

GIB

بنك الخليج الدولي

RICH HERITAGE, PROMISING HORIZONS

2025 ANNUAL REPORT

ANNIVERSARY

50

Gulf International Bank


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RICH HERITAGE, PROMISING HORIZONS

Celebrating our 50th anniversary, we honor a rich heritage of excellence while looking forward to promising horizons, shaping a future of sustainable growth and global opportunity.

CORPORATE PROFILE

Gulf International Bank

Gulf International Bank B.S.C. (GIB) is a pan-GCC universal bank established in 1975 and regulated by the Central Bank of Bahrain.

GIB provides diverse financial products, services, and bespoke banking solutions to a wide client base in the GCC, Europe, and North America. These include corporate, institutional, global transaction and investment banking, treasury and asset management, and meem, the world's first fully digital Shariah-compliant retail bank.

The Group is active across regional and international markets through its subsidiaries, GIB Saudi Arabia and GIB (UK) Ltd, and its branches in the UAE, Oman, and the USA.

GIB Saudi Arabia is the first foreign-domiciled bank to establish a local commercial bank in the Kingdom. Headquartered in Al Khobar, the Bank has branches in Riyadh and Jeddah, with its Riyadh-based subsidiary, GIB Capital, delivering the Bank's investment banking activities. Its activities span equity advisory and placements, mergers, acquisitions and privatisations, debt capital market solutions and strategic financial advisory, along with asset management and equities brokerage.

GIB (UK) Ltd is a London- and New York-based global asset manager. As a signatory to the UN Principles for Responsible Investment, it offers sustainable investment strategies.

GIB is owned by the governments of the Gulf Cooperation Council countries, with Saudi Arabia's Public Investment Fund being the primary shareholder.

For fifty years, we have led regionally and globally, delivering world-class excellence and differentiated services to every client.

50
YEARS

BOARD OF DIRECTORS



H.E. Mr. Fahad Alsaif

Chairman - Resignation accepted on 31 March 2026



H.E. Mr. Abdulaziz bin Abdulrahman Al-Arifi

Chairman - Appointed Chairman on 31 March 2026



H.E. Dr. Najem bin Abdullah AlZaid

Vice Chairman



Mr. Abdulaziz bin Abdulrahman Al-Helaissi

Director and Group Chief Executive Officer



Mr. Ahmed Al-Enazi

Director



Dr. Khalid Al-Faddagh

Director



Ms. Maram Al-Johani

Director



Mr. Sultan bin Abdul Malek Al-Sheikh

Director



Mr. Rajeev Kakar

Director



Mr. Frank Schwab

Director



Mr. Nezar bin Mohammed Al Saie

Director

CHIEF EXECUTIVE OFFICERS



Mr. Abdulaziz Al-Helaissi
Group Chief Executive Officer

Ms. Sara Abdulhadi
Chief Executive Officer,
GIB B.S.C.

Mr. Khaled Abbas
Chief Executive Officer,
GIB Saudi Arabia

Mrs. Katherine Garrett-Cox CBE
Chief Executive Officer,
GIB (UK) Ltd.

Mr. Osamah Shaker
Chief Executive Officer,
GIB Capital

CREDIT RATINGS

Fitch	Long-term foreign currency	A-
	Short-term foreign currency	F2
	Long-term senior unsecured debt rating	A-
	Core financial strength	bbb-
	Long-term foreign currency outlook	Stable
Moody's	Long-term foreign currency	A2
	Short-term foreign currency	A2/P-1
	Long-term senior unsecured debt rating	A2
	Core financial strength	baa3
	Long-term foreign currency outlook	Stable
Capital Intelligence	Long-term foreign currency	A+
	Short-term foreign currency	A1
	Long-term senior unsecured debt rating	-
	Core financial strength	bbb-
	Long-term foreign currency outlook	Stable

FINANCIAL HIGHLIGHTS

	2025	2024	2023	2022	2021
Earnings (US\$ millions)					
Net income after tax	215.7	180.2	169.4	96.1	52.7
Net interest income	535.0	522.2	498.5	345.8	246.1
Fee and commission income	124.4	121.8	103.2	101.4	72.5
Operating expenses	457.9	450.0	397.5	346.5	296.7
Financial position (US\$ millions)					
Total assets	51,821.4	42,891.5	47,069.9	32,621.6	31,797.0
Loans	16,552.4	15,402.3	13,624.6	11,497.6	11,657.5
Investment securities	10,939.4	7,607.8	6,987.0	5,960.9	6,089.5
Senior and subordinated term financing	5,842.5	5,973.2	6,020.7	4,940.9	5,100.1
Equity	4,237.0	3,516.5	3,368.6	3,184.2	3,093.0
Ratios (per cent)					
Profitability					
Return on average equity	5.9	5.2	0.4	3.0	1.7
Return on average assets	0.5	0.4	0.4	0.3	0.2
Capital ¹					
Risk asset ratio (Basel 3)					
- Total	17.5	15.6	18.9	17.3	16.1
- Tier 1	16.0	13.6	16.1	14.8	14.0
Equity as % of total assets	8.2	8.2	7.2	9.8	9.7
Asset Composition					
Securities as % of total assets	21.1	17.7	14.8	18.3	19.2
Loans as % of total assets	31.9	35.9	28.9	35.2	36.7
Liquidity					
Liquid assets ratio (%)	44.0	42.3	52.7	41.4	41.9
Loans to deposits ratio (%) ²	39.5	45.1	33.6	42.8	44.7
LCR (%)	148.6	149.4	137.8	299.3	176.3
NSFR (%)	137.2	142.8	143.0	161.5	146.2

¹ Please refer to Note 38 of the financial statements

² Deposits include senior and subordinated term financing

GLOBAL PRESENCE

Headquartered in Bahrain, GIB is active across regional and international markets through its subsidiaries, GIB Saudi Arabia and GIB (UK) Ltd, and its branches in the UAE, Oman, and the USA.

GULF INTERNATIONAL BANK B.S.C.

Head Office

Manama

Branches

Abu Dhabi

Muscat

London

New York

Representative Office

Dubai

GULF INTERNATIONAL BANK SAUDI ARABIA

Head Office

Al Khobar

Branches

Riyadh

Jeddah

GIB CAPITAL

Riyadh

GIB UK LTD

London



CHAIRMAN AND VICE CHAIRMAN'S STATEMENT

“
In the year of our 50th anniversary, the Bank delivered another year of solid growth and continued to build on our heritage as a regional institution with international reach, supporting economic development across the markets it operates in.”



H.E. Mr. Abdulaziz bin Abdulrahman Al-Arifi
Chairman of the Board

H.E. Dr. Najem bin Abdullah AlZaid
Vice Chairman of the Board

On behalf of the staff, management and Board of Gulf International Bank B.S.C., I am pleased to present the Annual Report and consolidated financial statements for the fiscal year ended 31 December 2025.

The year marked the golden jubilee of the founding of the Bank and proved to be another outstanding year. Strong overall performance was reflected in quality of earnings, with record net income, significant balance sheet growth and increased diversity in the funding and equity base. The financial achievements are a testament to the success of our strategic goals and continued progress on our sustainability and corporate and social responsibility (CSR) activities.

Supporting the growth and development of the GCC has always been and will remain a fundamental pillar of GIB. In 2025, we deepened our role in financing and advisory on landmark projects across the region's core sectors, including infrastructure, energy, industry and transport, and continued supporting national development agendas across the region.

Bahrain's Ministry of Finance and National Economy appointment of GIB as the initial mandated lead arranger, bookrunner and joint coordinator for a US\$ 1.4 billion 7-year Islamic term loan facility underscores this role and exemplifies the execution capability of our core Wholesale business across conventional and Islamic financing platforms. We also continued to cement our position as a leading regional GCC franchise serving a wide client base in the GCC, Europe and North America with seamless cross-border financial services and tailored solutions.

The year witnessed measured balance sheet growth and the development of broader product capabilities, which included structured financing solutions, continued expansion of transaction banking Treasury solutions, and retail services, enhancing our ability to be our clients bank of choice. The Bank also strengthened its funding profile with two first-time US\$ 500 million transactions- an Islamic syndicated loan and an AT1 bond issuance. The success of these inaugural offerings demonstrated investor confidence in the Bank's credit fundamentals and long-term resilience as the Group continues to grow. In parallel, the Group continued to accelerate digital enablement and operational efficiency initiatives in all areas of operations and further embed ESG principles and sustainability considerations across our financing and investment activities.

GIB's performance and progress was externally recognised through several prestigious industry accolades. These included the Safest Bank in Bahrain award by Global Finance – World's Safest Banks 2025, as well as two awards at the Asian Banking and Finance Awards 2025: Syndicated Loan of the Year – Bahrain, and Bahrain

Domestic Blockchain Initiative of the Year. Such recognition is a testament to the Bank's focus on innovation and to our disciplined risk and governance culture.

Together, these achievements further reinforce GIB's approach to remain anchored in our heritage, progressive in our outlook, and committed to delivering resilient, sustainable value to our clients, stakeholders and the economies we serve.

Economic and market environments

The global economic landscape proved resilient in 2025, despite increases in trade tensions and heightened geopolitical strains, driven primarily by continued expansion across emerging markets sustained economic momentum in the US.

The economic landscape across the GCC was positive in 2025, with real GDP growth averaging above 3 per cent. This was fostered by an easing in oil production cuts and economic diversification efforts driving robust growth in the non-oil sector including tourism, services and manufacturing. Our regional offices have benefitted from the favourable economic performance in Bahrain and Oman, while UAE's economic growth was the fastest in the region. KSA growth was also underpinned by the continued expansion in the Vision 2030 reforms and stronger private sector activity. Inflation remained relatively contained across the Gulf countries, while prudent macroeconomic policies have buoyed overall confidence despite the rise fiscal deficits in some regional economies.

Global demand dynamics continued to shape external trade, with regional exporters strengthening ties with Asian markets and diversifying export bases beyond the traditional hydrocarbons.

Regional financial markets remained active, supported by strong debt and sukuk issuance, with crossborder capital inflows showing a notable increase. The banking sector continued to deliver strong performance, underpinned by solid capitalisation, ample liquidity and stable asset quality, while credit demand remained robust across government-related projects, corporates and selected retail segments. At the same time, expectations continued to rise around digital capability, governance standards and sustainability integration.

The Gulf region's economic prospects appear markedly positive as it grows as a global hub of growth and investment opportunities. Very few regions in the world today offer the GCC's unique convergence of high capital availability; rapid, government-led economic diversification across a broad range of sectors; and unparalleled investment and operating incentives. Perhaps no other area of the world is attracting investment across so many different sectors.

Chairman and Vice Chairman Statement continued

Strategic progress

Progress on our strategic priorities continued to make headway in 2025 supported by our active and dynamic management of costs and capital, and targeted investments. This has enabled our successful transition from value preservation to value creation led by notable successes on a number of fronts:

Clients:

Stronger client engagement paved the way for GIB's expanded role in financing and advisory in numerous landmark projects across the GCC region's core sectors.

Diversification:

The roll-out of new products and services and focused cross-sell efforts contributed to the diversification of our revenue stream including increasing fee-based income across asset management, investment banking, structured finance, global transaction banking and treasury.

Profitability:

The Bank's return on equity (ROE) has doubled since the start of the strategic cycle in 2023 and is a strong reflection of robust strategic execution delivering value creation.

Digitalisation:

Continuous investments in digital platforms, automation enhanced service quality, operational efficiency, and uplifting client experience, coupled with strategic partnerships and embedding AI and IT advancements, have all contributed to the Group's comprehensive digital agenda and strategic goals.

Financial performance

2025 saw yet another record performance for the bank, with net income reaching US\$ 216 million, a remarkable 20 per cent increase. This exceptional growth was primarily driven by a 13 per cent rise in net operating income, resulting from a 6 per cent growth in revenue with a contained 2 per cent increase in expenses.

Furthermore, we have seen healthy growth across our balance sheets. Core business activities contributed 9 per cent to the asset growth, while our liability-driven payment services at our UK subsidiary accounted for 12 per cent.

Our loans grew by 7 per cent, while our investments experienced a noteworthy 44 per cent increase. This not only strengthens our current position but also positions us well for continued future success. In addition, we secured solid growth and increased diversity in our customer funding base. Achievements included a 28 per cent increase in customer deposits amounting to US\$ 7.9 billion, of which US\$ 6.4 billion can be attributed to the strong performance of our payment services in the UK.

Funding profile

The Group upholds a conservative funding strategy, backed by a diverse customer and investor base across the GCC, Europe, the UK, and the Far East. As highlighted above, the Bank's funding profile was enhanced by two notable transactions: a US\$ 500 million Islamic syndicated loan facility and the successful issuance of a US\$ 500 million AT1 bond by our KSA subsidiary, which was listed on the London Stock Exchange and oversubscribed by 2.6 times the offering amount. The Group's Liquidity Coverage Ratio (LCR) stands at 149 per cent, and the Net Stable Funding Ratio (NSFR) is at 137 per cent, indicating a robust level of liquidity and reliable funding to support the Group's asset profile.

Credit ratings maintained

GIB was the first bank in the GCC to be awarded long-term investment grade credit ratings, and thanks to our successful long-term funding profile diversification, together with landmark deals during the year, we continue to be rated highly. We maintained our long-term foreign currency ratings at A2 with Moody's, and A- with Fitch.

Embedding sustainability

Sustainability remains a central pillar that informs how we operate. While it has become more formalised in recent years, elements of sustainable finance and responsible banking have long been present in GIB's operations.

Since 2020, these efforts have been consolidated and scaled through formal governance, frameworks and targets, plus the appointment of a Chief Sustainability Officer. We were among the first regional banks to publish a Sustainability Report and TCFD report, and to launch a Sustainable and Transition Finance Framework (STFF) supported by a Second Party Opinion.

In 2025, we took an important further step in embedding sustainability into all we do with the launch of the GIB Sustainability Goals Initiative. This involves introducing measurable sustainability objectives into business and operational scorecards across the Group.

The Bank also continued to enhance transparency through publication of our fourth Sustainability Report. This is aligned with Central Bank of Bahrain ESG disclosure requirements, plus external assurance of sustainability data. In addition, sustainability risk and climate considerations were embedded into the Bank's Non-Financial Risk Framework and credit assessment methodologies.

We further strengthened sustainability awareness and capability through dedicated training for the Board, firmwide sessions for all colleagues, and targeted programs for client-facing teams to support effective engagement on sustainability matters.

During the year, we continued to grow our sustainable finance activities and expand our range and volume of sustainable financing solutions. Most notably, we completed 30 transactions within Treasury and Wholesale Banking. Teams across B.S.C. and KSA integrated sustainability considerations into client engagement and account planning, thus supporting the gradual development of sustainable finance origination in response to evolving market expectations.

We also successfully rolled out a number of sustainable and green financing products and developed advisory guidance to help relationship managers identify sustainability-related client opportunities.

In regard to broader ESG factors, GIB also made further progress. Most notably, female participation across the Group reached 34 per cent, placing GIB among leading institutions in the region.

Looking ahead

GIB has navigated many challenges and captured opportunities to build a resilient institution. Our excellent results reflect the solid foundation of our strategic pillars and the unwavering commitment of our people. We are selectively diversifying our business and have identified and taken many opportunities as well as created new ones.

We continue to thrive because we have built something valuable, earned the trust of our customers, and received a strong vote of confidence from investors. GIB has embarked on formulating a new corporate strategy which will refine the Group's trajectory and further guide our strategic direction to capture the many growth opportunities and meet the growing expectations of clients.

In a fast-evolving global economy, banks are shaping more than balance sheets; they are creating ecosystems integrating data, technology, AI, and cross-border collaboration while embedding sustainability across all operations. Although banks have always embraced change, the current pace and complexity of change have reached new heights with the added challenges of cyber threats, and regulatory shifts redefining the financial landscape. GIB is an integral part of this ongoing transformation with a keen ambition to lead and support our regional and global clients as a long-term partner and solution provider in this new era.

Our vision is clear: to remain a trusted regional leader in financial services offering world-class products and services to our clients, supporting the Gulf's ambitious economic diversification plans and facilitating global capital inflows and accelerating the sustainable agenda across the markets in which we operate. GIB's future will be further shaped by accelerating digital transformation and pivoting to high-growth opportunities to deliver long-term value for shareholders and customers as we look ahead to an even brighter 50 years ahead.

Acknowledgements

I would like to thank the Board of Directors, plus employees and stakeholders, for welcoming me to the Bank in 2025.

On behalf of the Board of Directors, I would also like to express my gratitude for the unwavering trust and loyalty of our clients, the steadfast confidence and support of our shareholders, and the ongoing support of our counterparties. We also appreciate and value the guidance provided by the supervisory and regulatory bodies in the jurisdictions in which we operate.

Finally, I commend our management and employees for their hard work, dedication, and creativity in delivering GIB's transformative and ongoing journey over the last year, and indeed the last 50 years, as we look forward to many more successful decades to come.

H.E. Mr. Abdulaziz bin Abdulrahman Al-Arifi
Chairman of the Board

H.E. Dr. Najem bin Abdullah AlZaid
Vice Chairman of the Board

GROUP CEO'S STATEMENT



“
As we mark 50 years since our founding, we enter our next phase with confidence. Our focus is on disciplined growth, capital strength, digital acceleration and deepening our role as a regional connector to global markets.”

Abdulaziz bin Abdulrahman Al-Helaissi
Group Chief Executive Officer
& Board Member

In 2025, Gulf International Bank celebrated its 50th anniversary, commemorating the bank's rich legacy and journey as a pan-GCC institution with international reach. In marking this milestone with pride and reflection, it also signals the beginning of our next phase of growth. The foundations built over five decades — disciplined governance, prudent risk management, enduring client relationships and regional strength — position us well for the next chapter of sustainable growth, providing both resilience in times of change and the confidence to pursue new opportunities.

In recent years, the Group has progressed from value preservation to sustained value creation, supported by a series of strategic shifts implemented since 2016. These initiatives are now delivering measurable results, with return on equity doubling since 2022 and driving momentum for continued advancement. At the same time, we have strengthened capital allocation oversight, diversified income streams, enhanced our digital capabilities and reinforced balance sheet resilience, ensuring that growth is both disciplined and durable. This approach delivered another record performance for GIB Group in 2025, with revenues reaching US\$ 758 million, alongside strong growth in loans, investments and customer deposits, and continued expansion in fee-based income across multiple business lines.

The environment in which we operate continues to evolve rapidly. Financial services across the GCC are being reshaped by economic diversification, capital market deepening, regulatory reform and technological disruption. Within this landscape, scale alone is no longer sufficient. Institutions must combine agility with specialisation, and regional insight with international connectivity. GIB's integrated regional footprint, combined with its international platform, enables us to respond to these shifts with precision, supporting our clients while reinforcing our role as a trusted financial partner across markets.

Economic and market environment shaped by diversification and reform

The GCC region demonstrated both resilience and momentum in 2025, supported by sustained infrastructure investment and continued private sector expansion. Real GDP growth remained positive, increasingly driven by non-oil sectors such as tourism, logistics, financial services, technology and manufacturing, reflecting the tangible progress of national diversification agendas.

Saudi Arabia continued to advance its Vision 2030 reforms, driving structural transformation and stimulating private sector participation, while the UAE and other Gulf economies maintained strong investment pipelines, supported by business-friendly reforms and international capital inflows. Across the region, fiscal and regulatory frameworks continued to evolve in ways that support capital markets development and long-term economic sustainability.

Debt and sukuk markets remained active, with regional issuers attracting both domestic and international investors, and cross-border capital flows increasing in line with global confidence in the GCC's long-term growth prospects. The banking sector remained well capitalised and liquid, underpinned by prudent regulatory oversight and disciplined risk management. At the same time, despite the positive macroeconomic environment, shifting interest rate expectations influenced margins, competition intensified across key segments, and requirements around governance, digital capability and sustainability integration continued to rise.

In this context, GIB's diversified business model and cross-border connectivity provide clear structural advantages. Our ability to operate across jurisdictions, structure complex transactions, and distribute risk efficiently allows us to navigate economic cycles with discipline, while supporting our clients through periods of transition and growth.

STRATEGY REPORT

Revenue diversification and disciplined value creation

In 2025, the Group continued to expand fee-based income across asset management, investment banking, structured financing, global transaction banking and treasury. This was supported by structured roll-out of new products and services, and targeted cross-sell to enhance revenue stability while improving risk-adjusted returns. By embedding cross-sell hurdles in our credit decisions, we ensure that fee growth is not only sustained but also aligned with our objective of long-term value creation.

Capital optimisation and funding resilience

Capital allocation is a critical pillar of the Group's agenda. We selectively deployed capital during the year into value-accretive assets while maintaining strong liquidity and funding resilience. From a liability standpoint, strategic funding transactions broadened our investor base and reinforced confidence in the Group's financial strength. Simultaneously, investment portfolio expansion enhanced earnings quality, and while we continued to grow our loan book, this was coupled with disciplined underwriting and sell-downs to support capital optimisation.

Expanded client offerings

We maintained a strong focus on providing clients with greater choice and more efficient service delivery. Customers benefited from the rollout of advanced payment solutions such as Samsung Pay and Google Pay, alongside enhanced remittance services for corporate clients. We expanded our global transaction banking capabilities through intelligent corporate treasury services, Islamic revenue finance (RF) and supply chain finance (SCF) digital platforms, automated trade solutions, and enhanced cash and liquidity management channels.

Client-centric growth and connectivity

In 2025, we expanded our client base across corporate, institutional, consumer, and SME segments. This allowed us to leverage our cross-border expertise to support complex sovereign and corporate transactions, facilitate syndicated financings and enhance capital markets connectivity. As regional capital markets deepen and become more sophisticated, particularly in sukuk and cross-border financing, we remain well positioned to expand our role as a regional facilitator of capital. Our annual client event, "GIB Spring Dialogues", was successfully held in London, showcasing international leaders and industry experts to exchange forward-looking views on various thought-provoking panel discussions and provide opportunities to network. The event underpins our commitment to client engagement, knowledge exchange, and reinforces our role as a long-term strategic partner.

Group CEO's Statement continued

Digital enablement and operational modernisation

Technology remains central to our transformation agenda. Key initiatives in 2025 included automated credit decisioning, enhanced analytics and expanded cloud adoption, improving scalability, efficiency and resilience. Automation across multiple business domains reduced manual intervention and improved client servicing. Internally, the introduction of GiBi, our AI large language model (proof of concept), reflects our commitment to exploring innovation to enhance productivity, customer engagement and data insight. We also continued to partner with specialised providers, including a strategic investment in Tarabut - the MENA region's first and largest regulated Open Banking platform.

Strengthening prioritisation frameworks, governance structures and delivery accountability has enabled us to manage competing priorities and capacity constraints effectively. Execution risks are mitigated through tight controls, phased delivery and continuous monitoring. This has facilitated our ability to proactively respond to changing market dynamics and deliver on our transformation agenda.

People and leadership development strengthen long-term capabilities

Our people remain central to our performance and future readiness. We continue to invest in talent across all levels, from graduate programmes to executive development, with our commitment recognised through several employee-focused awards. Across our GCC markets, we remain focused on attracting, developing and retaining high-quality talent, supported by robust performance management processes and a strong culture of inclusion. Female representation remains among the highest in the regional banking sector, reflecting our ongoing commitment to diversity and empowerment.

During the year, we launched the Tamayoz project to enhance retention, performance management and employee development, covering key areas such as competencies, career pathways, benchmarking and structured reviews. We also continue to sponsor development programmes in collaboration with leading global institutions, ensuring that our people are equipped with the skills required for a rapidly evolving financial landscape. Complementing these efforts, a comprehensive succession planning initiative at C-suite level is underway, ensuring leadership continuity and long-term institutional strength.

Technology transformation enhances efficiency and scalability

Technology investment remains central to maintaining our competitiveness and long-term resilience. In 2025, we continued to advance our enterprise technology strategy, with a clear focus on enhancing client experience, strengthening operational performance, and enabling scalable growth across the Group. During this year, we advanced our digital capabilities through the deployment of automated credit decisioning and enhanced analytics through Qarar cloud-based services, delivering straight-through processing (STP) and significantly reducing turnaround times. In parallel, our continued cloud adoption improved scalability, operational efficiency, and strengthened disaster recovery capabilities.

We also launched a next-generation wholesale Global Transaction Banking (GTB) eChannel, significantly enhancing our transaction banking proposition by providing clients with more seamless and integrated access to services. At the same time, robotic process automation and broader operational automation initiatives reduced manual intervention, improved accuracy, and strengthened consistency across business processes. Complementing these efforts, several strategic IT-driven initiatives, including treasury proprietary trading capabilities, enhanced payment corridors, the GTB Liquidity Management System, and Commercial Card application programme (APIs), contributed not only to profitability, but also to the overall quality and responsiveness of our corporate client offering.

Advanced analytics platforms continued to strengthen data-driven decision-making across the organisation, while the implementation of GiBi, our AI large language model (proof of concept), marked an important step in exploring the practical application of artificial intelligence within our operating model. These investments are already delivering tangible benefits across the Group and reinforcing our digital foundations. In 2025, this progress was further recognised as we became the first sponsored third-party provider certified by SAMA to handle information for both consumer and corporate clients. Looking ahead, our technology strategy will continue to focus on core modernisation, expanded AI adoption and enhanced cybersecurity, ensuring that our platform remains both resilient and future ready.

Operations optimisation drives efficiency and control

Operational excellence is fundamental to effective strategic delivery, and our Operations Optimisation Programme continued to enhance scalability, governance and service quality across the Group. Through a combination of process re-engineering, standardisation, workflow deployment, and increased adoption of electronic forms and automation, we improved processing turnaround times while reducing manual efforts and operational complexity.

At the same time, enhanced management dashboards strengthened transparency, planning and performance tracking across business units, enabling more informed and timely decision-making. These initiatives collectively reinforce cost discipline while supporting greater operational control and consistency. As the Group continues to grow, such improvements will remain critical in ensuring that efficiency gains are sustained and that our operating model remains resilient, scalable and aligned with evolving business requirements.

Sustainability integration supports responsible growth

Sustainability is being embedded across our activities, supported by targeted training programmes and the integration of measurable objectives into business and operational scorecards. The launch of the GIB Sustainability Goals Initiative marked an important step in formalising our approach, while sustainability and climate considerations were further incorporated into our Non-Financial Risk Framework and credit methodologies, ensuring that responsible decision-making is embedded across the organisation.

Sustainable finance activity has expanded in line with client demand and broader transition efforts, with 30 transactions executed across wholesale banking and treasury, including treasury investments and rolled-over deposits. At the same time, we strengthened internal

capabilities through training initiatives at both Board and business unit levels, enhancing awareness and supporting more consistent integration of sustainability considerations into day-to-day operations.

Our commitment to responsible growth remains aligned with the principles that have guided GIB for the past five decades. During the year, we also enhanced our focus on emissions reduction, including participation in the Voluntary Carbon Market established by the Public Investment Fund (PIF) to offset Scope 1 and Scope 2 emissions. Looking ahead, we will continue to advance our sustainability agenda by identifying new financing opportunities, aligning with evolving regulatory and disclosure requirements, and strengthening ESG data quality, consistency and governance to support decision-making, reporting and long-term value creation.

GIB UK wins new clients and makes broad-based progress

Despite a backdrop of global market volatility, GIB UK delivered a strong and well-balanced performance across treasury, banking, foreign exchange and asset management activities. This performance reflects both the resilience of its business model and the strength of its client relationships, which continue to underpin growth and stability across its core operations.

Treasury and banking activities benefited from a highly loyal customer base, with zero attrition recorded during the year and total client numbers increasing by 20 per cent. Active management of interest rate dynamics supported optimisation of return on assets, while the successful launch of new high-margin treasury services contributed to revenue growth and further diversification of the product offering. In parallel, growth in payment services supported both asset and deposit expansion, reinforcing the Group's diversified funding profile and enhancing overall balance sheet strength.

Within asset management, both active funds reached their three-year track record milestones in 2025, driving increased investor interest and engagement. Additional fund structures further enhanced our ability to serve institutional and international clients, while industry recognition through prestigious awards reinforced the strength and credibility of the platform.

GIB Capital strengthens advisory and capital markets capabilities

GIB Capital continued to strengthen its position as a leading advisory and asset management platform within Saudi Arabia, supported by significant growth in assets under management, which reached SAR 16.5 billion in 2025, a 61 per cent year-on-year increase. This growth reflects both strong investment performance and increasing client confidence in our capabilities across advisory and asset management services.

The GIB Opportunistic MENA Equity Fund received two Lipper Fund Awards in recognition of its five-year risk-adjusted performance and was named the best MENA equity fund in the Saudi market, further reinforcing our investment credentials. At the same time, independent financial advisory services expanded across public offerings and equity capital markets, while new investment products broadened diversification opportunities for clients across both equity and alternative strategies.

Brokerage performance improved significantly, supported by increased utilisation of margin lending and alignment with post-trade transformation requirements, while digital platform enhancements streamlined account opening and fund transactions, improving overall client experience. The year also saw several landmark transactions, including acting as Joint Financial Advisor, Bookrunner and Underwriter on the US\$ 523 million IPO of Umm Al-Qura, and as Joint Lead Manager and Bookrunner on the US\$ 1.0 billion 10-year sukuk issuance for Bapco Energies. Other key sukuk and bond issuances included US\$ 1.75 billion for the Islamic Development Bank, US\$ 2 billion for the Saudi Real Estate Refinance Company and US\$ 2.5 billion for the Kingdom of Bahrain. GIB Capital also oversaw the SAR 1.5 billion "Al Wuroud 2" Fund investment in Taif.

Navigating challenges while capturing opportunities

Rising competitive intensity has been a key feature across the GCC banking landscape, backed by strong profitability, rapid digital adoption, and strategic initiatives anchored in national economic visions. At the same time, geopolitical uncertainty, evolving regulatory expectations and increasing cyber risks have required continued vigilance and investment, while ongoing digital disruption continues to reshape client expectations and operating models across the industry.

Against this backdrop, structural opportunities remain significant. Economic diversification, growth in Islamic finance, SME development and increasing cross-border capital flows continue to create new avenues for expansion. In this context, our ability to connect regional growth with global capital remains a defining advantage, enabling us to support clients while positioning the Group to capture long-term value.

Looking ahead

As we move beyond commemorating our golden jubilee, our focus is to progressively build on our achievements with greater discipline and clarity. Our priorities remain clear: disciplined growth, capital strength and digital acceleration, supported by a continued commitment to operational excellence and client service.

We expect opportunities across advisory, structuring, underwriting and distribution, as regional entities increasingly access international capital markets, while SME development, fintech partnerships and digital banking innovation present additional avenues for expansion. The foundations we are strengthening today will support our growth for decades to come, ensuring that our progress remains both sustainable and resilient.

Our ambition is to further reinforce GIB's position as an international and institutional banking hub, selective in our transactions and partnerships, and a trusted facilitator of cross-border financing, capital markets access and balance sheet solutions that support regional growth. Five decades after our founding, GIB remains anchored in its purpose while firmly focused on the future, well positioned to deliver sustainable value to shareholders, clients and the economies we serve.

Abdulaziz bin Abdulrahman Al-Helaissi

Group Chief Executive Officer & Board Member

MANAGEMENT REVIEW



“2025 was a strong year for GIB B.S.C., marked by solid profitability, landmark transactions, continued progress in sustainability and compliance, and tangible advancement towards our ambition to become the region’s leading global transaction banking provider.”

Ms. Sara Abdulhadi
Chief Executive Officer, GIB B.S.C.

Another year of all-round success

GIB's exceptional performance in 2025 highlights our ability to deliver sustained growth and value, underpinned by our disciplined strategy execution and operational efficiency. Net profit at the B.S.C. level increased by 57 per cent, with return on equity reaching 10 per cent and the cost-to-income ratio improving by 8 per cent year-on-year.

Major achievements during the year included acting as Mandated Lead Arranger in a landmark structured financing of up to US\$ 11 billion for a UAE-based client, as well as taking leading roles in transactions for a number of Oman-based clients.

During the year, the Bank successfully closed its first three-year Islamic syndicated loan facility for US\$ 500 million. The transaction was well received by both regional and international financial institutions and is significantly supportive of maintaining stability and diversifying the Bank's funding sources.

We additionally strengthened our institutional offering and investment advisory capabilities through a strategic partnership with Stanhope Capital Group, one of the largest independent wealth management and advisory firms in Europe. This will further bolster our strong performance and diverse product offerings, which have already been recognised through several prestigious industry awards, including Safest Bank – Bahrain in Global Finance Magazine's World's Safest Banks 2025, and Syndicated Loan of the Year at the Asian Banking and Finance Awards 2025.

HIGHLIGHTS OF THE YEAR

Landmark transactions for Wholesale Banking

In 2025, Wholesale Banking continued to support clients through a broad range of products, diversifying its client base and executing landmark transactions. These included acting as Initial Mandated Lead Arranger for a US\$ 845 million bridge loan facility for Fujairah Power Company F3 LLC, and as Mandated Lead Arranger in structured financing of up to US\$ 11 billion for Ghasha Midstream Finance LLC – S.P.C.

GIB also acted as Coordinator, Agent, and one of the Mandated Lead Arrangers and Bookrunners on a US\$ 300 million revolving credit facility for Kuwait Petroleum International Treasury Services, and as Coordinator, Facility Agent, Initial Mandated Lead Arranger, and Bookrunner on a US\$ 475 million syndicated term loan facility for Bapco Gas Expansion Company.

In addition, the Bank acted as Co-Coordinator, Facility Agent, and one of the Mandated Lead Arrangers and Bookrunners on a US\$ 1 billion syndicated term loan facility for Energy Development Oman, with Mashreq Bank.

Global Transaction Banking scales further

We have continued to make progress towards our ambition of becoming the leading Global Transaction Banking (GTB) provider in the region by scaling digital corporate treasury offerings. These include Islamic supply chain finance platforms, as well as Swift for Trade, trade automation initiatives, digital acquisition capabilities, and front-end channel enhancements.

Technological advancement has also supported our strategic initiatives, such as GTB Channel Transformation and the Liquidity Management System, strengthening service delivery and operational efficiency.

Treasury introduces new products

Treasury's execution of sophisticated transactions aimed at meeting client needs and growing fee-based income contributed to improving client experience and retention, and to creating cross-selling opportunities for the Bank.

The year saw the introduction of green repurchase agreements and the establishment of a proprietary trading desk focused on core rate and credit products. Active management of assets and liabilities, effective hedging strategies, and a diversified funding base supported income growth.

On the back of tight credit spreads and an agile response to market opportunities, the Bank additionally managed to rebalance investment portfolio maturities, which contributed positively to the Bank's Net Interest Income (NII).

Advancing sustainable finance leadership

In 2025, the Bank supported US\$ 705 million in sustainable financing instruments, including sustainability-related loans and deposits.

In particular, GIB was mandated to arrange a US\$ 500 million conventional term loan facility for Bank of Bahrain and Kuwait, structured with an option to convert into a sustainability-linked loan with defined ESG-linked performance indicators.

GIB recognises the essential role it plays in shaping the GCC region's sustainability future and remains committed to structuring sustainability-linked financings, addressing both Islamic and conventional banking requirements. Our responsibility is twofold: to serve the needs of our clients and communities today, while ensuring that the foundations we lay enable them to thrive tomorrow.

Enhancing Compliance while reducing costs

During the year, GIB further strengthened its compliance framework through successful enhancements to various financial crime compliance monitoring systems. This enabled real-time transaction monitoring and compliance risk management, shifting the focus from reactive to proactive risk prevention.

Other enhancements focused on customer due diligence, transaction monitoring, and risk assessments, including the implementation of an enterprise-wide risk assessment across multiple jurisdictions. GIB also embarked on a Group-wide compliance governance oversight assessment, resulting in the identification of opportunities for future enhancements. Furthermore, the Bank succeeded in centralising certain activities, creating efficiencies by managing cross-border operations while maintaining robust governance standards.

Risk Management underpins success

Strong risk and governance discipline has remained central to GIB's performance over the past 50 years, and 2025 continued this tradition. The Bank reduced its non-performing loan ratio to 1.3 per cent, reflecting improved asset quality, capital strength, and profitability.

Revenue diversification was supported by disciplined risk management, including the expansion of GTB offerings and the establishment of fair value through other comprehensive income (FVOCI) and trading portfolios. The introduction of a Risk Identification and Materiality Assessment process further strengthened risk prioritisation and decision-making, supported by enhanced management information reporting.

Cybersecurity remained a top priority, with multiple successful and positive internal and external cybersecurity compliance assessments. A new strategy, driven by three forces — escalating and emerging threats, regulatory expectations, and business transformation — was developed and is being effectively implemented.

Looking ahead

The outlook for Bahrain and the wider region remains positive, supported by a range of investment drivers, including the establishment of the Saudi-Bahrain Investment Company (SBIC), initiatives under Bahrain's Gateway Gulf programme, economic reform spending and investment across the GCC region, and continued international investment by regional sovereign wealth funds.

These developments present meaningful opportunities for GIB. Leveraging our strong reputation, diverse range of financial products and services, bespoke banking and capital markets solutions, as well as our regional and international network, enables us to continue serving our diverse client base across the GCC, Europe, and North America. Additionally, our geographic footprint ensures that we are well positioned to act as a bridge between the GCC's robust growth potential and continued global investor interest in the region, through our offerings, expertise, and local knowledge.

Building on our rich legacy, we will continue to strengthen our role as the Group's international and institutional banking hub, supporting sustainable growth locally and regionally.

Ms. Sara Abdulhadi

Chief Executive Officer, GIB B.S.C.

DEALS AND TRANSACTIONS

Regional Transactions:

Wholesale Banking



Fujairah Power Company F3 LLC

GIB acted as one of the Initial Mandated Lead Arrangers for a US\$ 845 million Bridge Loan Facility. The facility was arranged to refinance existing project debt. GIB was also appointed as one of the Initial Hedge providers for the interest rate hedge on the facility. F3 is majority owned by the Government of Abu Dhabi and operates the largest gas power plant producing 2,400 MW of electricity in the UAE.

Ghasha Midstream Finance LLC – S.P.C

Ghasha Midstream Finance LLC – S.P.C

GIB acted as a Mandated Lead Arranger in a landmark structured financing of up to US\$ 11 billion. Connected parties to the transaction are Abu Dhabi National Oil Company (ADNOC), Eni S.p.A, and PTT Exploration and Production Company Limited.



Kuwait Petroleum International Treasury Services (KPITS)

GIB acted as the Coordinator, Agent, and one of the Mandated Lead Arrangers and Bookrunners on a US\$ 300 million syndicated revolving credit facility for KPITS. The one-year facility was extended to support the company's general corporate purposes.



Energy Development Oman (EDO)

GIB acted as the Co-Coordinator, Facility Agent, and one of the Mandated Lead Arrangers and Bookrunners on a US\$ 1 billion syndicated term loan facility for EDO. The facility was extended to support the company's general corporate purposes.



Bapco Gas Expansion Company (BGE)

GIB acted as the Coordinator, Facility Agent, and Initial Mandated Lead Arranger and Bookrunner on a US\$ 475 million syndicated term loan facility for BGE.



BBK

GIB was mandated as an Initial Mandated Lead Arranger and Bookrunner (IMLAB) for a US\$ 500 million conventional term loan facility. The facility was granted to support BBK's general funding purposes and has been structured with an option to convert the financing into a Sustainability-Linked Loan.

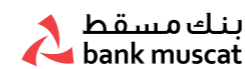
Regional Transactions:

Wholesale Banking



NBB

GIB was mandated as a Senior Initial Mandated Lead Arranger and Bookrunner to arrange NBB's first-ever term loan syndication of US\$ 450 million. The facility proceeds will be used towards NBB's general funding purposes.



Bank Muscat

GIB was mandated as Joint Lead Coordinators, Mandated Lead Arrangers and Bookrunners, and Facility Agent for a US\$ 700 million Syndicated Term Loan Facility. The facility proceeds will be used for general corporate purposes.



Oman Electricity Transmission Company S.A.O.C (OETC)

GIB acted as the Initial Mandated Lead Arranger and Bookrunner (IMLAB) for a US\$ 1 billion Bridge Loan Facility for OETC, which is the sole power transmission company in Oman and is majority owned by the Government of the Sultanate of Oman through Nama Holding.



Raya Financing

GIB completed an auto receivables securitisation financing for Raya Financing Company, an auto leasing company in Saudi Arabia. The transaction comprised a US\$ 80 million revolving facility. The transaction supports the development of auto leasing and mobility solutions in the Kingdom, contributing to the objectives of Saudi Vision 2030.



Abdul Aziz Al Ajlan Sons Company for Commercial and Real Estate Investment

GIB acted as Coordinator, Initial Mandated Lead Arranger and Bookrunner, and Facility Agent on a 7-year US\$ 300 million Islamic term facility. The facility will be utilised for general corporate purposes.

Tijan Real Estate Fund Company

Tijan Real Estate Fund Company

GIB financed Tijan Fund (a fund managed by GIB Capital) through a bilateral medium-term financing Murabaha facility of SAR 500 million to undertake a masterplan uplifting strategy and develop a new mall in Al-Qaseem. In addition, GIB was appointed as the account bank and hedging provider.

Deals and Transactions continued

Regional Transactions:

Investment Banking



Umm Al-Qura for Development and Construction – US\$ 523 Million IPO

GIB Capital acted as Joint Financial Advisor, Bookrunner and Underwriter on the US\$ 523 million IPO of Umm Al-Qura for Development and Construction Company. The offering comprised 130.8 million shares, implying a market capitalisation of US\$ 5.75 billion. The transaction attracted 241x institutional coverage and was 20x oversubscribed in the retail tranche. GIB Capital led investor engagement throughout the process, ensuring the successful execution of the transaction.



Bapco Energies – US\$ 1.0 Billion 10-Year Sukuk

GIB Capital acted as Joint Lead Manager and Bookrunner on the US\$ 1.0 billion 10-year sukuk issuance for Bapco Energies B.S.C., the integrated energy transition company in the Kingdom of Bahrain. The transaction attracted strong investor interest, with an order book exceeding US\$ 4.0 billion, reflecting robust confidence in Bapco Energies' strategic positioning and the Kingdom of Bahrain's economic outlook.



Saudi Real Estate Refinance Company (SRC) – US\$ 2.0 Billion Dual-Tranche Sukuk

GIB Capital acted as Joint Lead Manager and Bookrunner on SRC's US\$ 2.0 billion dual-tranche sukuk issuance, representing the company's first international sukuk guaranteed by the Government of Saudi Arabia. The transaction attracted strong participation from investors across the Middle East, Europe and Asia, reflecting international confidence in the issuer and in GIB Capital's execution capabilities in major cross-border debt capital markets transactions.



Islamic Development Bank – US\$ 1.75 Billion Sukuk

GIB Capital acted as Joint Lead Manager and Bookrunner on the Islamic Development Bank's US\$ 1.75 billion sukuk issuance. The transaction generated over US\$ 2 billion in orders, with a globally diversified order book including investors from the UK, Asia and the Middle East, underscoring strong confidence in the issuer and in GIB Capital's execution capabilities in supranational debt capital markets.



Saudi Arabian Mining Company (Ma'aden) – US\$ 1.25 Billion Sukuk

GIB Capital acted as Joint Lead Manager and Joint Bookrunner on Ma'aden's US\$ 1.25 billion sukuk issuance. The transaction was 8x oversubscribed, attracting strong demand from international investors and reflecting confidence in the issuer, while reinforcing GIB Capital's leadership in executing high-profile corporate debt capital markets transactions in the region.

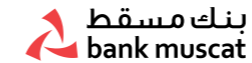


Islamic Corporation for the Development of the Private Sector (ICD) – US\$ 500 Million Senior Unsecured Sukuk

GIB Capital acted as Joint Lead Manager and Bookrunner on ICD's US\$ 500 million senior unsecured sukuk with a five-year tenor. The transaction was 4.0x oversubscribed, with the order book exceeding US\$ 2.0 billion, reflecting strong investor demand and reinforcing GIB Capital's leadership in executing high-quality development finance debt capital market mandates.

