets between investment pools should be accounted for based on the substance of the transaction and the terms and conditions of the transfer agreement. The standard classifies transfers of assets into three categories: transfers at fair value, transfers at carrying amount, and transfers at other than fair value or carrying amount. The standard also specifies the disclosure requirements for transfers of assets between investment pools.

This standard is effective for the financial periods beginning on or after 1 January 2026.
The Group did not have any significant impact on the adoption of this standard.

4) FAS 48: Promotional Gifts and Prizes

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

This standard is effective for the financial periods beginning on or after 1 January 2026.
The Group did not have a significant impact on the adoption of this standard.

II. Relevant new standards, amendments, and interpretations issued but not yet effective

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

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

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

The standard also provides guidance for Islamic investment institutions (IIIs) with multiple virtual entities or sub funds, introduces requirements on NAV differential, removes earlier governance and stakeholder reporting requirements, and grants exemptions from consolidation or equity accounting based on the unique business model and investment intent of the III.
This standard is effective for the financial periods beginning on or after 1 January 2027, with an option to early adopt. The Group does not expect any significant impact when they adopt this standard.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)
II. Relevant new standards, amendments, and interpretations issued but not yet effective (Continued)

2) FAS 51 - Participatory Ventures

FAS 51 replaces FAS 3 (Mudaraba Financing) and FAS 4 (Musharaka Financing), it provides guidance for accounting in the books of the working partner and the venture. The scope of this standard is expanded to include additional venture types, for example, Running Musharaka, Diminishing Musharaka and restricted Mudaraba.

This standard is effective for the financial periods beginning on or after 1 January 2027, with an option to early adopt. The Group does not expect any significant impact when they adopt this standard.

3) FAS 52 - Deferred Delivery Sales: Salam and Istisna

FAS 52 replaces FAS 7 “Salam and Parallel Salam” and FAS 10 “Istisna’a and Parallel Istisna’a”. This standard introduces guidance for accounting in the book of buyers and sellers including the treatment of parallel Salam and Istisna. This standard is aligned with the requirements of FAS 30 “Impairment, credit losses and onerous commitments”.

This standard is effective for the financial periods beginning on or after 1 January 2027, with an option to early adopt. The Group does not expect any significant impact when they adopt this standard.

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

AAOFI issued a guidance relating to withdrawal of FAS 26 – Investment in Real Estate and related transitional provisions (“Guidance”).

Following the withdrawal, investment in real estate shall be accounted for in accordance with IAS 40– Investment property.

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

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

4 FINANCIAL RISK MANAGEMENT

The Group’s financial risk management objectives and policies are consistent with those disclosed in the Group’s last audited consolidated financial statements for the year ended 31 December 2025.

5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The geopolitical situation in the Middle East has continued to evolve during the period, resulting in a heightened level of uncertainty in the economic environment across the region, including the Kingdom of Bahrain. The Group continues to closely monitor developments and maintains appropriate business continuity and risk management measures to mitigate the potential impact of any disruption on its operations, customers and financial performance. The Group also continues to assess the potential business and credit implications arising from these conditions, together with the effect of any support or relief measures introduced by regional governments and central banks.

The measurement of expected credit losses ("ECL") requires the application of significant judgement and the use of assumptions and estimates, in particular in relation to the assessment of significant increases in credit risk, the incorporation of forward-looking information, and the selection and weighting of forward-looking macroeconomic scenarios.

In June 2026, the Group updated the forward-looking macroeconomic factors, economic forecasts and assumptions incorporated within its ECL models to reflect the latest available economic information and prevailing market conditions. The Group considered a range of plausible economic outcomes and incorporated the impact of increased volatility in forward-looking macroeconomic factors when assessing the probability weighting, severity and likelihood of the economic scenarios applied within the impairment models.

The scenario weightings applied by the Group were as follows:

Scenario	30 June 2026	31 December 2025	30 June 2025
Best	5%	15%	15%
Base	70%	70%	70%
Worst	25%	15%	15%

Management also evaluated whether the modelled outcomes appropriately reflected prevailing and emerging credit risks across the Group's portfolios. The macroeconomic variables reassessed as part of this update included Bahrain and GCC gross domestic product growth, crude oil price assumptions, benchmark profit rate expectations, inflation forecasts and real estate market indicators, together with other economic factors considered relevant to the credit performance of the Group's financing and investment portfolios. In addition to the assumptions outlined above, the Group has given specific consideration to the relevant impact of these disruptions on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing the indicators of impairment for the exposures in potentially affected sectors. This has resulted in recognition of relevant ECLs and impairment allowances.

5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Assessment of the carrying values of assets

As of 30 June 2026, management performed an assessment of the carrying values of the Group's financial and nonfinancial assets, including financing contracts, investments in sukuk and other yielding investments, Investment in securities and investment in real estate, for any indicators of impairment or the need for valuation adjustments arising from the current geopolitical environment. Based on the information available at the reporting date, management concluded that the carrying values of these assets remain appropriate and no additional adjustments were required in this condensed consolidated interim financial information.

