



ANNUAL
**GENERAL MEETING
AND EXTRAORDINARY
GENERAL MEETING**
BOOKLET

26 March 2026

Kingdom of Bahrain



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Bank ABC

P.O. Box 5698, Manama, Kingdom of Bahrain (CR: 10299)
Bank ABC (Arab Banking Corporation B.S.C.) is licensed as
a conventional wholesale bank by the Central Bank of Bahrain

FABR173



CONTENTS

AGM/EGM Agenda	2
Annual General Meeting	7
Minutes of the previous AGM meeting	10
Directors' Report	32
Auditors' Report	40
Consolidated Financial Statements	50
Group Financial Review	134
Corporate Governance	142
The Extraordinary Meeting	163
Minutes of the previous EGM meeting	166
Issuance of perpetual Additional Tier 1 Capital Securities	174
Appendices	177
Board of Directors Biographies	179
Management Organisation Chart	184

Agenda

The Board of Directors of Bank ABC (Arab Banking Corporation B.S.C.) is pleased to invite the esteemed shareholders to attend the Bank's annual ordinary general meeting (the "AGM") and extraordinary general meeting (the "EGM") to be held at 1:00 PM on **Thursday, 26 March 2026** at Bank ABC Tower 1, Diplomatic Area, Manama, Kingdom of Bahrain to discuss and approve the agenda items listed below. The alternate date for the meetings in the absence of a quorum will be Thursday, 2 April 2026, at the same time and location. The alternate date for the meetings in the absence again of a quorum will be Thursday, 9 April 2026, at the same time and location.

Agenda of the Ordinary General Meeting

1. To approve the minutes of the past ordinary general meeting of the Bank dated 16 March 2025.
2. To consider and acknowledge the Report of the Auditors concerning the Consolidated Financial Statements for the financial year ended 31 December 2025.
3. To discuss and approve the Report of the Board of Directors about the activities of the Bank for the financial year ended 31 December 2025.
4. To discuss and approve the Consolidated Financial Statements for the financial year ended 31 December 2025.
5. To approve the recommendation of the Board of Directors for appropriation of profits for the financial year ended 31 December 2025 as follows:
 - 5.1 The transfer of US\$25.7 million to the legal reserve.
 - 5.2 Cash payment of 2.75% dividend or 2.75 cents for each outstanding share (net of treasury shares) for approximately a total of US\$85.1 million. The Cum-Dividend Date is 29 March 2026, Ex-Dividend Date is 30 March 2026, Record Date is 31 March 2026, Payment Date is 14 April 2026; and
 - 5.3 Transfer of the remaining balance of US\$146.24 million to the retained earnings.
6. To discuss and approve the Corporate Governance Report for the year 2025 as per the requirements of the Central Bank of Bahrain.

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7. To ratify a remuneration of US\$1,500,000 to the Members of the Board of Directors for the year 2025, subject to approval of the Ministry of Industry and Commerce.
 8. To absolve the Directors from liability for the financial year ended 31 December 2025.
 9. Subject to approval of the Central Bank of Bahrain, to re-appoint Messrs Ernst & Young as auditors of the Bank for the financial year ending 31 December 2026, and to authorise the Board of Directors to fix their remuneration.
 10. Update on related party transactions pursuant to Article 189 (c) of the Commercial Companies Law and as set out in note 29 of the Consolidated Financial Statements for the financial year ended 31 December 2025.
 11. Any other business under article 207 of the Commercial Companies Law.

Agenda of the Extraordinary General Meeting

1. To approve the minutes of the past EGM of the Bank dated 24 March 2024.
2. To ratify and approve the issuances of perpetual Additional Tier 1 Capital Securities:

The shareholders of the Company considered that the Extraordinary General Meeting held on 24 March 2024 approved the issuance of up to U.S. \$ 400,000,000 of convertible perpetual tier 1 capital securities and delegated to the Board of Directors of the Company the authority to determine the profit/interest/coupon rate, issuance value and other terms and conditions as set out in the EGM resolutions of that date (**"2024 EGM"**).

The shareholders of the Company further noted that the Board of Directors of the Company, at its meeting held on 21 July 2025, approved the issuance of perpetual additional tier 1 capital securities in an aggregate amount of up to U.S.\$ 400,000,000 to be structured as a private placement and issued in up to two tranches, and delegated to the Group Chief Executive Officer authority to determine and approve the terms and documentation of such issuance within the parameters of the 2024 EGM approval, as evidenced by the Board of Directors' resolutions (**"Directors 2025 Resolutions"**). An issuance of U.S.\$200,000,000 Perpetual Additional Tier 1 Capital Securities took place on 9 October 2025 (**"2025 Issuance"**).

Agenda

The shareholders also noted that, Bank ABC intends to undertake a second issuance of perpetual additional tier 1 capital securities in an aggregate principal amount of up to two hundred million United States Dollars (U.S.\$ 200,000,000) in 2026 and that such issuance shall be undertaken pursuant to the authorities previously granted to the Board of Directors of the Company and management pursuant to the 2024 EGM (**“2026 Issuance”**) and the Board of Directors of the Company shall have the authority to determine the terms and conditions of such issuance in line with the 2024 EGM.

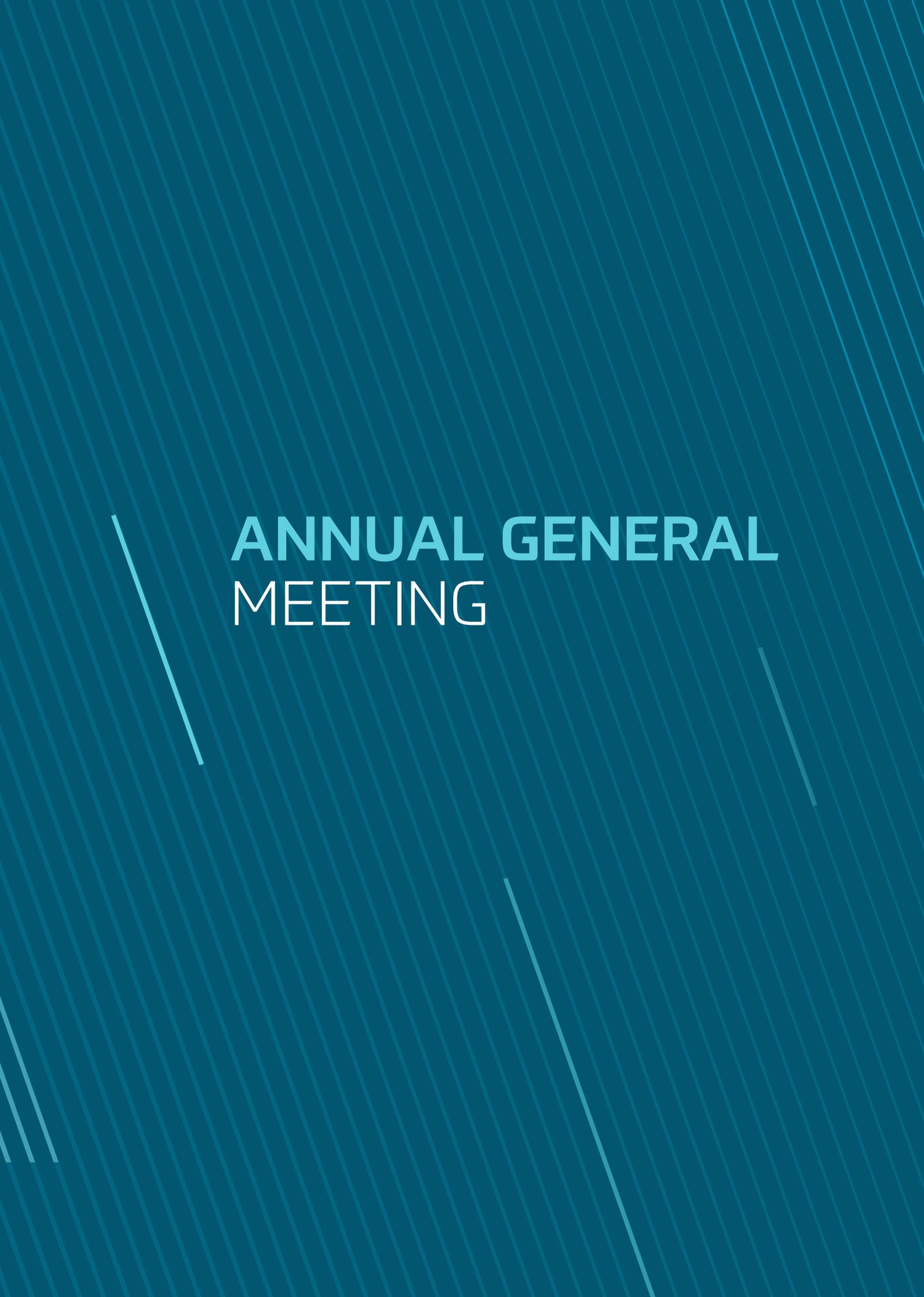
In light of the foregoing, and for the purposes of clarity and good order, the shareholders of the Company hereby resolve as follows:

- 2.1 Ratification of the 2025 Issuance. To ratify, confirm and approve in all respects the issuance by the Company of the 2025 Issuance as part of the authority previously granted pursuant to the 2024 EGM, acknowledging that such perpetual additional tier 1 securities were issued on non-convertible terms with a contractual write-down loss-absorption feature and as otherwise set out in the applicable issuance documentation approved pursuant to the delegated authorities of the Board of Directors and the Group Chief Executive Officer and the Directors 2025 Resolutions.
- 2.2 Approval of the 2026 Issuance: To approve the issuance of perpetual tier 1 capital securities in accordance with CA-2.1 (regulatory capital) of the Capital Adequacy Module of Volume 1 of the CBB Rulebook (**“Capital Securities”**) of up to two hundred million United States Dollars (U.S.\$ 200,000,000) and authorise the Board of Directors of the Company to take the necessary decisions regarding the profit/interest/coupon rate and issuance value and other terms and conditions. The Board of Directors of the Company do not require any further approval from the shareholders of the Company for any additional actions not specifically covered by this EGM or any other matter in connection with the issuance of the Capital Securities and the Board of Directors of the Company are hereby authorised to undertake any such actions and enter into any such documents as required.
- 2.3 Consistency with prior shareholder authority. To acknowledge that the issuance of the perpetual additional tier 1 capital securities under the 2025 Issuance and the 2026 Issuance falls within the overall shareholder authority granted at the 2024 EGM for the issuance of up to U.S.\$ 400,000,000 perpetual additional tier 1 capital securities and within the board’s delegated authority thereunder, and to the extent necessary, to approve any variation from convertibility to non-convertibility by expressly authorising and ratifying the issuance of perpetual additional tier 1 capital securities that provide for regulatory loss-absorption via contractual write-down rather than conversion.
- 2.4 Ratification of actions taken. To ratify and approve all actions, determinations and discretions taken by the board of directors, the Group Chief Executive Officer, their delegates and any authorised officers in connection with the structuring, approval, execution and issuance of the perpetual additional tier 1 capital securities pursuant to the 2025 Issuance and all related documentation and regulatory submissions, including actions taken under the authorities conferred by the 2024 EGM and the Directors 2025 Resolutions, which remain in full force and effect.

Important notice to shareholders

- / Shareholders whose names are registered in the Bank's share register on the date of the meetings are entitled to attend the ordinary general meeting and extraordinary general meeting or to appoint a proxy to attend and vote on the Shareholder's behalf, provided that such proxy is not the chairman, a director, or an employee of the Bank.
- / If a shareholder is an institutional shareholder, the representative attending the meeting must submit a letter of authorisation from the institutional shareholder, signed by an authorised signatory of the company. The proxy must be sealed by the institutional shareholder's stamp.
- / Proxy forms can be obtained from the Bank's website www.bank-abc.com, Bahrain Bourse's website: www.bahrainbourse.com, or from Bank ABC Head Office in Diplomatic Area in Manama.
- / Proxy forms should be submitted **at least 24 hours prior to the meeting** to Bank ABC's registrar, Kfin Technologies W.L.L. PO Box 514, Manama, Bahrain, Fax No. +973 17212055, or by email to ShareholderRelations@bank-abc.com. Proxy forms submitted after the deadline will be considered void and will not be accepted.
- / The documents relating to the meeting can be obtained from the Bank's website: www.bank-abc.com and Bahrain Bourse's website: www.bahrainbourse.com.
- / For any inquiries, you may contact the Shareholders Relations on +973 17543222 or email ShareholderRelations@bank-abc.com.



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ANNUAL GENERAL MEETING



**MINUTES OF
THE PREVIOUS
AGM MEETING**
(ARABIC ONLY)

محضر اجتماع الجمعية العامة العادية
للمؤسسة العربية المصرفية (ش.م.ب)
البحرين 16 مارس 2025م

عقدت الجمعية العامة لمساهمي المؤسسة العربية المصرفية (ش.م.ب) اجتماعها السنوي العادي، في يوم الأحد الموافق 16 مارس 2025م عند تمام الساعة الثانية عشرة ظهراً في المقر الرئيسي للمؤسسة بمملكة البحرين، وذلك للنظر في جدول أعمالها التالي: -

- (1) التصديق على محضر الاجتماع السابق للجمعية العامة العادية الذي عقد بتاريخ 24 مارس 2024م.
- (2) الاستماع إلى تقرير السادة مراقبي الحسابات عن القوائم المالية الموحدة للسنة المالية المنتهية في 2024/12/31م.
- (3) مناقشة تقرير مجلس الإدارة عن نشاط البنك خلال السنة المالية المنتهية في 2024/12/31م والتصديق عليه.
- (4) مناقشة البيانات المالية للسنة المنتهية في 2024/12/31م والمصادقة عليها.
- (5) المصادقة على توصية مجلس الإدارة بتخصيص صافي أرباح السنة المالية المنتهية في 2024/12/31م على النحو التالي:
 - 1-5 تحويل مبلغ 28.5 مليون دولار أمريكي للاحتياطي القانوني .
 - 2-5 توزيع أرباح نقدية على المساهمين بواقع 2.75 % عن كل سهم متداول قدرها 2.75 سنت أمريكي للسهم الواحد، والبالغة إجمالاً حوالي 85.1 مليون دولار أمريكي (من دون أسهم الخزانة). آخر يوم تداول لاستحقاق الأرباح 17 مارس 2025م، تاريخ تداول السهم بدون استحقاق 18 مارس 2025م، يوم الاستحقاق 19 مارس 2025م، ويوم الدفع 30 مارس 2025م.
 - 3-5 تحويل الرصيد المتبقي وهو 171.4 مليون دولار أمريكي إلى حساب الأرباح المستبقاة.
- (6) مناقشة تقرير حوكمة الشركات لسنة 2024م والتزام البنك بمتطلبات مصرف البحرين المركزي والمصادقة عليه.
- (7) الموافقة على اعتماد تجديد سياسة مكافآت أعضاء مجلس إدارة البنك لمدة ثلاث سنوات.
- (8) المصادقة على مكافأة أعضاء مجلس الإدارة لسنة 2024م البالغة 1,452,500 دولار أمريكي، وذلك بعد أخذ موافقة السادة وزارة الصناعة والتجارة.

- (9) إبراء ذمة أعضاء مجلس الإدارة عن تصرفاتهم خلال السنة المالية المنتهية في 2024/12/31م.
- (10) النظر في إعادة تعيين السادة (أرنست ويونغ) كمدققين لحسابات البنك للسنة المنتهية في 31 ديسمبر 2025م بعد أخذ موافقة السادة مصرف البحرين المركزي وتخويل مجلس الإدارة بتحديد أتعابهم.
- (11) انتخاب/تعيين أعضاء لمجلس الإدارة المكون من تسعة أعضاء عن دورته الخامسة عشر لفترة جديدة مدتها ثلاث سنوات (2025-2028)، على أن يتم تعيين خمسة أعضاء، وانتخاب أربعة أعضاء مرشحين، بعد أخذ موافقة السادة مصرف البحرين المركزي.
- (12) إطلاع الجمعية العامة على المعاملات مع الأطراف ذات العلاقة حسب المادة 189 (ج) من قانون الشركات التجارية وكما هو وارد في الإيضاح رقم 29 من القوائم المالية الموحدة للسنة المالية المنتهية في 2024/12/31م.
- (13) ما يستجد من أعمال طبقاً لنص المادة 207 من قانون الشركات التجارية.

عملاً بأحكام المادة 42/أ من النظام الأساسي للمؤسسة، تولى رئاسة الاجتماع السيد/ الصديق عمر الكبير بصفته رئيساً لمجلس الإدارة، كما تم تكليف السيد/ عبد الخالق شايب بمهام أمين سر الجمعية العامة بناء على اقتراح من السيد رئيس الجمعية وموافقة الجمعية وذلك في حضور كل من: -

عضو مجلس الإدارة	د. خالد كعوان
" " "	د. إبراهيم الدنفور
" " "	السيد/ خليل نور الدين
" " "	السيد/ أشرف مختار
الرئيس التنفيذي للمجموعة	السيد/ صائل الوعري
عن مصرف البحرين المركزي	السيد/ عيسى المتوج
" " " "	السيد/ علي هارون
" " " "	السيدة/ سوسن سعيد
" " " "	السيد/ حسين محمد

ع

ع

عن وزارة الصناعة والتجارة	السيدة/ علي العلوي
" " " "	السيدة/ أحمد سلمان
عن بورصة البحرين	السيد/ سنان الشروقي
السادة أرنست ويونغ (مدققي الحسابات)	السيد/ عيسى الجودر
" " " "	السيد/ أشواني سيوتيا
عن مسجلي الأسهم كفين تكنولوجيز (البحرين) ذ.م.م	السيد/ هاني الشيخ
" " " "	السيد/ صادق حسن المدوب

بعد أن رحب السيد رئيس الجمعية بالأصالة عن نفسه ونيابة عن مجلس الإدارة والمؤسسة بالسادة المساهمين ومدوبي الجهات الرسمية وبقية السيدات والسادة الحضور، شاكرًا لهم حسن تلبية الدعوة ... ليتم بعد ذلك التأكد من توافر النصاب القانوني لصحة الاجتماع بحضور عدد من السادة المساهمين الممثلين أصالة أو نيابة بنسبة بلغت 94.29% من رأس المال المدفوع.

شرعت الجمعية العامة على إثر ذلك في مداولة بنود جدول أعمالها، حيث انتهت منه إلى اتخاذ جملة القرارات والإجراءات التالية: -

البند الأول :- التصديق على محضر الاجتماع السابق للجمعية العامة العادية الذي عقد بتاريخ 24 مارس 2024م.

أفادت الجمعية العامة العادية باطلاعها على محضر اجتماعها السابق والذي عقد بتاريخ 24 مارس 2024م بحسب الوارد في كتيب الجمعية الموزع على السادة المساهمين، حيث أخذت علما بمحتوياته وصادقت عليه كما تم تقديمه.

البند الثاني :- الاستماع إلى تقرير السادة مراقبي الحسابات عن القوائم المالية الموحدة للسنة المالية المنتهية في 2024/12/31م.

استمعت الجمعية العامة لتقرير السادة مراقبي الحسابات (السادة أرنست ويونغ) عن نشاط مجموعة المؤسسة خلال السنة المالية المنتهية في 2024/12/31م، حيث أخذت علما بمحتوياته.

البند الثالث :- مناقشة تقرير مجلس الإدارة عن نشاط البنك خلال السنة المالية المنتهية في 2024/12/31م والتصديق عليه.

أفادت الجمعية العامة باطلاعها على تقرير مجلس الإدارة عن نشاط مجموعة المؤسسة خلال السنة المالية المنتهية في 2024/12/31م بحسب الوارد في كتيب الجمعية الموزع على السادة المساهمين، حيث أخذت علما بمحتوياته وصادقت عليه.

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البند الرابع :- مناقشة البيانات المالية للسنة المنتهية في 2024/12/31 والمصادقة عليها.

طلب السيد رئيس الجمعية من الرئيس التنفيذي للمجموعة عرض البيانات المالية للسنة المنتهية في 31 ديسمبر 2024م (أ) ليفتح بعدها باب النقاش أمام السادة المساهمين (ب).

أ- عرض الرئيس التنفيذي :-

1- تناول الرئيس التنفيذي للمجموعة عرض البيانات المالية للسنة المالية المنتهية في 31 ديسمبر 2024م، حيث سلط الضوء على إنجازات البنك وأدائه المالي الموحد خلال هذا العام ورسم التوجه الاستراتيجي لعام 2025م. نُكّر الرئيس التنفيذي للمجموعة السادة المساهمين في مستهل عرضه بالتحديات المحيطة ببيئة أسواق المؤسسة والظروف الاقتصادية المعقدة التي واجهتها المجموعة خلال عام 2024م... حيث أوضح أن أداء البنك المميز خلال عام 2024م جاء على الرغم من تقلبات السوق والأوضاع الجيوسياسية المضطربة في المنطقة... لافتاً أنه بالنظر إلى البيئة الخارجية خلال العام، نجد أن الاقتصاد العالمي استمر في مواجهة موجة من التقلبات والتوترات الجيوسياسية، ليعدد جملة من العوامل التي أثرت على الأسواق في بعض أسواق المجموعة مثل الأردن ومصر، مطمئنا مع ذلك من أن الناتج المحلي الإجمالي لمنطقة الشرق الأوسط وشمال إفريقيا سجل في العموم نمواً بنسبة 2.1% في عام 2024، مرتفعاً من 1.9% في عام 2023، مدفوعاً بشكل أساسي بنمو قوي في القطاعات غير النفطية في دول مجلس التعاون الخليجي، والتي سجلت نمواً بنسبة 3.7%، نتيجة المشاريع الضخمة الهادفة إلى تنويع مصادر الدخل بعيداً عن النفط والغاز.

2- أما بشأن الأداء المالي للمجموعة للعام 2024م، أوضح الرئيس التنفيذي للمجموعة أن العام 2024م شهد نمواً بارزاً في أصول أعمال المؤسسة الأساسية مدعوماً ببيئة معدلات فائدة متزايدة، مما ساهم في زيادة الإيرادات التشغيلية بنسبة 5% على أساس سنوي ليصل إلى مستوى قياسي بلغ 1.34 مليار دولار أمريكي، وهذا العام هو العام الثاني على التوالي الذي يتجاوز فيه إجمالي الدخل التشغيلي للمجموعة حاجز المليار دولار أمريكي مع توقع مزيد من النمو الملحوظ ساهمت فيه كل وحدات المؤسسة مستفيدة من انتعاش أنشطة البنك في أسواقه العالمية (بالذات الأساسية) وإدارة تكلفة الاستثمار بكفاءة وفاعلية، فضلاً على الحرص على ترشيد التكاليف والتحكم في تكلفة المخاطر، كل ذلك مكن من تحقيق قفزة قوية في صافي ربحية هذا العام بنسبة 21% لتصل إلى 285 مليون دولار أمريكي (مقابل 235 مليون دولار أمريكي في عام 2023)، كما نما العائد على حقوق الملكية بنسبة 7% مقارنة بـ 5.8% في 2023م و هو مؤشر رئيسي للمساهمين، كما ارتفع العائد على السهم إلى 2.75% من رأس المال العادي، مقارنة بـ 2.25% في العام السابق.

3- بالمقابل أكد الرئيس التنفيذي للمجموعة على محافظة الميزانية العمومية للبنك على قوتها، حيث بلغ إجمالي الموجودات 46.3 مليار دولار أمريكي في نهاية 2024م،

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بارتفاع بنسبة 5% مقارنة مع 44 مليار دولار أمريكي في نهاية عام 2023م، ويرجع ذلك أساساً إلى التوازن الجيد بين نمو القروض والأوراق المالية والأصول السائلة، علاوة على محافظة المؤسسة على مستويات قوية بالنسبة لجميع مقاييس مستويات رأس المال والسيولة، مما مكننا من الحفاظ على مسار النمو.

4- أما مستويات كفاية رأس المال بالذات فقد حافظت على قوتها، حيث لا يزال البنك يتمتع بميزانية عامة قوية مع نسب رأس المال: إذ بلغت نسبة الفئدة الأولى من رأس المال 13.6%، كما حافظت مستويات السيولة على قوتها حيث بلغت تغطية السيولة 198% ونسبة السيولة المستقرة الصافية 123%.

5- وعلى صعيد التكاليف التشغيلية (Operating costs) نجح البنك في ضبطها مع مواصلة كل الاستثمارات المستقبلية، حيث تحسن معدل التكلفة إلى الدخل (cost-to-income ratio) بنسبة 2% ليصل إلى 57.7%... كما ظلت تكلفة المخاطر تحت السيطرة (Cost of risk)، حيث استقرت نسبة القروض غير العاملة (NPLs) عند 3.6%، مع تكلفة مخاطر بلغت 73 نقطة أساس، بنفس مستوياتها في عام 2023م.

6- وبشأن الأداء التشغيلي، أوضح الرئيس التنفيذي للمجموعة أن عام 2024 كان عامًا مميزًا من حيث أداء وحدات الأعمال في المجموعة، حيث حققت المجموعة نموًا استثنائيًا في الإيرادات عبر مختلف قطاعات العمل الأساسية، حيث بدأ الرئيس التنفيذي للمجموعة باستعراض أداء الخدمات المصرفية للشركات/بالجملة (Wholesale Banking)، الذي شهد عامًا مميزًا على كافة المستويات، محققًا نموًا قويًا يقارب double-digit للإيرادات على أساس سنوي، مصحوبًا بتحسين في العوائد المعدلة بالمخاطر (RAROC/ Risk Adjusted Return on Capital) ... مما يعكس نجاح استراتيجية البنك في توسيع قاعدة العملاء وتقديم حلول مالية متطورة تلبي احتياجاتهم. أما على صعيد أعمال خدمات الخزنة والأسواق المالية، فقد كان أيضًا عامًا حافلًا، حيث حقق البنك مستويات قياسية في تمويل القروض المشتركة وأسواق رأس المال - فطى سبيل المثال فقد تمكن البنك من إصدار صكوك بقيمة 500 مليون دولار لشركة AerCap، وهي من أكبر شركات التأجير الجوي في أوروبا، في سابقة تعد الأولى من نوعها في المنطقة.

7- أما على صعيد الابتكار الرقمي، فأوضح الرئيس التنفيذي للمجموعة أن الابتكار الرقمي ظل محورًا أساسيًا في استراتيجية البنك خلال سنة 2024م، حيث عزز البنك من تطور الوحدات الرقمية والمنصات التكنولوجية، بالاستفادة من تقنيات الذكاء الاصطناعي لتحسين كفاءة العمليات وتقديم تجربة مصرفية متطورة للعملاء... موضحًا أنه في عام 2024م حقق البنك إنجازات رئيسية في هذا المجال، حيث وصل بنك "إلى" إلى نقطة التعادل Break-even، متجاوزًا الأهداف المالية المخططة، مدفوعًا بالنمو السريع في عدد العملاء، وزيادة الودائع، وإطلاق منتجات جديدة، مثل بطاقة ماستركارد بالشراكة مع طيران الخليج. كما واصل تطبيق بنك "إلى" في الأردن نمو قاعدة عملائه من خلال طرحه لمجموعة من المنتجات الجديدة التي تلبي احتياجات العملاء من الأفراد بكفاءة وسرعة. كما حققت شركة الخدمات المالية العربية التابعة للمجموعة والمتخصصة في مدفوعات التكنولوجيا المالية نجاحات متعددة، حيث حصلت على ترخيص لدخول

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السوق الإماراتي، مما يعزز من مكانتها كمزود رائد لحلول الدفع الرقمي في المنطقة... لافتاً - من جهة أخرى - إلى أن البنك تمكن من توسيع منصته الرقمية للخدمات المصرفية للشركات (AVANTI)، حيث انضم أكثر من 100 عميل جديد للمنصة، وتمت معالجة معاملات بأكثر من 2 مليار دولار. كما تمت الإشادة بمختبرات البنك ABC Labs مجدداً كأحد أفضل مراكز الابتكار في القطاع المالي، حيث لعبت دوراً محورياً في تنفيذ مبادرات الذكاء الاصطناعي (AI) عبر مختلف وحدات البنك.

8- وعلى صعيد آخر، أوضح الرئيس التنفيذي للمجموعة أن المؤسسة واصلت تعزيز قيادة البنك في مسائل الاستدامة والـ ESG، حيث واصل البنك تقدمه في هذا المجال من خلال إصدار المؤسسة لأول تقرير إفصاح عن الاستدامة للمجموعة، مما عزز من شفافية والتزام المؤسسة بممارسات الـ ESG، كما وضع البنك منهجية واضحة لقياس مؤشرات البنك البيئية والاجتماعية والحوكمة لإدارة خطة الاستدامة بشكل فعال، مما ساعد على إنشاء قاعدة بيانات شاملة لدعم خطة العمل للاستدامة خلال السنوات الثلاث القادمة. قام البنك أيضاً خلال الفترة بتوسيع نطاق تتبع انبعاثات الكربون (Scope 3) للمجموعة معززا تقييمات الـ ESG في قرارات الإقراض، كما تم إطلاق برنامج تدريبي للاستدامة عبر شبكة المجموعة الدولية، مما ساهم في تعزيز ثقافة المسؤولية البيئية والاجتماعية داخل البنك. كما أطلق البنك أخيراً إطار عمل للتمويل المستدام (Sustainable Finance Framework)، وهو عبارة عن دليل شامل يُبين نهج البنك وأسلوبه في مجال التمويل المستدام... لافتاً إلى أن البنك واصل من جهة أخرى نهجه القائم على التركيز في جوانب التنوع والإنصاف والشمول DE&I كأولوية - حيث رفعت المؤسسة إجازة الأمومة في البحرين بنسبة 50% لتصل إلى 90 يوماً، كجزء من التزامها بالمساواة والتنوع.

9- أوضح الرئيس التنفيذي للمجموعة أن جهود البنك لاقت اعترافاً ملحوظاً من المراقبين خاصة في مجال الابتكار وتمويل التجارة الدولية، أساس برامج المؤسسة الاستراتيجية، حيث حصلت مبادرات المؤسسة في هذا المجال على 28 جائزة مرموقة خلال العام، وهو إنجاز يعكس التزام البنك بالتميز، ورضا العملاء، وثقة الأسواق المالية بالمؤسسة... مقدماً نبذة عن الجوائز التي حصدها المجموعة في 2024، عل النحو التالي:

- (أ) جائزة أفضل بنك في الشرق الأوسط للخدمات المصرفية للمعاملات والابتكار الرقمي - مجلة The Banker التابعة لصحيفة Financial Times.
- (ب) جائزة أفضل مقدم لحلول تمويل التجارة في الشرق الأوسط - مجلتا Global Finance و Global Trade Review.
- (ج) جائزة أفضل بنك رقمي في البحرين - مجلة Euromoney.
- (د) جائزة أفضل بنك رقمي للأفراد في البحرين - بنك "إلى" - مجلة Global Finance.
- (هـ) جائزة أفضل مختبر للابتكار المالي في العالم - ABC Labs - مجلة Global Finance.
- (و) جائزة أفضل مؤسسة مالية إسلامية في البحرين - مجلة Global Finance.

10- وبخصوص توزيعات الأرباح المتوقعة للمساهمين، أوضح الرئيس التنفيذي للمجموعة أنه في ظل تحقيق البنك لأرباح قياسية في عام 2024، فقد أوصى مجلس الإدارة بتوزيع أرباح نقدية بنسبة 30% من الأرباح المحققة (مما يعكس التوازن الأمثل بين تعزيز العائد للمساهمين والحفاظ على قوة رأس المال بحسب سياسات المؤسسة الداخلية في هذا الخصوص) أي بزيادة قدرها 22% على أساس سنوي، وهو ما يعكس التزام البنك بتحقيق قيمة مستدامة للمساهمين... لافتاً أن المقترح هو توزيع أرباح نقدية في حدود 85.1 مليون دولار أمريكي، مقارنة بـ 70 مليون دولار أمريكي في العام الماضي... موضحاً أن العائد على السهم ارتفع إلى 2.75% من رأس المال العادي، مقارنة بـ 2.25% في العام السابق... مؤكداً على التزام المؤسسة بتحقيق نمو مستدام في أرباح المساهمين لضمان تحقيق عوائد قوية للمساهمين مع استمرار البنك في الاستثمار لدعم نموه للمستقبل.

11- استعرض الرئيس التنفيذي للمجموعة تطورات تنفيذ الخطة الإستراتيجية المستحدثة للسنوات 2024-2026 من خلال ما تم إنجازه، وذلك عبر محاور الخطة الثلاثة الرئيسية: المحور الأول يركز على تسريع الأداء الأساسي من خلال تعزيز الخدمات المصرفية للشركات من خلال توسيع قاعدة العملاء وتعزيز المنتجات، وتطوير الخدمات المصرفية للأفراد من خلال الدمج بين الخدمات المصرفية الرقمية المقدمة من البنك وبنك "إلى"، بالإضافة إلى تحسين كفاءة إدارة السيولة وتمويل البنك عبر إعادة هيكلة استراتيجيات الخزينة لتحقيق كفاءة رأس المال. المحور الثاني يركز على "تعزيز قيمة الوحدات الرقمية، بما في ذلك منصة شركة الخدمات المالية العربية AFS وبنك "إلى"، لتحقيق عوائد مجزية للمساهمين على المدى الطويل. المحور الثالث يركز على "تعزيز النموذج التشغيلي" من خلال توظيف الذكاء الاصطناعي لتحسين كفاءة العمليات وتعزيز تجربة العملاء، علاوة على تحديث البنية التحتية ونقلها للأنظمة السحابية الحديثة

12- أما بالنسبة إلى أولويات البنك للعام 2025، أكد الرئيس التنفيذي للمجموعة إدراك المؤسسة بأن البيئة الاقتصادية والجيوسياسية لا تزال غير مستقرة. ومع ذلك، فيظل البنك ملتزماً ببناء مستقبل قوي وتعزيز القيمة للمساهمين... لافتاً إلى أن المجموعة ستسير في توجيهها الاستراتيجي، بالإضافة إلى تعزيز ثقافة وقيم البنك (Culture & Values)، من خلال إطلاق إطار جديد للقيم والسلوكيات المؤسسية، مختتماً أنه سيتم دعم ذلك من خلال التركيز على المحافظة على قوة ومرونة الميزانية العامة للمجموعة وتعزيز كفاءة رأس المال، إضافة إلى تسريع النمو، مع العمل على زيادة صافي الأرباح والعائد على الاستثمار للمساهمين.

13- في الختام، توجه الرئيس التنفيذي للمجموعة بالشكر الجزيل إلى جميع المساهمين وأصحاب المصلحة لدعمهم المستمر ومساهماتهم في نجاح البنك خلال عام 2024، حيث خص بالشكر والتقدير كبار المساهمين الرئيسيين، وكل المساهمين من شريحة الجمهور، على دعمهم المستمر وثقتهم في البنك، كما أثنى على العلاقة المهنية الطيبة مع السلطات الرقابية في أسواق عمل المؤسسة، معبراً عن امتنانه العميق للسادة رئيس وأعضاء مجلس الإدارة، بالأخص للسادة الأعضاء مجلس الإدارة الذين سيغادرون المجلس

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لخدمتهم المخلصة للمؤسسة لسنوات طويلة وإسهاماتهم القيمة التي كان لها دور محوري في رسم التوجه الإستراتيجي للبنك وتحقيق نجاحاته.

ب- نقاش المساهمين: -

فتح باب النقاش أمام السادة المساهمين، حيث طرحت مجموعة من الأسئلة والمقترحات تناولت في أهمها رأس المال مقارنة بالسيولة، انخفاض سعر السهم وسياسة توزيع الأرباح، إدارة الأموال الليبية المجمدة، واستراتيجية الاستثمار وإدارة المخاطر، وأخيراً التمويل المستدام والحوكمة، وذلك كما يلي: -

1- **علق المساهم ياسين عبدالعزيز العنيزي** حامل رقم SAR420702970 على ما اعتبره حجماً مفرطاً في رأس مال البنك مقارنة بالسيولة المتوفرة، مقترحاً إعادة جزء منه (بين 20-25%) للمساهمين نظراً لصعوبة استثماره بفعالية، معرباً أيضاً عن عدم رضائه عن انخفاض سعر السهم مقارنة بسعر الاكتتاب، مشيراً إلى أن القيمة الحالية لا تمثل سوى ثلث قيمته الأصلية، على خلاف أداء أسهم بنوك أخرى في البحرين، ليطالب بزيادة توزيعات الأرباح لدعم سعر السهم وتحقيق عوائد أفضل للمساهمين، كما استفسر عن سبب عدم قيام البنك بشراء مزيد من أسهم الخزينة رغم توفر السيولة اللازمة لذلك، حيث وضح الرئيس التنفيذي للمجموعة أن المجموعة تمر بمرحلة نمو متسارعة، مما أدى إلى تحقيق إيرادات قياسية وأداء قوي في صافي الأرباح، وهو ما انعكس إيجاباً على سعر السهم، حيث شهد ارتفاعاً بنسبة 30% منذ بداية عام 2025، ليصل إلى أعلى مستوى له في بورصة البحرين... مؤكداً أن المؤسسة احتفظت بأسهم الخزينة (والتي تبقى قيمتها الإجمالية ضئيلة) لإعادة تقييم الخيارات المتاحة بشأنها، حيث تدرس المؤسسة مع تحسن سعر السهم إلغاؤها دون أي تأثير يُذكر على حقوق المساهمين في المجموعة.

2- **تدخل ممثل الشركة الليبية للاستثمارات الخارجية (LAFICO)** حامل رقم CRGABCB00129022 ليعبر عن استيائه مما وصفه بعقبات تعترض حالياً العلاقة بين المؤسسة وشركة LAFICO كعميل مهم للمؤسسة، حيث ذُكر بتأخر المؤسسة في التعاطي مع بعض استفسارات الشركة، مشيراً إلى أن هناك أسئلة تم طرحها منذ فترة طويلة لم تتم الإجابة عليها حتى الآن، فضلاً عما رأى فيه تقاعساً من البنك عن اتخاذ الإجراءات المناسبة لحماية الأصول الليبية المجمدة للشركة في بلجيكا، معبراً عن عدم رضائه المساهم لدور البنك كأمين حفظ لحماية الأصول الليبية المجمدة ومودعة لدى شركة Euroclear في بلجيكا، حيث اعتبر أن البنك لم يحم مسؤولياته بالشكل الذي يضمن حماية الأصول الليبية، مما قد يدفع المساهم باتخاذ إجراءات ضرورية لحماية مصالحه بالصورة المطلوبة من خلال نقل الودائع المودعة في البنك لأي مصارف أخرى، مما يعرض البنك لمخاطر يمكن تفاديها.

كما تساءل عن أسباب ترحيل الأرباح بدلاً من توزيعها، وإن كان ذلك ناتجاً عن مخاوف الإدارة من انحصار الأرباح في المستقبل... مطالباً باستراتيجية واضحة لدعم سعر السهم في السوق نظراً للفجوة بين القيمة الاسمية والقيمة السوقية.

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أكد الرئيس التنفيذي للمجموعة في معرض رده على تاريخية ومثانة العلاقة مع الشركة الليبية للاستثمارات الخارجية والتي تمتد إلى عقود من النجاحات المشتركة... موضحا أنها تعد ذات أهمية استراتيجية للبنك، مشدداً على التزام البنك الدائم بخدمة مصالح جميع المساهمين، بما في ذلك ما يتعلق باستثماراتهم وحماية أصولهم سواء المودعة لدى المؤسسة أو تلك التي تديرها المؤسسة كأمين حفظ ومودعة في الخارج... لافتاً إلى أن جميع استفسارات المساهمين تُعالج بأقصى درجات الجدية وفي الوقت المناسب، مشيراً إلى أن البنك عقد عدة اجتماعات خلال السنوات السابقة مع الشركة للتعامل مع هذه المسائل بحرفية تامة، وذلك بتمثيل على أرفع المستويات من الجانبين وبحضور رئيس مجلس إدارة المؤسسة في بعض منها، لعل آخرها اجتماعاً مخصصاً سيعقد غداً لمواصلة مناقشة شواغل المساهم التي تطرق إليها، وخصوصاً ما يتعلق باستثماراتهم والأصول المجمدة في بلجيكا، وذلك لبحث الخطوات المناسبة خدمة لمصالح الشركة.