Regional Transactions:

Investment Banking



Bank Muscat – US\$ 750 Million Bond

GIB Capital acted as Joint Lead Manager and Bookrunner on Bank Muscat's US\$ 750 million bond issuance. The transaction attracted strong demand from UK, European and regional investors. It marked the first debt capital markets issuance from the Sultanate of Oman in 2025, reflecting GIB Capital's commitment to supporting leading financial institutions in the region.



Kingdom of Bahrain – US\$ 2.5 Billion Sukuk and Bond Issuance

GIB Capital acted as Joint Lead Manager and Bookrunner on the Kingdom of Bahrain's US\$ 2.5 billion dual-tranche offering, comprising a US\$ 1.5 billion eight-year sukuk and a US\$ 1.0 billion 12-year bond. The transaction generated over US\$ 8.5 billion in orders from a globally diversified investor base, including regional, UK and US participants. It marked the Kingdom's second capital markets transaction in 2025, reflecting GIB Capital's leadership in executing high-profile sovereign debt capital markets mandates.



Majid Al Futtaim – US\$ 500 Million Sukuk

GIB Capital acted as Joint Lead Manager and Bookrunner on Majid Al Futtaim's US\$ 500 million senior unsecured sukuk issuance with a ten-year tenor. The transaction generated US\$ 2.0 billion in orders, with strong participation from regional, UK, Asian and European investors. It marked Majid Al Futtaim's first return to the international debt capital markets since May 2023, reflecting investor confidence and GIB Capital's execution capabilities in delivering landmark corporate debt capital markets transactions.



AviLease – US\$ 850 Million Bond

GIB Capital acted as Joint Lead Manager and Bookrunner on AviLease's debut US\$ 850 million bond issuance. The transaction was 3.8x oversubscribed, with participation from regional, US, UK, European and Asian investors. It marked AviLease's first international debt capital markets issuance, reflecting strong global demand and GIB Capital's execution strength in supporting debut issuers in the debt capital markets.



Gulf International Bank – Saudi Arabia – US\$ 500 Million Additional Tier 1 Capital

GIB Capital acted as Joint Global Coordinator, Joint Lead Manager and Bookrunner on the US\$ 500 million Additional Tier 1 capital issuance for GIB Saudi Arabia. The transaction attracted robust demand from regional and international investors, reflecting confidence in the bank's capital position and growth strategy, and reinforcing GIB Capital's leadership in structuring complex capital markets transactions.



Government of Sharjah – US\$ 750 Million Sukuk

GIB Capital acted as Joint Lead Manager and Bookrunner on the Government of Sharjah's US\$ 750 million sukuk issuance. The transaction generated US\$ 2.0 billion in orders, with participation from regional, UK and European investors. It marked the Government of Sharjah's first debt capital markets issuance in 2025, reflecting broad investor confidence and reinforcing GIB Capital's execution strength in sovereign debt capital markets mandates.

AWARDS

In 2025, GIB won a wide array of awards, reflecting our continued leadership in digital banking, regional debt capital markets, cross-border payments and more. These included:

Global Finance World's Safest Banks 2025 	Asian Banking and Finance Awards 2025 – Wholesale Banking and Finance Awards 	Asian Banking and Finance Awards 2025 – Corporate and Investment Banking Awards 	Private Banker International - Wealth & Private Awards 2025 	EMEA Finance Middle East Banking Awards 
<ul style="list-style-type: none"> ◆ Safest Bank - Bahrain 	<ul style="list-style-type: none"> ◆ Bahrain Domestic Blockchain Initiative of the Year ◆ Bahrain Domestic Cash Management Bank of the Year ◆ UAE International Cash Management Bank of the Year 	<ul style="list-style-type: none"> ◆ Syndicated Loan of the Year - Bahrain 	<ul style="list-style-type: none"> ◆ Outstanding Asset Manager in Growth Strategy - GIB Capital 	<ul style="list-style-type: none"> ◆ Corporate Social Responsibility Award - Middle East ◆ Best Local Bank - Bahrain ◆ Best Loan House - Bahrain ◆ Best Foreign Bank - Oman ◆ Best Foreign Investment Bank - Oman ◆ Best Loan House - Oman ◆ Best Local Investment Bank - GIB Capital ◆ Best Debt House - GIB Capital

SUSTAINABILITY REVIEW

We know that we have an important role to play in supporting all of our clients in the transition to a more sustainable economic system.

GIB is committed to integrating sustainability, including environmental, social and governance (ESG) factors, across the business. We consider sustainability both in terms of the financial products and services we provide to our clients and in the way we conduct our own business.

We believe that finance can be used as a force for good, and that we play an important role in supporting our clients on their journey to transition to a more sustainable economic system.

In 2025, we prioritised the following areas:

- Expanding our sustainable finance activities and offerings and supporting our clients on sustainability-related matters.
- Advancing sustainability across the Bank through the launch of the GIB Sustainability Goals initiative.
- Maintaining high standards across our operations, particularly with regard to gender representation, transparency and reporting.

Additional details on the Bank's sustainability approach, record and metrics can be found in our 2025 Sustainability Report.



ENVIRONMENTAL

Increased sustainable finance labelled lending.



SOCIAL

Supporting sustainability initiatives aligned with the Women Empowerment Principles (WEPs) and with Bahrain's and Saudi Arabia's Vision 2030



GOVERNANCE

Consistently and progressively adopting and implementing best practice corporate governance standards.

CORPORATE SOCIAL RESPONSIBILITY REVIEW

Give back, Make an Impact!

Supporting communities through CSR and volunteering

Since 1975, GIB has developed a tradition of actively participating in, donating to, and collaborating with the communities in which we operate. The Bank's approach to corporate social responsibility (CSR) is to identify and partner with groups, causes, communities, stakeholders and initiatives where we can ensure long-term positive outcomes from our philanthropic and voluntary involvement.

CSR activities also provide a valuable opportunity for our people to volunteer their time in support of others, and the Bank proactively encourages and supports them in doing so.

The 'Give Back, Make an Impact!' Volunteering Programme was launched in Bahrain in January 2023 as part of sustainability-linked employee benefits. Endorsed by GIB's Sustainability Council, all Bahrain-based employees are granted a volunteering day, in addition to their annual leave entitlement, to enable them to carry out volunteer work with one of GIB's approved charities.

2025 CSR activities in the GCC:		2025 CSR activities in the GCC:	
CSR Initiative	Overview	CSR Initiative	Overview
National Initiative for Agricultural Development	GIB participates in the Forever Green tree planting campaigns in Bahrain with Bahrain's National Initiative for Agricultural Development. Since the launch of the campaign in 2022, GIB has supported the initiative by planting over 1,400 trees in areas in need of greenification.	Aknan Charity Association	GIB Saudi Arabia supported the Aknan Charity Association to enhance cooperation and joint efforts to improve the quality of housing and development programmes in the Eastern Province and to support institutional efforts contributing to the realisation of Vision 2030 goals.
Bahrain Food Bank (Hefth Al Neama)	In the holy month of Ramadan, GIB collaborated with Hefth Al Neama Society to prepare 110 Ramadan food baskets for needy families, as well as distributing 550 meals to those in need.	Running Race Company, Saudi Arabia	GIB supported the 27 th Eastern Province International Race, held on the Khobar Corniche under the patronage of His Royal Highness Prince Saud bin Nayef bin Abdulaziz Al Saud, Governor of the Eastern Province, with the participation of more than 15,000 runners. This sponsorship reflects the Bank's commitment to supporting national efforts aimed at building a vibrant society (one of the pillars of Vision 2030) and enhancing the well-being and prosperity of citizens by promoting a sustainable, healthy lifestyle.
Alia Rehabilitation Centre	For the second consecutive year, GIB partnered with Alia Rehabilitation Centre as one of the sponsors for their annual Run for Autism marathon in support of World Autism Awareness Month.	Saudi Food Bank	As part of the Ramadan Baskets initiative, GIB volunteers prepared food baskets in collaboration with the Saudi Food Bank and the Iftar Sa'im initiative in the Eastern Province.
Al Sanabel Orphan Care Society	As part of GIB's commitment to enhancing children's learning and development, the Bank donated funds to Al Sanabel Orphan Care Society to support university tuition fees for students under its care.	Children with Disability Association	GIB supported the "Mubadaraty" programme of the Children with Disability Association, which provides educational and rehabilitation sessions aimed at developing children's language, cognitive, social, and motor skills according to their ages and abilities.
Husn Al Jawar	GIB donated to Husn Al Jawar, a registered approved charity in Bahrain, to help estranged women in society in need of financial support, training and development.	Jammaz Al-Suhaimi Professional Foundation Programme (JPPFP)	As part of the Bank's commitment in supporting national talent and professional development, this programme supports fresh graduates in Business and Banking, facilitating their integration into the banking workplace. It focuses on developing core skills and practical knowledge to enhance their readiness and professional growth.
Bahrain Down Syndrome Society	GIB supported the Bahrain Down Syndrome Society with a donation to construct a sensory room at the society's care centre.	Oman Food Bank	During the holy month of Ramadan, GIB volunteers worked with the Oman Food Bank to assemble 126 food baskets, providing essential support to families in need as part of the Bank's Ramadan community initiatives.
Moroj Foundation, under the National Center for Vegetation Cover Development and Combating Desertification	GIB entered into a community partnership with Morooj Foundation to plant more than 22,000 trees, including mangrove trees, across the Eastern Province. This initiative aims to combat desertification, reduce sand encroachment, conserve natural resources, and support the region's long-term environmental and economic development.	Emirates Environmental Group	GIB supported the Emirates Environmental Group's environmental conservation efforts by adopting 1,904 trees in 2025, contributing to carbon offsetting, biodiversity preservation and long-term environmental sustainability initiatives in the UAE.
King Abdulaziz Center for World Culture - Ithra, Saudi Arabia	As part of its strategy to strengthen its community presence in the Eastern Province, Saudi Arabia, the Bank established a corporate partnership with the King Abdulaziz Center for World Culture in 2025 to sponsor the "Tanween Season for Creativity," a prominent event that seeks to foster the development of young Saudi talent through creative and sustainable programs focused on developing talent and experiences through culture.		

CSR in the UK: advancing community impact through volunteering

The GIB UK Volunteering Initiative is a well-established programme that enables employees to engage in both personal and corporate volunteering activities during working hours. Every UK-based colleague is granted two full days per calendar year to participate in volunteering, promoting a culture of community engagement and social impact. Teams and departments are also encouraged to incorporate volunteering activities into their offsite agendas.

In 2025, the GIB UK team continued to demonstrate its commitment to environmental stewardship through a focused set of volunteering initiatives. As part of the GIB AM River Clean initiative, colleagues participated in a Thames River clean-up in collaboration with the Port of London Authority, picking litter from the shoreline and contributing to the preservation of the local river environment.

As part of the Time4Trees initiative, the team participated in a tree-planting activity to help offset GIB UK's carbon emissions and support longer-term environmental sustainability objectives.

CSR in the USA: strengthening community safety through volunteering

In 2025, GIB USA colleagues supported community safety initiatives through participation in the Home Fire Campaign, in collaboration with Mira USA, a community volunteer organisation focused on hands-on humanitarian and safety initiatives. Working in partnership with the American Red Cross, volunteers helped install 246 smoke alarms in Staten Island, New York, making 69 homes safer. The initiative also delivered fire prevention education to 238 residents, including 39 children, reinforcing the Bank's commitment to practical, life-saving community engagement.

ECONOMIC REVIEW

The global economy and financial markets have weathered a myriad of challenges in recent years including overcoming distortions in manufacturing and services activity; acute supply chain and labour force disruptions

Global Macro Views

The global economy and financial markets have weathered a myriad of challenges in recent years, including overcoming distortions in manufacturing and services activity; acute supply chain and labour force disruptions; the Russia–Ukraine conflict; the Israel–Hamas conflict; unsettled global geopolitical conditions; inflation surges; and rapid and coordinated central bank policy tightening that eventually helped reverse some of the price pressures. Yet, despite all this, countries around the world demonstrated exceptional resilience, notably the United States and emerging markets. This trend continued into 2025, enabling sustained global growth momentum, while risk assets delivered strong returns.

The International Monetary Fund (IMF) upgraded global growth forecasts for 2025 several times during the year, with the actual level likely to have reached 3.4 per cent. The continued expansion underscores strong endurance to trade policy shocks, inflation dynamics, and geopolitical strains. Nevertheless, overall economic conditions remained complex and continued to fuel uncertainty. Central banks, particularly the US Federal Reserve, faced a delicate balancing act of sustaining economic momentum without reigniting inflationary pressures, while concerns about policy missteps, debt burdens, and employment conditions were widespread.

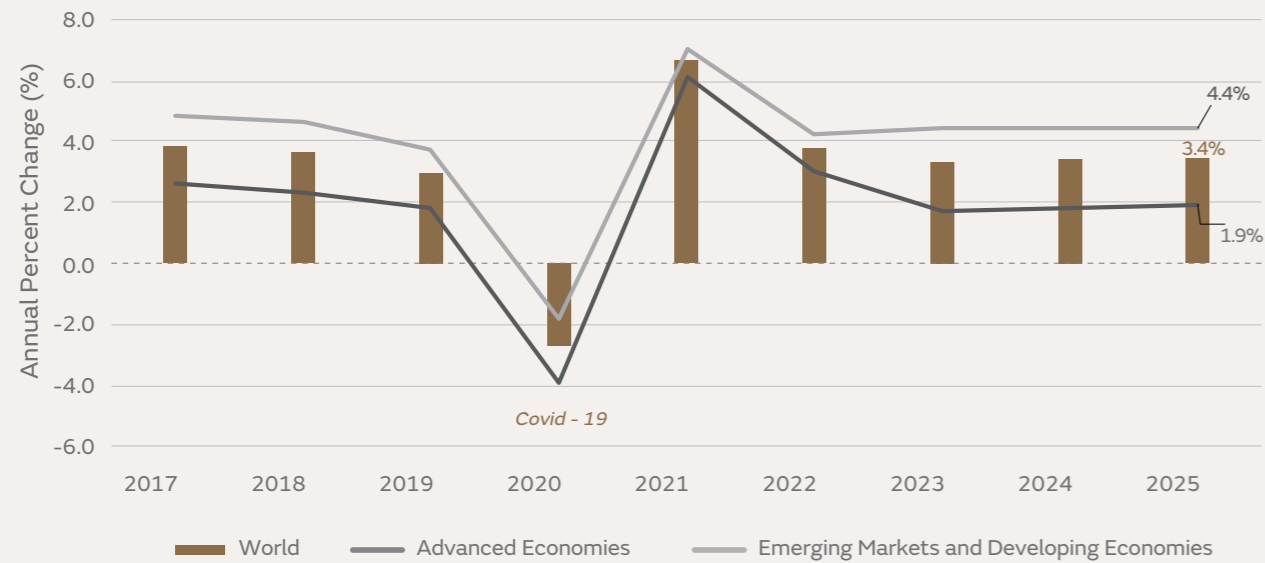
Two notable features of 2025 were the lesser-than-expected tariff impact from US trade policy actions and the rising waves of robust megatrends driving investments in artificial intelligence (AI), decarbonisation, and critical minerals. Indeed, an unprecedented boom in AI-related investment acted as a key pillar supporting growth amid rising trade policy uncertainties. Massive capital flows into AI infrastructure, specifically data centres, chips, and power upgrades, have provided a substantial boost to economic activity across the globe, particularly in the United States. In addition, China's economy also surprised on the upside as policy stimulus and a recovery in exports offset domestic headwinds, including the continued property sector crisis and weak consumer demand.

Global financial markets were also characterised by resilience and recalibration, with US equities ending 2025 on a positive note, supported by three consecutive Federal Reserve (Fed) rate cuts and optimism for a resilient economy. International stock markets delivered strong annual gains as global investors embraced easing inflation, lower rates, and improving growth prospects. The positive momentum also supported fixed income markets, capping a strong year, with yields declining as US Fed easing drove bond prices higher. Meanwhile, commodities ended the year mixed, with gold extending its annual gain to more than 60 per cent, while Brent crude oil finished the year down by about 19 per cent, set against oversupply concerns and slowing demand. Natural gas prices turned higher, supported by seasonal demand and export strength.

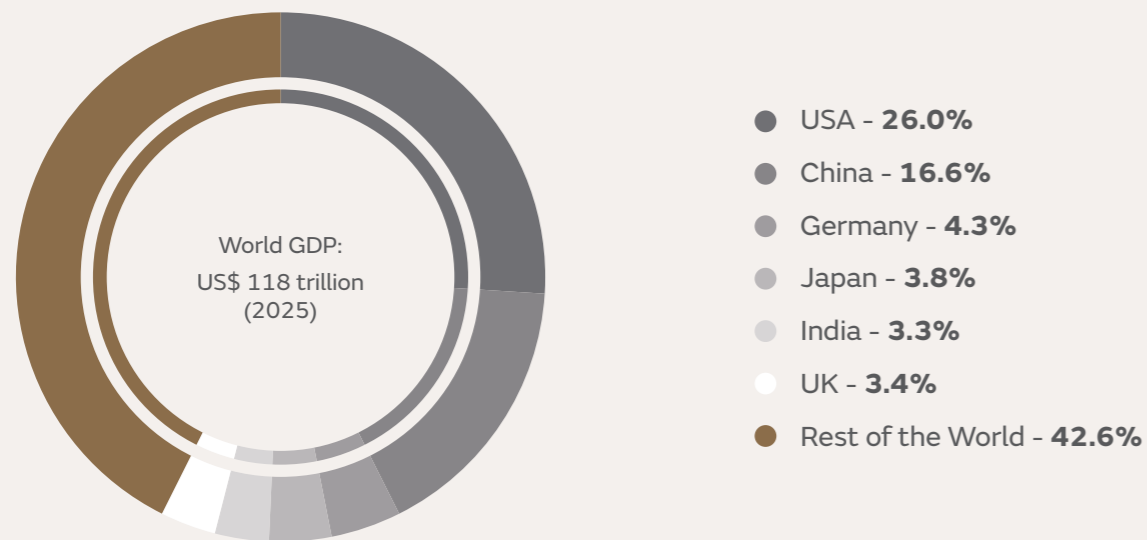
Economic Review continued

Global Macro Views (continued)

WORLD ECONOMIC GROWTH



COMPOSITION OF WORLD NOMINAL GDP (BY COUNTRY)



Data Source: International Monetary Fund

Gulf Cooperation Council (GCC)

The GCC countries consistently demonstrated economic resilience through 2025. Strong performance of the region's purchasing managers' index (PMI) is testimony to this, featuring robust activity across the GCC manufacturing, services, construction, and retail sectors. Consumer spending, underpinned by improving conditions, also remained resilient, including an impressive jump in e-commerce. Economic conditions further benefited from easing regional interest rates during the year (in line with rate cuts by the US Fed).

Robust GCC government spending has continued to buoy regional non-oil activity. This was supported by strong domestic demand, steadfast execution of reform programmes, and implementation of projects supporting economic diversification. International confidence in the Gulf region's ambitions to diversify away from oil gathered pace, with rising portfolio and foreign direct investment inflows reflecting increased appetite for GCC assets.

However, even against the positive economic backdrop, fiscal budgets were tightened during the year, with public sector and sovereign wealth funds rationalising expenditures and projects reprioritised, most notably in Saudi Arabia. This illustrates an ongoing fine-tuning of economic policy direction in a time of stellar growth trends, as greater emphasis was placed on projects with feasible phases and faster returns versus full-scale delivery. Rising geopolitical challenges, oil sector volatility, softer oil prices, and emerging new opportunities (notably AI and the growing importance of data centres) further encouraged GCC countries to optimise the direction of spending.

Despite the downturn in the GCC's oil sector growth, rating agencies remained positive towards the region, including rating and/or outlook upgrades for Saudi Arabia and Oman. Sovereign efforts in the implementation of comprehensive structural economic reforms and related investments were cited as transformative by the rating agencies. These are expected to support growth and expansion of the non-oil economy and support the sustainability of public finances in the near term. Such developments will further bolster GCC sovereign balance sheets and liquidity buffers, while allowing ambitious economic diversification efforts to continue at a vigorous pace.

The GCC countries consistently demonstrated economic resilience through 2025.

Economic Review continued

Gulf Cooperation Council (GCC) (continued)

The positive rating actions and expectations have occurred despite weaker performance of the GCC's oil sector and rising external indebtedness. Indeed, the regional debt market has recorded robust growth in recent years, attracting strong investor interest in fixed-income instruments despite elevated global interest rates.

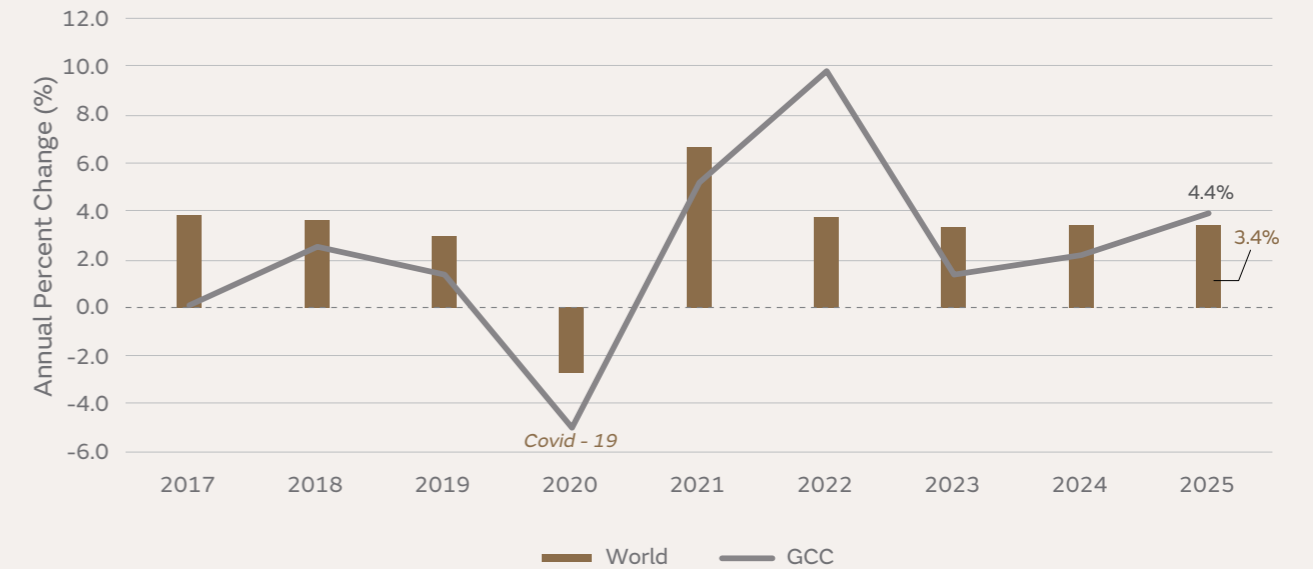
Underlying this trend has been the GCC's countercyclical fiscal policy, which supports restraining spending and paying down debt during periods of high oil prices and reversing this trend to provide support during periods of low oil prices. This has allowed for a balanced economic performance, given the continued importance of oil revenues in funding economic diversification programmes. As a result, a sizeable accumulation of foreign exchange reserves and sovereign wealth fund assets has more than offset the increase in debt levels.

Credit default swap spreads in the GCC have improved significantly from the highs reached in 2020 and remained relatively stable throughout 2025. Nevertheless, while near term prospects for the Gulf region's stability and ambitious reform programmes remained very positive at year-end, the potential for a further decline in oil prices and/or a material deterioration in regional geopolitical conditions continued to pose challenges.

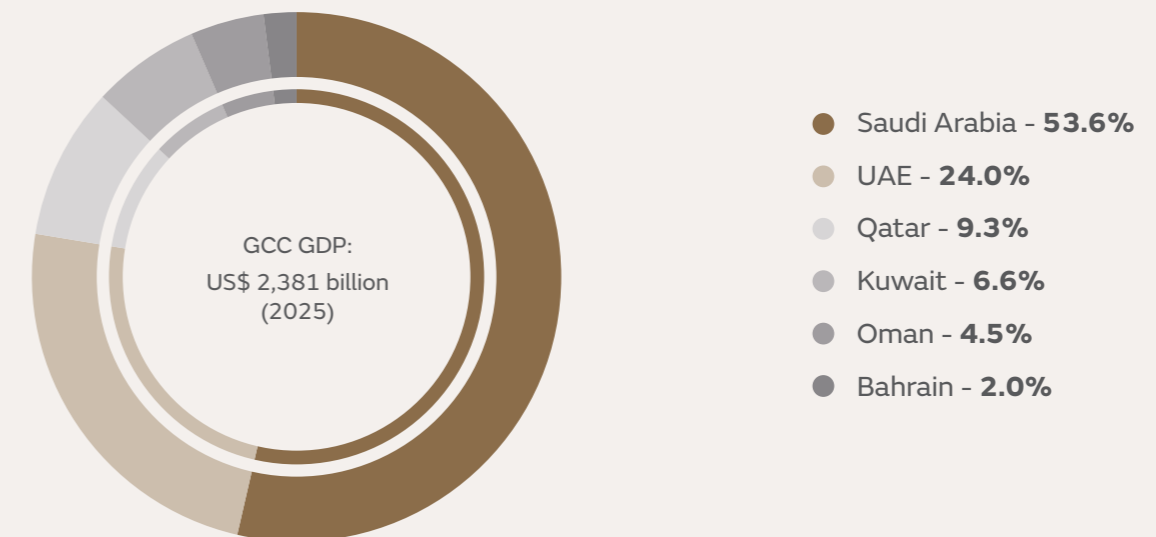
The fiscal breakeven oil prices for most GCC countries were above average oil prices at year-end, with higher spending demands expected to further widen the gap for some regional economies. This, however, is offset by the region's ample foreign exchange reserves, which on a cumulative basis stood at an estimated US\$ 809 billion as of December 2025. These foreign exchange reserves are likely to account for 34 per cent of estimated GCC 2025 GDP, with Saudi Arabia accounting for 54 per cent of the total. In addition, the combined assets under management by GCC sovereign wealth funds were also on an upward trajectory through the year, reaching US\$ 5.1 trillion by December 2025.

The regional debt market has recorded robust growth in recent years, attracting strong investor interest in fixed-income instruments despite elevated global interest rates.

GCC ECONOMIC GROWTH



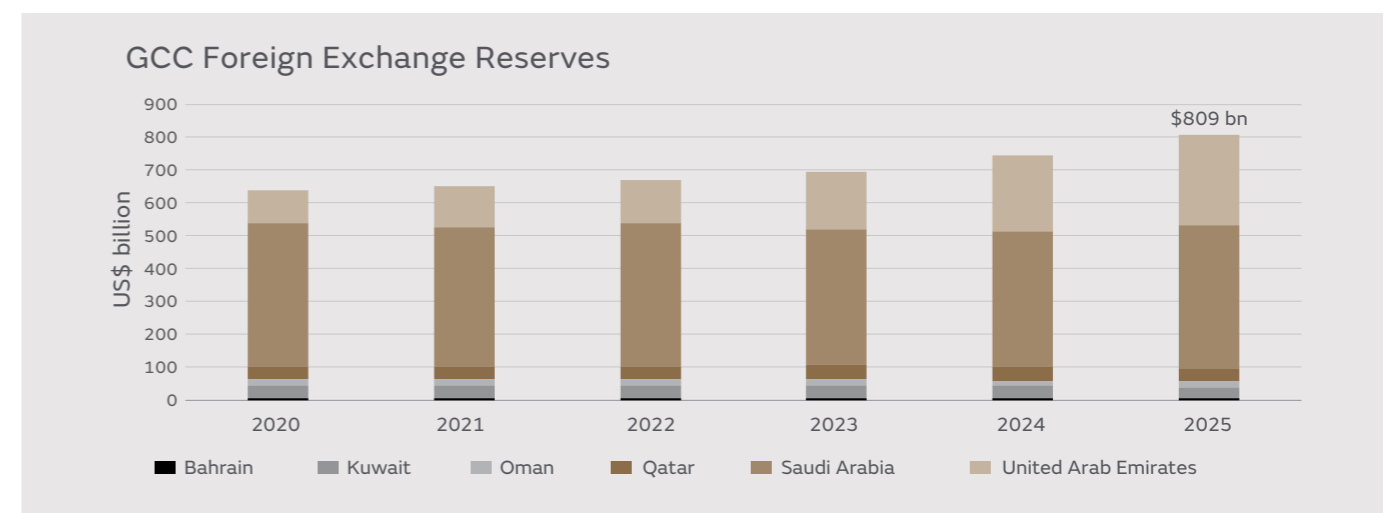
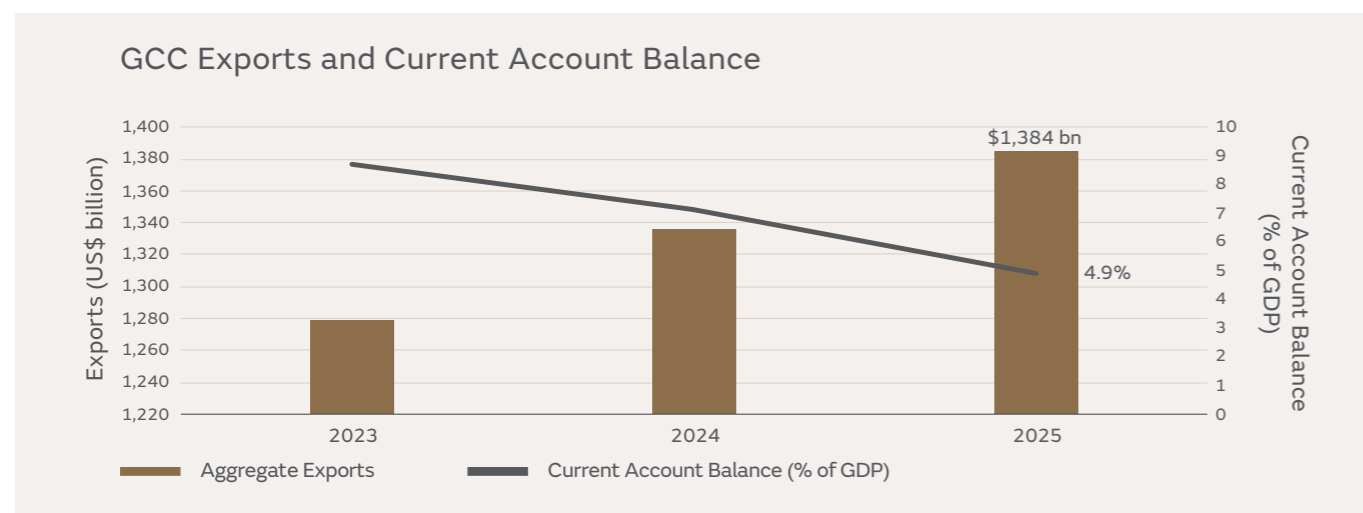
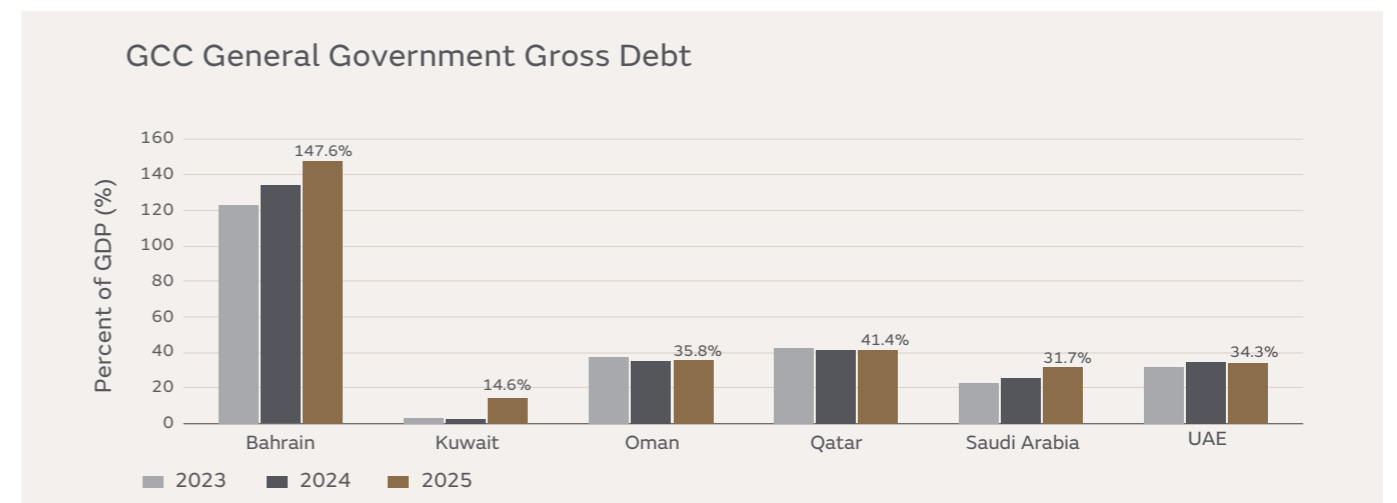
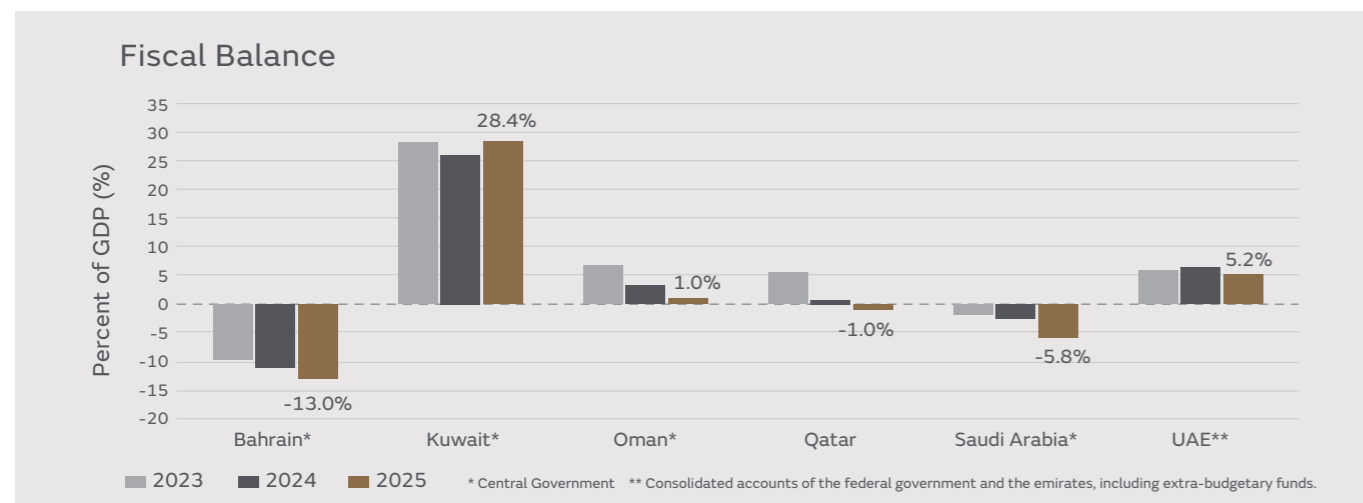
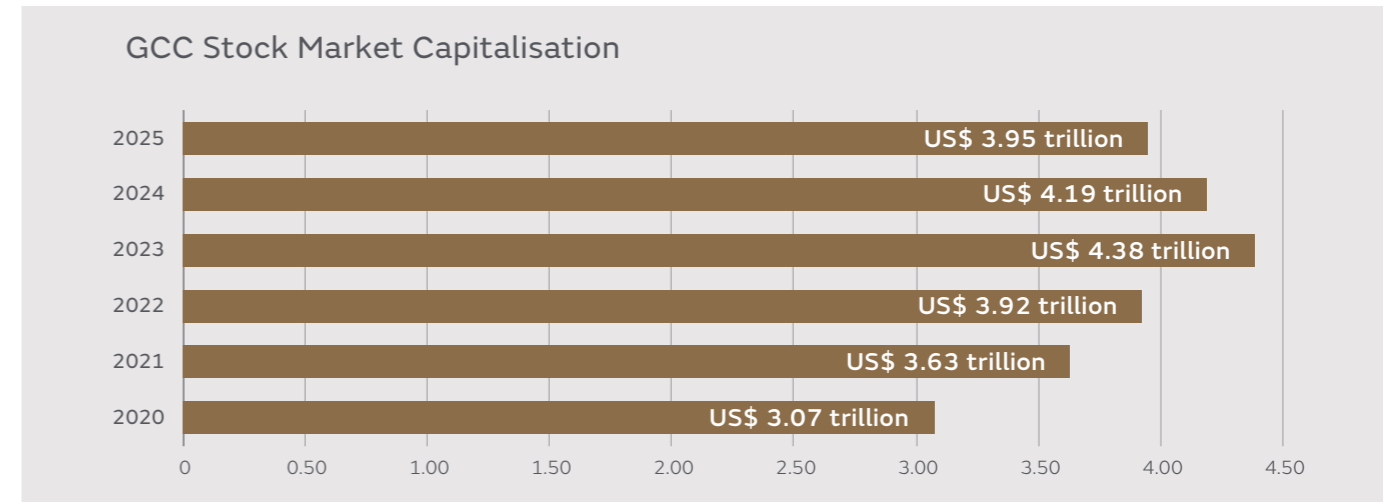
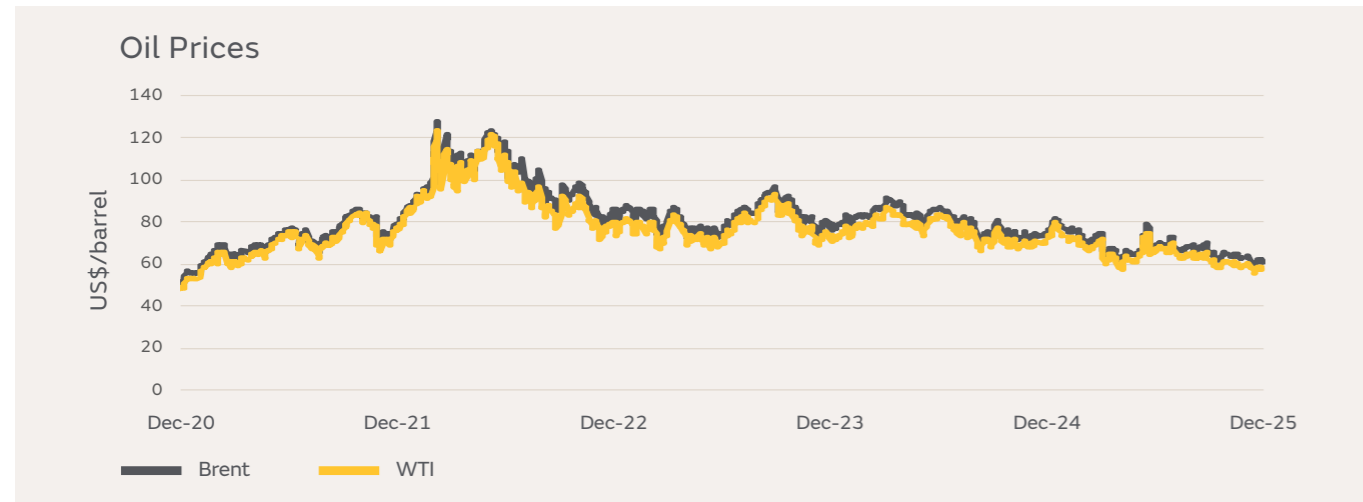
COMPOSITION OF GCC NOMINAL GDP (BY COUNTRY)



Data Source: International Monetary Fund

Economic Review continued

GCC ECONOMIC DEVELOPMENTS



Data Source: International Monetary Fund and Bloomberg

Data Source: International Monetary Fund and Bloomberg



Backed by 50 Years of GIB Legacy

Powering what's next

meem by GIB
Made to be different

Gulf International Bank (retail branch) is licensed by the Central Bank of Bahrain as a Conventional Bank

FINANCIAL REVIEW

The Bank's strong performance highlights its ongoing financial stability, resilience and effective risk management.

The Bank achieved historic financial performance in 2025, showcasing strong profitability, effective cost management, and successful income diversification. The substantial increase in net income underscores the Bank's success in executing its strategy, which prioritised income diversification, investment in human capital, and cost optimisation through technology. This comprehensive approach has significantly enhanced service excellence.

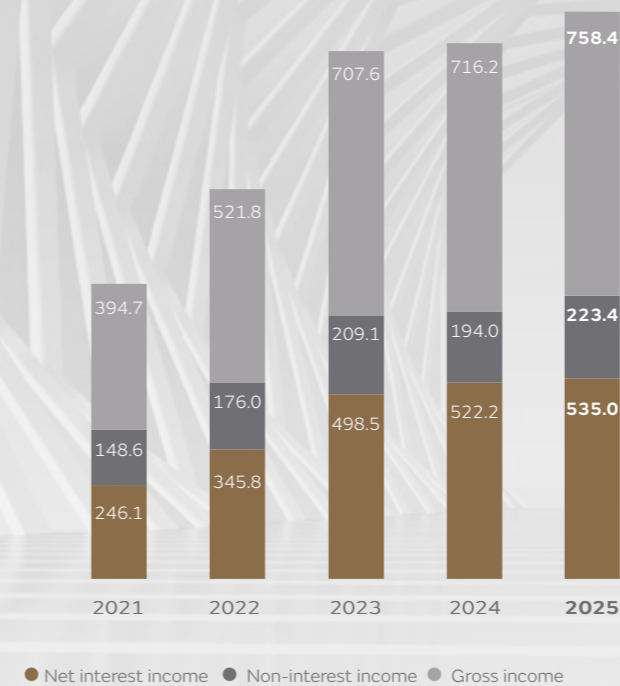
Total income for the year increased to US\$ 758.4 million compared to US\$ 716.2 million in 2024, achieving an increase of 6 per cent. Total operating expenses reached US\$ 457.9 million compared to US\$ 450.0 million the previous year, a mere increase of 2 per cent, highlighting effective cost optimisation measures undertaken.

A net provision charge of US\$ 55.6 million was recorded in 2025, compared to a US\$ 54.9 million charge in the previous year, in line with the Bank's prudent risk management approach and the review and effective management of the legacy portfolio.

As a result of the above, GIB reported a net profit of US\$ 215.7 million for the year, compared with US\$ 180.2 million in 2024, representing 20 per cent and achieving the Bank's strategic objective of maximising returns for shareholders.

As at 31 December 2025, the balance sheet stood at US\$ 51.8 billion, compared to US\$ 42.9 billion in 2024, an increase of 21 per cent. This increase was attributed to a rise in transitory client deposits associated with the Group's cash management and payment services in the UK, which are matched with central banks, other banks, and short-term securities. Investment securities of US\$ 10,939.4 million principally comprised highly rated and liquid debt securities issued by regional governments and major financial institutions. Liquid assets of US\$ 22,824.0 million constituted 44 per cent of total assets, compared to 42 per cent in the prior year, while loans and advances of US\$ 16,552.4 million accounted for 32 per cent of total assets.

Gross income development (US\$ millions)



Key ratios for Group financials

	2025	2024	2023	2022
CAR	17.5%	15.6%	18.94%	17.30%
NSFR	137.2%	142.8%	142.97%	161.50%
LCR	148.6%	149.4%	137.77%	299.30%
Loans to Deposits ¹	39.5%	45.1%	33.61%	42.80%
NPL ratio	1.7%	1.1%	1.77%	1.60%
Provision Coverage Ratio	117%	212%	157%	161%

¹Deposits includes senior and subordinated term financing.

Financial Review continued

NET INTEREST INCOME

Net interest income for 2025 increased to US\$ 535.0 million from US\$ 522.2 million in the previous year, up by 2 per cent, driven by a dynamic balance sheet structure, an increase in loan margins and balance sheet spreads.

Interest income on loans and advances of US\$ 1,074.0 million was up by 1 per cent from the prior year, while interest income on investment securities of US\$ 492.3 million was up by 21 per cent from the prior year, and interest income on placements and other liquid assets was US\$ 758.6 million, down by 37 per cent from the prior year.

Interest expense on deposits from customers of US\$ 994.5 million was down by 9 per cent from the prior year due to falling interest rates. Interest expense on deposits from banks of US\$ 354.3 million was lower by 43 per cent from the prior year, interest expense on term financing was US\$ 337.9 million, down by 10 per cent from the prior year, and interest expense on securities sold under agreements to repurchase was US\$ 103.2 million, up by 66 per cent from the prior year.