The Group also considered management overlays to address model limitations and portfolio-specific risk characteristics that were not fully captured within the underlying modelled outcomes. The reported ECL allowance represents management's best estimate at the reporting date, based on reasonable and supportable information available as at 30 June 2026. The economic environment remains subject to uncertainty, and the Group will continue to monitor developments and reassess the impact of changing macroeconomic conditions, portfolio performance and emerging risks on its ECL estimates in future reporting periods.

6 SEASONALITY

The Bank does not have significant income of a seasonal nature. However, given the inherent nature of the banking business and changes in market benchmark rates, the results reported in one period may not be directly comparable to those of other periods.

7 INVESTMENT IN SUKUK AND OTHER YIELDING INVESTMENTS

	30 June 2026 BD '000 (Reviewed)	31 December 2025 BD '000 (Audited)
Debt type instruments - at amortised cost		
- Quoted sukuk[1]	269,991	232,210
- Unquoted sukuk	1,317	1,317
- Other quoted yielding investments[1, 3]	171,910	85,700
Less: impairment allowance	(1,822)	(1,796)
Debt type instruments - at fair value through other comprehensive income		
- Quoted sukuk[1, 2]	189,313	196,732
- Other quoted yielding investments[1, 2, 3]	24,587	25,287
Debt type instruments - at fair value through statement of income		
- Other quoted yielding investments	37,970	-
Equity type instruments - at fair value through other comprehensive income		
- Quoted sukuk	29,149	29,149
	722,415	568,599

1. As of 30 June 2026, out of sukuk and other yielding investments of BD 655,296 thousand (31 December 2025: BD 539,450 thousand), BD 497,469 thousand (31 December 2025: BD 396,735 thousand) were pledged against term financing from financial institutions of BD 383,984 thousand (31 December 2025: BD 310,174 thousand).

2. Fair value loss reserve amounted to BD 13,071 thousand (31 December 2025: BD 4,635 thousand). The impairment expense on debt type instrument at fair value through other comprehensive income amounted to BD Nil thousand (30 June 2025: BD Nil thousand). The impairment expenses is recognised in the investment fair value reserve in the statement of changes in owners' equity.

3. Related to structured investments with exposure to sovereign entities.

8 FINANCING CONTRACTS

	30 June 2026 BD '000 (Reviewed)	31 December 2025 BD '000 (Audited)
Murabaha (net of deferred profit)*	569,864	522,737
Ijarah assets	297,792	324,213
Gross financing contracts	**867,656**	846,950
Less: Expected credit losses allowance	(20,445)	(16,744)
Financing contracts	**847,211**	830,206

*Murabaha financing assets are net of deferred profits of BD 32,154 thousand (31 December 2025: BD 29,277 thousand).

Movement of expected credit losses allowance is as follows:

30 June 2026 (Reviewed)	**Stage 1 BD '000**	**Stage 2 BD '000**	**Stage 3 BD '000**	**POCI* BD '000**	**Total BD '000**
Gross financing contracts	**767,523**	**41,984**	**58,149**	**-**	**867,656**
Less: expected credit losses allowance					
At 1 January 2026	2,186	4,054	9,751	753	16,744
Net movement between stages	608	(740)	132	-	-
Net charge	164	(354)	5,579	753	6,142
Write-off	-	-	(935)	(1,506)	(2,441)
Settlements	-	-	-	-	-
Expected credit losses allowance at 30 June 2026	**2,958**	**2,960**	**14,527**	**-**	**20,445**
Financing contracts	**764,565**	**39,024**	**43,622**	**-**	**847,211**

31 December 2025 (Audited)	Stage 1 BD '000	Stage 2 BD '000	Stage 3 BD '000	POCI* BD '000	Total BD '000
Gross financing contracts	739,815	59,298	46,331	1,506	846,950
Less: expected credit losses allowance					
At 1 January 2025	933	4,364	15,242	452	20,991
Net movement between stages	(592)	86	506	-	-
Net charge	1,845	(396)	2,799	301	4,549
Write-off	-	-	(5,291)	-	(5,291)
Settlements	-	-	(3,505)	-	(3,505)
Expected credit losses allowance at 31 December 2025	2,186	4,054	9,751	753	16,744
Financing contracts	737,629	55,244	36,580	753	830,206

* Purchased or originated credit impaired (POCI) assets are initially recognised at their fair value and subsequently remeasured for any change in ECL or expected recoverable amounts. The POCI assets are currently carried at Nil% (31 December 2025: 17.27%) compared to their original contractual outstanding amounts. On a cumulative basis, the impaired assets (Stage 3) are carried at 75.17% (31 December 2025: 73.65%) compared to their original contractual outstanding amounts.

As of 30 June 2026, the provision coverage ratio on non-performing financing contracts amounted to 118.69% (31 December 2025: 117%) after taking into account the estimated recoverable value of collateral held.