وفيما يتعلق بترحيل الأرباح، أفاد الرئيس التنفيذي للمجموعة أن عملية توزيع أرباح المجموعة تأخذ في الاعتبار عوامل مختلفة مثل ظروف السوق الخارجية وخطط النمو المستقبلية والحفاظ على نسب الميزانية العمومية الصحية بالإضافة إلى تصور أصحاب المصلحة الخارجيين... لافتاً إلى أن اتباع سياسة توزيع أرباح بنسبة 30% على المساهمين يعني أن توزيعات الأرباح ستتمو بشكل مستدام مع مرور الوقت مع زيادة صافي أرباحنا، وهو ما يضمن احتفاظ المجموعة برأس مال كافٍ من الأرباح لدعم نمو الميزانية العمومية في المستقبل والحفاظ على جميع نسب رأس المال عند مستويات قوية.

وبخصوص سعر السهم، أوضح الرئيس التنفيذي للمجموعة سعر سهم البنك يبلغ الآن حوالي 38 سنتاً، وقد ارتفع بنسبة 73% منذ أدنى مستوى له في منتصف عام 2024 (22 سنتاً)، وحوالي 30% منذ بداية عام 2025 (29 سنتاً)... موضحاً أنه على الرغم من جهود الإدارة التنفيذية ما زال سعر السهم لا يجسد القيمة الحقيقية للمجموعة، حيث أنه لا يظهر - على سبيل المثال - الإمكانيات الكاملة لوحداثنا الرقمية كبنك "إلي" وشركة الخدمات المالية العربية، حيث كانا ليحصلنا على سعر سهم أعلى بكثير لو تم تقييمهما على أساس مشابه للبنوك الرقمية المستقلة أو شركات مدفوعات التكنولوجيا المالية. كما أن سعر السهم لا يعكس القيمة الإجمالية للشركات التابعة مثل تلك الموجودة في مصر والبرازيل، ومن ناحية أخرى لا يظهر الزيادة المستمرة في الأرباح الصافية والعائد على حقوق الملكية بشكل كامل في سعر السهم. مع ذلك درست المؤسسة عدة خيارات (كما وعدت المساهمين العام في الجمعية السابقة)، منها أسواق بديلة لإدراج أسهم (المملكة العربية السعودية، الإمارات العربية المتحدة، وغيرها). ومع ذلك، فإن نسبة الأسهم المتاحة للتداول لبنك ABC (أقل من 10% عملياً) مما يعني أن الإدراج المزدوج لن يخلق سيولة أكبر في حد ذاته، دون زيادة كبيرة في الأسهم المتاحة للتداول.

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3- وفي مداخلة أخرى من المساهم محمد بدر حمد محمد حامل رقم 510412696 أبدى فيها ملاحظاته حول أداء الشركات التابعة والتقارير المالية لافتاً إلى غياب المقارنات المالية في التقارير، مما يعيق تقييم الأداء السنوي... داعياً إلى أن يتم مستقبلاً توضيح مصادر الأرباح والخسائر حسب كل شركة تابعة للمجموعة حول العالم (وإن كان أداء أهم البنوك التابعة، وهو بنك المؤسسة في البرازيل، قد تم تحليله في كتيب الجمعية بشكل مفصل)... مشيراً إلى ارتفاع بند "الاحتياطيات الأخرى" من 500 مليون دولار إلى 1.343 مليار دولار، دون شرح كافٍ، متسائلاً عن علاقة هذا الارتفاع بتقلبات أسعار الصرف في أسواق مثل البرازيل ومصر، ليوصي بإدراج شرح تفصيلي لمكونات هذا البند وتغييراته وتأثيره على حقوق المساهمين ضمن التقارير المالية السنوية.

أجاب الرئيس التنفيذي للمجموعة، فيما بتقلبات أسعار الصرف في أسواق مثل البرازيل ومصر، أن رأس المال في الشركات التابعة يُقوّم بالعملة المحلية لكل منها... موضحاً أنه عند توحيد القوائم المالية يتم تحويل هذه المبالغ إلى الدولار الأمريكي بأسعار الصرف الحالية ويتم تسجيل التأثير مباشرة ضمن حقوق الملكية (وليس في قائمة الأرباح والخسائر)، حيث يرتبط الدخل الشامل السلبي الآخر في السنة الحالية بشكل رئيسي بتقلبات حركة العملات الأجنبية، وقد تم تعويض هذا التأثير جزئياً بفضل التغيير الإيجابي الطفيف في القيمة العادلة لمحفظه السندات الخاصة بالمؤسسة... مختتماً - في حالة البرازيل - أن انخفاض قيمة الريال ستفرض ضغطاً طبيعياً على تحويل الأرباح بالدولار الأمريكي... متوقفاً في مصر مع زيادة مرونة عملة الجنيه المصري أن يعتمد سعر الصرف على عودة التدفقات النقدية الأجنبية إلى مستوياتها الطبيعية ووجود بيئة خارجية أكثر استقراراً، حيث تعمل المؤسسة على تقييم نهج التحوط بشكل مستمر بما يتوافق مع السياسات المعتمدة لمجلس الإدارة... لافتاً إلى أنه بالرغم من أن التقلبات في أسعار صرف الجنيه المصري والريال البرازيلي أثرت نسبياً على قاعدة حقوق الملكية للمجموعة (equity base) إلا أن التأثير على نسبة كفاية رأس المال يبقى طفيف (CAR ratio)، إضافة إلى الانخفاض في الأصول المرجحة بالمخاطر (Risk-weighted assets/ RWA) ذلك نظراً إلى التقلبات في أسعار صرف هذه العملات.

4- وفي اجابه لتساؤل ممثل شركة A S Family Holding W.L.L حامل رقم BAH9732301CR عن خطط البنك لتكرار تجربة بنك "إلى" الرقمي والتوسع في أسواق أخرى في دول مثل قطر، عُمان، والجزائر، أوضح الرئيس التنفيذي بأن البنك يواصل خططه للتحويل الرقمي في أسواق عمله بمنطقة الشرق الأوسط وشمال أفريقيا وبالتحديد في مصر، حيث أطلق تطبيق بنكي شبيه لتطبيق بنك "إلى" يحمل هوية بنك ABC ولكنه مصمم ليتماشى مع البيئة الرقابية في هذه الدول التي لا تدعم الأنظمة المعتمدة على الحوسبة السحابية، مضيفاً بأن البنك تعامل مع هذه التحديات عبر تطوير نموذج بديل يحقق للبنك أهدافه في تقديم أفضل الخدمات المصرفية التي تتماشى مع الاحتياجات المتغيرة للعملاء وبما يتوافق مع اللوائح التنظيمية/ الرقابية المحلية.

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5- وفي جملة من التساؤلات من المساهمة شيماء تهامي حاملة رقم 750701099 عن استراتيجية البنك في الاحتفاظ بأذونات الخزانة الأمريكية في ظل احتمالات خفض الفائدة في 2025م، وضعف الحصة السوقية لبنك ABC في مصر رغم الاستحواذ على بنك بلوم. وتأثير تعثر شركة "أمريكاناس" البرازيلية على محفظة البنك، وأخيراً رفع التصنيف الائتماني لسلطنة عُمان من قبل وكالة ستاندرد أند بورز وأثر ذلك على تكلفة الأموال... أوضح الرئيس التنفيذي للمجموعة أن البنك ملتزم بالاستثمار في أصول سائلة عالية الجودة، وأن استراتيجيته لا تتغير بتغير أسعار الفائدة... لافتاً أنه بخصوص الحصة السوقية في مصر فإن عملية الاندماج اكتملت في أوائل 2024، وأن البنك يحقق نمواً عضوياً متسارعاً تأمل المؤسسة تعزيزه مع الوقت من خلال التوسع في استثماراتها الرقمية... حيث أما على صعيد شركة "أمريكاناس" فإن البنك خصص المبالغ اللازمة لهذه الحالة ولا توجد مؤشرات على مزيد من المخاطر... موضحاً أخيراً أنه فيما يتعلق برفع التصنيف الائتماني لسلطنة عُمان أن الأثر يبقى طفيف، ومع ذلك سيساهم في التوازن العام لمحفظة البنك.

6- وفي مداخلة للمساهم علي جعفر علي عبد الله طريف، حامل رقم 810111527، أشار فيها إلى أهمية إطار التمويل المستدام في مجموعة بحجم بنك ABC، معتبراً أنه يمثل خطوة استراتيجية بالغة الأهمية... مشيداً بإطلاق البنك لدليل التمويل المستدام، والذي يعد الأول من نوعه في البحرين، رغم وجود مؤسسات أخرى في منطقة الشرق الأوسط كانت سباقة في هذا المجال، حيث لفت أنه كان قد طرح هذا الموضوع قبل عدة أعوام، ولم تكن هناك استجابة كافية، مثنياً على دور الإدارة التنفيذية الفعال ومؤكداً على ضرورة أن تولي مجالس الإدارة - لا سيما المجلس القادم - أهمية خاصة للنتائج غير المالية، مثل الاستدامة والمسؤولية البيئية والاجتماعية والحوكمة، نظراً لتأثيرها المباشر على النتائج المالية طويلة الأمد.

وفي النهاية، شكر السادة المساهمون الإدارة التنفيذية للمؤسسة على تميز العرض وشمول الإجابات، متمنين لهم دوام التوفيق.

وبعد هذه النقاشات والمداولات صادقت الجمعية العامة على البيانات المالية عن السنة المالية المنتهية في 31 ديسمبر 2024م كما تم تقديمها.

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البند الخامس :- المصادقة على توصية مجلس الإدارة بتخصيص صافي أرباح السنة المالية المنتهية في 2024/12/31م على النحو التالي:

- 1-5 تحويل مبلغ 28.5 مليون دولار أمريكي للاحتياطي القانوني .
- 2-5 توزيع أرباح نقدية على المساهمين بواقع 2.75 % عن كل سهم متداول قدرها 2.75 سنت أمريكي للسهم الواحد، والبالغة إجمالياً حوالي 85.1 مليون دولار أمريكي (من دون أسهم الخزانة). آخر يوم تداول لاستحقاق الأرباح 17 مارس 2025م، تاريخ تداول السهم بدون استحقاق 18 مارس 2025م، يوم الاستحقاق 19 مارس 2025م، ويوم الدفع 30 مارس 2025م.
- 3-5 تحويل الرصيد المتبقي وهو 171.4 مليون دولار أمريكي إلى حساب الأرباح المستبقاة.

اطلعت الجمعية العامة على الأرباح الصافية للسنة المالية المنتهية في 2024/12/31 والبالغة 285 مليون دولار أمريكي، وكذلك التوصية المرفوعة إليها من مجلس الإدارة بتوزيع أرباح نقدية على المساهمين عن السنة المالية المنتهية في 2024/12/31 بواقع 2,75% عن كل سهم متداول (من دون أسهم الخزانة)، والبالغة إجمالياً حوالي 85.1 مليون دولار أمريكي .

وإثر المداولة: -

"قررت الجمعية العامة: -

- 1- تحويل مبلغ 28.5 مليون دولار أمريكي للاحتياطي القانوني .
- 2- توزيع أرباح نقدية على المساهمين بواقع 2.75% عن كل سهم متداول قدرها 2.75 سنت أمريكي للسهم الواحد، والبالغة إجمالياً حوالي 85.1 مليون دولار أمريكي (من دون أسهم الخزانة). آخر يوم تداول لاستحقاق الأرباح 17 مارس 2025م، تاريخ تداول السهم بدون استحقاق 18 مارس 2025م، يوم الاستحقاق 19 مارس 2025م، ويوم الدفع 30 مارس 2025م.
- 3- تحويل الرصيد المتبقي وهو 171.4 مليون دولار أمريكي إلى حساب الأرباح المستبقاة.

البند السادس :- مناقشة تقرير حوكمة الشركات لسنة 2024م والتزام البنك بمتطلبات مصرف البحرين المركزي والمصادقة عليه.

- 1- طلب السيد رئيس الجمعية من أمين سر الجمعية إطلاع الجمعية العامة على ملخص بنظام الحكم المؤسسي بالمؤسسة العربية المصرفية ومدى التزام المؤسسة بأحكامه، حيث قام أمين سر الجمعية بإطلاع السادة أعضاء الجمعية العامة بالجهود المبذولة من المؤسسة للامتثال لأفضل مبادئ الحكم المؤسسي المعتمدة عالمياً، بما في ذلك القواعد النافذة بمملكة البحرين في هذا الخصوص، مؤكداً أن المؤسسة العربية المصرفية تتبع

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أفضل إرشادات الحكم المؤسسي ومبادئ الممارسات المعتمدة عالمياً ولديها نظام للحكم المؤسسي يوفر إطاراً يتسم بالفعالية والشفافية في ممارسة الرقابة الداخلية على نحو منصف.

2- أضاف أمين سر الجمعية بأن المؤسسة تحرص على الإفصاح عن المعلومات الهامة بدقة ووضوح إلى المساهمين وأصحاب المصالح المعنيين عن طريق عدة قنوات تشمل الموقع الإلكتروني الذي يتم تحديثه بصورة منتظمة مع إصدارها لتقارير سنوية ونصف سنوية وفصلية بشأن الأرباح والأداء المالي.

3- أما على صعيد أهم التغييرات الأخيرة التي تمت خلال العام 2024م في هذا الشأن أفاد أمين سر الجمعية بما يلي: -

- في عام 2024م، وفي إطار التزام البنك بالامتثال لأحدث المعايير الرقابية وأفضل ممارسات الحوكمة المؤسسية، تم تحديث ميثاق الحكم المؤسسي عقب مراجعة شاملة للتعديلات الجديدة على الدليل الإرشادي لمصرف البحرين المركزي الخاص بمستويات الرقابة العليا. تركزت التعديلات الرئيسية في ثلاث جوانب: (1) إدخال أقسام جديدة، (2) مراجعة أحكام قائمة، و(3) تعديلات وحذف طفيف لضمان الامتثال للمتطلبات الرقابية في نسختها المعدلة.

- كانت هناك بعض التغييرات على ميثاق لجنة التدقيق، وميثاق لجنة الامتثال، وميثاق لجنة المخاطر، وذلك بشكل أساسي لمواءمة هذه المواثيق مع التعديلات التي تم إجراؤها على الدليل الإرشادي لمصرف البحرين المركزي الخاص بمستويات الرقابة العليا.

4- وفي الختام أحال أمين سر الجمعية السادة المساهمين الكرام الى تقرير المؤسسة للحكم المؤسسي الموجود ضمن وثائق الجمعية العامة والذي تم توزيعه ويمكن الرجوع اليه في الصفحة 132 من الكتيب.

البند السابع :- الموافقة على اعتماد تجديد سياسة مكافآت أعضاء مجلس إدارة البنك لمدة ثلاث سنوات.

طلب السيد رئيس الجمعية من الجمعية العامة الموافقة على اعتماد تجديد سياسة مكافآت أعضاء مجلس إدارة البنك لمدة ثلاث سنوات... موضحاً أنه تم اعتماد سياسة مكافآت أعضاء مجلس الإدارة وفقاً لأحكام المادة 28 (ب) من النظام الأساسي للمؤسسة العربية المصرفية (ش.م.ب) خلال اجتماع الجمعية العامة العادية في 21 مارس 2021، وكان الهدف منها أن تظل سارية لمدة أربع سنوات، تنتهي في اجتماع الجمعية العامة العادية الحالي. وقد حان الوقت الآن لتجديد السياسة لمدة ثلاث سنوات أخرى... لافتاً إلى أن السياسة أدت دورها بفعالية خلال السنوات الأربع الماضية، ولا يُقترح إجراء أي تغييرات جوهرية عليها عند تجديدها خلاف ما هو معروض وموضح في كتيب الجمعية العامة في الصفحات 152-154 من كتيب الجمعية للعام 2025م.

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وإثر المداولة: -

"قررت الجمعية العامة الموافقة على اعتماد تجديد سياسة مكافآت أعضاء مجلس إدارة البنك لمدة ثلاث سنوات (2025-2028م)".

البند الثامن :- المصادقة على مكافأة أعضاء مجلس الإدارة لسنة 2024م البالغة 1,452,500 دولار أمريكي، وذلك بعد أخذ موافقة السادة وزارة الصناعة والتجارة.

أوضح السيد الرئيس للجمعية العامة أن مبلغ مكافأة أعضاء مجلس الإدارة معروض في هذا البند للمصادقة فقط بعد أن تم الكتابة للسادة وزارة الصناعة والتجارة بهذا الشأن، وهو مفصّل عنه في تقرير مجلس الإدارة وفي تقرير الحكم المؤسسي (والواردين في الصفحات 28 و138 من كتيب الجمعية)، حيث بلغت مكافآت أعضاء مجلس الإدارة خلال 2024م 1,452,500 دولار أمريكي... مذكراً أن مكافآت أعضاء مجلس الإدارة تم صرفها وفقاً لسياسة المؤسسة الخاصة بمكافآت أعضاء مجلس الإدارة ("سياسة المكافآت")... مختتماً أن المؤسسة حصلت على أن موافقة السادة وزارة الصناعة والتجارة تم عليها بتاريخ 3 مارس 2025م.... وبعد المداولة:

"قررت الجمعية العامة المصادقة على مكافأة أعضاء مجلس الإدارة لسنة 2024م البالغة 1,452,500 دولار أمريكي، وذلك بعد أن تم أخذ موافقة السادة وزارة الصناعة والتجارة".

البند التاسع :- إبراء ذمة أعضاء مجلس الإدارة عن تصرفاتهم خلال السنة المالية المنتهية في 2024/12/31م.

قررت الجمعية العامة إبراء ذمة أعضاء مجلس الإدارة عن تصرفاتهم خلال السنة المالية المنتهية في 2024/12/31م.

البند العاشر :- النظر في إعادة تعيين السادة ارنست ويونغ كمدققين لحسابات البنك للسنة المالية المنتهية في 31 ديسمبر 2025م، بعد أخذ موافقة السادة مصرف البحرين المركزي وتخويل مجلس الإدارة بتحديد أتعابهم.

قررت الجمعية العامة إعادة تعيين السادة (ارنست ويونغ) كمدققين لحسابات المؤسسة للسنة المالية المنتهية في 2025/12/31م مع تخويل مجلس الإدارة الحق في تحديد أتعابهم، وذلك بعد ملاحظتها عدم ممانعة مصرف البحرين المركزي في هذا التعيين.

البند الحادي عشر :- انتخاب/تعيين أعضاء لمجلس الإدارة المكون من تسعة أعضاء عن دورته الخامسة عشرة لفترة جديدة مدتها ثلاث سنوات (2025-2028)، على أن يتم تعيين خمسة أعضاء، وانتخاب أربعة أعضاء مرشحين، بعد أخذ موافقة السادة مصرف البحرين المركزي.

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- 1- أشار السيد رئيس الجمعية الى النشرة الواردة في الصفحات 156-159 من كتيب الجمعية العامة والخاصة بانتخاب أعضاء مجلس الإدارة للدورة الخامسة عشرة للمجلس، موضحا أن مجلس الإدارة قرر الموافقة على توصية لجنة الحكم المؤسسي بالموافقة على أسماء المرشحين لعضوية مجلس الإدارة للدورة القادمة والواردة أسماؤهم في كتيب الجمعية العامة.
- 2- طلب السيد رئيس الجمعية من أمين سر الجمعية إطلاع الجمعية العامة على ملخص الموافقت الزمنية لعملية الترشيح سواء من شريحة كبار المساهمين أو شريحة الجمهور بحسب ما هو وارد في النشرة الواردة في الصفحات من 156 إلى 159 من كتيب الجمعية العامة، حيث أفاد أمين سر الجمعية بما يلي: -
 - تم فتح باب الترشيح لعضوية مجلس الإدارة لدورته الخامسة عشر بشكل رسمي في 6 يناير 2025 ولمدة أسبوعين بحسب المتطلبات الرقابية وحتى 20 يناير 2025، وذلك وفق لأحكام المادة 19 (أ) من النظام الأساسي للبنك.
 - الترشح لعضوية مجلس الإدارة في مملكة البحرين يتطلب موافقة خطية مسبقة من مصرف البحرين المركزي، مما يتطلب من المرشحين المتقدمين إرفاق طلباتهم باستمارة الترشح رقم (3) المعتمدة من قبل مصرف البحرين المركزي وملؤها بحسب الأصول مشفوعة بالمستندات ذات العلاقة المطلوبة فيها، فإنه بتاريخ 18 فبراير 2025م (لكل مرشح مؤهل) تم الحصول على الموافقة المسبقة من مصرف البحرين المركزي طبقاً لكافة التشريعات الرقابية النافذة ذات العلاقة. كما تم نشر أسماء المرشحين وملخص سيرهم الذاتية على الموقع الإلكتروني للبنك بتاريخ 23 فبراير 2025م وفي موقع بورصة البحرين بتاريخ 23 فبراير 2025م، وذلك بالتزامن مع تاريخ نشر الدعوة لانعقاد اجتماع الجمعية العامة للبنك.
 - وفقاً لأحكام الفقرة HC-2.2.6 من دليل قواعد مصرف البحرين المركزي، يتعين أن يتضمن كل اقتراح من مجلس إدارة المؤسسة للمساهمين بشأن انتخاب أو إعادة انتخاب عضو لمجلس إدارة، من بين جملة أمور أخرى: (أ) توصية من مجلس إدارة المؤسسة، (ب) ملخصاً لمشورة لجنة الحكم المؤسسي، و(ج) تأكيد من السيد رئيس مجلس إدارة المؤسسة للمساهمين بخصوص المرشحين المقترحين لإعادة الانتخاب، وهو ما تم استيفاءه كما هو موضح في النشرة الواردة في الصفحات من 156 إلى 159 من كتيب الجمعية العامة.
 - أوضح أمين سر الجمعية أنه سوف يتم تعيين خمسة (5) أعضاء من قبل المساهمين الرئيسيين في البنك وفقاً لأحكام المادة 19(ب) من النظام الأساسي للبنك (ثلاث مرشحين من مصرف ليبيا المركزي ومرشحين اثنين من الهيئة العامة للاستثمار)، بينما سيتم انتخاب الأعضاء الأربعة الآخرين من قبل المساهمين من القطاع الخاص، بالإضافة إلى المساهمين الرئيسيين الذين لم يستخدموا أصواتهم المخصصة للتعيين، وذلك وفقاً لأحكام المادة 175 من قانون الشركات التجارية... لافتاً إلى أن مجلس الإدارة يتكون من تسعة (9) أعضاء فقط، في حين أن عدد المرشحين يتجاوز المقاعد المتاحة، حيث سيتم التنافس على أربعة مقاعد خلال

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الجمعية العامة من أصل أربعة عشر (14) ترشيحًا ضمن فئة "المرشحون للانتخاب".

- اختتم أمين سر الجمعية أنه كما ذكر السيد رئيس الجمعية فإن مجلس الإدارة قرر الموافقة على توصية لجنة الحكم المؤسسي في اجتماعه بتاريخ 9 فبراير 2025م الخاصة بالموافقة على أسماء المرشحين لعضوية مجلس الإدارة للدورة القادمة على النحو التالي:

(أ) رشح مصرف ليبيا المركزي الآتية أسماؤهم:

1. سعادة السيد / ناجي محمد عيسى بلقاسم
2. السيد/ عامر محمد كركر
3. السيد/ محمد الحصادي

(ب) رشحت الهيئة العامة للاستثمار الآتية أسماؤهم:

1. السيد/ عبد العزيز فهد الهديب
2. السيد/ إدريس أحمد

(ج) وفيما يتعلق بممثلي المساهمين من شريحة الجمهور ("المرشحون للانتخاب")، ترشح لعضوية المجلس كل من السادة الآتية أسماؤهم:

1. السيد/ مناف عبد العزيز الهاجري
2. السيد / خليل إبراهيم نورالدين
3. الدكتور / إبراهيم الدنفور
4. الدكتور / مروان العباسي
5. السيد / عبد الفتاح غفّار
6. الدكتور / أحمد علي عتيقة
7. السيدة / ليلى القصاب
8. السيدة / فاطمة عاشور
9. السيد / محمود رضي
10. الدكتور / جهاد النقلة
11. السيد / أحمد عبدالباري عبد الغفار
12. السيد / يوسف حسن
13. السيد / إسماعيل الصراف
14. السيد / حسين آل شهاب

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- 3- طلب السيد أمين سر الجمعية من السادة مسجلي الأسهم إطلاع الجمعية العامة العادية على الخطوات الإجرائية المطلوب من السادة المساهمين اتباعها فيما يتعلق بانتخاب فئة المرشحين للانتخاب وآلية التصويت.
- 4- عند هذا الحد، طلب السيد/ عبد الفتاح غفار ممثل الشركة الليبية للاستثمارات الخارجية (والمساهمة في رأسمال المؤسسة من خلال نسبة وقدرها 3.7%) تزويده ببطاقة الاقتراع للتصويت شأنه وباقي المساهمين الحضور، حيث أكد له السيد/ سكرتير الجمعية أن حضوره (وكما تم إبلاغه) لم يتم تسجيله لاحتساب النصاب القانوني مع بداية الجمعية العامة لتأخره، وعزز ذلك السيد/ علي العنوي، رئيس قسم حوكمة الشركات وممثل وزارة الصناعة والتجارة موضحاً أن الحضور المتأخر بعد أن تم بالفعل احتساب النصاب القانوني للجمعية يحرم المساهم (بحسب الأصول) من استعمال أسهمه في التصويت على البنود المطروحة على جدول الاعمال، بما في ذلك حقه في التصويت لانتخاب مجلس إدارة جديد للبنك، ليبيدي بعدها المساهم عدم رضاه طالبا تسجيل انسحابه من أعمال الجمعية.
- 5- تم تشكيل لجنة لفرز الأصوات مكونة من كل من السادة مسجلي الأسهم (1)، السادة وزارة الصناعة والتجارة (2)، السادة مصرف البحرين المركزي (3)، وأخيرا السادة أرنست ويونغ (مدققى الحسابات) (4) لتبدأ بعدها عملية التصويت وفرز الأصوات، ومن ثم تم الإعلان على النتائج على النحو التالي:

التسلسل	عدد الاسهم	النسبة	الاسم
1	339,871,900	24.94%	السيد / خليل ابراهيم نورالدين
2	339,815,050	24.93%	الدكتور / مروان العباسي
3	339,815,050	24.93%	الدكتور / ابراهيم الدنفور
4	306,667,176	22.50%	السيد / مناف عبد العزيز الهاجري
5	31,956,394	2.34%	السيد / احمد عبد الباري عبد الغفار
6	4,488,782	0.33%	السيد / حسين آل شهاب
7	300,000	0.02%	الدكتور / احمد علي عتيقة
8	0	0.00%	السيد / عبد الفتاح غفار
9	0	0.00%	السيدة / ليلى القصاب
10	0	0.00%	السيد / محمود رضي
11	0	0.00%	الدكتور / جهاد النقلة

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السيد / اسماعيل الصراف	0.00%	0	12
السيدة / فاطمة عاشور	0.00%	0	13
السيد / يوسف حسن	0.00%	0	14

-6 أعلن بعدها السيد/ أمين سر الجمعية عن قائمة الأعضاء المعيّنين والمنتخبين لمجلس الإدارة في دورته الخامسة عشر، على النحو التالي:

المعيّنون من قبل مصرف ليبيا المركزي

1. سعادة السيد / ناجي محمد عيسى بلقاسم
2. السيد/ عامر محمد كركر
3. السيد/ محمد الحصادي

المعيّنون من قبل الهيئة العامة للاستثمار - الكويت

4. السيد/ عبد العزيز فهد الهديب
5. السيد/ إدريس أحمد

المنتخبون من شريحة القطاع الخاص بحسب ترتيب الأصوات

6. السيد / خليل إبراهيم نور الدين
7. الدكتور / مروان العباسي
8. الدكتور / إبراهيم الدنفور
9. السيد/ مناف عبد العزيز الهاجري

-7 طلب السيد/ محمد الحصادي، ممثل مصرف ليبيا المركزي، الكلمة من السيد رئيس الجمعية ليعبر عن فخره بما حققه البنك هذا العام من إنجازات استثنائية، بفضل جهود فريق العمل ورؤية مجلس الإدارة بقيادة السيد/ الصديق عمر الكبير، الذي أسهم بحكمته في توجيه دفة المؤسسة نحو النجاح... لافتا أن هذه النتائج تعكس قوة استراتيجية المجموعة وثقة عملائها، وتؤكد قدرة البنك على التكيف والابتكار وسط التحديات، كما توجه بالشكر العميق لأعضاء المجلس المنتهية ولايتهم لما قدموه من جهود مخصصة، ورحب بالأعضاء الجدد متطلعا إلى تعاون مثمر معهم لضمان استدامة النجاح.

-8 وجه السيد رئيس الجمعية، جزيل شكره للسادة أعضاء مجلس الإدارة المنتهية عضويتهم مع هذه الدورة لمجلس الإدارة، تقديرا لما بذلوه من جهد مخلص خلال فترة عضويتهم، كما قدم التهنئة للأعضاء الجدد المعينون والمنتخبون متمنين لهم وللمؤسسة دوام التوفيق والسداد.

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البند الحادي عشر :- إطلاع الجمعية العامة على المعاملات مع الأطراف ذات العلاقة حسب المادة 189 (ج) من قانون الشركات التجارية وكما هو وارد في الإيضاح رقم 29 من القوائم المالية الموحدة للسنة المالية المنتهية في 2024/12/31م.

طلب السيد رئيس الجمعية من الجمعية العامة الإفادة باطلاعها على الإيضاح رقم 29 من القوائم المالية الموحدة للسنة المالية المنتهية في 2024/12/31م (ص 117 من كتيب الجمعية العامة) كما تم توزيعها على السادة المساهمين قبل اجتماع الجمعية العامة.

حيث أفادت الجمعية العامة باطلاعها على الإيضاح رقم 29 من القوائم المالية الموحدة للسنة المالية المنتهية في 2024/12/31م.

البند الثاني عشر :- ما يستجد من أعمال طبقاً لنص المادة 207 من قانون الشركات التجارية.

سجلت الجمعية العامة عدم وجود أي بنود مستجدة طبقاً لنص المادة 207م من قانون الشركات التجارية.

وفي ختام أعمال الجمعية العامة العادية، أعرب السادة المساهمون عن شكرهم لمجلس الإدارة وكبار المساهمين، مجددين ثقتهم في مسيرة المؤسسة، كما سجل السيد رئيس الجمعية شكره الجزيل لصاحب الجلالة الملك حمد بن عيسى آل خليفة ملك مملكة البحرين وصاحب السمو الملكي الأمير سلمان بن حمد بن عيسى آل خليفة ولي العهد رئيس الوزراء نائب القائد الأعلى على دعمهم الدائم للمؤسسة.. كما يخص بشكره أيضاً سعادة الشيخ سلمان بن خليفة آل خليفة، وزير المالية والاقتصاد الوطني وسعادة السيد/ عبد الله بن عادل فخرو، وزير الصناعة والتجارة في مملكة البحرين وسعادة السيد خالد حميدان محافظ مصرف البحرين المركزي على دعمه الدائم للمؤسسة وسعادة الشيخ خليفة بن ابراهيم آل خليفة الرئيس التنفيذي لبورصة البحرين، كما أعرب للسادة الحضور عن أطيب التمنيات بمناسبة شهر رمضان المبارك، سائلاً المولى عز وجل أن يعيد هذه المناسبة الكريمة بالخير والبركات على مملكة البحرين والأمم العربية والإسلامية.

وبانتهاء النظر في بنود جدول الأعمال، رفعت الجلسة والساعة تشير إلى الثالثة عصراً.



الصدیق عمر الکبیر
رئيس الجمعية العامة



عبد الخالق شایب
أمين سر الجمعية العامة





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DIRECTORS' REPORT

Directors' Report

Building Momentum through Resilience and Renewal

On behalf of the Board of Directors, we are pleased to present the Directors' Report for the year ended 31 December 2025 to our valued shareholders.

The year was marked with heightened geopolitical uncertainty, shifting monetary conditions and evolving trade dynamics across Bank ABC's global franchise. Against this complex external environment, the Group demonstrated strong operational resilience, delivering record levels of top line revenue and total assets. While net profit was affected by combination of new taxes and elevated provision charges, the Group maintained a strong balance sheet and continuing to execute our strategic roadmap with discipline and focus. It was also a pivotal year for institutional renewal, with the reconstitution of the Board, a refreshed management structure and senior leadership changes, bringing fresh perspectives and positioning the Group for its next strategy cycle.

Global and Regional Economic Landscape

The global economic environment in 2025 remained uncertain, with heightened geopolitical tensions and US protectionist policies weighing on trade

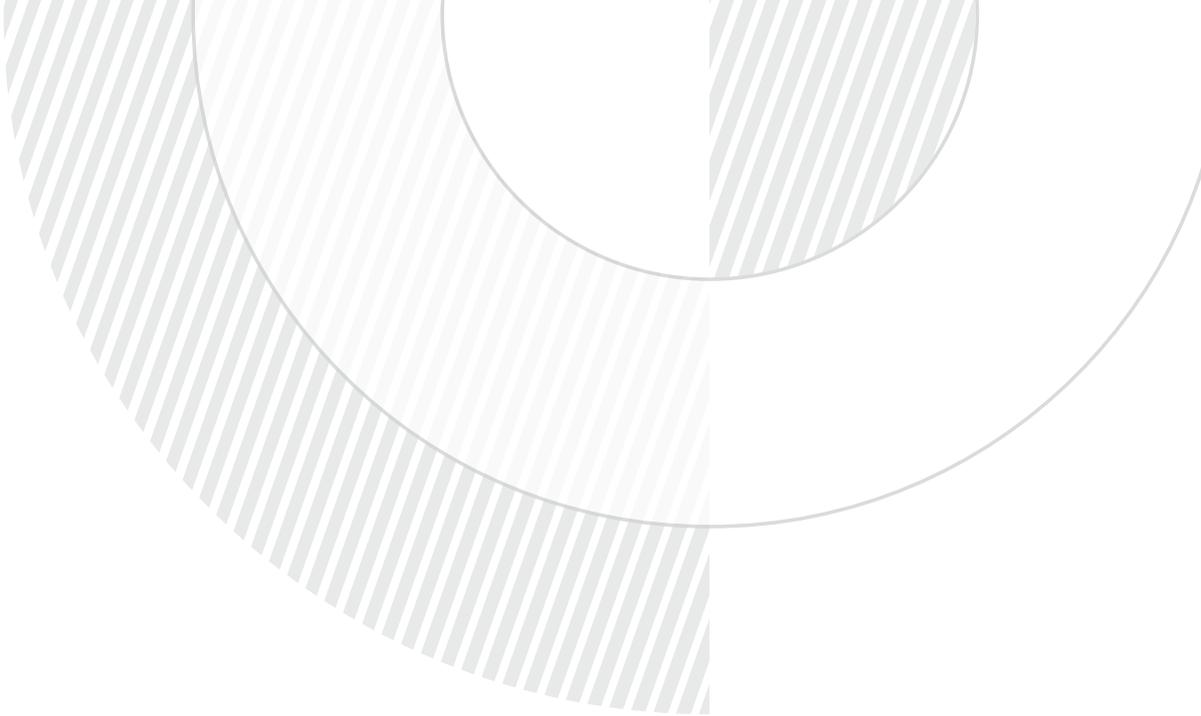
flows and business confidence. Yet, the global economy proved relatively robust, buoyed by gradual monetary easing and rising investment in Artificial Intelligence (AI) and digital infrastructure. Global growth is estimated to have moderated to just over 3%, down from 3.3% in 2024.

In the United States, labour market conditions softened, prompting the Federal Reserve to resume monetary easing to mitigate downside risks, even as inflation remained above the 2% target due to tariff pressures and supply-side constraints.

Contrasting the global trend, the MENA region outperformed expectations with an estimated GDP growth of 3.8% in 2025, up from 2.2% the previous year. This was driven by both oil-exporting and oil-importing markets: exporters increased production to maintain market share despite downward pressure on oil prices from softer global demand, while non-oil growth came from economic diversification and infrastructure investment.

Resilient Financial Performance

Bank ABC's deep regional presence, diversified footprint, and disciplined execution allowed us to navigate volatile conditions effectively, continuing to support our clients and drive our business growth forward. This resulted in a resilient



financial performance, underscoring the strength of our diversified business model and disciplined balance sheet management.

The Group had a strong year of overall top line growth across the franchise, despite declining interest rates and foreign exchange headwinds. Total Operating Income reached another record level at US\$1,410 million, increasing by 5% year-on-year on a headline basis, with underlying growth of 7% on a constant-currency basis. One particular highlight was our Global Transaction Banking business, which leveraged investment in our ABC Cash solution to expand the Group's CASA portfolio to over US\$1 billion, reflecting strong client acquisition and deepening primary operating relationships.

This revenue momentum, combined with disciplined management of operating expenses, drove a record net operating profit before credit loss expense and taxation of US\$596 million, +5% year-on-year headline, and 8% on a constant currency basis.

However, in Q4, our results were affected by an elevated loan loss provision charge, largely due to a credit event in the United States, which affected an otherwise benign credit experience for the year. The matter is being actively managed with no broader systematic implications identified. This

impacted the otherwise strong operating profit performance, and in combination with higher taxation from Domestic Minimum Top Up Taxes in Bahrain and Brazil, headline net profit attributable to Bank ABC was US\$257 million, a headline reduction of 10% year-on-year and 7% on a constant currency basis. This equated to a Return on Equity at 6% on a headline basis and 6.2% on an underlying basis, also reflecting our disciplined approach to capital deployment.

On the balance sheet, the emphasis remained on growth while maintaining strength in capital and liquidity ratios to support continuing growth. Total assets reached a record \$50 billion, propelled by a combination of loan growth and treasury activities. Tier 1 capital ratio stood at 16.0%, well above the regulatory minimum of 10.5%, strengthened by a new US\$200m AT1 issuance during Q4. Liquidity remained strong, with a Net Stable Funding Ratio of 127% and the NSFR for the domestic liquidity group at 118%, comfortably exceeding regulatory requirements.

Strategic Acceleration

Throughout 2025, the Group maintained strong momentum on executing its strategic roadmap, anchored in the vision to be MENA's International Bank of the Future. Notable progress was made across our three clearly defined strategic pillars:

Pillar 1: Accelerating Our Core Businesses

Wholesale Banking & Treasury, Retail Banking and Brazil's businesses continued to show robust growth. The completion of our Wholesale Banking digital transformation programme yielded a boost in transaction banking performance, which was supported by further sharpening of WB corporate coverage sectoral focus and refinements to credit risk capabilities and risk appetite. In Financial Markets, the Bank diversified revenue streams and successfully launched a new Securities Secured Lending Programme (SSLP). Retail Banking maintained its focus on digital and unveiled its new mobile banking app in Egypt. Banco ABC Brasil continued to be a vital contributor to the Group's profitability, continuing its focus on expanding its middle-market corporate client franchise.

Pillar 2: Maximising the Value of Our Digital Units

The Group's Digital Units continued to fulfil strategic expectations: it expanded its customer base, won multiple awards and established landmark partnerships, including completing the launch of co-branded credit card with Gulf Air in Bahrain. The mobile-only bank is expected to gain further operational agility with its carve-out process to create a separately licensed bank now underway. Arab Financial Services (AFS) solidified its leadership position through progressing on the successful rollout of Merchant Acquiring in the UAE, alongside the launch of tailored solutions for merchants and the hospitality sector.

Pillar 3: Strengthening Our Operating Model

We continued to invest in future proofing the Group's operating model to create our Bank of the Future. The redesign of our Digital & IT operating model, coupled with a newly launched Data

Management function, will significantly improve the Bank's data analytics capabilities over coming years. Strategic KPIs have been established across all functions to enhance performance and management framework, while the launch of refreshed values framework is further solidifying a culture of client-centricity, collaboration, innovation, integrity and empowerment. Additionally, the establishment of our AI Centre of Excellence has led to the automation of complex processes, while we advanced our Digital Assets strategy through innovative partnerships and proof-of-concepts.

Our Commitment to a Better Tomorrow

The Group remains firmly committed to driving sustainable development and supporting economic transitions across our franchise markets. Our Sustainability strategy is now well embedded in our business and operations. For example, Sustainability-linked assessments are included into our credit approval processes, integrating environmental, social, and governance principles into core decision-making.