As a result, the Bank's net interest income increased by US\$ 12.8 million, representing an increase of 2 per cent.

NON-INTEREST INCOME

The growth of 15 per cent during the year ended 31 December 2025 is attributable to non-interest income reaching US\$ 223.4 million compared to US\$ 194.0 million in 2024. This positive performance was mainly propelled by foreign exchange income, net fee and commission income and asset recoveries from previously written-off exposures.

Fee and commission income reached US\$ 124.4 million, an increase of 2 per cent over the prior year. Commissions on letters of credit and guarantee at US\$ 56.3 million were the largest source of fee-based income, comprising 43 per cent of gross fee and commission income for the year, driven by strategic growth in enhancing sources of revenue in non-interest income. This was also complemented by fees relating to loan agency, underwriting, commitment and distribution, comprising 16 per cent of gross fee and commission income. An analysis of fee and commission income with prior year comparatives is set out in note 23 to the consolidated financial statements.

Investment banking and asset management fees of US\$ 37.8 million represented 29 per cent of gross fee and commission income.

The Group's various trading activities recorded an income of US\$ 12.0 million for 2025 compared to US\$ 19.2 million in the previous year. An analysis of net trading income is set out in note 24 to the consolidated financial statements. Net trading income principally comprised mark-to-market changes recorded on equity securities and funds classified as fair value through profit or loss (FVTPL), debt securities, commodity options, and customer-related interest rate derivatives.

As set out in the analysis of investment securities carried at fair value through profit or loss in note 10 to the consolidated financial statements, most of the Group's trading activities relate to seed investments in funds managed by the Group's investment banking and asset management subsidiaries, GIB Capital and GIB UK.

Foreign exchange income at US\$ 34.2 million for the year was higher in 2025 compared to US\$ 32.5 million in 2024. This comprises customer-initiated foreign exchange contracts.

Other income stood at US\$ 52.8 million in 2025 compared to US\$ 20.5 million in the previous year. An analysis of other income is set out in note 26 to the consolidated financial statements. Recoveries on previously written-off loans were US\$ 31.2 million compared to US\$ 16.7 million in the previous year.

OPERATING EXPENSES

The Bank's effective cost optimisation measures, resulting in only 2 per cent growth in operating expenses to US\$ 457.9 million, are fundamental to its strategy of enhancing operating income and maximising shareholder returns through improved efficiency in reducing its cost-to-income ratio.

Staff expenses at US\$ 281.5 million, which accounted for 61 per cent of total operating expenses, were higher than the prior year and reflected the Bank's continued investment in strengthening its human capital.

PROVISIONS

The Group recorded a net provision charge of US\$ 55.6 million compared with US\$ 54.9 million in the prior year, demonstrating the Bank's prudent risk management approach.

Net loan provision charges for loans and advances were US\$ 70.1 million, compared to US\$ 50.6 million in 2024, which is further broken down as the loan provision charge comprised a US\$ 86.9 million specific (stage 3) provision charge, and a US\$ 16.8 million non-specific (stages 1 and 2) provision release.

Please refer to note 28 to the consolidated financial statements.

CAPITAL STRENGTH

Total equity amounted to US\$ 4,237.0 million as at 31 December 2025, of which US\$ 2,648.9 million was attributable to the shareholders of the Bank.

With a total regulatory capital base of US\$ 4,391.3 million and total risk-weighted exposures of US\$ 25,030.6 million, the risk asset ratio, calculated in accordance with the Central Bank of Bahrain's Basel 3 guidelines, was 17.5 per cent, while the Tier 1 ratio was 16.0 per cent. These ratios are above the regulatory thresholds as set out by the Central Bank of Bahrain. Tier 1 capital comprised 91 per cent of the total regulatory capital base. In accordance with international regulatory guidelines, unrealised gains and losses on equity investments classified as FVOCI are included in the regulatory capital base.

During 2025, Gulf International Bank - Saudi Arabia (A Closed Joint Stock Company) ("GIB KSA") established a US\$ 1.5 billion Additional Tier 1 Capital Note Programme, under which US\$ 500 million of unsecured subordinated Additional Tier 1 perpetual capital notes were issued following approval by the regulatory authority and the Board of Directors of GIB KSA. These notes are perpetual securities with no fixed redemption or maturity date and are classified as equity, with distributions payable on each distribution date. Further, any issuance costs related to these notes have been directly deducted from equity.

The total Tier 1 capital increased compared to the prior year, primarily due to the issuance of AT1 by GIB KSA, the accumulation of profits, and full inclusion of capital contributed by the majority shareholder across all subsidiaries of the Group.

The capital adequacy ratio incorporates both market and operational risk-weighted exposures. The Group applies the standardised approach for market risk and operational risk as set out in note 38 to the consolidated financial statements.

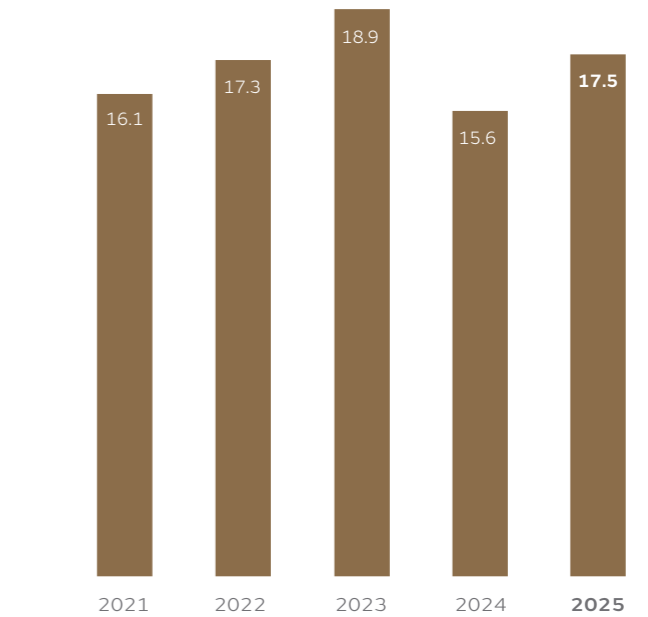
The Risk Management and Capital Adequacy report, set out in a later section of the Annual Report, provides further detail on capital adequacy and the Group's capital management framework. The Group's policies in relation to capital management are set out in note 31.5 to the consolidated financial statements. As described in more detail in the note, the Group's policy is to maintain a strong capital base to maintain investor, counterparty and market confidence and to sustain the future development of the Group's business.

ASSET QUALITY

The geographical distribution of risk assets is set out in note 32 to the consolidated financial statements. The credit risk profile of financial assets, based on internal credit ratings, is set out in note 31.1(b), demonstrating that 85 per cent of all financial assets, comprising liquid assets, placements, securities and loans were rated 4 or above, i.e. at or above the equivalent of investment-grade rated.

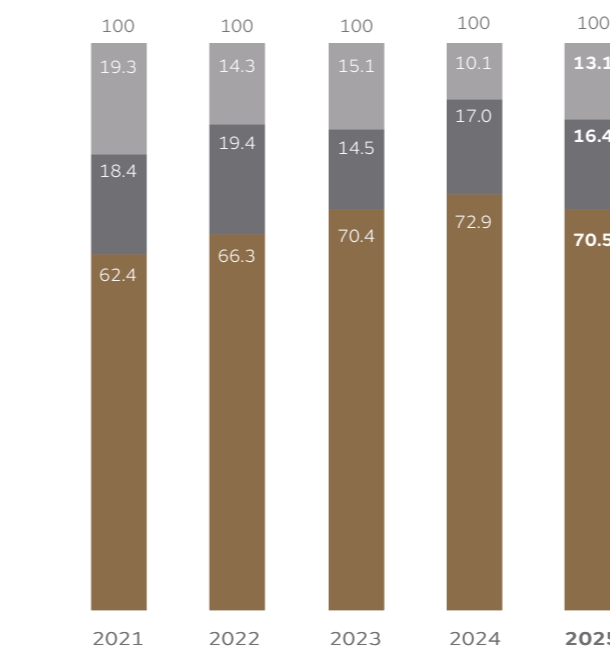
Further assessment of asset quality is referenced in note 41.7 to the consolidated financial statements on the fair value of financial instruments. Based on the valuation methodologies set out in that note, the net fair values of all on- and off-balance sheet financial instruments as at 31 December 2025 were not significantly different from their carrying amounts.

Capital Adequacy ratio (%)



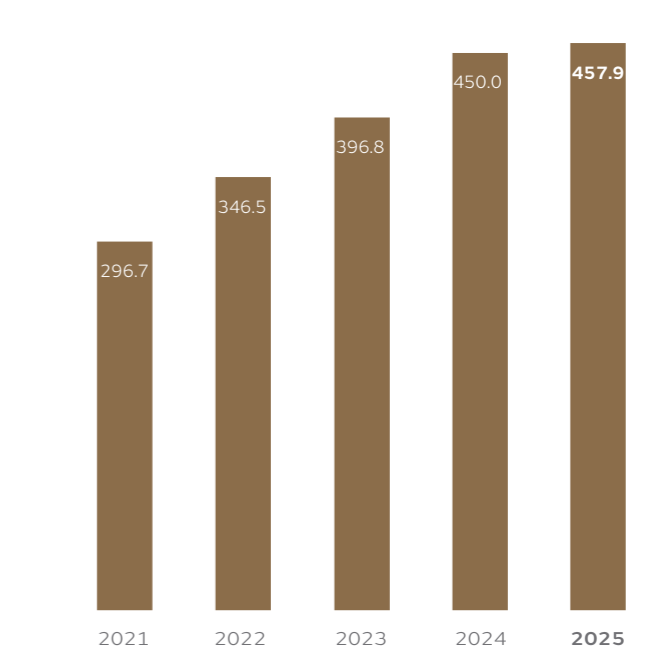
● Capital Adequacy ratio

Gross income composition (%)



● Net interest income ● Fee & commission income ● Foreign exchange, trading & other income

Expenses development (US\$ millions)



● Expenses development

Financial Review continued

INVESTMENT SECURITIES

Investment securities totalled US\$ 10,939.4 million as at 31 December 2025. Investment securities comprise investment securities at amortised cost, investment securities at fair value through other comprehensive income, and investment securities at fair value through profit or loss.

The investment securities portfolio primarily represents the Group's liquidity reserve, and accordingly, principally comprises investment-grade rated debt securities issued by major international and regional financial institutions and government-related entities.

Investment securities at amortised cost comprise a high-quality debt investment securities portfolio that represents both a liquidity reserve and an international geographical diversification of the GIB Group's risk assets. The portfolio primarily consists of floating rate securities, treasury bills and fixed rate securities most of which have been swapped to yield constant spreads over benchmark rates. Net investment securities at amortised cost as at 31 December 2025 amounted to US\$ 9,884.9 million compared to US\$ 7,068.2 million as at 31 December 2024, representing an increase of 40 per cent. Investment securities at amortised cost form 90 per cent of the Group's total investment securities.

Investment securities at fair value through other comprehensive income comprise debt investment securities that are held for the collection of contractual cash flows and for sale, as well as limited investments in private equity, hedge funds, and listed equities. During 2024, the GIB Group began investing in high-quality debt securities classified at fair value through other comprehensive income, and these securities amounted to US\$ 701.7 million as at 31 December 2025 compared to US\$ 190.6 million in the prior year. The GIB Group's equity securities at fair value through other comprehensive income amounted to US\$ 22.7 million as at 31 December 2025 compared to US\$ 20.6 million as at 31 December 2024. The equity investments comprised largely of private equity-related investments amounting to US\$ 18.4 million and listed equities amounting to US\$ 4.3 million.

Investment securities at fair value through profit or loss largely comprised investments in funds managed by GIB Capital and GIB UK and amounted to US\$ 312.2 million as at 31 December 2025 compared to US\$ 321.1 million as at 31 December 2024. Details of investment securities at fair value through profit or loss are set out in note 10 to the consolidated financial statements.

An analysis of the investment securities portfolio by rating category is set out in note 10 to the consolidated financial statements. US\$ 9,200.2 million, or 86.8 per cent of the debt securities at 2025 year-end, were rated A- / A3 or above. Based on the rating of the issuer, a further US\$ 425.3 million, or 4.0 per cent of the debt securities, represented other investment grade rated securities. US\$ 971.1 million, or 9.2 per cent of debt securities rated below investment grade, i.e. below BBB- / Baa3. These principally comprised debt securities issued by GCC governments.

There were no past due or impaired investment securities as at 31 December 2025. All debt securities were categorised as stage 1 for provisioning purposes.

LOANS AND ADVANCES

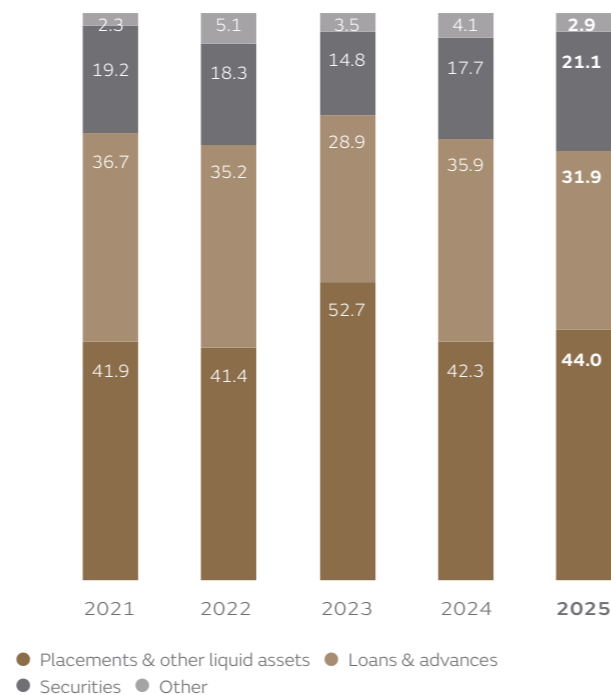
The Bank reported net loans and advances of US\$ 16,552.4 million at the end of 2025, up from US\$ 15,402.3 million at the end of the prior year. Gross loans and advances were US\$ 1,150.1 million higher than at 2024 year-end representing 7 per cent growth. The asset quality of the loan book, and the Bank's continued focus on being selective in the extension of new loans, are reflected in the quality of the loan book with 93 per cent of net loans being stage 1.

Based on contractual maturities at the balance sheet date, 57 per cent of the loan portfolio was due to mature within one year, while 19 per cent was due to mature within three years. Only 8 per cent of loans were due to mature beyond five years. Details of the classification of loans and advances by industry are set out in note 31.1(c) to the consolidated financial statements, while the geographical distribution of loans and advances is contained in note 32.

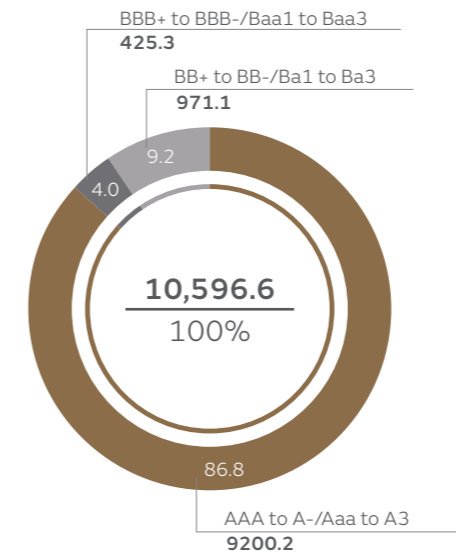
As at 31 December 2025, the largest industry sector exposure was to the financial sector, comprising 17 per cent of gross loans, compared to 18 per cent at the end of 2024. This was followed by the trading and services sector, comprising 13 per cent.

The credit risk profile of loans and advances, based on internal credit ratings, is set out in note 31.1(b) to the consolidated financial statements. US\$ 10,439.4 million, or 63 per cent of total loans, were rated 4 or above, i.e. the equivalent of investment grade rated. Only US\$ 841.2 million, or 5 per cent of loans and advances, net of provisions for impairment, were classified as stage 2 exposures in accordance with IFRS 9, i.e.

Asset mix by category (%)



Investment debt securities rating profile (%)



loan exposures that had experienced a significant increase in credit risk since inception. In addition, exposures classified as stage 3 in accordance with IFRS 9 were US\$ 117.1 million, or only 0.7 per cent of loans and advances, net of provisions for impairment. Stage 3 exposures are those exposures which are specifically provisioned based on the present value of expected future cash flows.

Total loan loss provisions as at 31 December 2025 amounted to US\$ 295.3 million. Counterparty-specific provisions (stage 3) amounted to US\$ 166.7 million, while non-specific provisions (stages 1 and 2) were US\$ 128.6 million. Total provisions of US\$ 295.3 million represented 104 per cent of the gross book value of non-performing loans.

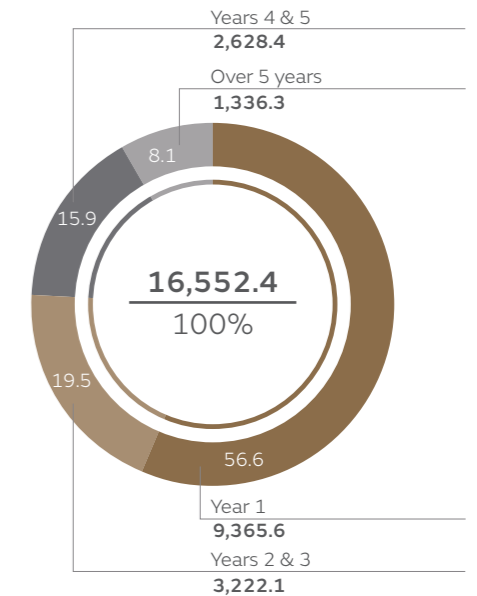
During 2025, US\$ 76.8 million of 100 per cent provisioned loans were transferred to the memorandum records. This resulted in the utilisation of an equivalent amount of stage 3 provisions, reflecting an NPL ratio of 1.7 per cent compared to 1.1 per cent in 2024, while the overall provision coverage ratio was 116.6 per cent in 2025 compared to 211.8 per cent in 2024.

Specific provisions are determined based on the recoverable amount of the loan. The recoverable amount is measured as the present value of the expected future cash flows discounted based on the interest rate at the inception of the facility.

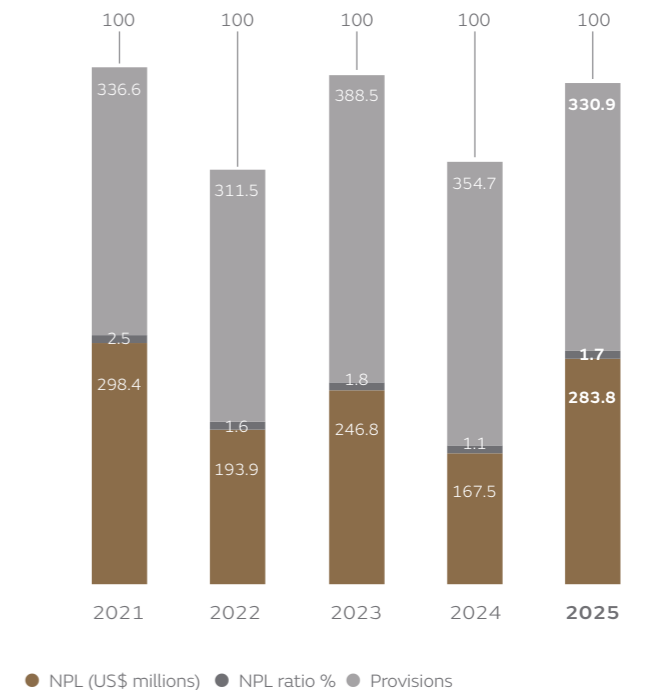
For the purpose of the calculation of the non-specific (stages 1 and 2) provisions, the Group only takes account of collateral held in the form of cash or exchange-traded equities and real estate, net of applicable haircuts. While collateral in the form of securities, unlisted equities, and physical assets is used for risk mitigation and protection purposes, it is not taken into account in the calculation of the non-specific provisions.

The gross and net book values of non-performing loans as at 31 December 2025 amounted to US\$ 283.8 million and US\$ 117.1 million, respectively.

Loan maturity profile (%)



NPL loan development (US\$ millions)



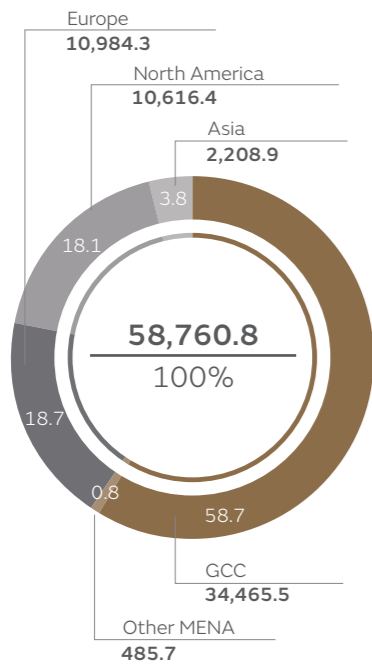
Financial Review continued

OTHER ASSET CATEGORIES

Cash and other liquid assets, amounting to US\$ 16,363.7 million at the end of 2025, are analysed in note 7 to the consolidated financial statements. This principally comprises cash and balances with central banks and financial institutions in the key geographic locations in which the Group operates.

Placements totalled US\$ 6,206.2 million at the end of 2025 and were well diversified by geography, as illustrated in note 32 to the consolidated financial statements. Placements were largely with European, GCC, and North American bank counterparties and represented 12 per cent of total assets at the end of 2025, supplemented by US\$ 254.1 million of securities purchased under agreements to resell. These represented collateralised placements, thereby reducing the Group's risk exposure to the financial institution sector.

Risk asset and commitment exposure



RISK ASSET AND COMMITMENT EXPOSURE

Risk asset and commitment exposure as at 31 December 2025 amounted to US\$ 58,760.8 million. These comprise all assets included in the balance sheet (except for other assets) and credit-related contingent items. As referred to earlier, an analysis of risk asset and commitment exposure by category and geography is contained in note 32 to the consolidated financial statements.

US\$ 34,465.5 million, or 59 per cent of total risk assets and commitments, represented exposure to counterparties and entities located in the GCC states. The remaining risk asset exposure largely represented short-term placements with major European banks and investment securities issued by highly rated issuers in Europe, North America, and Asia.

An analysis of derivative and foreign exchange products is set out in note 35 to the consolidated financial statements, while a further analysis of credit-related contingent items, together with their risk-weighted equivalents, is contained in note 36.

FUNDING

Bank and customer deposits at 31 December 2025 totalled US\$ 37,996.4 million. Customer deposits amounted to US\$ 36,094.7 million, representing 95 per cent of total deposits, while bank deposits totalled US\$ 1,901.7 million, accounting for 5 per cent.

Total deposits are analysed by geography in note 14 to the consolidated financial statements. US\$ 27,582.0 million, or 73 per cent of total deposits, were derived from counterparties in GCC countries. Deposits derived from non-MENA countries, principally Europe, amounted to US\$ 10,414.4 million, or 27 per cent of total deposits, and are primarily booked in GIB UK, which is considered as a liability-driven balance sheet wherein it receives short-term funds and places them in interbank markets at a spread. The Group is therefore a net placer of funds in the international interbank market.

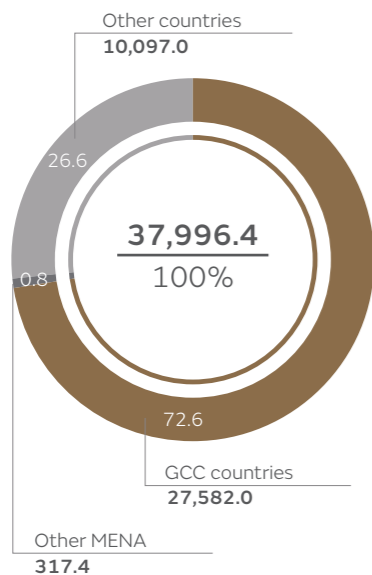
Securities sold under agreements to repurchase (repos) were US\$ 2,375.2 million as at 31 December 2025. The Group utilises its high-quality and highly rated investment securities to raise funding on a collateralised basis, as well as constantly validating the ability to repo securities as part of the Group's liquidity contingency plans.

Senior term financing and subordinated term financing as at 31 December 2025 totalled US\$ 5,842.5 million. Term financing and equity represented 140.3 per cent of loans maturing beyond one year.

During the year, the Bank's funding profile was enhanced by the successful issuance of a US\$ 500 million AT1 bond by its KSA subsidiary, which was listed on the London Stock Exchange.

Further commentary on liquidity and funding is provided in the Risk Management and Capital Adequacy report.

Deposits - geographical profile



Rich Heritage,
Promising Horizons

ANNIVERSARY



CORPORATE GOVERNANCE REPORT

Since Gulf International Bank B.S.C. (“GIB” or the “Bank”) was established in 1975, its Agreement of Establishment and Articles of Association (“AoA”), executed at the time by the Gulf Cooperation Council (“GCC”) Governments that created it, have set the foundation for solid governance practices for the Bank. From the start, sound corporate governance has been essential at GIB, both in achieving organisational integrity and efficiency, as well as in ensuring fairness to all stakeholders.

Sound Governance Practices

Since Gulf International Bank B.S.C. (“GIB” or the “Bank”) was established in 1975, its Agreement of Establishment and Articles of Association (“AoA”), executed at the time by the Gulf Cooperation Council (“GCC”) Governments that created it, have set the foundation for solid governance practices for the Bank. From the start, sound corporate governance has been essential at GIB, both in achieving organisational integrity and efficiency, as well as in ensuring fairness to all stakeholders.

Over the years, GIB has progressively adopted and implemented corporate governance standards and has regularly published a statement on corporate governance in its annual reports since 2003.

Currently, GIB has in place many measures that are hallmarks of good corporate governance practices, such as comprehensive corporate governance policies, charters and mandates for the Board of Directors (“Board”), Directors, and Board Committees; a Code of Conduct (Code of Conduct, Ethics and Avoiding Conflicts of Interest) published on the Bank’s website; a dedicated Corporate Governance Unit; and a variable remuneration framework that is fully compliant with the Sound Remuneration Practices issued by the Central Bank of Bahrain (“CBB”).

Corporate Governance Report continued

SOUND GOVERNANCE PRACTICES (continued)

Pursuant to the issuance of the newly introduced Fit and Proper Module ("FP Module") by the CBB, the requirements of the FP Module have been embedded in the relevant policies and procedures, including the Corporate Governance Policy, which has been updated in line with the new FP requirements. The Bank has also conducted an internal classification of senior management in accordance with the requirements of the FP Module.

GIB owns a network of consolidated Subsidiary companies that form the Group globally (collectively referred to as "GIB Group"). Accordingly, the Board has adopted a Subsidiary Corporate Governance Policy to outline the corporate governance framework of the GIB Group Subsidiaries and the main principles for promoting sound corporate governance practices across the Group. The purpose of the Subsidiary Corporate Governance Policy is to establish a coherent, well-functioning and transparent governance system within the GIB Group to ensure sound governance practices, with clear lines of responsibility and accountability across the Group, consistent with each subsidiary's applicable legal requirements under the jurisdiction in which it operates. Each of the subsidiaries has a board and management structure appropriate for its activities and complexity.

The Corporate Governance Policy, Board Charter and their respective Committees' Mandates are subject to an annual review to ensure that they continue to reflect current processes, best practices and any new regulatory requirements. During 2025, the Board approved updates to the relevant documents in February and July.

The relevant corporate governance policies are posted in their entirety on the Bank's website (www.gib.com) and largely reflect the corporate governance requirements contained in the HC Module of the CBB Rulebook, Volume 1.

Pursuant to the requirements stipulated within the CBB Rulebook on the annual disclosure to the Board of Directors regarding the employment of relatives of approved persons occupying controlled functions within the Bank, the Chief Executive Officer has declared to the Board of Directors that there are no relatives of any approved person occupying a controlled function within the Bank for the year 2025.

The measures adopted by GIB have formally entrenched a culture of professional corporate governance in the organisation. They also demonstrate GIB's commitment to financial transparency, fairness, and the disclosure of financial information that benefits all users of such information, including regulators, customers, counterparties, rating agencies, and other stakeholders.

In March of each year, the Board prepares, for its Shareholders' Annual General Meeting ("AGM"), a report on GIB's corporate governance in line with the relevant CBB rules.

GIB discloses in the Annual Report additional information required to be disclosed in accordance with Section PD-1.3.8 of the Public Disclosures Module of the CBB Rulebook, Volume 1, and the Board also discloses to the Shareholders the information required to be disclosed to them annually in accordance with Section PD-6.1.1 of the Rulebook.

To ensure the Bank continues to adhere to applicable corporate governance rules and regulations, the Governance, Nomination & Remuneration Committee annually reviews a report on the Bank's compliance with the CBB Rulebook, including the HC Module and the Commercial Companies Law of the Kingdom of Bahrain. The last review of the report was conducted in December 2025.

SHAREHOLDERS

The current shareholding structure of GIB is as follows:

Shareholder	Percentage of shareholding
Public Investment Fund Kingdom of Saudi Arabia	97.226%
Kuwait Investment Authority State of Kuwait	0.730%
Qatar Holding Company State of Qatar	0.730%
Bahrain Mumtalakat Holding Company Kingdom of Bahrain	0.438%
Oman Investment Authority Sultanate of Oman	0.438%
Ministry of Finance United Arab Emirates	0.438%

ORGANISATION – RULES AND ROLES

GIB maintains a corporate governance structure that delineates and segregates the functions, roles and responsibilities of the Board and Management, and ensures that the requisite separate attribution of responsibilities between them is maintained:

- There is an effective and appropriately constituted Board responsible for the stewardship of the Bank and the supervision of its business; it receives from Management all information required to properly fulfil its duties and those of the committees that assist it; and it delegates to Management the authority and responsibility for managing the day-to-day business of the Bank.
- There is an effective and appropriately organised management structure responsible for the day-to-day management of the Bank and the implementation of Board-approved strategy, policies and controls.
- There is a clear division of roles and responsibilities between the Board and Management, and between the Chairman and the Chief Executive Officer (CEO).
- There are defined and documented mandates and responsibilities (as well as delegated authorities, where applicable) for Senior Management.

The Bank's corporate governance structure and organisation chart are set out on page 43 of this Annual Report.

BOARD OF DIRECTORS

At the request of the Public Investment Fund (PIF) – the controlling shareholder – the Bank's Articles of Association were amended pursuant to a resolution passed at the Extraordinary General Assembly Meeting held in June 2025, amending GIB's Articles of Association issued by way of Decree Law (30) of 1975. The resolution approved the amendment to GIB's Articles of Association and resolved to amend Article (15) of the said Articles, which stipulates that "the Company shall be managed by a Board of Directors consisting of no more than ten (10) members appointed or elected every three years", to increase the number of Directors to eleven (11).

Accordingly, the Board may comprise up to eleven (11) members, to be appointed or elected every three years. The AoA gives each Shareholder holding 10 per cent of the share capital the right to appoint members to the Board. Shareholders exercising this right also have the right to terminate such appointments and replace the relevant Directors. The appointment of Directors is subject to prior approval from the CBB.

At the request of the Public Investment Fund (PIF) – the controlling shareholder – the Bank's Articles of Association were amended on 29 June 2025 to increase the maximum number of Directors from ten (10) to eleven (11).

The previous Board's term was extended to 7 August 2025 upon obtaining the CBB's approval, and as of 8 August 2025, the Public Investment Fund (PIF), as holder of 97.226 per cent shareholding, appointed the new Board of Directors for the period from 8 August 2025 to 7 August 2028. The new Board appointments will be put forward for ratification during the Annual General Assembly meeting to be held during the first quarter of 2026.

In August 2025, the Public Investment Fund (PIF) – holder of 97.226 per cent shareholding – appointed eleven (11) members to the Board of Directors for a three-year term starting 8 August 2025 and ending on 7 August 2028, which includes seven continuing members from the previous term and four newly appointed members. The reconstituted Board includes one female Director, reflecting the Bank's commitment to diversity and inclusive governance.

GIB has a written appointment agreement with each Director. This agreement describes the Directors' powers, duties, responsibilities and accountabilities, as well as other matters relating to their appointment, including their term, the time commitment envisaged, their assignment to Board Committees, the payment of financial consideration and expense reimbursement entitlement, and their access to independent professional advice when needed.

At the year end, the Board comprised eleven (11) Directors, of whom three are non-executive Directors including the Chairman, seven are independent Directors, and one is an executive Director, who together bring a wide range of skills and experience to the Board. Their biographies are set out on page 38-40 of this Annual Report.

INDEPENDENCE OF DIRECTORS

The independence or non-independence of the Directors is subject to annual review by the Board. As at 31 December 2025, four Directors of the Bank were classified as non-independent in accordance with the CBB regulations, and the remaining seven Directors were classified as independent (see table on page 30).

BOARD RESPONSIBILITIES

The Board is responsible for the overall business performance and strategy of the Bank.

The Board establishes the objectives of the Bank, adopts and annually reviews the strategy, the management structure and responsibilities, and the systems and controls framework. It monitors Management performance and the implementation of strategy by Management, keeps watch over conflicts of interest, and prevents abusive related party transactions. The Board also receives periodic updates from the Transformation Taskforce, which oversees the Group's Information Technology infrastructure and key projects.

The Board is also responsible for the preparation and fair representation 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Board also convenes Shareholders' meetings and prepares the agenda, and assures equitable treatment of Shareholders, including minority Shareholders.

Finally, the Board delegates to Management the responsibility for the day-to-day management of the Bank in accordance with policies, guidelines and parameters set by the Board.

In preparation for Board and Committee meetings, the Directors receive, in a timely manner, regular reports and all other information required for such meetings, supplemented by any additional information specifically requested by the Directors from time to time. The Directors also receive monthly financial reports and other regular management reports that enable them to evaluate the Bank's and Management's performance against agreed objectives. As prescribed in GIB's Articles of Association, the Board plans at least four meetings per year, with additional meetings held at the discretion of the Board.

During 2025, the Management Credit Committee, Board of Directors, Executive Committee and/or Senior Credit Executives of GIB B.S.C. approved or renewed credit limits totalling US\$ 1,936.9 million in favour of the Public Investment Fund, Saudi Arabian Military Industries Co., Lucid, Data Hub Holding, Sanabil International Investment Co. and Metito Utilities Limited, which obligors are conflicted with six of GIB B.S.C.'s Directors. The affiliated Directors abstained from voting on transactions presented at Board and Executive Committee meetings due to conflicts of interest.

Furthermore, the Management Credit Committee, Board of Directors and/or the Executive Committee of GIB B.S.C. approved or renewed credit limits for the Government of the Kingdom of Saudi Arabia, whereby four of GIB B.S.C.'s Directors are conflicted due to their affiliation with a government entity that benefited from the increase in limits. The affiliated Directors abstained from voting on transactions presented at Board and Executive Committee meetings due to conflicts of interest.

Corporate Governance Report continued

The details of Board membership and Directors' attendance during 2025 are set out in the following table:

DIRECTORS' ATTENDANCE 1 JANUARY 2025 – 7 AUGUST 2025 MEETINGS

Board members	Gender	Board	Executive Committee	Audit Committee	Governance, Nomination & Remuneration Committee	Risk Policy Committee	Innovation Committee	Board Sustainability and Climate Change Committee	Executive Non-Executive	Independent Non-Independent
Mr. Abdulla bin Mohammed Al Zamil – Chairman*	Male	(3) 3	(3) 3				(3) 3	(1) 1	Non-Executive	Non-Independent
H.E. Dr. Najem Al Zaid – Vice Chairman	Male	(3) 3				(4) 4			Non-Executive	Non-Independent
Mr. Abdulaziz Al-Helaissi	Male	(3) 3	(3) 2				(3) 3	(1) 1	Executive	Non-Independent
Mr. Sultan Al-Sheikh	Male	(3) 3		(3) 3			(3) 2	(1) 1	Non-Executive	Non-Independent
Mr. Bander bin Mogren*	Male	(3) 2			(2) 1				Non-Executive	Non-Independent
Mr. Frank Schwab	Male	(3) 3		(3) 3	(2) 2		(3) 3		Non-Executive	Independent
Mr. Rajeev Kakar	Male	(3) 3	(3) 3	(3) 3					Non-Executive	Independent
Dr. Khaled Alswilem*	Male	(3) 2				(4) 3			Non-Executive	Independent
H.E. Mr. Fahad Alsaif	Male	(3) 3	(3) 3			(4) 3			Non-Executive	Non-Independent
Mr. Nezar Al Saie	Male	(3) 3				(4) 4			Non-Executive	Independent

Figures in (brackets) indicate the maximum number of meetings during the period 1 January 2025 to 7 August 2025.

*Mr. Al Zamil, Mr. Mogren and Dr. Alswilem's directorships ended on 7 August 2025.

DIRECTORS' ATTENDANCE 8 AUGUST 2025 – 31 DECEMBER 2025 MEETINGS

Board members	Gender	Board	Executive Committee	Audit Committee	Governance, Nomination & Remuneration Committee	Risk Policy Committee	Innovation Committee	Board Sustainability and Climate Change Committee	Executive Non-Executive	Independent Non-Independent
H.E. Mr. Fahad Alsaif – Chairman**	Male	(3) 2	(2) 2						Non-Executive	Non-Independent
H.E. Dr. Najem Al Zaid – Vice Chairman	Male	(3) 3			(2) 2	(1) 1			Non-Executive	Independent***
Mr. Abdulaziz Al-Helaissi	Male	(3) 3	(2) 1				(1) 1	N/A	Executive	Non-Independent
H.E. Mr. Abdulaziz Al-Arifj****	Male	(3) 3	(2) 2	(3) 2				N/A	Non-Executive	Independent
Mr. Ahmed Al-Enazi****	Male	(3) 3					(1) 1		Non-Executive	Independent
Dr. Khalid Al-Faddagh****	Male	(3) 3		(3) 3					Non-Executive	Independent
Ms. Maram Al-Johani****	Female	(3) 2			(2) 2				Non-Executive	Non-independent
Mr. Sultan Al-Sheikh	Male	(3) 3		(3) 3			(1) 1		Non-Executive	Non-Independent
Mr. Frank Schwab	Male	(3) 3			(2) 2	(1) 1	(1) 1		Non-Executive	Independent
Mr. Rajeev Kakar	Male	(3) 3	(2) 2	(3) 3		(1) 1			Non-Executive	Independent
Mr. Nezar Al Saie	Male	(3) 3				(1) 1			Non-Executive	Independent

Figures in brackets indicate the maximum number of meetings during the period from 8 August 2025 to 31 December 2025.

*No BSCCC meetings were held during the period from 8 August 2025 to 31 December 2025.

**H.E. Mr. Alsaif has been appointed as Chairman of the Board for a three-year term as of 8 August 2025. H.E. Mr. Alsaif's resignation from his position as Chairman of the Board of Directors and member of its board committees has been accepted on 31 March 2026.

***H.E. Dr. Najem Al Zaid has been reclassified by the CBB as an independent Director upon his reappointment in the Bank's new Board term in August 2025, as discussed with the CBB.

Additionally, an exemption was obtained from the CBB for H.E. Dr. Najem Al Zaid to assume the position of Chairman for both BRPC and GNRC committees, provided that he does not have a casting vote, which was reflected in the relevant mandates and governance documents.

****H.E. Mr. Al-Arifj, Mr. Al-Enazi, Dr. Al-Faddagh and Ms. Maram Al-Johani have been appointed to the Board for a three-year term as of 8 August 2025.

BOARD COMMITTEES

The Committees of the Board derive their authority and powers from the Board. Details of Committees' membership and attendance are listed in the tables below:

BOARD COMMITTEES' MEMBERSHIP (1 January 2025 – 7 August 2025)

Board committees	Member name	Member position
Executive Committee	Mr. Abdulla Al Zamil	Chairman
	Mr. Abdulaziz Al-Helaissi	Member
	Mr. Rajeev Kakar	Member
	H.E. Mr. Fahad Alsaif	Member
Audit Committee	Mr. Rajeev Kakar	Chairman
	Mr. Frank Schwab	Member
	Mr. Sultan Al-Sheikh	Member
Governance, Nomination & Remuneration Committee	H.E. Dr. Najem Al Zaid	Chairman
	Mr. Frank Schwab	Member
	Mr. Bander bin Mogren	Member
Risk Policy Committee	H.E. Dr. Najem Al Zaid	Chairman
	Dr. Khaled Alswilem	Member
	H.E. Mr. Fahad Alsaif	Member
	Mr. Nezar Al Saie	Member
Innovation Committee	Mr. Frank Schwab	Chairman
	Mr. Abdulla Al Zamil	Member
	Mr. Abdulaziz Al-Helaissi	Member
	Mr. Sultan Al-Sheikh	Member
Board Sustainability and Climate Change Committee (BSCCC)	Mr. Abdulla Al Zamil	Chairman
	Mr. Abdulaziz Al-Helaissi	Member
	Mr. Sultan Al-Sheikh	Member
	Ms. Katherine Garrett-Cox	Member

BOARD COMMITTEES' MEMBERSHIP (8 August 2025 onwards)

Board committees	Member name	Member position
Executive Committee	H.E. Mr. Fahad Alsaif	Chairman
	Mr. Abdulaziz Al-Helaissi	Member
	H.E. Mr. Abdulaziz Al-Arifj	Member
	Mr. Rajeev Kakar	Member
Audit Committee	Dr. Khalid Al-Faddagh	Chairman
	Mr. Sultan Al-Sheikh	Member
	H.E. Mr. Abdulaziz Al-Arifj	Member
	Mr. Rajeev Kakar	Member
Governance, Nomination & Remuneration Committee	H.E. Dr. Najem Al Zaid*	Chairman
	Mr. Frank Schwab	Member
	Ms. Maram Al-Johani	Member
Board Risk Policy Committee	H.E. Dr. Najem Al Zaid*	Chairman
	Mr. Rajeev Kakar	Member
	Mr. Nezar Al Saie	Member
	Mr. Frank Schwab	Member
Innovation Committee	Mr. Frank Schwab	Chairman
	Mr. Ahmed Al-Enazi	Member
	Mr. Abdulaziz Al-Helaissi	Member
	Mr. Sultan Al-Sheikh	Member
	Ms. Anju Patwardhan	Permanent Invitee
Board Sustainability and Climate Change Committee (BSCCC)	H.E. Mr. Abdulaziz Al-Arifj	Chairman
	Mr. Abdulaziz Al-Helaissi	Member
	Ms. Katherine Garrett-Cox	Member

*An exemption was obtained from the Central Bank of Bahrain for H.E. Dr. Najem Al Zaid to assume the position of Chairman for both BRPC and GNRC committees, provided that he does not have a casting vote, which was reflected in the relevant mandates and governance documents.

Corporate Governance Report continued

BOARD AND COMMITTEES' MEETINGS DURING 2025

Type of meeting	Meeting dates
Board of Directors	<ol style="list-style-type: none"> 24 February 2025 6 May 2025 7 August 2025 21 August 2025 6 November 2025 28 December 2025
Executive Committee	<ol style="list-style-type: none"> 24 February 2025 6 May 2025 7 August 2025 2 November 2025 7 December 2025
Audit Committee	<ol style="list-style-type: none"> 16 February 2025 4 May 2025 30 July 2025 4 November 2025 17 November 2025 9 December 2025
Governance, Nomination & Remuneration Committee	<ol style="list-style-type: none"> 19 February 2025 20 March 2025 27 October 2025 10 December 2025
Risk Policy Committee	<ol style="list-style-type: none"> 19 February 2025 5 May 2025 18 June 2025 5 August 2025 5 November 2025
Innovation Committee	<ol style="list-style-type: none"> 16 February 2025 28 April 2025 6 August 2025 5 November 2025
Board Sustainability and Climate Change Committee	<ol style="list-style-type: none"> 27 May 2025

EXECUTIVE COMMITTEE

The mandate of the Executive Committee requires it, among other things, to:

- Assist the Board in formulating the executive policy of the Bank and controlling its implementation.
- Assist the Board by reviewing, evaluating, and making recommendations to the Board with regard to key strategic issues or material changes in key strategic objectives or direction.
- Approve credit limits that exceed the authority of the CEO, subject to the limits approved by the Board.
- Be vested with the authority to set, revise, and delegate expenditure limits across operational and strategic activities as and when required, subject to predefined thresholds as set by the Board of Directors.
- Review and approve all types of credit facilities within its delegated authorities.
- Carry out additional responsibilities specifically mandated to it by the Board.
- Update the Board on its significant discussion items, issues, deliberations and decisions.
- Exercise the powers of the Board on matters for which the Board has not otherwise given specific direction, in circumstances in which it is impossible or impractical to convene a meeting of the Board (and subject to applicable law and GIB's Agreement of Establishment & Articles of Association). However, the Board may, acting unanimously, modify or amend any decision of the Committee on such matters.