9 INVESTMENT SECURITIES

	30 June 2026 BD '000 (Reviewed)	31 December 2025 BD '000 (Audited)
Equity type instruments:		
At fair value through other comprehensive income -		
Unquoted equity securities	17,202	17,453
	17,202	17,453

10 INVESTMENT IN REAL ESTATE

	30 June 2026 BD '000 (Reviewed)	31 December 2025 BD '000 (Audited)
Development property*	9,186	9,223
Investment property**	28,760	36,710
	37,946	45,933

* Includes Bank's share in real estate properties with carrying value of BD 1,852 thousand (31 December 2025: BD 1,852 thousand) for which the title deeds are registered in the name of a third party and are held in custody on behalf of the Bank for it's beneficial interest.

** Includes Bank's share in real estate properties with carrying value of BD 18,352 thousand (31 December 2025: BD 26,000 thousand) for which the title deeds are registered in the name of a third party and are held in custody on behalf of the Bank for it's beneficial interest.

11 EQUITY ACCOUNTED INVESTEES

	30 June 2026 BD '000 (Reviewed)	31 December 2025 BD '000 (Audited)
At beginning of the period	6,948	6,516
Share of result for the period	5	432
At end of the period	**6,953**	6,948

12 OTHER ASSETS

	30 June 2026 BD '000 (Reviewed)	31 December 2025 BD '000 (Audited)
Repossessed assets	1,794	1,794
Profit accrued on sukuk and other yielding investments	7,283	6,479
Receivable from customers*	9,703	10,703
Right-of-use assets (note 12.1)	1,009	1,280
Prepaid expenses	1,673	897
Due from investments	412	409
Other receivables	2,254	1,681
	24,128	23,243

*Pertains to receivables from customers of BD 4,600 thousand (31 December 2025: BD 4,600 thousand) upon the in-kind settlement of stage 3 financing exposures. The process of transfer of the collateral real estate was not completed as at 30 June 2026. However, beneficial interest has been transferred to the Bank. As at 30 June 2026, the Group has taken a provision against those receivables in the amount of BD 1,310 thousand (31 December 2025: BD 1,310 thousand).

12 *OTHER ASSETS (Continued)*

12.1 Below are further details related to the right-of-use assets:

	30 June 2026 BD '000 (Reviewed)	31 December 2025 BD '000 (Audited)
Balance as at beginning of the period	1,280	1,069
Additional right-of-use assets for the period, net	-	627
Amortisation charge during the period	(271)	(416)
Balance as at end of the period	**1,009**	1,280

13 OTHER LIABILITIES

	30 June 2026 BD '000 (Reviewed)	31 December 2025 BD '000 (Audited)
Payable to investors	5,478	5,478
Mudaraba profit accrual	4,844	6,103
Net Ijarah liability (note 13.1)	669	766
Advance received from customers	280	274
Zakah and charity payable*	1,190	1,155
Employee related accruals	598	2,187
Payable for Istisna'a contracts	27	27
Other payables and accrued expenses**	7,474	12,684
	20,560	28,674

*During the period ended 30 June 2026, BD 35 thousand (2025: BD 831 thousand) was transferred into the Zakah and charity fund and BD Nil thousand (2025: BD 12 thousand) was utilised from the Zakah and charity fund.

**Includes impairment allowance on commitments and financial guarantees of BD 22 thousand (31 December 2025: BD 29 thousand).

13.1 The breakup of the Net Ijarah liability per maturity analysis is as follows:

	30 June 2026 (Reviewed)		
Maturity analysis	Gross ijarah liability BD '000	Deferred ijarah BD '000	Net ijarah liability BD '000
Less than one year	409	(5)	404
One to five years	283	(18)	265
Total	**692**	**(23)**	**669**

	31 December 2025 (Audited)		
Maturity analysis	Gross ijarah liability BD '000	Deferred ijarah BD '000	Net ijarah liability BD '000
Less than one year	422	(5)	417
One to five years	372	(23)	349
Total	794	(28)	766

14 QUASI-EQUITY

	30 June 2026 BD '000 (Reviewed)	31 December 2025 BD '000 (Audited)
Participatory-based		
Mudaraba	737,225	696,475
Fair value reserve attributable to Quasi-equity	(658)	(624)
	736,567	695,851

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

	30 June 2026 BD '000 (Reviewed)	31 December 2025 BD '000 (Audited)
CBB reserve account	25,576	35,166
Investment in sukuk and other yielding investments*	66,854	67,371
Financing contracts**	624,276	575,042
Investment securities	11,141	11,169
Equity accounted investees	1,761	-
Investment in real estate	6,959	7,103
	736,567	695,851

*Expected credit losses allowance as at 30 June 2026 amounts to BD 481 thousand (BD 444 thousand 31 December 2025).