On sustainable and infrastructure finance, Bank ABC supported projects across roads, power, water, and renewable energy in key markets like Egypt, Libya, Tunisia, and Bahrain, reinforcing our role in fostering long-term economic resilience, especially in emerging markets.

We also played a critical role in supporting economies under stress. In Bangladesh, we extended trade finance lines to local banks to facilitate essential imports during periods of political uncertainty. In Tunisia, we assumed cross-border risk to support imports of food and essential materials, participating in multilateral syndications to finance critical hydrocarbon

supplies. Additionally, we expanded our presence in the non-bank financial sector in Egypt and Tunisia, extending credit to microfinance companies that empower women and promote small business growth.

Record Recognition Across Markets

2025 was a notable year for Bank ABC, with 35 prestigious awards recognising our excellence in wholesale banking, retail banking, innovation, digital transformation, and customer experience. Key recognitions included Transaction Bank of the Year for the Middle East from The Banker-FT. We also received the Euromoney Awards for Excellence for Best Bank for Sustainable Finance and Best Consumer Digital Bank for ila Bank in Bahrain. Additionally, the Bank won MENA Cash Management Bank of the Year by the Middle East Economic Digest (MEED) and Best Corporate Cross-Border Payments Solution in the Middle East from Global Finance.

ila Bank was also named Best Mobile Banking App in the Middle East among a record 11 awards by Global Finance across Bahrain and the region, winning in every national category. Furthermore, it was recognised as MENA Retail Bank of the Year by MEED.

Bank ABC also received a rating upgrade from Fitch to investment-grade BBB-, harmonizing the rating with S&P. Both major rating agencies are now fully reflecting our strengthened risk profile, capital position and diversified international footprint.

Outlook for 2026

As the Group enters 2026, Bank ABC remains vigilant amid ongoing geopolitical and economic uncertainty. In this evolving landscape, the Group continues to pursue its clear strategic

direction, grounded in its mission and purpose to connect people and businesses through innovative banking. By prioritising operational resilience, maintaining a strong balance sheet and continuing to invest in digital capabilities, the Bank is well positioned to deliver enhanced client experience, operational efficiency, and improving financial performance.

Acknowledgements

On behalf of the Board of Directors, we extend our sincere appreciation to our home regulator, the Central Bank of Bahrain, and to our principal shareholders, the Central Bank of Libya and the Kuwait Investment Authority, for their continued trust, guidance, and steadfast support.

We also thank our regulators across our network for their ongoing engagement and constructive oversight, which continue to support the strength and resilience of the Group. Our gratitude extends to our shareholders, clients, and business partners for their confidence in Bank ABC and their continued collaboration.

We further acknowledge the dedication and professionalism of our employees across the Group, whose commitment and resilience enabled the Bank to deliver strong performance in a complex operating environment.

The Board extends its congratulations to Sael Al Waary, Group Chief Executive Officer, on his retirement and expresses appreciation for his 44 years of service with the Bank, recognising his lasting contribution to the Group's success.

Moving ahead, we look forward to building on the strong foundations laid in 2025, as Bank ABC continues its journey as MENA's International Bank of the Future.

Directors' Report

Board of Directors' Remuneration Details

The aggregate remuneration paid to Board members in 2025 amounted to US\$3,183,872 (2024: US\$2,148,303), which was divided between the three elements as follows:

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others*	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others	Total			
First: Independent Directors:													
Mr. Abdullah Al Humaidhi ¹	40,339	3,000	-	11,444	54,783	-	-	-	-	-	-	-	-
Dr. Ibrahim El Danfour	174,150	36,000	-	223,902	434,052	-	-	-	-	-	-	-	-
Dr. Khaled Kawan ¹	40,339	4,500	-	-	44,839	-	-	-	-	-	-	-	-
Mr. Manaf Al Hajiri ²	115,970	31,500	-	100,312	247,782	-	-	-	-	-	-	-	-
Dr. Marouane El Abassi ²	121,415	34,500	-	147,171	303,086	-	-	-	-	-	-	-	-
Mr. Khalil Nooruddin	169,711	30,000	-	55,235	254,946	-	-	-	-	-	-	-	-
Second: Non-Executive Directors:													
H.E. Mr. Naji Belgasem ²	160,574	13,500	-	92,914	266,988	-	-	-	-	-	-	-	-
Mr. Abdulaziz Alhudaib ²	133,811	19,500	-	113,302	266,613	-	-	-	-	-	-	-	-
Mr. Amer Karkar ²	102,589	18,000	-	98,314	218,903	-	-	-	-	-	-	-	-
Mr. Ashraf Mukhtar ¹	32,869	3,000	-	22,545	58,414	-	-	-	-	-	-	-	-
Mr. Edrees Ahmad ²	111,509	21,000	-	105,486	237,995	-	-	-	-	-	-	-	-
Ms. Huda Al Mousa ¹	37,351	4,500	-	5,722	47,573	-	-	-	-	-	-	-	-
Mr. Mohamed Hassadi ²	120,430	30,000	-	167,444	317,874	-	-	-	-	-	-	-	-
Mr. Mohammad Saleem ¹	44,821	3,000	-	11,444	59,265	-	-	-	-	-	-	-	-
Mr. Saddek Omar El Kaber ¹	53,785	3,000	-	22,545	79,330	-	-	-	-	-	200,000	-	-
Dr. Tarik Yousef ¹	40,339	6,000	-	45,091	91,429	-	-	-	-	-	-	-	-
Third: Executive Directors:													
-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,500,000	261,000	-	1,222,872	2,983,872	-	-	-	-	-	200,000	-	-

*Travel and accommodation expenses

¹ Retired in March 2025. ² Appointed in March 2025

The Note: The aggregate remuneration paid to the members of the Remuneration Committee with respect to their membership of such committee for the year 2025 was US\$29,528, which sum is included in the Retainer fee (2024: US\$20,000). No Director owned or traded Bank ABC shares in 2025.

Executive Management Remuneration Details:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2025	Aggregate Amount
Remunerations of top 6 executives, including CEO and Head of Finance & Administration	6,252,665	5,838,209	450,384	12,541,258

Note: All amounts stated are in US Dollars.



Naji Belgasem

Chairman

8 February 2026



Abdulaziz Alhudaib

Deputy Chairman





AUDITORS' REPORT



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARAB BANKING CORPORATION (B.S.C.)

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Arab Banking Corporation (B.S.C.) (“the Bank”) and its subsidiaries (together “the Group”), which comprise the consolidated statement of financial position as at 31 December 2025 and the consolidated statements of profit or loss, comprehensive income, cash flows and changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARAB BANKING CORPORATION (B.S.C.) (continued)

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Impairment provision for loans and advances

<i>Description of key audit matter</i>	<i>How the key audit matter was addressed in the audit</i>
<p>IFRS 9 Financial Instruments (IFRS 9) requires use of expected credit loss ("ECL") models for the purposes of calculating impairment loss against loans and advances carried at amortised cost and FVOCI. The process for estimating the impairment provision on loans and advances in accordance with IFRS 9 is a significant and complex area, due to the subjective nature of ECL calculation and the level of estimation involved.</p>	<p>Our approach included testing the controls associated with the relevant processes for estimating ECL and performing substantive procedures on such estimates. Our procedures, among others, focused on following:</p> <ul style="list-style-type: none">● We assessed:<ul style="list-style-type: none">- the compliance of Group's IFRS 9 based impairment provisioning policy including the determination of significant increase in credit risk criteria with the requirements of IFRS 9 and regulatory guidelines;- the Group's ECL modelling techniques, methodology and underlying assumptions against the requirements of IFRS 9;- the basis of determination of any management overlays applied by the Group's management to incorporate the effects of the current and future economic outlook;- the theoretical soundness and tested the mathematical integrity of the models on a sample basis.



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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ARAB BANKING CORPORATION (B.S.C.) (continued)**

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Impairment provision for loans and advances (continued)

<i>Description of key audit matter</i>	<i>How the key audit matter was addressed in the audit</i>
<p>Additional subjectivity and judgement has been introduced into measurement of ECL due to the uncertainty associated with the economic outlook and uncertain geopolitical situation in countries where the Group and its customers operate. Due to the complexity of ECL related IFRS 9 requirements, effect of the matters stated above, significance of the judgements applied in determination of ECL and the Group's exposure to loans and advances forming a major portion of the Group's assets, the audit of ECL is a key area of focus.</p>	<ul style="list-style-type: none">• We obtained an understanding of the design and tested the operating effectiveness of relevant controls over the ECL models, including approvals for any changes to the models, ongoing monitoring / validation, model governance and mathematical accuracy. We have also tested the completeness and accuracy of the data used and evaluated the reasonableness of the management assumptions.• We understood and assessed the significant modelling assumptions adopted by the Group for calculating ECL against exposures as well as process and basis for arriving at ECL related management overlays.



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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ARAB BANKING CORPORATION (B.S.C.) (continued)**

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Impairment provision for loans and advances (continued)

<i>Description of key audit matter</i>	<i>How the key audit matter was addressed in the audit</i>
<p>As at 31 December 2025, the Group's gross loans and advances amounted to US\$ 21,379 million and the related ECL amounted to US\$ 718 million, comprising US\$ 170 million of ECL against Stage 1 and 2 exposures and US\$ 548 million of ECL against exposures classified under Stage 3.</p> <p>The basis of calculation of ECL is presented in note 4 "summary of material accounting policies" and note 26 "risk management" to the consolidated financial statements. Material accounting judgements, estimates and assumptions and disclosures of loans and advances and credit risk are included in notes 4, 9 and 26 respectively to the consolidated financial statements.</p>	<ul style="list-style-type: none"> ● For a sample of exposures, we performed procedures to evaluate: <ul style="list-style-type: none"> - Appropriateness of exposure at default, probability of default and loss given default (including collateral values used) in the calculation of ECL; - Timely identification of exposures with a significant increase in credit risk and appropriateness of the Group's staging; and - Appropriateness of the ECL calculation. ● For forward looking information used by the Group's management in its ECL calculations, we held discussions with management and checked internal approvals by management for the economic outlook used for purposes of calculating ECL; ● We considered the adequacy of the disclosures included in the consolidated financial statements in relation to impairment of loans and advances as required under IFRS Accounting Standards. <p>We also involved our specialists in performing the above procedures.</p>



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARAB BANKING CORPORATION (B.S.C.) (continued)

Report on the audit of the consolidated financial statements (continued)

Other information included in the Group's 2025 annual report

Other information consists of the information included in the Group's 2025 annual report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. Prior to the date of this auditor's report, we obtained the Directors report which forms part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and for such internal control as the Board of Directors determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARAB BANKING CORPORATION (B.S.C.) (continued)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARAB BANKING CORPORATION (B.S.C.) (continued)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Bahrain Commercial Companies Law and Volume 1 of the Central Bank of Bahrain (CBB) Rule Book, we report that:

- a) the Bank has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
- b) the financial information contained in the Directors report is consistent with the consolidated financial statements;
- c) we are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain and Financial Institutions Law, the CBB Rule Book (Volume 1 and applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or the terms of the Bank's memorandum and articles of association during the year ended 31 December 2025 that might have had a material adverse effect on the business of the Bank or on its consolidated financial position; and



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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ARAB BANKING CORPORATION (B.S.C.) (continued)**

Report on other legal and regulatory requirements (continued)

- d) satisfactory explanations and information have been provided to us by management in response to all our requests.

The partner in charge of the audit resulting in this independent auditor's report is Ashwani Siotia.

A handwritten signature in black ink that reads "Ernst & Young". The signature is enclosed in a thin black rectangular border.

Partner's registration no: 117
8 February 2026
Manama, Kingdom of Bahrain





CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

Arab Banking Corporation (B.S.C.)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

All figures in US\$ Million

	Note	2025	2024
ASSETS			
Liquid funds	6	3,127	3,636
Trading securities	7	1,205	838
Placements with banks and other financial institutions		2,240	2,071
Securities bought under repurchase agreements	28	1,310	1,288
Non-trading investments	8	17,445	16,117
Loans and advances	9	20,661	18,649
Other assets	11	3,687	3,442
Premises and equipment		237	224
TOTAL ASSETS		49,912	46,265
LIABILITIES			
Deposits from customers		26,491	22,431
Deposits from banks		4,065	4,628
Certificates of deposit		383	244
Securities sold under repurchase agreements	28	9,074	10,086
Other liabilities	13	3,239	2,852
Borrowings	14	1,426	1,381
Total liabilities		44,678	41,622
EQUITY			
Share capital	15	3,110	3,110
Treasury shares		(6)	(6)
Statutory reserve		624	598
Retained earnings		1,585	1,458
Other reserves		(1,185)	(1,343)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		4,128	3,817
Additional / perpetual tier-1 capital	16	590	390
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT AND PERPETUAL INSTRUMENT HOLDERS		4,718	4,207
Non-controlling interests		516	436
Total equity		5,234	4,643
TOTAL LIABILITIES AND EQUITY		49,912	46,265

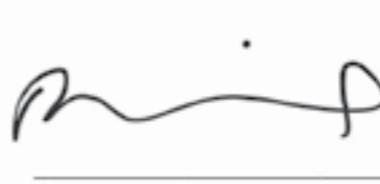
The consolidated financial statements were authorised for issue by the Board of Directors on 8 February 2026 and signed on their behalf by the Chairman, Deputy Chairman and the Acting Group Chief Executive Officer.



H.E. Naji Belgasem
Chairman



Abdulaziz Fahad Alhudaib
Deputy Chairman



Brendon Hopkins
Acting Group Chief Executive Officer

The attached notes 1 to 37 form part of these consolidated financial statements.

Arab Banking Corporation (B.S.C.)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

All figures in US\$ Million

	Note	2025	2024
OPERATING INCOME			
Interest and similar income	17	3,131	3,258
Interest and similar expense	18	(2,161)	(2,356)
Net interest income		970	902
Other operating income	19	440	437
Total operating income		1,410	1,339
OPERATING EXPENSES			
Staff		494	470
Premises and equipment		60	58
Other	20	260	245
Total operating expenses		814	773
NET OPERATING PROFIT BEFORE CREDIT LOSS EXPENSE AND TAXATION			
		596	566
Credit loss expense	10	(164)	(143)
PROFIT BEFORE TAXATION		432	423
Taxation expense	12	(105)	(72)
PROFIT FOR THE YEAR		327	351
Attributable to:			
Shareholders of the parent		257	285
Non-controlling interests		70	66
		327	351
BASIC AND DILUTED EARNINGS PER SHARE (EXPRESSED IN US\$)			
	33	0.077	0.086

		
H.E. Naji Belgasem Chairman	Abdulaziz Fahad Alhudaib Deputy Chairman	Brendon Hopkins Acting Group Chief Executive Officer

The attached notes 1 to 37 form part of these consolidated financial statements.

Arab Banking Corporation (B.S.C.)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

All figures in US\$ Million

	<i>Note</i>	2025	2024
PROFIT FOR THE YEAR		327	351
Other comprehensive income (loss):			
<i>Other comprehensive income (loss) that will be reclassified (or recycled) to profit or loss in subsequent periods:</i>			
<u>Foreign currency translation:</u>			
Unrealised gain (loss) on exchange translation of foreign subsidiaries		160	(414)
<u>Debt instruments at FVOCI:</u>			
Net change in fair value during the year	15 (e)	46	11
		206	(403)
<i>Other comprehensive income (loss) that will not be reclassified (or recycled) to profit or loss in subsequent periods:</i>			
Net change in fair value of FVOCI equity securities during the year	15 (e)	5	4
Net change in pension fund reserve		(4)	(1)
		1	3
Other comprehensive income (loss) for the year		207	(400)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		534	(49)
Attributable to:			
Shareholders of the parent		415	(12)
Non-controlling interests		119	(37)
		534	(49)

The attached notes 1 to 37 form part of these consolidated financial statements.

Arab Banking Corporation (B.S.C.)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

All figures in US\$ Million

	Note	2025	2024
OPERATING ACTIVITIES			
Profit for the year		327	351
Adjustments for:			
Credit loss expense	10	164	143
Depreciation and amortisation		80	67
Gain on disposal of non-trading debt investments - net	19	(33)	(36)
Changes in operating assets and liabilities:			
Treasury bills and other eligible bills		-	-
Trading securities		(259)	1
Placements with banks and other financial institutions		(54)	(187)
Securities bought under repurchase agreements		75	702
Loans and advances		(982)	(1,692)
Other assets		(9)	(666)
Deposits from customers		2,918	1,173
Deposits from banks		(822)	876
Securities sold under repurchase agreements		(1,061)	3,241
Other liabilities		174	400
Exchange rate changes and non-cash movements		(270)	(418)
Net cash from operating activities		<u>248</u>	<u>3,955</u>
INVESTING ACTIVITIES			
Purchase of non-trading investments		(30,726)	(26,835)
Sale and redemption of non-trading investments		29,739	22,032
Purchase of premises and equipment		(34)	(16)
Sale of premises and equipment		9	12
Investment in subsidiaries - net		3	(1)
Net cash used in investing activities		<u>(1,009)</u>	<u>(4,808)</u>
FINANCING ACTIVITIES			
Issue of certificates of deposit		401	287
Repayment of certificates of deposit		(267)	(185)
Issue of borrowings		104	161
Repayment of borrowings		(95)	(53)
Issue of additional / perpetual tier-1 capital		200	-
Interest paid on additional / perpetual tier-1 capital instruments		(19)	(19)
Dividend paid to the Bank's shareholders		(85)	(70)
Dividend paid to non-controlling interests		(43)	(24)
Net cash from financing activities		<u>196</u>	<u>97</u>
Net change in cash and cash equivalents		(565)	(756)
Effect of exchange rate changes on cash and cash equivalents		56	(74)
Cash and cash equivalents at beginning of the year		3,636	4,466
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	6	<u><u>3,127</u></u>	<u><u>3,636</u></u>

The attached notes 1 to 37 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

All figures in US\$ Million

	Equity attributable to the shareholders of the parent						Additional / perpetual tier - 1 capital	Non- controlling interests	Total equity			
	Share capital	Treasury shares	Statutory reserve	Retained earnings*	General reserve	Other reserves						
						Foreign exchange translation adjustments				Cumulative changes in fair value	Pension fund reserve	Total
At 31 December 2023	3,110	(6)	569	1,283	100	(1,126)	13	(33)	3,910	390	504	4,804
Profit for the year	-	-	-	285	-	-	-	-	285	-	66	351
Other comprehensive (loss) income for the year	-	-	-	-	-	(311)	15	(1)	(297)	-	(103)	(400)
Total comprehensive income (loss) for the year	-	-	-	285	-	(311)	15	(1)	(12)	-	(37)	(49)
Transfers during the year	-	-	29	(29)	-	-	-	-	-	-	-	-
Dividend (Note 33)	-	-	-	(70)	-	-	-	-	(70)	-	(24)	(94)
Interest paid on additional / perpetual tier-1 capital	-	-	-	(19)	-	-	-	-	(19)	-	-	(19)
Other equity movements in subsidiaries	-	-	-	8	-	-	-	-	8	-	(7)	1
At 31 December 2024	3,110	(6)	598	1,458	100	(1,437)	28	(34)	3,817	390	436	4,643
Profit for the year	-	-	-	257	-	-	-	-	257	-	70	327
Other comprehensive income (loss) for the year	-	-	-	-	-	111	51	(4)	158	-	49	207
Total comprehensive income (loss) for the year	-	-	-	257	-	111	51	(4)	415	-	119	534
Transfers during the year	-	-	26	(26)	-	-	-	-	-	-	-	-
Dividend (Note 33)	-	-	-	(85)	-	-	-	-	(85)	-	(43)	(128)
Issue of additional / perpetual tier-1 capital	-	-	-	-	-	-	-	-	-	200	-	200
Interest paid on additional / perpetual tier-1 capital	-	-	-	(19)	-	-	-	-	(19)	-	-	(19)
Other equity movements in subsidiaries	-	-	-	-	-	-	-	-	-	-	4	4
At 31 December 2025	3,110	(6)	624	1,585	100	(1,326)	79	(38)	4,128	590	516	5,234

* Retained earnings include non-distributable reserves arising from consolidation of subsidiaries amounting to US\$565 million (2024: US\$560 million).

The attached notes 1 to 37 form part of these consolidated financial statements.

1 INCORPORATION AND ACTIVITIES

Arab Banking Corporation (B.S.C.) ['the Bank'] is incorporated in the Kingdom of Bahrain by an Amiri decree and operates under a conventional wholesale banking licence issued by the Central Bank of Bahrain [CBB]. The Bank is a Bahraini Shareholding Company with limited liability and is listed on the Bahrain Bourse. The Central Bank of Libya is the ultimate parent of the Bank and its subsidiaries (together 'the Group').

The Bank's registered office is at ABC Tower, Diplomatic Area, P.O. Box 5698, Manama, Kingdom of Bahrain. The Bank is registered under commercial registration number 10299 issued by the Ministry of Industry and Commerce, Kingdom of Bahrain.

The Group is a leading provider of Trade Finance, Treasury, Project & Structured Finance, Syndications, Corporate & Institutional Banking, Islamic Banking services and the digital, mobile-only banking space named "ila Bank" within retail consumer banking services. Retail banking services are only provided in the MENA region.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements of the Group are prepared in accordance with IFRS Accounting Standards issued by International Accounting Standard Board ("IASB") and the relevant provisions of the Bahrain Commercial Companies Law and the Central Bank of Bahrain and Financial Institutions Law and the CBB Rulebook (Volume 1 and applicable provisions of Volume 6) and CBB directives.

2.2 Accounting convention

The consolidated financial statements are prepared under the historical cost convention, as modified by the measurement at fair value of derivatives and certain debt and equity financial assets. In addition, as more fully discussed below, assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in fair values attributable to the risk being hedged.

The Group's consolidated financial statements are presented in United States Dollars (US\$), which is also the Bank's functional currency. All values are rounded to the nearest million (US\$ million), except when otherwise indicated.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December 2025. Control is achieved when the Group has:

- Power over the investee (i.e. existing rights that give ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to influence those returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

2 BASIS OF PREPARATION (continued)

2.3 Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Bank loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value at the date of loss of control.

2.4 Presentation of consolidated financial statements

The Group presents its consolidated statement of financial position in order of liquidity based on the Group's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding consolidated financial statement line item. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 26.11.

3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

3.1 Standards effective for the year

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in previous year, except for the adoption of the new and amended standards and interpretations, applicable to the Group (as listed below), and which are effective for annual periods beginning on or after 1 January 2025.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

Amendments to IAS 21 - Lack of exchangeability

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of an entity's financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

This amendment had minimal impact on the Group's consolidated financial statements.

3.2 New and amended standards and interpretations issued but not yet effective

New and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below and being assessed by the Group to determine the impact on the consolidated financial statements. The Group intends to adopt these standards, if applicable, when they become effective.

Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments: effective for annual reporting periods beginning on or after 1 January 2026;

IFRS 18 - Presentation and Disclosure in Financial Statements : replacing IAS 1 - Presentation of Financial Statements: effective for annual reporting periods beginning on or after 1 January 2027; and

IFRS 19 - Subsidiaries without Public Accountability : Disclosures : effective for annual reporting periods beginning on or after 1 January 2027.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES

4.1 Liquid funds

Liquid funds comprise of cash, nostro balances, balances with central banks and treasury bills and other eligible bills. Liquid funds are initially measured at their fair value and subsequently remeasured at amortised cost, less provision for impairment.

4.2 Cash and cash equivalents

Cash and cash equivalents referred to in the consolidated statement of cash flows comprise of cash and non-restricted balances with central banks, deposits with central banks, treasury bills and other eligible bills with original maturities of three months or less.

4.3 Trading securities

Trading securities are initially recorded at fair value. Subsequent to initial measurement, gains and losses arising from changes in fair values are included in the consolidated statement of profit or loss in the period in which they arise. Interest earned and dividends received are included in 'Interest and similar income' and 'Other operating income' respectively, in the consolidated statement of profit or loss.

4.4 Placements with banks and other financial institutions

Placements with banks and other financial institutions are initially measured at fair value and subsequently remeasured at amortised cost, net of any amounts written off and provision for impairment.

4.5 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. Investments in associates are accounted for under the equity method of accounting.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

4.6 Premises and equipment

Premises and equipment are stated at cost, less accumulated depreciation and provision for impairment in value, if any. Freehold land is not depreciated. Depreciation on premises and equipment is provided on a straight-line basis over their estimated useful lives ranging from 3 to 50 years.

4.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life (ranging from 3 to 10 years) and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

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

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.8 Leases - Group as a lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are also subject to impairment. The Group discloses right of use assets under other assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group discloses lease liabilities under other liabilities.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4.9 Collateral repossessed

Any repossessed assets are held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in line with the Group's policy.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.10 Repurchase and reverse repurchase agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) are not derecognised. The counterparty liability for amounts received under these agreements are shown as securities sold under repurchase agreements in the consolidated statement of financial position. The difference between sale and repurchase price is treated as interest expense and is accrued over the life of the agreement using the effective interest rate. Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the consolidated statement of financial position, as the Group does not obtain control over the assets. The difference between purchase and resale price is treated as interest income using the effective yield method.

4.11 Employee pension and other end of service benefits

Costs relating to employee pension and other end of service benefits are generally accrued in accordance with actuarial valuations (as applicable) based on prevailing regulations applicable in each location.

4.12 Recognition of income and expenses

4.12.1 The effective interest rate (EIR) method

Under IFRS 9 Financial instruments (IFRS 9), interest income is recorded using the EIR method for all financial assets measured at amortised cost, interest rate derivatives for which hedge accounting is applied and the related amortisation/recycling effect of hedge accounting. Interest income on interest bearing financial assets measured at fair value through other comprehensive income (FVOCI) under IFRS 9 is also recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial asset. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations of fixed rate financial assets' or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in interest revenue/expense calculated using the effective interest method.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

The Inter Bank Offered Rate (IBOR) reform Phase 2 amendments allow as a practical expedient for changes to the basis for determining contractual cash flows to be treated as changes to a floating rate of interest, provided certain conditions are met. The conditions include that the change is necessary as a direct consequence of IBOR reform and that the transition takes place on an economically equivalent basis.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.12 Recognition of income and expenses (continued)

4.12.2 Interest and similar income/expense

Net interest income comprises interest income and interest expense calculated using the effective interest method.

The Group calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

When a financial asset becomes credit-impaired (therefore regarded as 'Stage 3'), the Group suspends the recognition of interest income of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

4.12.3 Fee and commission income

The Group earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. When the Group provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Performance obligations satisfied over time include asset management and other services, where the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The Group's fee and commission income from services where performance obligations are satisfied over time include the following:

Asset management fees

These fees are earned for the provision of asset management services, which include portfolio diversification and rebalancing, typically over defined periods. These services represent a single performance obligation comprised of a series of distinct services which are substantially the same, being provided continuously over the contract period. Asset management fees consist of management and performance fees that are considered variable consideration.

Management fees are invoiced quarterly and determined based on a fixed percentage of the net asset value of the funds under management at the end of the quarter. The fees are allocated to each quarter because they relate specifically to services provided for a quarter, and are distinct from the services provided in other quarters. The fees generally crystallise at the end of each quarter and are not subject to a clawback. Consequently, revenue from management fees is generally recognised at the end of each quarter.

Loan commitment and other fees

These are fixed fees paid by customers for loan and other credit facilities with the Group, but where it is unlikely that a specific lending arrangement will be entered into with the customer and the loan commitment is not measured at fair value. The Group promises to provide a loan facility for a specified period. As the benefit of the services is transferred to the customer evenly over the period of entitlement, the fees are recognised as revenue on a straight-line basis.

4.13 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised as share premium.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.14 Dividends on ordinary shares

Dividend on ordinary shares is proposed by the Board of Directors and post approval by the Bank's shareholder is deducted from equity.

Proposed dividends for the year are disclosed in note 33.2 to these consolidated financial statements.

4.15 Financial instruments

4.15.1 Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers, deposits to customers and banks, are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Group recognises deposits from customers and banks when funds are received by the Group.

4.15.2 Initial measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in notes 4.16 and 4.17.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss (FVTPL), transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in the consolidated statement of profit or loss when an asset is newly originated. When the fair value of financial assets and liabilities at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described in note 4.15.3.

4.15.3 Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination, the difference is treated as follows:

- (a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses data only from observable markets, the difference is recognised as a day 1 gain or loss.
- (b) In all other cases, the difference is deferred and the timing of recognition of deferred day 1 profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or when the instrument is derecognised.

4.16 Financial assets

4.16.1 Debt type instruments - classification and subsequent measurement

The classification requirements for financial assets is as below.

Classification and subsequent measurement of debt instruments depend on:

- (i) the Group's business model for managing the asset; and
- (ii) the cash flow characteristics of the asset i.e. solely payments of principal and interest (SPPI) test.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.16 Financial assets (continued)

4.16.1 Debt type instruments - classification and subsequent measurement (continued)

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any ECL allowance recognised and measured. Interest income from these financial assets is included in 'Interest and similar income' using the EIR method.
- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of expected credit losses or writebacks, interest income and foreign exchange gains and losses. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Other operating income' as 'Gain or loss on disposal of non-trading debt investments'. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate (EIR) method.
- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. The Group may also designate a financial asset at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised and presented in the consolidated statement of profit or loss within 'Other operating income' as 'Gain from trading book' in the year in which it arises. Interest income from these financial assets is included in 'Interest and similar income' using the EIR method.

4.16.2 Business model

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'held for trading' business model and measured at FVTPL. The business model assessment is not carried out on an instrument-by-instrument basis but at the aggregate portfolio level and is based on observable factors such as:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the asset's and business model performance is evaluated and reported to key management personnel and Group Asset and Liability Committee (GALCO);
- How risks are assessed and managed; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.16 Financial assets (continued)

4.16.3 SPPI test

The Group assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

Principal for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

Interest is the consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- the currency in which the financial asset is denominated, and the period for which the interest rate is set;
- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements).

Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

4.16.4 Reclassification

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

4.16.5 Equity type instruments - classification and subsequent measurement

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

Upon initial recognition, the Group elects to irrevocably designate certain equity investments at FVOCI which are held for purposes other than held for trading. When this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to consolidated profit or loss, including on disposal. Equity investments at FVOCI are not subject to impairment assessment. All other equity investments which the Group has not irrevocably elected at initial recognition or transition, to classify at FVOCI, are recognised at FVTPL.

Gains and losses on equity investments at FVTPL are included in the 'Other operating income' as 'Income from trading book' line in the consolidated statement of profit or loss.

Dividends are recognised in the consolidated statement of profit or loss under 'Other operating income' when the Group's right to receive payments is established.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.16 Financial assets (continued)

4.16.6 Modified or forbearance of loans

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Group considers a loan forbore when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new EIR for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the customer being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

In order for the loan to be reclassified out of the forbore category, the customer has to meet all of the following criteria:

- All of its facilities has to be considered performing;
- Regular payments of more than an insignificant amount of principal or interest have been made during most of the period when asset has been classified as forbore; and
- The customer does not have any contract that is more than 30 days past due.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in consolidated profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets).

Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Group's policy to monitor forbore loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis or based on SICR criteria. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forbore asset until it is collected or written off or is transferred back to Stage 2.

4.16.7 Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.16 Financial assets (continued)

4.16.7 Derecognition other than on a modification (continued)

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

- (i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
- (ii) Is prohibited from selling or pledging the assets; and
- (iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

4.16.8 Derecognition of financial instruments in the context of IBOR reform

As explained in note 4.16.6 and 4.17.2, the Group derecognises financial assets and financial liabilities if there has been a substantial modification of their terms and conditions. In the context of IBOR reform, all of the financial instruments have already been amended during 2023 and 2024 as they have transitioned from IBORs to Accounting Rate of Returns (ARRs) without any derecognition.

For financial instruments measured at amortised cost, the Group applies the practical expedient as described in note 4.12, to reflect the change in the referenced interest rate from an IBOR to an RFR. For any changes not covered by the practical expedient, the Group applies judgement to assess whether the changes are substantial and if they are, the financial instrument is derecognised and a new financial instrument is recognised. If the changes are not substantial, the Group adjusts the gross carrying amount of the financial instrument by the present value of the changes not covered by the practical expedient, discounted using the revised EIR.

4.17 Financial liabilities

4.17.1 Classification and subsequent measurement

Financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at FVTPL: this classification is applied to derivatives and financial liabilities held for trading. Gains or losses on financial liabilities designated at FVTPL are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the issuer, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially in profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the issuer are also presented in profit or loss;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.17 Financial liabilities (continued)

4.17.2 Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original EIR, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

4.18 Financial instruments measured using amortised cost measurement and lease receivables

In the context of IBOR reform, the Group's assessment of whether a change to an amortised cost financial instrument is substantial, is made after applying the practical expedient introduced by IBOR reform Phase 2. This requires the transition from an IBOR to an RFR to be treated as a change to a floating interest rate, as described in Note 4.12.1.

4.19 Impairment of financial assets

The Group assesses on a forward-looking basis, the expected credit loss (ECL) associated with its debt instruments carried at amortised cost and FVOCI and against the exposure arising from loan commitments and financial guarantee contracts. The Group recognises an ECL for such losses on origination and reassess the expected losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

To calculate ECL, the Group estimates the risk of a default occurring on the financial instrument during its expected life. ECLs are estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e., the difference between: the contractual cash flows that are due to the Group under the contract, and the cash flows that the Group expects to receive, discounted at the effective interest rate of the loan or an approximation thereof.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.19 Impairment of financial assets (continued)

Measurement of ECL (continued)

- undrawn loan commitments: estimates the expected portion of the loan commitment that are drawn down over the expected life of the loan commitment; and calculates the present value of cash shortfalls between the contractual cash flows that are due to the entity if the holder of the loan commitment draws down that expected portion of the loan and the cash flows that the entity expects to receive if that expected portion of the loan is drawn down; and
- financial guarantee contracts: estimates the ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the guarantor expects to receive from the holder, the debtor or any other party. If a loan is fully guaranteed, the ECL estimate for the financial guarantee contract would be the same as the estimated cash shortfall estimate for the loan subject to the guarantee.

For the purposes of calculation of ECL, the Group categorises its FVOCI and amortised cost debt securities, loans and advances and loan commitments and financial guarantee contracts into Stage 1, Stage 2, Stage 3 and POCI, based on the applied impairment methodology, as described below:

- Stage 1 – Performing: when financial assets are first recognised, the Group recognises an allowance based up to 12-month ECL.
- Stage 2 – Significant increase in credit risk: when a financial asset shows a significant increase in credit risk, the Group records an allowance for the lifetime ECL.
- Stage 3 – Impaired: the Group recognises the lifetime ECL for these financial assets.
- Purchased or originated credit impaired ('POCI'): when financial assets are purchased or are originated at a deep discount or are credit-impaired on initial recognition. These are subject to lifetime ECLs. It also includes recognition of previously written off loans of the Group where the expectation of recovery has improved.

For the purposes of categorisation into above stages, the Group has established a policy to perform an assessment at the end of each reporting period of whether credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The Group records impairment for FVOCI debt securities, depending on whether they are classified as Stage 1, 2, or 3, as explained above. However, ECL does not reduce the carrying amount of these financial assets in the consolidated statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss.

No impairment is recorded on equity instruments.

Stage 1

The Group measures loss allowances at an amount up to 12-month ECL for Stage 1 customers. All financial assets are classified as Stage 1 on initial recognition date, unless the new loan is deemed to be POCI. Subsequently on each reporting date the Group classifies following as Stage 1:

- debt type assets that are determined to have low credit risk at the reporting date; and
- on which credit risk has not increased significantly since their initial recognition.

The Group applies low credit risk expedient and considers following types of debts as 'low credit risk (LCR)':

- All local currency sovereign exposures funded in local currency;
- All local currency exposures to the Government of Bahrain or the CBB; and
- All exposures with external rating A- or above.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.19 Impairment of financial assets (continued)

Stage 2

IFRS 9 requires financial assets to be classified in Stage 2 when their credit risk has increased significantly since their initial recognition. For these assets, a loss allowance needs to be recognised based on their lifetime ECLs.

The Group considers whether there has been a significant increase in credit risk of an asset by comparing the rating migration upon initial recognition of the asset against the risk of a default occurring on the asset as at the end of each reporting period. In each case, this assessment is based on forward-looking assessment, in order to recognise the probability of higher losses associated with more negative economic outlooks. In addition, a significant increase in credit risk is assumed if the borrower falls 30 days or more past due in making its contractual payments, or if the Group expects to grant the borrower forbearance or facility has been restructured owing to credit related reasons. Further, any facility having an internal credit risk rating of 8 are also subject to stage 2 ECL calculation.

It is the Group's policy to evaluate additional available reasonable and supportive forward-looking information as further additional drivers.

For revolving facilities such as credit cards and overdrafts and similar other working capital facilities, the Group measures ECLs by determining the period over which it expects to be exposed to credit risk, taking into account the credit risk management actions that it expects to take once the credit risk has increased and that serve to mitigate losses.

Stage 3

Financial assets are included in Stage 3 when there is objective evidence that the debt type financial asset is credit impaired. At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data among others:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

In making an assessment of whether a debt type investment is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Other than originated credit-impaired loans, loans are transferred out of Stage 3 if they no longer meet the criteria of credit-impaired after a cooling-off period of 12 months.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.19 Impairment of financial assets (continued)

Purchased or originated credit impaired ('POCI')

For POCI financial assets, the Group only recognises the lifetime ECL and any cumulative changes since initial recognition are recorded in the ECL allowance. There are no migration from POCI to other Stages.

Forward looking information

The Group incorporates forward-looking information in the measurement of ECLs.

The Group considers forward-looking information such as forecasts of macroeconomic factors (e.g., GDP growth, oil prices, country's equity indices and unemployment rates). To evaluate a range of possible outcomes, the Group formulates three scenarios: a base case, an up-side and a down-side scenario. The base case scenario represents the more likely outcome from Moody's macro-economic models. For each scenario, the Group derives an ECL and apply a probability weighted approach to determine the impairment allowance.

The Group also uses published external information from International Monetary Fund (IMF).

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: as a provision under other liabilities; and
- debt instruments measured at FVOCI: The ECL for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the consolidated statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to the consolidated statement of profit or loss. The accumulated loss recognised in OCI is recycled to the consolidated statement of profit and loss upon derecognition of the assets.

Limitation of estimation techniques

The models applied by the Group may not always capture all characteristics of the market at a point in time as they cannot be recalibrated at the same pace as changes in market conditions. Although the Group uses data that is as current as possible, models used to calculate ECLs are based on data that is up to date except for certain macro-economic factors for which the data is updated once it is available.

Experienced credit adjustment

The Group's ECL allowance methodology requires the Group to use its experienced credit judgement to incorporate the estimated impact of factors not captured in the modelled ECL results, in all reporting periods. Refer note 26.4.1 for additional details.

4.20 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of others assets or cash generating units (CGU). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.20 Impairment of non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to CGU, and then to reduce the carrying amounts of others assets in the CGU on pro-rata basis. An impairment loss on goodwill is not reversed. For, other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

4.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the consolidated statement of profit or loss net of any reimbursement.

4.22 Financial guarantee contracts and loan commitments

The Group issues financial guarantees, letters of credit and loan commitments.

Financial guarantees are initially recognised in the consolidated financial statements at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the consolidated statement of profit or loss, and an ECL provision.

The premium received is recognised in the consolidated statement of profit or loss in 'Other operating income' on a straight line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the consolidated statement of financial position.

An ECL is calculated and recorded for these in a similar manner as for debt type financial instruments as explained in note 4.19.

4.23 Derivatives and hedging activities

The Group applies IFRS 9 for hedge accounting.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Group enters into derivative transactions with various counterparties. These include interest rate swaps, futures, credit default swaps, cross-currency swaps, forward foreign exchange contracts and options on interest rates, foreign currencies and equities. Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

All derivatives are measured at FVTPL except for when the derivative is designated and qualifies as a hedging instrument, and if so, the nature of the item being hedged determines the method of recognising the resulting gain or loss. The Group designates certain derivatives as either:

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.23 Derivatives and hedging activities (continued)

- (a) Hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges);
- (b) Hedges of highly probable future cash flows attributable to a recognised asset or liability (cash flow hedges); or
- (c) Hedges of a net investment in a foreign operation (net investment hedges).