In all cases, the members of the Committee must exercise their business judgement to act in what they reasonably believe to be in the best interests of the Bank and its Shareholders.

The Executive Committee also receives reports from steering committees, as delegated by the Board, mandated with overseeing matters relating to the Bank's future strategic direction and transformation agenda.

BOARD AUDIT COMMITTEE

The role of the Board Audit Committee is to assist the Board in providing oversight of (i) the integrity and reporting of the Bank's quarterly and annual financial statements, (ii) compliance with legal and regulatory requirements and rules of good corporate governance; (iii) the Bank's systems of internal controls; (iv) the qualifications, independence and performance of the Bank's internal and external auditors; (v) independent audits and regulatory inspections; (vi) the review of the Bank's compliance, auditing, accounting and financial reporting policies and processes; and (vii) the review of internal audit, external audit and compliance reports, and ensuring that senior management is taking the necessary corrective actions in a timely manner to address any control weaknesses, non-compliance with policies, laws and regulations, and other problems identified by auditors, the Compliance Officer and other control functions.

The mandate of the Board Audit Committee provides further particulars on responsibilities relating to financial statements, internal controls, internal audit, external audit, regulatory compliance reporting and complaints/whistleblowing. The Group Chief Auditor and the Group Chief Compliance Officer report functionally to the Board Audit Committee and administratively to the GIB B.S.C. CEO.

BOARD RISK POLICY COMMITTEE

The Committee assists the Board in fulfilling its oversight responsibilities in respect of setting the overall risk appetite, parameters and limits within which the Bank conducts its activities. On an ongoing basis, the Committee:

- Ensures that policies in respect of the management of all significant risks are drafted and approved appropriately.
- Receives, reviews, challenges and recommends for approval by the Board any proposed amendments to the overall risk appetite of the Bank.
- Monitors whether Management maintains a culture that rewards the recognition, communication and management of risks.
- Ensures that roles and responsibilities for risk management are clearly defined, with Group and/or division heads directly responsible, and that heads of risk management and the control functions are in supporting or monitoring roles, independent of business development.
- Ensures that Management reports significant excesses and exceptions, as and when they arise, to the Committee for information and review.
- Ensures that, on a timely basis, Management informs the Committee of all significant risks arising, and that it is comfortable with Management's responses and actions taken to address such findings.
- Reviews the Bank's risk profile and significant risk positions and, in so doing, includes (but may not be limited to) the following:
 - Receives reports on credit exposure by country, credit rating, industry/concentration, non-performing loans and credit stress tests.
 - Receives reports on liquidity and market risk positions, including related stress tests and contingency funding plan testing.
 - Receives updates on operational risk management and non-financial risks.
 - Receives updates on cybersecurity, including strategic initiatives and various cyber security and risk dashboards.
 - Receives updates on strategic risks.
 - Receives updates on other risks, e.g. fraud risk, information technology risk, etc.

Corporate Governance Report continued

GOVERNANCE, NOMINATION & REMUNERATION COMMITTEE

The principal objective of the Committee is to assist the Board in ensuring that the Bank's remuneration levels remain competitive for GIB to continue to attract, retain and motivate competent staff to achieve the strategy and objectives of the Bank. The responsibilities of the Committee, as stated in its mandate, also include, but are not limited to, the following:

Nomination matters

1. Assess the skills and competencies required by the Senior Management and the extent to which the required skills are represented by the Senior Management;
2. Establish processes for the review of the performance of individual Senior Executives and Senior Management as a whole; subject Senior Management to annual performance assessments and document such assessments for Board oversight. Obtain feedback on the performance evaluation of the Chief Risk Officer, Chief Internal Auditor, Head of Compliance, Head of Internal Shariah Audit and Shariah Officer from the designated Board committee responsible for oversight of these functions;
3. Establish processes for identification of suitable candidates for Senior Management and ratify the recommended individuals qualified to become members of Senior Management;
4. Establish processes for succession planning of Senior Management to ensure the maintenance of appropriate balance of skills and experience within the Bank. Recommend to the Board appropriate succession plans for approved persons within Senior Management;
5. Oversee human resource policies relating to recruitment, retention, performance measurement and separation of the CEO and Senior Management;
6. Review and supervise the implementation and enforcement of the Bank's Code of Conduct.

Remuneration matters

Reviewing and making recommendations to the Board in respect of:

1. Review the remuneration policies for approved persons and material risk-takers, which must be approved by the Shareholders and be consistent with the corporate values and strategy of the Bank;
2. Approve, monitor and review the remuneration system to ensure the system operates as intended and includes effective controls, including back testing and stress testing of the remuneration policy. The system should be regularly reviewed for compliance with regulations, internal policies and Bank procedures. In addition, remuneration outcomes, risk measurements and risk outcomes should be regularly reviewed for consistency with the Board's approved risk appetite;
3. Approve the remuneration policy and amounts for each approved person and material risk-taker, as well as total variable remuneration to be distributed, taking account of total remuneration, including salaries, fees, expenses, bonuses and other employee benefits;

4. Ensure remuneration is adjusted for all types of risks and that the remuneration system takes into consideration employees who generate the same short-run profit but take different amounts of risk on behalf of the Bank;
5. Ensure that, for material risk-takers, variable remuneration forms a considerable part of their total remuneration;
6. Review the stress testing and back testing results before approving the total variable remuneration to be distributed, taking into account total remuneration, including salaries, fees, expenses, bonuses and other employee benefits;
7. Carefully evaluate practices by which remuneration is paid for potential future revenues whose timing and likelihood remain uncertain, by means of both quantitative and qualitative key indicators. The GNRC shall question payouts for income that cannot be realised or whose likelihood of realisation remains uncertain at the time of payment;
8. Ensure that, for approved persons in risk management, internal audit, operations, financial controls, human resources, information technology, legal, AML/CTF and compliance functions, the mix of fixed and variable remuneration is weighted in favour of fixed remuneration;
9. Ensure appropriate compliance mechanisms are in place to ensure that employees commit themselves not to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements;
10. The performance evaluation and remuneration of Senior Management and staff must be based, among other factors, on their adherence to all relevant laws, regulations and CBB Rulebook requirements, including but not limited to AML/CTF requirements in the FC module; and
11. Ensure the disclosure of remuneration to the Bank's Shareholders pursuant to Section PD-6.1, and in the Annual Report pursuant to Section PD-1.3.8 (Public Disclosure Module) of Volume 1 of the Central Bank of Bahrain Rulebook (as amended from time to time).

Governance Matters

1. Overseeing the development, maintenance and review of corporate governance policies.
2. Monitoring the Bank's compliance with regulatory requirements relating to corporate governance.
3. Review the mandates and performance evaluations of the Board and its Committees, and recommend to the Board any improvements deemed necessary or desirable to the mandates.
4. Review the classification of individual Directors, and declarations of Directors and members of Senior Management regarding their outside activities and interests to determine whether any conflict of interest exists and take appropriate steps in that regard.
5. Overseeing Directors' corporate governance educational activities.
6. Oversee the Bank's public reporting on corporate governance matters.
7. Assess the Board and Committees' existing structure, size and composition on an annual basis.

INNOVATION COMMITTEE

This is a non-regulatory mandated committee, mandated with the role of assisting the Board in its responsibilities by overseeing the Bank's overall capabilities and strategic direction in matters of technology and innovation, including investment in research and development and other technological initiatives. Its responsibilities include:

1. Assisting the Board in its oversight responsibilities relating to fintech matters, fintech regulation and innovation.
2. Reviewing emerging fintech innovations and trends for potential adoption and application within the Bank.
3. Overseeing Management's review, selection, development and implementation of innovative themes and solutions in line with the strategic priorities of the Bank.
4. Identifying opportunities that help create client value and differentiation on the Bank's product and service offering across business units.
5. Raising awareness about the challenges and opportunities offered by fast-paced changes in the digital landscape.

BOARD SUSTAINABILITY AND CLIMATE CHANGE COMMITTEE ("BSCCC")

This is a special purpose, non-regulatory mandated committee. It has an advisory role in the design and implementation of GIB's sustainability and climate change strategy, which includes environmental, social and governance issues (ESG). The BSCCC advises the Board on the progression of these strategies and challenges executive management to ensure that sustainability and climate change risks and opportunities are effectively embedded into the Bank's and Group's businesses.

The BSCCC is responsible for:

- GIB's Sustainability Framework
- GIB's Sustainable Finance and Transition Framework and other related sustainability frameworks and policies
- Sustainability targets and monitoring associated metrics

EVALUATION OF THE BOARD OF DIRECTORS

The mandates of the Corporate Governance and the Nomination & Remuneration Committees, the Corporate Governance Policy, as well as the Board Charter, reflect the requirement that the Board must conduct an evaluation of its performance, the performance of each Committee and of each individual Director, at least annually.

The Board reviewed independent performance reports from each of its Committees, as well as a report on its own performance, by evaluating the major activities undertaken during the year in comparison with the respective mandates. The evaluation of individual Directors included measurable rating scales, self-evaluations and the Chairman's input. A report on the Board's performance assessment conducted each year is also provided to Shareholders at each AGM.

SHARIAH SUPERVISORY BOARD ("SSB")

GIB's Board of Directors (the "Board") has established a Shariah Supervisory Board (the "SSB"), which was initially formed in 2012. The Board subsequently reconstituted the SSB in 2021 for an initial term of three years and, in 2024, renewed the SSB appointment for a further term of two years (expiring on 31 December 2025). The Shareholders ratified the constitution of the incumbent SSB on 31 March 2024.

The SSB is an independent body, composed of esteemed Shariah scholars, and is responsible for directing, reviewing, and supervising the Shariah-compliant banking activities of GIB in order to ensure that they are in compliance with Islamic Shariah rules and principles. The SSB is mainly responsible to:

- Undertake Shariah supervision of GIB's Islamic business and activities;
- Determine the Shariah parameters necessary for GIB's Islamic banking activities;
- Issue decisions on Shariah matters in order to enable the Bank to comply with the provisions and principles of Shariah;
- Ensure that the Bank's Shariah policies and procedures are in compliance with Shariah provisions and principles; and
- Provide fatwas, approvals and recommendations on GIB's Islamic products and services before offering the same to clients.

The SSB, during 2025, undertook Shariah supervision through reviewing and discussing Shariah-compliant banking activities, reviewing the Shariah-compliant banking internal audit reports and ensuring that all activities are in compliance with Shariah principles.

The SSB carried out its duties independently and with the support and cooperation of the Senior Management and the Board. The SSB received the required assistance to access Islamic documents and data and reviewed and discussed necessary amendments and Shariah requirements to issue objective Shariah decisions. Following its satisfactory review, the SSB issued the attached Shariah Compliance Report for 2025, confirming, amongst others, that all Islamic contracts, transactions and dealings of GIB were carried out in accordance with the Islamic Shariah rules and principles.

THE SSB MEMBERS

Member name	Member position
Sheikh Mohamed Ali Elgari	Chairman
Sheikh Nedham Yaqoobi	Executive Member
Sheikh Osama Bahar	Member

Corporate Governance Report continued

The SSB Meetings Held During 2025

There were four (4) quarterly SSB meetings held in 2025, with the following details of attendance:

SSB Members	9 March	22 June	28 September	11 December
Sheikh Mohamed Ali Elgari	✓	✓	✓	✓
Sheikh Nedham Yaqoobi	X	X	✓	✓
Sheikh Osama Bahar	✓	✓	✓	✓

Remuneration of the SSB

The SSB's current remuneration has been determined in accordance with GIB's Board of Director's resolutions issued on 28 October 2020 and 29 July 2022. The aggregate remuneration, including the retainer and the meeting fees, paid to the SSB members during 2025 was as follows:

Retainer Fees	USD 75,000
Meetings Fees	USD 5,000
Total	USD 80,000

INDUCTION AND THE CONTINUING EDUCATION OF DIRECTORS

The Board and its Committees regularly receive updates on key developments in regulatory and other areas that fall under their responsibilities. The Board of Directors was formally inducted upon the commencement of the new Board term.

The Board also stresses the importance of providing training and development opportunities for the Directors. The Board has passed a resolution to encourage Directors to seek any training they deem necessary (with the Bank bearing the expenses of such training), and the Directors are frequently briefed on the availability of training opportunities.

The Governance, Nomination & Remuneration Committee adopted a Board training programme for 2025, which was rolled out throughout the year. The virtual sessions, delivered by world-class providers, represent a thought leadership curriculum aimed at delivering tangible impact.

The programme was delivered through a series of structured sessions facilitated by internationally recognised academic institutions and industry experts and covered a broad range of strategic and emerging topics. These included risk management and compliance, with a focus on cybersecurity threats and culture and conduct risks; technological governance and innovation, which address the ethics and governance of artificial intelligence, as well as digital currencies and automation; strategic leadership for transformation, which includes talent transformation and future workforce readiness; and sustainable growth and global trends, encompassing ESG integration and the impact of quantum computing on the financial services industry.

MANAGEMENT

The Senior Management team is responsible for the day-to-day management of the Bank entrusted to it by the Board. It is headed by the Group Chief Executive Officer Mr. Abdulaziz Al-Helaissi, and the GIB B.S.C. Chief Executive Officer, Ms. Sara Abdulhadi, who are supported by senior members of the management team and the Board Secretary. The biographies of the Bank's Senior Management team are set out on page 41-42 of this Annual Report.

The following are the first-level management committees currently in place to assist the Group CEO and B.S.C. CEO in the management of the Bank:

1. Group Management Council
2. GIB B.S.C. Management Council
3. GIB B.S.C. Credit Committee
4. GIB B.S.C. Asset and Liability Committee
5. Group Asset and Liability Committee
6. Group Risk Management Committee
7. Information Security Management Committee
8. IT Steering Committee
9. Operational Risk and Non-Financial Risks Management Committee
10. Group Sustainability Committee

At the branch level, the Bank has established standalone management committees to comply with local regulatory requirements where required; otherwise, these are covered by the above-mentioned GIB B.S.C. management-level committees. The standalone management committees established in the branches are as follows:

1. UAE Branch Management Committee
2. UAE Branch Assets and Liabilities Committee
3. Oman Branch Assets and Liabilities Committee

These Committees derive their authority from the CEO's Office, based on the authorities and limits delegated by the Board pursuant to the approved Corporate Governance Policy.

In addition to the aforementioned Committees, the Bank has in place several management forums, councils and steering committees to support the day-to-day management of the Bank.

In fulfilling its principal responsibility for the day-to-day management of the Bank, the Senior Management team is required to implement Board-approved policies and effective controls in line with the strategy and objectives set by the Board.

MANAGEMENT (continued)

Responsibilities and accountabilities of the Senior Management team include assisting with and contributing to:

1. Formulation and execution of the Bank's strategic objectives and direction.
2. Formulation of the Bank's annual budget and business plan.
3. Ensuring that high-level policies are in place for all areas, and that such policies are fully applied.
4. The setting and management of risk/return targets in line with the Bank's overall risk appetite.
5. Determining the Bank's overall risk-based performance measurement standards.
6. Reviewing business units' performance against strategic objectives and budget and initiating appropriate action to ensure delivery.
7. Ensuring that the Bank operates to the highest ethical standards and complies with both the letter and spirit of the law, applicable regulations and codes of conduct.
8. Ensuring that the Bank is an exemplar of good business practice and customer service.

The Senior Management's attention is also drawn to the fact that these obligations are in addition to their specific functional responsibilities and objectives, and those set out in the Bank's policies and procedures.

Strategy progress across divisions is reported monthly to Group and GIB entity CEOs and senior management. Structured quarterly reviews are held between CEOs and division heads to assess strategy execution progress, performance and gaps. Division scorecards are approved by the relevant GIB entity CEO and monitored biannually. The Board receives a quarterly progress update on the Group's strategic priorities and GIB entity balanced scorecards.

REMUNERATION

The Bank's compensation policy, which includes the variable remuneration policy, sets out GIB's policy on remuneration for Directors and Senior Management, and other employees whose professional activities have material impact on the Bank's risk profile.

The Bank adopts Sound Remuneration Practices in accordance with CBB Volume 1 High-Level Controls. The Board approved the framework and incentive components and obtained Shareholders' approval at the 2015 Annual General Meeting. The key features of the remuneration framework are summarised below.

The GNRC reviews the operation of the variable remuneration policy annually to ensure that the policy has operated as intended and is compliant with the applicable laws, regulations, principles and standards, including alignment with the Bank's risk appetite.

Remuneration strategy

The Bank's basic compensation philosophy is to provide a competitive level of total compensation to attract, retain and motivate qualified and competent employees. The Bank's variable remuneration policy is driven primarily by a performance-based culture that aligns employee interests with

those of the Shareholders of the Bank and supports prudent risk-taking and long-term value creation. These elements support the achievement of set objectives by balancing reward for both short-term results and long-term sustainable performance. The strategy is designed to share its success, align employees' incentives with the risk framework and risk outcomes, and avoid incentives for excessive or undue risk-taking.

The quality and long-term commitment of all employees are fundamental to the success of the Bank. The Bank therefore aims to attract, retain and motivate the very best people who are committed to maintaining a career with GIB, and who will perform their roles in the long-term interests of Shareholders. The Bank's reward package comprises the following key elements:

- Fixed pay
- Benefits
- Annual performance awards
- Deferred remuneration plan
- Long-term incentive plan

A robust and effective governance framework ensures that the Bank operates within clear parameters of its compensation strategy and policy. All compensation matters, and overall compliance with regulatory requirements, are overseen by the Governance, Nomination and Remuneration Committee of the Board ("GNRC").

The Bank's remuneration policy, in particular, considers the role of each employee, and has set guidance depending on whether an employee is a Material Risk Taker and/or an Approved Person/Senior Management Function in business line, control or support functions or otherwise falls within the scope of the HC Module due to remuneration thresholds or qualitative risk impact. An Approved Person/Senior Management Function is an employee whose appointment would require prior regulatory approval or an internal classification as a Senior Management Function because of the significance of the role within the Bank; and an employee is considered a Material Risk Taker if they head up significant business lines, and any individuals within their control have a material impact on the Bank's risk profile, or their decisions can materially influence the Bank's risk exposure.

In order to ensure alignment between what is paid to employees and the business strategy, GIB assesses Bank-wide, divisional and individual performance against annual and long-term financial and non-financial objectives, summarised in line with the business planning and performance management process. This takes into account adherence to the Bank's values, risk and compliance measures and, above all, acting with integrity, consistent with the conduct and risk culture expectations. Altogether, performance is therefore judged not only on what is achieved over the short- and long-term, but also importantly on how it is achieved, as the latter contributes to the long-term sustainability of the business.

Corporate Governance Report continued

GNRC role and focus

The GNRC has oversight of all reward policies for the Bank's employees. The GNRC is the supervisory and governing body for compensation policy, practices and plans. It is responsible for determining, reviewing and proposing the variable remuneration policy for approval by the Board. It is responsible for setting the principles and governance framework for all compensation decisions. The GNRC ensures that all persons are remunerated fairly and responsibly. The remuneration policy is reviewed on a periodic basis to reflect changes in market practices, and the business plan and risk profile of the Bank.

The aggregate remuneration paid to GNRC members during the year in the form of sitting fees for the four (4) meetings held during 2025 [2024: 4 meetings] amounted to US\$ 33,000 [2024: US\$ 33,000].

Scope of application of the remuneration policy

The principles of the remuneration policy apply on a Group-wide basis. However, the application of deferral requirements and the issuance of non-cash instruments for foreign branches and subsidiaries of the Bank are determined by applicable local regulations and market norms.

Board remuneration

The Bank's Board remuneration is determined by its Shareholders in line with its Articles of Association. The compensation is linked to actual attendance at meetings. The structure and level of the compensation for the members of the Board are approved by the Annual General Meeting, and consist of the following:

- Attendance fees payable to members attending different Board-related Committee meetings
- Allowances to cover travel, accommodation and subsistence while attending Board and related Committee meetings
- A pre-defined fixed amount representing an annual remuneration fee

In 2025, the aggregate remuneration paid to GIB B.S.C. Board members was US\$ 2.2 million [2024: US\$ 2.1 million]. At the Group level, aggregate remuneration paid to Board members and key Management was US\$ 41.4 million [2024: US\$ 39.7 million], of which US\$ 4.5 million [2024: US\$ 5.0 million] was paid to the Board members.

Variable remuneration for staff

Variable remuneration is performance-related and consists primarily of the annual performance award and long-term incentive plan. As a part of staff variable remuneration, the annual reward consists of the delivery of operational and financial targets set each year, the individual performance of employees in achieving those targets, and their contribution to delivering the Bank's strategic objectives. The long-term incentive plan is designed to align the interests of Shareholders and key employees with the long-term strategy, goals and performance of the Bank, and includes metrics focused on financial, growth and strategic measures.

The Bank has adopted a Board-approved framework to develop a transparent link between variable remuneration and performance. The framework is designed on the basis that the combination of meeting both financial performance and the achievement of other non-financial factors would, all other things being equal, deliver a target award pool for the employees, prior to consideration of any allocation to business lines and individual employees. In the framework adopted to determine the variable remuneration pool, the GNRC aims to balance the distribution of the Bank's profits between Shareholders and employees.

The key performance metrics at the Bank level include a combination of short-term and long-term measures, and include profitability, solvency, liquidity and growth indicators. The performance management process ensures that all goals are appropriately cascaded down to respective business units and employees.

In determining the amount of variable remuneration, the Bank starts by setting specific targets, establishing market-comparable bottom-up measures, setting a revenue target and other qualitative performance measures that would result in a target top-down award pool. The award pool is then adjusted to take account of risk through the use of risk-adjusted measures.

The GNRC carefully evaluates practices by which remuneration is paid for potential future revenues, the timing and likelihood of which remain uncertain. The GNRC demonstrates that its decisions are consistent with an assessment of the Bank's financial condition and future prospects.

The Bank uses a formalised and transparent process to adjust the award pool for quality of earnings. It is the Bank's objective to pay out variable remuneration from realised and sustainable revenue. If the quality of earnings is not strong, the profit base could be adjusted based on the discretion of the GNRC.

For the Bank to have any funding for distribution of a variable remuneration pool, thresholds of financial targets have to be achieved. The performance measures ensure that the total variable remuneration is contracted where subdued or negative financial performance of the Bank occurs. Furthermore, the target award pool, as determined above, is subject to risk adjustments in line with the risk adjustment and linkage framework.

The Bank has engaged Aon McLagan as the independent remuneration consultant for market benchmarking and to provide professional opinion to the GNRC as and when required.

Remuneration of control functions

The remuneration level of staff in the control and support functions allows the Bank to employ qualified and experienced personnel in these functions. The Bank ensures that the mix of fixed and variable remuneration for control and support function personnel is weighted in favour of fixed remuneration in order to preserve independence and objectivity. The variable remuneration of control functions is based on function-specific objectives and is not determined by the individual financial performance of the business areas they monitor.

The Bank's performance management system plays a major role in assessing the performance of the support and control units on the basis of the objectives set for them. Such objectives are more focused on non-financial targets that include risk, control, compliance and ethical considerations, as well as the market and regulatory environments, in addition to value-adding tasks which are specific to each unit.

Variable remuneration for business units

Variable remuneration for the business units is primarily determined by the key performance objectives set through the Bank's performance management system. Such objectives include financial and non-financial targets, including risk control, compliance and ethical considerations, as well as the market and regulatory environments.

Risk assessment framework

The risk assessment framework of GIB aligns variable remuneration to the risk profile of the Bank, and also ensures that the remuneration policy reduces employees' incentives to take excessive and undue risk. The Bank considers both quantitative and qualitative measures in the risk assessment process, and risk adjustments are applied to ensure that the Bank's remuneration policies are aligned with its risk appetite, capital planning and liquidity position.

The GNRC considers whether the variable remuneration policy is in line with the Bank's risk profile and ensures that, through the ex-ante and ex-post risk assessment framework and processes, remuneration practices involving potential future revenues, the timing and likelihood of which remain uncertain, are carefully evaluated.

Risk adjustments consider all types of risks, including intangible and other risks such as reputation risk, liquidity risk and the cost of capital. The Bank undertakes risk assessments to review financial and operational performance against the business strategy and risk performance, prior to the distribution of variable remuneration. GIB ensures that total variable remuneration does not limit its ability to strengthen its capital base.

The variable remuneration pool considers the performance of the Bank within the context of its risk management framework. This ensures that the variable pay pool is shaped by risk considerations and notable Bank-wide events.

The size of the variable remuneration pool and its allocation within the Bank consider the full range of current and potential risks, including:

- The capital required to support the risks taken
- The level of liquidity risk assumed in the conduct of business
- Consistency with the timing and likelihood of potential future revenues incorporated into current earnings

The GNRC keeps itself abreast of the Bank's performance against the risk management framework. The GNRC uses this information when considering remuneration to ensure that return, risk and remuneration are aligned.

Risk adjustments

The Bank has an ex-post risk assessment framework, which is a qualitative assessment to back-test actual performance against risk assumptions.

In years where the Bank suffers material losses in its financial performance, the risk adjustment framework would work as follows:

- There would be a considerable contraction of the Bank's total variable remuneration.
- At the individual level, poor performance by the Bank would mean individual KPIs are not met, and hence employee performance ratings would be lower.
- Reduction in the value of deferred shares or awards.
- Possible changes in vesting periods, and additional deferral applied to unvested awards.
- Lastly, if the qualitative and quantitative impact of a loss incident is considered significant, a malus or clawback of previous awards may be considered.

The GNRC, with Board approval, can rationalise and make the following discretionary decisions:

- Increase/reduce the ex-post adjustment
- Consider additional deferrals or increase in the quantum of share awards
- Recovery through malus and clawback arrangements

Corporate Governance Report continued

Malus and clawback framework

The Bank's malus and clawback provisions allow the GNRC to determine that, if appropriate, unvested elements under the deferred plan can be forfeited/adjusted, or the delivered variable remuneration could be recovered in certain situations. The intention is to allow the Bank to respond appropriately if the performance factors on which reward decisions were based turn out not to reflect the corresponding performance in the longer term. All deferred remuneration awards contain provisions that enable the Bank to reduce or cancel the awards of employees whose individual behaviour has had a materially detrimental impact on GIB during the concerned performance year. Any decision to take back an individual's award can only be taken by the GNRC.

The Bank's malus and clawback provisions allow the Board to determine that, if appropriate, vested or unvested elements under the deferred remuneration plan can be adjusted or cancelled in certain situations. These events include, but are not limited to, the following:

- Reasonable evidence of misbehaviour or material error by the employee causing harm to the Bank's reputation, or where the employee's actions have amounted to misconduct, incompetence or negligence.
- The employee's business unit suffers a material downturn in its financial performance, or a material risk management failure, or a material restatement of the financial statements of the Bank.
- The employee deliberately misleads the market and/or Shareholders in relation to the financial performance of the Bank.
- A significant deterioration in the financial health of the Bank, or the relevant line of business incurring losses.

Clawback can be used if the malus adjustment on the unvested portion is insufficient, given the nature and magnitude of the issue.

Deferred remuneration

All employees at the grade 12 and higher shall be subject to deferral of variable remuneration as follows:

Element of variable remuneration	Allocation of variable remuneration					
	CEO, MDs and the 5 most highly-paid business line employees	Grade 12 and higher	Deferral period	Retention	Malus	Clawback
Upfront cash	40%	50%	None	-	-	Yes
Upfront shares	-	10%	None	6 months	Yes	Yes
Deferred cash	10%	-	3 years*	-	Yes	Yes
Deferred share awards	50%	40%	3 years*	6 months	Yes	Yes

* The deferral vests on a pro-rata basis over a 3-year period.

The GNRC, based on its assessment of role profiles and risk taken by an employee, could increase the coverage of employees that would be subject to deferral arrangements.

Components of variable remuneration

Variable remuneration has the following main components:

Upfront cash	The portion of the variable remuneration that is awarded and paid out in cash on conclusion of the performance evaluation process for each year.
Deferred cash	The portion of variable remuneration that is awarded and paid in cash on a pro-rata basis over a period of three years.
Upfront share awards	The portion of variable remuneration that is awarded and issued in the form of shares on conclusion of the performance evaluation process for each year.
Deferred shares	The portion of variable remuneration that is awarded and paid in the form of shares on a pro-rata basis over a period of three years.

All deferred awards are subject to malus provisions. All share awards are released to the benefit of the employee after a six-month retention period from the date of vesting. The number of share awards is linked to the Bank's Net Asset Value, as per the rules of GIB's Share Incentive Scheme. Any dividend on these shares is released to the employee along with the shares (i.e. after the retention period).

Details of remuneration

Board of Directors

GIB B.S.C.		
US\$ millions	2024	2025
Directors' remuneration (including sitting fees)	1.6	1.9
Directors' travel expenses	0.2	0.2
Directors' expenses	0.3	0.1
Directors' expenses	2.1	2.2

GIB Group		
US\$ millions	2024	2025
Directors' remuneration	4.3	4.0
Directors' travel expenses	0.4	0.4
Directors' expenses	0.3	0.2
Directors' expenses	5.0	4.5

Employees

US\$ 000's	Number of staff	2025 ³									Total
		Fixed remuneration		Sign-on bonuses (Cash / shares)	Guaranteed bonuses (Cash / shares)	Variable remuneration			Others		
		Cash	Others			Upfront	Deferred				
Approved persons											
- Business Lines	8	4,931	388	-	-	2,332	-	579	2,893	1,817	12,940
- Control and Support	14	4,571	352	-	-	1,086	204	-	817	267	7,296
Other Material Risk Takers	21	5,202	435	-	-	893	166	16	744	-	7,456
Other Staff	220	30,153	6,787	-	-	4,370	154	-	614	-	42,079
Overseas Staff	1,091	135,525	28,390	-	-	33,441	83	-	5,175	950	203,564
TOTAL	1,354	180,382	36,352	-	-	42,123	607	595	10,243	3,033	273,335

US\$ 000's	Number of staff	2024									Total
		Fixed remuneration		Sign-on bonuses (Cash / shares)	Guaranteed bonuses (Cash / shares)	Variable remuneration			Others		
		Cash	Others			Upfront	Deferred				
Approved persons											
- Business Lines	9	5,333	381	-	-	2,193	39	495	2,634	900	11,975
- Control and Support	17	5,341	419	-	-	1,133	212	-	846	133	8,085
Other Material Risk Takers	22	5,780	471	-	-	1,067	193	25	899	-	8,436
Other Staff	254	29,193	6,241	-	-	4,192	107	-	427	0	40,161
Overseas Staff	1,135	129,041	26,745	-	-	32,875	105	-	3,823	467	193,055
TOTAL	1,437	174,688	34,257	-	-	41,461	655	521	8,629	1,500	261,711

Other staff expenses reported in the consolidated statement of income that have not been included in the table above, amounting to US\$ 8.094 million [2024: US\$ 10.05 million], comprise indirect staff costs, including training, recruitment, employee recognition, retirement, relocation, life assurance contributions, and differences between accrued staff expenses and the amounts actually paid.

Corporate Governance Report continued

Deferred Awards

	2025 ⁵				
	Cash US\$'000s	Shares Number	US\$'000s	Others US\$'000s	Total US\$'000s
Opening balance	1,183	8,524,131	10,570	1,033	12,786
Awarded during the period	521	4,741,553	5,880	2,083	8,484
Paid out / released during the period	(724)	(4,538,903)	(5,628)	-	(6,352)
Service, performance and risk adjustments	-	-	-	-	-
Changes in value of unvested awards	-	-	698	-	698
Closing balance*	979	8,726,781	11,519	3,117	15,615

* Closing balance share value based on NAV as at 31 December 2025

**Others represent unvested LTIP

	2024				
	Cash US\$'000s	Shares Number	US\$'000s	Others** US\$'000s	Total US\$'000s
Opening balance	1,252	7,124,627	8,407	-	9,659
Awarded during the period	589	5,212,455	6,151	1,033	7,773
Paid out / released during the period	(659)	(3,812,996)	(4,499)	-	(5,158)
Service, performance and risk adjustments	-	-	-	-	-
Changes in value of unvested awards	-	-	511	-	511
Closing balance*	1,183	8,524,131	10,570	1,033	12,786

* Closing balance share value based on NAV as at 31 December 2024

** Others represent unvested LTIP

Severance Pay⁶

The total of thirteen (13) severance payments [2024: three (3)] during the year amounted to US\$ 1,143,154 [2024: US\$ 142,838], of which the highest paid to a single person amounted to US\$ 429,708 [2024: US\$ 67,241].

SUSTAINABILITY

GIB is committed to sustainability, both in terms of its business offerings and the way in which it conducts its business. Sustainability, which encompasses ESG factors, is relevant to nearly all aspects of GIB.

Within that, the following areas were priorities in 2025:

- i. **Sustainable finance and client support.** The Bank continued to expand its sustainable finance activities and to support clients on sustainability-related matters. A key focus during the year was increasing both the range and volume of sustainable financing solutions and transactions across the Group. Notable progress included the successful introduction of the Green Repo product.
- ii. **Advancing sustainability across the Bank.** In 2025, GIB launched the *GIB Sustainability Goals* initiative, designed to further embed sustainability into the Bank's operations. The initiative establishes measurable sustainability objectives that are aligned with global and regional best practices.
- iii. **Maintaining high standards across the business.** GIB remains committed to maintaining high standards across all areas of its operations. In this regard, the Bank achieved a female participation ratio of 33.7 per cent, placing it among the highest in the industry. In addition, GIB continued to enhance transparency and disclosure through the publication of its fourth Sustainability Report in 2025, prepared in alignment with the Central Bank of Bahrain's ESG disclosure requirements.

For further information, please see the [Sustainability Report](#) published on GIB's website.

CORPORATE COMMUNICATIONS

The Bank's Public Disclosure Policy and Corporate Communications Policies ensure that the disclosures made by GIB are fair, transparent, comprehensive and timely, and reflect the character of the Bank and the nature, complexity and risks inherent in its business activities. Main communications channels include the website, annual report, social media, employee communications and announcements in the appropriate media.

This transparency is also reflected on the Bank's website (www.gib.com), which provides substantial information on the Bank, including its profile, vision and mission, its financial statements and press releases for the last five years.

Corporate Social Responsibility ("CSR") is an institutional commitment and constitutes an integral part of GIB's pursuit of good corporate citizenship. The Bank continues to pursue initiatives that support sustainable community service projects, help improve the quality of life of individuals with special needs, support national environmental initiatives, as well as endorse cultural and heritage projects in the community.

CODE OF CONDUCT

The Bank's website also contains the Board-approved Code of Conduct, which sets out rules on conduct, ethics and avoiding conflicts of interest, applicable to all employees and Directors of the Bank. The Code of Conduct is designed to guide all

employees through best practices to fulfil their responsibilities and obligations towards the Bank's stakeholders (Shareholders, clients, staff, regulators, suppliers, the public and the host countries in which the Bank conducts business), in compliance with all applicable laws and regulations. The Board of Directors' Code of Conduct is covered under the Board-approved Corporate Governance Policy.

The Code addresses such issues as upholding the law and following best practices; acting responsibly, honestly, fairly and ethically; avoiding conflicts of interest; protecting Bank property and data; protecting client confidential information and safeguarding the information of others; complying with inside information rules and the prohibition on insider trading; preventing money laundering and terrorism financing; rejecting bribery and corruption; avoiding compromising gifts; as well as speaking up and 'whistleblowing'.

All employees and Directors of the Bank are reminded every year of their obligations under the Code of Conduct and the Corporate Governance Policy by means of an email from the Bank that includes a copy of the Code of Conduct (in English and Arabic), and all are required to sign an Acknowledgment and Declaration confirming that they have received and read the Code of Conduct and understand its requirements; have followed and will continue to follow these requirements; and agree that, if they have any concern about any possible misconduct or breach of the Code of Conduct, they will raise the concern with the appropriate persons within the Bank as per the Code.

In addition, all employees of the Bank must sign an annual Declaration on outside employment and other activities, to ensure that no conflicts of interest exist. Confirmations are obtained on a quarterly basis on the accuracy of those declarations, to ensure proper tracking of conflicts of interest and related parties' transactions. These Declarations are addressed to the Bank's Human Resources department. Similarly, all approved persons (including Directors) must complete and sign a similar annual declaration, addressed to the Corporate Governance Committee of the Board. All approved persons' outside interests declared under these declarations are reported to the Governance, Nomination & Remuneration Committee on an annual basis.

DISCLOSURES

The Bank's website provides access to GIB's annual reports, and all the information contained in these reports is accessible globally. The information includes Management discussion of the business activities of the Bank, as well as discussion and analysis of the financial statements and risk management. The financial data aligns with the most recent International Financial Reporting Standards relevant for implementation during the reporting period.

The Board-approved Disclosure Policy is in accordance with the requirements of Basel III Pillar 3, in compliance with CBB rules. The objective of this policy is to ensure transparency in the disclosure of the financial and risk profiles of the Bank to all interested parties.

Corporate Governance Report continued

INTERNAL CONTROLS

Senior Management is responsible for establishing, maintaining and monitoring GIB's internal control systems to ensure the effective functioning of GIB. The internal control systems comprise the establishment and implementation of policies, procedures, processes, systems and a risk framework across all functions of GIB, which are approved by the Board of Directors.

The Board of Directors, supported by the Board Risk Policy Committee and the Board Audit Committee, is responsible for ensuring that the internal systems and controls framework are effective for GIB's business and associated risks.

The Board Risk Policy Committee sets and endorses the organisation's risk appetite (which is approved by the Board of Directors) and also seeks to identify the principal risks facing the organisation, together with Management. It has oversight in respect of GIB's overall risk appetite, parameters and limits within which GIB conducts its activities, to seek assurance on an ongoing basis that the Management is responding appropriately to such risks in a timely manner.

To achieve this, the Board Risk Policy Committee ensures that GIB has an effective enterprise-wide risk management framework in place and that all controls operating throughout GIB are in accordance with regulatory requirements and with due cognisance of best practice standards for the management of risks in banks. The Enterprise Risk Management (ERM) framework-based approach followed by GIB takes a comprehensive view of all risk families on a proactive basis, including credit risk, market risk, operational risk, interest rate risk, liquidity risk, and non-financial risks such as strategic risk, information and cyber security risks, business model risk, reputational risk and concentration risk. This enables Management to effectively deal with uncertainty, and any associated risk and opportunity, enhancing the capacity to build stakeholder value. This includes aligning GIB's risk appetite and strategies, ensuring well thought out risk-response decisions, helping to reduce the frequency and severity of operational losses, identifying and enabling proactive management of multiple and cross-enterprise risks, preparing GIB to proactively realise arising opportunities, and improving the effectiveness of capital deployment.

To ensure the effectiveness of the enterprise risk management framework, the Board Risk Policy Committee relies on adequate line functions for independent monitoring and assurance within GIB, using a 'Three Lines of Defence' risk management model to ensure that control roles are independent and responsibilities are segregated – with the 'First line of defence' owning and managing risk as direct line functions, the 'Second line of defence' overseeing through specialists in risk management, financial control, and compliance functions, and the 'Third line of defence' providing independent assurance through specialist functions such as internal audit and external statutory audit teams. GIB follows a forward-looking stress testing framework across all risk families to identify possible events or changes in market conditions that could adversely impact GIB, and this helps in identifying action plans including contingency funding readiness, for timely and adequate risk-mitigating actions.

The Group Chief Risk Officer reports functionally to the Board Risk Policy Committee and administratively to the Group Chief Executive Officer, making Risk Management an independent function of management, with the ability to effectively implement the enterprise-wide risk management framework and provide independent monitoring without constraints. Risk Management is properly and adequately resourced with a team of professionals with appropriate knowledge, skills and experience.

The Board Audit Committee oversees the effectiveness of GIB's internal control systems by reviewing and evaluating the systems of internal control, and meets with Internal Audit, External Audit and Management to assess the adequacy and effectiveness of the systems of internal control, obtaining reasonable assurance from them on a periodic basis. The Board Audit Committee periodically receives reports on the existence of any significant deficiency or material weakness in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect GIB's ability to record, process, summarise and report financial information, and on the existence of any fraud, whether or not material, that involves Management or other employees who have a significant role in GIB's internal control over financial reporting. Further, the Chairman of the Board Audit Committee provides updates to the Board on the key discussions and decisions considered by the Board Audit Committee.

The Internal Audit Unit, as the third line of defence, provides an independent appraisal to the Board Audit Committee and Management as to the effectiveness of internal controls, including conducting independent periodic reviews of the activities of the Compliance and Anti-Money Laundering Department, to ensure regulatory compliance and conformity with the Bank's approved policies and procedures.

All significant and material findings of Internal Audit reviews are reported to the Board Audit Committee of the Board through quarterly activity reports. The updates include descriptions of internal control gaps noted and the tracking of corrective action plans to adequately address those gaps by Management. The Board Audit Committee actively monitors the adequacy and effectiveness of the internal control system to ensure that identified risks are mitigated to safeguard the interests of the Bank and its stakeholders.

Concerted and integrated efforts are made by all functions of the Bank to improve the control environment at grassroots level through continuous review and streamlining of procedures to prevent and rectify any control deficiencies. Each function, under the supervision of Senior Executive Management, is entrusted with the responsibility to oversee the rectification of control deficiencies identified by control bodies.

INTERNAL CONTROLS (continued)

The Compliance function is an independent function that oversees regulatory compliance and financial crime compliance including anti-money laundering/combating terrorist financing, sanctions, anti-bribery and corruption, and counter-fraud. The Compliance function works closely with other control functions in order to establish an effective control framework and provides assurance to the Board Audit Committee through its duties and responsibilities under the programmes of Compliance Governance, Compliance Advisory, Monitoring and Testing, Regulatory Communication, Anti-Money Laundering/Combating Terrorist Financing, Sanctions, Anti-Bribery and Corruption and Counter-Fraud, which set out their planned activities such as the implementation and review of specific policies and procedures, compliance risk assessment, establishing a strong compliance culture among employees, and submitting relevant reports to the Board Audit Committee, which in turn assesses those programmes and sets out relevant recommendations. In terms of regulatory mandate, Compliance operates independently in the capacity of the second line of defence, with direct access to the Board, and ensures that all regulations and rules are implemented in a timely manner. By virtue of this independence, Compliance enjoys full and unrestricted access to all Bank data to fulfil its duties. The Compliance Unit has a direct reporting line to the Board Audit Committee.

The Bank's internal control system has been designed to provide reasonable assurance to the Board on the management of risks to achieve the Bank's strategic objectives. Internal control systems, no matter how effectively designed, have inherent limitations and may not prevent or detect all control deficiencies. Moreover, the projection of current evaluations of effectiveness to future periods is subject to the limitation that controls may become inadequate due to changes in conditions or compliance with policies and procedures.

Based on the results of the ongoing evaluation of internal controls carried out by Management during the year, Management considers that the Bank's existing internal control system is adequately designed, operating effectively and monitored consistently.

The process of Internal Control is facilitated through a set of separate functions, which report directly to Senior Management. These functions include risk management, financial control and compliance. This multi-faceted approach aids the effective management of risk by identifying, measuring and monitoring controls from a variety of perspectives.

GIB maintains a disciplined approach to risk-taking by upholding a comprehensive set of risk management policies, processes and limits, employing qualified people with the appropriate skills, investing in technology and training, and actively promoting a culture of sound risk management at all levels.

In relation to operational risk, GIB has implemented an operational risk management framework which includes tools such as risk and control self-assessment, key risk indicators and a robust internal control testing framework, which provides validation of controls across the first and second lines of defence, ensuring the escalation of operational risk events and remedial measures to prevent recurrence.