**Expected credit losses allowance as at 30 June 2026 amounts to BD 4,632 thousand (BD 4,467 thousand 31 December 2025).

	30 June 2026 BD '000 (Reviewed)		31 December 2025 BD '000 (Audited)	
	Self	**Quasi equity (jointly financed)**	Self	Quasi equity (jointly financed)
Balances with banks	11,719	-	16,318	-
CBB reserve account	-	25,576	-	35,166
Placements with financial institutions	66,439	-	153,038	-
Investment in sukuk and other yielding investments	655,561	66,854	501,228	67,371
Financing contracts	222,935	624,276	255,164	575,042
Investment securities	6,061	11,141	6,284	11,169
Investment in real estate	30,987	6,959	38,830	7,103
Equity accounted investees	5,192	1,761	6,948	-
Other assets	24,128	-	23,243	-
Property and equipment	27,547	-	28,220	-
TOTAL	**1,050,569**	**736,567**	1,029,273	695,851

14 *QUASI-EQUITY (Continued)*

The distribution of income by ownership is as follows:

	30 June 2026 BD '000 (Reviewed)		30 June 2025 BD '000 (Reviewed)	
Income	**Self**	**Quasi equity (jointly financed)**	Self	Quasi equity (jointly financed)
Income from financing contracts	9,103	16,109	17,498	7,928
Income from placements with financial institutions	1,879	-	293	2,251
Income from sukuk and other yielding investments	16,417	879	7,749	3,748
Finance expense on placements from financial institutions, non-financial institutions and individuals	(10,993)	-	(10,715)	-
Finance expense on term financing from financial institutions	(6,895)	-	(6,803)	-
Net finance income	**9,511**	**16,988**	8,022	13,927
Income from investment securities, net	1,218	(7)	24	-
Income from investment in real estate, net	1,970	-	4,434	-
Fees and other income, net	2,248	19	1,562	-
TOTAL INCOME	**14,947**	**17,000**	14,042	13,927
Staff cost	4,454	-	4,427	-
Other operating expenses	5,692	-	5,191	-
TOTAL EXPENSES	**10,146**	**-**	9,618	-
Profit before impairment allowances and attribution to quasi-equity	**4,801**	**17,000**	4,424	13,927
Allowances for impairment and expected credit losses, net	(6,091)	(645)	(1,536)	312
(Loss) / profit before attribution to quasi-equity	**(1,290)**	**16,355**	2,888	14,239
Group's share as a mudarib and wakil	1,708	(1,708)	2,726	(2,726)
PROFIT FOR THE PERIOD	**418**	**14,647**	5,614	11,513

15 SHARE CAPITAL

	30 June 2026 BD '000 (Reviewed)	31 December 2025 BD '000 (Audited)
Authorised:		
3,000,000,000 ordinary shares of BD 0.100 each	**300,000**	300,000
Issued and fully paid up:		
1,130,440,712 ordinary shares (2025: 1,130,440,712 shares) of BD 0.100 each	**113,044**	113,044

16 COMMITMENTS AND CONTINGENCIES

	30 June 2026 BD '000 (Reviewed)	31 December 2025 BD '000 (Audited)
Undrawn commitments to extend finance*	63,391	64,862
Financial guarantees	40,423	40,026
	103,814	104,888

* The Group has a right to revoke the undrawn commitment to extend finance prior to expiry of its tenor.

During the period, a net impairment reversal of BD 7 thousand (2025: charges of BD 46 thousand) has been reflected in relation to the credit risk on these for commitments and contingent liabilities.

16 *COMMITMENTS AND CONTINGENCIES (Continued)*

Litigations and claims

In the normal course of business, legal cases are filed by the Bank against its customers and against the Bank by its customers or investors. The Group's legal department engages with in-house legal counsel and external legal counsel depending on the nature of the cases. A periodic assessment is carried out to determine the likely outcome of these legal cases and is reported to the senior management and Board of directors.

17 INCOME FROM INVESTMENT IN REAL ESTATE, NET

	30 June 2026 BD '000 (Reviewed)	30 June 2025 BD '000 (Reviewed)
Gain on disposal of investment properties	1,523	4,336
Rental income on investment in real estate, net	447	98
	1,970	4,434

18 FEES AND OTHER INCOME, NET

	30 June 2026 BD '000 (Reviewed)	30 June 2025 BD '000 (Reviewed)
Fees income	328	612
Foreign exchange gain	1,089	726
Recovery of written-off assets	121	224
Other income	729	-
	2,267	1,562

19 ALLOWANCES FOR IMPAIRMENT AND EXPECTED CREDIT LOSSES, NET

	30 June 2026 BD '000 (Reviewed)	30 June 2025 BD '000 (Reviewed)
Balances and placements with banks and financial institutions	3	-
Financing contracts (note 8)	6,142	1,537
Investments in sukuk and other yielding investments (note 7)	26	(404)
Commitments and financial guarantees (note 16)	(7)	(46)
Investment in real estate	572	20
Other assets	-	117
	6,736	1,224

Movement on expected credit losses allowance in various stages during the period:

30 June 2026 (Reviewed)	**Stage 1 BD '000**	**Stage 2 BD '000**	**Stage 3 BD '000**	**POCI BD '000**	**Total BD '000**
ECL balance at 1 January	2,699	4,054	12,754	753	20,260
Transfer to Stage 1	629	(572)	(57)	-	-
Transfer to Stage 2	(19)	43	(24)	-	-
Transfer to Stage 3	(2)	(210)	212	-	-
Net movement	608	(739)	131	-	-
Charge for the period (net)	186	(355)	5,580	753	6,164
Write-off	-	-	(935)	(1,506)	(2,441)
ECL balance as at 30 June 2026	**3,493**	**2,960**	**17,530**	**-**	**23,983**

19 ALLOWANCES FOR IMPAIRMENT AND EXPECTED CREDIT LOSSES, NET (Continued)

	Stage 1: 12-month ECL BD '000	**Stage 2: Life time ECL non-credit impaired BD '000**	**Stage 3: Life time ECL credit impaired * BD '000**	**Total BD '000**
Balances and placements with banks and financial institutions	15	-	-	15
Financing contracts (note 8)	2,958	2,960	14,527	20,445
Investments in sukuk at amortised cost	504	-	1,318	1,822
Commitments and financial guarantees	16	-	6	22
Other assets	-	-	1,679	1,679
	3,493	**2,960**	**17,530**	**23,983**

Movement on expected credit losses allowance in various stages during the period:

30 June 2025 (Reviewed)	Stage 1 BD '000	Stage 2 BD '000	Stage 3 BD '000	POCI BD '000	Total BD '000
ECL balance at 1 January	1,779	4,366	16,564	452	23,161
Transfer to Stage 1	95	(95)	-	-	-
Transfer to Stage 2	(275)	275	-	-	-
Transfer to Stage 3	(675)	(156)	831	-	-
Net movement	(855)	24	831	-	-
Charge for the period (net)	(94)	27	1,079	75	1,087
Write-off	-	-	(3,091)	-	(3,091)
ECL balance as at 30 June 2025	830	4,417	15,383	527	21,157

30 June 2025 (Reviewed)	Stage 1: 12-month ECL BD '000	Stage 2: Life time ECL non-credit impaired BD '000	Stage 3: Life time ECL credit impaired * BD '000	Total BD '000
Balances and placements with banks and financial institutions	1	-	-	1
Financing contracts (note 8)	434	4,417	14,586	19,437
Investments in sukuk at amortised cost	374	-	1,318	1,692
Commitments and financial guarantees	21	-	6	27
	830	4,417	15,910	21,157

* Stage 3: Life time ECL credit impaired includes POCI

20 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the Bank by the weighted average number of shares outstanding during the period net of treasury shares. There are no dilutive potential shares that are convertible into shares.

	Six months ended		**Three months ended**	
	30 June 2026 BD '000 (Reviewed)	30 June 2025 BD '000 (Reviewed)	**30 June 2026 BD '000** (Reviewed)	30 June 2025 BD '000 (Reviewed)
Profit for the period attributable to the shareholders of the Bank	404	5,614	2,848	2,371
Profit for the period attributable to the shareholders of the bank for basic and diluted earnings per share computation	404	5,614	2,848	2,371
Weighted average number of shares outstanding during the period, net of treasury shares (thousand)	1,091,011	1,084,645	1,091,011	1,085,050
Basic and diluted earnings per share (fils)	**0.37**	5.18	**2.61**	2.19

21 a Appropriations of net profit, if any, are made only after obtaining approval of the shareholders.

21 b The shareholders, in their General Assembly meeting on 12 March 2026 resolved to declare dividends on all ordinary shares, excluding treasury shares, at a rate of 6% of the nominal value of the share, equivalent to 6 Fils per share, totaling BD 6,512 thousand which was effected during the period ended 30 June 2026.

22 FUNDS UNDER MANAGEMENT

The Group provides corporate administration, investment management and advisory services to its investment entities, which involves making decisions on behalf of such entities. Assets that are held in such capacity are not included in these consolidated financial statements. No income or expenses has been recognized from the funds under management during the period. At the reporting date, the Group had Funds under management of having net asset value of BD 67,187 thousand (31 December 2025: BD 67,187 thousand).

23 SIGNIFICANT RELATED PARTY TRANSACTIONS

The significant related party transactions and balances included in this condensed consolidated interim financial information are as follows:

30 June 2026 (Reviewed)	**Related parties**				
	Associates	**Directors / Key management personnel and shari'a board members**	**Parent / related entities / other significant shareholders / entities in which directors are interested**	**Assets under management (including special purpose entities)**	**Total**
	BD '000	**BD '000**	**BD '000**	**BD '000**	**BD '000**
Assets					
Financing contracts	-	4,647	14,069	-	**18,716**
Investment in sukuk and other yielding investments	-	-	58,297	-	**58,297**
Investment securities	-	-	2,284	1,945	**4,229**
Equity accounted investees	6,953	-	-	-	**6,953**
Other assets	-	-	95	171	**266**
Liabilities and Quasi-equity					
Placement from financial institutions, non-financial institutions and individuals	-	3,115	129,193	-	**132,308**
Customers' current accounts	17	134	21,448	423	**22,022**
Other liabilities	-	584	-	-	**584**
Quasi-equity	308	3,450	98,780	129	**102,667**