The Group documents, at the inception of the hedge, the relationship between hedged items and hedging instruments, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated statement of profit or loss, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest rate method is used is amortised to profit or loss over the period to maturity and recorded as net interest income.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss.

Amounts accumulated in equity are recycled to the consolidated statement of profit or loss in the periods when the hedged item affects profit or loss. They are recorded in the income or expense lines in which the revenue or expense associated with the related hedged item is reported.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in the periods when the hedged item affects profit or loss. When a forecast transaction is no longer expected to occur (for example, the recognised hedged asset is disposed of), the cumulative gain or loss previously recognised in other comprehensive income is immediately reclassified to the consolidated statement of profit or loss.

(c) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised directly in other comprehensive income; the gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss. Gains and losses accumulated in equity are included in the consolidated statement of profit or loss when the foreign operation is disposed of as part of the gain or loss on the disposal.

4.24 Fair value measurement

The Group measures financial instruments at fair value at each reporting date.

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

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

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.24 Fair value measurement (continued)

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interests.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 valuation: Directly observable quotes for the same instrument.
- Level 2 valuation: Directly observable proxies for the same instrument accessible at valuation date.
- Level 3 valuation: Derived proxies (interpolation of proxies) for similar instruments that have not been observed.

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

4.25 Taxation

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income respectively and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.25 Taxation on foreign operations (continued)

Deferred tax (continued)

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on forecasts used for its budgeting purposes and in other management reports.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4.26 Foreign currencies

Transactions and balances

Transactions in foreign currencies are initially recorded at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities in foreign currencies are translated into functional currency at the rates of exchange ruling at the reporting date. Any gains or losses are taken to the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.26 Foreign currencies (continued)

Group companies

As at the reporting date, the assets and liabilities of foreign operations are translated into the Bank's functional currency at rates of exchange ruling at the reporting date. Income and expense items are translated at average exchange rates for the year. Exchange differences arising on translation are recorded in the consolidated statement of comprehensive income under unrealised gain or loss on exchange translation in foreign subsidiaries. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

4.27 Trade and settlement date accounting

All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset, except for loans and advances to customers, deposits to customers and banks.

4.28 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and, accordingly, are not included in the consolidated statement of financial position.

4.29 Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Group intends to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

4.30 Borrowings

Issued financial instruments (or their components) are classified as liabilities under 'Borrowings', where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder.

Borrowings are initially measured at fair value plus transaction costs. After initial measurement, the borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate.

4.31 Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to consolidated statement of profit or loss.

4.32 Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/financial guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Group's consolidated statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.32 Collateral valuation (continued)

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using internal valuation techniques as appropriate. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

4.33 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in relevant line items in the consolidated statement of profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the business within that unit is disposed of, the goodwill associated with the disposed business operation is included in the carrying amount of the business operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next 5-7 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.34 Material accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the consolidated financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

Going concern

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

Measurement of the expected credit loss allowance (ECL)

The measurement of the ECL for financial assets subject to credit risk measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions, credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses), estimation of the amount and timing of the future cash flows and collateral values. These estimates are driven by several factors, changes in which can result in different levels of allowances.

The Group's ECL calculation are outputs of complex models with several underlying assumptions regarding the choice of variable inputs and their interdependencies. A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Internal credit rating model, which assigns probability of defaults (PDs) to the individual ratings;
- Determining criteria for significant increase in credit risk (SICR);
- Choosing appropriate models and assumptions for the measurement of ECL;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as GDP, oil prices, equity indices, unemployment levels and collateral values, and the effect on PD, exposure at default (EAD) and loss given default (LGD);
- Selection and relative weightings of forward-looking scenarios to derive the economic inputs into the ECL models;
- Establishing groups of similar financial assets for the purposes of measuring ECL; and
- Determining relevant period of exposure with respect to the revolving credit facilities and facilities undergoing restructuring at the time of the reporting date.

Classification of financial assets

Classification of financial assets in the appropriate category depends upon the business model and SPPI test. Determining the appropriate business model and assessing whether the cash flows generated by the financial asset meet the SPPI test is complex and requires significant judgements by management.

The Group applies judgement while carrying out SPPI test and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

31 December 2025

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.34 Material accounting judgements, estimates and assumptions (continued)

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values. Refer to note 25 for further disclosures.

4.35 Corresponding figures

Certain of the prior year's figures have been re-classified to conform to the presentation adopted in the current year. Such reclassifications do not affect previously reported net profit and total comprehensive income for the year or shareholder's equity.

Arab Banking Corporation (B.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

5 CLASSIFICATION OF FINANCIAL INSTRUMENTS

As at 31 December, financial instruments have been classified as follows:

At 31 December 2025	<i>FVTPL</i>	<i>FVOCI</i>	<i>Amortised cost</i>	<i>Total</i>
ASSETS				
Liquid funds	-	-	3,127	3,127
Trading securities	1,205	-	-	1,205
Placements with banks and other financial institutions	-	-	2,240	2,240
Securities bought under repurchase agreements	-	-	1,310	1,310
Non-trading investments	-	7,798	9,647	17,445
Loans and advances	2	865	19,794	20,661
Other assets	1,059	-	2,099	3,158
	<u>2,266</u>	<u>8,663</u>	<u>38,217</u>	<u>49,146</u>
			<i>Amortised cost</i>	<i>Total</i>
LIABILITIES				
Deposits from customers	-	-	26,491	26,491
Deposits from banks	-	-	4,065	4,065
Certificates of deposit	-	-	383	383
Securities sold under repurchase agreements	-	-	9,074	9,074
Other liabilities	789	-	2,366	3,155
Borrowings	-	-	1,426	1,426
	<u>789</u>	<u>-</u>	<u>43,805</u>	<u>44,594</u>
			<i>Amortised cost</i>	<i>Total</i>
At 31 December 2024	<i>FVTPL</i>	<i>FVOCI</i>	<i>Amortised cost</i>	<i>Total</i>
ASSETS				
Liquid funds	-	-	3,636	3,636
Trading securities	838	-	-	838
Placements with banks and other financial institutions	-	-	2,071	2,071
Securities bought under repurchase agreements	-	-	1,288	1,288
Non-trading investments	-	6,835	9,282	16,117
Loans and advances	63	484	18,102	18,649
Other assets	1,225	-	1,743	2,968
	<u>2,126</u>	<u>7,319</u>	<u>36,122</u>	<u>45,567</u>
			<i>Amortised cost</i>	<i>Total</i>
LIABILITIES				
Deposits from customers	-	-	22,431	22,431
Deposits from banks	-	-	4,628	4,628
Certificates of deposit	-	-	244	244
Securities sold under repurchase agreements	-	-	10,086	10,086
Other liabilities	786	-	1,909	2,695
Borrowings	-	-	1,381	1,381
	<u>786</u>	<u>-</u>	<u>40,679</u>	<u>41,465</u>

Arab Banking Corporation (B.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

6 LIQUID FUNDS

	2025	2024
Cash on hand	76	54
Balances with banks	474	485
Deposits with central banks	2,577	3,058
Treasury bills and other eligible bills with original maturities of three months or less	-	40
Cash and cash equivalents	3,127	3,637
ECL allowances	-	(1)
	3,127	3,636

7 TRADING SECURITIES

	2025	2024
Debt instruments	1,195	828
Equity instruments	10	10
	1,205	838

8 NON-TRADING INVESTMENTS

	2025	2024
Debt securities		
At amortised cost	9,648	9,283
At FVOCI	7,844	6,888
	17,492	16,171
ECL allowances	(75)	(75)
Debt securities - net	17,417	16,096
Equity securities		
At FVOCI	28	21
	17,445	16,117

The external ratings distribution of non-trading debt investments are given below:

	2025	2024
AAA rated debt securities	8,351	8,960
AA to A rated debt securities	3,430	1,968
Other investment grade debt securities	1,959	1,864
Other non-investment grade debt securities	3,442	3,089
Unrated debt securities	310	290
	17,492	16,171
ECL allowances	(75)	(75)
	17,417	16,096

Arab Banking Corporation (B.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

8 NON-TRADING INVESTMENTS (continued)

Following are the stage wise break-up of debt securities as at 31 December 2025 and 31 December 2024:

	2025			
	Stage 1	Stage 2	Stage 3	Total
Debt securities, gross	17,428	-	64	17,492
ECL allowances	(11)	-	(64)	(75)
	17,417	-	-	17,417
	2024			
	Stage 1	Stage 2	Stage 3	Total
Debt securities, gross	16,107	-	64	16,171
ECL allowances	(11)	-	(64)	(75)
	16,096	-	-	16,096

An analysis of movement in the ECL allowances during the years ended 31 December 2025 and 31 December 2024 are as follows:

	2025			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	11	-	64	75
Net remeasurement / additions	-	-	-	-
Recoveries / write back	-	-	-	-
Charge for the year - net	-	-	-	-
Exchange adjustments and other movements	-	-	-	-
As at 31 December	11	-	64	75
	2024			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	14	-	74	88
Net remeasurement / additions	(1)	-	-	(1)
Recoveries / write back	-	-	(1)	(1)
Charge for the year - net	(1)	-	(1)	(2)
Amounts written-off	-	-	(9)	(9)
Exchange adjustments and other movements	(2)	-	-	(2)
As at 31 December	11	-	64	75

No interest income was received during the year on impaired investments classified under Stage 3 (2024: nil).

Arab Banking Corporation (B.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

9 LOANS AND ADVANCES

Below is the classification of loans and advances by measurement and stage:

	2025			
	Stage 1	Stage 2	Stage 3	Total
At FVTPL				
- Wholesale	2	-	-	2
At FVOCI				
- Wholesale	865	-	-	865
At amortised cost				
- Wholesale	18,109	517	724	19,350
- Retail	1,053	51	58	1,162
	20,029	568	782	21,379
ECL allowances	(89)	(81)	(548)	(718)
	19,940	487	234	20,661
	2024			
	Stage 1	Stage 2	Stage 3	Total
At FVTPL				
- Wholesale	63	-	-	63
At FVOCI				
- Wholesale	484	-	-	484
At amortised cost				
- Wholesale	16,549	531	640	17,720
- Retail	888	52	59	999
	17,984	583	699	19,266
ECL allowances	(136)	(68)	(413)	(617)
	17,848	515	286	18,649

Below is the classification of loans and advances by industrial sector:

	Gross loans		ECL allowances		Net loans	
	2025	2024	2025	2024	2025	2024
Financial services	5,096	3,902	12	11	5,084	3,891
Government	1,210	1,208	4	6	1,206	1,202
Other services	2,434	2,739	330	256	2,104	2,483
Manufacturing	3,139	2,549	75	99	3,064	2,450
Agriculture, fishing and forestry	1,559	1,334	47	39	1,512	1,295
Construction	371	315	70	61	301	254
Utilities	952	848	4	6	948	842
Energy	526	1,008	1	2	525	1,006
Distribution	1,056	819	6	5	1,050	814
Personal /consumer finance	1,514	1,237	56	56	1,458	1,181
Transport	508	542	37	20	471	522
Commercial real estate financing	1,159	1,236	30	22	1,129	1,214
Technology, media and telecommunications	304	330	2	2	302	328
Trade	270	227	20	18	250	209
Retailers	374	232	1	-	373	232
Mining and quarrying	107	144	14	13	93	131
Residential mortgage	20	3	-	-	20	3
Infrastructure	615	433	4	-	611	433
Contracting	165	160	5	1	160	159
	21,379	19,266	718	617	20,661	18,649

Arab Banking Corporation (B.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

9 LOANS AND ADVANCES (continued)

An analysis of movement in the ECL allowances during the years ended 31 December 2025 and 31 December 2024 are as follows:

	<i>2025</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
As at 1 January	136	68	413	617
Transfers to stage 1	3	(3)	-	-
Transfers to stage 2	(1)	12	(11)	-
Transfers to stage 3	(1)	(2)	3	-
Net transfers between stages	1	7	(8)	-
Net remeasurements / additions	(51)	5	294	248
Recoveries / write back	-	-	(78)	(78)
Charge (reversal) for the year - net	(51)	5	216	170
Amounts written-off	-	-	(89)	(89)
Exchange adjustments and other movements	3	1	16	20
As at 31 December	89	81	548	718
	<i>2024</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
As at 1 January	139	74	435	648
Transfers to stage 1	3	(3)	-	-
Transfers to stage 2	(1)	1	-	-
Transfers to stage 3	(1)	(10)	11	-
Net transfers between stages	1	(12)	11	-
Net remeasurements / additions	9	3	231	243
Recoveries / write back	-	-	(103)	(103)
Charge for the year - net	9	3	128	140
Amounts written-off	-	-	(116)	(116)
Exchange adjustments and other movements	(13)	3	(45)	(55)
As at 31 December	136	68	413	617

The fair value of collateral that the Group holds relating to loans and advances individually determined to be impaired and classified under Stage 3 at 31 December 2025 amounts to US\$ 58 million (2024: US\$ 89 million).

At 31 December 2025, interest in suspense on impaired loans under Stage 3 amounts to US\$ 108 million (2024: US\$ 128 million).

Arab Banking Corporation (B.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

10 CREDIT LOSS EXPENSE

	2025			
	Stage 1	Stage 2	Stage 3	Total
Liquid funds	(1)	-	-	(1)
Non-trading debt investments (note 8)	-	-	-	-
Loans and advances (note 9)	(51)	5	216	170
Credit commitments and contingent items (note 23)	(1)	(6)	(1)	(8)
Other financial assets subject to credit risk	2	1	-	3
	(51)	-	215	164
	2024			
	Stage 1	Stage 2	Stage 3	Total
Liquid funds	1	-	-	1
Non-trading debt investments (note 8)	(1)	-	(1)	(2)
Loans and advances (note 9)	9	3	128	140
Credit commitments and contingent items (note 23)	1	(1)	3	3
Other financial assets subject to credit risk	1	-	-	1
	11	2	130	143

11 OTHER ASSETS

	2025	2024
Interest receivable	720	535
Goodwill (note 36)	26	25
Right-of-use assets	54	56
Trade receivables	389	338
Positive fair value of derivatives - net (note 22)	1,059	1,225
Assets acquired on debt settlement	30	36
Deferred tax assets (note 12)	236	187
Bank owned life insurance	42	41
Margin dealing accounts	185	265
Staff loans	42	39
Advances and prepayments	119	148
Investments in associates	34	32
Unamortised IT project costs	141	129
FX contracts	330	49
Securities sold amount due	30	21
Others	250	316
	3,687	3,442

The positive fair value of derivatives is net of US\$ 202 million (2024: US\$ 73 million) adjusted against negative fair value of derivatives. The negative fair value of derivatives amounting to US\$ 789 million (2024: US\$ 786 million) is included in other liabilities (note 13). Details of derivatives are given in note 22.

Allowances for ECL against other financial assets subject to credit risk amounts to US\$ 9 million (2024: US\$ 8 million).

Arab Banking Corporation (B.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

11 OTHER ASSETS (continued)

Below are the carrying amounts of the Group's right-of-use assets and movements during the year:

	<i>Right-of-use assets</i>	
	<i>2025</i>	<i>2024</i>
As at 1 January	56	57
Add: New/terminated leases - net	5	12
Less: Amortisation	(11)	(10)
Others (including foreign exchange movements)	4	(3)
As at 31 December	<u>54</u>	<u>56</u>

12 TAXATION

12.1 Taxation assets and liabilities

	<i>2025</i>	<i>2024</i>
Consolidated statement of financial position		
Other assets		
Deferred tax assets *	<u>236</u>	<u>187</u>
Taxation - net		
Current tax liability	48	40
Deferred tax liability - net *	41	29
Taxation - net	<u>89</u>	<u>69</u>

* This includes an offset of deferred tax asset amounting to US\$ 50 million (2024: US\$ 195 million) against the deferred tax liability as it met offsetting conditions.

12.2 Taxation charge and payments

Consolidated statement of profit or loss

Current tax

- Pillar Two taxes in Kingdom of Bahrain	17	-
- on foreign operations (excluding Pillar Two tax charge)	113	65

Deferred tax

- on foreign operations	(25)	7
	<u>105</u>	<u>72</u>

Consolidated statement of cash flows

Taxes paid during the year	69	60
	<u>69</u>	<u>60</u>

Analysis of tax charge

At Bahrain	17	-
On profits of subsidiaries operating in other jurisdictions	88	72
Income tax expense reported in the consolidated statement of profit or loss	<u>105</u>	<u>72</u>

12 TAXATION (continued)

12.2 Taxation charge and payments (continued)

The effective tax rate (ETR) for operations in Kingdom of Bahrain was 13% (2024: 0%). DMTT tax rate applicable for Bahrain operations is 15% (2024: 0%). The ETR on the profit of subsidiaries in MENA was 36% (2024: 35%) and United Kingdom was 20% (2024: 21%) as against the actual tax rates of 23% to 48% (2024: 23% to 48%) in MENA and 25% (2024: 25%) in United Kingdom.

In the Bank's Brazilian subsidiary, the ETR on normalised earnings was 23% (2024: 1%) as against the actual tax rate of 45% (2024: 45%) and adjusted for tax on Interest on Capital (IOC) to parent under DMTT in Brazil, the ETR was 18% (2024: 8%).

In view of the operations of the Group being subject to various tax jurisdictions and regulations, it is not practical to provide a reconciliation between the accounting and taxable profits.

12.3 Pillar Two Rules

The Organisation for Economic Co-operation and Development (OECD)'s legislative framework for the global minimum top up tax (Globe model rules) apply to multinational enterprises (MNEs) with annual revenue in excess of EUR 750 million. The Pillar Two model rules introduce three active tax mechanisms: Income Inclusion Rule (IIR), Under Taxed Payments/Profits Rule (UTPR) and Qualified Domestic Minimum Top-up Tax (DMTT).

The new taxing mechanisms can impose a minimum tax on the income arising in each jurisdiction in which an MNE operates. The IIR, UTPR and DMTT do so by imposing a top-up tax in a jurisdiction whenever the ETR, determined on a jurisdictional basis under the Pillar Two rules, is below a 15% minimum rate. Most of the jurisdictions in which the Group operates have adopted the OECD's Pillar Two rules including the Kingdom of Bahrain.

The Group implemented Bahrain's DMTT law which became effective from 1 January 2025 and is therefore subject to an overall effective tax rate of 15%. The Group's subsidiaries may also be subject to a top-up tax in 2025, under similar regulations enacted in other countries, in relation to its operations in respective jurisdictions as explained above.

The Pillar Two ETR in most of the jurisdictions in which the Group operates, is above 15% and the Group has assessed that there is no additional taxes in year 2025 due to Pillar Two rules in any of the other jurisdictions where it operates. Since, Kingdom of Bahrain does not have any corporate taxes effective for year 2025 other than DMTT law, therefore, the Group has calculated and recorded DMTT charge for the year 2025 on its operations in the Kingdom of Bahrain as disclosed in note 12.2. This DMTT is payable locally to the authorities in the Kingdom of Bahrain.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

As the regulatory framework continues to evolve and implementation guidance is further clarified, the Group continues to monitor developments and assess the impact of evolving Pillar 2 tax regulations on its future financial performance and resultant tax obligations.

Arab Banking Corporation (B.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

13 OTHER LIABILITIES

	2025	2024
Interest payable	1,180	1,071
Lease liabilities	57	59
Negative fair value of derivatives - net (note 22)	789	786
FX contracts	330	49
Employee related payables	134	141
Taxation - net (note 12)	89	69
Margin deposits including cash collateral	54	35
Deferred income	20	18
ECL allowances for credit commitments and contingent items (note 23)	27	29
Non corporate tax payable	41	31
Securities bought amount due	24	129
Accrued charges and other payables	494	435
	3,239	2,852

The positive fair value of derivatives amounting to US\$ 1,059 million (2024: US\$ 1,225 million) is included in other assets (note 11). Details of derivatives are given in note 22.

The negative fair value of derivatives amounting to US\$789 million (2024: US\$ 786 million) are net of positive fairvalue of derivatives amounting to US\$ 202 million (2024: US\$ 73 million) as these met the offsetting conditions.

Below are the carrying amounts of the Group's lease liabilities and movements :

	<i>Lease liabilities</i>	
	2025	2024
As at 1 January	59	61
Add: New/terminated leases - net	4	10
Add: Interest expense	5	4
Less: Repayments	(16)	(10)
Others (including foreign exchange movements)	5	(6)
As at 31 December	57	59

14 BORROWINGS

In the ordinary course of business, the Bank and certain subsidiaries raise term financing through various capital markets at commercial rates.

Total obligations outstanding at 31 December 2025

	<i>Currency</i>	<i>Rate of interest</i>	<i>Parent bank</i>	<i>Subsidiaries</i>	<i>Total</i>
		%			
Aggregate maturities					
2026*	EUR	3.75%	-	59	59
2026*	US\$	5.16%	-	50	50
2027*	US\$	SOFR +2%	470	-	470
2028*	US\$	SOFR +2%	470	-	470
2028*	US\$	SOFR +1.35%	-	175	175
2026-2029	US\$	5.512%	-	19	19
2026-2027	TND	11.37%	-	1	1
Perpetual**	BRL	Selic *1.1	-	182	182
			940	486	1,426

*These borrowings are from ultimate parent as disclosed in note 29.

**Perpetual

This instrument issued by a subsidiary qualifies as Additional Tier 1 ("AT1") capital for the purpose of capital adequacy calculation as disclosed in note 34.

Arab Banking Corporation (B.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

14 BORROWINGS (continued)

Total obligations outstanding at 31 December 2024

	<i>Currency</i>	<i>Rate of interest</i> %	<i>Parent bank</i>	<i>Subsidiaries</i>	<i>Total</i>
Aggregate maturities					
2025*	EUR	<i>SOFR +1.35%</i>	-	175	175
2027*	US\$	<i>SOFR +2%</i>	470	-	470
2028*	US\$	<i>SOFR +2%</i>	470	-	470
2025-2029	US\$	<i>5.532%</i>	-	25	25
2025-2027	TND	<i>10.8-11.4%</i>	-	3	3
Perpetual**	BRL	<i>Selic *1.5</i>	-	238	238
			940	441	1,381
			940	441	1,381

*These borrowings are from ultimate parent as disclosed in note 29.

**Perpetual

This instrument issued by a subsidiary qualifies as Additional Tier 1 ("AT1") capital for the purpose of capital adequacy calculation as disclosed in note 34.

15 EQUITY

a) Share capital

	<i>2025</i>	<i>2024</i>
Authorised – 4,500 million shares of US\$ 1 each (2024: 4,500 million shares of US\$ 1 each)	<u>4,500</u>	<u>4,500</u>
Issued, subscribed and fully paid – 3,110 million shares of US\$ 1 each (2024: 3,110 million shares of US\$ 1 each)	<u>3,110</u>	<u>3,110</u>

b) Treasury shares

The Group owns 15,515,000 treasury shares (2024: 15,515,000 shares) which were acquired for a cash consideration of US\$ 6 million (2024: US\$ 6 million).

c) Statutory reserve

As required by the Articles of Association of the Bank and the Bahrain Commercial Companies Law, 10% of the profit for the year is transferred to the statutory reserve. Such annual transfers will cease when the reserve totals 50% of the paid up share capital. The reserve is not available for distribution except in such circumstances as stipulated in the Bahrain Commercial Companies Law and following the approval of the CBB.

d) General reserve

The general reserve underlines the shareholders' commitment to enhance the strong equity base of the Bank. There are no restrictions on the distribution of this reserve.

e) Cumulative changes in fair value

	<i>2025</i>	<i>2024</i>
At 1 January	28	13
Net movement in fair value during the year - debt instruments	46	11
Net movement in fair value during the year - equity instruments	5	4
At 31 December	<u>79</u>	<u>28</u>

Arab Banking Corporation (B.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

16 ADDITIONAL / PERPETUAL TIER-1 CAPITAL

The Group issued Basel 3 compliant additional / perpetual Tier 1 Capital securities amounting to US\$ 390 million during the year ended 31 December 2022 to its ultimate parent. These securities are perpetual, subordinated and unsecured and carry an interest of 4.75% per annum payable semi-annually. The holders of these securities do not have a right to claim the interest and such an event of non-payment will not be considered an event of default. Further, the corresponding interest paid to investors is accounted for as an appropriation of profits.

During the year, the Group issued Basel 3 compliant additional / perpetual Tier 1 Capital securities amounting to US\$ 200 million to its ultimate parent. These securities are perpetual, subordinated and unsecured and carry an interest of 8.00% per annum payable semi-annually. The holders of these securities do not have a right to claim the interest and such an event of non-payment will not be considered an event of default. Further, the corresponding interest to be paid to investors will be accounted for as an appropriation of profits.

17 INTEREST AND SIMILAR INCOME

	2025	2024
Loans and advances	1,489	1,784
Securities and investments	1,225	931
Placements with banks and other financial institutions	408	524
Others	9	19
	<u>3,131</u>	<u>3,258</u>

18 INTEREST AND SIMILAR EXPENSE

	2025	2024
Deposits from banks	686	736
Deposits from customers	1,373	1,511
Borrowings	88	96
Certificates of deposit and others	14	13
	<u>2,161</u>	<u>2,356</u>

19 OTHER OPERATING INCOME

	2025	2024
Fee and commission income*	221	229
Fee and commission expense	(5)	(6)
Fee and commission income - net	216	223
Bureau processing income	31	41
Net gain from trading book (including foreign currencies transaction)	51	53
Gain on disposal of non-trading debt investments - net	33	36
Merchant acquiring income	28	18
Others - net	81	66
	<u>440</u>	<u>437</u>

*Included in the fee and commission income is US\$ 10 million (2024: US\$ 15 million) of fee income relating to funds under management.

20 OTHER OPERATING EXPENSES

	2025	2024
Office systems and supplies	84	75
Professional fees and licenses	41	54
Amortisation of IT project cost	36	25
Communications	27	26
Business development	17	14
Travel and accommodation	8	8
Non Corporate taxes	5	6
Others	42	37
	<u>260</u>	<u>245</u>

Arab Banking Corporation (B.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

21 GROUP INFORMATION

21.1 Information about subsidiaries

The principal subsidiaries, all of which have 31 December as their year-end, are as follows:

	Principal activities	Country of incorporation	Interest of Arab Banking Corporation (B.S.C.)	
			2025 %	2024 %
ABC International Bank Plc	Banking	United Kingdom	100.0	100.0
ABC SA	Banking	France	100.0	100.0
ABC Islamic Bank (E.C.)	Banking	Bahrain	100.0	100.0
Arab Banking Corporation (ABC) - Jordan	Banking	Jordan	87.0	87.0
Banco ABC Brasil S.A.	Banking	Brazil	63.5	63.7
ABC Algeria	Banking	Algeria	88.9	88.9
Arab Banking Corporation - Egypt [S.A.E.]	Banking	Egypt	99.6	99.6
ABC Tunisie	Banking	Tunisia	100.0	100.0
Arab Financial Services Company B.S.C. (c)	Credit card and Fintech services	Bahrain	98.0	98.0

21.2 Significant restrictions

The Group does not have any significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from supervisory frameworks within which banking subsidiaries operate. The supervisory frameworks require banking subsidiaries to keep certain levels of regulatory capital and liquid assets, limit their exposure to other parts of the Group and comply with other ratios. In certain jurisdictions, distribution of reserves is subject to prior supervisory approval.

21.3 Material partly-owned subsidiaries

Financial information of a subsidiary that has material non-controlling interests is provided below:

Banco ABC Brasil S.A.

	2025	2024
Proportion of equity interest held by non-controlling interests (%)	36.5%	36.3%
Dividends paid to non-controlling interests	43	24

The summarised financial information of this subsidiary is provided below.

	2025	2024
Summarised statement of profit or loss:		
Interest and similar income	1,183	1,141
Interest and similar expense	(825)	(841)
Other operating income	126	147
Operating expenses	(201)	(200)
Credit loss expense	(77)	(67)
Profit before tax	206	180
Taxation	(28)	(8)
Profit for the year	178	172
Profit attributable to non-controlling interests	66	62
Total comprehensive income (loss)	317	(108)
Total comprehensive income (loss) attributable to non-controlling interests	116	(39)

Arab Banking Corporation (B.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

21 GROUP INFORMATION (continued)

21.3 Material partly-owned subsidiaries (continued)

	2025	2024
Summarised statement of financial position:		
Total assets	11,681	10,623
Total liabilities	(10,429)	(9,576)
Total equity	1,252	1,047
Equity attributable to non-controlling interests	457	380
Summarised cash flow information:		
Operating activities	29	27
Investing activities	214	(123)
Financing activities	(199)	76
Net increase (decrease) in cash and cash equivalents	44	(20)

22 DERIVATIVES AND HEDGING

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

The table below shows the positive and negative fair values of derivative financial instruments. The notional amount is that of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year end and are not indicative of either market or credit risk.

	2025			2024		
	<i>Positive fair value</i>	<i>Negative fair value</i>	<i>Notional amount</i>	<i>Positive fair value</i>	<i>Negative fair value</i>	<i>Notional amount</i>
<i>Derivatives held for trading</i>						
Interest rate swaps	299	163	23,448	373	206	18,355
Currency swaps	43	17	1,069	72	30	824
Forward foreign exchange contracts	45	67	16,752	95	37	11,127
Options*	628	462	16,119	551	466	13,537
Futures	10	1	4,060	13	13	3,210
	1,025	710	61,448	1,104	752	47,053
<i>Derivatives held as hedges</i>						
Interest rate swaps	30	68	5,476	103	34	3,642
Currency swaps	2	10	1,067	15	-	158
Forward foreign exchange contracts	2	1	903	3	-	167
	34	79	7,446	121	34	3,967
	1,059	789	68,894	1,225	786	51,020
Risk weighted equivalents (credit and market risk)			2,785			1,928

* Negative fair value of options is presented net of positive fair value of options amounting to US\$ 202 million (2024: US\$ 73 million) eligible for offsetting.

Derivatives are carried at fair value using valuation techniques based on observable market inputs.

22 DERIVATIVES AND HEDGING (continued)

Derivatives held as hedges include fair value hedges which are predominantly used to hedge fair value changes arising from interest rate fluctuations in debt instruments at FVOCI and/or amortised cost.

For the year ended 31 December 2025, net impact from ineffectiveness from hedges is US\$ nil (2024: US\$ nil) comprising net gain of US\$ 101 million (2024: net loss of US\$ 2 million) on hedging instruments offsetting the total loss on hedged items attributable to the hedged risk amounted to US\$ 101 million (2024: gain of US\$ 2 million).

The Group uses deposits which are accounted for as hedges of net investment in foreign operations. As at 31 December 2025, the Group had deposits amounting to US\$ 788 million (2024: US\$ 723 million) which were designated as net investment hedges.

Derivatives held or issued for trading purposes

Most of the Group's derivative trading activities relate to sales, positioning and arbitrage. Sales activities involve offering products to customers. Positioning involves managing market risk positions with the expectation of profiting from favourable movements in prices, rates or indices. Arbitrage involves identifying and profiting from price differentials between markets or products. Also included under this heading are any derivatives which do not meet IFRS 9 hedging requirements.

Derivative related credit risk

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive fair value of instruments that are favourable to the Group. The majority of the Group's derivative contracts are entered into with other financial institutions and there is no significant concentration of credit risk in respect of contracts with positive fair value with any individual counterparty at the date of the consolidated statement of financial position.

Derivatives held or issued for hedging purposes

The Group has adopted a comprehensive system for the measurement and management of risk. Part of the risk management process involves managing the Group's exposure to fluctuations in foreign exchange rates (currency risk) and interest rates through asset and liability management activities. It is the Group's policy to reduce its exposure to currency and interest rate risks to acceptable levels as determined by the Board of Directors. The Board has established levels of currency risk by setting limits on currency position exposures. Positions are monitored on an ongoing basis and hedging strategies used to ensure positions are maintained within established limits. The Board has established levels of interest rate risk by setting limits on the interest rate gaps for stipulated periods. Interest rate gaps are reviewed on an ongoing basis and hedging strategies used to reduce the interest rate gaps to within the limits established by the Board of Directors.

As part of its asset and liability management the Group uses derivatives for hedging purposes in order to reduce its exposure to currency and interest rate risks. This is achieved by hedging specific financial instruments, forecasted transactions as well as strategic hedging against overall statement of financial position exposures. For interest rate risk this is carried out by monitoring the duration of assets and liabilities using simulations to estimate the level of interest rate risk and entering into interest rate swaps and futures to hedge a proportion of the interest rate exposure, where appropriate. Since strategic hedging does not qualify for special hedge accounting related derivatives are accounted for as trading instruments.

The Group uses forward foreign exchange contracts, currency options, currency swaps to hedge against specifically identified currency risks. In addition, the Group uses interest rate swaps and interest rate futures to hedge against the interest rate risk arising from specifically identified loans and securities bearing fixed interest rates. In all such cases the hedging relationship and objective, including details of the hedged item and hedging instrument, are formally documented and the transactions are accounted for as hedges.

22 DERIVATIVES AND HEDGING (continued)

The Group applies hedge accounting in two separate hedging strategies, as follows:

Interest rate risk on fixed rate debt type instruments (fair value hedge)

The Group holds a portfolio of long-term variable and fixed rate loans / securities / deposits and therefore is exposed to changes in fair value due to movements in market interest rates. The Group manages this interest rate risk exposure by entering into pay fixed / receive floating interest rate swaps.

Only the interest rate risk element is hedged and therefore other risks, such as credit risk, are managed but not hedged by the Group. The interest rate risk component is determined as the change in fair value of the long-term variable / fixed rate loans and securities arising solely from changes in the benchmark rate of interest. Such changes are usually the largest component of the overall change in fair value. The Group primarily designates the benchmark rate as the hedged risk and, accordingly, enters into interest rate swaps whereby the fixed legs represent the economic risks of the hedged items. This strategy is designated as a fair value hedge and its effectiveness is assessed by critical terms matching and measured by comparing changes in the fair value of the loans / securities attributable to changes in the benchmark rate of interest with changes in the fair value of the interest rate swaps.

The Group establishes the hedging ratio by matching the notional of the derivatives with the principal of the portfolio being hedged. Possible sources of ineffectiveness are as follows:

- (i) differences between the expected and actual volume of prepayments, as the Group hedges to the expected repayment date taking into account expected prepayments based on past experience;
- (ii) hedging derivatives with a non-zero fair value at the date of initial designation as a hedging instrument; and
- (iii) counterparty credit risk which impacts the fair value of uncollateralised interest rate swaps but not the hedged items.

Fluctuation in foreign currency (cash flow hedge)

The Group enters into cross currency forwards for the purpose of hedging foreign currency movements of its highly probable future cash flows. These are designated as cash flow hedges and were considered as effective during the year and had notional amount of US\$ 742 million (2024: US\$ nil) and positive fair value of US\$ nil (2024: US\$ nil).

Net investment in foreign operation (net investment hedge)

The Group has an investment in a foreign operation which is consolidated in its financial statements. The foreign exchange rate exposure arising from this investment is hedged through the use of deposits. These deposits are designated as net investment hedges to hedge the equity of the subsidiaries. The Group establishes the hedging ratio by matching the deposits with the net assets of the foreign operation.

The following table sets out the maturity profile of the trading and hedging instruments used in the Group's trading and non-dynamic hedging strategies:

	<i>Within 1 month</i>	<i>1 - 3 months</i>	<i>3 - 6 months</i>	<i>6 - 12 months</i>	<i>1 - 5 years</i>	<i>5-10 years</i>	<i>Over 10 years</i>	<i>Total</i>
Notional								
2025	7,856	6,093	7,828	18,553	21,564	6,509	491	68,894
2024	4,903	4,488	5,070	12,203	18,314	5,052	990	51,020

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. For hedges of exposures to fluctuations in foreign exchange rates, the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses quantitative hedge effectiveness testing using the dollar offset method to assess effectiveness.

In hedges of foreign currency exposures, ineffectiveness may arise if the timing of the cash flows changes from what was originally estimated, or if there are changes in the credit risk of the Bank or the derivative counterparty.

Arab Banking Corporation (B.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

22 DERIVATIVES AND HEDGING (continued)

Net investment in foreign operation (net investment hedge) (continued)

Hedge ineffectiveness (continued)

Hedge ineffectiveness only arises to the extent the hedging instruments exceed in nominal terms the risk exposure from the foreign operations.

The ineffectiveness during 2025 or 2024 in relation to the interest rate / currency swaps is however not significant to the Group.

23 CREDIT COMMITMENTS AND CONTINGENT ITEMS

Credit commitments and contingent items include commitments to extend credit, standby letters of credit, acceptances and guarantees, which are structured to meet the various requirements of customers.

At the reporting date, the principal outstanding and the risk weighted equivalents were as follows:

	2025			Total
	Stage 1	Stage 2	Stage 3	
Short-term self-liquidating trade and transaction-related contingent items	4,474	51	41	4,566
Direct credit substitutes and guarantees	2,816	73	12	2,901
Undrawn loans and other commitments	3,261	42	7	3,310
Credit exposure before applying credit conversion factor - gross	10,551	166	60	10,777
Credit exposure after applying credit conversion factor	4,366	103	32	4,501
Risk weighted equivalents				3,860
	2024			
	Stage 1	Stage 2	Stage 3	Total
Short-term self-liquidating trade and transaction-related contingent items	3,996	85	54	4,135
Direct credit substitutes and guarantees	2,804	49	8	2,861
Undrawn loans and other commitments	3,047	17	9	3,073
Credit exposure before applying credit conversion factor - gross	9,847	151	71	10,069
Credit exposure after applying credit conversion factor	4,179	83	38	4,300
Risk weighted equivalents				3,591

The table below shows the contractual expiry by maturity of the Group's credit commitments and contingent items:

	2025	2024
On demand	1,654	1,388
1 - 6 months	3,021	2,707
6 - 12 months	2,235	1,942
1 - 5 years	3,850	3,651
Over 5 years	17	381
	10,777	10,069

23 CREDIT COMMITMENTS AND CONTINGENT ITEMS (continued)

Exposure (after applying credit conversion factor) and ECL by stage

	2025			
	Stage 1	Stage 2	Stage 3	Total
Credit commitments and contingencies	4,366	103	32	4,501
ECL allowances	8	7	12	27
	2024			
	Stage 1	Stage 2	Stage 3	Total
Credit commitments and contingencies	4,179	83	38	4,300
ECL allowances	8	11	10	29

An analysis of changes in the ECL allowances are as follows:

	2025			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	8	11	10	29
Net measurement / additions	(1)	(6)	2	(5)
Recoveries / write back	-	-	(3)	(3)
Charge for the year - net	(1)	(6)	(1)	(8)
Exchange adjustments and other movements	1	2	3	6
As at 31 December	8	7	12	27
	2024			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	8	13	11	32
Net measurement / additions	1	(1)	3	3
Recoveries / write back	-	-	-	-
Charge for the year - net	1	(1)	3	3
Exchange adjustments and other movements	(1)	(1)	(4)	(6)
As at 31 December	8	11	10	29

The Group expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments.

The Group is engaged in litigation in various jurisdictions. The litigation involves claims by and against the Group which have arisen in the ordinary course of business. The Directors of the Bank, after reviewing the claims pending against Group companies and based on the advice of relevant professional legal advisors, are satisfied that the outcome of these claims will not have a material adverse effect on the financial position of the Group.

24 SIGNIFICANT NET FOREIGN CURRENCY EXPOSURES

Significant net foreign currency exposures, arising mainly from investments in subsidiaries, are as follows:

	2025		2024	
	Currency	US\$ equivalent	Currency	US\$ equivalent
Net long (short)				
Brazilian Real	5,547	1,008	5,456	882
Pound Sterling	(21)	(29)	5	7
Egyptian Pound	13,622	286	11,593	228
Jordanian Dinar	121	171	129	182
Algerian Dinar	26,470	204	25,429	187
Tunisian Dinar	173	60	170	53
Euro	34	40	33	35
Bahraini Dinar	26	70	39	104
Omani Riyal	2	5	1	2

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities.