These tools provide business areas with the opportunity to reassess and, where necessary, enhance control effectiveness within their business processes. Any control deficiencies identified as a result of the utilisation of these tools by the business units are overseen by an independent Operational Risk Management Department and governed through the Bank's Operational Risk & Non-Financial Risk (NFR) Committee, reporting ultimately to the Board Risk Policy Committee. Any key issues requiring the attention of Senior Management are escalated to GIB's Management Committee.

GIB has also introduced a non-financial risk management framework which includes the proactive identification and materiality assessment of both known and emerging risks, further complementing and enhancing the overall risk management framework.

The Information Security function ensures the adequate protection of GIB's and its customers' information by securing the Bank's IT and information security infrastructure from internal and external threats through the implementation of a "defence in depth" approach, i.e. layered security controls. The overall information security management system of GIB is designed in line with industry standards, regulatory mandates and best practices and comprises an integrated model of people, policy, process, procedure and technology, including a 24/7 security operations centre, cyber security risk management and cyber fraud, vulnerability and incident management processes, periodic penetration testing and red-teaming exercises, threat intelligence management, brand protection services, and preventive and detective endpoint perimeter security solutions, etc.

GIB endeavours to inculcate a strong appreciation for risk and internal controls through periodic training programmes for its employees and to increase their awareness of the importance of risk assessment, and their responsibility for maintaining the system of internal controls.

Whilst the risk of failures in internal controls cannot be entirely eliminated, Management mitigates and manages such risk by maintaining the appropriate infrastructure, controls, systems and procedures, and ensuring that trained and competent people are employed to protect the interests of GIB and its stakeholders.

Opinion on Internal Control by the Board Audit Committee

For the year ended 31 December 2025, the Board Audit Committee was made aware of opportunities for enhancement in the internal controls of GIB. These recommendations were addressed, or are in the process of being addressed, by Management. Furthermore, these recommendations are tracked and validated independently by Internal Audit, and updates on the implementation are provided to the Board Audit Committee on a periodic basis.

Based on Management's confirmation that it has provided full and complete facts and all relevant information as required, the Board Audit Committee is of the opinion that the Bank's Management has maintained an effective internal control system capable of providing reasonable assurances, and that the outcomes of the audits, together with the Board Audit Committee meeting discussions, have provided reasonable grounds for formulating this opinion.

Corporate Governance Report continued

EXTERNAL AUDITORS

In 2025, the Group paid the external auditors US\$ 2,245,900 in audit and assurance fees.

All non-assurance services were pre-approved by the Audit Committee of each entity. The Group paid the external auditors an amount of US\$ 762,513 for non-assurance services.

POLICY ON CONNECTED PARTIES AND RELATED TRANSACTIONS

The Board-approved Policy on connected parties governs GIB's dealings with such parties. The Policy defines which parties are considered to be connected with GIB within the criteria set by the CBB and imposes not only the limitations placed by the CBB but also additional criteria imposed by GIB. The Policy sets out the internal responsibilities for reporting GIB's connected counterparties' exposures to the CBB, and the disclosures to be made in GIB's financial statements and annual reports, in line with applicable disclosure requirements.

If loans are extended to related parties, these are approved by the Board. The Bank will not deal with any of its Directors in a lending capacity. It should be noted that Article 16 of the Articles of Association prevents Directors of the Bank from having any interest, directly or indirectly, in any contract with the Bank. In the event of proposed dealings with companies associated with a Director, the proposals are referred to the Board for approval, with the abstention of the Director involved from voting.

All loans to Senior Management members (including the CEO and his direct reports), as well as staff of GIB, are governed by the policies applicable to staff. These policies are reviewed by the Nomination & Remuneration Committee of the Board at least annually. All dealings with companies associated with members of Senior Management are referred to the Board for approval.

MATERIAL TRANSACTIONS THAT REQUIRE BOARD APPROVAL

The Bank has delegated credit authority to the CEO based on a risk-rating matrix. When considering transactions, any exposure to an entity that exceeds the CEO's limit requires the approval of the Board Executive Committee or the Board.

COMPLIANCE

The compliance framework adopted by the Board sets out key principles, fundamentals, and methodologies to be pursued by the Bank to mitigate the risk of non-compliance. The framework reflects the principles for promoting sound compliance practices at GIB. It also demonstrates the Bank's adherence to applicable legal and regulatory requirements, and to high professional standards. The role of the Compliance function is to assist Senior Management in ensuring that the activities of GIB and its staff are conducted in conformity with applicable laws and regulations, and generally with sound practices pertinent to those activities. The Group Chief Compliance Officer reports directly to the Board Audit Committee and administratively to the CEO.

Compliance risk is the risk of legal or regulatory sanctions, material financial loss or damage to the reputation of the Bank arising from failure to comply with the requirements of applicable laws, rules, regulations and related self-regulatory

organisations' standards and codes of conduct (collectively, applicable laws, rules and regulations). Group Compliance independently assesses compliance risk and evaluates the business and control units for adherence to applicable laws, rules and regulations, including identifying compliance issues and risks, by performing independent compliance testing and monitoring, as well as reporting on the state of compliance activities across the Bank.

The Bank's approach to the management of compliance risk is described in the Group Compliance Policy, which outlines the requirements of the Bank's Group Compliance Programme and defines the roles and responsibilities of the Board, Senior Management, business and control units, Internal Audit, and the three lines of defence in managing compliance risk. The requirements work together to drive a comprehensive risk-based approach for the proactive identification, management and escalation of compliance risks throughout the Bank.

The Group Compliance Policy also sets the requirements for reporting compliance risk information to executive management, as well as to the Board or appropriate Board-level committees, in support of Group Compliance's responsibility for conducting independent oversight of the Bank's compliance risk management activities. The Board provides oversight of compliance risk mainly through its Audit Committee and the Governance, Nomination & Remuneration Committee.

In ensuring that the tone emanates from the top, the CEO issues an annual message to all GIB employees, reminding everyone of the importance of complying with all laws and regulations applicable to GIB's operations. Exemplary compliance behaviour and strict adherence to proper compliance conduct are ensured through their inclusion as mandatory measurement criteria in staff evaluations

FINANCIAL CRIME COMPLIANCE ("FCC")

The Bank's current FCC policy and procedures conform to the legal and regulatory requirements of the Kingdom of Bahrain. These legal and regulatory requirements largely reflect the FATF recommendations on money laundering, terrorist financing, proliferation financing and sanctions. GIB's FCC policy and procedures apply to all of the Bank's offices, branches and subsidiaries, wherever located. In addition, the GIB entities located outside Bahrain are subject to the laws and requirements of the jurisdictions in which they operate, and if local standards differ, the higher standards apply.

Systems and controls are in place to ensure that business relationships are commenced with clients whose identity and activities can reasonably be established to be legitimate; to collect and record all relevant client information; to monitor and report suspicious transactions; to provide periodic FCC training to employees; and to review with external auditors the effectiveness of the FCC procedures and controls. The Bank's FCC policy and procedures prohibit dealing with shell banks. A proactive structure of officers is in place to ensure Group-wide compliance with FCC procedures, and the timely update of the same to reflect changes in regulatory requirements. This structure consists of the Group Chief Compliance Officer, the Group Money Laundering Reporting Officer, MLROs, and Deputy MLROs.

CORPORATE GOVERNANCE FRAMEWORK – INTERNAL AUDIT REVIEW

In January 2025, the Corporate Governance Unit was mandated with the governance oversight over management committees.

In December 2025, an Internal Audit review of the governance of management-level committees was conducted. This was the first stand-alone audit review of this area. The report was issued with "Generally Satisfactory" rating on 17 December 2025. The audit covered regulatory-mandated committees in Bahrain, the Abu Dhabi Branch, the Oman Branch and the UAE Branch, which are within the scope of the subunit.

OVERSEAS BRANCH GOVERNANCE

The Bank operates four overseas branches, which are located in Abu Dhabi (UAE), London (UK), the Sultanate of Oman, and New York (USA).

The Bank applies the same or equivalent governance standards set out under the Central Bank of Bahrain High-Level Controls (HC) Module to its overseas branches. Where host jurisdiction regulatory requirements are more stringent, such requirements are applied. Governance arrangements in the branches are designed to be proportionate to the size, complexity, and nature of each branch's operations, while maintaining effective control and oversight.

Oversight of overseas branches is exercised through reporting lines to the Senior Management of the Head Office, supported by Parent-level management committees. Where required by regulation or operational needs, branch-level management committees are established and operate within delegated authorities. In other cases, governance oversight is exercised through Head Office management structures in line with regulatory expectations.

The Bank operates a centralised control and support model, whereby certain key functions such as Internal Audit, Risk Management, Legal and Governance, Human Resources and Information Security are performed at the Head Office on behalf of overseas branches.

Local functions are maintained at branch level where required by host regulators. Regulatory exemptions or no-objections are obtained where permitted, with appropriate compensating controls and ongoing oversight.

UAE (ABU DHABI BRANCH) CORPORATE GOVERNANCE STATEMENT

In accordance with Article 13 of the Corporate Governance Regulation and Standards issued by the Central Bank of the United Arab Emirates ("CBUAE"), the Bank is required to disclose the corporate governance arrangements applicable to its branch in Abu Dhabi, United Arab Emirates.

The Abu Dhabi Branch operates within the Bank's approved Corporate Governance Policy, under the oversight of the Board of Directors and Senior Management. Clear reporting lines and delegated authorities are in place to ensure effective governance, oversight, and accountability in line with applicable regulatory requirements.

The Bank applies its approved Group policies and procedures to the Abu Dhabi branch, including those relating to corporate governance, risk management, internal controls, compliance, internal audit, financial reporting, external audit, conflict of interest, outsourcing and code of conduct. These policies are implemented in a manner that reflects the nature, size and complexity of its UAE operations and the regulatory requirements.

As required by Corporate Governance Standards for Banks issued by the CBUAE, branches of foreign banks must establish local governance structures that meet the requirements of the CBUAE Standards, which include, without limitation, the use of a Senior Management Committee to effectively carry out the oversight role and other responsibilities of the Board. The Abu Dhabi Branch currently has in place a UAE Senior Management Committee and a UAE Asset and Liability Committee.

Key control and support functions are maintained either locally or on a centralised basis at Head Office, in accordance with regulatory requirements. Where functions are centralised, appropriate governance arrangements and reporting mechanisms are in place to support effective oversight and compliance.

As the Abu Dhabi Branch does not have its own board of directors, shareholding structure, or standalone remuneration framework, all governance matters applicable at the Parent-level, including Board and Board-level committee composition requirements and their remuneration and attendance, the Bank's ownership structure, qualitative and quantitative disclosure requirements on remuneration, related party exposures and other material Parent-level disclosures such as financial performance, are addressed in the Parent Annual Report under the Corporate Governance Statement and other relevant sections of the Annual Report. In addition, the Bank's disclosures in respect of capital adequacy, risk exposures and liquidity are prepared in accordance with Basel III framework and are set out under the Risk Management and Capital Adequacy Report, forming part of the Parent-level Annual Report on page 118.

BOARD OF DIRECTORS BIOGRAPHIES

H.E. Mr. Fahad Alsaif

Appointed Chairman on 8 August 2025 - Resignation accepted on 31 March 2026
Director since 2021

Fahad Alsaif is the Head of PIF's Investment Strategy and Economic Insights Division (ISEID), a position he has held since 2024. He also serves as the Head of the Global Capital Finance Division (GCFD), a role he has held since joining PIF in 2021.

As Head of ISEID, his role includes formulating PIF's long-term investment strategy, balancing asset allocation, championing the sustainability agenda, and spearheading PIF's artificial intelligence (AI) strategy, and driving value creation across PIF and its portfolio companies. He also oversees the identification and monitoring of macroeconomic trends that impact or influence PIF's investment portfolio strategy. Alsaif oversees strategy development, execution coordination, and enablement within the vision portfolio. This role entails harmonising ecosystems that shape and direct PIF's investments to ensure optimal financial and economic returns.

In his capacity as Head of GCFD, his role includes formulating PIF's comprehensive financing strategy, balancing funding requirements, championing innovative financing solutions, and spearheading PIF's credit rating management, as well as overseeing the planning and execution of financing plans to meet PIF's long-term investments and short- to medium-term liquidity needs. This includes executing debt raising, including bonds, sukuks, and bank loans; advising portfolio companies on their capital structure and financing activities; overseeing asset transfers from the government; and managing financial institution and investor relationships.

Alsaif sits on several boards, including chairing the board at AviLease - the Aircraft Leasing Company. He is a board and ExCom member of NEOM and a board member of ACWA Power, the renewable energy company. Alsaif is also a board member and Chairman of the Audit and Risk Committee at King Salman International Airport Development Company. In addition to his roles in the private sector, Alsaif is actively engaged in government activities. He is the Executive Committee Chairman and a board member of the Insurance Authority, and a member of the Financial Sector Development Program.

Prior to joining PIF, he served as an adviser to the Saudi Minister of Finance and was also the first Chief Executive Officer of the National Debt Management Centre. He also had a distinguished career in banking, where he held a variety of senior roles with both SABB and HSBC Saudi Arabia across treasury and wholesale banking. During this time, he led and successfully executed several landmark transactions for Saudi companies and institutions, both domestically and internationally.

Alsaif is a graduate in Information Systems from King Fahd University of Petroleum and Minerals. He has 26 years' professional experience.*

**The information disclosed under the profile of H.E. Mr. Alsaif reflects his positions and memberships as of 31 December 2025.*

H.E. Mr. Abdulaziz bin Abdulrahman Al-Arifi

Appointed Chairman on 31 March 2026
Director since 2025

H.E. Abdulaziz bin Abdulrahman Al-Arifi currently serves as Governor of the National Development Fund in the Kingdom of Saudi Arabia.

He previously held several leadership positions, including Chief Executive Officer of the Private Sector Partnership Reinforcement Program (Shareek), Advisor to the General Secretariat of the Council of Ministers of the Kingdom of Saudi Arabia, and Assistant Minister at the Ministry of Transport and Logistic Services. He has extensive experience in the financial sector, having held several senior executive roles, including Chief Financial Officer at Jadwa Investment Company, Head of Treasury at the National Shipping Company of Saudi Arabia, and Head of Finance and Investment at the Capital Market Authority.

He also serves on the boards of several national and regional institutions, including as Vice Chairman of the Board of Directors of Matarat Holding Company.

H.E. Mr. Al-Arifi holds a Master of Business Administration from the Stanford Graduate School of Business, USA, and a Bachelor of Business Administration from Babson College, USA. He brings more than 20 years of professional experience in the financial sector.

H.E. Dr. Najem bin Abdullah AlZaid

Elected Vice Chairman on 21 August 2025
Director since 2018

H.E. Dr. Najem bin Abdulla AlZaid is an Advisor at the Royal Court of the Kingdom of Saudi Arabia.

Prior to his current role, he served as the Vice Minister of Justice in Saudi Arabia. He was also the Founding Partner of ZS&R law firm, in association with Hogan Lovells. Earlier in his career, H.E. held the position of Chief Governance and Legal Officer at Al Rajhi Bank Group. He also served as General Counsel of the Saudi Capital Market Authority (CMA) and worked as Counsel at both the Islamic Development Bank Group and the World Bank in the USA.

H.E. currently holds several prominent board and committee positions. He is the Chairman of the Board of Saudi Electricity Company, and a board member of NEOM where he also serves as Chairman of its Audit Committee. He is a member of the Tadawul Group's Regulatory Policies and Oversight Committee, a board member and Chairman of the board risk committee at Gulf International Bank – Saudi Arabia, a board member of the Royal Commission for Riyadh City. In addition, he is a member of the Audit and Compliance Committee at the Public Investment Fund and serves as a member of the nomination and remuneration committee at the National Development Fund (NDF) as well as member of the Steering Committee for the Advanced Diploma Program in Law Sciences at the Institute of Public Administration (appointed by Royal Order).

He has previously held numerous board and committee roles, including as the Vice Chairman of the Mediterranean & Gulf Cooperative Insurance & Reinsurance Company; board member of the Saudi Capital Market Authority (CMA) appointed by Royal Order, a board member of the National Centre for Privatization & PPP (appointed by High Order); a member of the audit committees at Diriyah Gate Development Authority and the Saudi Agriculture & Livestock Company (SALIC); a member of the governance committee at Arabian Centres Company; a member of the governance committee at the Saudi International Petrochemical Company; a member of the executive committee of the Saudi Falcon Club; and a member of the Saudi delegation that negotiated Saudi Arabia's World Trade Organization (WTO) membership.

He also previously served as a member (and Chairman in 2016) of the GCC Committee of Capital Markets Authorities' Chairmen (or their equivalents), member of the Bureau of Investigation and Public Prosecution in the Kingdom of Saudi Arabia.

H.E. Dr. AlZaid holds a Doctor of Juridical Science from The George Washington University Law School, USA; a Master of Laws from the University of Minnesota Law School, USA; a High Diploma in Law from the Institute of Public Administration, Saudi Arabia; and a BA in Islamic Jurisprudence and Law from Umm AlQura University, Saudi Arabia. He has also completed the Harvard Law School Leadership Program and the London Business School Management Development Program. He has 31 years' professional experience.

Board of Directors Biographies continued

Mr. Abdulaziz bin Abdulrahman Al-Helaissi

Group Chief Executive Officer
Director since 2016

Mr. Abdulaziz bin Abdulrahman Al-Helaissi is the Group Chief Executive Officer and board member of Gulf International Bank B.S.C.; Chairman of Gulf International Bank (UK) Limited; and Vice Chairman of Gulf International Bank – Saudi Arabia. His board memberships include GIB Capital, Golf Saudi, Saudi Golf Federation, and the Bahrain Institute of Banking & Finance (BIBF). Mr. Al-Helaissi also serves as a member of the Global Board of the Institute of International Finance (IIF) and co-chair of its Emerging Markets Advisory Council (EMAC).

Prior to joining GIB in 2016, Mr. Al-Helaissi was the Deputy Governor for Supervision at the Saudi Central Bank (SAMA), having started there in 2013. At SAMA, his responsibilities included the oversight of the banking and insurance sectors, as well as finance company regulations (mortgage, leasing, and other non-bank finance institutions). He was also responsible for consumer protection.

Prior to SAMA, Mr. Al-Helaissi was Senior Country Officer and Managing Director, Saudi Arabia, for JP Morgan Chase; as well as Head of Global Corporate Banking for the Middle East and North Africa. Earlier in his career, he was General Manager, Central Province of Saudi British Bank (an affiliate of HSBC) and covered all key lines of business, including corporate and consumer banking. He has also served on a number of boards, including the Saudi Stock Exchange (Tadawul) and King Fahd Causeway Authority.

Mr. Al-Helaissi has 36 years' banking and regulatory experience and holds a BA in Economics from the University of Texas in Austin, USA.

Mr. Ahmed Al-Enazi

Director since 2025

Ahmed Al-Enazi is the Co-founder, Chief Executive Officer and board member of Barraq Financial Company. Prior to this, he served as Chief Executive Officer and Co-founder of STC Pay; Vice President of Business at STC Pay; and General Manager of the Enjaz Division at Bank AlBilad. He also served as Syndication Unit Manager and Quality and Development Department Manager at Bank AlBilad.

He is also a board member of eFinance for Digital and Financial Investments (Egypt); Wamid (a Tadawul subsidiary); and the Insurance Authority (Saudi Arabia).

Mr. Al-Enazi holds an MBA in Finance from the University of Delaware, USA, and a BSc in Administrative Science (Economics) from King Saud University, Saudi Arabia. He also holds the Certified Project Finance Specialist (CPFS™) designation from the International Academy of Business and Financial Management, along with several other professional certifications.

He has over 20 years of leading industry expertise in digital transformation, growth initiatives and strategic partnerships across start-ups and established companies.

Dr. Khalid Al-Faddagh

Director since 2025

Dr. Khalid Al-Faddagh is the former General Auditor (Chief Audit Executive) of Saudi Aramco and currently serves as a board member and committee chair across several major institutions.

He previously served as President and Chief Executive Officer of Petron Corporation, Aramco's joint venture in the Philippines, and as Executive Director of Corporate Planning at Saudi Aramco. During his tenure at Aramco, he also held senior leadership roles in engineering, operations, and project management across the company's upstream and downstream businesses.

He is a member of the Board Risk Committee at the Public Investment Fund (PIF); Chairman of the Board Audit and Risk Committee at DataVolt; and a board member and Chairman of the Audit and Risk Committee at Vision Invest and LUBEREF. He also serves as a member of the Board Audit Committee at Banque Saudi Fransi, Rua Alharam Almaki, Roshn, and Saudi Eksab. His previous board and committee memberships include SABIC, STC, ACWA Power, and BUPA Arabia, among others.

Dr. Al-Faddagh holds a PhD in Mechanical Engineering from Imperial College London and an MSc from the University of Manchester (UMIST). He has also completed the Program for Management Development (PMD) at Harvard Business School, USA.

He has over 36 years' professional experience and is a recipient of the Regional Lifetime Achievement Award from the UAE Institute of Internal Auditors.

Ms. Maram Al-Johani

Director since 2025

Maram Al-Johani is the Acting Chief of Staff and the Secretary General to the Board at PIF. Additionally, she holds board and committee memberships with PIF portfolio companies.

As the Acting Chief of Staff, Ms. Al-Johani leads organisation-wide strategic planning, data and committees' governance and advisory, stakeholder management, project management and portfolio companies affairs. She oversees PIF's program and business plan development and monitors the development and execution of strategies and business plans of PIF's divisions. She manages institutional projects as well as new company establishment projects, in addition to overseeing the affairs of PIF's portfolio companies and managing international and local stakeholders.

Additionally, Ms. Al-Johani is an Executive Committee member at the Future Investment Initiative Institute, a Nomination and Remuneration Committee member at Roshn Group Company, and a member of the Environmental, Social and Governance Committee at El Seif Engineering Contracting.

Ms. Al-Johani has been with PIF since 2017, where she served as Head of PIF Data and Committees Governance and Advisory Department since 2021, and has actively engaged in several strategic projects at PIF and the national level. Prior to joining PIF, Ms. Al-Johani worked for PricewaterhouseCoopers (PwC) from 2013.

Ms. Al-Johani holds a bachelor's degree from King Saud University and an MBA from Prince Sultan University. She has also obtained certifications from leading institutes including the Program of Leadership Development at Harvard Business School.

Ms. Al-Johani holds an MBA with a major in Finance from Prince Sultan University and a BSc in Translation, with a major in English, from King Saud University. She has also completed the Leadership Development Program at Harvard Business School, USA. She has over 13 years' professional experience.

Board of Directors Biographies continued

Mr. Sultan bin Abdul Malek Al-Sheikh

Director since 2018

Mr. Sultan bin Abdul Malek Al-Sheikh is Senior Director – Head of the Financial Institutions Sector at the MENA Investments Division of the Public Investment Fund of Saudi Arabia (PIF). He is Chairman of Tawrid Company for Financing Solutions. He also serves as a board member of Tahakom Investment Company, Gulf International Bank – Saudi Arabia, and the Saudi Real Estate Refinance Company (SRC).

In addition, Mr. Al-Sheikh is a board member and a member of the Executive Board Committee and the Nomination and Remuneration Committee of the Regional Voluntary Carbon Market Company (RVCMC). He also serves as board director at the Saudi Sports Company and as Vice Chairman of the Board and Chairman of the Executive Committee at AlNassr Club Company.

Prior to joining PIF, Mr. Al-Sheikh held key positions in financial institutions. He served as Associate and Vice President of Investment Banking at Saudi Fransi Capital; worked as an Officer in the Securities Listing Department at the Saudi Capital Market Authority (CMA); and served as a Relationship Manager at the National Commercial Bank (NCB) of Saudi Arabia. He has also served as a director at Almarai Company and the Helicopter Company, and as Chairman of the Saudi Company for Exchanging Digital Information (Tabadul).

Mr. Al-Sheikh holds an MSc in Finance from The George Washington University, USA, and a BSc in Finance from King Fahd University of Petroleum and Minerals, Saudi Arabia. He has 22 years' professional experience.

Mr. Nezar Al Saie

Director since 2022

Mr. Nezar Al Saie is Vice Chairman of the Board at Gulf Union Holding and an entrepreneur who has founded several leading regional companies in the telecommunications and building materials sectors in the Kingdom of Bahrain, including Kalaam Telecom and Polycon Bahrain, where he currently serves as Chairman of both companies. Mr. Al Saie is also Chairman of Ahmed Al Saie & Bros and N. Al Saie W.L.L.

Previously, Mr. Al Saie spent 14 years at Investcorp Bahrain, where he was a member of the Management Committee and was responsible for the placement of alternative assets, including private equity, real estate, and hedge funds, across the Gulf region. Prior to that, he was Vice President at Chase Manhattan in Bahrain and London, where he worked across the global bank's credit, corporate, and private banking divisions. Mr. Al Saie has served on the boards of several public and private financial institutions, and as a senior adviser to Lazard Brothers, London, and Itau Bank, Brazil.

Mr. Al Saie holds a BSc in Civil Engineering from the University of Texas, Austin, USA, and an MSc in Management from London Business School. He has 45 years' professional experience.

Mr. Rajeev Kakar

Director since 2018

Mr. Rajeev Kakar is a board member of Eurobank Ergasias S.A, (Greece), Industry Advisory Board Director of SP Jain School of Global Management, and the Indian Institute of Management – Pan IIM Board (GCC). He is also a board member of Gulf International Bank – Saudi Arabia.

From 2006–2018, he was the Global Co-founder of Fullerton Financial Holdings, a wholly owned subsidiary of Temasek Holdings, Singapore, and concurrently served as Global Chief Executive Officer of Consumer Banking; Regional Chief Executive Officer for Central Europe, the Middle East and Africa; and Founder, Managing Director and Chief Executive Officer of Dunia Finance, Fullerton's UAE subsidiary. Prior to that, he spent 20 years at Citibank, finishing as Regional Chief Executive Officer and Division Executive for Turkey, the Middle East and Africa. He has also served as a board member of Commercial International Bank - Kenya and Egypt, and Unit Trust of India Asset Management Co. Ltd, and as Global Advisory Board member at the University of Chicago Booth School of Business.

Mr. Kakar holds an MBA in Finance and Marketing from the Indian Institute of Management and a BTech in Mechanical Engineering from the Indian Institute of Technology. He has 39 years' professional experience.

Mr. Frank Schwab

Director since 2018

Mr. Frank Schwab is a strategic adviser, a co-founder of FinTech Forum Frankfurt, and a member of the supervisory boards of Addiko Bank, Vienna, and Hauck & Aufhaeuser Innovative Capital, Frankfurt. Mr. Schwab is also a board member of Tawrid. His main areas of focus include innovation, cryptocurrencies, blockchain, technology, transformation, and banking.

Previously, Mr. Schwab served as Chief Executive Officer of GIZS GmbH & Co. KG (Sparkassen-Finanzgruppe/paydirekt), Managing Director of Token GmbH, Germany, and Chief Executive Officer of Fidor Solutions AG. He was also Chairman of Hufsy in Copenhagen and a senior adviser to McKinsey on banking transformation in Germany. He has held numerous management roles at Deutsche Bank AG, including Director for Strategy, Architecture, Business Development and Innovation; Group Technology and Operations; Private and Business Clients; IT and Operations; and Head of Internet and E-Commerce Technology. He also lectured for several years at the Mannheim Business School in Creativity and Innovation Management. In addition, he served as a member of the Risk Advisory Committee at PayU (Amsterdam) and as a Senior Strategic Adviser at Nagarro.

Mr. Schwab holds an Executive MBA from Ashridge, UK, and completed a bank officer apprenticeship with Deutsche Bank, Mannheim, Germany, as well as studies in Computer Science and Business Administration at the University of Mannheim. He has 29 years' professional experience.

SENIOR MANAGEMENT BIOGRAPHIES

Abdulaziz Al-Helaissi

Group Chief Executive Officer and Board Member –
Gulf International Bank B.S.C.
Chairman – Gulf International Bank (UK) Limited
Vice Chairman – Gulf International Bank - Saudi Arabia

Abdulaziz Al-Helaissi has 36 years of banking and financial regulatory experience, comprising leadership roles in major financial institutions and regulatory bodies. His board memberships span governmental, semi-governmental, and private sector entities. He holds a BA in Economics from the University of Texas at Austin, USA.

Sara Abdulhadi

Chief Executive Officer – GIB B.S.C.
Non-Executive Director – Gulf International Bank
(UK) Limited

Sara Abdulhadi has more than 22 years of experience in global markets activities and strategic planning, with a background in investments, derivative and FX trading, as well as liquidity and funding management. She holds an MSc in Investment Management from Bayes Business School, City University, London, and a BSc in Accounting from King Saud University, Riyadh. Sara has also completed the Advanced Management Program (AMP) at Harvard Business School.

Khaled Abbas

Chief Executive Officer – GIB Saudi Arabia
Non-Executive Board Member – GIB Capital

Khaled Abbas has 29 years' regional banking experience in Saudi Arabia, Bahrain, and the UAE. He holds a BSc in Business Studies from Lebanese American University, Beirut, Lebanon, and has obtained executive education degrees from Harvard Business School, Darden Business School at the University of Virginia, and INSEAD, France.

Katherine Garrett-Cox

Managing Director and Chief Executive Officer –
Gulf International Bank (UK) Limited

Katherine Garrett-Cox has over 36 years' experience in the global asset management industry, managing institutional and retail funds across a broad range of investment disciplines. Katherine holds a BA in History from Durham University, UK, and studied Leadership and Public Policy for the 21st Century at John F. Kennedy School of Government, Harvard University, USA.

Osamah Shaker

Chief Executive Officer and Board Member –
GIB Capital

Osamah Shaker has over 27 years' experience in investment banking, asset management, and banking regulatory control, and holds a MSc in Statistics from Colorado State University, USA, and a Bachelor of Administrative Science degree in Quantitative Methods, from King Saud University, Riyadh.

Senior Management Biographies continued

Mushari Al Otaibi

Group Chief Operating Officer and interim
Group Head of Retail Banking - BSC

Mushari Al Otaibi has over 34 years' experience in back-office operations, human resources, retail banking, and wealth management. Mushari attended the High Performers Leadership Programme at INSEAD, France, and the Finance for Non-Finance Executives Programme at London Business School in UK.

Marwan Abiad

Group Chief Financial Officer

Marwan Abiad has 43 years of international experience across banking, finance, insurance, risk management, technology and operations. He holds both a Bachelor's and a Master's degree in Business Administration from the American University of Beirut. He is a Certified Public Accountant (CPA) and the holder of the Chartered Financial Analyst (CFA) and Financial Risk Manager (FRM) certifications.

Arun Hari

Group Chief Risk Officer

Arun Hari has over 34 years of experience in corporate banking and risk management and holds a BSc in Mathematics from Mahatma Gandhi University, India, and an MBA from Southern New Hampshire University, USA.

Ali Abdulhadi

Group Chief Auditor

Ali Abdulhadi has 35 years of experience in external and internal auditing within the investment and commercial banking sector. He holds a bachelor's degree in accounting from King Abdulaziz University in Jeddah and is a member of the Institute of Internal Auditors "IIA", Saudi Authority for Internal Auditors "SAIA" and the Institute of Management Accountants.

Helen Lloyd

Group Chief Human Resources Officer

Helen Lloyd has over 37 years' international experience in human resources development, learning, and cultural transformation, and holds an MBA from Heriot Watt University, UK, and a BA from the University of South Africa (UNISA). She attended the Management Development Programme at UNISA School of Business Leadership.

Sukhwinder Nijjar

Group Chief Transformation Officer

Sukhwinder Nijjar has over 27 years of international banking experience in business development, strategic planning, and operational risk across the UK, Asia, and the Middle East. He holds BSc in Economics and Accounting from City University, London, and is a Fellow of the Association of Chartered Certified Accountants.

Saleem Al Dabbagh

Group Chief Compliance Officer and GMLRO

Saleem Al Dabbagh has 32 years' experience in compliance and risk management gained across a range of financial institutions. He holds a Master of Business Administration from Anglia Ruskin University in London, along with several related certifications including Certified Anti-Money Laundering Specialist (ACAMS), Certified ACAMS-Audit, and Certified Enterprise Risk Management Professional from the London School of Business & Finance. He is also a graduate of the Next-Level Leadership Program at London Business School and the Aspiring Directors Programme from INSEAD. He is a seasoned trainer and spokesperson in the field of financial crime compliance.

Meshari Al-Mogbel

Group Chief Treasury and Investment Officer

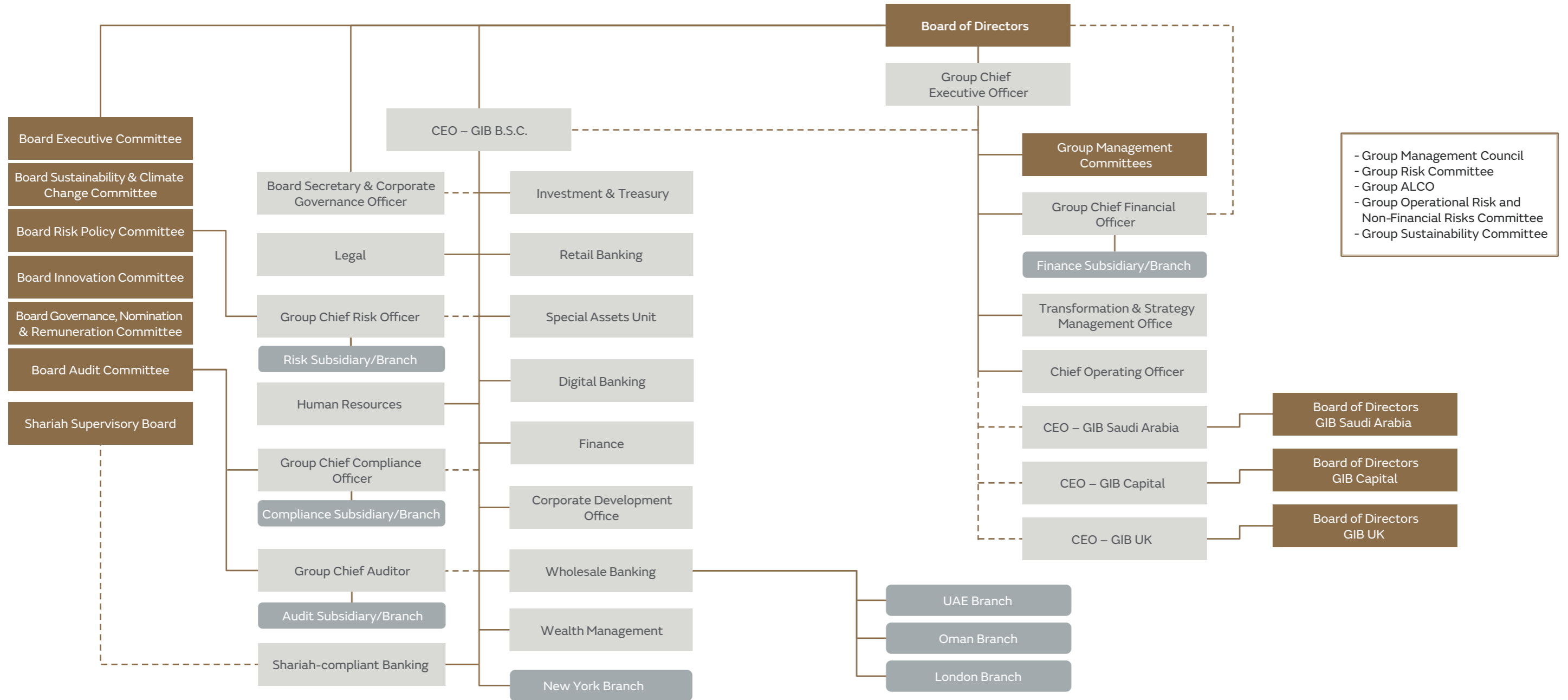
Meshari has more than two decades of experience in global markets and investments. He holds a BSc in Applied Medical Sciences from King Saud University, Saudi Arabia, and is a graduate of the Senior Executive Program at London Business School.

Sulaiman Balghonaim

Group Chief Wholesale Banking Officer

Sulaiman has 19 years' experience in corporate and wholesale banking across Saudi Arabia, Bahrain, the UAE, Oman, London and New York, with expertise in corporate banking, financial institutions, and global transaction banking. He holds a BSc in Finance and Economics from King Fahd University of Petroleum and Minerals, Saudi Arabia, and is a graduate of the Senior Executive Programme at London Business School.

GIB B.S.C. CORPORATE GOVERNANCE STRUCTURE



- Group Functions exercise adequate oversight over subsidiaries and branches. Group Control Functions report directly to the Board Committee and have accountability to the Group CEO and the Entity CEO
- Functional Heads who 'double hat' have reporting line into the entity CEOs for their respective mandate
- Control Functions in subsidiary/branch (such as Compliance, Internal Audit, Risk Management, Finance, etc.) have a functional reporting to Group Heads

Consolidated Financial Statements

For the year ended 31st December 2025

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Independent Auditors' Report to the Shareholders of Gulf International Bank B.S.C.

Report on Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Gulf International Bank B.S.C. (the "Bank") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated 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 (IFRS Accounting Standards).

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 Auditors' 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 consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the consolidated financial statements of public interest entities in the Kingdom of Bahrain. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans and advances

Refer to the use of estimate and management judgement in note 5.1, impairment in note 3.2, note 11 and disclosures of credit risk in note 31.1 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>We focused on this area because:</p> <ul style="list-style-type: none"> of the significance of loans and advances representing 32% of total assets (by value); impairment of loans and advances involves: <ul style="list-style-type: none"> complex estimates and judgement over both timing and recognition of impairment including susceptibility to management bias; use of statistical models and methodologies for determination of expected credit losses. The Group exercises significant judgments and makes a number of assumptions in developing its ECL models which is determined as a function of the assessment of the probability of default ("PD"), loss given default ("LGD"), and exposure at default ("EAD") associated with the underlying financial assets; and complex disclosure requirements regarding credit quality of the portfolio including explanation of key judgments and material inputs used in determination of expected credit losses; The need to measure ECLs on an unbiased forwardlooking basis incorporating a range of economic conditions. Significant management judgment is applied in determining the economic scenarios used and the probability weighting applied to them; and 	<p>Our audit procedures, amongst others, to address significant risks associated with impairment of loans and advances included:</p> <p>Evaluating the appropriateness of the accounting policies adopted based on the requirements of IFRS 9, our business understanding, and industry practice.</p> <p>Confirming our understanding of management's processes, systems and controls implemented, including controls over expected credit loss ("ECL") model development.</p> <p>Controls testing</p> <ul style="list-style-type: none"> We performed process walkthroughs to identify the key systems, applications and controls used in the ECL processes. We tested the relevant General IT and application controls over key systems used in the ECL process. Key aspects of our control testing involved the following: <ul style="list-style-type: none"> We performed detailed credit risk assessment for a sample of performing and nonperforming loans to test controls over credit rating and its monitoring process; We tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions elements into the IFRS 9 ECL models; We tested the controls over the transfer of data between underlying source systems and the ECL models that the Group operates;

Independent Auditors' Report to the Shareholders of Gulf International Bank B.S.C. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Impairment of loans and advances (continued)

The key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> - We tested the controls over the modelling process, including governance over model monitoring, validation and approval; - We tested the key controls relating to selection and implementation of material economic variables; and - We tested controls over the governance and assessment of model outputs and authorisation and review of post model adjustments and management overlays including selection of economic scenarios and the probability weights applied to them. <p>Test of details</p> <ul style="list-style-type: none"> • Key aspects of our testing involved: <ul style="list-style-type: none"> - Sample test over key inputs and assumptions impacting ECL calculations including economic forecasts and weights to confirm the accuracy of information used; - Re-performed key aspects of the Group's significant increase in credit risk ("SICR") determinations and selected samples of financial instruments to determine whether a SICR was appropriately identified; - Re-performed key elements of the Group's model calculations and assessed performance results for accuracy; and - Selected sample of post model adjustments and management overlays to assess the reasonableness of the adjustments by challenging key assumptions, testing the underlying calculation and tracing a sample back to source data. <p>Use of specialists</p> <p>For the relevant portfolios examined, we have involved KPMG specialists to assist us in assessing IT system controls and challenging key management assumptions used in determining expected credit losses. Key aspects of their involvement include:</p> <ul style="list-style-type: none"> • We involved our information technology specialists to test controls over the IT systems and recording of data in source systems; • We involved our credit risk specialists to: <ul style="list-style-type: none"> - Evaluate the appropriateness of the Groups' ECL methodologies; - Re-perform the calculations of certain components of the ECL model; - Evaluate the appropriateness of the Group's methodology for determining the economic scenarios used and the probability weighting applied to them; and; - Evaluate the overall reasonableness of the management economic forecast by comparing it to external market data and our understanding of the underlying sector and macroeconomic trends. <p>Disclosures</p> <p>Evaluated the adequacy of the Group's disclosure in relation to use of significant estimates and judgment and credit quality of loans and advances by reference to the requirements of the relevant accounting standards.</p>

Independent Auditors' Report to the Shareholders of Gulf International Bank B.S.C. (continued)

Other Information

The board of directors is responsible for the other information. The other information comprises the annual report but does not include the consolidated financial statements and our auditors' report thereon. Prior to the date of this auditors' report, we obtained the Chairman's Statement which forms part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of Board of Directors for the Consolidated Financial Statements

The board of directors is responsible for the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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

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

Independent Auditors' Report to the Shareholders of Gulf International Bank B.S.C. (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Other Matter

The Group's consolidated financial statements as at and for the year ended 31 December 2024 were audited by another auditor whose report dated 24 February 2025 expressed unmodified opinion on those consolidated financial statements.

Report on Other Regulatory Requirements

As required by the Commercial Companies Law 2001 (as amended) and Volume 1 of the Central Bank of Bahrain (CBB) Rule Book, we report that:

- the Bank has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
- the financial information contained in the Chairman's Statement is consistent with the consolidated financial statements;
- we are not aware of any violations during the year of the Commercial Companies Law 2001 (as amended), the CBB and Financial Institutions Law No. 64 of 2006 (as amended), the CBB Rule Book (Volume 1, applicable provisions of Volume 6 and CBB directives), or the terms of the Bank's memorandum and articles of association that would have had a material adverse effect on the business of the Bank or on its financial position; and
- satisfactory explanations and information have been provided to us by management in response to all our requests.

The engagement partner on the audit resulting in this independent auditors' report is Mahesh Balasubramanian.