30 June 2026 (Reviewed) Six months ended	**Related parties**				
	Associates	**Directors / Key management personnel and shari'a board members**	**Parent / related entities / other significant shareholders / entities in which directors are interested**	**Assets under management (including special purpose entities)**	**Total**
	BD '000	**BD '000**	**BD '000**	**BD '000**	**BD '000**
Income					
Income from financing contracts	-	127	1,633	-	**1,760**
Income from Sukuk and other yielding investments	-	-	1,374	-	**1,374**
Income from investment securities	-	-	1,217	-	**1,217**
Share of results from equity accounted investees	5	-	-	-	**5**
Income from investment in real estate, net	-	-	1,523	-	**1,523**
Expenses					
Finance expense on placements from financial institutions,non-financial institutions and individuals	-	79	680	-	**759**
Net income attributable to quasi-equity	7	66	2,182	3	**2,258**
Staff cost	-	1,585	-	-	**1,585**
Other operating expenses	-	206	-	21	**227**

During the period, the Bank and its Parent entered into an agreement to settle a BD 10,119 thousands liability in-kind by transferring two plots of land with a carrying value of BD 7,156 thousand and an equity investment security with a carrying value of BD 223 thousand, resulting in a total gain of BD 2,740 thousand.

23 *SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)*

31 December 2025 (Audited)	Related parties				
	Associates	Directors / Key management personnel and shari'a board members	Parent / related entities / other significant shareholders / entities in which directors are interested	Assets under management (including special purpose entities)	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Assets					
Financing contracts	-	4,509	86,591	-	91,100
Investment in sukuk and other yielding investments	-	-	58,297	-	58,297
Investment securities	-	-	2,284	-	2,284
Equity accounted investees	6,948	-	-	-	6,948
Other assets	-	-	153	-	153
Liabilities and Quasi-equity					
Placement from financial institutions, non-financial institutions and individuals	-	4,096	119,629	-	123,725
Customers' current accounts	243	879	21,537	-	22,659
Other liabilities	-	639	-	-	639
Quasi-equity	313	1,805	133,974	-	136,092

30 June 2025 (Reviewed) Six months ended	Related parties				
	Associates	Directors / Key management personnel and shari'a board members	Parent / related entities / other significant shareholders / entities in which directors are interested	Assets under management (including special purpose entities)	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Income					
Income from financing contracts	-	113	1,012	-	1,125
Income from Sukuk and other yielding investments	-	-	874	-	874
Income from investment securities	-	-	-	-	-
Share of results from equity accounted investees	-	-	-	-	-
Other income	-	-	14	-	14
Expenses					
Finance expense on placements from financial institutions,non-financial institutions and individuals	-	50	627	-	677
Net income attributable to quasi-equity	8	31	1,021	3	1,063
Staff cost	-	1,365	-	-	1,365
Other operating expenses	-	145	-	47	192

During the period ended 30 June 2026, the Bank paid BD 6,512 thousand (30 June 2025: BD 5,414 thousand) as dividend to it's shareholders.

24 SEGMENT INFORMATION

30 June 2026 (Reviewed)	**Corporate and Retail Banking BD '000**	**Investment Banking BD '000**	**Unallocated BD '000**	**Total BD '000**
Segment revenue	46,260	3,575	-	**49,835**
Segment results	4,493	2,251	(6,326)	**418**
Segment assets	1,675,883	62,859	48,394	**1,787,136**
Segment liabilities	910,971	5,792	5,923	**922,686**

30 June 2025 (Reviewed)	Corporate and Retail Banking BD '000	Investment Banking BD '000	Unallocated BD '000	Total BD '000
Segment revenue	45,313	174	-	45,487
Segment results	11,535	68	(5,989)	5,614

31 December 2025 (Audited)	Corporate and Retail Banking BD '000	Investment Banking BD '000	Unallocated BD '000	Total BD '000
Segment assets	1,610,469	71,191	43,464	1,725,124
Segment liabilities	873,186	6,447	7,770	887,403

25 FINANCIAL INSTRUMENTS

a) *Fair value*

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

The fair value of quoted Sukuk and other yielding investments carried at amortised cost (net of expected credit losses allowance) of BD 441,396 thousand (31 December 2025: BD 317,431 thousand) is BD 425,733 thousand as at 30 June 2026 (31 December 2025: BD 312,334 thousand).