25.1 31 December 2025

Quantitative disclosure of fair value measurement hierarchy for assets as at 31 December 2025:

Financial assets measured at fair value:

	Level 1	Level 2	Level 3	Total
Trading securities	781	240	184	1,205
Non-trading investments	7,211	661	-	7,872
Loans and advances	-	867	-	867
Derivatives held for trading	638	387	-	1,025
Derivatives held as hedges	-	34	-	34

Quantitative disclosure of fair value measurement hierarchy for liabilities as at 31 December 2025:

Financial liabilities measured at fair value:

	Level 1	Level 2	Level 3	Total
Derivatives held for trading	461	249	-	710
Derivatives held as hedges - net	-	79	-	79

Fair values of financial instruments not carried at fair value

Except for the following, the fair value of financial instruments which are not carried at fair value are not materially different from their carrying value.

	Carrying value	Fair value
Financial assets		
Non-trading investments at amortised cost - gross (level 1)	9,648	9,645
Financial liabilities		
Borrowings - perpetual (level 1)	182	196

25 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

25.2 31 December 2024

Quantitative disclosure of fair value measurement hierarchy for assets as at 31 December 2024:

Financial assets measured at fair value:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Trading securities	548	174	116	838
Non-trading investments	6,265	640	4	6,909
Loans and advances	-	547	-	547
Derivatives held for trading	563	541	-	1,104
Derivatives held as hedges	-	121	-	121

Quantitative disclosure of fair value measurement hierarchy for liabilities as at 31 December 2024:

Financial liabilities measured at fair value:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Derivatives held for trading	467	285	-	752
Derivatives held as hedges	-	34	-	34

Fair values of financial instruments not carried at fair value

Except for the following, the fair value of financial instruments which are not carried at fair value are not materially different from their carrying value.

	<i>2024</i>	
	<i>Carrying value</i>	<i>Fair value</i>
Financial assets		
Non-trading investments at amortised cost - gross (level 1)	9,283	9,280
Financial liabilities		
Borrowings - perpetual (level 1)	238	253

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Financial instruments in level 3

The fair value of financial instruments that are neither traded in an active market nor have observable inputs is determined by valuation techniques. These valuation techniques include an internal model which uses observable market yield curves and expected loss methodology for securities. Quotes provided by fund administrators are used for funds valuation.

Transfers between level 1, level 2 and level 3

There were no transfers between level 1, level 2 and level 3 during the year ended 31 December 2025 (31 December 2024: none).

26 RISK MANAGEMENT

26.1 Introduction

Risk is inherent in the Group's activities and is managed through ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Group is exposed to financial and non-financial risks including credit risk, liquidity risk, operational risk, market risk, legal risk, strategic risk as well as other forms of risk inherent in its financial operations. All these risks are captured and detailed in the Group's Risk Taxonomy.

The Group continues to invest to strengthen its comprehensive and robust risk management infrastructure. This includes risk identification processes under credit, market and operational risk spectrums, risk measurement models and rating systems as well as a strong business process to monitor and control these risks.

26.2 Risk management structure

Executive Management is responsible for implementing the Group's Risk Appetite and Policy Guidelines set by the relevant Board Committees, including the regular identification and evaluation of material risks to the business and the design and implementation of appropriate internal controls to mitigate them. This is done through the Senior Management Committees, the Credit & Risk Group, Compliance and Balance Sheet Management Group functions at the Head Office with oversight by the relevant Board Committees.

The Board Risk Committee (BRC) assists the Board in setting, and periodically reviewing the overall risk strategy and appetite of the Bank which shall govern the parameters within which business is to be conducted. BRC is supported by two management level committees – Group Risk Committee (GRC) and Group Asset Liability Committee (GALCO). The Board Compliance Committee (BCC) assists the Board in discharging its governance and oversight responsibilities for the compliance risk management framework of the Bank and of the Bank's compliance with applicable laws and regulations on a group-wide basis. The Board Compliance Committee is supported by Group Compliance Oversight Committee (GCOC).

The Board Audit Committee is responsible to the Board for ensuring that the Group maintains an effective system of financial, accounting and risk management controls and for monitoring compliance with the requirements of the regulatory authorities in various countries in which the Group operates.

The primary objectives of the GRC are to define, develop and monitor the Group's overarching risk management framework taking into account the Group's strategy and business plans. The GRC is assisted by specialised sub-committees to manage Credit Risk (Group Credit Committee), Operational Risk (Group Operational Risk Committee), Model Risk (Group Risk Governance and Analytics Committee) and Operational Resilience (Group Operational Resilience Committee). ESG risk is managed through a steering committee that reports into GRC.

The GALCO assists the BRC in overseeing the implementation of the Group's Asset / Liability Management Framework which includes capital, liquidity & funding and market risk in line with the risk appetite framework. GALCO monitors the Group's capital, liquidity, funding and market risks, stress testing and the Group's risk profile in the context of economic outlook and market developments. GALCO is assisted by technical sub-committees for Capital & Liquidity Management.

The GCOC has the oversight responsibilities relating to maintaining and enforcing a strong and sustainable compliance culture, regulatory compliance, AML and mitigating financial crime. It is also responsible for establishing the operating framework and the processes to support a permanent and an effective compliance function. Reputational risk is managed by the Group Reputational Risk Committee which is a sub-committee of the GCOC.

The above management structure, supported by teams of risk & credit analysts, and compliance officers, provide a coherent infrastructure to carry out credit, risk, balance sheet management and compliance responsibilities in a seamless manner.

Each subsidiary is responsible for managing its own risks and has its own Board Risk Committee and Management Committees with responsibilities generally analogous to the Group Committees.

26 RISK MANAGEMENT (continued)

26.3 Risk mitigation techniques

26.3.1 Risk mitigation

The Group uses collaterals to reduce its credit risk. The Bank manages and monitors collateral value on a regular basis to ensure proper risk mitigation, supported by legal documentation that is enforceable and can protect the Bank's interest, particularly in a default scenario.

As part of the Credit review process, the Bank assesses the facility structure, primary source of repayment and the need for any credit risk mitigation. This includes collateral or any guarantees that provide additional support for inherent and identified credit risk.

Additionally, the Group uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks, and exposures arising from forecast transactions.

Group Treasury and Financial Markets (GTFM) regularly enters hedge transactions to manage market risks within its portfolios that are within its delegated authority, and each hedging strategy is approved by appropriate level of committee within the Group. Also, if a hedge becomes ineffective, the Group may decide to undertake the risk (and profit or loss volatility) rather than enter into a new hedge relationship.

26.3.2 Credit concentration risk

Credit concentration risk is the risk posed by excessive exposures to a single type or class of exposures that share similar characteristics. A common type of credit concentration risk is excessive exposure to a single obligor or a single group of closely-related counterparties. Concentration risk can also occur across economic activity, geographic areas or bank products. High levels of concentration in the event of a negative event e.g. default, changes in economic, political or other conditions may cause the Group to suffer higher than expected losses.

To avoid excessive concentrations of risk, the Group policies and standards include specific guidelines for managing the concentration of credit risk, across dimensions such as geography, industry, risk ratings and group of closely related counterparties. Where a concentration of risk is identified, action is taken to reduce or mitigate the concentration as appropriate.

26.4 Credit risk

Credit risk occurs when an obligor fails to discharge its contractual obligation with the Group causing the Group to incur a financial loss. The Group controls credit risk by setting limits on the amount of risk it is willing to accept for an individual obligor or a group of closely-related counterparties as per the Bank's risk appetite, credit acceptance criteria and limit framework. The credit limit assigned to an obligor is based on its credit profile (as reflected in the risk rating), the collateral posted in support of the facility and the facility maturity. Credit limits are approved at credit committees within the delegated authority framework.

Credit risk is managed by the Group Credit Committee (GCC), which is the main credit risk decision-making committee of the Group. GCC has the following roles and responsibilities:

- Review and decide on credit proposals in line with its delegated authorities.
- Review and approve Obligor Risk Ratings (ORR) and any overrides as applicable.
- Review and approve Stage 1, 2 and 3 ECL charges.
- Credit portfolio reviews.
- Review of credit resources and infrastructure.
- Review and recommend the credit policies to the BRC for approval.

26 RISK MANAGEMENT (continued)

26.4 Credit risk (continued)

26.4.1 Credit risk assessment and mitigation

Exposure at default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation. EAD for unfunded facilities is calculated by multiplying the outstanding exposure with the credit conversion factor (CCF) ranging from 20% to 100%.

To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events and the cash flows within 12 months for the calculation of the 12 months ECL. For Stage 2, Stage 3 and POCI, the EAD is considered for events over the lifetime of the instruments.

Obligor Risk Rating (ORR) and the Probability of Default (PD)

The Group assigns an ORR to each obligor which maps to the Group's assessment of PD for the obligor. The ORR scale is aligned to that of the international rating agencies (see below). An obligor's ORR is reviewed at least annually.

The Group uses risk rating models tailored to the various categories of counterparties that consider an obligor's financial standing, geographic location, its industry plus additional relevant information added through selective qualitative inputs to derive the ORR.

The credit grades are calibrated such that the risk of default increases exponentially as the credit quality weakens.

Credit Risk Rating Scale

The Group's rating method comprises 20 rating levels covering Stages 1 & 2 (1 to 8) and three default classes covering Stage 3 (9 to 11). The master scale maps the obligor risk rating (ORR) to a percentage point which indicates a probability of default. The strongest credits are rated '1'. As the credit quality weakens so the ORR increases in value. Obligor's with an ORR of 4- or better are investment grade, whilst ORR of 5+ or weaker are non-investment grade.

Rating models and process is subject to periodic validation and recalibration in order to ensure that the PD accurately reflects current market default experience.

The Group's internal credit rating grades along with the respective TTC PDs are as below:

Internal rating grades	Internal rating grade description	PD range (%)
01 to 04-	Investment grades	>= 0.00% to <0.49%
05+ to 05-	Satisfactory	>= 0.49% to <1.52%
06+ to 06-	Adequate	>= 1.52% to <5.02%
07+ to 07-	Marginal	>= 5.02% to <17.32%
08	Special mention	>= 17.32% to <100%

The PDs obtained as above are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information. This is repeated for each economic scenario as appropriate.

26 RISK MANAGEMENT (continued)

26.4 Credit risk (continued)

26.4.1 Credit risk assessment and mitigation (continued)

Loss given default (LGD)

The credit risk mitigation assessment is based on a standardised LGD framework. Under this framework, the Group calculates LGD values based on the collateral type and value, obligor rating, economic scenarios, seniority of tranche, industry and country of risk of the borrower, etc.

The Group segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

Definition of default and cure

The Group considers a contract to be in default, if the terms of that contract have not been met. If the contractual repayments on a facility are 90 days past due the facility is moved to Stage 3 and a specific ECL allowance is recorded.

The 90 days past due is rebutted only if there is reasonable and supportive information demonstrating that this does not meet the impairment definition requirements.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Principal and/or interest and / or fees are past due for 90 days or more after the last billing date and/or scheduled payment date, ignoring technical defaults and / or data errors. However, the Group can rebut 90 days past due assumption on a case-by-case basis, only upon prior approval from Group Chief Credit Officer (GCCO) / Group Chief Credit and Risk Officer (GCCRO) (at Head Office level) / Chief Risk Officer (CRO) or CRO (at Subsidiary level), as applicable;
- Any account put on non-accrual status i.e. interest suspended;
- A loan is classified as “Substandard”, “Doubtful” or “Loss”;
- A covenant breach not waived by the Group;
- Bankruptcy, liquidation, administration, insolvency or similar proceedings have been filed by or against the obligor;
- The purchase or origination of a financial asset at a deep discount that reflects an incurred loss; and
- Other cases where the assessment of the Bank’s GCC / GCCRO / GCCO suggests customers unlikeliness to pay.

The above criteria have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD throughout the Group’s expected loss calculations.

26 RISK MANAGEMENT (continued)

26.4 Credit risk (continued)

26.4.1 Credit risk assessment and mitigation (continued)

Definition of default and cure (continued)

The Bank employs 'cooling-off' periods when moving a cured account from Stage 3 to Stages 2 or 1 (12 months) and from Stage 2 to Stage 1 (6 months). In cases, where the financial assets are originated or purchased at deep discount which reflects the incurred credit loss, the financial asset is classified under POCI and is not eligible for transfers to other stages. The Bank may choose to make exceptions subject to a case-by-case review and meeting internal governance process. The Bank is guided by the CBB's requirements while approving the exceptions.

Credit risk grading and PD

The following are additional considerations for each type of portfolio held by the Group:

Wholesale portfolio

The wholesale portfolio includes obligors across sovereigns, banks, corporates, non-bank financial institutions and small and medium enterprises (SME) sub-sectors.

The Bank's first line of defense initiates the credit origination process. Business proposal is first considered at the Business Acceptance Committee (BAC) to confirm that the facility is in line with the Bank's strategy and meets the Bank's profitability criteria and risk appetite. If supported by the BAC, a credit application form (CAF) is then presented to the second line of defense which provides an independent review and risk assessment of the request and challenges the business proposal, ensuring it is in line with the Bank's risk appetite, policies and standards relating to the risk being underwritten. The credit risk units of the Group also validate the ORR being proposed. The CAF is then presented to a credit committee appropriate to the geography, product, ORR, maturity and amount requested for approval.

At a minimum the CAF contains the following information:

- Description of the facility request, the amount, its structure/risk mitigation, its purpose, terms and conditions, source of repayment and a commentary outlining the risks and mitigants to the repayment of the facility.
- Financial analysis of the obligor.
- Identification of the model inputs for expected credit loss (ECL) calculation namely, ORR, LGD of the facility through consideration and analysis of:
 - Historical and in case of medium or long term loans forecast financial information.
 - Any available relevant economic, sectorial, market, regulatory, reputational, or financial information on the obligor from third parties.
 - Collateral assessment.

Relationship managers in the first line of defence are responsible for day-to-day management of existing credit exposures, and for periodic review of the client and associated risks.

The centralised credit unit in the second line of defence is responsible for:

- Independent credit review of the clients;
- Monitoring and maintaining oversight of the credit portfolio through client reviews, portfolio management information (MI) and key risk indicators (KRIs); and
- Supporting the GCC with reference to its roles and responsibilities.

26 RISK MANAGEMENT (continued)

26.4 Credit risk (continued)

26.4.1 Credit risk assessment and mitigation (continued)

Retail portfolio

The Group runs its retail lending via a series of product programs which are approved by the relevant credit committees. The Group uses the 'roll rate' methodology for ongoing assessment of the ECL across the retail portfolio. The roll rate methodology uses statistical analysis of historical data on delinquency levels to estimate the amount of ECL that might reasonably be incurred. Management overlays are applied to ensure that the estimate of ECL is appropriate given the prevailing economic conditions at the reporting date.

Treasury portfolio

For debt securities in the non-trading portfolio, external rating agency credit grades are used unless the Group has a different view on the ORR. These published credit ratings are continuously monitored and updated. The external ratings are mapped to the Group's internal ratings scale and the PD's associated with each grade are used for the ECL computation.

Significant increase in credit risk (SICR)

Obligors or specific facilities (or financial instruments) that have experienced an SICR since initial recognition are moved to Stage 2. The Group monitors its portfolio to determine if an SICR event has occurred. The monitoring is undertaken in two ways

- Through the annual and ad-hoc thematic review process and the regrading of the ORR and staging as appropriate;
- Monitoring of past due payments or notch movement of the ORR from inception to date; and
- Other qualitative factors such as obligors' restructured / forbearance facilities, etc.

Further, the Group has used the low credit risk (LCR) expedient which includes all exposures meeting the following criteria:

- All local currency sovereign exposures funded in local currency;
- All local currency exposures to the government of the Kingdom of Bahrain or Central Bank of Bahrain; and
- All exposures with external rating A- or above.

A backstop is applied, and the financial instrument is considered to have experienced SICR if the borrower is 30 or more days past due on its contractual payments.

ECL measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition or where the credit risk has not significantly increased since initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a SICR since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer above for a description of how the Group determines when a SICR has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

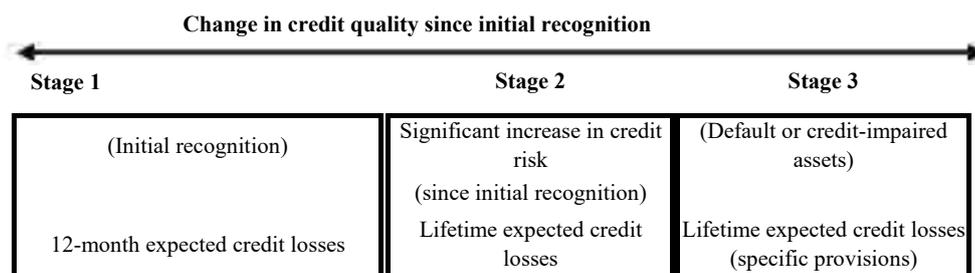
26 RISK MANAGEMENT (continued)

26.4 Credit risk (continued)

26.4.1 Credit risk assessment and mitigation (continued)

ECL measurement (continued)

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):



Measuring ECL

The ECL is measured on either a 12-month (12m) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of PD, EAD and LGD, defined as follows:

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per “Definition of default” above), either over the next 12 months (12m PD), or over the remaining lifetime (Lifetime PD) of the obligation.

EAD is based on the amounts the Group expects to be owed at the time of default. For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

LGD represents the Group’s expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim, availability of collateral or other credit support, geography and industry. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD and LGD for each future month and for each individual exposure. The three components (PD, LGD and EAD) are multiplied together, and the projected PD is adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying the forward-looking information on 12-month PD over the maturity of the loan. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band.

For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis.

26 RISK MANAGEMENT (continued)

26.4 Credit risk (continued)

26.4.1 Credit risk assessment and mitigation (continued)

Measuring ECL (continued)

For revolving facilities, the behavioral maturity is considered to be the higher of 2 years or contractual maturity. The behavioral maturity treatment is only applicable to committed on-balance sheet exposures. For off-balance sheet exposures contractual maturity is used and exposure at default is predicted by applying a “credit conversion factor”.

For secured products, this is primarily based on collateral values after applying approved haircuts depending on the collateral type. Further, the Group has applied LGD floors with respect to the fully secured portion of the portfolio depending on the collateral type.

For unsecured products, LGD’s are computed based on models which consider several factors such as country of risk, industry, PD, etc. which consider the recoveries made post default.

Forward-looking economic information is also included in determining the 12-month and lifetime PD and LGD. Refer to note 4 and below for an explanation of forward-looking information and its inclusion in ECL calculations.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change, etc., are monitored and reviewed on a quarterly basis. The calculation of ECL involves significant accounting judgements, estimates and assumptions. These are set out in note 4.19 and note 4.34. There have been no significant changes in the ECL methodology during the year.

Assessment and calculation of ECL in the current macroeconomic environment

Considering the current scenario, economic outlook and uncertain geopolitical situation, the Group has applied management overlays on the model ECL estimates.

The Group’s models have been constructed and calibrated using historical trends and correlations as well as forward looking economic scenarios. The complexity caused by the various support schemes and regulatory guidance across the main regions in which the Group operates present modelling challenges which may result in overly conservative or overly optimistic results for specific portfolio / segment. These are mitigated by applying post-model adjustments, where relevant, which go through internal governance process.

Additional information and sensitivity analysis in respect of the inputs to the ECL model under multiple economic scenarios is provided under economic variable assumptions below:

Economic variable assumptions

An overview of the approach to estimating ECLs is set out above and in note 4.19. To ensure appropriate ECL estimation, the Bank uses independent third party data sources (e.g. Moody’s and IMF).

The most significant assumptions affecting the ECL allowance are as follows:

- (i) GDP, given the significant impact on companies’ performance and collateral valuations;
- (ii) Oil price, given its impact on the global economy and specially the regional economies for the Bank; and
- (iii) Relevant equity indices, given its impact on the economy, counterparty performance and collateral valuations.

26 RISK MANAGEMENT (continued)

26.4 Credit risk (continued)

26.4.1 Credit risk assessment and mitigation (continued)

Economic variable assumptions (continued)

The following table sets out the key macroeconomic variables of ECL calculation and weightages used for scenarios showing increase /decrease in comparison to 2025 as base year (2024 as base year for assumptions used in 2024):

Assumptions used in 2025

Key macroeconomic variables used	ECL scenario and assigned weightage	2026	2027	2028	2029	2030
GDP growth rate*	Base (40%)	[1.4%, 7.2%]	[2.9%, 14.4%]	[4.6%, 17.5%]	[6.4%, 22.4%]	[8.2%, 28.6%]
	Upside (30%)	[3.7%, 9.9%]	[5.3%, 18.1%]	[7.0%, 21.2%]	[8.7%, 25.9%]	[10.3%, 31.9%]
	Downside (30%)	[- 8.3%, 0.1%]	[- 3.9%, 4.9%]	[0.0%, 11.6%]	[2.3%, 18.4%]	[4.0%, 24.9%]
Oil price	Base (40%)	1.22%	5.41%	8.51%	10.21%	12.28%
	Upside (30%)	9.31%	10.31%	10.66%	12.18%	14.36%
	Downside (30%)	-30.81%	-9.95%	3.70%	5.86%	8.89%
Equity index*	Base (40%)	[- 5.9%, 15.1%]	[- 4.5%, 31.5%]	[- 0.4%, 43.5%]	[1.7%, 52.5%]	[5.5%, 63.1%]
	Upside (30%)	[1.0%, 26.1%]	[1.4%, 35.6%]	[2.6%, 46.0%]	[3.3%, 54.5%]	[7.2%, 64.9%]
	Downside (30%)	[- 34.6%, - 8.5%]	[- 29.6%, 11.4%]	[- 14.5%, 34.4%]	[- 6.3%, 44.1%]	[- 2.8%, 54.1%]

Assumptions used in 2024

Key macroeconomic variables used	ECL scenario and assigned weightage	2025	2026	2027	2028	2029
GDP growth rate*	Base (40%)	[1.2%, 4.6%]	[2.7%, 10.8%]	[4.6%, 16.5%]	[6.1%, 22.8%]	[7.6%, 29.0%]
	Upside (30%)	[3.4%, 7.2%]	[4.9%, 14.3%]	[6.8%, 19.6%]	[8.3%, 25.9%]	[9.7%, 32.3%]
	Downside (30%)	[- 8.4%, - 0.5%]	[- 6.9%, 4.9%]	[- 2.8%, 11.8%]	[1.9%, 18.7%]	[3.6%, 25.3%]
Oil price	Base (40%)	-0.15%	-6.71%	-6.81%	-5.39%	-4.57%
	Upside (30%)	6.70%	-2.42%	-5.01%	-3.73%	-2.81%
	Downside (30%)	-26.65%	-19.72%	-10.75%	-8.99%	-7.37%
Equity index*	Base (40%)	[- 4.0%, 10.6%]	[- 6.1%, 25.4%]	[- 0.9%, 40.0%]	[3.4%, 50.8%]	[8.4%, 60.1%]
	Upside (30%)	[2.0%, 21.2%]	[- 3.7%, 29.3%]	[0.7%, 42.4%]	[5.0%, 52.8%]	[10.5%, 61.8%]
	Downside (30%)	[- 41.1%, - 12.0%]	[- 30.8%, 6.2%]	[- 17.2%, 31.1%]	[- 4.6%, 42.4%]	[- 0.0%, 51.2%]

* GDP and equity index are represented as range as they cover the indices of multiple countries the Group operates in.

The above macroeconomic variables are selected based on the regression analysis between the macroeconomic variables and the PD. These economic variables and their associated impact on the PD and LGD vary by country and industry. Forecasts of these economic variables (for all scenarios) are provided by Moody's on a quarterly basis and provide the best estimate view of the economy over future years.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different geographies to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

26 RISK MANAGEMENT (continued)

26.4 Credit risk (continued)

26.4.1 Credit risk assessment and mitigation (continued)

Economic variable assumptions (continued)

Sensitivity analysis

Based on the above significant assumptions and changes in each economic variable by +5% and -5% while keeping other key variables constant will result in a change in the ECL (stage 1 and 2) in the range of decrease by 7% (2024: decrease by 6%) to an increase by 7% (2024: increase by 7%).

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

The Group's concentration of risk is managed by geographical region, industry sector and a single group of closely-related counterparties. The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position, including credit commitments and contingent items. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

	<i>Gross maximum exposure</i>	
	<i>2025</i>	<i>2024</i>
Liquid funds	3,051	3,582
Trading debt securities	1,195	828
Placements with banks and other financial institutions	2,240	2,071
Securities bought under repurchase agreements	1,310	1,288
Non-trading debt investments	17,417	16,096
Loans and advances	20,661	18,649
Other credit exposures	3,158	2,968
	49,032	45,482
Credit commitments and contingent items (note 23)	10,777	10,069
Total	59,809	55,551

Where financial instruments are measured at fair value, the amounts shown above represent the current credit risk exposure; however, they do not constitute the maximum potential exposure that may arise in the future as a result of fluctuations in fair values.

26.4.3 Risk concentration of the maximum exposure to credit risk

The Group's assets (before taking into account any cash collateral held or other credit enhancements) can be analysed by the following geographical regions:

	<i>Assets</i>			
	<i>2025</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Western Europe	5,591	8	30	5,629
Arab World	13,993	182	48	14,223
Asia	966	-	1	967
North America	13,229	89	48	13,366
Latin America	10,257	208	106	10,571
Other	4,274	-	2	4,276
Total	48,310	487	235	49,032

Arab Banking Corporation (B.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

26 RISK MANAGEMENT (continued)

26.4 Credit risk (continued)

26.4.3 Risk concentration of the maximum exposure to credit risk (continued)

	<i>Assets</i>			
	<i>2024</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Western Europe	4,923	40	37	5,000
Arab World	12,048	184	105	12,337
Asia	860	-	-	860
North America	13,617	191	37	13,845
Latin America	9,260	106	106	9,472
Other	3,966	-	2	3,968
Total	44,674	521	287	45,482

The Group's liabilities and equity can be analysed by the following geographical regions:

	<i>Liabilities and equity</i>	
	<i>2025</i>	<i>2024</i>
Western Europe	8,149	8,065
Arab World	28,117	24,025
Asia	2,042	1,137
North America	2,295	4,353
Latin America	8,555	8,264
Other	754	421
Total	49,912	46,265

The Group's commitments and contingencies can be analysed by the following geographical regions:

	<i>Credit commitments and contingent items - gross</i>			
	<i>2025</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Western Europe	2,088	71	8	2,167
Arab World	4,049	38	45	4,132
Asia	347	-	3	350
North America	1,168	5	-	1,173
Latin America	2,768	52	4	2,824
Other	131	-	-	131
Total	10,551	166	60	10,777

	<i>Credit commitments and contingent items - gross</i>			
	<i>2024</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Western Europe	2,039	62	14	2,115
Arab World	3,524	50	46	3,620
Asia	155	-	3	158
North America	1,386	16	3	1,405
Latin America	2,481	23	5	2,509
Other	262	-	-	262
Total	9,847	151	71	10,069

Arab Banking Corporation (B.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

26 RISK MANAGEMENT (continued)

26.4 Credit risk (continued)

26.4.3 Risk concentration of the maximum exposure to credit risk (continued)

An industry sector analysis of the Group's financial assets, after taking into account cash collateral held or other credit enhancements, is as follows:

	<i>Net maximum exposure</i>	
	<i>2025</i>	<i>2024</i>
Financial services	7,412	6,662
Central banks	3,550	3,876
Government	16,578	15,571
Other services	3,151	3,711
Manufacturing	3,095	2,678
Agriculture, fishing and forestry	1,614	1,364
Construction	439	416
Utilities	1,469	1,180
Energy	794	1,249
Distribution	1,073	831
Personal / consumer finance	1,490	1,192
Transport	608	619
Commercial real estate financing	1,101	1,175
Technology, media and telecommunications	416	503
Trade	316	262
Retailers	365	248
Mining and quarrying	94	146
Residential mortgage	18	-
Infrastructure	897	515
Contracting	164	156
Total	44,644	42,354

An industry sector analysis of the Group's credit commitments and contingent items, before taking into account cash collateral held or other credit enhancements, is as follows:

	<i>Gross maximum exposure</i>			
	<i>2025</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Financial services	2,734	10	3	2,747
Government	1,037	-	1	1,038
Other services	815	57	17	889
Manufacturing	1,534	30	13	1,577
Agriculture, fishing and forestry	138	-	-	138
Construction	132	2	-	134
Utilities	872	4	1	877
Energy	380	-	-	380
Distribution	170	12	-	182
Personal / consumer finance	31	-	-	31
Transport	701	4	-	705
Commercial real estate financing	59	5	-	64
Technology, media and telecommunications	186	-	-	186
Trade	187	-	1	188
Retailers	126	-	-	126
Mining and quarrying	71	-	-	71
Infrastructure	531	19	4	554
Contracting	847	23	20	890
Total	10,551	166	60	10,777

Arab Banking Corporation (B.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

26 RISK MANAGEMENT (continued)

26.4 Credit risk (continued)

26.4.3 Risk concentration of the maximum exposure to credit risk (continued)

	<i>Gross maximum exposure</i>			
	<i>2024</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Financial services	2,354	24	3	2,381
Government	1,115	-	1	1,116
Other services	1,303	37	22	1,362
Manufacturing	1,480	28	19	1,527
Agriculture, fishing and forestry	174	-	-	174
Construction	335	4	-	339
Utilities	825	-	1	826
Energy	342	-	-	342
Distribution	195	12	-	207
Personal / consumer finance	23	-	-	23
Transport	403	10	1	414
Commercial real estate financing	-	16	3	19
Technology, media and telecommunications	147	-	-	147
Trade	204	-	1	205
Retailers	77	-	-	77
Mining and quarrying	56	-	-	56
Infrastructure	2	-	-	2
Contracting	812	20	20	852
Total	9,847	151	71	10,069

An industry sector analysis of the Group's credit commitments and contingent items, after taking into account cash collateral held or other credit enhancements, is as follows:

	<i>Net maximum exposure</i>	
	<i>2025</i>	<i>2024</i>
Financial services	2,483	2,205
Government	818	871
Other services	866	1,291
Manufacturing	1,565	1,515
Agriculture, fishing and forestry	138	173
Construction	134	202
Utilities	866	811
Energy	379	341
Distribution	177	200
Personal /consumer finance	31	23
Transport	703	414
Commercial real estate financing	64	62
Technology, media and telecommunications	184	146
Trade	184	201
Retailers	126	77
Mining and quarrying	68	53
Infrastructure	554	2
Contracting	886	849
Total	10,226	9,436

26 RISK MANAGEMENT (continued)

26.4 Credit risk (continued)

26.4.4 Credit quality per class of financial assets

The credit quality of financial assets is managed by the Group using internal credit ratings. The table below shows the credit quality by class of financial asset, based on the Group's credit rating system.

31 December 2025	<i>Neither past due nor impaired</i>		<i>Past due but not impaired</i>	<i>Past due and individually impaired</i>	<i>Total</i>
	<i>High grade</i>	<i>Standard grade*</i>			
Liquid funds	2,799	252	-	-	3,051
Trading debt securities	179	1,016	-	-	1,195
Placements with banks and other financial institutions	925	1,315	-	-	2,240
Securities bought under repurchase agreements	-	1,310	-	-	1,310
Non-trading debt investments	13,645	3,772	-	-	17,417
Loans and advances	4,348	16,010	69	234	20,661
Other credit exposures	3,157	-	-	1	3,158
	25,053	23,675	69	235	49,032

31 December 2024	<i>Neither past due nor impaired</i>		<i>Past due but not impaired</i>	<i>Past due and individually impaired</i>	<i>Total</i>
	<i>High grade</i>	<i>Standard grade*</i>			
Liquid funds	3,163	419	-	-	3,582
Trading debt securities	332	496	-	-	828
Placements with banks and other financial institutions	1,000	1,071	-	-	2,071
Securities bought under repurchase agreements	-	1,288	-	-	1,288
Non-trading debt investments	12,610	3,486	-	-	16,096
Loans and advances	3,336	14,964	63	286	18,649
Other credit exposures	2,539	428	-	1	2,968
	22,980	22,152	63	287	45,482

* Including exposures categorised as watchlist.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

26 RISK MANAGEMENT (continued)

26.4 Credit risk (continued)

26.4.4 Credit quality per class of financial assets (continued)

The table below shows the credit quality by class of financial asset net ECL, based on internal credit ratings.

31 December 2025

	<i>Liquid funds</i>	<i>Trading debt securities</i>	<i>Placements with banks and other financial institutions</i>	<i>Securities bought under repurchase agreements</i>	<i>Non-trading debt investments</i>	<i>Loans and advances</i>
Stage 1 (12-month ECL)						
Rating grades 1 to 4-	2,799	179	925	-	13,645	4,348
Rating grades 5+ to 5-	174	919	722	1,310	1,678	8,895
Rating grades 6+ to 6-	76	68	407	-	2,018	5,451
Rating grade 7+ to 7-	2	29	186	-	76	1,246
Carrying amount (net)	3,051	1,195	2,240	1,310	17,417	19,940
Stage 2 (Lifetime ECL but not credit-impaired)						
Rating grades 1 to 4-	-	-	-	-	-	-
Rating grades 5+ to 5-	-	-	-	-	-	135
Rating grades 6+ to 6-	-	-	-	-	-	87
Rating grade 7+ to 7-	-	-	-	-	-	244
Rating grade 8	-	-	-	-	-	21
Carrying amount (net)	-	-	-	-	-	487
Stage 3 (Lifetime ECL and credit-impaired)						
Rating grades 9 to 11	-	-	-	-	-	234
Carrying amount (net)	-	-	-	-	-	234
Total	3,051	1,195	2,240	1,310	17,417	20,661

Other credit exposures are not internally rated, hence, not included in the above table.

Arab Banking Corporation (B.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

26 RISK MANAGEMENT (continued)

26.4 Credit risk (continued)

26.4.4 Credit quality per class of financial assets (continued)

31 December 2024

	Liquid funds	Trading debt securities	Placements with banks and other financial institutions	Securities bought under repurchase agreements	Non-trading debt investments	Loans and advances
<i>Stage 1 (12-month ECL)</i>						
Rating grades 1 to 4-	3,163	332	1,000	-	12,610	3,336
Rating grades 5+ to 5-	193	482	558	1,037	1,867	7,169
Rating grades 6+ to 6-	196	4	392	251	1,555	6,231
Rating grade 7+ to 7-	24	10	121	-	64	1,112
Carrying amount (net)	3,576	828	2,071	1,288	16,096	17,848
<i>Stage 2 (Lifetime ECL but not credit-impaired)</i>						
Rating grades 1 to 4-	5	-	-	-	-	-
Rating grades 5+ to 5-	1	-	-	-	-	70
Rating grades 6+ to 6-	-	-	-	-	-	176
Rating grade 7+ to 7-	-	-	-	-	-	174
Rating grade 8	-	-	-	-	-	95
Carrying amount (net)	6	-	-	-	-	515
<i>Stage 3 (Lifetime ECL and credit-impaired)</i>						
Rating grades 9 to 11	-	-	-	-	-	286
Carrying amount (net)	-	-	-	-	-	286
Total	3,582	828	2,071	1,288	16,096	18,649

Other credit exposures are not internally rated, hence, not included in the above table.

26 RISK MANAGEMENT (continued)

26.4 Credit risk (continued)

26.4.4 Credit quality per class of financial assets (continued)

It is the Group's policy to maintain accurate and consistent risk ratings across the credit portfolio through a risk rating system. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of credit risk. All internal ratings are tailored to the various categories and are derived in accordance with the Group's credit policy. The attributable risk ratings are assessed and updated regularly. Each risk rating class has grades equivalent to Moody's, S&P, Fitch and CI rating agencies.

26.4.5 Carrying amount per class of financial assets whose terms have been renegotiated as at year-end

	2025	2024
Loans and advances	<u>442</u>	<u>333</u>

26.4.6 Overview of modified or forborne loans

From a risk management point of view, once an asset is forborne or modified, the Group's Remedial Loan Unit (RLU) continues to monitor the exposure until it is completely and ultimately derecognised.

26.4.7 Collateral and other credit enhancements

The amount and type of collateral depends on an assessment of the credit risk of the counterparty. The types of collateral mainly include cash, guarantees from banks, movable and immovable assets.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses. The Group also makes use of master netting agreements with counterparties.

Credit exposure loan to value ratios of real estate portfolio

The credit exposure of asset based real estate portfolio of the Group amounts to US\$ 1,953 million (2024: US\$ 2,027 million). The average loan to value ratios for this exposure is 48% (2024 average: 49%).

26.4.8 Maximum exposure to credit risk – Financial instruments not subject to impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment (i.e. FVTPL):

	<i>Maximum exposure to credit risk</i>	
	2025	2024
Trading securities		
- Debt securities	1,195	828
Trading derivatives	1,025	1,104
Hedging derivatives	34	121
Financial assets designated at FVTPL		
- Loans and advances to customers	<u>2</u>	<u>63</u>

26.5 Settlement risk

Settlement risk is the risk of loss due to the failure of a counterparty to honour its obligations to deliver cash, securities or other assets as contractually agreed. Where relevant and/or where possible, the Group mitigates this risk through a settlement agent to ensure that a trade is settled only when both parties fulfil their settlement obligations. Settlement approvals form a part of credit approval and limit monitoring procedure.

26 RISK MANAGEMENT (continued)

26.6 Market risk

Market risk is the risk that the Group's earnings or capital, or its ability to support business strategy, will be impacted by the change in market rates or prices related to interest rates, equity prices, credit spreads, foreign exchange rates, and commodity prices.

The Group has established risk management policies and limits within which exposure to market risk is independently monitored and measured by the Group Market Risk with committee governance exercised by GALCO. The Group Market Risk (MR) unit is responsible for oversight of market risk policy, risk management and monitoring.

The Group manages market risk by classifying into two types: a) trading market risk; and b) investment market risk. Trading market risk arises primarily from positions held in the trading books from market-making to support client activities. This involves the management of client originated exposures in interest rates, equities, corporate and sovereign debt, foreign exchange rates, commodities and derivatives of these asset classes, such as forwards, futures, options and swaps. Trading market risk may also arise from positions originated by the Bank subject to the market risk appetite and limits reviewed and approved by the GALCO and BRC.

Investment market risk arises from market factors affecting securities held in high quality liquid assets (HQLA) portfolio and liquid marketable securities which are held under its FVOCI portfolio and where the impact of the changes in fair value due to market factors is through FVOCI.

The trading and investment market risks are independently overseen and monitored by the GMR team daily. A full suite of risk limits including Value at Risk, sensitivity limits on key market parameters, notional limits on the size of investment portfolios and stop-loss limits are established and monitored. Stress testing is also performed to monitor the impact of various scenarios and significant market movements.

26.7 Interest rate risk in the banking book

Interest rate risk in the banking book refers to current or prospective risk to the Group's capital and earnings arising from adverse movements in interest rates that affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk because of mismatches of interest rate re pricing of assets and liabilities. This risk is minimized as the Group's rate sensitive assets and liabilities are mostly floating rate, where the duration risk is lower. The Group has set risk limits for both earnings at risk (EAR) and economic value of equity (EVE) for interest rate risk in the banking book (IRRBB). In general, the Group uses matched currency funding and translates fixed rate instruments to floating rate to better manage the duration in the asset book.

The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest rates on the net interest income for one year, based on financial assets and financial liabilities held at 31 December, including the effect of hedging instruments. The sensitivity of equity is calculated by revaluing fixed rate FVOCI financial assets, including the effect of any associated hedges and swaps. Substantially all the FVOCI non-trading securities held by the Group are floating rate assets. Hence, the sensitivity to changes in equity due to interest rate changes is minimal.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's consolidated statement of profit or loss.

	2025			
	<i>Increase in basis points</i>	<i>Sensitivity consolidated statement of profit or loss</i>	<i>Decrease in basis points</i>	<i>Sensitivity consolidated statement of profit or loss</i>
US Dollar	25	6	25	(6)
Euro	25	1	25	(1)
Pound Sterling	25	(1)	25	1
Brazilian Real	25	1	25	(1)
Others	25	(1)	25	1

26 RISK MANAGEMENT (continued)

26.7 Interest rate risk in the banking book (continued)

	2024			
	<i>Increase in basis points</i>	<i>Sensitivity consolidated statement of profit or loss</i>	<i>Decrease in basis points</i>	<i>Sensitivity consolidated statement of profit or loss</i>
US Dollar	25	-	25	-
Euro	25	1	25	(1)
Pound Sterling	25	-	25	-
Brazilian Real	25	2	25	(2)
Others	25	1	25	(1)

Managing interest rate benchmark reform and associated risks

The IBOR reforms exposes the Group to risks including risks relating to interest rate basis, pricing, operations and information system.