KPMG Fakhro
Partner Registration Number 137
23 February 2026

Consolidated Statement of Financial Position

	Note	31.12.25 US\$ millions	31.12.24 US\$ millions
ASSETS			
Cash and other liquid assets	7	16,363.7	9,882.6
Securities purchased under agreements to resell	8	254.1	975.4
Placements	9	6,206.2	7,266.6
Investment securities	10	10,939.4	7,607.8
Loans and advances	11	16,552.4	15,402.3
Other assets	12	1,505.6	1,756.8
Total assets		51,821.4	42,891.5
LIABILITIES			
Deposits from banks	14	1,901.7	1,665.2
Deposits from customers	14	36,094.7	28,195.2
Securities sold under agreements to repurchase	15	2,375.2	1,848.8
Other liabilities	16	1,370.3	1,692.6
Senior term financing	17	5,442.5	5,573.9
Subordinated term financing	18	400.0	399.3
Total liabilities		47,584.4	39,375.0
EQUITY			
Share capital	19	2,000.0	2,000.0
Reserves	20	245.3	222.9
Retained earnings		403.6	252.6
Equity attributable to the shareholders of the Bank		2,648.9	2,475.5
Non-controlling interest of the Bank	44	1,087.9	1,041.0
Additional Tier 1 capital	44	500.2	-
Non-controlling interest		1,588.1	1,041.0
Total equity		4,237.0	3,516.5
Total liabilities & equity		51,821.4	42,891.5

The consolidated financial statements were approved by the Board of Directors on 23rd February 2026 and signed on its behalf by:



H.E. Dr. Najem Al-Zaid
Vice Chairman of the Board



Dr. Khaled Al-Faddagh
Chairman of the Board Audit Committee



Abdulaziz A. Al-Helaissi
Group Chief Executive Officer

The notes on pages 54 to 117 form part of these consolidated financial statements

Consolidated Statement of Income

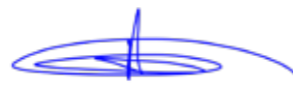
		Year ended 31.12.25	Year ended 31.12.24
	Note	US\$ millions	US\$ millions
Interest income	22	2,324.9	2,673.2
Interest expense	22	1,789.9	2,151.0
Net interest income		535.0	522.2
Net fee and commission income	23	124.4	121.8
Net trading income	24	12.0	19.2
Foreign exchange income	25	34.2	32.5
Other income	26	52.8	20.5
Total operating income		758.4	716.2
Staff expenses		281.5	271.8
Premises expenses		8.5	9.3
Depreciation and amortisation		25.7	24.1
Other operating expenses	27	142.2	144.8
Total operating expenses		457.9	450.0
Net income before provisions and tax		300.5	266.2
Provision for expected credit losses	28	(55.6)	(54.9)
Net income before tax		244.9	211.3
Taxation and zakat charges	29	(29.2)	(31.1)
Net income		215.7	180.2
Attributable to:			
Shareholders of the Bank		169.1	134.8
Non-controlling interest		46.6	45.4
		215.7	180.2



H.E. Dr. Najem Al-Zaid
Vice Chairman of the Board



Dr. Khaled Al-Faddagh
Chairman of the Board Audit Committee



Abdulaziz A. Al-Helaissi
Group Chief Executive Officer

The notes on pages 54 to 117 form part of these consolidated financial statements

Consolidated Statement of Comprehensive Income

		Year ended 31.12.25	Year ended 31.12.24
	Note	US\$ millions	US\$ millions
Net income		215.7	180.2
Other comprehensive income:			
<u>Items that will be reclassified to consolidated statement of income:</u>			
Cash flow hedges:			
Net change in fair value during the period	20	79.4	1.9
Reclassification to the consolidated statement of income		(81.8)	-
Debt instruments at fair value through other comprehensive income (FVOCI):			
Net change in fair value during the period		15.5	(3.4)
Reclassification to the consolidated statement of income		(1.8)	-
Changes in allowance for expected credit losses		1.1	0.4
		12.4	(1.1)
<u>Items that will not be reclassified to consolidated statement of income:</u>			
Net change in fair value of equity instruments at FVOCI		(0.4)	(3.8)
Remeasurement of defined benefit pension fund		(5.7)	(35.5)
Net change in deferred tax reserves	20	0.7	8.1
		(5.4)	(31.2)
Total other comprehensive income		7.0	(32.3)
Total comprehensive income		222.7	147.9
Attributable to:			
Shareholders of the Bank		174.6	106.9
Non-controlling interest		48.1	41.0
		222.7	147.9

The notes on pages 54 to 117 form part of these consolidated financial statements

Consolidated Statement of Changes in Equity

	Equity attributable to the shareholders of the Bank					
	Share capital	Reserves	Retained earnings	Total	Non-controlling interest	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 1st January 2025	2,000.0	222.9	252.6	2,475.5	1,041.0	3,516.5
Net income for the year	-	-	169.1	169.1	46.6	215.7
Other comprehensive income for the year	-	5.5	-	5.5	1.5	7.0
Total comprehensive income for the year	-	5.5	169.1	174.6	48.1	222.7
Additional Tier 1 capital	-	-	-	-	500.2	500.2
Additional Tier 1 cost	-	-	(1.2)	(1.2)	(1.2)	(2.4)
Transfers during the year	-	16.9	(16.9)	-	-	-
At 31st December 2025	2,000.0	245.3	403.6	2,648.9	1,588.1	4,237.0
At 1 st January 2024	2,000.0	237.3	131.3	2,368.6	1,000.0	3,368.6
Net income for the year	-	-	134.8	134.8	45.4	180.2
Other comprehensive income for the year	-	(27.9)	-	(27.9)	(4.4)	(32.3)
Total comprehensive (loss) / income for the year	-	(27.9)	134.8	106.9	41.0	147.9
Transfers during the year	-	13.5	(13.5)	-	-	-
At 31 st December 2024	2,000.0	222.9	252.6	2,475.5	1,041.0	3,516.5

The notes on pages 54 to 117 form part of these consolidated financial statements

Consolidated Statement of Cash Flows

	Year ended 31.12.25	Year ended 31.12.24
	US\$ millions	US\$ millions
OPERATING ACTIVITIES		
Net income before tax	244.9	211.3
Adjustments for:		
Depreciation and amortisation	17.8	18.5
Provision for expected credit losses - net	55.6	54.9
Realised gain on debt investment securities	(2.0)	-
Operating income before changes in operating assets and liabilities	316.3	284.7
Changes in operating assets and liabilities:		
Statutory deposits with central banks	298.1	(5.0)
Certificates of deposit with original maturities of three months and more	(299.9)	(482.4)
Derivative valuation margin	46.6	31.0
Securities purchased under agreements to resell	721.3	(231.5)
Placements with original maturities of three months and more	944.1	215.5
Investment securities at FVTPL	(1.7)	(57.6)
Loans and advances	(1,220.2)	(1,828.3)
Interest receivable	(5.7)	(27.0)
Other assets	241.8	(97.3)
Deposits from banks	236.5	781.3
Deposits from customers	7,899.5	(6,322.7)
Securities sold under agreement to repurchase	526.4	1,105.7
Interest payable	21.8	(27.5)
Other liabilities	(325.3)	171.2
Income tax paid	(32.6)	(21.5)
Net cash from / (used in) operating activities	9,367.0	(6,511.4)
INVESTING ACTIVITIES		
Purchase of investment securities	(4,895.3)	(2,855.7)
Proceeds from sale / maturity of investment securities	1,586.7	2,290.4
Net movement in premises, equipment and software	(18.2)	(51.6)
Net cash used in investing activities	(3,326.8)	(616.9)
FINANCING ACTIVITIES		
Proceeds from issuance of term financing	1,296.5	1,879.7
Repayments of term financing	(1,427.2)	(1,927.2)
Additional Tier 1 capital	500.2	-
Net cash from / (used in) financing activities	369.5	(47.5)
Net increase / (decrease) in cash and cash equivalents	6,409.7	(7,175.8)
Cash and cash equivalents at 1st January	11,950.7	19,126.5
Cash and cash equivalents at 31st December	18,360.4	11,950.7

Below is a reconciliation between cash and other liquid assets as presented in the consolidated statement of financial position to the cash and cash equivalents balances:

	31.12.25	31.12.24
	US\$ millions	US\$ millions
Cash and other liquid assets	16,363.7	9,882.6
Less: statutory deposits with central banks	(510.1)	(502.7)
Less: certificates of deposit with original maturities of three months and more	(619.5)	(677.4)
Less: derivative valuation margin	(258.6)	(252.9)
Add: placements with original maturities of less than three months	3,384.9	3,501.1
Cash and cash equivalents at 31st December	18,360.4	11,950.7

The notes on pages 54 to 117 form part of these consolidated financial statements

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

1. Incorporation and registration

The parent company, Gulf International Bank B.S.C. ("the Bank"), is a Bahraini Shareholding Company incorporated in the Kingdom of Bahrain by Amiri Decree Law No. 30 dated 24th November 1975 and is registered as a conventional wholesale bank and a conventional retail bank with the Central Bank of Bahrain. The registered office of the Bank is located at Al-Dowali Building, 3 Palace Avenue, Manama, Kingdom of Bahrain.

The Bank and its subsidiaries (together "the Group") are principally engaged in the provision of wholesale commercial, asset management, investment banking and retail consumer banking services. The Group operates through subsidiaries, branch offices and representative offices located in Kingdom of Saudi Arabia, United Arab Emirates, Sultanate of Oman, United Kingdom and United States of America. The total number of staff at the end of the financial year was 1,354 (2024: 1,437). The ultimate parent of the Group is the Public Investment Fund (PIF) of Saudi Arabia.

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements for the year ended 31st December 2025 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

2.2 Basis of measurement and presentation

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of investment securities carried at fair value, derivative financial instruments and pension assets and liabilities as explained in more detail in the following accounting policies. Recognised assets and liabilities that are hedged by derivative financial instruments are also stated at fair value in respect of the risk that is 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-off to the nearest million (US\$ million), except where otherwise indicated.

2.3 Consolidation principles

The consolidated financial statements include the accounts of Gulf International Bank B.S.C. and its material subsidiaries. Subsidiaries are companies and other entities, including special purpose entities, which the Bank controls. Control is achieved when the Group has:

- Power over the investee (i.e. existing rights that give it the current 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 affect 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

2. Basis of preparation (continued)

2.3 Consolidation principles (continued)

Investment funds

The Group acts as fund manager to a number of investment funds. Determining whether the Group controls such an investment fund usually focuses on the assessment of the aggregate economic interests of the Group in the fund (comprising any carried interests and expected management fees) and the investors' rights to remove the fund manager. An investor that has decision-making power over an investee and exposure to variability of returns determines whether it acts as a principal or as an agent to determine whether there is a linkage between power and returns. The Group in its ordinary course of business may manage an asset or a business for the benefit of stakeholders other than its equity holders through an agency (usually investment agency) or similar arrangement. Control does not include situations whereby the institution has the power, but such power is exercisable in a fiduciary capacity, and not for the variable returns to the institution itself.

The principal subsidiaries and the Group's ownership of each are set out in note 43.

3. Material accounting policies

The material accounting policies adopted in the preparation of the consolidated financial statements are set out below:

3.1 Financial assets and liabilities

Financial assets and liabilities comprise all assets and liabilities reflected in the consolidated statement of financial position, excluding employee benefit plans, premises and equipment, deferred items, right-of-use assets and accruals related to provision for expenses.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- 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 realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); 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 Group's retail and corporate banking business comprises primarily loans to customers that are held for collecting contractual cash flows.

The Group considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows.

Financial assets that are held for trading or managed 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.

SPPI assessment

Assessment of whether contractual cash flows are solely payments of principal and interest. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, 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:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms; and
- terms that limit the Group

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

3. Material accounting policies (continued)

3.1 Financial assets and liabilities (continued)

a) Recognition and measurement

The Group recognises financial assets and liabilities in the consolidated statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

Financial assets are initially recognised at fair value including transaction costs attributable to the financial asset. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and liabilities classified as FVTPL are recognised on the trade date, i.e. the date on which the Group commits to purchase or sell the financial asset or liability. All regular way purchases and sales of other financial assets and liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and liabilities are measured at either amortised cost or fair value. The classification and the basis for measurement are subject to the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:

Financial assets at amortised cost

Financial assets are measured at amortised cost using the effective interest rate method if:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

If the first criteria is not met, the financial assets are classified and measured at fair value through other comprehensive income (FVOCI) with the objective of both collecting contractual cash flows and selling financial assets. If both criteria are not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

Additionally, even if a financial asset meets the amortised cost criteria, the Group may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through other comprehensive income (FVOCI)

At initial recognition, the Group can make an irrevocable election to classify an equity investment that is not held for trading as FVOCI.

For this purpose, a financial asset is deemed to be held for trading if the equity investment meets any of the following conditions:

- it has been acquired principally for the purpose of selling in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profitability; or
- it is a derivative and not designated and effective as a hedging instrument or a financial guarantee.

The irrevocable election is on an instrument-by-instrument basis. If an equity investment is designated as FVOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the consolidated statement of income.

Financial assets at fair value through the profit or loss (FVTPL)

Financial assets not otherwise classified above are classified and measured as FVTPL.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

3. Material accounting policies (continued)

3.1 Financial assets and liabilities (continued)

a) Recognition and measurement (continued)

Financial liabilities at fair value through the profit or loss (FVTPL)

Financial liabilities are measured at amortised cost or FVTPL. A financial liability is measured at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in consolidated statement of income. Other financial liabilities are subsequently measured at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the consolidated statement of income. Any gain or loss on derecognition is also recognised in the consolidated statement of income.

b) Derecognition of assets and liabilities

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in consolidated statement of income.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in consolidated statement of income on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

c) Modification of assets and liabilities

Financial assets

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms.

If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place.

This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in consolidated statement of income. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated under the effective interest rate method.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

3. Material accounting policies (continued)

3.1 Financial assets and liabilities (continued)

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability. If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss.

For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

3.2 Impairment of financial assets

The Group assesses on a forward-looking basis, the expected credit loss (ECL) associated with its debt instruments assets 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 reassesses the expected credit 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.

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; 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 ECL calculation, the Group categorises its financial instruments that are not measured at FVTPL into Stage 1, Stage 2 and Stage 3, based on the applied impairment methodology, as described below. Equity investments are not subject to impairment assessments.

- Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the Group recognises an allowance based on the 12-month ECL.
- Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired, the Group recognises an allowance for the lifetime ECL.
- Stage 3: for credit-impaired financial instruments, the Group recognises the lifetime ECL.

12-month ECL is the portion of ECL that results from probable default events on a financial instrument within 12 months after the reporting date.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

3. Material accounting policies (continued)

3.2 Impairment of financial assets (continued)

Measurement of ECL (continued)

Lifetime ECL is a probability-weighted estimate of credit losses and is determined based on the difference between the present value of all cash shortfalls. The cash shortfall is the difference between all contractual cash flows that are due to the Group and the present value of the recoverable amount at the reporting date. For stage 3 financial instruments, the recoverable amount is measured as the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted based on the interest rate at the inception of the credit facility or, for debt instruments, at the current market rate of interest for a similar financial asset.

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group takes into consideration the economic forecasts published by the IMF and the Group formulates a fundamental view of the future direction of relevant economic variables as well as a reasonable range of possible scenarios and its weights.

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 as follows:

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. 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 the low credit risk presumption and considers all exposures to GCC sovereigns as low credit risk.

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 more than 30 days 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, or the facility is placed on the Group's list of accounts requiring close monitoring. Further, any facility having an internal credit risk rating of 7 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, 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 loan 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:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- 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 reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to deterioration in the borrower's condition is usually considered to be credit impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered impaired.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

3. Material accounting policies (continued)

3.2 Impairment of financial assets (continued)

Measurement of ECL (continued)

Stage 3 (continued)

In making an assessment of whether an investment in sovereign debt 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.

Financial assets which have been renegotiated or modified are no longer considered to be past due and are placed on performing status when all principal and interest payments are up to date and future payments are reasonably assured. Financial assets subject to individual impairment assessment and whose terms have been renegotiated, are subject to on-going review to determine whether they remain impaired or should be considered past due. All renegotiated or modified facilities are classified as stage 2 or stage 3 for a minimum period of 12 months from the date of renegotiation. The ECL on renegotiated financial instruments is measured based on whether the terms of renegotiation resulted in the derecognition of an existing asset.

In general, loans are transferred out of Stage 3 if they no longer meet the criteria of credit-impaired and after satisfying the curing criteria of the Bank.

Provisions for expected credit losses are recognised in the consolidated statement of income and are presented in the consolidated statement of financial position in an allowance account against loans and advances, investment securities, and placements (as a deduction from the gross carrying amount of the assets).

Financial assets are written off after all restructuring and collection activities have taken place and there is no realistic prospect of recovery. Subsequent recoveries are included in other income.

3.3 Offsetting financial assets and liabilities

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 set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

3.4 Revenue recognition

a) Interest income and interest expense

Interest income and interest expense for all interest-bearing financial assets and liabilities except those classified as FVTPL are recognised using the effective interest rate (EIR) method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability or, where appropriate, a shorter period, to the net carrying amount of the financial asset or liability. The application of the effective interest rate method has the effect of recognising interest income and interest expense evenly in proportion to the amount outstanding over the period to maturity or repayment.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL. The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income is suspended when either interest or principal on a credit facility is overdue by more than 90 days whereupon all unpaid and accrued interest is reversed from income. Interest on non-accrual facilities is included in income only when received. Credit facilities are restored to accrual status only after all delinquent interest and principal payments have been brought current and future payments are reasonably assured.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

3. Material accounting policies (continued)

3.4 Revenue recognition (continued)

b) Fees and commissions

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

Other fee and commission income - including account servicing fees, investment management fees, sales commission, placement fees and syndication fees - is recognised as the related services are performed. A contract with a customer that results in a recognised financial instrument in the Group's consolidated financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual. Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

c) Trading and foreign exchange income

Trading and foreign exchange income arise from earnings generated from customer business and market making, and from changes in fair value resulting from movements in interest and exchange rates, equity prices and other market variables. Changes in fair value and gains and losses arising on the purchase and sale of trading instruments are included in trading income, together with the related interest income, interest expense and dividend income.

d) Dividend income

Dividend income is recognised as follows:

- dividends from equity instruments classified as FVTPL are recognised when the right to receive the dividend is established and are included in trading income.
- dividends on equity instruments designated as at FVOCI that clearly represent a recovery of part of the cost of the investment are presented in OCI.

3.5 Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Group retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognised in the consolidated statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within cash collateral on securities lent and repurchase agreements, reflecting the transaction's economic substance as a loan to the Group. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the EIR. When the counterparty has the right to sell or re-pledge the securities, the Group reclassifies those securities in its statement of financial position to FVTPL financial assets pledged as collateral or to FVOCI financial investments pledged as collateral, as appropriate.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within cash collateral on securities borrowed and reverse repurchase agreements, reflecting the transaction's economic substance as a loan by the Bank. The difference between the purchase and resale prices is recorded in net interest income and is accrued over the life of the agreement using the EIR.

If securities purchased under an agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within financial liabilities held for trading and measured at fair value with any gains or losses included in net trading income.

3.6 Premises, equipment and software

Land is stated at cost. Other premises and equipment are stated at cost less accumulated depreciation. The residual values and useful lives of premises and equipment are reviewed at each balance sheet date, and adjusted where appropriate. Depreciation is calculated using the straight-line method over various periods. Where the carrying amount of premises or equipment is greater than the estimated recoverable amount, the carrying amount is reduced to the recoverable amount.

Generally, costs associated with the maintenance of existing computer software are recognised as an expense when incurred. However, expenditure that enhances and extends the benefits of computer software programs beyond their original specifications and lives is recognised as a capital improvement and capitalised as part of the original cost of the software.

3.7 Other provisions

Other provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, 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 income net of any reimbursement.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

3. Material accounting policies (continued)

3.8 Derivative financial instruments and hedge accounting

Derivative financial instruments are contracts, the value of which is derived from one or more underlying financial instruments or indices, and include futures, forwards, swaps and options in the interest rate, foreign exchange, equity and credit markets.

Derivative financial instruments are recognised in the consolidated statement of financial position at fair value. Fair values are derived from prevailing market prices, discounted cash flow models or option pricing models as appropriate.

In the consolidated statement of financial position, derivative financial instruments with positive fair values (unrealised gains) are included in other assets and derivative financial instruments with negative fair values (unrealised losses) are included in other liabilities.

The changes in the fair values of derivative financial instruments entered into for trading purposes or to hedge other trading positions are included in net trading income.

The recognition of changes in the fair values of derivative financial instruments entered into for hedging purposes is determined by the nature of the hedging relationship. For the purposes of hedge accounting, derivative financial instruments are designated as a hedge of either: (i) the fair value of a recognised asset or liability (fair value hedge), or (ii) the future cash flows attributable to a recognised asset or liability or a firm commitment (cash flow hedge).

The Group's criteria for a derivative financial instrument to be accounted for as a hedge include:

- the hedging instrument, the related hedged item, the nature of the risk being hedged, and the risk management objective and strategy must be formally documented at the inception of the hedge;
- it must be clearly demonstrated that the hedge is expected to be highly effective in offsetting the changes in fair values or cash flows attributable to the hedged risk in the hedged item, including how the Group will address the hedge ratio;
- the effectiveness of the hedge must be capable of being reliably measured; and
- there is an economic relationship between the hedging instrument and the hedged item and the effect of credit risk does not dominate the fair value changes of that relationship.

Changes in the fair values of derivative financial instruments that are designated, and qualify, as fair value hedges and that prove to be highly effective in relation to the hedged risk, are included in trading income together with the corresponding change in the fair value of the hedged asset or liability that is attributable to the risk that is being hedged. Unrealised gains and losses arising on hedged assets or liabilities which are attributable to the hedged risk are adjusted against the carrying amounts of the hedged assets or liabilities in the consolidated statement of financial position.

If the hedge no longer meets the criteria for hedge accounting, any adjustment to the carrying amount of a hedged interest-bearing financial instrument is amortised to income over the remaining period to maturity.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

On hedge discontinuation, any hedging adjustment made previously to a hedged financial instrument for which the effective interest method is amortised to the consolidated statement of income by adjusting the effective interest rate of the hedged item from the date on which amortization begins. If the hedged item is derecognised, then the adjustment is recognised immediately in consolidated statement of income when the item is derecognized.

Changes in the fair values of derivative financial instruments that are designated, and qualify, as cash flow hedges and that prove to be highly effective in relation to the hedged risk, are recognised in other comprehensive income. Unrealised gains or losses recognised in other comprehensive income (OCI) are transferred to the consolidated statement of income at the same time that the income or expense of the corresponding hedged item is recognised in the consolidated statement of income and are included in the same income or expense category as the hedged item. Unrealised gains or losses on any ineffective portion of cash flow hedging transactions are included in net trading income.

The interest component of derivatives that are designated, and qualify, as fair value or cash flow hedges is included in interest income or interest expense relating to the hedged item over the life of the derivative instrument.

The amount recognised in the hedging reserve is reclassified from OCI to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the statement of consolidated statement of income and OCI. If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. Gains and losses arising on the termination of derivatives designated as cash flow hedges are recognised in interest income or interest expense over the original tenor of the terminated hedge transaction.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

3. Material accounting policies (continued)

3.9 Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are issued to financial institutions and other counterparties on behalf of customers to secure loans, overdrafts and other banking facilities, and to other parties in relation to the performance of customers under obligations related to contracts, advance payments made by other parties, tenders and retentions.

Financial guarantees are initially recognised at fair value on the date the guarantee is issued. The guarantee liability is subsequently measured at the higher of the initial measurement, less amortisation to recognise the fee income earned over the period, or the present value of any expected payments to settle the liability when a payment under the contract has become probable. The expected loss on financial guarantees is measured at the expected payment to reimburse the holder less any amounts that the Group expects to recover.

The Group assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Group considers when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower or another company within the borrower or another company within the borrower's group.

If the Group determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Group considers the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL. If the Group determines that the guarantee is not an integral element of the debt instrument, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses.

3.10 Post retirement benefits

The majority of the Group's employees are eligible for post retirement benefits under either defined benefit or defined contribution pension plans which are provided through separate trustee-administered funds, insurance plans or are directly funded by the Group. The Group also pays contributions to government managed pension plans in accordance with the legal requirements in each location.

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as staff expenses in consolidated statement of income. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of obligations in respect of the defined benefit pension plans are performed by qualified actuaries using the projected unit credit method. The Group's net obligation is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of the plan assets. When the calculation results in a potential asset for the Group, the recognised asset is limited to a ceiling so that it does not exceed the economic benefits available in the form of refunds from the plans or reductions in future contributions.

Remeasurements of the net defined benefit liability or asset, which comprise actuarial gains and losses, the return of plan assets (excluding interest) and the effect of the asset ceiling, are recognised immediately in the consolidated statement of other comprehensive income. The Group determines the net interest expense or income on the net defined benefit liability or asset for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the opening net defined benefit liability or asset. Net interest expense and other expenses related to the defined benefit plans are recognised in the consolidated statement of income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the consolidated statement of income. The Group recognises gains and losses on the settlement of defined benefit plans when the settlement occurs.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

3. Material accounting policies (continued)

3.11 Taxation and zakat

The Global Anti-Base Erosion Pillar Two Model Rules (“GloBE rules”) established by the Organization for Economic Cooperation and Development (“OECD”) apply to multinational enterprise (“MNE”) groups with total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

In line with the requirements of GloBE rules, the Kingdom of Bahrain has issued and enacted Decree Law No. (11) of 2024 (“Bahrain DMTT law”) on 1st September 2024 introducing a domestic minimum top-up tax (“DMTT”) of up to 15% on the taxable income of the Bahrain resident entities within the Group for fiscal years beginning on or after 1st January 2025.

As per the Group’s assessment of applicability of the Bahrain DMTT law and global anti-base erosion model (GloBE) rules, the tax liability for the fiscal year 2025 is expected to be Nil for the Bahrain resident entities as the group is expected to meet certain conditions for exclusions as specified in the Bahrain DMTT law.

Taxation on income from foreign entities is provided for in accordance with the fiscal regulations of the countries in which the respective entities operate.

a) Current tax

Current taxation is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and includes any adjustments to tax payable in respect of previous years.

b) Deferred tax

Deferred tax is provided, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable income will be available against which the unutilised tax losses and credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset only if certain criteria are met. Currently enacted tax rates are used to determine deferred taxes.

The Group’s entities operating in the Kingdom of Saudi Arabia are subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (“ZATCA”). Zakat expense is charged to the statement of income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

3.12 Cash and cash equivalents

Cash and cash equivalents referred to in the consolidated statement of cash flows comprise of cash and other liquid assets and non-restricted balances with central banks, deposits, placements with banks with maturities of less than three months and derivative valuation margin.

3.13 Investments at FVTPL

Investments at FVTPL 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 income in the period in which they arise. Interest earned and dividends received are included in ‘interest income’ and ‘other income’ respectively, in the consolidated statement of income.

3.14 Placements

Placements are initially measured at fair value and subsequently remeasured at amortised cost, net of any amounts written off and provision for ECL. The carrying values of such assets which are being effectively hedged for changes in fair value are adjusted to the extent of the changes in fair value being hedged, with the resultant changes being recognised in the consolidated statement of income.

3.15 Deposits

All bank and customer deposits are initially measured at fair value and subsequently remeasured at amortised cost. An adjustment is made to these, if part of an effective fair value hedging strategy, to adjust the value of the deposit for the fair value being hedged with the resultant changes being recognised in the consolidated statement of income.

3.16 Leases

At inception, the Group assesses 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.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

3. Material accounting policies (continued)

3.16 Leases (continued)

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 (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.

3.17 Segment reporting

An operating segment is a distinguishable component of the Group that is engaged in business activities from which revenues are earned and expenses are incurred, including revenues and expenses that relate to transactions with any of the Group’s other operating segments. All segments have discrete financial information which is regularly reviewed by the Group’s Management Committee, being the Group’s chief operating decision maker, to make decisions about resources allocated to the segment and to assess its performance. The Group’s Management Committee assesses the segments based on net interest income which accounts for the majority of the Group’s revenues.

3.18 Foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- equity investments in respect of which an election has been made to present subsequent changes in fair value in OCI;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

3. Material accounting policies (continued)

3.19 Fiduciary activities

The Group administers and manages assets owned by clients which are not reflected in the consolidated financial statements. Asset management fees are earned for providing investment management services and for managing mutual fund products. Asset administration fees are earned for providing custodial services. Fees are recognised as the services are provided and are included in fee and commission income (refer note 5.4).

3.20 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 based on prevailing regulations applicable in each location.

3.21 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.22 Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in the consolidated statement of income in the period in which they arise.

3.23 Dividends

Dividends on issued shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders.

3.24 Comparatives

Where necessary, comparative figures have been regrouped to conform with changes in presentation in the current year. The adjustment did not affect previously reported income or total equity of the Group.

3.25 Capital management

The Group uses regulatory capital ratios and its economic capital framework to monitor its capital base. The Group manages its capital structure and makes adjustments to the structure taking account of changes in economic conditions and strategic business plans.

4. New and amended standards and interpretations

4.1 New and amended standards and interpretations issued and effective for the year

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

Lack of exchangeability – Amendments to IAS 21

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 did not have a material impact on the Group's consolidated financial statements.

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

New and amended standards and interpretations that are issued but not yet effective are being assessed by the Group to determine the impact on the consolidated financial statements. As explained above, this would include standards and amendments that would already be effective based on the new standard or amendment, but the local endorsement is still in progress or has resulted in a later effective date.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

4. New and amended standards and interpretations (continued)

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

On 30th May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

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

The Amendments are effective for annual periods starting on or after 1 January 2026.

With respect to the amendments on the derecognition of financial liabilities that are settled through an electronic payment system, the Group has performed an assessment of all material electronic payment systems used in the various jurisdictions it operates.

Most of the electronic settlement systems used by the Group result in real-time settlement. There is a limited number of electronic settlement systems used by the Group that do not result in real-time settlement. For those, the Group has been derecognising the financial liability, and the associated cash, at the time of submitting the payment instructions. In line with the amendments, the Group will change this current practice to derecognising the financial liability and the associated cash when the payment has reached the beneficiary, which is when the obligation is discharged. However, given the limited number of such electronic settlement systems used by the Group, and the low value of payments involved, the amendments are not expected to have a material impact.

The Group has determined that it will not apply the accounting policy option to derecognise financial liabilities before the settlement date. Moreover, the Group has also reviewed its other payment systems (such as cheques, credit cards, debit cards) and concluded that the recognition and derecognition policies are already in line with the amendments.

In addition, the Group has assessed the impact of the Amendments on its financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features, as well as on non-recourse financing and contractually linked instruments. Based on the assessments performed, the amendments in these areas are not expected to have a material impact on the financial statements.

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

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed.

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

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

The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

The Group does not expect that the amendments will have a material impact on its consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

4. New and amended standards and interpretations (continued)

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027.

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. There are specific presentation requirements and options for entities, such as Good Bank, that have specified main business activities (either providing finance to customers or investing in specific type of assets, or both).

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

The Group is currently working to identify the impacts the standard will have on the primary consolidated financial statements and notes to the consolidated financial statements. The Group considers its main business activities to include the provision of financing to customers and investing in financial assets. In accordance with IFRS 18, some of the income and expenses related to those activities are classified in the operating category, as an exception to the general requirements that would otherwise have resulted in their classification in the investing or financing categories.

5. Accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of certain financial assets, liabilities, income and expenses.

The use of judgements, estimates and assumptions is principally limited to the determination of provisions for impairment, the valuation of financial instruments, the valuation of the Group's defined benefit pension plans, and in determining control relationships over investees, as explained in more detail below:

5.1 Provisions for expected credit losses

Financial assets are evaluated for impairment on the basis set out in note 3.2. In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

5.2 Fair value of financial assets and liabilities

Where the fair value of financial assets and liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is derived from observable markets where available, but where this is not feasible, a degree of judgement is required in determining assumptions used in the models. Changes in assumptions used in the models could affect the reported fair value of financial assets and liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

5. Accounting judgements, estimates and assumptions (continued)

5.3 Retirement benefit obligations

Management, in coordination with independent qualified actuaries, are required to make assumptions regarding the defined benefit pension plans. The principal actuarial assumptions for the defined benefit pension plans are set out in note 13 and include assumptions on the discount rate, return on pension plan assets, mortality, future salary increases, and inflation. Changes in the assumptions could affect the reported asset, service cost and return on pension plan assets.

5.4 Determination of control over investees

The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of material subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

The Group acts as fund manager to a number of investment funds. Determining whether the Group controls such a fund usually focuses on the assessment of the aggregate economic interests of the Group in the investment funds (comprising any direct investment and expected fee arrangement) and the investors' rights to remove the investment manager. While the group has concluded that they do have control over some of these funds, since these are not material to the consolidated financial statements of the Group, the same has not been consolidated in the group's consolidated financial statements. The investments in these funds are measured at fair value. In all other cases, the Group has concluded that it acts as agent for the investors and therefore is not required to consolidate.

5.5 Going concern

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

5.6 Business model assessment

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding (refer note 3.1).

5.7 Management Overlays

Where appropriate, the Group makes adjustments to the ECL estimate outside the Group's regular modelling process to reflect management judgements. Changes to the assumptions underlying these judgemental adjustments could materially affect ECL within the next 12 months. These adjustments include management overlays.

5.8 Additional Tier 1 Capital

The determination of equity classification of Tier 1 Sukuk / Bond / Note requires significant judgement as certain clauses of the Offering Circular require interpretation. The Group classifies as part of equity the Tier 1 Sukuk issued with no fixed redemption/maturity dates (Perpetual) and not obliging the Group for payment of profit upon the occurrence of a non-payment event or non-payment election by the Bank subject to certain terms and conditions and essentially mean that the remedies available to holders are limited in number and scope and very difficult to exercise. The related initial costs and distributions thereon are recognized directly in the consolidated statement of changes in equity under retained earnings.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

6. Classification of assets and liabilities

The classification of assets and liabilities by accounting categorisation was as follows:

	FVTPL	FVTOCI	Amortised cost	Non-financial assets, liabilities & equity	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 31st December 2025					
Cash and other liquid assets	-	-	16,363.7	-	16,363.7
Securities purchased under agreements to resell	-	-	254.1	-	254.1
Placements	-	-	6,206.2	-	6,206.2
Investment securities	330.1	724.4	9,884.9	-	10,939.4
Loans and advances	-	-	16,552.4	-	16,552.4
Other assets	608.6	30.9	638.5	227.6	1,505.6
Total assets	938.7	755.3	49,899.8	227.6	51,821.4
Deposits from banks	-	-	1,901.7	-	1,901.7
Deposits from customers	-	-	36,094.7	-	36,094.7
Securities sold under agreements to repurchase	-	-	2,375.2	-	2,375.2
Other liabilities	496.1	37.1	698.4	138.7	1,370.3
Senior term financing	-	-	5,442.5	-	5,442.5
Subordinated term financing	-	-	400.0	-	400.0
Equity	-	-	-	4,237.0	4,237.0
Total liabilities and equity	496.1	37.1	46,912.5	4,375.7	51,821.4
At 31st December 2024					
Cash and other liquid assets	-	-	9,882.6	-	9,882.6
Securities purchased under agreements to resell	-	-	975.4	-	975.4
Placements	-	-	7,266.6	-	7,266.6
Investment securities	328.4	211.2	7,068.2	-	7,607.8
Loans and advances	-	-	15,402.3	-	15,402.3
Other assets	869.0	29.1	608.9	249.8	1,756.8
Total assets	1,197.4	240.3	41,204.0	249.8	42,891.5
Deposits from banks	-	-	1,665.2	-	1,665.2
Deposits from customers	-	-	28,195.2	-	28,195.2
Securities sold under agreements to repurchase	-	-	1,848.8	-	1,848.8
Other liabilities	644.4	28.5	873.2	146.5	1,692.6
Senior term financing	-	-	5,573.9	-	5,573.9
Subordinated term financing	-	-	399.3	-	399.3
Equity	-	-	-	3,516.5	3,516.5
Total liabilities and equity	644.4	28.5	38,555.6	3,663.0	42,891.5

Financial instruments classified as amortised cost include also financial instruments carried at fair value due to hedge accounting refer note 35.6.

The other assets and other liabilities classified as financial assets and liabilities at FVTPL comprise the fair values of derivative financial instruments. The fair value analysis of derivative financial instruments is set out in note 35.4.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

7. Cash and other liquid assets

	31.12.25	31.12.24
	US\$ millions	US\$ millions
Cash and balances with central banks	13,714.0	7,214.4
Cash and balances with banks	1,520.1	1,488.1
Certificates of deposit	619.5	677.4
Statutory deposits with central banks	510.1	502.7
Cash and other liquid assets	16,363.7	9,882.6

Statutory deposits with central banks are subject to local regulations which provide for restrictions on the deployment of these funds.

Cash and balances with central banks include transitory client deposits related to cash management and payment services (refer note 14).

8. Securities purchased under agreements to resell

The Group enters into collateralised lending transactions (reverse repurchase agreements) in the ordinary course of its operating activities. The collateral is in the form of investment grade debt securities. The collateralised lending transactions are conducted under standardised terms that are usual and customary for such transactions. At 31st December 2025 and 31st December 2024, the fair value of the pledged collateral under the agreements to resell approximates the carrying value of the reverse repos.

9. Placements

	31.12.25	31.12.24
	US\$ millions	US\$ millions
Placements with central banks	1,863.0	1,820.4
Placements with banks	4,313.6	5,358.6
Other placements	30.2	88.1
Provisions for expected credit losses	(0.6)	(0.5)
Net placements	6,206.2	7,266.6

The placements with central banks represented the placement of surplus liquid funds.

All placements were classified under stage 1 as at 31st December 2025 and as at 31st December 2024.

10. Investment securities

10.1 Composition

	31.12.25	31.12.24
	US\$ millions	US\$ millions
Investment securities at amortised cost		
Gross debt securities	9,890.4	7,071.8
Provisions for expected credit losses	(5.5)	(3.6)
Net investment securities at amortised cost	9,884.9	7,068.2
Investment securities at FVOCI		
Debt securities	701.7	190.6
Equity securities	22.7	20.6
Total investment securities at FVOCI	724.4	211.2
Investment securities at FVTPL		
Managed funds	312.2	321.1
Equity securities	7.9	7.3
Debt securities	10.0	-
Total investment securities at FVTPL	330.1	328.4
Total investment securities	10,939.4	7,607.8

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

10. Investment securities (continued)

10.1 Composition (continued)

Managed funds comprised funds placed for investment with specialist managers.

Investment securities include securities that had been pledged as collateral under repurchase agreements (refer note 15).

Debt Securities carried at amortised cost and FVOCI were classified under stage 1 as at 31st December 2025 and as at 31st December 2024.

The credit rating profile of investment securities, based on the lowest rating assigned by the major international rating agencies, was as follows:

	31.12.25		31.12.24	
	US\$ millions	%	US\$ millions	%
AAA to A- / Aaa to A3	9,200.2	86.8	6,335.0	87.3
BBB+ to BBB- / Baa1 to Baa3	425.3	4.0	111.4	1.5
BB+ to B- / Ba1 to B3	971.1	9.2	812.4	11.2
Total debt securities	10,596.6	100.0	7,258.8	100.0
Equity securities and managed funds	342.8		349.0	
Total investment securities	10,939.4		7,607.8	

Investment securities principally comprised investment-grade rated debt securities issued by major international financial institutions and government-related entities.

Investment securities rated BB+ to B- / Ba1 to B3 at 31st December 2025 and 31st December 2024 principally comprised GCC sovereign debt securities.

10.2 Provisions for expected credit losses

The movements in the provisions for credit impairment of investment securities at amortised cost were as follows:

	31 st December 2025				31 st December 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 1st January	3.6	-	-	3.6	3.1	-	-	3.1
Net remeasurement of loss allowance	1.9	-	-	1.9	0.5	-	-	0.5
At 31st December	5.5	-	-	5.5	3.6	-	-	3.6

The allowance for expected credit losses for debt securities at FVOCI amounted to US\$1.5 million (31st December 2024: US\$0.4 million) which is classified under stage 1.

The above provisions reflect the probability-weighted estimate of expected credit losses. The provisions comprise both quantitative and qualitative information and analysis, based on the Group's historical experience and taking into consideration both internal and external indicators and including forward-looking information.

11. Loans and advances

11.1 Composition

	31.12.25	31.12.24
	US\$ millions	US\$ millions
Gross loans and advances	16,847.7	15,703.9
Provisions for expected credit losses	(295.3)	(301.6)
Net loans and advances	16,552.4	15,402.3

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

11. Loans and advances (continued)

11.1 Composition (continued)

	31 st December 2025				31 st December 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Gross loans and advances	15,665.7	898.2	283.8	16,847.7	14,660.0	876.4	167.5	15,703.9
ECL allowances	(71.6)	(57.0)	(166.7)	(295.3)	(80.4)	(102.5)	(118.7)	(301.6)
Net loans and advances	15,594.1	841.2	117.1	16,552.4	14,579.6	773.9	48.8	15,402.3

11.2 Provisions for expected credit losses

The movements in the provisions for expected credit losses during the year was as follows:

	31 st December 2025				31 st December 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 1st January	80.4	102.5	118.7	301.6	91.3	68.2	179.4	338.9
Transfer to stage 1	2.1	(1.7)	(0.4)	-	1.2	(0.9)	(0.3)	-
Transfer to stage 2	(1.4)	1.7	(0.3)	-	(1.9)	2.3	(0.4)	-
Transfer to stage 3	(0.1)	(38.3)	38.4	-	(0.6)	(2.1)	2.7	-
Exchange rate movements	0.1	0.1	0.2	0.4	-	-	(0.3)	(0.3)
Net remeasurement of loss allowance	(9.5)	(7.3)	86.9	70.1	(9.6)	35.0	25.2	50.6
Write-offs	-	-	(76.8)	(76.8)	-	-	(87.6)	(87.6)
At 31st December	71.6	57.0	166.7	295.3	80.4	102.5	118.7	301.6

Amounts written-off during the years ended 31st December 2025 and 31st December 2024 mainly represented provisions on the transfer of the related loans to the memorandum records. Recovery efforts on these loans are still ongoing with the intention to maximise potential recoveries.

11.3 Past due but not credit impaired loans and advances

Below is an age analysis of past due but not credit impaired loans and advances:

	Up to 30 days	31 to 60 days	61 to 89 days	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 31st December 2025				
Corporates - gross	56.6	25.7	2.3	84.6
Retail banking - gross	12.8	9.4	4.0	26.2
	69.4	35.1	6.3	110.8
	Up to 30 days	31 to 60 days	61 to 89 days	Total
At 31 st December 2024	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Corporates - gross	133.1	35.8	8.8	177.7
Retail banking - gross	18.6	10.0	5.6	34.2
	151.7	45.8	14.4	211.9

Gross past due loans at 31st December 2025 included exposures of US\$14.1 million (2024: US\$91.5 million) which were fully collateralised.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

11. Loans and advances (continued)

11.4 Credit impaired loans and advances

The gross and carrying amounts of loans for which either principal or interest was over 90 days past due were as follows:

	31.12.25		31.12.24	
	Gross	Carrying Amount	Gross	Carrying Amount
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Corporates	278.9	115.6	162.6	48.4
Retail banking	4.9	1.5	4.9	0.4
	283.8	117.1	167.5	48.8

11.5 Restructured and modified loans

During the years ended 31st December 2025 and 31st December 2024, the Group modified the contractual terms of a number of facilities for commercial purposes. Such modifications did not result in the derecognition of any assets or modification gains.

During the year ended 31st December 2025, the Group restructured and modified gross loans, amounting to US\$64.2 million (2024: US\$48.6 million) with US\$3.7 million (2024: US\$13.3 million) expected credit losses.

11.6 Collateral

As at 31st December 2025, the Group held collateral relating to credit impaired loans and advances that are classified under Stage 3 amounting to US\$21.0 million (2024: US\$55.1 million).

The Group did not take possession of any collateral during the years ended 31st December 2025 and 31st December 2024.

12. Other assets

	31.12.25	31.12.24
	US\$ millions	US\$ millions
Derivative financial instruments	608.6	869.0
Accrued interest, fees and commissions	437.5	431.8
Premises, equipment and software	159.0	152.3
Prepayments	45.1	59.8
Right-of-use assets	23.5	37.7
Deferred items	47.2	35.2
Pension asset (note 13.1)	30.9	29.1
Other, including accounts receivable	153.8	141.9
	1,505.6	1,756.8

Derivative financial instruments represent the positive fair values of derivative financial instruments entered into for trading purposes, or designated as fair value hedges and cash flow hedges. An analysis of the fair value of derivative financial instruments is set out in note 35.4.

Deferred items represent amounts such as premium paid on interest rate swaps and prepaid loan related fees which are amortised to the consolidated income statement over the relevant contractual periods.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

12. Other assets (continued)

Below are the carrying amounts of the Group's right-of-use assets and movements during the year recognised in the consolidated statement of financial position and consolidated statement of income:

	31.12.25	31.12.24
	US\$ millions	US\$ millions
At 1st January	37.7	86.0
New leases	5.1	0.9
Terminated leases	-	(40.4)
Depreciation	(7.8)	(9.1)
Others (including lease modifications and foreign exchange movements)	(11.5)	0.3
At 31st December	23.5	37.7

GIB (UK) has exercised significant judgement in determining the term of the main office lease. During the year, the Board discussed the anticipated office space requirements reflecting hybrid working arrangements and a reduction in office space requirements following an organisational restructure in 2025. The Board concluded in 2025 that it was probable that GIB (UK) would terminate the lease in 2030 through the break clause in the head lease agreement. This judgement had a significant impact on the measurement of the lease liability, shortening the life of these payments by 5 years. The lease reassessment was also impacted by an increase in rent following a contracted rent review with the landlord. The net impact of these two adjustments led to a material reduction in the lease liability with a corresponding reduction in the related right-of-use asset. In addition, there was a renegotiation on a contract to sub-lease part of the premises, aligning the terms to the head lease contract, this has led to a recognition of a lease receivable and a reduction in the right-of-use asset. The revision of the lease term represents a change in accounting estimate under IAS 8 and is in line with IFRS16 lease accounting rules. The effect of this change is reflected prospectively in the current year.