The estimated fair values of the Group's other financial instruments are not significantly different from their carrying values due to their short-term nature.

b) *Fair value hierarchy*

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

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

30 June 2026 (Reviewed)	**Level 1 BD '000**	**Level 2 BD '000**	**Level 3 BD '000**	**Total BD '000**
Debt-type sukuk and other yielding investment at fair value through other comprehensive income	165,391	48,509	-	**213,900**
Debt-type sukuk at fair value through statement of income	-	-	37,970	**37,970**
Equity-type sukuk at fair value through other comprehensive income	-	29,149	-	**29,149**
Equity-type securities carried at fair value through other comprehensive income	-	-	17,202	**17,202**
	165,391	**77,658**	**55,172**	**298,221**

25 FINANCIAL INSTRUMENTS (Continued)
b) Fair value hierarchy (Continued)

31 December 2025 (Audited)	Level 1 BD '000	Level 2 BD '000	Level 3 BD '000	Total BD '000
Debt-type sukuk at fair value through other comprehensive income	170,579	51,441	-	222,020
Equity-type sukuk at fair value through other comprehensive income	-	29,149	-	29,149
Equity-type securities carried at fair value through other comprehensive income	-	-	17,453	17,453
	170,579	80,590	17,453	268,622

The following table analyses the movement in Level 3 financial assets during the six month period ended 30 June 2026:

	30 June 2026 BD '000 (Reviewed)	30 June 2025 BD '000 (Reviewed)
At 1 January	17,453	20,895
Addition	37,970	-
Disposal	(222)	-
Movement in investment fair value reserve	-	324
Other movements	(29)	(29)
As at 30 June	**55,172**	21,190

During the six months period ended 30 June 2026 and 30 June 2025, there were no transfers between Level 1 and Level 2 fair value measurements.

c) *Fair value*

Other financial instruments

Placements with financial institutions and placements from financial institutions are for short term tenure hence their carrying value is not different from the fair value. Placements from non-financial institutions and individuals which are not short term are re-priced at regular intervals hence carrying value approximates its fair value. Fair value of other financial assets and liabilities are not significantly different from their carrying values due to their short term nature.

26 REGULATORY RATIOS

a. Net stable funding Ratio (NSFR)

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

The Consolidated NSFR calculated as per the requirements of the CBB rulebook, as of 30 June 2026 is as follows:

Item	Unweighted Values (i.e. before applying relevant factors)				Total
	No specified maturity	Less than 6 months	More than 6 months than one year	Over one year	weighted value
	BD '000	BD '000	BD '000	BD '000	BD '000
<u>Available Stable Funding (ASF):</u>					
Capital:					
Regulatory Capital	120,026	-	-	6,541	126,567
Other Capital Instruments	-	-	-	-	-
Retail deposits and deposits from small business customers:					
Stable deposits	-	50,832	14,534	96	62,193
Less Stable deposits	-	315,129	152,818	6,702	427,854
Wholesale funding:					
Operational deposits	-	-	-	-	-
Other wholesale funding	-	1,050,586	46,298	3,118	258,187
Other liabilities:					
NSFR derivative liabilities	-	-	-	-	-
All other liabilities not included in the above categories	-	20,300	-	570	570
Total ASF	**120,026**	**1,436,847**	**213,650**	**17,027**	**875,371**

26 **REGULATORY RATIOS (continued)**

a. Net stable funding Ratio (NSFR) (continued)

Item	Unweighted Values (i.e. before applying relevant factors)				Total
	No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	weighted value
	BD '000	BD '000	BD '000	BD '000	BD '000
Required Stable Funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	675,769	-	-	-	30,810
Performing financing assets and loans / securities:					
Performing loan to financial institutions secured by level 1 HQLA	-	-	-	-	-
Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans financial institutions	-	55,975	-	37,970	46,366
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	123,373	37,295	528,069	500,816
with a risk weight of less than or equal to 35% as per the CBB Capital Adequacy ratio guidelines	-	-	-	141,883	92,224
Performing residential mortgages, of which:					
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	110,203	71,632
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	43,935	16,851	-	58,505	102,090
Other Assets:					
Physical traded commodities, including gold	-	-	-	-	-
Assets posted as initial margin for Shari’a compliant hedging contracts funds and contributions to default of CCPS	-	-	-	-	-
NSFR Shari’a-compliant hedging assets	-	-	-	-	-
NSFR Shari’a compliant hedging contracts liabilities before deduction of variation margin posted	-	-	-	-	-
All other assets not included in the above categories	98,720	-	-	-	98,720
OBS items	105,347	-	-	-	5,267
Total RSF	**923,771**	**196,199**	**37,295**	**734,747**	**855,701**
NSFR%					**102.30%**

26 REGULATORY RATIOS (continued)

a. Net stable funding Ratio (NSFR) (continued)

The Consolidated NSFR calculated as per the requirements of the CBB rulebook, as of 31 December 2025 is as follows:

Item	Unweighted Values (i.e. before applying relevant factors)				Total
	No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	weighted value
	BD '000	BD '000	BD '000	BD '000	BD '000
Available Stable Funding (ASF):					
Capital:					
Regulatory Capital	134,068	-	-	6,497	140,565
Other Capital Instruments	-	-	-	-	-
Retail deposits and deposits from small business customers:					
Stable deposits	-	42,563	3,264	234	43,770
Less Stable deposits	-	324,053	140,120	8,340	426,095
Wholesale funding:					
Operational deposits	-	-	-	-	-
Other wholesale funding	-	950,752	48,980	37,693	255,852
Other liabilities:					
NSFR derivative liabilities	-	-	-	-	-
All other liabilities not included in the above categories	-	27,586	-	766	766
Total ASF	134,068	1,344,954	192,364	53,530	867,048