The Group applies temporary reliefs available under phase 1 and 2 amendments which enable its hedge accounting to continue during the period of uncertainty, before the replacement of an existing interest rate benchmark with an ARR. These are explained in note 4. During the year 2024 and 2025, all of the Group's exposures have transitioned to ARRs.

26.8 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The table below indicates the currencies to which the Group had significant exposure at 31 December 2025 and 31 December 2024 on its monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the US\$, with all other variables held constant on the consolidated statement of profit or loss (due to the fair value of currency sensitive trading and non-trading monetary assets and liabilities) and equity (due to the change in fair value of currency swaps and forward foreign exchange contracts used as fair value hedges) and the effect of the impact of foreign currency movements on the structural positions of the Bank in its subsidiaries. A negative amount in the table reflects a potential net reduction in the consolidated statement of profit or loss or equity, while a positive amount reflects a potential net increase.

	2025			2024		
	<i>Change in currency rate in %</i>	<i>Effect on profit before tax</i>	<i>Effect on equity</i>	<i>Change in currency rate in %</i>	<i>Effect on profit before tax</i>	<i>Effect on equity</i>
Currency						
Brazilian Real	+/- 5%	-	+/-41	+/- 5%	-	+/-34
Pound Sterling	+/- 5%	+/-1	-	+/- 5%	-	-
Egyptian Pound	+/- 5%	-	+/-14	+/- 5%	-	+/-11
Jordanian Dinar	+/- 5%	+/-2	+/-10	+/- 5%	+/-1	+/-10
Algerian Dinar	+/- 5%	-	+/-10	+/- 5%	-	+/-9
Tunisian Dinar	+/- 5%	-	+/-3	+/- 5%	-	+/-2
Bahrain Dinar	+/- 5%	+/-3	-	+/- 5%	+/-5	-
Saudi Riyal	+/- 5%	+/-12	-	+/- 5%	+/-10	-
Euro	+/- 5%	+/-2	-	+/- 5%	-	-

26.9 Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Group's securities portfolio.

26 RISK MANAGEMENT (continued)

26.9 Equity price risk (continued)

The effect on equity (as a result of a change in the fair value of trading equity instruments and equity instruments held at FVOCI) due to a reasonably possible change in equity indices or the net asset values, with all other variables held constant, is as follows:

	2025		2024	
	Change in		Change in	
	Effect on consolidated statement		Effect on consolidated statement	
	% Change in equity price	of profit or loss/ equity	% Change in equity price	of profit or loss/ equity
Trading equities	+/- 5%	+/-1	+/- 5%	+/-1
Equity securities at FVOCI	+/- 5%	+/-1	+/- 5%	+/-1

26.10 Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems including internal frauds, or from external events.

The Group adheres to the three lines of defence model for the management of operational risk. The first line comprises of the risk owners in the business or functions. The second line is represented by Operational Risk Management and the Subject Matter Experts (SME) for respective risk types as indicated in the Group Risk Taxonomy while Internal Audit acts as the third line.

The Group Operational Risk Committee (GORCO), as a sub-committee of Group Risk Committee (GRC) assists with the management of Operational Risks across the Group to ensure that the Operational Risk Framework and Policy as approved by the BRC, is implemented and monitored across the Group.

The GORCO:

- Defines the policy for the management of Operational Risks and recommends for approval by the GRC and BRC.
- Review and recommend the Operational Risk Appetite and Group Risk Taxonomy for approval by the GRC and BRC.
- Monitors and reviews the Operational Risk profile across various Group businesses and its subsidiaries.
- Defines the various components of the Operational Risk Management Framework at the Group and oversees the implementation of the framework across the Group.
- Oversees the actions taken are in line with the Operational Risk Appetite.
- Governs the implementation of the Operational Risk Management Framework

Respective Local Operational Risk Committees oversee the implementation of the Operational Risk Management Framework and the management of Operational Risk across all subsidiaries and branches of the Group. The Group Operational Risk Management Department is responsible for the development of the group-wide methodology, quality control and system support.

The Group has implemented the following elements for the management of Operational Risks:

- Operational Risk Appetite, as part of the Group Risk Appetite Statement;
- Group Risk Taxonomy
- Incident management;
- Risk & Control Self-Assessments;
- Control Testing
- Issue and Action management;
- Key Risk Indicators; and
- Risk Register

26 RISK MANAGEMENT (continued)

26.10 Operational risk (continued)

Operational Risk incidents, issues and Key Risk Incidents are captured in a group-wide Governance, Risk and Compliance solution. This group-wide solution is being used by Audit, Risk and Compliance.

Operational risk appetite

The Group has defined Operational Risk appetite based on Cumulative Gross and Net Operational Losses and Single Largest Operational Loss. These metrics are monitored by the Board Risk Committee. In addition, a set of Early Warning Indicators are used to monitor different non-financial risk types.

26.10.1 Operational resilience

Operational resilience is the ability of the Bank to anticipate, prevent, adapt, respond to, recover and learn from operational disruptions while minimising customer, firm and market impact.

The Group Operational Resilience Committee (GORC) assists GRC with the oversight of the Bank's Operational resilience practices that is driven by the activities in the following areas:

- Cyber security and Information security
- Information Technology
- Business Continuity, Disaster Recovery and Crisis Management
- Bank's compliance with Privacy laws (Personal Data Protection)
- Outsourcing and Vendor Management (External dependencies)

The GORC meets 4 times a year and reviews and recommends to GRC, the Bank's business resilience for each area.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ million

26 RISK MANAGEMENT (continued)

26.11 Liquidity risk (continued)

	31 December 2025					31 December 2024				
	Unweighted Values (i.e. before applying relevant factors)					Unweighted Values (i.e. before applying relevant factors)				
	No specified maturity	Less than 6 months	Over 6 months and less than one year	Over one year	Total weighted value	No specified maturity	Less than 6 months	Over 6 months and less than one year	Over one year	Total weighted value
Required Stable Funding (RSF):										
Total NSFR high-quality liquid assets (HQLA)	17,610	152	-	-	1,174	15,736	175	-	-	1,163
Deposits held at other financial institutions for operational purposes	-	-	-	-	-	-	-	-	-	-
Performing loans and securities:										
Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-	-	-	-	-	-
Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions	-	4,626	1,311	829	2,140	-	3,884	919	727	1,730
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:										
With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	7,117	2,507	6,384	10,238	-	7,130	2,653	5,484	9,553
Performing residential mortgages, of which:										
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	289	188	-	-	-	323	210
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	246	396	2,412	2,370	-	173	259	1,531	1,517
Other assets:										
Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-	-	106	-	-	106
NSFR derivative assets	-	-	-	-	-	-	-	-	-	-
NSFR derivative liabilities before deduction of variation margin posted	-	6	-	-	6	-	-	-	-	-
All other assets not included in the above categories	3,461	460	6	784	1,076	3,765	506	6	1,882	2,209
OBS items	-	11,614	-	-	581	-	10,370	-	-	518
Total RSF (B)					17,773					17,006
NSFR (A/B)					127%					123%

Arab Banking Corporation (B.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

26 RISK MANAGEMENT (continued)

26.11 Liquidity risk (continued)

In addition, the internal liquidity/maturity profile is generated to summarize the actual liquidity gaps versus the revised gaps based on internal assumptions.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2025 based on contractual undiscounted repayment obligations. See the next table for the expected maturities of these liabilities. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Group expects that many customers will not request repayment on the earliest date the Group could be required to pay and the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

	At 31 December 2025						Total
	Within 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	5-10 years and over 10 years and undated	
Financial liabilities							
Deposits from customers	9,828	4,601	2,959	4,094	6,618	376	28,830
Deposits from banks	1,606	1,194	670	543	127	17	4,157
Certificates of deposits	134	96	28	17	135	9	419
Securities sold under repurchase agreements	8,502	151	223	-	246	-	9,122
Interest payable and other liabilities	1,180	-	-	-	-	-	3,149
Borrowings	-	-	24	143	1,365	-	1,730
Total non-derivative undiscounted financial liabilities on statement of financial position	21,250	6,042	3,904	4,797	8,491	402	47,407
ITEMS OFF STATEMENT OF FINANCIAL POSITION							
Gross settled foreign currency derivatives	5,185	3,806	5,592	15,543	5,251	974	36,700
Guarantees	2,472	-	-	-	-	-	2,472

Arab Banking Corporation (B.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

26 RISK MANAGEMENT (continued)

26.11 Liquidity risk (continued)

At 31 December 2024

	Within 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	5-10 years	Over 10 years and undated	Total
Financial liabilities								
Deposits from customers	7,814	4,244	2,342	3,104	6,392	359	215	24,470
Deposits from banks	2,451	882	674	417	253	16	-	4,693
Certificates of deposits	49	30	22	13	161	1	-	276
Securities sold under repurchase agreements	6,627	2,996	-	179	394	-	-	10,196
Interest payable and other liabilities	1,071	-	-	-	-	-	1,712	2,783
Borrowings	-	-	26	227	1,173	-	260	1,686
Total non-derivative undiscounted financial liabilities on statement of financial position	18,012	8,152	3,064	3,940	8,373	376	2,187	44,104

ITEMS OFF STATEMENT OF FINANCIAL POSITION

Gross settled foreign currency derivatives	3,343	3,256	2,844	9,991	6,322	282	80	26,118
Guarantees	2,452	-	-	-	-	-	-	2,452

Arab Banking Corporation (B.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

26 RISK MANAGEMENT (continued)

26.11 Liquidity risk (continued)

The maturity analysis of assets and liabilities analysed according to when they are expected to be recovered or settled or when they could be realised.

At 31 December 2025	Total										
	Within 1 month	1-3 months	3-6 months	6-12 months	within 12 months	1-5 years	5-10 years	10-20 years	Over 20 years	Undated	Total over 12 months
ASSETS											
Liquid funds	3,127	-	-	-	3,127	-	-	-	-	-	-
Trading securities	1	288	4	52	345	402	366	73	9	10	860
Placements with banks and other financial institutions	1,667	207	2	364	2,240	-	-	-	-	-	-
Securities bought under repurchase agreements	959	255	-	96	1,310	-	-	-	-	-	-
Non-trading investments	12,816	518	461	521	14,316	2,559	476	66	-	28	3,129
Loans and advances	2,878	3,839	2,478	3,242	12,437	6,888	1,138	196	2	-	8,224
Others	-	-	-	-	-	-	-	-	-	3,924	3,924
Total assets	21,448	5,107	2,945	4,275	33,775	9,849	1,980	335	11	3,962	16,137
LIABILITIES, SHAREHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS											
Deposits from customers	7,414	3,060	2,661	7,396	20,531	5,518	347	2	93	-	5,960
Deposits from banks	1,568	1,165	648	525	3,906	149	10	-	-	-	159
Certificates of deposit	133	93	25	9	260	116	7	-	-	-	123
Securities sold under repurchase agreements	8,040	147	33	-	8,220	854	-	-	-	-	854
Borrowings	-	-	3	112	115	1,129	-	-	-	182*	1,311
Others	-	-	-	-	-	-	-	-	-	3,239	3,239
Shareholders' equity and non-controlling interests	-	-	-	-	-	-	-	-	-	5,234	5,234
Total liabilities, shareholders' equity and non-controlling interests	17,155	4,465	3,370	8,042	33,032	7,766	364	2	93	8,655	16,880
Net liquidity gap	4,293	642	(425)	(3,767)	743	2,083	1,616	333	(82)	(4,693)	(743)
Cumulative net liquidity gap	4,293	4,935	4,510	743	-	2,826	4,442	4,775	4,693	-	-

* These represent perpetual instruments, refer note 14 for details.

Within 1 month are primarily liquid securities that can be sold under repurchase agreements. Deposits are continuously replaced with other new deposits or rollover from the same or different counterparties, based on available lines of credit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

26 RISK MANAGEMENT (continued)**26.11 Liquidity risk (continued)**

At 31 December 2024	Within 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Total within 12 months	1 - 5 years	5 - 10 years	10 - 20 years	Over 20 years	Undated	Total over 12 months
ASSETS											
Liquid funds	3,616	20	-	-	3,636	-	-	-	-	-	3,636
Trading securities	23	7	510	11	551	78	74	120	5	10	838
Placements with banks and other financial institutions	1,463	227	24	357	2,071	-	-	-	-	-	2,071
Securities bought under repurchase agreements	969	151	15	153	1,288	-	-	-	-	-	1,288
Non-trading investments	7,678	3,014	405	757	11,854	2,867	1,322	49	4	21	4,263
Loans and advances	2,979	3,395	2,759	3,240	12,373	5,098	1,016	160	2	-	6,276
Others	-	-	-	-	-	-	-	-	-	3,666	3,666
Total assets	16,728	6,814	3,713	4,518	31,773	8,043	2,412	329	11	3,697	46,265
LIABILITIES, SHAREHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS											
Deposits from customers	6,490	3,120	2,008	5,163	16,781	5,378	181	91	-	-	5,650
Deposits from banks	2,278	867	665	407	4,217	402	9	-	-	-	411
Certificates of deposit	49	28	20	10	107	137	-	-	-	-	137
Securities sold under repurchase agreements	738	102	-	128	968	9,118	-	-	-	-	9,118
Borrowings	-	-	5	178	183	960	-	-	-	238	1,198
Others	-	-	-	-	-	-	-	-	-	2,852	2,852
Shareholders' equity and non-controlling interests	-	-	-	-	-	-	-	-	-	4,643	4,643
Total liabilities, shareholders' equity and non-controlling interests	9,555	4,117	2,698	5,886	22,256	15,995	190	91	-	7,733	46,265
Net liquidity gap	7,173	2,697	1,015	(1,368)	9,517	(7,952)	2,222	238	11	(4,036)	(9,517)
Cumulative net liquidity gap	7,173	9,870	10,885	9,517		1,565	3,787	4,025	4,036	-	

* These represent perpetual instruments, refer note 14 for details.

Arab Banking Corporation (B.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

27 OPERATING SEGMENTS

For management purposes, the Group is organised into five operating segments which are based on business units and their activities. The Group has accordingly been structured to place its activities under the distinct divisions which are as follows:

- **MENA subsidiaries** cover retail, corporate and treasury activities of subsidiaries in North Africa and Levant;
- **International wholesale banking** encompasses corporate and structured finance, trade finance, Islamic banking services and syndications;
- **Group treasury** comprises treasury activities of Bahrain Head Office, New York and London;
- **ABC Brasil** primarily reflects the commercial banking and treasury activities of the Brazilian subsidiary Banco ABC Brasil S.A., focusing on the corporate and middle market segments in Brazil and its related holding Company; and
- **Other** includes activities of the Head office, Arab Financial Services Company B.S.C. (c) and ila Bank.

	2025					Total
	<i>MENA subsidiaries</i>	<i>wholesale banking</i>	<i>Group treasury</i>	<i>ABC Brasil</i>	<i>Other</i>	
Net interest income	217	202	35	361	155	970
Other operating income	54	109	76	122	79	440
Total operating income	271	311	111	483	234	1,410
Total operating expenses	(145)	(153)	(37)	(201)	(121)	(657)
Net operating profit before credit loss expense, taxation and unallocated operating expenses	126	158	74	282	113	753
Credit loss expense	(14)	(72)	-	(77)	(1)	(164)
Profit before taxation and unallocated operating expenses	112	86	74	205	112	589
Taxation expense						(105)
Unallocated operating expenses						(157)
Profit for the year						327
Operating assets as at 31 December 2025	5,592	11,651	19,857	11,738	1,074	49,912
Operating liabilities as at 31 December 2025	4,796	-	28,247	10,442	1,193	44,678

Arab Banking Corporation (B.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

All figures in US\$ Million

27 OPERATING SEGMENTS (continued)

	2024					Total
	<i>MENA subsidiaries</i>	<i>International wholesale banking</i>	<i>Group treasury</i>	<i>ABC Brasil</i>	<i>Other</i>	
Net interest income	210	205	22	299	166	902
Other operating income	48	108	62	152	67	437
Total operating income	258	313	84	451	233	1,339
Total operating expenses	(129)	(157)	(24)	(200)	(113)	(623)
Net operating profit before credit loss expense, taxation and unallocated operating expenses	129	156	60	251	120	716
Credit loss expense	(20)	(56)	-	(66)	(1)	(143)
Profit before taxation and unallocated operating expenses	109	100	60	185	119	573
Taxation expense						(72)
Unallocated operating expenses						(150)
Profit for the year						351
Operating assets as at 31 December 2024	4,896	11,001	19,068	10,652	648	46,265
Operating liabilities as at 31 December 2024	4,196	-	26,879	9,585	962	41,622

Geographical information

The Group operates in six geographic markets: Middle East and North Africa, Western Europe, Asia, North America, Latin America and others. The following table show the external total operating income of the major units within the Group that covers these markets, based on the country of domicile of the entity for the years ended 31 December 2025 and 2024:

2025	<i>Bahrain</i>	<i>Europe</i>	<i>Brasil</i>	<i>Other</i>	<i>Total</i>
Total operating income	398	177	486	349	1,410
2024					
Total operating income	393	172	447	327	1,339

There were no revenues derived from transactions with a single external customer that amounted to 10% or more of the Group's revenue during 2025 and 2024

28 REPURCHASE AND RESALE AGREEMENTS

Proceeds from assets sold under repurchase agreements at the year-end amounted to US\$ 9,074 million (2024: US\$ 10,086 million). The carrying value of securities sold under repurchase agreements at the year-end amounted to US\$ 9,230 million (2024: US\$ 10,295 million).

Amounts paid for assets purchased under resale agreements at the year-end amounted to US\$ 1,310 million (2024: US\$ 1,288 million), net of ECL allowance, and relate to customer product and treasury activities. The market value of the securities purchased under resale agreements at the year-end amounted to US\$ 1,454 million (2024: US\$ 1,480 million).

29 TRANSACTIONS WITH RELATED PARTIES

Related parties represent the ultimate parent, major shareholders, associates, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

The year-end balances in respect of related parties included in the consolidated financial statements are as follows:

	<i>Ultimate parent</i>	<i>Major shareholder</i>	<i>Directors</i>	2025	2024
Deposits from customers	2,809	-	1	2,810	2,833
Borrowings	1,115	-	-	1,115	1,115
Additional / perpetual tier-1 capital*	590	-	-	590	390
Short-term self-liquidating trade and transaction-related contingent items	862	-	-	862	1,049

* During the year, the Group has paid interest on additional / perpetual tier-1 capital amounting to US\$ 19 million (2024: US\$ 19 million) which has been charged to the consolidated statement of changes in equity.

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

	2025	2024
Commission income	21	22
Interest expense	208	250

Compensation of the key management personnel is as follows:

	2025	2024
Short term employee benefits	22	24
Post employment benefits	5	3
	27	27

30 FIDUCIARY ASSETS

Funds under management at the year-end amounted to US\$ 24,395 million (2024: US\$ 19,586 million). These assets are held in a fiduciary capacity and are not included in the consolidated statement of financial position.

31 ISLAMIC DEPOSITS AND ASSETS

Deposits from customers, banks and borrowings include Islamic deposits of US\$ 3,505 million (2024: US\$ 2,649 million). Loans and advances and non-trading investments include Islamic assets of US\$ 1,461 million (2024: US\$ 1,161 million), US\$ 1,510 million (2024: US\$ 1,258 million) respectively.

32 ASSETS PLEDGED AS SECURITY

At the reporting date, in addition to the items mentioned in note 28, assets amounting to US\$ 532 million (2024: US\$ 443 million) have been pledged as security for borrowings and other banking operations.

33 BASIC AND DILUTED EARNINGS PER SHARE AND PROPOSED DIVIDENDS AND TRANSFERS

33.1 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the parent for the year by the weighted average number of shares during the year. Diluted EPS is calculated by dividing the profit attributable to shareholders of the parent by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on conversion of all the dilutive potential shares into shares.

The Group's earnings for the year (before proposed dividends) are as follows:

	2025	2024
Profit attributable to the shareholders of the parent	257	285
Net profit attributable to the shareholders of the parent after adjusting for interest paid on additional / perpetual tier-1 capital (for basic and diluted earnings per share)	238	266
Weighted average number of shares outstanding during the year (millions) for basic and diluted earnings per share	3,094	3,094
Basic and diluted earnings per share (US\$)	0.077	0.086

33.2 Proposed dividends and transfers

	2025	2024
Proposed cash dividend for 2025 of US\$ 0.0275 per share (2024: US\$ 0.0275 per share)	85	85

The proposed cash dividend is subject to regulatory approvals and approval at the Annual General Meeting.

34 CAPITAL ADEQUACY

The primary objectives of the Group's capital management policies are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

34 CAPITAL ADEQUACY (continued)

The credit risk asset ratio calculations as at 31 December 2025 are based on standardised measurement methodology and in accordance with the CBB Basel III guidelines. The group applies aggregation approach for one of its subsidiaries to calculated risk weighted assets.

CAPITAL BASE		2025	2024
CET 1	[a]	4,211	3,886
AT 1		724	535
Total Tier 1 capital	[b]	4,935	4,421
Tier 2		293	327
Total capital base	[c]	5,228	4,748
RISK WEIGHTED EXPOSURES		2025	2024
Credit risk weighted assets and off balance sheet items		26,609	24,899
Market risk weighted assets and off balance sheet items		2,054	1,722
Operational risk weighted assets		2,122	1,935
Total risk weighted assets	[d]	30,785	28,556
CET 1 ratio	[a/d*100]	13.7%	13.6%
Tier 1 ratio	[b/d*100]	16.0%	15.5%
Risk asset ratio	[c/d*100]	17.0%	16.6%
Minimum requirement for Risk asset ratio		12.5%	12.5%

The Group's capital base primarily comprises:

- (a) Tier 1 capital: share capital, treasury shares, reserves, retained earnings, non controlling interests, profit for the year and cumulative changes in fair value;
- (b) Additional Tier 1 Capital: eligible portion of a perpetual financial instrument issued by the Bank's subsidiary;
- (c) Tier 2 capital: eligible non controlling interests and expected credit losses.

The Group has complied with all the capital adequacy requirements as set by the CBB.

35 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	<i>1</i> <i>January</i> <i>2025</i>	<i>Cash flow,</i> <i>net</i>	<i>Foreign</i> <i>exchange</i> <i>movement</i>	<i>31</i> <i>December</i> <i>2025</i>
Certificates of deposit	244	134	5	383
Borrowings	1,381	9	36	1,426
Total liabilities from financing activities	1,625	143	41	1,809
	<i>1</i> <i>January</i> <i>2024</i>	<i>Cash flow,</i> <i>net</i>	<i>Foreign</i> <i>exchange</i> <i>movement</i>	<i>31</i> <i>December</i> <i>2024</i>
Certificates of deposit	142	102	-	244
Borrowings	1,303	109	(31)	1,381
Total liabilities from financing activities	1,445	211	(31)	1,625

36 GOODWILL ON BUSINESS ACQUISITION

36.1 Goodwill on acquisition of BLOM Bank Egypt

	<i>2025</i>	<i>2024</i>
As at 1 January	25	41
Exchange rate movement	1	(16)
As at 31 December	26	25

36.2 Impairment testing of Goodwill and Core Deposit Intangible (CDI) acquired

The goodwill acquired through business combination is reviewed annually for impairment. At each reporting period, an assessment is made for indicators of impairment. If indicators exist, an impairment test is required. The impairment test compares the estimated recoverable amount of the Group's CGUs that carry goodwill, as determined through a Value-In-Use (VIU) model, with the carrying amount of net assets of each CGU. The goodwill has been allocated to the CGU, MENA subsidiaries, which is also operating and reportable segment.

The recoverable amount of the CGU has been determined based on residual income approach. The VIU model used projected cash flows in perpetuity through a 8-year forward period of projections, and thereafter applying a (long-term) terminal growth rate. Significant assumptions used in the residual income model for impairment assessment are:

- Discount rate of 20% (2024: 21%), which is derived using a capital asset pricing model and comparing it with cost of capital rates produced by external sources.
- Long-term profit growth rate of 4.5% (2024: 3%), adjusted for expected changes in benchmark interest rates and sector growth rates over time, applied to projected periods beyond 2034.

The calculation of VIU in the CGU is most sensitive to the following assumptions:

- interest margins;
- discount rates; and
- projected growth rates used to extrapolate cash flows beyond the projection period.

Interest margins

Interest margins are based on prevailing market rates at the start of the budget period. These are changed over the budget period for anticipated market conditions.

36 GOODWILL ON BUSINESS ACQUISITION (continued)

36.2 Impairment testing of Goodwill and Core Deposit Intangible (CDI) acquired (continued)

Discount rates

Discount rates reflect management's estimate of Return on Capital Employed ('ROCE') required in each business. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. Discount rates are calculated by using a capital asset pricing model.

Projected growth rates used to extrapolate cash flows beyond the projection period

Assumptions are based on published industry research. At 31 December 2025, the goodwill impairment test determined there was no impairment required to the CGU allocated to MENA subsidiaries.

The forecast cash flows have been discounted using the discount rate mentioned above. A 3% point increase in the discount rate and decrease in the terminal growth rate keeping other factors constant would reduce the recoverable amount of the CGU and will result in a goodwill impairment.

Other intangibles

Acquired other intangibles are recognised at their 'fair value' upon initial recognition. The specific criteria which needs to be satisfied for an intangible asset to be recognised separately from goodwill in an acquisition is that the intangible asset must be clearly identifiable, in that it either;

- be separable, that is, be capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arise from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Bank identified CDI's as other intangibles which are being amortised using the straight-line method over the useful life of the asset, which is estimated to be 10 years. If an indication of impairment arises, the recoverable amount is estimated and an impairment loss is recognised if the recoverable amount is lower than the carrying amount. There were no indicators of impairment identified with respect to CDI.

37 SUBSEQUENT EVENTS

There were no subsequent events through 8 February 2026, the date the consolidated financial statements were approved by the Board of Directors which may impact the consolidated financial statements.



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GROUP FINANCIAL REVIEW

Group Financial Review

Delivering Resilient Performance and Record Operating Income

Bank ABC Group delivered a resilient and strategically grounded performance in 2025 despite heightened geopolitical uncertainty, shifting monetary conditions, and evolving global trade dynamics. The Group achieved record levels of total operating income and total assets, reflecting the strength of its diversified business model, disciplined cost management, and a robust balance sheet.

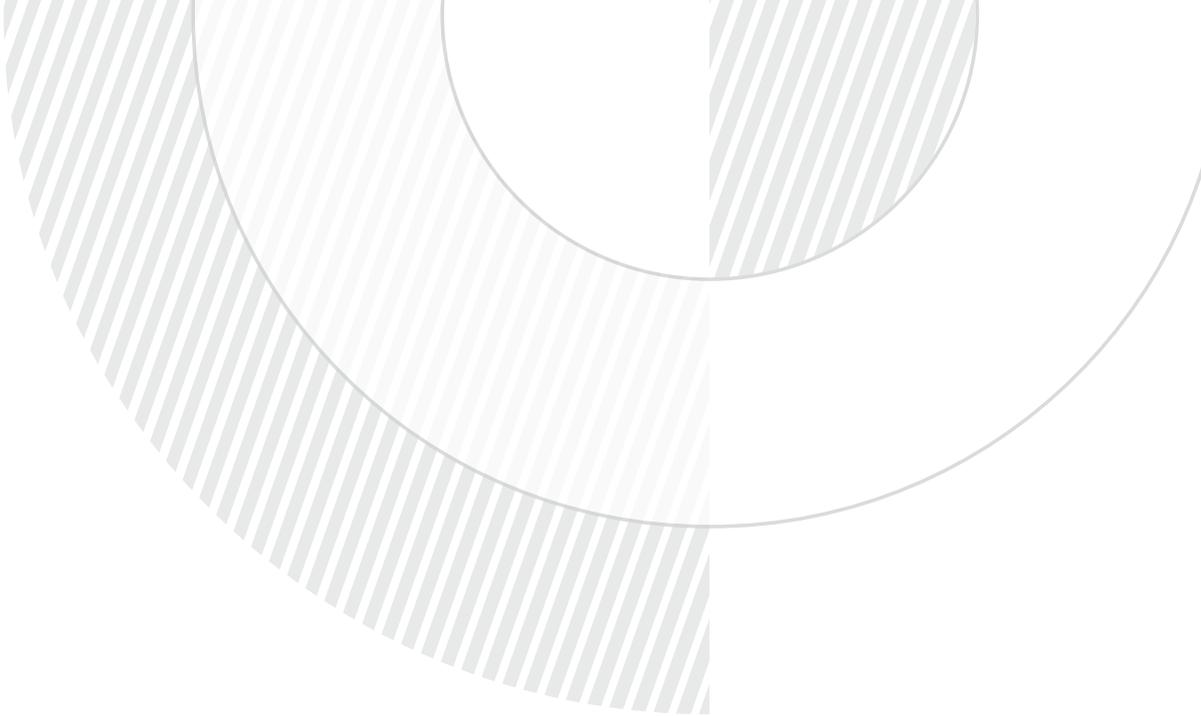
Total operating income increased by 5% year on year to a record US\$1,410 million (2024: US\$1,339 million), or 7% on an underlying constant currency basis, with growth well diversified across business lines and geographies. This performance underscores the continued execution of the Group's strategic priorities and the resilience of its core franchises.

Net profit attributable to the shareholders of the parent amounted to US\$257 million. While this represented a 10% year-on-year decline, performance remained resilient, reflecting solid underlying operating momentum across the Group. Underlying net profit, adjusted for foreign exchange on a constant currency basis, would have been US\$266 million, with the variance primarily attributable to elevated impairment provisions related to a US client credit event and the introduction of domestic minimum top-up taxes in Bahrain and Brazil.

Total comprehensive income attributable to the shareholders of the parent improved markedly to a positive US\$415 million, compared to a negative US\$12 million in the prior year, reflecting more favourable foreign exchange movements following the depreciation of the EGP and BRL against the US Dollar in 2024.

Earnings per share for the year amounted to US\$0.077, compared to US\$0.086 in 2024.

Reflecting confidence in the Group's capital strength, earnings resilience, and forward outlook, the Board of Directors is pleased to recommend a cash dividend of US\$0.0275 per share, totalling US\$85.5 million, equivalent to 2.75% of equity capital and representing a 33% payout of profit attributable to the shareholders of the parent. The dividend is maintained at the same level as last year and remains subject to regulatory approvals and approval at the Bank's Annual General Meeting.



Disciplined cost management balanced with growth

Cost discipline remained a key focus for Bank ABC Group throughout the year. Operating expenses for the year amounted to US\$814 million (2024: US\$773 million), reflecting continued investment in technology and transformation while maintaining tight cost controls. The cost-to-income ratio stood at 57.7%, same levels as in 2024.

Credit loss expenses increased to US\$164 million (2024: US\$143 million), largely reflecting the impact of a US client credit event provisioning. Taxation for the year amounted to US\$105 million (2024: US\$72 million), resulting in net profit attributable to shareholders of US\$257 million (2024: US\$285 million).

The Group continued to invest in strategic digital initiatives aligned with its 'Bank of the Future' vision. Digital and innovation-led platforms, including ila Bank and Arab Financial Services, maintained strong revenue trajectories, while progress continued integrating and optimising regional operations to enhance scale and efficiency.

Sources and uses of funds

The Group's balance sheet expanded further in 2025, reflecting strong core business growth and treasury activity. Total assets reached a historical US\$49,912 million at year-end, an increase of 8% compared to US\$46,265 million at the end of 2024. This was driven by core business growth and positive FX movements in BRL. Average assets for the year stood at US\$47,683 million (2024: US\$44,366 million).

Equity attributable to the shareholders of the parent and perpetual instrument holders increased to US\$4,718 million, up 12% from US\$4,207 million at the end of 2024. This increase reflected profits generated during the year, an AT1 issuance, and favourable foreign exchange movements in EGP and BRL, partially offset by dividends paid.

The Group's asset mix continued to be dominated by loans, securities, and placements. Loans and advances stood at US\$20,661 million (2024: US\$18,649 million). Non-trading investments amounted to US\$17,445 million (2024: US\$16,117 million), while money market placements and liquid funds totalled US\$6,677 million (2024: US\$6,995 million).

Group Financial Review

On the funding side, customer deposits stood at US\$26,491 million (2024: US\$22,431 million). Deposits from banks, certificates of deposit, and repos amounted to US\$13,522 million (2024: US\$14,958 million), while borrowings totalled US\$1,426 million (2024: US\$1,381 million).

Credit commitments, contingent items, and derivatives

The notional value of the Group's consolidated off-balance sheet items stood at US\$79,671 million at year-end 2025 (2024: US\$61,089 million). These comprised credit commitments and contingencies of US\$10,777 million (2024: US\$10,069 million) and derivative exposures of US\$68,894 million (2024: US\$51,020 million). The credit risk-weighted asset equivalent of off-balance sheet items amounted to US\$4,501 million (2024: US\$4,300 million).

The Group continued to utilise derivative products primarily for hedging purposes and to meet customer-related requirements, alongside limited short-term trading activities. Total market risk-weighted equivalent exposures stood at US\$1,776 million at the end of the year, compared to US\$1,175 million at the end of 2024. No significant credit derivative trading activities were undertaken during the year.

Geographical and maturity distribution of the balance sheet

Bank ABC Group maintained a well-diversified balance sheet across its core regions, including MENAT, the Americas, Western Europe, Asia, and other markets. The regional distribution of financial assets, liabilities and equity, and loans and advances remained broadly consistent with the prior year, with variations reflecting business growth and market dynamics.

[%]	Financial assets		Liabilities & equity		Loans & advances	
	2025	2024	2025	2024	2025	2024
Arab world	29	27	56	52	31	33
Western Europe	11	11	16	17	17	15
Asia	2	2	4	3	2	2
North America	27	30	5	9	7	10
Latin America	22	21	17	18	32	31
Others	9	9	2	1	11	9
	100	100	100	100	100	100

An analysis of the maturity profile of financial assets indicates that approximately 60% (2024: 69%) of assets had a maturity of one year or less at the end of 2025. Loans and advances maturing within one year accounted for 60% (2024: 66%) of the portfolio, while 68% of liabilities matured within one year (2024: 48%).

Distribution of credit exposure

The Group's gross credit exposure as at 31 December 2025 amounted to US\$58,408 million (2024: US\$54,014 million), representing the gross credit risk to which the Group is potentially exposed. This comprised funded exposure of US\$45,987 million, credit commitments and contingent items of US\$10,777 million, and derivative exposures of US\$1,644 million.

Credit exposure by customer type and internal risk rating remained well diversified, with the majority of exposures classified within investment-grade and satisfactory risk categories, reflecting the Group's prudent underwriting standards and risk management framework.

(US\$ millions)	Funded exposure		Credit commitments & contingent items		Derivatives*	
	2025	2024	2025	2024	2025	2024
Customer type						
Banks	5,948	5,645	2,059	1,601	319	207
Non-banks	21,421	19,798	7,762	7,337	1,318	1,014
Sovereign	18,618	17,276	956	1,132	7	4
	45,987	42,719	10,777	10,070	1,644	1,225
Risk rating						
1 = Exceptional	885	712	1	2	-	-
2 = Excellent	13,787	13,302	676	216	34	25
3 = Superior	4,618	3,696	703	812	382	86
4 = Good	2,646	2,652	1,560	1,522	14	12
5 = Satisfactory	13,974	11,526	5,037	5,252	936	940
6 = Adequate	8,037	8,870	2,195	1,769	237	146
7 = Marginal	1,765	1,404	531	294	38	13
8 = Special Mention	40	270	26	145	-	3
9 = Substandard	174	160	37	46	3	-
10 = Doubtful	49	53	5	6	-	-
11 = Loss	12	74	6	6	-	-
	45,987	42,719	10,777	10,070	1,644	1,225

* Derivative exposures are computed as the cost of replacing derivative contracts represented by mark-to-market values where they are positive, and an estimate of the potential change in market values reflecting the volatilities that affect them.

Classified exposures and impairment provisions

Total impaired loans at the end of 2025 stood at US\$782 million (2024: US\$699 million). Expected credit loss allowances, including stage 3 provisions, amounted to US\$718 million (2024: US\$617 million). Impaired securities totalled US\$64 million (2024: US\$64 million), with corresponding ECL allowances of US\$75 million (2024: US\$75 million).

The ageing profile of impaired loans and securities remained broadly stable, reflecting ongoing recovery efforts and disciplined credit monitoring across the portfolio.

(US\$ millions)	Principal	Provisions	Net book value
Less than 3 months	130	69	61
3 months to 1 year	233	165	68
1 to 3 years	336	234	102
Over 3 years	83	80	3
Total	782	548	234

Impaired securities

(US\$ millions)	Principal	Provisions	Net book value
Less than 3 months	-	-	-
3 months to 1 year	-	-	-
1 to 3 years	-	-	-
Over 3 years	64	64	-
Total	64	64	-

Note: Impaired loans and off-balance sheet credits are formally defined as those in default on contractual repayments of principal or on payment of interest in excess of 90 days. In practice, however, all credits that give rise to reasonable doubt as to timely collection, whether or not they are in default as so defined, are treated as non-performing and specific provisions made, if required. Such credits are immediately placed on non-accrual status and related interest income reversed. Any release of the accumulated unpaid interest thereafter is made only as permitted by International Financial Reporting Standards.

Group capital structure and capital adequacy

The Group maintained strong capital and liquidity positions throughout 2025, comfortably exceeding the regulatory requirements of the Central Bank of Bahrain. The consolidated capital adequacy ratio stood at 17.0% at year-end, compared to 16.6% in 2024, supported by a Tier 1 capital ratio of 16.0%, of which CET1 represented 13.7%.

The Group's capital base amounted to US\$5,228 million, comprising Tier 1 capital of US\$4,935 million (2024: US\$4,421 million) and Tier 2 capital of US\$293 million (2024: US\$327 million).

Liquidity metrics remained robust, with the liquidity coverage ratio (LCR) at 237% and the net stable funding ratio (NSFR) at 127%, while the liquid assets to deposits ratio stood at 52%.

All subsidiaries continued to meet the capital adequacy requirements of their respective regulators.

Operating environment and outlook

Resilient performance in an uncertain economic environment

In 2025, our core and network markets encountered notable uncertainty and volatility, shaped by geopolitical and macroeconomic dynamics. The Russo-Ukrainian Conflict continued into its third year, and the conflict in Middle East raised concerns of potential regional instability during the summer months. While a ceasefire was achieved towards the end of the year, regional tensions have remained a point of focus. These geopolitical developments influenced global activity in several ways, including fluctuations in commodity prices, maritime traffic patterns, insurance costs, and tourism levels, as well as impacting private investment flows and overall market sentiment.

While inflation gradually eased, interest rates have continued their slow decline. In this environment, global growth was estimated to moderate to just over 3% in 2025, down from 3.3% in 2024. In contrast, the MENA region has demonstrated resilience, with growth accelerating to estimated 3.8% in 2025, up from 2.2% in 2024. This positive trend is largely driven by increased oil production, ongoing diversification efforts, and reconstruction initiatives in several countries.

Egypt's exchange rate has stabilized due to effective reforms and robust external support. Meanwhile, the Brazilian Real has shown significant appreciation since the beginning of 2025, despite some volatility, supported by elevated real interest rates. However, high policy interest rates, relative to the past decade, continue to exert pressure on credit quality, particularly within the US commercial real estate market. On a positive note, market sentiment has stabilized following monetary easing from major central banks.

Looking Ahead to 2026

As we look forward to this year, there has been a significant escalation in geopolitical conflict in the Middle East. We are still in early stages, and the full impact of this escalation is yet to be ascertained. At the end of 2025 global growth was anticipated to remain steady at approximately 3% in 2026. While US protectionism may pose challenges, relaxed monetary policies could provide supportive tailwinds. In the MENA region, growth is projected to rise to 4.1%, bolstered by increased oil production and ongoing monetary easing.