During the year ended 31st December 2024, the Group mutually agreed with the landlord to terminate the lease agreement for the office building located in AlKhobar, Kingdom of Saudi Arabia, and purchased the land and building for a total price of US\$55.9 million (including real estate transaction tax (RETT)).

13. Post retirement benefits

The Group contributes to defined benefit and defined contribution pension plans which cover substantially all of its employees.

The Bank maintains pension plans for the majority of its employees. Contributions are based on a percentage of salary. The amounts to be paid as retirement benefits are determined by reference to the amounts of the contributions and investment earnings thereon. The total cost of contributions to defined benefit and defined contribution pension plans for the year ended 31st December 2025 amounted to US\$23.2 million (2024: US\$18.7 million).

The Bank's subsidiary, Gulf International Bank (UK) Limited (GIBUK), maintains a funded defined benefit scheme, whilst the Saudi Arabian subsidiaries, Gulf International Bank – Saudi Arabia (GIB KSA) and GIB Capital C.J.S.C. (GIB Capital), maintain unfunded defined benefit schemes. Both pension schemes are covered in more detail in this note.

13.1 Gulf International Bank (UK) Limited (GIBUK)

The Bank's UK-based subsidiary, Gulf International Bank (UK) Limited (GIBUK), maintains a funded defined benefit final salary pension plan for a number of its employees. The assets of the plan are held independently of the subsidiary's assets in a separate trustee administered fund. The fund is subject to the UK regulatory framework for pensions.

The fund exposes the Group to the risk of paying unanticipated contributions in times of adverse experience. Such events could be members living for longer than expected, higher than expected inflation or salary growth, and the risk that increases in the fund's obligations are not met by a corresponding improvement in the value of the fund's assets.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

13. Post retirement benefits (continued)

a) The amount recognised in the consolidated statement of financial position is analysed as follows:

	31.12.25	31.12.24
	US\$ millions	US\$ millions
Fair value of plan assets	162.4	153.3
Present value of fund obligations	(131.5)	(124.2)
Net asset in the consolidated statement of financial position	30.9	29.1

The net liability or asset is a valuation measure derived using an actuarial mathematical model. The modelling is performed by an independent actuary based upon the measurement criteria stipulated by the accounting standard IAS19 - Employee Benefits. A pension asset does not indicate a realisable receivable from the pension plan and a liability does not indicate a funding requirement to the pension plan in the short term.

The valuation measure indicates a point in time view of the fair value of the plan's assets less a discounted measure of the plan's future obligations over a duration of 19 years.

b) The movements in the fair value of plan assets were as follows:

	31.12.25	31.12.24
	US\$ millions	US\$ millions
At 1st January	153.3	184.9
Included in the consolidated statement of income:		
- Interest income on the plan assets	8.7	8.3
Included in the consolidated statement of other comprehensive income:		
- Remeasurements:		
- Return on plan assets excluding interest income	(3.3)	(31.3)
Other movements:		
- Exchange rate movements	10.7	(3.0)
- Benefits paid by the plan	(6.7)	(6.0)
- Other adjustments	(0.3)	0.4
At 31st December	162.4	153.3

The plan assets at 31st December 2025 comprised 10% (2024: 6%) exposure to liability-driven investing (LDI) funds, 81% exposure to insurance contracts (2024:81%) and 0% (2024: 1%) exposure to equity securities. All plan assets except the insurance contracts have a quoted price in an active market and the hedging funds are designed to hedge the majority of inflation and interest rate risk.

c) The movements in the present value of fund obligations were as follows:

	31.12.25	31.12.24
	US\$ millions	US\$ millions
At 1st January	124.2	126.3
Included in the consolidated statement of income:		
- Interest cost on the fund obligations	7.0	5.6
Included in the consolidated statement of other comprehensive income:		
- Remeasurements due to changed actuarial assumptions:		
- Financial assumptions	(3.4)	(14.2)
- Demographic assumptions	0.4	(0.1)
- Experience	0.8	14.8
Other movements:		
- Exchange rate movements	9.2	(2.2)
- Benefits paid by the plan	(6.7)	(6.0)
At 31st December	131.5	124.2

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

13. Post retirement benefits (continued)

d) The movements in the net asset recognised in the consolidated statement of financial position were as follows:

	31.12.25	31.12.24
	US\$ millions	US\$ millions
At 1st January	29.1	58.6
Net income included in consolidated statement of income	1.7	2.7
Remeasurement included in consolidated statement of comprehensive income	(1.1)	(31.8)
Other adjustments	(0.3)	0.4
Exchange rate movements	1.5	(0.8)
At 31st December	30.9	29.1

The Group made nil contributions to the plan during 2025 (2024: nil) and does not expect to pay any contributions to the Scheme in 2026.

e) The principal actuarial assumptions used for accounting purposes were as follows:

	31.12.25	31.12.24
Discount rate (per cent)	5.6	5.5
Retail price inflation (per cent)	2.9	3.1
Consumer price inflation (per cent)	2.1	2.3
Pension increase rate (per cent)	1.9	2.0
Salary growth rate (per cent)	2.8	3.0
Average life expectancy (years)	89	90

f) Sensitivity information

The present value of the fund's obligations, which has a weighted average duration of 12 years, was calculated based on certain actuarial assumptions. Should any one of the key assumptions change by an amount that is probable whilst holding the other assumptions constant, the present value of the fund's obligations would increase as follows:

	31.12.25	31.12.24
	US\$ millions	US\$ millions
Life expectancy increased by 1 year	3.9	3.7
Discount rate decreased by 0.5 per cent	7.8	7.9
Inflation increased by 0.5 per cent	5.7	4.7

13.2 Gulf International Bank - Saudi Arabia (GIB KSA)

Gulf International Bank - Saudi Arabia (GIB KSA) and GIB Capital C.J.S.C. (GIB Capital) maintain unfunded defined benefit schemes based on the prevailing Saudi Arabia Labour Laws.

The schemes expose the Group to the risk of paying unanticipated contributions in times of adverse experience. Such events include members living for longer than expected, higher than expected inflation or salary growth, and the risk that withdrawals may be higher than assumed.

a) The amount recognised in the consolidated statement of financial position is analysed as follows:

	31.12.25	31.12.24
	US\$ millions	US\$ millions
Present value of fund obligations	37.1	28.5
Net liability in the consolidated statement of financial position	37.1	28.5

The net liability or asset is a valuation measure derived using an actuarial mathematical model. The modelling is performed by an independent actuary based upon the measurement criteria stipulated by the accounting standard IAS19 - Employee Benefits. A pension liability does not indicate a funding requirement to the pension plan in the short term.

The valuation measure indicates a point in time view of the discounted measure of the plan's future obligations over a duration of 11 years for GIB KSA and 10 years for GIB Capital.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

13. Post retirement benefits (continued)

13.2 Gulf International Bank - Saudi Arabia (GIB KSA) (continued)

b) The movements in the present value of fund obligations were as follows:

	31.12.25	31.12.24
	US\$ millions	US\$ millions
At 1st January	28.5	22.5
Included in the consolidated statement of income:		
- Current service cost	4.5	3.5
- Interest cost on the fund obligations	1.6	1.1
Included in the consolidated statement of other comprehensive income:		
- Remeasurements due to changed actuarial assumptions:		
- Demographic assumptions	0.2	1.0
- Financial assumptions	0.5	0.7
- Experience	4.8	1.4
Other movements:		
- Exchange rate movements	0.1	-
- Benefits paid by the plan	(3.0)	(1.5)
- Movement relating to employee transfers	(0.1)	(0.2)
At 31st December	37.1	28.5

c) The principal actuarial assumptions used for accounting purposes were as follows:

	31.12.25	31.12.24
Discount rate	4.8%	5.3%
Salary growth rate	5.0%	4.8%

d) Sensitivity information

The present value of the fund's obligations, which has a weighted average duration of 7.6 years (2024: 6.7 years), was calculated based on certain actuarial assumptions. Should any one of the key assumptions change by an amount that is probable whilst holding the other assumptions constant, the present value of the fund's obligations would increase / (decrease) as follows:

	31.12.25	31.12.24
	US\$ millions	US\$ millions
Discount rate increased by 0.5 per cent	(1.3)	(1.1)
Discount rate decreased by 0.5 per cent	1.4	0.9
Long term salary increased by 0.5 per cent	1.1	1.1
Long term salary decreased by 0.5 per cent	(1.1)	(0.9)

14. Deposits

The geographical composition of total deposits was as follows:

	31.12.25	31.12.24
	US\$ millions	US\$ millions
GCC countries	27,582.0	19,849.8
Other Middle East and North Africa countries	317.4	699.5
Other countries	10,097.0	9,311.1
	37,996.4	29,860.4

GCC deposits comprise deposits from the Gulf Cooperation Council (GCC) country governments and central banks and other institutions headquartered in the GCC states.

Deposits include transitory client deposits related to the Group's cash management and payment services, which are placed back-to-back with central banks, other banks, and short-term securities. A considerable portion of the Group's deposits is derived from a concentrated number of customers, reflecting a wholesale funding profile (refer note 7).

At 31st December 2025, GCC deposits represented 72.6% of total deposits (2024: 66.5%).

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

15. Securities sold under agreements to repurchase

The Group enters into collateralised borrowing transactions (repurchase agreements) in the ordinary course of its financing activities. Collateral is provided in the form of securities held within the investment securities portfolio. At 31st December 2025, the fair value of investment securities that had been pledged as collateral under repurchase agreements was US\$2,446.3 million (2024: US\$1,846.5 million). The collateralised borrowing transactions are conducted under standardised terms that are usual and customary for such transactions.

16. Other liabilities

	31.12.25	31.12.24
	US\$ millions	US\$ millions
Derivative financial instruments	496.1	644.4
Accrued interest	340.4	318.6
Deferred items	138.7	146.5
Lease liabilities	33.9	43.0
Provision on credit-related contingent items	35.6	53.1
Pension liabilities (note 13.2)	37.1	28.5
Other, including accounts payable and accrued expenses	288.5	458.5
	1,370.3	1,692.6

Below are the carrying amounts of the Group's lease liabilities and movements during the year recognised in the consolidated statements of financial position and profit or loss:

	31.12.25	31.12.24
	US\$ millions	US\$ millions
At 1st January	43.0	96.0
New leases	5.1	0.9
Terminated leases	-	(47.7)
Interest expense	1.4	4.2
Payments	(4.5)	(9.9)
Others (including lease modifications and foreign exchange movements)	(11.1)	(0.5)
At 31st December	33.9	43.0

Derivative financial instruments represent the negative fair values of derivative financial instruments entered into for trading purposes, or designated as fair value or cash flow hedges. An analysis of the fair value of derivative financial instruments is set out in note 35.4.

Deferred items represent amounts received, e.g. loan origination fees, that are being amortised to income over the period of the related financial asset.

An analysis of the pension liabilities is set out in note 13. Further, details of provision on credit-related contingent items is set out in note 36.

17. Senior term financing

	Interest rate	Maturity	31.12.25	31.12.24
			US\$ millions	US\$ millions
Fixed rate loans	4.37% - 7.36%	2025 - 2030	4,604.7	4,090.4
Floating rate note	2.38% - 5.75%	2025 - 2029	497.3	995.8
Floating rate repurchase agreements	3.98% - 5.41%	2026 - 2029	340.5	340.5
Floating rate note	1.05% - 1.71%	2025	-	130.7
Fixed rate loans	NA	2025	-	16.5
			5,442.5	5,573.9

At 31st December 2025 and 31st December 2024, the fair value of the pledged collateral under the repurchase agreements approximates the carrying value of the repos.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

18. Subordinated term financing

	Interest rate	Maturity	31.12.25	31.12.24
			US\$ millions	US\$ millions
Floating rate loans	7.43%	2033	400.0	399.3
			400.0	399.3

The subordinated term financing facilities represent unsecured obligations of the Group and are subordinated in right of payment to the claims of depositors and other creditors of the Group that are not also subordinated. The subordinated financing facilities have been issued under Tier 2 Sukuk programme which are restricted to qualified institutional clients maturing in ten years callable in five years from the date of origination.

19. Share capital

	31.12.25	31.12.24
	US\$ millions	US\$ millions
Authorised – 3,000 million shares of US\$1 each (2024: 3,000 million shares of US\$1 each)	3,000	3,000
Issued and fully paid – 2,000 million shares of US\$1 each (2024: 2,000 million shares of US\$1 each)	2,000	2,000

20. Reserves

	Compulsory reserve	Cash flow hedge reserve	Investment securities revaluation reserve	Defined pension reserve	Deferred tax and other reserve	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 1st January 2025	226.6	1.9	(13.1)	10.5	(3.0)	222.9
Net fair value changes:						
Securities at FVOCI	-	-	10.5	-	-	10.5
Cash flow hedges	-	79.5	-	-	-	79.5
ECL on debt securities at FVOCI	-	-	0.9	-	-	0.9
Transfers from retained earnings	16.9	-	-	-	-	16.9
Other movements during the year	-	(81.8)	(1.3)	(3.0)	0.7	(85.4)
Net increase / (decrease)	16.9	(2.3)	10.1	(3.0)	0.7	22.4
At 31st December 2025	243.5	(0.4)	(3.0)	7.5	(2.3)	245.3
At 1 st January 2024	213.1	-	(9.1)	44.4	(11.1)	237.3
Net fair value changes:						
Securities at FVOCI	-	-	(4.4)	-	-	(4.4)
Cash flow hedges	-	1.9	-	-	-	1.9
ECL on debt securities at FVOCI	-	-	0.4	-	-	0.4
Transfers from / to retained earnings	13.5	-	-	-	-	13.5
Other movements during the year	-	-	-	(33.9)	8.1	(25.8)
Net increase / (decrease)	13.5	1.9	(4.0)	(33.9)	8.1	(14.4)
At 31 st December 2024	226.6	1.9	(13.1)	10.5	(3.0)	222.9

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For the year ended 31st December 2025

20. Reserves (continued)

Compulsory reserve

The compulsory reserve has been created in accordance with the Bahrain Commercial Companies Law (BCCL). The Group transfers 10% of its annual profits attributable to the shareholders to its compulsory reserve till such time as the reserve equals 50% of the issued share capital of the Group.

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss.

Investment securities revaluation reserve

The investment securities revaluation reserve comprises of the cumulative net change in the fair value of equity securities measured at FVOCI and the cumulative net change in the fair value of debt securities measured at FVOCI until the assets are derecognised or reclassified. This amount is increased by the amount of loss allowance.

Defined pension reserve

The surplus or deficit on a defined benefit pension scheme results in an asset or a liability being recognised by the Bank, the recognition of the pension asset or liability results in the creation of a pension reserve.

Deferred tax and other reserves

Deferred tax and other reserves primarily includes deferred tax on pension plans.

21. Dividends

No dividends were proposed in respect to the financial years ended 31st December 2025 and 31st December 2024.

22. Net interest income

	Year ended 31.12.25	Year ended 31.12.24
	US\$ millions	US\$ millions
Interest income		
Loans and advances	1,074.0	1,062.4
Placements, securities purchased under agreements to resell and other liquid assets	758.6	1,202.4
Investment securities	492.3	408.4
Total interest income	2,324.9	2,673.2
Interest expense		
Deposits from customers	994.5	1,090.0
Deposits from banks	354.3	623.3
Term financing	337.9	375.7
Securities sold under agreements to repurchase	103.2	62.0
Total interest expense	1,789.9	2,151.0
Net interest income	535.0	522.2

Interest income on loans and advances includes loan origination fees that form an integral part of the effective interest rate of the loan.

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For the year ended 31st December 2025

23. Net fee and commission income

	Year ended 31.12.25	Year ended 31.12.24
	US\$ millions	US\$ millions
Fee and commission income		
Commissions on letters of credit and guarantee	56.3	47.7
Investment banking and management fees	37.8	33.0
Loan agency, underwriting and distribution fees	12.9	17.8
Loan commitment fees	8.1	11.4
Retail banking fees	7.3	9.0
Other fee and commission income	9.9	8.4
Total fee and commission income	132.3	127.3
Fee and commission expense	(7.9)	(5.5)
Net fee and commission income	124.4	121.8

Investment banking and management fees comprise fees relating to the provision of investment management and financial services, including asset and fund management, underwriting activities, and services relating to structured financing, privatisations, initial public offerings, and mergers and acquisitions.

Investment banking and management fees for the year ended 31st December 2025 included fee income relating to the Group's fiduciary activities amounting to US\$26.0 million (2024: US\$23.0 million).

Fee and commission expense principally comprises security custody fees and bank charges and commissions.

24. Net trading income

	Year ended 31.12.25	Year ended 31.12.24
	US\$ millions	US\$ millions
Interest rate derivatives	6.1	7.5
Managed funds	3.4	20.9
Debt securities	1.9	-
Commodity options and swaps	0.6	0.4
FX arbitrage	-	(9.6)
	12.0	19.2

Net trading income comprises gains and losses arising both on the purchase and sale, and from changes in the fair value of trading instruments, together with the related interest income, interest expense and dividend income. Net trading income accordingly incorporates all income and expenses related to the Group's trading activities. Trading income on debt securities include US\$0.6 million (2024: nil) relating to interest income on the securities.

Gains and losses on interest rate derivatives principally comprises customer-initiated contracts which have been offset in the market with matching contracts. There is no remaining market risk associated with these contracts.

25. Foreign exchange income

Foreign exchange income principally comprises customer-initiated foreign exchange contracts which have been offset in the market with matching contracts. There is no remaining market risk associated with these offset customer-related foreign exchange.

Foreign exchange income includes spot and forward foreign exchange contracts, and currency futures and options.

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26. Other income

	Year ended 31.12.25	Year ended 31.12.24
	US\$ millions	US\$ millions
Recoveries on previously written off assets	31.2	16.7
Net realised gain on sale of debt securities at amortised cost	2.0	-
Dividends on equity investments classified as FVOCI	0.6	0.6
Sundry income	19.0	3.2
	52.8	20.5

Recoveries on previously written off assets comprise recoveries on assets that had previously been either written off or transferred to the memorandum records.

Net realised gain on investment debt securities principally relates to the sale of securities for liquidity management.

27. Other operating expenses

	Year ended 31.12.25	Year ended 31.12.24
	US\$ millions	US\$ millions
Office systems and supplies	42.8	49.5
Professional fees, licenses and VAT expenses	36.7	28.6
Advertising and business promotion	13.7	11.4
Managed services	11.6	10.3
Communications	6.4	9.2
Travel and business development	5.0	6.6
Other expenses	26.0	29.2
	142.2	144.8

28. Provision for expected credit losses

	31 st December 2025			Total
	Stage 1	Stage 2	Stage 3	
	US\$ millions	US\$ millions	US\$ millions	
Loans and advances (note 11.2)	(9.5)	(7.3)	86.9	70.1
Investment securities	3.0	-	-	3.0
Placements (note 9)	0.1	-	-	0.1
Credit-related contingent items (note 36)	(2.6)	0.4	(15.5)	(17.7)
Other assets	-	-	0.1	0.1
	(9.0)	(6.9)	71.5	55.6

	31 st December 2024			Total
	Stage 1	Stage 2	Stage 3	
	US\$ millions	US\$ millions	US\$ millions	
Loans and advances (note 11.2)	(9.6)	35.0	25.2	50.6
Investment securities	0.9	-	-	0.9
Placements (note 9)	(0.2)	-	-	(0.2)
Credit-related contingent items (note 36)	1.2	(1.1)	3.5	3.6
	(7.7)	33.9	28.7	54.9

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For the year ended 31st December 2025

29. Taxation and zakat

	31.12.25	31.12.24
	US\$ millions	US\$ millions
Consolidated statement of financial position		
Deferred tax asset	2.2	0.7
	2.2	0.7
Current tax liability	21.7	24.9
Deferred tax liability	7.7	7.3
	29.4	32.2
Consolidated statement of income		
	31.12.25	31.12.24
	US\$ millions	US\$ millions
Current tax charge on foreign operations	7.7	9.6
Zakat expense arising from subsidiary operations	21.5	21.5
	29.2	31.1

30. Segmental information

Segmental information is presented in respect of the Group's business and geographical segments. The primary reporting format, business segments, reflects the manner in which financial information is evaluated by the Board of Directors and the Group Management Committee.

30.1 Business segments

For financial reporting purposes, the Group is organised into four main operating segments:

- Wholesale banking: the provision of wholesale commercial financing and other credit facilities for corporate and institutional customers.
- Treasury: the provision of a broad range of treasury and capital market products and services to corporate and financial institution clients, money market, proprietary investment and trading activities and the management of the Group's balance sheet, including funding.
- Asset management and investment banking: the provision of asset and fund management services, and of financial advisory services relating to structured financing, privatisations, initial public offerings, and mergers and acquisitions.
- Head office and support units: income arising on the investment of the Group's trading securities and net free capital funds.

The results reported for the business segments are based on the Group's internal financial reporting systems, which report interest revenue and interest expense on a net basis. The accounting policies of the segments are the same as those applied in the preparation of these consolidated financial statements and are set out in note 3. Transactions between business segments are conducted on normal commercial terms and conditions. Transfer pricing between the business units is based on the market cost of funds.

Effective 2024, the Group entities provided services to subsidiaries and business units under a comprehensive transfer pricing framework that adheres to internationally recognised standards, including the OECD Transfer Pricing Guidelines. This policy ensures that intercompany transactions are conducted on an arm's length basis and are fully documented. It is reviewed annually to maintain alignment with evolving international best practices and local regulatory requirements.

Segment results, assets and liabilities comprise items directly attributable to the business segments. Liabilities reported for head office and support units comprise retail-related deposits and senior term finance facilities and related accrued interest, the cost of which is recharged to the relevant operating business segments.

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For the year ended 31st December 2025

30. Segmental information (continued)

30.1 Business segments (continued)

The business segment analysis is as follows:

	Wholesale banking	Treasury	Asset management and investment banking	Head office and support units	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
For the year ended 31st December 2025					
Net interest income	254.5	182.4	3.6	94.5	535.0
Net fee and commission income	84.4	(2.7)	38.1	4.6	124.4
FX and net trading income	(0.1)	42.9	(1.8)	5.2	46.2
Other income	25.2	8.1	0.3	19.2	52.8
Total operating income	364.0	230.7	40.2	123.5	758.4
Segment result	125.4	168.3	8.3	(57.1)	244.9
Taxation and zakat charges					(29.2)
Net income after tax					215.7
At 31st December 2025					
Segment assets	16,452.9	34,480.2	186.2	702.1	51,821.4
Segment liabilities	15,815.3	25,227.6	2.0	6,539.5	47,584.4
Total equity					4,237.0
Total liabilities and equity					51,821.4

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Net interest income	267.6	155.9	2.4	96.3	522.2
Net fee and commission income	83.4	(2.0)	33.2	7.2	121.8
FX and net trading income	(0.1)	38.2	4.7	8.9	51.7
Other income	14.4	-	0.4	5.7	20.5
Total operating income	365.3	192.1	40.7	118.1	716.2
Segment result	129.9	134.1	8.6	(61.3)	211.3
Taxation and zakat charges					(31.1)
Net income after tax					180.2
At 31st December 2024					
Segment assets	15,296.7	26,692.2	167.6	735.0	42,891.5
Segment liabilities	14,385.6	17,230.6	-	7,758.8	39,375.0
Total equity					3,516.5
Total liabilities and equity					42,891.5

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30. Segmental information (continued)

30.2 Geographical segments

Although the Group's four main business segments are managed on a worldwide basis, they are considered to operate in two geographical markets: the GCC and the rest of the world.

The geographical composition of total assets based on the location in which transactions are booked and income is recorded was as follows:

	31.12.25	31.12.24
	Total assets	Total assets
	US\$ millions	US\$ millions
GCC	29,884.4	27,103.6
Other countries	21,937.0	15,787.9
	51,821.4	42,891.5

The geographical analyses of deposits and risk assets are set out in notes 14 and 32 respectively.

The geographical composition of the total income based on the location in which transactions are booked and income is recorded was as follows:

	At 31 st December 2025		At 31 st December 2024	
	GCC	Other countries	GCC	Other countries
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Net interest income	455.4	79.6	445.9	76.3
Net fee and commission income	117.0	7.4	110.8	11.0
Net trading income	15.5	(3.5)	15.6	3.6
Foreign exchange income	25.6	8.6	24.2	8.3
Other income	48.0	4.8	17.2	3.3
Total operating income	661.5	96.9	613.7	102.5

31. Risk management

The principal risks associated with the Group's businesses are credit risk, market risk, liquidity risk and operational risk. The Group has a comprehensive risk management framework in place for managing these risks which is constantly evolving as the business activities change in response to credit, market, product and other developments. The risk management framework is guided by a number of overriding principles including the formal definition of risk management governance, an evaluation of risk appetite expressed in terms of formal risk limits, risk oversight independent of business units, disciplined risk assessment and measurement including portfolio stress testing and risk diversification. The Board of Directors set the Group's overall risk parameters and risk tolerances, and the significant risk management policies. A Board Risk Policy Committee reviews and reports to the Board of Directors on the Group's risk profile and risk taking activities, including approving obligor limits by rating, industry and geography, and the review of rating back-testing exercises. A Management Committee, chaired by the Group Chief Executive Officer, has the primary responsibility for sanctioning risk taking activities and risk management policies within the overall risk parameters and tolerances defined by the Board of Directors. A Group Risk Committee, under the chairmanship of the Chief Risk Officer and comprising the Group's most senior risk professionals, provides a forum for the review and approval of risk measurement methodologies, risk control processes and the approval of new products, including approval of LGDs and eligible collateral for ECL calculations. The Group Risk Committee also reviews all risk policies and limits that require the formal approval of the Management Committee. The risk management control process is based on a detailed structure of policies, procedures and limits, and comprehensive risk measurement and management information systems for the control, monitoring and reporting of risks. The Provisioning Committee approves the categorisation of an exposure as stage 1, stage 2 or stage 3. Periodic reviews by internal auditors and regulatory authorities subject the risk management processes to additional scrutiny which help to further strengthen the risk management environment.

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For the year ended 31st December 2025

31. Risk management (continued)

The principal risks associated with the Group's businesses and the related risk management processes are described in detail in the Basel 3 Pillar 3 disclosure report in the Annual Report, and are summarised below together with additional quantitative analyses:

31.1 Credit risk

Credit risk is the risk that counterparties will be unable to meet their obligations to the Group. Credit risk arises principally from the Group's lending and investment activities in addition to other transactions involving both on- and off-balance sheet financial instruments, including the specific risk for equity instruments. Disciplined processes are in place at both the business unit and corporate level that are intended to ensure that risks are accurately assessed and properly approved and monitored. Formal credit limits are applied at the individual transaction, counterparty, country and portfolio levels. Overall exposures are also evaluated to ensure a broad diversification of credit risk. The credit management process involves the monitoring of concentrations by product, industry, single obligor, risk grade and geography, and the regular appraisal of counterparty credit quality through the analysis of qualitative and quantitative information.

Credit risk is actively managed and rigorously monitored in accordance with well-defined credit policies and procedures. Prior to the approval of a credit proposal, a detailed credit risk assessment is carried out which includes an analysis of the obligor financial condition, market position, business environment and quality of management. The risk assessment generates an internal credit risk rating for each exposure, which affects the credit approval decision and the terms and conditions of the transaction. For cross border transactions an analysis of country risk is also conducted. The Group bases its credit decision for an individual counterparty on the aggregate Group exposure to that counterparty and all its related entities. Groupwide credit limit setting and approval authorisation requirements are conducted within Board approved guidelines, and the measurement, monitoring and control of credit exposures are done on a Groupwide basis in a consistent manner.

The Group also mitigates its credit exposures on foreign exchange and derivative financial instruments through the use of master netting agreements and collateral arrangements.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and taking into consideration both internal and external indicators and expert credit assessment and inclusion of forward-looking information.

The Group considers all counterparties internally rated 2 and above, between 2- and 3+, between 3 and 4+, between 4 and 5-, between 6+ and 6 and 6- to be significantly deteriorated where they have been downgraded 6 notches, 5 notches, 4 notches, 3 notches, 2 notches and 1 notch respectively since initial recognition, and where the current pricing has not been adjusted to reflect the new risk profile of the counterparty.

Debt investment securities are considered to have low credit risk when their credit risk rating is equivalent to an investment grade rating or a debt investment security with similar credit risk characteristics.

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative and qualitative factors, including whether the exposure has been watch-listed, whether the exposure is more than 30 days past due and as a backstop based on delinquency.

Definitions of default and curing

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held) and the borrower is more than 90 days past due on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

The Group considers a financial asset to be cured, and accordingly reclassified from stage 3 to stage 2 when none of the default criteria have been present for a period of at least 12 consecutive months. The financial asset is then transferred from stage 2 to stage 1 after a cure period of a further six months. However, if the payment frequency is semi-annual or annual, curing period will be 12 months for movement from Stage 2 to Stage 1.

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31. Risk management (continued)

31.1 Credit risk (continued)

Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group takes into consideration the economic forecasts published by the IMF and the Group formulates a fundamental view of the future direction of relevant economic variables as well as a reasonable range of possible scenarios and its weights.

Given the nature of the Group's exposures and availability of historical information, the Group derives the point-in-time (PIT) probability of default (PD) using the through-the-cycle (TTC) PD data for each rating category. The Group uses the Regression based model for the Wholesale Corporate Loans portfolio and Vasicek models for the Investments securities and placements portfolio to link the TTC PDs with forward looking economic factors to derive PIT PD estimates for each rating category. The Regression as well as the Vasicek models takes into consideration forward looking economic forecasts under three scenarios (base case, negative case, and positive case), historical economic data and TTC PDs for deriving PIT PDs. The relationship between the economic factors and default and loss rates have been developed using historical default data and relevant macroeconomic data.

Measurement of ECL

The key input parameters into the measurement of ECL are the probability of default (PD), loss given default (LGD) and exposure at default (EAD). These parameters are derived from internally developed statistical models, historical data or benchmarks using both internal and external factors, and incorporates forward-looking information.

PD estimates are estimates on a certain date. For corporate exposures, corporate TTC PD estimates are internally derived using the Bank's central default tendency for the Corporate portfolio. For Banks/FIs exposures, the Bank applies a separate set of TTC PDs that are developed based on external rating data of global financial institutions. Furthermore, for Sovereign exposures, the Bank applies a separate set of TTC PDs that are based on external rating data of Sovereigns rated by Standard & Poor's (S&P).

The TTC PD estimates are converted to PIT PDs using the Regression model for the Loans portfolio and Vasicek model for the Investments securities and placements portfolio. For exposures that have tenors in excess of one year and that are assessed on lifetime PDs, Cumulative lifetime PDs are calculated by compounding the 12-month PIT PDs.

LGD is the magnitude of the likely loss if there is a default. Since the Group has insufficient historical LGD data to derive statistically reliable LGD estimates, internal LGDs shall be based on external benchmarks / regulatory estimates and the management's estimated recovery rates for each asset class in the event of default.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty. The EAD of a financial asset is its gross carrying amount at the time of default. For commitments and credit related contingencies, EADs are based on the notional amounts and CCFs based on regulatory guidance.

As described above, and subject to using a 12-month PD for Stage 1 exposures, the Group measures ECL considering the risk of default over the maximum contractual period over which the Group is exposed to credit risk. However, for retail facilities that include both a loan and an undrawn commitment component, the Group measures ECL over a period longer than the maximum contractual period if the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take, and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics including instrument type, credit risk ratings and geographic location of the borrower.

The Group calculates PIT PD estimates under three scenarios, a base case, negative case and positive case. A probability weighted ECL is then calculated by assigning probabilities, based on current market conditions, to each scenario. The probabilities assigned to the base case, negative case and positive case scenarios are 50:45:5, respectively (2024: 50:45:5).

ECL are sensitive to judgements and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated in the calculations. Management performs a sensitivity analysis on the ECL recognised on material classes of its assets.

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31. Risk management (continued)

31.1 Credit risk (continued)

The table below shows the loss allowance on the asset-class assuming each forward-looking scenario (optimistic, base and pessimistic case) were weighted 100% instead of applying scenario probability weights across. The below analysis does not consider any management overlay.

	At 31 st December 2025			At 31 st December 2024		
	Placements and Investments	Loans and advances	Credit- related contingent items	Placements and Investments	Loans and advances	Credit- related contingent items
Optimistic case	3.8	55.6	5.4	2.3	91.0	8.1
Base case	4.9	73.9	8.5	3.0	100.7	10.3
Pessimistic case	7.0	107.8	14.1	4.1	111.7	12.8

Modified financial assets

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

The Group renegotiates loans to customers in financial difficulties to maximise collection opportunities and minimise the risk of default. The Group grants forbearance on a selective basis if there is evidence that the customer has made all reasonable efforts to honour the original contractual terms and the customer is expected to be able to meet the revised terms. Forbearance is a qualitative indicator of a significant increase in credit risk, and a customer would need to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired, or in default, or the PD has decreased such that the provision for credit-impairment reverts to being measured at an amount equal to the 12-month ECL.

a) Maximum exposure to credit risk

The gross maximum exposure to credit risk before applying collateral, guarantees and other credit enhancements was as follows:

	31.12.25	31.12.24
	US\$ millions	US\$ millions
Balance sheet items:		
Cash and other liquid assets	16,363.7	9,882.6
Securities purchased under agreements to resell	254.1	975.4
Placements	6,206.2	7,266.6
Investment securities	10,596.6	7,258.8
Loans and advances	16,552.4	15,402.3
Accrued interest, fees and commissions	437.5	431.8
Total on-balance sheet credit exposure	50,410.5	41,217.5
Off-balance sheet items:		
Credit-related contingent items	8,445.0	8,616.1
Foreign exchange-related items	129.3	135.4
Derivative-related items	673.9	1,065.5
Equity and commodity contracts	56.6	1.6
Total off-balance sheet credit exposure	9,304.8	9,818.6
Total gross credit exposure	59,715.3	51,036.1

Financial instruments recorded at fair value balances included above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

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For the year ended 31st December 2025

31. Risk management (continued)

31.1 Credit risk (continued)

b) Credit risk profile

The Group monitors, manages and controls credit risk exposures based on an internal credit rating system that rates individual obligors based on a rating scale from 1 to 10, subject to positive (+) and negative (-) modifiers for rating grades 2 to 6. The internal credit rating is a measure of the credit-worthiness of a single obligor, based on an assessment of the credit risk relating to senior unsecured, long-term, foreign currency credit exposure. The primary objectives of the internal credit rating system are the maintenance of a single uniform standard for credit quality measurement, and to serve as the primary basis for Board-approved risk parameters and delegated credit authority limits.

The internal credit rating system also serves as a key input into the Group's risk-adjusted performance measurement system.

The internal ratings map directly to the external rating grades used by the international credit rating agencies as follows:

Internal rating grade	Internal classification	Fitch and Standard & Poor's	Moody's
Investment grade			
Rating grade 1	Standard	AAA	Aaa
Rating grade 2	Standard	AA	Aa
Rating grade 3	Standard	A	A
Rating grade 4	Standard	BBB	Baa
Sub-investment grade			
Rating grade 5	Standard	BB	Ba
Rating grade 6	Standard	B	B
Rating grade 7	Standard	CCC	Caa
Classified			
Rating grade 8	Substandard	CC	Ca
Rating grade 9	Doubtful	C	C
Rating grade 10	Loss	D	-

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For the year ended 31st December 2025

31. Risk management (continued)

31.1 Credit risk (continued)

b) Credit risk profile (continued)

	Placements, reverse repos & other liquid assets	Investment Securities	Loans and advances	31.12.25 Credit-related contingent items
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Stage 1				
Rating grades 1 to 4-	22,463.5	9,625.5	10,400.2	5,130.5
Rating grades 5+ to 5-	359.8	971.1	4,839.5	984.4
Rating grades 6+ to 6-	0.7	-	354.4	-
Carrying amount (net)	22,824.0	10,596.6	15,594.1	6,114.9
Stage 2				
Rating grade 4-	-	-	39.2	82.5
Rating grades 5+ to 5-	-	-	277.3	97.4
Rating grades 6+ to 6-	-	-	437.1	382.8
Rating grade 7	-	-	87.6	2.3
Carrying amount (net)	-	-	841.2	565.0
Stage 3				
Rating grade 8	-	-	84.2	20.7
Rating grade 9	-	-	32.2	14.6
Rating grade 10	-	-	0.7	-
Carrying amount (net)	-	-	117.1	35.3
Other credit risk exposures				
Performance bonds	-	-	-	1,729.8
Carrying amount	-	-	-	1,729.8
	22,824.0	10,596.6	16,552.4	8,445.0

The above analysis is reported net of the following provisions for expected credit losses:

Stage 1	(0.6)	(5.5)	(71.6)	(7.1)
Stage 2	-	-	(57.0)	(3.7)
Stage 3	-	-	(166.7)	(24.8)
Total	(0.6)	(5.5)	(295.3)	(35.6)

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For the year ended 31st December 2025

31. Risk management (continued)

31.1 Credit risk (continued)

b) Credit risk profile (continued)

	Placements, reverse repos & other liquid assets	Investment Securities	Loans and advances	31.12.24 Credit-related contingent items
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Stage 1				
Rating grades 1 to 4-	17,874.2	6,446.4	9,345.2	4,702.8
Rating grades 5+ to 5-	241.7	812.4	4,670.3	1,402.2
Rating grades 6+ to 6-	8.7	-	564.1	84.5
Carrying amount (net)	18,124.6	7,258.8	14,579.6	6,189.5
Stage 2				
Rating grade 4-	-	-	41.7	46.0
Rating grades 5+ to 5-	-	-	350.8	532.5
Rating grades 6+ to 6-	-	-	211.8	45.2
Rating grade 7	-	-	169.6	7.3
Carrying amount (net)	-	-	773.9	631.0
Stage 3				
Rating grade 8	-	-	21.5	9.7
Rating grade 9	-	-	25.0	17.3
Rating grade 10	-	-	2.3	11.6
Carrying amount (net)	-	-	48.8	38.6
Other credit risk exposures				
Performance bonds	-	-	-	1,757.0
Carrying amount	-	-	-	1,757.0
	18,124.6	7,258.8	15,402.3	8,616.1

The above analysis is reported net of the following provisions for expected credit losses:

Stage 1	(0.5)	(3.6)	(80.4)	(9.4)
Stage 2	-	-	(102.5)	(3.8)
Stage 3	-	-	(118.7)	(39.9)
Total	(0.5)	(3.6)	(301.6)	(53.1)

Stage 3 financial assets represent assets for which there is objective evidence that the Group will not collect all amounts due, including both principal and interest, in accordance with the contractual terms of the obligation.

The Group holds collateral against loans and advances in the form of physical assets, cash deposits, securities and guarantees. The amount and type of collateral is dependent upon the assessment of the credit risk of the counterparty. The market / fair value of the collateral is actively monitored on a regular basis and requests are made for additional collateral in accordance with the terms of the underlying agreements. Collateral is not usually held against securities or placements and no such collateral was held at either 31st December 2025 or 31st December 2024.

An analysis of the credit risk in respect of foreign exchange and derivative financial instruments is set out in note 35 while the notional and risk-weighted exposures for off-balance sheet credit-related contingent items are set out in note 36.

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For the year ended 31st December 2025

31. Risk management (continued)

31.1 Credit risk (continued)

c) Credit risk concentration

The Group monitors concentrations of credit risk by sector and by geographic location. The geographical distribution of risk assets is set out in note 32. An analysis of the credit risk in respect of foreign exchange and derivative financial instruments is set out in note 35. The industrial classification of risk assets is set out below:

	Placements, reverse repos & other liquid assets	Investment Securities	Loans and advances	31.12.25 Credit-related contingent items
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Government	16,511.0	9,117.2	1,837.1	106.5
Financial	6,313.0	665.8	2,745.2	1,232.5
Trading and services	-	-	2,091.7	1,058.8
Energy, oil and petrochemical	-	171.0	1,410.0	1,181.8
Manufacturing	-	-	1,602.2	914.3
Utilities	-	137.5	1,190.3	243.9
Construction and Engineering	-	-	954.2	2,347.3
Transportation	-	13.3	1,190.8	299.5
Real estate	-	76.1	1,081.2	117.1
Agriculture and mining	-	66.8	217.8	344.9
Retail	-	-	263.1	-
Technology, media and telecommunication	-	287.8	351.8	80.8
Other	-	61.1	1,617.0	517.6
	22,824.0	10,596.6	16,552.4	8,445.0
	Placements, reverse repos & other liquid assets	Investment Securities	Loans and advances	31.12.24 Credit-related contingent items
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Government	10,504.9	6,294.0	1,585.4	-
Financial	7,619.7	537.6	2,815.6	942.2
Trading and services	-	-	2,125.9	1,413.3
Energy, oil and petrochemical	-	135.9	1,742.6	1,089.7
Manufacturing	-	-	1,406.5	1,122.0
Utilities	-	24.7	884.0	328.3
Construction and Engineering	-	-	769.6	2,660.7
Transportation	-	13.3	1,138.4	265.2
Real estate	-	55.9	832.2	117.4
Agriculture and mining	-	-	127.9	363.4
Retail	-	-	273.2	-
Technology, media and telecommunication	-	197.4	344.4	68.7
Other	-	-	1,356.6	245.2
	18,124.6	7,258.8	15,402.3	8,616.1

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For the year ended 31st December 2025

31. Risk management (continued)

31.1 Credit risk (continued)

d) 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.

For certain types of transactions, the Group mitigates this risk by conducting settlements through a settlement or clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval and limit monitoring process.

31.2 Market risk

Market risk is the risk of loss due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions, such as liquidity. The principal market risks to which the Group is exposed are interest rate risk, foreign exchange risk and equity price risk associated with its trading, investment and asset and liability management activities. The portfolio effects of holding a diversified range of instruments across a variety of businesses and geographic areas contribute to a reduction in the potential negative impact on earnings from market risk factors.

a) Trading market risk

The Group's trading activities principally comprise trading in debt and equity securities, foreign exchange and derivative financial instruments. Derivative financial instruments include futures, forwards, swaps and options in the interest rate, foreign exchange, equity, credit and commodity markets.

b) Non-trading market risk

Structural interest rate risk arises in the Group's core balance sheet as a result of mismatches in the repricing of interest rate sensitive financial assets and liabilities. The associated interest rate risk is managed through the use of models to evaluate the sensitivity of earnings to movements in interest rates. The repricing profile and related interest rate sensitivity of the Group's financial assets and liabilities are set out in note 34. The Group does not maintain material foreign currency exposures. In general, the Group's policy is to match financial assets and liabilities in the same currency or to mitigate currency risk through the use of currency swaps. Movements in the fair value of equity investment securities are accounted for in other comprehensive income. At 31st December 2025, a 5.0% change in the market price of equity investments accounted for at FVOCI would have resulted in an increase/decrease in equity of US\$1.1 million (2024: US\$1.0 million).

The more significant market risk-related activities of a non-trading nature undertaken by the Group, the related risks associated with those activities, and the types of derivative financial instruments used to manage and mitigate such risks are summarised as follows:

Activity	Risk	Risk mitigant
Management of the return on variable rate assets funded by shareholders' funds	Reduced profitability due to a fall in short-term interest rates	Receive fixed interest rate swaps
Fixed rate assets funded by floating rate liabilities	Sensitivity to increases in short-term interest rates	Pay fixed interest rate swaps
Investment in foreign currency assets	Sensitivity to strengthening of US\$ against other currencies	Currency swaps

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31. Risk management (continued)

31.3 Liquidity risk

Liquidity risk is the risk that sufficient funds are not available to meet the Group's financial obligations on a punctual basis as they fall due.

Liquidity management policies are designed to ensure that funds are available at all times to meet the funding requirements of the Group, even in adverse conditions. In normal conditions the objective is to ensure that there are sufficient funds available not only to meet current financial commitments but also to facilitate business expansion. These objectives are met through the application of prudent liquidity controls. These controls provide security of access to funds without undue exposure to increased costs from the liquidation of assets or the aggressive bidding for deposits. The Group's liquidity controls ensure that, over the short-term, the future profile of cash flows from maturing assets is adequately matched to the maturity of liabilities. Liquidity controls also provide for the maintenance of a stock of liquid and readily realisable assets and a diversified deposit base in terms of both maturities and range of depositors.