26 REGULATORY RATIOS (continued)

a. Net stable funding Ratio (NSFR) (continued)

Item	Unweighted Values (i.e. before applying relevant factors)				Total weighted value
	No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	
	BD '000	BD '000	BD '000	BD '000	BD '000
Required Stable Funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	588,854	-	-	-	26,247
Performing financing assets and loans / securities:					
Performing loan to financial institutions secured by level 1 HQLA	-	-	-	-	-
Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans financial institutions	-	113,036	-	-	16,955
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	72,419	74,585	461,437	465,723
with a risk weight of less than or equal to 35% as per the CBB Capital Adequacy ratio guidelines	-	-	-	117,866	76,613
Performing residential mortgages, of which:					
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	72,806	47,324
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	44,181	18,135	-	58,522	102,992
Other Assets:					
Physical traded commodities, including gold	-	-	-	-	-
Assets posted as initial margin for Shari'a compliant hedging contracts funds and contributions to default of CCPS	-	-	-	-	-
NSFR Shari'a-compliant hedging assets	-	-	-	-	-
NSFR Shari'a compliant hedging contracts liabilities before deduction of variation margin posted	-	-	-	-	-
All other assets not included in the above categories	103,305	-	-	-	103,305
OBS items	106,421	-	-	-	5,321
Total RSF	842,761	203,590	74,585	710,631	844,480
NSFR%					102.67%

26 REGULATORY RATIOS (continued)

b. Capital Adequacy Ratio

	30 June 2026 BD '000 (Reviewed)	31 December 2025 BD '000 (Audited)
CET 1 Capital before regulatory adjustments	120,026	134,068
Less: regulatory adjustments	1,496	-
CET 1 Capital after regulatory adjustments	118,530	134,068
T1 Capital	-	-
T 2 Capital adjustments	6,541	6,467
Regulatory Capital	**125,071**	140,535
Risk weighted exposure:		
Credit Risk Weighted Assets	543,962	517,344
Market Risk Weighted Assets	3,689	10,194
Operational Risk Weighted Assets	90,909	90,909
Total Regulatory Risk Weighted Assets	**638,560**	618,447
Investment risk reserve (30% only)	-	-
Profit equalization reserve (30% only)	-	-
Total Adjusted Risk Weighted Exposures	**638,560**	618,447
Capital Adequacy Ratio	**19.59%**	22.72%
Tier 1 Capital Adequacy Ratio	**18.56%**	21.68%
Minimum required by CBB	12.5%	12.5%

27 SIGNIFICANT EVENTS

CBB measures

On 14 April 2026, the Central Bank of Bahrain introduced a number of support measures for the economy and the banking sector, including liquidity lines to retail banks against eligible securities, repayment deferrals of up to three months for eligible financing customers, extension of repurchase operation maturities, a reduction in the required cash reserve ratio, and a lowering of the minimum LCR and NSFR thresholds applicable to banks.

The Group continues to monitor these developments and is assessing the extent to which these measures may have an impact on its condensed consolidated interim financial information.

28 GLOBAL MINIMUM TAX

Khaleeji Bank B.S.C (the "Bank") is part of a multinational enterprise (“MNE”) group whose Parent, GFH Bank (the “Parent” or “Group”), is domiciled and operates in the Kingdom of Bahrain. The tax authorities in the Kingdom of Bahrain have issued and enacted Decree Law No. (11) of 2024 (‘Bahrain DMTT law’) on 1 September 2024 introducing a domestic minimum top-up tax (“DMTT”) of up to 15% on the taxable income of the Bahrain resident entities of the MNE group for fiscal years commencing on or after 1 January 2025.

As per the Parent’s assessment of applicability of the DMTT law, it has assessed and concluded that it is in scope for the Bahrain DMTT law or the OECD Global Anti-Base Erosion Pillar Two Model Rules (‘GloBE rules’) for financial year 2026. The reason for this conclusion is that the Group had a total annual consolidated revenue exceeding EUR 750 million in the last two of the four preceding fiscal years; therefore, DMTT is applicable on GFH Bank from the period starting 1 January 2026 and as such the Bank and its subsidiaries domiciled in Bahrain were registered with the National Bureau of Revenue ("NBR").

As at 30 June 2026, the Group is still assessing and has not finalized its position on DMTT recharge arrangement back to its components. Consequently, the accounting treatment and allocation of DMTT charge, if any, within the Group is still not finalized. As such, no DMTT tax expense has been recognized by the Bank as at 30 June 2026, pending completion of the Group's assessment and the formalization of the intercompany rechargeability arrangements.

29 COMPARATIVE FIGURES

The comparative figures have been regrouped in order to conform with the presentation for current period. Such regrouping did not affect previously reported profit for the period or total equity.