2026 promises both challenges and opportunities for the banking industry. Geopolitical tensions could create economic stress for more vulnerable economies in the region. However, reduction in hostilities may facilitate restoration efforts and enhance economic activity and confidence, even as there are concerns about lower energy prices due to potential oversupply.

In many markets, inflation continues to decline, prompting central banks to lower policy rates, which presents both repricing challenges and refinancing opportunities. Additionally, emerging technologies such as artificial intelligence, alongside innovations in asset tokenization and cryptocurrencies, will introduce new dynamics that the industry must prepare to navigate.

Positioned for Sustainable Growth

Bank ABC enters this next phase of its strategic journey with confidence, bolstered by a strong balance sheet, a diversified business model, and advanced digital capabilities. The Group remains committed to operational resilience, capital efficiency, prudent risk management, and disciplined growth, while leveraging investments in technology, data, and artificial intelligence to enhance business continuity, efficiency, agility, and client value.

Through the ongoing execution of its strategic objectives, Bank ABC is well-positioned to generate sustainable, long-term value for both shareholders and stakeholders alike. As we move ahead as MENA's international Bank of the Future, we are excited and optimistic about the opportunities that lie ahead.



CORPORATE
GOVERNANCE

Corporate Governance

(All figures stated in US dollars unless otherwise indicated)

Arab Banking Corporation B.S.C. (“Bank ABC”) follows internationally-recognised best practice principles and guidelines, having in place a corporate governance system that provides an effective and transparent control framework that is fair and accountable.

The Central Bank of Bahrain (“CBB”) licenses Bank ABC as a conventional wholesale bank. Incorporated in 1980 as a Bahrain joint stock company, Bank ABC has an authorised capital of US\$4.5 billion and a paid-up capital of US\$3.11 billion as at 31 December 2025 (31 December 2024: US\$3.11 billion).

Bank ABC communicates all relevant information to stakeholders punctually and clearly through a variety of channels, including a well-maintained website. In particular, it reports its profits on an annual, semi-annual and quarterly basis.

At least the last five years’ consolidated financial statements are available on the Bank ABC corporate website.

Shareholders

Bank ABC’s shares have been listed on the Bahrain Bourse since 1990. The Central Bank of Libya (“CBL”), one of Bank ABC’s founding shareholders, owns a majority of the shares. The CBL increased its shareholding to 59.37% in 2010 by participating in that year’s capital increase and acquiring the Abu Dhabi Investment Authority’s 17.72% shareholding. The Kuwait Investment Authority, another of Bank ABC’s founding shareholder, continues to own 29.69% of the shares. Each of the foregoing shareholders is either a governmental entity or is (directly or indirectly) owned by a governmental entity in its jurisdiction of establishment. International and regional investors hold the remaining shares of Bank ABC.

The following table shows the ownership structure of Bank ABC as at 31 December 2025:

Name of Shareholder	Percentage Shareholding	Nationality
Central Bank of Libya	59.37%	Libyan
Kuwait Investment Authority	29.69%	Kuwaiti
Other shareholders with less than 5% holdings	10.94%	Various
Total	100%	

The following table shows the distribution of shareholdings as at 31 December 2025 and 31 December 2024.

% of shares held	2025			2024		
	No. of shares	No. of shareholders	% of total outstanding shares	No. of shares	No. of shareholders	% of total outstanding shares
less than 1%	128,344,432	1,344	4.1	128,344,432	1,329	4.1
1% up to less than 5%	211,976,668	3	6.8	211,976,668	3	6.8
5% up to less than 10%	-	-	-	-	-	-
10% up to less than 20%	-	-	-	-	-	-
20% up to less than 50%	923,289,191	1	29.7	923,289,191	1	29.7
50% and above	1,846,389,709	1	59.4	1,846,389,709	1	59.4
Total	3,110,000,000	1,339	100	3,110,000,000	1,334	100

Bank ABC's Corporate Governance Charter

In 2010, the CBB substantially updated its corporate governance requirements (particularly the CBB Rulebook's High Level Controls Module) for financial institutions, which are incorporated in Bahrain (the "CBB Corporate Governance Requirements") and most recently updated via revisions to the High-Levels Control (HC) Module in April 2023, which came into effect from 1st October 2023. Such regulatory requirements largely correspond with the Corporate Governance Code of Bahrain of 2022 (the "Code"), which is issued by the Ministry of Industry and commerce. The Board of Directors adopted the Bank ABC Corporate Governance Charter in December 2010 (the "Corporate Governance Charter"), which substantially reflects the CBB Corporate Governance Requirements and the Code as they have evolved. Bank ABC reviews on a regular basis the Corporate Governance Charter and, whenever required, makes the necessary and

appropriate amendments. The Corporate Governance Charter is published on the Bank ABC corporate website and deals with a number of corporate governance related matters, including:

- / the role and responsibilities of the Board and its committees;
- / the responsibilities of Directors to Bank ABC and the shareholders;
- / the appointment, training and evaluation of the Board;
- / remuneration of the Board and of Bank ABC employees;
- / Bank ABC's management structure;
- / communications with shareholders and the disclosure of information to relevant stakeholders; and
- / the detailed mandates of each of the committees of the Board.

Recent Corporate Governance Changes

During 2025, and in line with Bank ABC's ongoing commitment to maintaining alignment with evolving regulatory requirements and leading corporate governance practices, amendments were approved to the Board Audit Committee Charter ("BACC") during the Board of Directors meeting held in 17 November 2025 to formally incorporate the Committee's oversight role in relation to Environmental, Social and Governance ("ESG") reporting to ensure consistent Group-wide governance coverage across all units. Consequent to these updates, corresponding amendments were also made to the Corporate Governance Charter, which consolidates the governance charters of the Group within a single overarching framework. Furthermore, during 2025 the Board approved revisions to the Board Compliance Charter to update the independence composition requirement of the Committee.

In addition, during 2025 the Board reconstituted the Board Audit Committee through the appointment of an additional Independent Director, thereby ensuring continued compliance with the Central Bank of Bahrain ("CBB") requirements under Rule HC-3.4.2(c), which stipulate that the Committee shall comprise a majority of Independent Directors.

Compliance with CBB Corporate Governance Requirements and the Code

Bank ABC was compliant with the CBB Corporate Governance Requirements and the Code as at 31 December 2025, save that the Chairman of the Board is not an independent Director. Notwithstanding the foregoing, the Bank was compliant in all other respects relating to Board and Committee composition, meetings held during the year, and Directors' attendance.

BOARD OF DIRECTORS

Responsibilities of the Board

Bank ABC has previously adopted both a corporate governance charter for the Board and charters for the various Board committees (the “Bank ABC Board Mandates”). The Bank ABC Board Mandates are displayed on the Bank ABC corporate website. The Board of Directors is responsible for the overall direction, supervision and control of the Bank ABC Group. In particular, the Board’s responsibilities include (but are not limited to):

- a) those responsibilities assigned to the Board by the Articles of Association of Bank ABC;
- b) establishing Bank ABC’s objectives;
- c) Bank ABC’s overall business performance;
- d) monitoring management performance;
- e) the adoption and annual review of strategy;
- f) monitoring the implementation of strategy by management;
- g) causing financial statements to be prepared which accurately disclose Bank ABC’s financial position;
- h) convening and preparing the agenda for shareholder meetings;
- i) monitoring conflicts of interest and preventing abusive related-party transactions;
- j) assuring equitable treatment of shareholders, including minority shareholders;
- k) the adoption and review of management structure and responsibilities;
- l) the adoption and review of the systems and controls framework; and
- m) overseeing the design and operation of the remuneration systems of the Bank ABC Group and ensuring that such systems are not primarily controlled by the executive management of the Bank ABC Group.

The Board meets regularly to consider key aspects of the Group’s affairs, strategy and operations.

The Board exercises its responsibilities for best practice management and risk oversight mainly through the Board Risk Committee, which oversees the definition of risk/reward guidelines, risk appetite, risk tolerance standards and risk policies.

The Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal controls as the Board determines are necessary to enable the preparation of the consolidated financial statements that are free from any material misstatement, whether due to fraud or error.

Appointment of Directors

The shareholders appoint the Board for a term of three years, with the current term of the Board commencing on 16 March 2025 and terminating in March 2028, the date of the annual general meeting. At the 2025 year end, there were nine Directors on the Board, with diverse and relevant skills, who worked well together as a team. Collectively, they exercised independent and objective judgement in meeting their responsibilities. Currently, all Directors are male (100%).

In accordance with Bank ABC’s Articles of Association, a shareholder or group of shareholders holding 25% or more of the share capital may nominate Directors proportionate to their respective shareholdings. Other Directors are elected.

In accordance with the Bank ABC Board Mandates, each proposal for the election or re-election of a Director shall be accompanied by a recommendation of the Board, and a summary of the advice of the Remuneration Committee (see the description of role of the Corporate Governance Committee in this report).

The Board also has the power under Bank ABC's Articles of Association to appoint new directors and fill any Board vacancies that may arise, subject to such appointments being subsequently ratified by shareholders.

When a new Director is inducted, the Chairman, or Bank ABC's Board Secretary or Compliance Officer, or other individual delegated by the Chairman, reviews the Board's role and duties with that person. In particular, they describe the legal and regulatory requirements of the Bank ABC Board Mandates, the Code and the CBB Corporate Governance Requirements. The Chairman of the Board (or other individual delegated by the Chairman of the Board) ensures that each new Director is provided with a comprehensive induction pack providing requisite materials to ensure his contribution to the Board from the beginning of his term.

Bank ABC has a written appointment agreement with each Director. This describes the Director's powers, duties, responsibilities and accountabilities, as well as other matters relating to his appointment including his term, the time commitment envisaged, the Board committee assignments (if any), Directors' remuneration and expense reimbursement entitlement, and Directors' access to independent professional advice when needed.

Biographies of the Board of Directors are included in appendix 1.

Assessment of the Board

The Bank ABC Board Mandates require that the Board evaluates its own performance each year, as well as the performance of each Board committee and individual Director. This evaluation includes:

- a) assessing how the Board operates;
- b) evaluating the performance of each Board committee in light of its specific purposes and responsibilities, which shall include reviews of the self-evaluations undertaken by each Board committee;
- c) reviewing each Director's work, his attendance at Board and Board committee meetings, and his constructive involvement in discussions and decision making;
- d) reviewing the Board's current composition against its desired composition in order to maintain an appropriate balance of skills and experience, and to ensure planned and progressive refreshing of the Board; and
- e) recommendations for new Directors to replace long-standing Directors, or those Directors whose contribution to Bank ABC or its Board committees (such as the Group Audit Committee) is not adequate.

The Board has conducted an evaluation and self-assessment of its performance, and the performance of each Board committee and each individual Director in relation to the financial year ended on 31 December 2025.

Independence of Directors

The Bank ABC Board Mandates include detailed criteria to determine whether a Director should be classified as independent or not. The Bank ABC independence criteria are at least as restrictive as the formal criteria specified in the CBB Corporate Governance Requirements.

Bank ABC had four independent, non-executive Directors and five non-independent, non-executive Directors as at 31 December 2025. The CBB Corporate Governance Requirements require that at least one-third of Bank ABC's Board of Directors is independent and also require that certain Board committees (including the Group Audit Committee, the Corporate Governance Committee, the Remuneration Committee, Group Compliance Committee, and Board Risk Committee) be comprised of a certain number of Directors, a certain proportion of independent Directors and/or that such Board committees be chaired by an independent Director. Save as may otherwise be disclosed in this section, Bank ABC is now fully compliant with such requirements. The CBB Corporate Governance Requirements also state that it is preferable for the Chairman of the Board to be an independent Director, whereas the Chairman of the Board is, in fact, classified as a non-executive, non-independent Director.

As a rule, Directors do not have any direct or indirect material interest in any contract of significance with Bank ABC, or any of its subsidiaries, or any material conflicts of interest. This remained the case in 2025.

The Bank ABC Board Mandates require that any transaction that causes a Director to have a material conflict of interest must be unanimously approved by the Board (other than the relevant Director). Each Director is required to inform the entire Board of any actual, or potential, conflicts of interest in their activities with, or commitments to, other organisations as they arise, and to abstain from voting on these matters. Such disclosures shall include all material facts.

Each Director has a legal duty of loyalty to Bank ABC, and can be personally sued by Bank ABC or shareholders for any violation.

Compensation & interests of Directors

The remuneration structure for the Board of Directors is determined in accordance with directors' remuneration policy (the **"Remuneration Policy"**) of Bank ABC. The Remuneration Policy was first adopted by the Annual General Meeting on 21 March 2021 (and renewed for three years during the Annual General Meeting held on 16 March 2025) in accordance with Article 28 (b) of the Articles of Association of Bank ABC, based on a proposal of the Board of Directors of Bank ABC. The Remuneration Policy is intended to remain in force until 2028.

The objective of the Remuneration Policy, amongst others, is for Bank ABC to be able to (at all times) to attract, retain, and motivate Directors of skills and expertise commensurate with the complexity and diversification of its global business and be able at the same time to provide value to such Directors in return of their value to Bank ABC.

The remuneration structure for the Board of Directors is composed of a flat fee (the **"Flat Fee"**), which is easy to manage, but also competitive enough to motivate Directors' behavior and attract and retain the quality needed to run Bank ABC successfully. Such Flat Fee is composed of a monthly cash retainer (the **"Retainer"**); attendance fees payable to Directors attending different Board and Board Committee meetings (**"Attendance Fees"**); and allowances to cover travelling, accommodation and subsistence costs incurred in connection with attending Board and Board Committee meetings (**"Allowances"**).

¹This is referred to in the following table, according to the MOIC disclosure tables as "Remunerations of the chairman and BOD".

²This is referred to in the following table, according to the MOIC disclosure tables as "Total allowance for attending Board and committee meetings".

The aggregate remuneration paid to Board members in 2025 amounted to US\$3,183,872 (2024: US\$2,148,303), which was divided between the three elements as follows:

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others*	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others	Total			
First: Independent Directors:													
Mr. Abdullah Al Humaidhi ¹	40,339	3,000	-	11,444	54,783	-	-	-	-	-	-	-	-
Dr. Ibrahim El Danfour ³	174,150	36,000	-	223,902	434,052	-	-	-	-	-	-	-	-
Dr. Khaled Kawan ¹	40,339	4,500	-	-	44,839	-	-	-	-	-	-	-	-
Mr. Manaf Al Hajiri ²	115,970	31,500	-	100,312	247,782	-	-	-	-	-	-	-	-
Dr. Marouane El Abassi ²	121,415	34,500	-	147,171	303,086	-	-	-	-	-	-	-	-
Mr. Khalil Nooruddin ³	169,711	30,000	-	55,235	254,946	-	-	-	-	-	-	-	-
Second: Non-Executive Directors:													
H.E. Mr. Naji Belgasem ²	160,574	13,500	-	92,914	266,988	-	-	-	-	-	-	-	-
Mr. Abdulaziz Alhudaib ²	133,811	19,500	-	113,302	266,613	-	-	-	-	-	-	-	-
Mr. Amer Karkar ²	102,589	18,000	-	98,314	218,903	-	-	-	-	-	-	-	-
Mr. Ashraf Mukhtar ¹	32,869	3,000	-	22,545	58,414	-	-	-	-	-	-	-	-
Mr. Edrees Ahmad ²	111,509	21,000	-	105,486	237,995	-	-	-	-	-	-	-	-
Ms. Huda Al Mousa ¹	37,351	4,500	-	5,722	47,573	-	-	-	-	-	-	-	-
Mr. Mohamed Hassadi ²	120,430	30,000	-	167,444	317,874	-	-	-	-	-	-	-	-
Mr. Mohammad Saleem ¹	44,821	3,000	-	11,444	59,265	-	-	-	-	-	-	-	-
Mr. Saddek Omar El Kaber ¹	53,785	3,000	-	22,545	79,330	-	-	-	-	-	200,000	-	-
Dr. Tarik Yousef ¹	40,339	6,000	-	45,091	91,429	-	-	-	-	-	-	-	-
Third: Executive Directors:													
-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,500,000	261,000	-	1,222,872	2,983,872	-	-	-	-	-	200,000	-	-

* Travel and accommodation expenses.

¹ Retired in March 2025. ² Appointed in March 2025. ³ Re-appointed in March 2025

Note: The aggregate remuneration paid to the members of the Remuneration Committee with respect to their membership of such committee for the year 2025 was US\$29,528, which sum is included in the Retainer fee (2024: US\$20,000). No Director owned or traded Bank ABC shares in 2025.

Board Committees

The Board and its committees are supplied with full and timely information to enable them to discharge their responsibilities. In this respect, the Board, its committees and all Directors have access to senior management, external consultants and advisors, as required. The Board Secretary is responsible for ensuring that the Board procedures, and applicable rules and regulations, are observed.

The Board has delegated specific responsibilities to a number of Board committees. Each such committee has its own formal written charter, which is set out in full in the Corporate Governance Charter. The main Board committees are:

- / The **Board Risk Committee**, which is responsible for the review and approval of the Group's Credit and Risk Policies, including the risk appetite statement (RAS). The Committee reviews and makes recommendations to the Board regarding the annual risk strategy/appetite, within which business strategy, objectives and targets are formulated. The Committee delegates authority to senior management to conduct day-to-day business within the prescribed policy and strategy parameters, while ensuring that processes and controls are adequate to manage the Group's Risk Policies and Strategy. The Board Risk Committee meets not less than three times a year.
- / The Board **Corporate Governance Committee**, which assists the Board in shaping and monitoring the Group's Corporate Governance policies and practices, reviewing and assessing the adequacy of these policies and practices, and evaluating the Group's compliance with them. The Corporate Governance Committee meets not less than once a year.
- / The Group **Board Audit Committee**, which is responsible to the Board for the integrity and effectiveness of the Group's system of financial and internal controls. This Committee also recommends the appointment, compensation and oversight of the external auditors, as well as the appointment of the Group Chief Internal Auditor. The Group Audit Committee meets not less than four times a year.
- / The **Board Remuneration Committee**, which is responsible for the formulation of the Group's executive and staff remuneration policy, as well as senior management appointments, ensuring that Bank ABC's remuneration levels remain competitive so it can attract, develop and retain the skilled staff needed to meet its strategic objectives. The Committee also ensures that the remuneration policy and philosophy of Bank ABC and the ABC Group are aligned with Bank ABC's long-term business strategy, business objectives, risk appetite, values and long-term interests, while recognising the interests of relevant stakeholders. The Remuneration Committee meets not less than twice per year.
- / The **Group Board Compliance Committee**, which is responsible to the Board for monitoring compliance of the Group in the various countries in which the Group operates. The Committee also assists the Board in discharging its governance and oversight responsibilities for the Compliance risk management framework of Bank ABC and of Bank ABC's compliance with applicable laws and regulations on a group wide basis. The Group Compliance Committee meets not less than four times a year.
- / Ad Hoc Committees, such as the **Strategy Committee**. The Board has also delegated specific responsibilities for reviewing and overseeing the implementation of the strategy for Bank ABC and the Bank ABC Group to an ad-hoc Board Strategy Committee which shall meet as required to be effective. In 2025, no Committee meeting was held, however, the Board had a dedicated session on strategy.

As at 31 December 2025, the current members of each of the Board committees were as set out in the following table:

Board Committee	Member Name	Member Position	Classification of Director
The Board Risk Committee	Mr. Khalil Nooruddin	Chairman	Independent
	Mr. Manaf AlHajeri	Member	Independent
	Dr. Marouane El Abassi	Member	Independent
	Mr. Abdulaziz Alhudaib	Member	Non-Independent
	Dr. Ibrahim El Danfour	Member	Independent
The Corporate Governance Committee	Dr. Marouane El Abassi	Chairman	Independent
	Mr. Manaf AlHajeri	Member	Independent
	Mr. Mohamed Hassadi	Member	Non-Independent
The Board Audit Committee	Dr. Ibrahim El Danfour	Chairman	Independent
	Mr. Khalil Nooruddin	Member	Independent
	Mr. Edrees Ahmad	Member	Non-Independent
	Mr. Mohamed Hassadi	Member	Non-Independent
	Dr. Marouane El Abassi	Member	Independent
The Remuneration Committee	Mr. Manaf AlHajeri	Chairman	Independent
	Dr. Marouane El Abassi	Member	Independent
	Dr. Ibrahim El Danfour	Member	Non-Independent
	Mr. Amer Karkar	Member	Independent
The Board Compliance Committee	Dr. Ibrahim El Danfour	Chairman	Independent
	Mr. Khalil Nooruddin	Member	Independent
	Mr. Edrees Ahmad	Member	Non-Independent
	Mr. Mohamed Hassadi	Member	Non-Independent
Strategy Committee	Mr. Naji Belgasem	Chairman	Non-Independent
	Mr. Abdulaziz Alhudaib	Member	Non-Independent
	Dr. Marouane El Abassi	Member	Independent
	Mr. Mohamed Hassadi	Member	Non-Independent
	Mr. Khalil Nooruddin	Member	Independent

Attendance of Directors

The details of Directors' 2025 attendance at Board and Board committee meetings are set out in the following table:

Board Members	Board Meetings	The Board Risk Committee	The Corporate Governance Committee	The Board Audit Committee	The Remuneration Committee	The Board Compliance Committee
Mr. Saddek Omar El Kaber Chairman	2(9) ³	N/A	N/A	N/A	N/A	N/A
Mr. Mohammad Saleem Deputy Chairman	1(9) ⁴	1(6) ⁵	N/A	N/A	N/A	N/A
Mr. Abdallah Al Humaidhi Director	1(9) ⁶	1(6) ⁷	1(11) ⁸	N/A	1(4) ⁹	N/A
Dr. Khaled Kawan Director	2(9) ¹⁰	1(6) ¹¹	1(11) ¹²	N/A	1(4) ¹³	N/A
Mr. Ashraf Mukhtar Director	2(9) ¹⁴	N/A	N/A	N/A	N/A	N/A
Ms. Huda AlMousa Director	2(9) ¹⁵	N/A	N/A	1(2) ¹⁶	N/A	1(6) ¹⁷
Dr. Tarik Yousef Director	2(9) ¹⁸	N/A	1(11) ¹⁹	2(2) ²⁰	N/A	2(6) ²¹
H.E. Mr. Naji Belgasem Chairman	7(9) ²²	N/A	N/A	N/A	N/A	N/A
Mr. Abdulaziz Alhudaib Deputy Chairman	6(9) ²³	5(6) ²⁴	N/A	N/A	N/A	N/A
Dr. Ibrahim El Danfour Director	9(9)	6(6)	N/A	6(6)	4(4)	6(6)
Mr. Khalil Nooruddin Director	9(9)	6(6)	N/A	6(6)	N/A	6(6)
Mr. Manaf Alhajeri Director	7(9) ²⁵	5(6) ²⁶	10(11) ²⁷	N/A	3(4) ²⁸	N/A

³ The Director resigned from the Board on 16 March 2025.

⁴ The Director resigned from the Board on 16 March 2025.

⁵ The Director resigned from the Board Risk Committee on 16 March 2025.

⁶ The Director resigned from the Board on 16 March 2025.

⁷ The Director resigned from the Board Risk Committee on 16 March 2025.

⁸ The Director resigned from the Corporate Governance Committee on 16 March 2025.

⁹ The Director resigned from the Remuneration Committee on 16 March 2025.

¹⁰ The Director resigned from the Board on 16 March 2025.

¹¹ The Director resigned from the Board Risk Committee on 16 March 2025.

¹² The Director resigned from the Corporate Governance Committee on 16 March 2025.

¹³ The Director resigned from the Remuneration Committee on 16 March 2025.

¹⁴ The Director resigned from the Board on 16 March 2025.

¹⁵ The Director resigned from the Board on 16 March 2025.

¹⁶ The Director resigned from the Board Audit Committee on 16 March 2025.

¹⁷ The Director resigned from the Board Compliance Committee on 16 March 2025.

¹⁸ The Director resigned from the Board on 16 March 2025.

¹⁹ The Director resigned from the Corporate Governance Committee on 16 March 2025.

²⁰ The Director resigned from the Board Audit Committee on 16 March 2025.

²¹ The Director resigned from the Board Compliance Committee on 16 March 2025.

²² The Director was appointed on 16 March 2025.

²³ The Director was appointed on 16 March 2025.

²⁴ The Director was appointed to the Board Risk Committee on 18 March 2025.

²⁵ The Director was appointed on 16 March 2025.

²⁶ The Director was appointed to the Board Risk Committee on 18 March 2025.

²⁷ The Director was appointed to the Corporate Governance Committee on 18 March 2025.

²⁸ The Director was appointed to the Remuneration Committee on 18 March 2025.

Board Members	Board Meetings	The Board Risk Committee	The Corporate Governance Committee	The Board Audit Committee	The Remuneration Committee	The Board Compliance Committee
Dr. Marouane El Abassi Director	7(9) ²⁹	5(6) ³⁰	10(11) ³¹	1(6) ³²	3(4) ³³	N/A
Mr. Mohamed Hassadi Director	7(9) ³⁴	N/A	10(11) ³⁵	4(6) ³⁶	N/A	4(6) ³⁷
Mr. Amer Karkar Director	7(9) ³⁸	N/A	N/A	N/A	3(4) ³⁹	N/A
Mr. Edrees Ahmad Director	7(9) ⁴⁰	N/A	N/A	4(6) ⁴¹	N/A	4(6) ⁴²

Figures in brackets indicate the maximum number of meetings during the period of membership. "N/A" indicates that a Director was not a member of the relevant Board committee during 2025.

Meeting dates during 2025:

The Board and its committees meet as frequently as is necessary for them to discharge their respective responsibilities, but the Board meets no less than four times a year. The Group Audit Committee meets no less than four times a year, the Remuneration Committee meets no less than twice a year, the Board Risk Committee meets no less than three times a year, the Corporate Governance Committee meets no less than once a year, and the Group Compliance Committee meets no less than four times a year.

The Board Strategy Committee meets as required to be effective. In 2025, no Committee meeting was held, however, the Board had a dedicated session on strategy during on 13 and 14 June 2025.

²⁹ The Director was appointed on 16 March 2025.

³⁰ The Director was appointed to the Board Risk Committee on 18 March 2025.

³¹ The Director was appointed to the Corporate Governance Committee on 18 March 2025.

³² The Director was appointed to the Board Audit Committee on 18 March 2025.

³³ The Director was appointed to the Remuneration Committee on 18 March 2025.

³⁴ The Director was appointed on 16 March 2025.

³⁵ The Director was appointed to the Corporate Governance Committee on 18 March 2025.

³⁶ The Director was appointed to the Board Audit Committee on 18 March 2025.

³⁷ The Director was appointed to the Board Compliance Committee on 18 March 2025.

³⁸ The Director was appointed on 16 March 2025.

³⁹ The Director was appointed to the Remuneration Committee on 18 March 2025.

⁴⁰ The Director was appointed on 16 March 2025.

⁴¹ The Director was appointed to the Board Audit Committee on 18 March 2025.

⁴² The Director was appointed to the Board Compliance Committee on 18 March 2025.

The details of the dates of the Board and Board committee meetings in 2025 are set out below:

	Dates of Meetings
The Board	09 February 2025 16 March 2025 18 March 2025 25 May 2025 13 June 2025, 14 June 2025 21 July 2025 14 September 2025 16 November 2025, 17 November 2025 14 December 2025
The Board Risk Committee	05 February 2025 30 April 2025 06 May 2025 21 August 2025 29 September 2025 06 November 2025
The Corporate Governance Committee	08 February 2025 20 July 2025 22 July 2025 29 July 2025 25 August 2025 09 September 2025 17 September 2025 09 October 2025 26 October 2025 12 November 2025 13 December 2025
The Board Audit Committee	05 February 2025 10 March 2025 05 May 2025 07 August 2025 30 October 2025 07 December 2025
The Remuneration Committee	08 February 2025 20 July 2025 13 November 2025 13 December 2025
The Board Compliance Committee	05 February 2025 10 March 2025 05 May 2025 07 August 2025 30 October 2025 07 December 2025

INTERNAL CONTROLS

The Board of Directors is responsible for establishing and reviewing the Group's system of internal control. The Board receives minutes and reports from the Board Risk Committee ("BRC"), the Board Audit Committee and the Board Compliance Committee, identifying any significant issues relating to the adequacy of the Group's risk management policies and procedures, as well as reports and recommendations from the Corporate Governance Committee and the Remuneration Committee for any needed decision making and action(s) at their end.

Management informs the Board regularly about how the Group is performing versus budget, identifying major business issues and examining the impact of the external business, economic and regulatory environment.

Day-to-day responsibility for internal control rests with management. The key elements of the process for identifying, evaluating, and managing the significant risks faced by the Group can be summarised as:

- / well-defined management structure with clear authorities and delegation of responsibilities, documented procedures and authority levels to ensure that all material risks are properly assessed and controlled
- / internal control policies that require management to identify major risks, and to monitor the effectiveness of internal control procedures for adequate reporting and mitigation
- / robust compliance function, exercised through Group Compliance reports to the Board Compliance Committee over Compliance Risks,
- / Group Audit function, which reports to the Group Audit Committee on the effectiveness of key internal controls in relation to the major risks faced by the Group, and conducts reviews of the efficacy of management oversight regarding delegated responsibilities, as part of its regular risk based and regulatory audits of Group departments and business units
- / comprehensive planning and budgeting process that delivers detailed annual financial forecasts and targets for Board approval, and
- / Group Risk Management function, comprising overarching Head Office risk management committees and a dedicated risk management function supporting the group.

Management structure

The Group Chief Executive Officer, supported by Head Office management, is responsible for managing the day-to-day operations of Bank ABC. There is a clear segregation of duties in the management structure at Bank ABC.

Senior managers did not hold or trade any shares in Bank ABC during 2025.

The management organisation chart is included in appendix 2.

COMPLIANCE

Compliance risk is the risk of legal or regulatory sanctions, material financial loss, or reputational damage the Bank may suffer as a result of its failure to comply with the statutory, regulatory and supervisory requirements including industry codes with which the Group must by law comply with, or which it voluntarily adheres to.

Bank ABC is committed to maintaining the highest standards of ethical and professional conduct, including complying with all applicable rules and regulations. The Group Chief Compliance Officer (GCCO), together with the Heads of Compliance and Money Laundering Reporting Officers Group-wide, support the Board and Senior Management in effectively managing the Bank's compliance risks.

The Bank has a dedicated Group Board Compliance Committee (BCC). The GCCO reports directly to the BCC and administratively to the Acting Group Chief Executive Officer (AGCEO). The Group Compliance Oversight Committee (GCOC) is the Senior Management committee established by the BCC, that oversees compliance risk management Group-wide.

To support the GCOC, Compliance and Financial Crime Committees (CFCCs) operate in each jurisdiction and report to their respective BCCs or equivalent local governance bodies.

As detailed in the Group's Risk Appetite Statement, the Bank has no tolerance for regulatory breaches that are intentional or due to gross negligence. In addition, the Bank has no appetite for the facilitation, aiding or abetting of any form of criminal activity.

It is recognised that operational risk, including Compliance Risk, is inherent in business operations, processes and systems and that inadvertent errors may occur. Nevertheless, the Bank is committed to conducting business in compliance with regulatory requirements and implementing appropriate risk management and risk mitigation mechanisms to ensure that a robust compliance culture is embedded within the organisation.

The Bank continues to enhance its compliance framework by investing in systems and the capabilities of the Compliance Function.

EXTERNAL AUDITORS

1. In 2025, the Bank ABC Group paid its external auditors US\$3,477,000 in audit fees on a global basis.
2. Non-audit services were specifically pre-approved by the Audit Committee and provided by the external auditors including, but not limited to, anti money laundering reviews, prudential information reports reviews, quarterly reviews and tax-related services amount to US\$1,106,000 on a global basis.
3. Ernst & Young have expressed their willingness to continue as the auditors of the Group for the year ending 31 December 2026. Bank ABC's management, based on evaluation of services provided by its external auditors, has recommended the appointment of Ernst & Young and a resolution proposing their reappointment will be presented at the annual general meeting to be held in March 2026.

POLICY ON THE EMPLOYMENT OF RELATIVES AND APPROVED PERSONS

Bank ABC has a Board approved Policy on Employment of Relatives and Connected Persons. This Policy aims to ensure that Bank ABC has transparency in relation to the employment of relatives and Connected Persons in order to prevent actual, or perceived, conflicts of interest.

The Policy sets out that no relatives or near relatives of any Bank ABC employee, Executive or Board Member may enter into employment with Bank ABC. Exceptional approvals may be granted by an independent panel following a full and fair selection process.

REMUNERATION POLICIES OF BANK ABC IN COMPLIANCE WITH THE REQUIREMENTS OF THE CBB

Senior management and staff receive compensation based on several fixed elements, covering salary, allowances and benefits, as well as variable, performance-related elements.

In January 2014, the Central Bank of Bahrain (CBB) issued new rules relating to the remuneration of approved persons and material risk-takers and others, which were subsequently amended later during 2014 (the “CBB Sound Remuneration Practices”), with recent amendments via CBB HC Module in April 2023. Bank ABC has implemented remuneration policies and procedures to cover Bank ABC, ila Bank and Bank ABC Islamic, which are compliant with the CBB Remuneration Rules.

Bank ABC reviewed its remuneration practices and redesigned its variable compensation scheme in order to be fully compliant with the CBB’s requirements. Key changes to Bank ABC’s remuneration systems and governance processes were made to comply with the CBB regulations and included:

- i. Ensuring the risk framework is extensive and captured in decisions around variable pay, including confirming risk-adjustments to any bonus pool.
- ii. Separating control functions from the Group bonus pool and ensuring they are measured independently from the businesses they oversee.
- iii. Introducing an equity-linked vehicle in which to deliver the appropriate amount of variable remuneration for covered persons.
- iv. Introducing deferral arrangements that defer the appropriate amount of variable remuneration for the Acting Group Chief Executive Officer (AGCEO), deputies, top five most highly-paid business line employees, material risk takers and approved persons.
- v. Introducing clawback and malus policies that apply to variable remuneration.

While maintaining the same Variable Compensation Scheme (VCS) and bonus multiples tables, further changes to the Employees’ Performance Management System were introduced in early 2016 to encourage behaviours that will help fulfil the Group’s strategic goals. Variable pay now depends on a more extensive matrix of factors, rather than just the income generated. These added factors facilitate measuring the quality of the income rather than just its magnitude. In addition, other non-financial factors have also been added as part of the performance matrix.

The Remuneration Committee (RemCo) reviews and approves Bank ABC's remuneration policy structure on an annual basis. Where rules on compensation exist in other jurisdictions in which Bank ABC operates, Bank ABC's Group policy is to take necessary steps to comply with local market regulations that are applicable to our foreign subsidiaries and branches. Where no rules are applicable, ABC adopts best local market practices.

A distinct and separate bonus pool has been created to reinforce the safeguarding role and independence of staff in Control Functions, and is measured by the impact and quality of their safeguarding role. These measures are based on department-specific objectives and targets, which are independent of company financial performance.

Bank ABC conducts business within a set of overarching goals and limits that, together, define its risk appetite and tolerance. This is approved by the Board Risk Committee as part of the Group Risk Strategy, which complements the budgets and strategic plans proposed by the business. The Bank's bonus pool is subject to potential adjustments based on the review of the RemCo, in the respect of the approved risk appetite, risk tolerance and risk policies during the fiscal year.

Variable compensation and performance management are linked. Performance expectations are clearly articulated for revenue-generating, support and control functions. Individual bonus payments reflect Group, business unit and individual performance.

Bank ABC has adopted a remuneration deferral policy in line with the CBB Sound Remuneration Practices. This defers a required amount of the variable remuneration for the AGCEO, deputies, top five most highly-paid business line employees, defined material risk takers and approved persons.

Bank ABC has also adopted a malus policy, which allows any form of deferred variable remuneration to be reduced or cancelled in specific and exceptional circumstances. Exceptional circumstances are defined as material events. They may include a material restatement of the Bank's financial statements, the discovery of significant failures in risk management or exposure to material financial losses at Group, business unit or individual level. In respect of unvested awards, and depending on each specific circumstance, malus may be applied to either that portion of unvested awards linked to the performance year in question or the total outstanding set of unvested awards.

A clawback policy has been introduced to allow Bank ABC to recover part, or all, of the awards already paid to an employee or former employee if a material event is discovered. Clawback provisions may be enforced upon the discovery of an employee's, or former employee's, accountability or responsibility for, or direct implication in, material events that may bring the Bank into serious disrepute. Additionally, they may be enforced in the event of individual criminal or other substantial misconduct.

The design of the Bank's reward structure aligns pay outcomes with prudent risk management and sound governance practices. The mix of an individual employee's pay, allowances and variable compensation is dictated by the nature of the role he/she holds. Variable pay for the relevant employees is delivered using a blend of cash and equity-linked instruments. It may be paid up-front in cash or deferred in accordance with the Bank's deferral policy. With Board approval, the variable pay multiples may be reviewed from time to time to ensure competitiveness with the market.

The remuneration disclosures have been reviewed and approved by the RemCo, which has confirmed they are aligned to the CBB rulebook requirements.

Bank ABC takes risk seriously. Reward practices embed and reinforce the Bank's desired risk culture, and risk behaviours directly impact variable pay, based on the following principles:

- i. Financial performance is not the sole measure of performance; both quantitative and qualitative approaches are used to measure risk; bonus pools are adjusted for all types of risk, both tangible and intangible, reflecting both Group and business unit performance.
- ii. Bonuses can be diminished (or nil) in light of excessive risk taking at Group, business or individual level.
- iii. Bonus pools reflect the cost of capital required, and liquidity risk assumed, in the conduct of business.

In addition, Bank ABC has a process for assessing the performance of senior management against a set of pre-agreed audit, risk & compliance (ARC) objectives, which are cascaded down in the organisation. Their pay is linked to long-term profitability and sustainable value.

Pay principles

The following 'pay principles' apply at Bank ABC and govern all current and future remuneration decisions. These principles have been approved by the RemCo.

Summary

Principle	Theme
Principle 1	We pay for performance
Principle 2	We take risk seriously
Principle 3	We think long-term
Principle 4	Pay decisions are governed effectively
Principle 5	Clear and simple
Principle 6	Competitive, sustainable and affordable

Principle 1 | We pay for performance

Approach

- / Performance expectations are clearly articulated for revenue-generating, support and control functions.
- / Pay and performance management are linked.
- / Bank ABC rewards performance that delivers its strategy, and that delivers the behaviours, cultures and ways of working that underpin doing business with the Bank.

Delivery

- / Group and / or business unit underperformance can result in no bonus pool.
- / Bonuses can be diminished (or nil) in light of poor Group, business unit or individual performance.
- / Individual bonus payments reflect Group, business unit and individual performance.
- / Group and business units are expected to meet demanding but achievable performance targets.
- / Low performance ratings for any employee can result in no bonus.
- / High performing business units may pay bonuses, even if the Group underperforms.
- / Bank ABC differentiates high performance from average or low performance.
- / Bonuses can be paid for non-profitable business units in start-up or turn-around phases.
- / Bonus calculations reflect a measure of the appropriate behaviours which support doing business with Bank ABC.
- / Control functions are measured on the impact and quality of their safeguarding role.
- / Pay for employees engaged in control functions promotes impartiality and objectivity – it ensures that all employees at Bank ABC take risk seriously.
- / Bonuses can be paid to control function employees who exercise their roles effectively, even in light of poor Group or business unit performance.

Principle 2 | We take risk seriously

Approach

- / Reward practices embed and reinforce Bank ABC's desired risk culture.
- / Risk behaviours directly impact variable pay.

Delivery

- / Financial performance is not the sole measure of performance.
- / Bonuses can be diminished (or nil) in light of excessive risk taking at Group, business or individual level.
- / Bonus pools reflect the cost of capital required, and liquidity risk assumed, in the conduct of business.
- / Bonus pools are adjusted for all types of risk, both tangible and intangible, which are reflected in both Group and business unit performance.

Corporate Governance

- / Both quantitative and qualitative approaches are used to measure risk.
- / Pay for material risk takers is significantly weighted towards variable pay.
- / Material risk takers' performance is rewarded using a mix of cash and equity (or an equity-linked vehicle) to reflect their influence on the Bank's risk profile.
- / Risk behaviours of material risk takers have a direct impact on variable pay outcomes.

Principle 3 | We think long-term

Approach

- / Pay is linked to long-term profitability and sustainable value.

Delivery

- / Deferral mechanisms are used for approved persons / material risk takers.
- / Deferral mechanisms include an equity-linked vehicle.
- / 60% of variable pay for AGCEO and the most highly-paid employees is deferred for three years.
- / 40% of variable pay for material risk takers and approved persons (paid over BHD100,000) is deferred for three years.
- / No form of guaranteed variable remuneration can be granted, except in exceptional circumstances, for a period of no more than one year following hire.
- / Unvested deferred bonuses can be recovered in light of discovering past failures in risk management, or policy breaches, that led to the award originally being granted.
- / Participation in deferral is reviewed on an annual basis, subject to meeting the minimum requirements under the CBB rules.

Principle 4 | Pay decisions are governed effectively

Approach

- / Variable pay schemes are owned and monitored by the RemCo.
- / The RemCo oversees remuneration practices across the Bank.

Delivery

- / The RemCo oversees the design and delivery of variable pay across the Bank.
- / The RemCo reviews and approves the Bank's remuneration policy on an annual basis.
- / The AGCEO and senior management do not directly own or control remuneration systems.

- / The RemCo reviews and approves bonus pools and payouts across the Bank, and reviews and approves the pay proposals for material risk takers and approved persons.
- / Risk and Compliance provide information to the RemCo before it determines the bonus pool and Group performance.
- / HR controls remuneration policies, while line managers have suitable discretion to apply them.
- / HR develops compliance and monitoring practices to actively track global compliance with Group remuneration policy.

Principle 5 | Clear and simple

Approach

- / Reward communications are clear, user-friendly and written in plain language.
- / The aims and objectives of the new VCS are clear and transparent.

Delivery

- / Clearly communicate what is meant by malus and clawback, and the instances in which these provisions could be applied.
- / Open and easy access to the variable pay policy, plan rules and relevant communications.

Principle 6 | Competitive, sustainable and affordable

Approach

- / The VCS helps to attract and retain high-calibre talent.
- / The VCS structure can be maintained over the long term, and its total cost is always affordable to the Bank.

Delivery

- / Bonus pools vary year-on-year, based on Group performance, external market conditions, the internal climate and affordability.
- / Individual pay opportunities are driven by the external market and internal positioning.

Application of pay principles

Bank ABC will remunerate covered employees to attract, retain and motivate sufficient talent to safeguard the interests of the Bank and its shareholders, while ensuring the Bank avoids paying more than necessary. The remuneration systems fairly reward performance delivered within the risk appetite of the Bank, over an appropriate time horizon, to align with risk.

Variable remuneration is paid according to the scheme on the below categorisation:

- / **Approved persons in business lines:** For the AGCEO and the five most highly-paid business line employees, variable pay in 2019 was paid as 40% upfront cash, 10% in deferred cash and 50% in a deferred equity-linked vehicle. For the others in the same category, the pay split was 50% upfront cash, 10% upfront equity-linked vehicle, 40% deferred equity-linked vehicle.
- / **Approved persons in control functions:** The variable pay for employees in this category was paid as 50% upfront cash, 10% upfront equity-linked vehicle, 40% deferred equity-linked vehicle.
- / **Other material risk takers:** The variable pay for employees in this category was paid as 50% upfront cash, 10% upfront equity-linked vehicle, 40% deferred equity-linked vehicle.
- / **Other staff of Bahrain operations:** The variable pay was paid fully in cash up front.

Remuneration arrangements are structured to promote sound risk behaviours. Their performance is measured against a range of financial and non-financial factors related to risk. Employees categorised as approved persons in control functions have their remuneration measured independently of the business that they oversee, so ensuring sufficient independence and authority. All variable pay is subject to malus and clawback.



**THE
EXTRAORDINARY
GENERAL
MEETING**



MINUTES OF THE PREVIOUS EGM MEETING

(ARABIC ONLY)

محضر اجتماع الجمعية العامة غير العادية
للمؤسسة العربية المصرفية (ش.م.ب.)
البحرين ٢٤ مارس ٢٠٢٤ م

عقدت الجمعية العامة غير العادية لمساهمي المؤسسة العربية المصرفية (ش.م.ب.) اجتماعها الإلكتروني عبر منصة الاجتماعات الافتراضية زوم، في يوم الأحد الموافق ٢٤ مارس ٢٠٢٤م عند تمام الساعة الواحدة والنصف ظهراً في المقر الرئيسي للمؤسسة بمملكة البحرين، وذلك للنظر في جدول أعمالها التالي:-

(١) التصديق على محضر الاجتماع السابق للجمعية العامة غير العادية الذي عقد بتاريخ ٢٣ مارس ٢٠٢٢م.

(٢) إصدار أوراق مالية رأسمالية من المستوى الإضافي الأول (AT1)

١-٢ الموافقة على إصدار أوراق مالية رأسمالية دائمة قابلة للتحويل من المستوى الأول وفقاً للبند ٢,١-CA (رأس المال التنظيمي) من نموذج كفاية رأس المال - المجلد الأول من كتاب قواعد مصرف البحرين المركزي ("الأوراق المالية الرأسمالية") بمبلغ يصل إلى أربع مائة مليون دولار أمريكي (٤٠٠,٠٠٠,٠٠٠ دولار أمريكي) مع تفويض مجلس إدارة البنك باتخاذ القرارات اللازمة بشأن معدلات الربح/الفائدة/القسم وقيم إصدارها - ومنها على سبيل المثال لا الحصر - المسائل والأحكام المنصوص عليها في المادة ١٤٩ من القانون رقم ٢١ لسنة ٢٠٢١ بشأن إصدار قانون الشركات التجارية، وتعديلاته ("قانون الشركات")، بمعنى ضمان القدرة على تحديد قواعد تحويل الأوراق المالية الرأسمالية إلى أسهم - وعلى وجه الخصوص - قيمة السهم الذي يتم تنفيذ التحويل على أساسه؛ وأن يكون معدل إصدار الأوراق المالية الرأسمالية بالقيمة الاسمية للسهم على الأقل؛ ويجب ألا تتجاوز قيمة الأوراق المالية الرأسمالية المحولة إلى أسهم بالإضافة إلى قيمة أسهم البنك رأس المال المصرح به؛ والفترة التي يجوز خلالها طلب تحويل الأوراق المالية الرأسمالية إلى أسهم؛ وحق حامل الأوراق المالية الرأسمالية في استرداد قيمتها إذا لم يرغب في تحويل الأوراق المالية الرأسمالية إلى أسهم، إضافة إلى تنفيذ الإجراءات والاشتراطات الواردة في هذا الشأن، مع ضرورة الحصول على موافقة مصرف البحرين المركزي وإبرام أي مستندات تتعلق بأي إصدارات و/أو أي إصدار لأي أسهم (حسب الاقتضاء). وتجنباً للشك، لن يطلب مجلس إدارة البنك أي موافقة إضافية من مساهمي البنك بخصوص أي إجراءات إضافية غير مشمولة على وجه التحديد في أجندة الجمعية العامة غير العادية هذه أو أية مسائل أخرى ذات صلة بإصدار الأوراق المالية الرأسمالية و/ أو إصدارات الأسهم، ويحق لمجلس إدارة البنك اتخاذ أية إجراءات من هذا القبيل وإبرام أي مستندات مطلوبة.

٢-٢ الموافقة على التنازل عن حق الشفعة للمساهمين بالاكتمال في الأوراق المالية الرأسمالية وفقاً للمادتين ١٤٩ و ١٥٠ من قانون الشركات.

١٤

٣-٢ في حالة تحويل الأوراق المالية الرأسمالية إلى أسهم في البنك وفقاً لشروط الأوراق المالية الرأسمالية هذه، الموافقة على زيادة رأس المال المدفوع (بعد أخذ موافقة السادة مصرف البحرين المركزي) بما يصل إلى (أ) أربعمائة مليون دولار أمريكي (٤٠٠,٠٠٠,٠٠٠ دولار أمريكي)، بالإضافة إلى (ب) القيمة الإجمالية لأي مبالغ مستحقة بموجب الأوراق المالية الرأسمالية، من خلال إصدار أسهم تصل إلى الحد الأقصى المسموح به بموجب القانون المعمول به، بعد أخذ موافقة السادة مصرف البحرين المركزي، واتخاذ جميع الإجراءات المطلوبة لتنفيذ هذا الإصدار من الأسهم وإبرام أي مستندات لإصدار الأسهم (بما في ذلك توثيق أي مستندات حسب الاقتضاء).

٤-٢ الموافقة على التنازل عن حق الشفعة بموجب المادة ١٢٨ من قانون الشركات للاكتتاب في تلك الأسهم والموافقة على إصدار تلك الأسهم للمكتتبين في الأوراق المالية الرأسمالية بحسب البند ٣-٢ أعلاه،

٥-٢ تفويض وتخويل الرئيس التنفيذي للمجموعة أو من يفوضه لاتخاذ الإجراءات اللازمة لزيادة رأس المال المدفوع، بعد أخذ موافقة السادة مصرف البحرين المركزي.

٦-٢ تمكين وتفويض وتخويل الرئيس التنفيذي لمجموعة بنك ABC (أو من ينوب عنه) بالتفاوض والموافقة والتوقيع باسم بنك ABC - حسب الاقتضاء أو حيثما يكون ذلك مناسباً - على أي من هذه المستندات المطلوبة للإصدار أو التفويض بالإصدار إلى جانب توقيع و/أو توثيق (حسب الاقتضاء) أي مستندات تتعلق بأي إصدار أوراق مالية رأسمالية و/أو أسهم (حسب الاقتضاء) ومنها على سبيل المثال لا الحصر:

(أ) اتفاقية الوكالة؛

(ب) اتفاقية الاكتتاب؛

(ج) والشهادة العالمية،

و/أو أي وكالات قانونية رسمية وأي مستندات مهما كانت طبيعتها، وبشكل عام تنفيذ وأداء كل ما يلزم من تصرفات وأمور وإجراءات من هذا القبيل حسبما تكون مطلوبة ولازمة لتحقيق كل ما سبق.

عملاً بأحكام المادة ٤٢/أ من النظام الأساسي للمؤسسة، تولى رئاسة الاجتماع السيد/ الصديق عمر الكبير بصفتة رئيساً لمجلس الإدارة، كما تم تكليف السيد/ عبد الخالق شايب بمهام أمين سر الجمعية العامة غير العادية بناء على اقتراح من السيد رئيس الجمعية وموافقة الجمعية وذلك في حضور كل من: -

نائب رئيس مجلس الإدارة

السيد/ محمد عبدالرضا سليم

عضو مجلس الإدارة

د. طارق يوسف المقرير

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" " "	د. خالد كعوان
" " "	د. إبراهيم الدنفور
" " "	السيد/ عبد الله الحميضي
" " "	السيد/ خليل نور الدين
" " "	السيد/ أشرف مختار
الرئيس التنفيذي للمجموعة	السيد/ صائل الوعري
عن مصرف البحرين المركزي	الآنسة/ ريان علي
" " " "	الآنسة/ زهراء محفوظ
عن وزارة الصناعة والتجارة	السيدة/ ندى ناصر الذوادي
عن بورصة البحرين	السيد/ سنان الشروقي
" " " "	السيدة/ نور الهاجري
السادة أرنست ويونغ (مدققي الحسابات)	السيد/ كاظم ميرشانت
" " " "	السيد/ جواد صديقي
عن مسجلي الأسهم كفين تكنولوجيز (البحرين) ذ.م.م	السيد/ هاني الشيخ
" " " "	السيد/ طارق حسن المدوب

بعد أن رحب السيد رئيس الجمعية العامة غير العادية بالأصالة عن نفسه ونيابة عن مجلس الإدارة والمؤسسة بالسادة المساهمين ومدوبي الجهات الرسمية وبقية السيدات والسادة الحضور، شاكرًا لهم حسن تلبية الدعوة ... تم التأكد من توافر النصاب القانوني لصحة الاجتماع بحضور عدد من المساهمين الممثلين أصالة أو نيابة بنسبة ٩٣,٢٤٪ من رأس المال المدفوع.

شُرعت الجمعية العامة غير العادية على إثر ذلك في مداولة بنود جدول أعمالها، حيث انتهت منه إلى اتخاذ جملة القرارات والإجراءات التالية: -

البند الأول التصديق على محضر الاجتماع السابق للجمعية العامة غير العادية الذي عقد بتاريخ ٢٣ مارس ٢٠٢٢ م.

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أفادت الجمعية العامة غير العادية باطلاعها على محضر اجتماعها السابق والذي عقد بتاريخ ٢٣ مارس ٢٠٢٢م بحسب الوارد في كتيب الجمعية الموزع على السادة المساهمين، حيث أخذت علماً بمحتوياته وصادقت عليه كما تم تقديمه.

البند الثاني إصدار أوراق مالية رأسمالية من المستوى الإضافي الأول (AT1)

أ. استعرض الرئيس التنفيذي للمجموعة للسادة المساهمين مقترح إصدار الأوراق المالية الرأسمالية والوارد في الصفحة ١٦٤ من كتيب الجمعية... موضحاً للسادة المساهمين بأنه خلال اجتماع مجلس الإدارة والذي عقد في ١١ فبراير ٢٠٢٤، وافق مجلس الإدارة على الإصدار المحتمل لسندات رأس مال إضافية من الفئة الأولى (سندات رأس مال من الفئة الأولى) متوافقة مع معايير اتفاقية بازل ٣ تصل قيمتها إلى ٤٠٠,٠٠٠,٠٠٠ دولار أمريكي (أربعمائة مليون دولار أمريكي)، على أن يخضع القرار لموافقة المساهمين وأن يتم الحصول على الموافقة النهائية من قبل بنك البحرين المركزي.

ب. أوضح الرئيس التنفيذي للمجموعة إلى أن هذا الإصدار المحتمل لسندات رأس مال إضافية من الفئة الأولى يخدم ثلاث أغراض رئيسية: الأول، دعم تحسين الهيكل الرأسمالي للمجموعة، والثاني خلق قدرة إضافية للموجودات المرجحة بالمخاطر والميزانية العامة من أجل مساندة استراتيجية المجموعة لتحقيق نمو متسارع للعوائد، وأخيراً، يعمل على المحافظة على نسب رأس المال والسيولة القوية للمجموعة عند مستويات تسمح بتلبية المتطلبات المرتفعة السقف لوكالة التصنيف الائتماني ستاندرد أند بورز للمحافظة على تصنيف المؤسسة من الدرجة الاستثمارية BBB-... موضحاً أنه سيتم تحديد التوقيت وإطار الشروط التجارية للإصدار المحتمل لسندات رأس المال من الفئة الأولى من خلال (أ) المعدلات المتوقعة لنمو رصيد البنك و (ب): الظروف الملائمة للسوق...

ج. أفاد الرئيس التنفيذي للمجموعة أن سندات رأس المال من الفئة الأولى تُعد أدوات رأسمال دائمة، بمعنى أنها لا تملك تاريخ استحقاق محدد ولا يمكن استردادها بناء على رغبة حاملها المستثمر... موضحاً أنه لدى حملة سندات رأس المال من الفئة الأولى أفضلية على المساهمين العاديين، ولكنها تأتي في المرتبة الثانية بعد حملة الأدوات المالية من المستوى الثاني وكبار الدائنين والمودعين من ناحية الأفضلية. كما أن سندات رأس المال من الفئة الأولى تتمتع بخيار الشراء الذي يتيح للمصدر الدفع مقابلها واستردادها بعد تاريخ الشراء... لافتاً إلى أنه لاستيفاء متطلبات رأس المال التنظيمي من الفئة الأولى، يجب أن تتضمن شروط وأحكام سندات رأس المال من الفئة الأولى ميزة تخفيضها أو و/ تحويلها إلى أسهم عادية لبنك ABC في حال واجه البنك ظروفًا صعبة تهدد استمرارية أعماله ("ميزة امتصاص الخسارة")... مختتماً أنه للمضي قدماً في عملية إصدار الأوراق المالية الرأسمالية من المستوى الإضافي الأول، فإن البنك يطلب من المساهمين (من بين جملة أمور) ما يلي:

(i) الموافقة على إصدار سندات رأس مال من الفئة الأولى.

(ii) التنازل صراحة عن حقوق الشفعة المرتبطة بإصدار أي من هذه الأسهم في حال تم تحويل سندات رأس المال من الفئة الأولى إلى أسهم عادية بموجب ميزة امتصاص

الخسارة؛ و

١٤

(iii) تفويض مجلس إدارة بنك ABC لاتخاذ القرارات اللازمة بشأن إصدار سندات رأس المال من الفئة الأولى.

وذلك بحسب الصيغ الواردة تفصيلاً في البند (٢) من جدول أعمال اجتماع الجمعية العامة غير العادية والواردة في الصفحات ٣ و ٤ من كتيب الجمعية.

وإثر المداولة: -

"قررت الجمعية العامة غير العادية الآتي:

١. الموافقة على إصدار أوراق مالية رأسمالية دائمة قابلة للتحويل من المستوى الأول وفقاً للبند ٢٠١-CA (رأس المال التنظيمي) من نموذج كفاية رأس المال - المجلد الأول من كتاب قواعد مصرف البحرين المركزي ("الأوراق المالية الرأسمالية") بمبلغ يصل إلى أربع مائة مليون دولار أمريكي (٤٠٠,٠٠٠,٠٠٠ دولار أمريكي) مع تفويض مجلس إدارة البنك باتخاذ القرارات اللازمة بشأن معدلات الربح/الفائدة/القسانم وقيم إصدارها - ومنها على سبيل المثال لا الحصر - المسائل والأحكام المنصوص عليها في المادة ١٤٩ من القانون رقم ٢١ لسنة ٢٠٢١ بشأن إصدار قانون الشركات التجارية، وتعديلاته ("قانون الشركات")، بمعنى ضمان القدرة على تحديد قواعد تحويل الأوراق المالية الرأسمالية إلى أسهم - وعلى وجه الخصوص - قيمة السهم الذي يتم تنفيذ التحويل على أساسه؛ وأن يكون معدل إصدار الأوراق المالية الرأسمالية بالقيمة الاسمية للسهم على الأقل؛ ويجب ألا تتجاوز قيمة الأوراق المالية الرأسمالية المحولة إلى أسهم بالإضافة إلى قيمة أسهم البنك رأس المال المصرح به؛ والفترة التي يجوز خلالها طلب تحويل الأوراق المالية الرأسمالية إلى أسهم؛ وحق حامل الأوراق المالية الرأسمالية في استرداد قيمتها إذا لم يرغب في تحويل الأوراق المالية الرأسمالية إلى أسهم، إضافة إلى تنفيذ الإجراءات والاشتراطات الواردة في هذا الشأن، مع ضرورة الحصول على موافقة مصرف البحرين المركزي وإبرام أي مستندات تتعلق بأي إصدارات و/أو أي إصدار لأي أسهم (حسب الاقتضاء). وتجنباً للشك، لن يطلب مجلس إدارة البنك أي موافقة إضافية من مساهمي البنك بخصوص أي إجراءات إضافية غير مشمولة على وجه التحديد في أجندة الجمعية العامة غير العادية هذه أو أية مسائل أخرى ذات صلة بإصدار الأوراق المالية الرأسمالية و/أو إصدارات الأسهم، ويحق لمجلس إدارة البنك اتخاذ أية إجراءات من هذا القبيل وإبرام أي مستندات مطلوبة.

٢. الموافقة على التنازل عن حق الشفعة للمساهمين بالاكتمال في الأوراق المالية الرأسمالية وفقاً للمادتين ١٤٩ و ١٥٠ من قانون الشركات.

٣. في حالة تحويل الأوراق المالية الرأسمالية إلى أسهم في البنك وفقاً لشروط الأوراق المالية الرأسمالية هذه، الموافقة على زيادة رأس المال المدفوع (بعد أخذ موافقة السادة مصرف البحرين المركزي) بما يصل إلى (أ) أربع مائة مليون دولار أمريكي (٤٠٠,٠٠٠,٠٠٠ دولار أمريكي)، بالإضافة إلى (ب) القيمة الإجمالية لأي مبالغ مستحقة بموجب الأوراق المالية الرأسمالية، من خلال إصدار أسهم تصل إلى الحد الأقصى المسموح به بموجب القانون المعمول به، بعد أخذ موافقة السادة مصرف البحرين المركزي، واتخاذ جميع الإجراءات المطلوبة لتنفيذ هذا الإصدار من الأسهم وإبرام أي مستندات لإصدار الأسهم (بما في ذلك توثيق أي مستندات حسب الاقتضاء).

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٤. الموافقة على التنازل عن حق الشفعة بموجب المادة ١٢٨ من قانون الشركات للاكتتاب في تلك الأسهم والموافقة على إصدار تلك الأسهم للمكتتبين في الأوراق المالية الرأسمالية بحسب البند ٢-٣ أعلاه،

٥. تفويض وتخويل الرئيس التنفيذي للمجموعة أو من يفوضه لاتخاذ الإجراءات اللازمة لزيادة رأس المال المدفوع، بعد أخذ موافقة السادة مصرف البحرين المركزي.

٦. تمكين وتفويض وتخويل الرئيس التنفيذي لمجموعة بنك ABC (أو من ينوب عنه) بالتفاوض والموافقة والتوقيع باسم بنك ABC - حسب الاقتضاء أو حيثما يكون ذلك مناسباً - على أي من هذه المستندات المطلوبة للإصدار أو التفويض بالإصدار إلى جانب توقيع و/أو توثيق (حسب الاقتضاء) أي مستندات تتعلق بأي إصدار أوراق مالية رأسمالية و/أو أسهم (حسب الاقتضاء) ومنها على سبيل المثال لا الحصر:

(أ) اتفاقية الوكالة؛

(ب) واتفاقية الاكتتاب؛

(ج) والشهادة العالمية،

و/أو أي وكالات قانونية رسمية وأي مستندات مهما كانت طبيعتها، وبشكلٍ عام تنفيذ وأداء كل ما يلزم من تصرفات وأمور وإجراءات من هذا القبيل حسبما تكون مطلوبة ولازمة لتحقيق كل ما سبق."

وفي ختام أعمال الجمعية العامة غير العادية، أعرب السادة المساهمون عن شكرهم لمجلس الإدارة وكبار المساهمين، مجددين ثقتهم في مسيرة المؤسسة، كما سجل السيد رئيس الجمعية شكره الجزيل لصاحب الجلالة الملك حمد بن عيسى آل خليفة ملك مملكة البحرين وصاحب السمو الملكي الأمير سلمان بن حمد بن عيسى آل خليفة ولي العهد رئيس الوزراء نائب القائد الأعلى على دعمهم الدائم للمؤسسة... كما يخص بشكره أيضا سعادة الشيخ سلمان بن خليفة آل خليفة وزير المالية وسعادة السيد/ عبد الله بن عادل فخرو وزير الصناعة والتجارة في مملكة البحرين وسعادة السيد خالد حميدان محافظ مصرف البحرين المركزي على دعمه الدائم للمؤسسة وسعادة الشيخ خليفة بن ابراهيم آل خليفة الرئيس التنفيذي لبورصة البحرين وذلك على دعمهم أيضا الدائم للمؤسسة، كما أعرب للسادة الحضور عن أطيح التمنيات بمناسبة شهر رمضان المبارك، سائلاً المولى عز وجل أن يعيد هذه المناسبة الكريمة بالخير والبركات على مملكة البحرين والأمم العربية والإسلامية.

وبانتهاء النظر في بنود جدول الأعمال، رفعت الجلسة والساعة تشير إلى الواحدة وأربعون دقيقة ظهراً.



الصدیق عمر الکبیر

رئيس الجمعية العامة غير العادية



عبد الخالق شایب

أمين سر الجمعية العامة



**ISSUANCE OF
PERPETUAL
ADDITIONAL
TIER 1 CAPITAL
SECURITIES**

Issuance of perpetual Additional Tier 1 Capital Securities

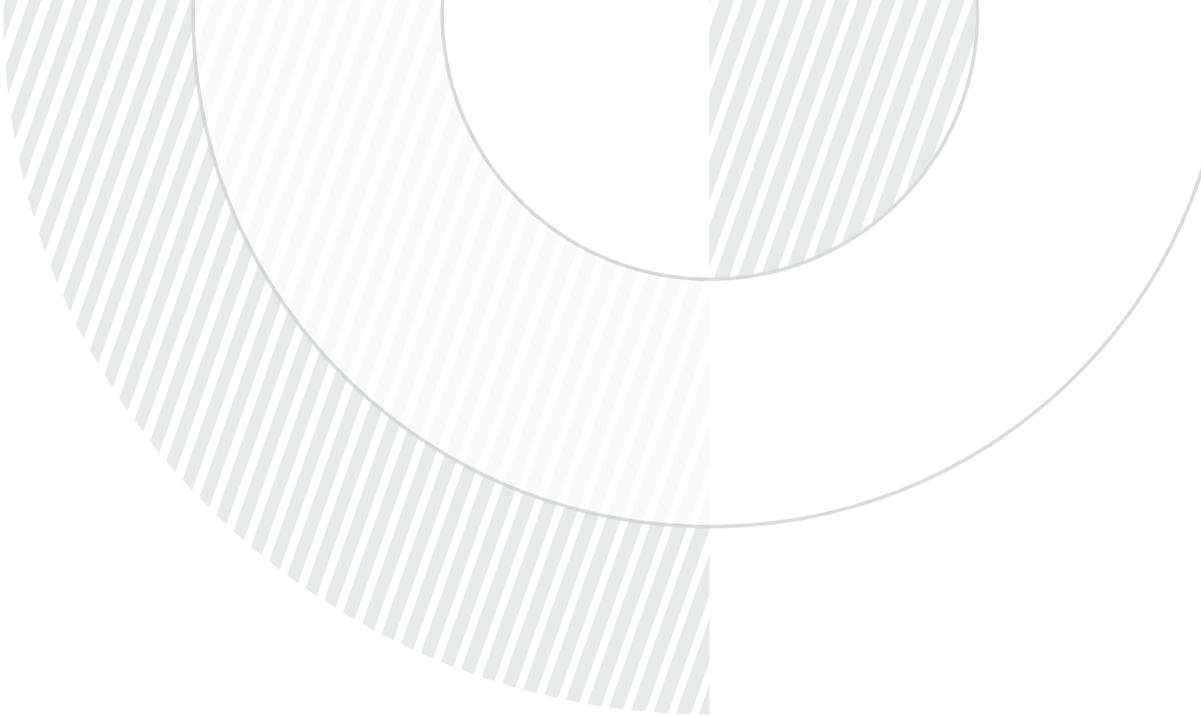
To : The Shareholders of Bank ABC
Date : March 2026
Re : **Approve the issuances of perpetual Additional Tier 1 Capital Securities**

1. Background

- 1.1 The shareholders of the Company will recall that the Extraordinary General Meeting held on 24 March 2024 approved the issuance of up to U.S. \$ 400,000,000 of convertible perpetual tier 1 capital securities and delegated to the Board of Directors of the Company the authority to determine the profit/interest/coupon rate, issuance value and other terms and conditions as set out in the EGM resolutions of that date (“2024 EGM”).
- 1.2 The Board of Directors of the Company, at its meeting held on 21 July 2025, approved the issuance of perpetual additional tier 1 capital securities in an aggregate amount of up to U.S.\$ 400,000,000 to be structured as a private placement and issued in up to two tranches, and delegated to the Group Chief Executive Officer authority to determine and approve the terms and documentation of such issuance within the parameters of the 2024 EGM approval, as evidenced by the Board of Directors’ resolutions (“**Directors 2025 Resolutions**”). An issuance of U.S.\$200,000,000 Perpetual Additional Tier 1 Capital Securities took place on 9 October 2025 (“**2025 Issuance**”).

2. Request for Approval

- 2.1 Bank ABC intends to undertake a second issuance of perpetual additional tier 1 capital securities in an aggregate principal amount of up to two hundred million United States Dollars (U.S.\$ 200,000,000) in 2026 and that such issuance shall be undertaken pursuant to the authorities previously granted to the Board of Directors of the Company and management pursuant to the 2024 EGM (“**2026 Issuance**”) and the Board of Directors of the Company shall have the authority to determine the terms and conditions of such issuance in line with the 2024 EGM.
- 2.2 In light of the foregoing, and for the purposes of clarity and good order, the shareholders of the Company are hereby requested to approve the proposed shareholders’ resolutions as set out in the Agenda of the EGM and further included in the Appendix.



Appendix

Proposed Shareholders' Resolutions

1. Ratification of the 2025 Issuance. To ratify, confirm and approve in all respects the issuance by the Company of the 2025 Issuance as part of the authority previously granted pursuant to the 2024 EGM, acknowledging that such perpetual additional tier 1 securities were issued on non-convertible terms with a contractual write-down loss-absorption feature and as otherwise set out in the applicable issuance documentation approved pursuant to the delegated authorities of the Board of Directors and the Group Chief Executive Officer and the Directors 2025 Resolutions.
2. Approval of the 2026 Issuance: To approve the issuance of perpetual tier 1 capital securities in accordance with CA-2.1 (regulatory capital) of the Capital Adequacy Module of Volume 1 of the CBB Rulebook (“**Capital Securities**”) of up to two hundred million United States Dollars (U.S.\$ 200,000,000) and authorise the Board of Directors of the Company to take the necessary decisions regarding the profit/interest/coupon rate and issuance value and other terms and conditions. The Board of Directors of the Company do not require any further approval from the shareholders of the Company for any additional actions not specifically covered by this EGM or any other matter in connection with the issuance of the Capital Securities and the Board of Directors of the Company are hereby authorised to undertake any such actions and enter into any such documents as required.
3. Consistency with prior shareholder authority. To acknowledge that the issuance of the perpetual additional tier 1 capital securities under the 2025 Issuance and the 2026 Issuance falls within the overall shareholder authority granted at the 2024 EGM for the issuance of up to U.S.\$ 400,000,000 perpetual additional tier 1 capital securities and within the board’s delegated authority thereunder, and to the extent necessary, to approve any variation from convertibility to non-convertibility by expressly authorising and ratifying the issuance of perpetual additional tier 1 capital securities that provide for regulatory loss-absorption via contractual write-down rather than conversion.
4. Ratification of actions taken. To ratify and approve all actions, determinations and discretions taken by the board of directors, the Group Chief Executive Officer, their delegates and any authorised officers in connection with the structuring, approval, execution and issuance of the perpetual additional tier 1 capital securities pursuant to the 2025 Issuance and all related documentation and regulatory submissions, including actions taken under the authorities conferred by the 2024 EGM and the Directors 2025 Resolutions, which remain in full force and effect.



APPENDICES

APPENDIX 1:
**BOARD OF
DIRECTORS
BIOGRAPHIES**

Board of Directors Biographies

H.E. Mr. Naji Belgasem

Chairman

SC ‡ >|<

H.E. Mr. Naji Mohammed Issa brings over 27 years of leadership in central banking, monetary policy, and financial regulation. Appointed Governor of the Central Bank of Libya in October 2024, he has previously served as Director of both the Research and Statistics Department and the Banking and Monetary Supervision Department at the Central Bank of Libya, where he led key reforms in macroeconomic policy and financial oversight. He chaired the Central Bank of Libya's Exchange Rate Review Committee and Budget Committee. He has also served for many years on the Monetary Policy, Financial Stability, and Risk & Investment Committees. Internationally, Mr. Naji represents Libya as Governor to the IMF and has held board roles with the Arab Monetary Fund, Moamalat Financial Services, and National Commercial Bank. In addition to his role as Governor, Mr. Naji is a member of the Board of Trustees of the Libyan Investment Authority as well as the Chairman of Libya's National AML/CFT Committee. His academic credentials include a Master's degree in International Banking and Finance from the University of Bedfordshire, UK.

Mr. Abdulaziz Alhudaib

Deputy Chairman

BRC SC ‡ >|<

Bachelor of Business Administration, International Business Richmond, the American International University. Executive Director for Planning and Senior Management at the Kuwait Investment Authority (KIA). Mr. Alhudaib previously served as Chairman of Kuwait Flour Mills & Bakeries, Chairman of TRI International Consulting Group (TICG), and Board Member at Kuwait Investment Company. Has over 17 years of experience in sovereign wealth fund management and global investment

strategies. Extensive expertise in strategic asset allocation, risk management, financial governance, and sustainability integration.

Mr. Amer Karkar

Director

RemCo ‡ >|<

Mr. Amer Karkar holds a postgraduate degree in Strategic Accounting and Finance from Nottingham Trent University (2012). He has over 25 years of experience in accounting, financial analysis, and internal auditing. He began his career at Jumhouria Bank in 1996 and later moved to the Ministry of Finance and Planning in 2004, where he held several senior roles, including Head of the Internal Audit Department, A Budget Analyst, and Deputy Head of the Macroeconomic and Financial Analysis Department. He joined Al-Waha Bank as a Board Member in October 2023, where he was assigned to the Governance and Internal Audit Committees until October 2024, when he was appointed as a Board Member of the Central Bank of Libya.

Mr. Edrees Ahmad

Director

BAC BCC ‡ >|<

Mr. Edrees Ahmad is an experienced investment professional with over 18 years of expertise in global equity markets and institutional asset management. He is currently a Manager at the Kuwait Investment Authority (KIA), serving within the European Equity Division of the Equity Department, Marketable Securities Sector, where he is responsible for portfolio management, investment analysis, and monitoring of developed market equities. Mr. Edrees joined KIA in 2005 through its Graduate Development Program and has since held progressive roles across multiple

Board of Directors Biographies

equity divisions, including the Asian Equity Section and Emerging Market Equity Division. His professional experience covers equity research, portfolio construction, company valuation, and active engagement with international investment managers. Earlier in his career, he completed professional training and internships with leading global institutions, including State Street Global Advisors in London, where he gained hands-on experience in index portfolio management and trading operations. In addition to his executive responsibilities, Mr. Edrees has extensive board experience. He currently serves as a Board Member of Jordan Phosphate Mines Company and China WOFE Company and previously served as a Board Member of Bank of Bahrain and Kuwait, where he was a member of key committees including Audit, Risk, Governance, Nomination, and Remuneration. He has also held board and committee roles at Asiya Capital Investment Company. Mr. Ahmad holds a Master's degree in Economics from Kuwait University and a bachelor's degree in economics from Virginia Polytechnic Institute and State University. He is fluent in Arabic and English.

Mr. Khalil Ibrahim Nooruddin

Director

BAC BRC BCC SC §

Bachelor of Science in Systems Engineering from King Fahad University of Petroleum and Minerals, Dhahran, Kingdom of Saudi Arabia; Master of Science in Quantitative Methods and Finance from Leonard N. Stern School of Business, New York University, New York, U.S.A; Chartered Financial Analyst from CFA Institute, Charlottesville, Virginia, U.S.A. Mr. Nooruddin is a senior banker, with over 40 years' experience gained through serving local and international financial firms

both at executive and board levels. Currently, he is the Managing Partner of Capital Knowledge, a management and financial consulting firm. Over the past twelve years, Mr. Nooruddin concluded several consulting and restructuring assignments for financial institutions, working on strategy formulation and implementation. Prior to this, Mr. Nooruddin was a member of the Management Committee of Investcorp Bank, Bahrain; Vice President UBS Asset Management in London and Zurich; Vice President Chase Manhattan Bank in Bahrain; and Operations Research Analyst, Bahrain Petroleum Company, Bahrain. He currently serves on the board of RA Holdings, formed under authorization of a US bankruptcy court to oversee the liquidation of Arcapita Investment Bank, Bahrain. Previously he served on the boards of Gulf International Bank, Bank Al Khair, Ithmaar Investment Bank, Bahrain Islamic Bank, Takaful Insurance Company and Bahrain Financing Company.

Dr. Marouane El Abassi

Director

BAC BRC CGC RemCo SC §

Dr. Marouane El Abassi holds a Doctorate in Economics from the University of Paris 1, Panthéon Sorbonne. He has expertise in political economy, fiscal, and monetary policy, contributing to macroeconomic stability. As Governor of the Central Bank of Tunisia and World Bank Representative to Libya, he led key reforms and fostered strong stakeholder relationships. His academic career includes lecturing globally and publishing extensively on economics. His insights into financial systems and global trends are widely recognized. In 2019, he was awarded "Best Governor of a Central Bank in MENA" for his leadership.

Mr. Manaf Alhajeri**Director**

BRC CGC RemCo §

Mr. Manaf AlHajeri was appointed as an Independent Director of Bank ABC in March 2025. He is an experienced business and investment leader with over 35 years of regional and international expertise. Mr. Manaf previously served as the State of Kuwait's Minister of Finance and Minister of State for Economic Affairs and Investments, following his appointment by Amiri Decree 43/2023. Prior to his ministerial role, he spent 16 years as Chief Executive Officer of the Kuwait Financial Centre K.P.S.C. ("Markaz"), a leading Middle East investment institution, and earlier held the position of Deputy Director of Investments at the Kuwait Fund for Arab Economic Development. His broader experience includes serving as a visiting lecturer at Sciences Po and holding board and advisory roles across multiple sectors, including the Kuwait Petroleum Corporation and the Kuwait Direct Investment Promotion Authority. Mr. Manaf holds both a Master's and Bachelor's degree in Civil Engineering from Kuwait University and is a Certified Finance Manager with the Institute of Management Accountants, New Jersey. He is proficient in English, French and Turkish, and in 2014 was awarded the Chevalier de l'Ordre National du Mérite by the French Republic.

Mr. Mohamed Hassadi**Director**

BAC BCC CGC SC ‡ >|<

Mr. Mohamed Hassadi is a seasoned professional with extensive experience in financial governance, international relations, and anti-money laundering (AML) and counter-financing of terrorism (CFT). Currently serving as the Governor's Advisor on Foreign Relations and Cooperation at the Central Bank of Libya, Mohamed has a proven track record of leadership and expertise in the banking and financial sectors. He has held various significant roles, including Governor's Advisor on AML, CFT, and International Relations at the Central Bank of Libya, Financial Crime Governance SME at ABC International Bank, and Director of the Libyan FIU. Mohamed has also served as the Foreign Relations Section Head at the Central Bank of Libya, Director of Retail Banking at United Bank for Commerce and Investment (Part of AUB Group) and held multiple positions at Libyan Qatari Bank and Sahara Bank BNP Paribas. His experience at the Central Bank of Libya extends to various strategic committees and international high-level delegations. Mohamed was the Deputy Chairman at Arab Turkish Bank in Türkiye. He has also served as the Deputy Chairman of the Board of Directors at Andalus Bank and as a Board Member at the same institution. Mohamed holds a Bachelor's Degree from Queen Mary University, University of London. His diverse background and extensive experience make him a valuable asset in the fields of Banking, financial governance and international relations.

Dr. Ibrahim El Danfour

Director

BAC BRC RemCo BCC §

PhD in Accounting, Glasgow Caledonian University, Glasgow, The United Kingdom. Chief Executive Officer of the Libyan African Investment Company (LAICO), Chairman of BSIC Gambian Bank Gambia, Chairman of North Africa Bank Lebanon, Director of Arab Bank Corporation Egypt, Member of European Accounting Association (No. 95844), founding member of the Libyan Accountants Association, collaborator at Academic of Postgraduate Studies, Misurata, Libya. Previously Dr. Eldanfour was the Chairman of Ensemble Hotel Holdings South Africa, Director of Arab

Bank Corporation Algeria, Director of Arab Bank Corporation Tunis, Director of Libya for Investment Company Egypt, Chairman of LAICO Hotels & Resorts Management Company Liechtenstein, Director of Waha Bank Libya. Dr. Eldanfour held various key positions in academia as well as the public and private sectors, mainly in accounting, financial management, digital transformation and ERP systems, strategic planning, giving him more than 22 years of hands on experience in these domains, for which he has a number of publications and is an active participator in related high profile events and conferences. 10 years of banking experience.

BAC	Member of the Board Audit Committee
CGC	Member of the Corporate Governance Committee
RemCo	Member of the Remuneration Committee
BRC	Member of the Board Risk Committee
SC	Member of the Strategy Committee
BCC	Member of the Board Compliance Committee
‡	Non-Executive
§	Independent
> <	Non-independent

APPENDIX 2:
**MANAGEMENT
ORGANISATION
CHART**

Bank ABC Group Organisational Chart