The management of liquidity and funding is primarily conducted in the Group's individual geographic entities within limits set and approved by the Board of Directors. The limits take account of the depth and liquidity of the market in which the entity operates. It is the Group's general policy that each geographic entity should be self-sufficient in relation to funding its own operations.

The Group's liquidity management policies include the following:

- the monitoring of (i) future contractual cash flows against approved limits, and (ii) the level of liquid resources available in a stress event;
- the monitoring of balance sheet liquidity ratios;
- the monitoring of the sources of funding in order to ensure that funding is derived from a diversified range of sources;
- the monitoring of depositor concentrations in order to avoid undue reliance on individual depositors;
- the maintenance of a satisfactory level of term financing;
- the maintenance of appropriate standby funding arrangements; and
- the maintenance of liquidity and funding contingency plans. These plans identify early indicators of stress conditions and prescribe the actions to be taken in the event of systemic or other crisis, while minimising adverse long-term implications for the Group's business activities.

The Group has established approved limits which restrict the volume of liabilities maturing in the short-term. An independent risk management function monitors the future cash flow maturity profile against approved limits on a daily basis. The cash flows are monitored against limits applying to both daily and cumulative cash flows occurring over a 30 day period. The liquidity limits ensure that the net cash outflows over a 30 day period do not exceed the eligible stock of available liquid resources. The cash flow analysis is also monitored on a weekly basis by the Assets and Liabilities Committee (ALCO).

Customer deposits form a significant part of the Group's funding. The Group places considerable importance on maintaining the stability of both its customer and interbank deposits. The stability of deposits depends on maintaining confidence in the Group's financial strength and financial transparency.

The Group is also required to comply with Basel 3 liquidity ratio requirements as stipulated by its lead regulator, the Central Bank of Bahrain (CBB). The LCR is calculated as a ratio of the stock of High Quality Liquid Assets (HQLA) to the net outflows over the next 30 calendar days. The NSFR is calculated as a ratio of 'available stable funding' to 'required stable funding'. At 31st December 2025, the Group's LCR and NSFR were 148.6% and 137.2% respectively, (2024: 149.4% and 142.8% respectively).

The maturity profile of assets and liabilities is set out in note 33. An analysis of debt investment securities by rating classification is set out in note 31.1.

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For the year ended 31st December 2025

31. Risk management (continued)

31.3 Liquidity risk (continued)

The below table provides the Group's disclosure of its consolidated NSFR as at 31st December 2025 in the manner prescribed by the CBB:

	No specified maturity	Within 6 months	6 months to 1 year	Over 1 year	Total unweighted value	Total weighted value
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 31st December 2025						
Available Stable Funding (ASF):						
<u>Capital</u>						
Regulatory Capital	3,707.1	-	-	295.1	4,002.2	4,002.2
Other Capital Instruments	530.1	-	-	104.7	634.8	634.8
<u>Retail deposits and deposits from small business customers:</u>						
Stable deposits	-	-	-	-	-	-
Less stable deposits	214.1	988.0	56.9	-	1,259.0	1,133.1
<u>Wholesale funding:</u>						
Operational deposits	-	-	-	-	-	-
Other wholesale funding	18,576.3	17,323.7	3,907.6	4,804.5	44,612.1	16,993.1
<u>Other liabilities:</u>						
NSFR derivative liabilities	-	-	-	-	-	-
All other liabilities not included in the above categories	13,716.8	-	-	-	13,716.8	-
Total ASF						22,763.2
Required Stable Funding (RSF):						
<u>Total NSFR high-quality liquid assets (HQLA)</u>						
Deposits held at other financial institutions for operational purposes	-	-	-	-	-	-
<u>Performing loans and securities:</u>						
Performing loans to financial institutions secured by Level 1 HQLA	-	254.1	-	-	254.1	25.4
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	1,432.0	2,593.9	1,652.6	567.5	6,246.0	1,997.7
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	7,780.1	1,537.3	5,227.9	14,545.3	9,102.4
- With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	-	-	1,788.2	1,788.2	1,162.3
Performing residential mortgages, of which:						
- With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio guidelines	-	-	-	-	-	-
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	341.1	624.0	432.9	441.9	1,839.9	1,296.1
<u>Other assets:</u>						
Physical traded commodities, including gold	-	-	-	-	-	-
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	80.2	-	-	80.2	68.2
NSFR derivative assets	-	256.8	-	-	256.8	256.8
NSFR derivative liabilities before deduction of variation margin posted	-	60.0	-	-	60.0	60.0
All other assets not included in the above categories	293.9	-	-	-	293.9	293.9
OBS items	-	3,911.4	1,678.2	5,145.5	10,735.1	518.6
Total RSF						16,587.2
NSFR (%)						137.2%
At 31st December 2024						
NSFR (%)						142.8%

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For the year ended 31st December 2025

31. Risk management (continued)

31.4 Operational risk

Operational risk is the risk of unexpected losses resulting from inadequate or failed internal controls or procedures, systems failures, fraud, business interruption, compliance breaches, human error, management failure or inadequate staffing.

A framework and methodology has been developed to identify and control the various operational risks. While operational risk cannot be entirely eliminated, it is managed and mitigated by ensuring that the appropriate infrastructure, controls, systems, procedures, and trained and competent people are in place throughout the Group. A strong internal audit function makes regular, independent appraisals of the control environment in all identified risk areas. Adequately tested contingency arrangements are also in place to support operations in the event of a range of possible disaster scenarios.

31.5 Capital management

The Group's lead regulator, the Central Bank of Bahrain (CBB), sets and monitors capital requirements for the Group as a whole. The parent company and individual banking operations are directly supervised by their local regulators.

As referred to in more detail in note 38, the Group adopted the Basel 3 capital adequacy framework with effect from 1st January 2015 as required by the CBB.

In applying current capital requirements, the CBB requires the Group to maintain a prescribed minimum ratio of total regulatory capital to total risk-weighted assets. The CBB's minimum risk asset ratio is 12.5 per cent compared to a minimum ratio of 8 per cent prescribed by the Basel Committee on Banking Supervision. The Group calculates regulatory capital requirements for general market risk in its trading portfolios using the standardised approach and uses the CBB's prescribed risk-weightings under the standardised approach to determine the risk-weighted amounts for credit risk and specific market risk. Operational risk is calculated in accordance with the standardised approach as well. The regulatory capital requirement for operational risk is calculated by applying the CBB's prescribed range of beta coefficients, ranging from 12 to 18 per cent, to the average gross income for the preceding three financial years for each of eight predefined business lines.

The Group's regulatory capital is analysed into two tiers:

- Tier 1 capital, comprising issued share capital, share premium, retained earnings, reserves and eligible portion of non-controlling interest (including a component of AT1 issued by subsidiaries), adjusted to exclude revaluation gains and losses arising on the remeasurement to fair value of derivative cash flow hedging transactions.
- Tier 2 capital, comprising eligible subordinated term debt and expected credit losses stage 1 and stage 2 impairment provisions, after applicable haircuts and ceiling limitations.

The CBB applies various limits to elements of the regulatory capital base including the contributions of innovative additional tier 1 securities and qualifying tier 2 capital towards the minimum total capital ratios. Eligible portion non-controlling interest held by third parties (excluding shareholders of the Bank) forming part of Tier 1 and Tier 2 capital is calculated in accordance with CBB regulations.

The Group's risk exposures are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' return is also recognised as well as the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group manages its capital structure and makes adjustments to the structure taking account of changes in economic conditions and strategic business plans. The capital structure may be adjusted through the dividend payout and the issue of new shares.

The Group complied with all externally imposed capital requirements throughout the years ended 31st December 2025 and 31st December 2024.

Tier 2 subordinated term debt of US\$400 million in the Group was issued during the twelve months ended 31st December 2023. The Tier 2 Sukuk issuance was by way of a private placement in the Kingdom of Saudi Arabia by the Bank's subsidiary, Gulf International Bank – Saudi Arabia in December 2023. Under the CBB capital adequacy framework, subsidiaries reporting under a Basel 3 framework in other regulatory jurisdictions may, at the bank's discretion, be consolidated based on that jurisdiction's Basel 3 framework, rather than based on the CBB's guidelines. Under this aggregation consolidation methodology, the capital and risk-weighted assets of subsidiaries are consolidated with those of the rest of the Group based on the guidelines of their respective regulator to determine the Group's total capital adequacy ratio.

A new Additional Tier 1 capital was issued by GIB KSA during the year ended 31st December 2025 (Refer note 44).

There have been no material changes in the Group's management of capital during the years ended 31st December 2025 and 31st December 2024.

The capital adequacy ratio calculation is set out in note 38.

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32. Geographical distribution of assets

The distribution of assets and credit-related contingent items on behalf of customers by geographic region was as follows:

	Placements, reverse repos & other liquid assets	Securities	Loans and advances	Credit- related contingent items	31.12.25 Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
GCC	4,445.5	7,297.1	15,600.2	7,122.7	34,465.5
Other Middle East & North Africa	2.6	3.5	279.7	199.9	485.7
Europe	9,330.2	647.8	586.2	420.1	10,984.3
North America	8,340.9	1,647.1	86.3	542.1	10,616.4
Asia (excluding GCC)	704.8	1,343.9	-	160.2	2,208.9
	22,824.0	10,939.4	16,552.4	8,445.0	58,760.8

	Placements, reverse repos & other liquid assets	Securities	Loans and advances	Credit- related contingent items	31.12.24 Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
GCC	4,818.2	5,721.5	14,321.5	7,558.8	32,420.0
Other Middle East & North Africa	11.9	3.1	336.9	184.5	536.4
Europe	8,832.3	234.8	510.5	455.6	10,033.2
North America	3,785.7	854.2	233.4	403.7	5,277.0
Asia (excluding GCC)	676.5	794.2	-	13.5	1,484.2
	18,124.6	7,607.8	15,402.3	8,616.1	49,750.8

At 31st December 2025, on-balance sheet risk exposures to customers and counterparties in the GCC represented 54.3% (2024: 60.4%) of total risk assets. The risk asset profile reflects the Group's strategic focus on wholesale banking activities in the GCC states.

An analysis of derivative and foreign exchange instruments is set out in note 35.

Notes to the Consolidated Financial Statements

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33. Maturities of assets and liabilities

The maturity profile of the carrying amount of assets, liabilities and equity, based on the contractual maturity dates, was as follows:

	Within 3 months	4 months to 1 year	Years 2 and 3	Years 4 and 5	Over 5 years and undated	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 31st December 2025						
Cash and other liquid assets	15,234.1	619.5	-	-	510.1	16,363.7
Securities purchased under agreements to resell	239.1	15.0	-	-	-	254.1
Placements	3,876.0	2,325.0	2.2	3.0	-	6,206.2
Investment securities	491.1	2,530.7	1,846.9	1,988.2	4,082.5	10,939.4
Loans and advances	6,311.8	3,053.8	3,222.1	2,628.4	1,336.3	16,552.4
Other assets	433.5	215.1	69.3	159.9	627.8	1,505.6
Total assets	26,585.6	8,759.1	5,140.5	4,779.5	6,556.7	51,821.4
Deposits	31,813.7	6,140.6	-	19.1	23.0	37,996.4
Securities sold under agreements to repurchase	1,958.5	167.8	248.9	-	-	2,375.2
Other liabilities	407.3	169.8	56.5	130.3	606.4	1,370.3
Senior term financing	89.4	868.1	3,094.8	1,390.2	-	5,442.5
Subordinated term financing	-	-	-	-	400.0	400.0
Equity	-	-	-	-	4,237.0	4,237.0
Total liabilities and equity	34,268.9	7,346.3	3,400.2	1,539.6	5,266.4	51,821.4
Net liquidity gap	(7,683.3)	1,412.8	1,740.3	3,239.9	1,290.3	
Cumulative liquidity gap	(7,683.3)	(6,270.5)	(4,530.2)	(1,290.3)	-	

	Within 3 months	4 months to 1 year	Years 2 and 3	Years 4 and 5	Over 5 years and undated	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 31st December 2024						
Cash and other liquid assets	8,852.8	527.1	-	-	502.7	9,882.6
Securities purchased under agreements to resell	212.5	762.9	-	-	-	975.4
Placements	5,069.5	1,882.9	311.1	3.1	-	7,266.6
Investment securities	861.5	725.0	1,799.1	1,510.1	2,712.1	7,607.8
Loans and advances	6,071.6	3,064.7	2,738.9	2,051.2	1,475.9	15,402.3
Other assets	423.5	314.3	99.0	228.3	691.7	1,756.8
Total assets	21,491.4	7,276.9	4,948.1	3,792.7	5,382.4	42,891.5
Deposits	23,603.8	6,214.4	-	2.9	39.3	29,860.4
Securities sold under agreements to repurchase	887.1	807.7	154.0	-	-	1,848.8
Other liabilities	495.1	232.5	73.4	169.3	722.3	1,692.6
Senior term financing	156.6	1,238.1	2,220.5	1,958.7	-	5,573.9
Subordinated term financing	-	-	-	-	399.3	399.3
Equity	-	-	-	-	3,516.5	3,516.5
Total liabilities and equity	25,142.6	8,492.7	2,447.9	2,130.9	4,677.4	42,891.5
Net liquidity gap	(3,651.2)	(1,215.8)	2,500.2	1,661.8	705.0	
Cumulative liquidity gap	(3,651.2)	(4,867.0)	(2,366.8)	(705.0)	-	

The asset and liability maturities presented in the table above are based on contractual repayment arrangements and as such do not take account of the effective maturities of deposits as indicated by the Group's deposit retention records. Formal liquidity controls are nevertheless based on contractual asset and liability maturities.

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33. Maturities of assets and liabilities (continued)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations:

	Within 3 months	4 months to 1 year	Years 2 and 3	Years 4 and 5	Over 5 years and undated
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 31st December 2025					
Deposits	32,179.2	6,380.7	-	20.6	25.3
Securities sold under agreements to repurchase	1,961.1	170.4	248.9	-	-
Senior term financing	91.2	889.8	3,218.6	1,501.4	-
Subordinated term financing	-	-	-	-	440.0
Total non-derivative financial liabilities	34,231.5	7,440.9	3,467.5	1,522.0	465.3
Derivative financial instruments	118.3	53.2	58.8	140.8	155.5
Credit-related contingent items	4,296.1	2,679.1	1,018.2	582.8	110.9
	Within 3 months	4 months to 1 year	Years 2 and 3	Years 4 and 5	Over 5 years and undated
At 31st December 2024					
Deposits	23,904.7	6,596.8	-	3.1	43.2
Securities sold under agreements to repurchase	904.6	815.8	160.2	-	-
Senior term financing	159.7	1,269.1	2,309.3	2,115.4	-
Subordinated term financing	-	-	-	-	439.2
Total non-derivative financial liabilities	24,969.0	8,681.7	2,469.5	2,118.5	482.4
Derivative financial instruments	101.0	122.1	76.4	182.8	201.9
Credit-related contingent items	4,265.8	2,663.5	1,380.6	442.4	108.1

The figures in the table above do not agree directly to the carrying amounts in the consolidated statement of financial position as they incorporate all cash flows, on an undiscounted basis, related to both principal as well as those associated with future coupon and interest payments. Coupons and interest payments for periods for which the interest rate has not yet been determined have been calculated based on the relevant forward rates of interest prevailing at the reporting date.

A maturity analysis of derivative and foreign exchange instruments based on notional amounts is set out in note 35.3.

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34. Interest rate risk

The repricing profile of assets and liabilities categories and equity were as follows:

	Within 3 months	Months 4 to 6	Months 7 to 12	Over 1 year	Non-interest bearing items	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 31st December 2025						
Cash and other liquid assets	15,850.6	-	-	-	513.1	16,363.7
Securities purchased under agreements to resell	254.1	-	-	-	-	254.1
Placements	3,886.1	746.8	1,573.3	-	-	6,206.2
Investment securities						
- Fixed rate	397.5	969.5	1,256.1	2,796.4	10.0	5,429.5
- Floating rate	4,326.2	46.7	-	794.2	-	5,167.1
- Equities	-	-	-	-	342.8	342.8
Loans and advances	13,514.4	1,695.0	704.6	417.1	221.3	16,552.4
Other assets	-	-	-	-	1,505.6	1,505.6
Total assets	38,228.9	3,458.0	3,534.0	4,007.7	2,592.8	51,821.4
Deposits	31,451.3	2,130.2	2,816.3	-	1,598.6	37,996.4
Securities sold under agreements to repurchase	2,330.8	44.4	-	-	-	2,375.2
Other liabilities	-	-	-	-	1,370.3	1,370.3
Senior term financing	5,102.0	-	-	340.5	-	5,442.5
Subordinated term financing	400.0	-	-	-	-	400.0
Equity	-	-	-	-	4,237.0	4,237.0
Total liabilities & equity	39,284.1	2,174.6	2,816.3	340.5	7,205.9	51,821.4
Interest rate sensitivity gap	(1,055.2)	1,283.4	717.7	3,667.2	(4,613.1)	-
Cumulative interest rate sensitivity gap	(1,055.2)	228.2	945.9	4,613.1	-	-

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34. Interest rate risk (continued)

	Within 3 months	Months 4 to 6	Months 7 to 12	Over 1 year	Non-interest bearing items	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 31 st December 2024						
Cash and other liquid assets	9,396.2	-	-	-	486.4	9,882.6
Securities purchased under agreements to resell	212.5	250.0	512.9	-	-	975.4
Placements	5,114.2	1,052.9	1,099.5	-	-	7,266.6
Investment securities						
- Fixed rate	899.8	74.7	575.1	2,111.4	-	3,661.0
- Floating rate	3,366.5	46.6	-	184.7	-	3,597.8
- Equities	-	-	-	-	349.0	349.0
Loans and advances	12,974.5	1,576.0	437.2	320.2	94.4	15,402.3
Other assets	-	-	-	-	1,756.8	1,756.8
Total assets	31,963.7	3,000.2	2,624.7	2,616.3	2,686.6	42,891.5
Deposits	23,079.8	2,774.3	2,310.9	-	1,695.4	29,860.4
Securities sold under agreements to repurchase	1,318.3	338.0	192.5	-	-	1,848.8
Other liabilities	-	-	-	-	1,692.6	1,692.6
Senior term financing	5,174.2	-	399.7	-	-	5,573.9
Subordinated term financing	399.3	-	-	-	-	399.3
Equity	-	-	-	-	3,516.5	3,516.5
Total liabilities & equity	29,971.6	3,112.3	2,903.1	-	6,904.5	42,891.5
Interest rate sensitivity gap	1,992.1	(112.1)	(278.4)	2,616.3	(4,217.9)	-
Cumulative interest rate sensitivity gap	1,992.1	1,880.0	1,601.6	4,217.9	-	-

The repricing profile is based on the remaining period to the next interest repricing date. Derivative financial instruments that have been used for asset and liability management purposes to hedge exposure to interest rate risk are incorporated in the repricing profiles of the related hedged assets and liabilities.

The majority of assets and liabilities reprice within one year. Accordingly, there is limited exposure to interest rate risk. The interest rate risk beyond one year, as set out in the asset and liability repricing profile, mainly represents the investment of the Group's net free capital in fixed rate government securities. At 31st December 2025, the modified duration of these fixed rate securities was 4.78 (2024: 4.14). Modified duration represents the approximate percentage change in the portfolio value resulting from a 100 basis point change in yield. More precisely in dollar terms, the price value of a basis point of the fixed rate securities was US\$1.38 million (2024: US\$0.8 million) and \$0.2 million (2024: nil) for the Tier 1 bond issuance.

Based on the repricing profile at 31st December 2025, and assuming that the financial assets and liabilities were to rollover upon maturity or settlement while maintaining a constant balance sheet, an immediate and sustained two per cent increase in interest rates across all maturities would result in an increase in net income before tax for the following year by approximately US\$13.8 million (2024: US\$55.6 million) and a decrease in the Group's equity by US\$281.2 million (2024: US\$153.1 million). The impact on the Group's equity represents the cumulative effect of the increase in interest rates over the entire duration of the mismatches in the repricing profile of the interest rate sensitive financial assets and liabilities.

The Value-at-Risk by risk class for the Group's trading positions is set out in note 31. The market risk relating to derivative and foreign exchange instruments classified as FVTPL is set out in note 35.

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35. Derivatives and foreign exchange instruments

The Group utilises derivative and foreign exchange instruments to meet the needs of its customers, to generate trading revenues and as part of its asset and liability management (ALM) activity to hedge its own exposure to market risk. Derivative instruments are contracts whose value is derived from one or more financial instruments or indices. They include futures, forwards, swaps and options in the interest rate, foreign exchange, equity, credit and commodity markets. Derivatives and foreign exchange are subject to the same types of credit and market risk as other financial instruments. The Group has appropriate and comprehensive Board-approved policies and procedures for the control of exposure to both market and credit risk from its derivative and foreign exchange activities.

In the case of derivative transactions, the notional principal typically does not change hands. It is simply a quantity which is used to calculate payments. While notional principal is a volume measure used in the derivative and foreign exchange markets, it is neither a measure of market nor credit risk. The Group's measure of credit exposure is the cost of replacing contracts at current market rates should the counterparty default prior to the settlement date. Credit risk amounts represent the gross unrealised gains on non-margined transactions before taking account of any collateral held or any master netting agreements in place.

The Group participates in both exchange traded and over-the-counter (OTC) derivative markets. Exchange traded instruments are executed through a recognised exchange as standardised contracts and primarily comprise futures and options. OTC contracts are executed between two counterparties who negotiate specific agreement terms, including the underlying instrument, notional amount, maturity and, where appropriate, exercise price. In general, the terms and conditions of these transactions are tailored to the requirements of the Group's customers although conform to normal market practice. Industry standard documentation is used, most commonly in the form of a master agreement. The existence of a master netting agreement is intended to provide protection to the Group in the event of a counterparty default.

The Group's principal foreign exchange transactions are forward foreign exchange contracts, currency swaps and currency options. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign exchange on a specific future date at an agreed rate. A currency swap involves the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a specified future date. Currency options provide the buyer with the right, but not the obligation, either to purchase or sell a fixed amount of a currency at a specified exchange rate on or before a specified future date. As compensation for assuming the option risk, the option seller (or writer) receives a premium at the start of the option period.

The Group's principal interest rate-related derivative transactions are interest rate swaps, forward rate agreements, futures and options. An interest rate swap is an agreement between two parties to exchange fixed rate and floating rate interest by means of periodic payments based upon a notional principal amount and the interest rates defined in the contract. Certain agreements combine interest rate and foreign currency swap transactions, which may or may not include the exchange of principal amounts. In a forward rate agreement, two parties agree a future settlement of the difference between an agreed rate and a future interest rate, applied to a notional principal amount for an agreed period. The settlement, which generally occurs at the start of the contract period, is the discounted present value of the payment that would otherwise be made at the end of that period. An interest rate future is an exchange traded contract for the delivery of a standardised amount of a fixed income security or time deposit at a future specified date. Interest rate options, including caps, floors and collars, provide the buyer with the right, but not the obligation, either to purchase or sell an interest rate financial instrument at a specified price or rate on or before a specified future date.

The Group's principal equity-related derivative transactions are equity and stock index options. An equity option provides the buyer with the right, but not the obligation, either to purchase or sell a specified stock or index at a specified price or level on or before a specified future date.

The Group buys and sells credit protection through credit default swaps. Credit default swaps provide protection against the decline in value of a referenced asset as a result of credit events such as default or bankruptcy. It is similar in structure to an option whereby the purchaser pays a premium to the seller of the credit default swap in return for payment related to the deterioration in value of the referenced asset. Credit default swaps purchased and sold by the Group are classified as derivative financial instruments.

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For the year ended 31st December 2025

35. Derivatives and foreign exchange instruments (continued)

35.1 Product analysis

The table below summarises the aggregate notional and credit risk amounts of foreign exchange, interest rate and commodity contracts.

	Trading	Hedging	Notional amounts total	Credit risk amounts
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 31st December 2025				
Foreign exchange contracts:				
Unmatured spot, forward and futures contracts	10,769.5	1,161.9	11,931.4	129.3
Options purchased	753.1	-	753.1	-
Options written	753.1	-	753.1	-
	12,275.7	1,161.9	13,437.6	129.3
Interest rate contracts:				
Interest rate swaps	18,212.5	8,476.6	26,689.1	629.2
Cross currency swaps	401.1	-	401.1	8.4
Futures	85.8	-	85.8	-
Options, caps and floors purchased	2,836.1	-	2,836.1	36.3
Options, caps and floors written	2,836.1	-	2,836.1	-
	24,371.6	8,476.6	32,848.2	673.9
Equity and commodity contracts:				
Options and swaps purchased	247.0	-	247.0	56.6
Options and swaps written	247.0	-	247.0	-
	494.0	-	494.0	56.6
Credit default swaps:				
Protection purchased	34.8	-	34.8	-
Protection sold	34.8	-	34.8	-
	69.6	-	69.6	-
	37,210.9	9,638.5	46,849.4	859.8

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For the year ended 31st December 2025

35. Derivatives and foreign exchange instruments (continued)

35.1 Product analysis (continued)

	Trading	Hedging	Notional amounts total	Credit risk amounts
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 31st December 2024				
Foreign exchange contracts:				
Unmatured spot, forward and futures contracts	8,226.5	656.7	8,883.2	135.4
Options purchased	424.1	-	424.1	-
Options written	424.1	-	424.1	-
	9,074.7	656.7	9,731.4	135.4
Interest rate contracts:				
Interest rate swaps	17,138.7	6,800.4	23,939.1	991.1
Cross currency swaps	401.8	-	401.8	1.8
Futures	107.6	-	107.6	-
Options, caps and floors purchased	2,878.0	-	2,878.0	72.6
Options, caps and floors written	2,878.0	-	2,878.0	-
	23,404.1	6,800.4	30,204.5	1,065.5
Equity and commodity contracts:				
Options and swaps purchased	60.5	-	60.5	1.6
Options and swaps written	60.5	-	60.5	-
	121.0	-	121.0	1.6
Credit default swaps:				
Protection purchased	28.7	-	28.7	-
Protection sold	28.7	-	28.7	-
	57.4	-	57.4	-
	32,657.2	7,457.1	40,114.3	1,202.5

There is no credit risk in respect of options written as they represent obligations of the Group.

35.2 Counterparty analysis

	Financial sector	Corporates	31.12.25 Total
	US\$ millions	US\$ millions	US\$ millions
OECD countries	571.0	61.2	632.2
GCC countries	147.9	76.3	224.2
Other countries	3.0	0.4	3.4
	721.9	137.9	859.8
<hr/>			
	Financial sector	Corporates	31.12.24 Total
	US\$ millions	US\$ millions	US\$ millions
OECD countries	819.5	39.6	859.1
GCC countries	246.8	93.1	339.9
Other countries	3.5	-	3.5
	1,069.8	132.7	1,202.5

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

35. Derivatives and foreign exchange instruments (continued)

35.3 Maturity analysis

	Year 1	Years 2 & 3	Years 4 & 5	Over 5 years	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 31st December 2025					
Foreign exchange contracts	12,817.0	620.6	-	-	13,437.6
Interest rate contracts	6,946.7	6,144.7	12,463.7	7,293.1	32,848.2
Equity and commodity contracts	494.0	-	-	-	494.0
Credit default swaps	-	29.5	40.1	-	69.6
	20,257.7	6,794.8	12,503.8	7,293.1	46,849.4

	Year 1	Years 2 & 3	Years 4 & 5	Over 5 years	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 31st December 2024					
Foreign exchange contracts	9,407.4	324.0	-	-	9,731.4
Interest rate contracts	4,032.3	4,246.4	10,497.5	11,428.3	30,204.5
Equity and commodity contracts	121.0	-	-	-	121.0
Credit default swaps	16.6	-	40.8	-	57.4
	13,577.3	4,570.4	10,538.3	11,428.3	40,114.3

The Group's derivative and foreign exchange activities are predominantly short-term in nature. Transactions with maturities over one year principally represent either fully offset trading transactions or transactions that are designated, and qualify, as fair value hedges.

35.4 Fair value analysis

	Positive fair value	31.12.25 Negative fair value	Positive fair value	31.12.24 Negative fair value
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Derivatives held for trading:				
Foreign exchange contracts	11.4	(13.4)	25.4	(23.1)
Interest rate contracts	437.8	(425.8)	631.8	(616.8)
Equity and commodity contracts	44.2	(44.0)	0.9	(0.7)
	493.4	(483.2)	658.1	(640.6)
Derivatives held for hedging:				
Foreign exchange contracts	44.7	-	51.9	-
Interest rate contracts	70.5	(12.9)	159.0	(3.8)
	115.2	(12.9)	210.9	(3.8)
Amount included in other assets / (other liabilities)	608.6	(496.1)	869.0	(644.4)

35.5 Significant net open positions

There were no significant derivative trading or foreign currency net open positions at either 31st December 2025 or at 31st December 2024.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

35. Derivatives and foreign exchange instruments (continued)

35.6 Hedge accounting

The Group offers fixed rate liability and asset products to clients in the normal course of business. The interest rate received or paid is fixed for the term of the transaction, exposing the Group to interest rate risk during the life of the transaction.

In order to mitigate this interest rate market risk exposure, the Group uses interest rate swaps in one-to-one, one-to-many and many-to-many relationships. The derivative products effectively tie a floating interest rate to the fixed rate client transaction. The hedging item is executed at the same time that the client-related transaction, the hedged item, is booked.

Generally, the hedging item executed exactly matches the critical terms of the hedged item, that being the nominal value, currency, trade date and maturity date and hence the hedge ratio is expected to remain close to 100 per cent. The hedging relationship is generally highly effective because the critical terms of the instruments match at inception and will remain effective throughout the contractual term of the derivative until maturity. The critical terms are reviewed every reporting date to ensure that the match persists.

The Group's derivative instruments are also subject to credit risk. Credit risk can arise on both the hedging instrument and the hedged item in the form of counterparty credit risk or the Group's own credit risk. The Group mitigates its credit exposure through the use of master netting arrangements and collateral arrangements as set out in note 31.1 and credit risk is therefore, unlikely to dominate the change in fair value of such hedging instruments.

The hedging relationship is tested at each reporting date by comparing the fair value of the hedging instrument with that of the hedged instrument. If, as a result of the testing, there is a deviation to the hedge ratio then ineffectiveness is recognised in the consolidated statement of income. The hedging relationship is subsequently either rebalanced or discontinued in accordance with the Group's Board-approved policies and procedures.

a) Fair value hedges

The hedging instruments comprise hedges of fixed rate asset and fixed rate liability products with the following maturity profile:

	Year 1	Years 2 and 3	Years 4 and 5	Over 5 years	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Notional amounts					
At 31st December 2025					
Fixed rate asset products	1,722.7	1,001.0	1,124.5	1,958.0	5,806.2
Fixed rate liability products	1,827.2	189.3	653.9	-	2,670.4

At 31st December 2024

Fixed rate asset products	798.6	1,557.9	1,015.5	1,460.8	4,832.8
Fixed rate liability products	1,447.6	20.0	500.0	-	1,967.6

Gains and losses recognised in the consolidated statement of income relating to fair value hedging relationships were as follows:

	31.12.25	31.12.24
	US\$ millions	US\$ millions
Net gain / (loss) on derivatives fair value hedging instruments	(117.8)	23.7
Net (loss) / gain on hedged items attributable to the hedged risk	117.8	(23.7)

Notes to the Consolidated Financial Statements

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35. Derivatives and foreign exchange instruments (continued)

35.6 Hedge accounting (continued)

a) Fair value hedges (continued)

The notional amount, fair values, and changes in fair values of hedging instruments used as the basis for recognising hedge ineffectiveness were as follows:

	Notional amount	Fair value	Changes in fair value
	US\$ millions	US\$ millions	US\$ millions
At 31st December 2025			
Financial assets			
Interest rate contracts	7,037.1	98.4	(123.0)
Financial liabilities			
Interest rate contracts	1,439.5	(0.9)	5.2
	8,476.6	97.5	(117.8)
At 31st December 2024			
Financial assets			
Interest rate contracts	5,661.3	221.4	20.1
Financial liabilities			
Interest rate contracts	1,139.1	(6.1)	3.6
	6,800.4	215.3	23.7

The carrying amount, accumulative changes in fair values, and changes in fair values of hedging instruments for the years ended 31st December 2025 and 31st December 2024 used as the basis for recognising hedge ineffectiveness were as follows:

	Notional amount	Fair value	Changes in fair value
	US\$ millions	US\$ millions	US\$ millions
At 31st December 2025			
Financial assets			
Placements and securities purchased under agreement to resell	1,212.0	0.5	(2.7)
Loans and advances	143.7	(1.6)	4.9
Investment securities	4,450.5	(81.7)	128.4
	5,806.2	(82.8)	130.6
Financial liabilities			
Deposits and securities sold under agreement to repurchase	1,827.2	(1.3)	(0.8)
Senior term financing	843.2	(13.4)	(12.0)
	2,670.4	(14.7)	(12.8)
	8,476.6	(97.5)	117.8
	Notional amount	Fair value	Changes in fair value
	US\$ millions	US\$ millions	US\$ millions
At 31st December 2024			
Financial assets			
Placements and securities purchased under agreement to resell	916.2	3.2	2.5
Loans and advances	280.6	(6.5)	0.9
Investment securities	3,636.0	(210.1)	(19.2)
	4,832.8	(213.4)	(15.8)
Financial liabilities			
Deposits and securities sold under agreement to repurchase	1,327.6	(0.5)	(0.2)
Senior term financing	640.0	(1.4)	(7.7)
	1,967.6	(1.9)	(7.9)
	6,800.4	(215.3)	(23.7)

There were no ineffective portions of derivative fair value hedging transactions recognised in the consolidated statement of income in either the years ended 31st December 2025 or 31st December 2024.

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

35. Derivatives and foreign exchange instruments (continued)

35.6 Hedge accounting (continued)

b) Cash flow hedges

Refer note 3.8 for accounting treatment on cash flow hedges.

The notional amount, fair values, and changes in fair values of hedging instruments used as the basis for recognising hedge ineffectiveness were as follows:

	Notional amount	Asset	Changes in fair value	Gain / (loss) recognised in OCI
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 31st December 2025				
Foreign exchange risk				
FX swaps	1,161.9	44.7	79.5	79.5
IR swaps	343.2	(0.1)	(0.1)	(0.1)
	1,505.1	44.6	79.4	79.4
	Notional amount	Asset	Changes in fair value	Gain / (loss) recognised in OCI
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 31st December 2024				
Foreign exchange risk				
FX swaps	656.7	51.9	51.9	51.9

The carrying amount, accumulative changes in fair values, and changes in fair values of hedging instruments used as the basis for recognising hedge ineffectiveness were as follows:

	At 31 st December 2025		At 31 st December 2024	
	Notional amount	Changes in fair value	Notional amount	Changes in fair value
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Financial assets				
Investment securities (debt securities at amortised cost)	1,161.9	79.5	656.7	51.9
Term Finance (at amortised cost)	343.2	(0.1)	-	-
	1,505.1	79.4	656.7	51.9

The impact of cash flow hedges on profit or loss and other comprehensive income were as follows:

	31.12.25	31.12.24
	US\$ millions	US\$ millions
At 1st January	1.9	-
Gain recognised in OCI (effective portion)	79.4	51.9
Net amount reclassified to profit or loss:		
Amortisation of forward points	(44.4)	(20.8)
Foreign exchange translation	(38.2)	(28.5)
Taxation charge	0.8	(0.7)
At 31st December	(0.5)	1.9

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36. Credit-related contingent items

Credit-related contingent items include commitments to extend credit, standby letters of credit and guarantees which are designed to meet the financing requirements of customers. The credit risk on these transactions is generally less than the contractual amount. The notional principal amounts of outstanding credit-related contingent items and the risk-weighted exposures calculated in accordance with the CBB's Basel 3 guidelines were as follows:

	31.12.25	31.12.24
	Notional principal amount	Notional principal amount
	US\$ millions	US\$ millions
Direct credit substitutes	1,228.3	1,379.1
Transaction-related contingent items	4,065.5	4,017.0
Short-term self-liquidating trade-related contingent items	960.1	893.3
Commitments, including undrawn loan commitments and underwriting commitments under note issuance and revolving facilities	2,191.1	2,326.7
	8,445.0	8,616.1

The notional principal amounts reported above are stated gross before applying credit risk mitigants, such as cash collateral, guarantees and counter-indemnities. At 31st December 2025, the Group held cash collateral, guarantees, counter-indemnities or other high quality collateral in relation to credit-related contingent items amounting to US\$428.1 million (2024: US\$479.9 million).

Direct credit substitutes at 31st December 2025 included financial guarantees amounting to US\$810.1 million (2024: US\$690.0 million). Financial guarantees may be called on demand.

Provisions in relation to credit-related contingent items at 31st December 2025 amounted to US\$35.6 million (2024: US\$53.1 million). The movement in the provisions for expected credit losses during the year is as follows:

	31 st December 2025				31 st December 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 1st January	9.4	3.8	39.9	53.1	6.9	6.2	36.5	49.6
Transfer to stage 1	0.3	(0.3)	-	-	1.5	(1.5)	-	-
Transfer to stage 2	(0.1)	0.1	-	-	(0.2)	0.2	-	-
Transfer to stage 3	-	(0.3)	0.3	-	-	-	-	-
Exchange rate movements	0.1	-	0.1	0.2	-	-	(0.1)	(0.1)
Net remeasurement of ECL allowance	(2.6)	0.4	(15.5)	(17.7)	1.2	(1.1)	3.5	3.6
At 31st December	7.1	3.7	24.8	35.6	9.4	3.8	39.9	53.1

37. Contingent liabilities and commitments

The Bank and its subsidiaries are engaged in litigation in various jurisdictions. Such litigation involves claims by and against Group companies which have arisen in the ordinary course of business. The management of the Bank, after reviewing the claims pending against the 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.

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38. Capital adequacy

The Group adopted the CBB Basel 3 capital adequacy framework with effect from 1st January 2015 as the common framework for the implementation of the Basel Committee on Banking Supervision's (Basel Committee) Basel 3 capital adequacy framework for banks incorporated in the Kingdom of Bahrain. The Group complied with all externally imposed capital requirements for the years ended 31st December 2025 and 31st December 2024.

	31.12.25	31.12.24
	US\$ millions	US\$ millions
Regulatory capital base		
CET 1	3,707.1	3,176.6
Additional Tier 1 capital	295.1	-
Total Tier 1 capital	4,002.2	3,176.6
Tier 2 capital	389.1	472.9
Total capital base	4,391.3	3,649.5
Risk-weighted exposure		
Credit risk-weighted exposure	22,897.1	21,429.9
Market risk-weighted exposure	915.1	941.1
Operational risk-weighted exposure	1,218.4	1,031.5
Total risk-weighted exposure	25,030.6	23,402.5
Tier 1 risk asset ratio	16.0%	13.6%
Total risk asset ratio	17.5%	15.6%

As at 31st December 2025, all banks incorporated in Bahrain are required to maintain a minimum capital adequacy ratio of 12.5% and a tier 1 ratio of 10.5%.

In accordance with the capital adequacy guidelines of the CBB, revaluation gains and losses arising on the remeasurement to fair value of derivative cash flow hedging transactions are excluded from tier 1 capital, while unrealised gains and losses arising on the remeasurement to fair value of debt and equity investment securities classified as fair value through other comprehensive income (FVOCI) are included in tier 1 capital.

The regulatory capital requirement for operational risk is calculated by the Group in accordance with the standardised approach. The regulatory capital requirement is calculated based on a range of beta coefficients, ranging from 12 to 18 per cent, applied to the average gross income for the preceding three financial years for each of eight predefined business lines.

The total Tier 1 capital has increased compared to the prior period primarily due to issuance of AT1 by subsidiary (note 44), accumulation of profits and full inclusion of capital contributed by the majority shareholder across all subsidiaries of the Group.

39. Fiduciary activities

The Group conducts investment management and other fiduciary activities on behalf of clients. Assets held in trust or in a fiduciary capacity are not assets of the Group and accordingly have not been included in the consolidated financial statements. The aggregate amount of the funds concerned at 31st December 2025 was US\$7,174.4 million (2024: US\$8,193.4 million).

The Group acts as fund manager to a number of investment funds. In its capacity as fund manager, the Group is entitled to performance and management fees. The Group maintains an investment in the funds.

The maximum exposure to loss is equal to the carrying amount of the investment in the funds, which at 31st December 2025 amounted to US\$312.2 million (2024: US\$321.1 million).

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40. Related party transactions

The Group enters into transactions with major shareholders, senior management and companies which are controlled, jointly controlled or significantly influenced by such parties in the ordinary course of business at arm's length. All the loans and advances to related parties are performing and are subject to ECL assessments.

The income, expense and the period end balances in respect of related parties included in the consolidated financial statements were as follows:

	Shareholders	Affiliates	Directors and senior management	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
As at 31 December 2025				
Cash and other liquid assets	-	0.8	-	0.8
Placements	-	352.3	-	352.3
Investment securities	-	930.6	-	930.6
Loans and advances	-	2,524.1	19.1	2,543.2
Other assets	-	58.1	-	58.1
Deposits	3,073.5	2,293.3	23.1	5,389.9
Other liabilities	2.2	423.4	-	425.6
Senior term financing	-	1,025.7	-	1,025.7
Commitments and contingent liabilities	-	1,146.1	4.8	1,150.9
For the year ended 31 December 2025				
Net interest (expense) / income	(61.2)	18.4	-	(42.8)
Fee and commission income	0.4	6.9	-	7.3
Net trading and foreign exchange income	-	(0.4)	-	(0.4)
Short term employee benefits	-	-	(41.4)	(41.4)
Post-employment benefits	-	-	(2.2)	(2.2)
Long-term incentive plan	-	-	(3.7)	(3.7)
Directors' fees and related expenses	-	-	(4.5)	(4.5)

	Shareholders	Affiliates	Directors and senior management	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
As at 31 December 2024				
Cash and other liquid assets	-	0.3	-	0.3
Placements	-	1,215.0	-	1,215.0
Investment securities	-	590.0	-	590.0
Loans and advances	-	1,517.0	22.1	1,539.1
Other assets	2.3	199.5	-	201.8
Deposits	2,041.8	3,570.6	21.1	5,633.5
Other liabilities	-	-	-	-
Securities sold under agreements to repurchase	0.2	50.0	-	50.2
Senior term financing	-	979.9	-	979.9
Commitments and contingent liabilities	-	1,214.5	2.9	1,217.4
For the year ended 31 December 2024				
Net interest expense	(76.1)	(53.0)	-	(129.1)
Fee and commission income	2.3	6.5	-	8.8
Net trading and foreign exchange income	-	2.4	-	2.4
Other income	-	0.4	-	0.4
Short term employee benefits	-	-	(39.7)	(39.7)
Post-employment benefits	-	-	(2.2)	(2.2)
Long-term incentive plan	-	-	(1.5)	(1.5)
Directors' fees and related expenses	-	-	(5.0)	(5.0)

Senior management personnel comprise the Group Chief Executive Officer and other executive officers of the Group.

Post-employment benefits principally comprise compensation paid to personnel on retirement or resignation from the services of the Group.

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41. Fair value of financial instruments

The Group's financial instruments are accounted for under the historical cost method with the exception of investment securities at FVTPL, investment securities at FVOCI, derivative financial instruments and financial instruments hedged for fair value, which are accounted for at fair value. The fair value represents 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. Differences therefore can arise between book values under the historical cost method and fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms. Generally accepted methods of determining fair value include reference to quoted prices (level 1 measurement) or to the pricing prevailing for similar financial instruments (level 2 measurement) and the use of unobservable inputs in estimation techniques such as discounted cash flow analysis (level 3 measurement).

The valuation methodologies for different types of financial instruments applied are outlined below.

41.1 Investment securities

The fair values of equity investment securities are based on quoted prices (level 1) or valuation techniques (level 2 or 3). The fair values of debt investment securities are based on quoted market prices (level 1). At 31st December 2025, the fair value of investment securities at amortised cost amounted to US\$10,032.6 million (31st December 2024: US\$7,304.1 million).

41.2 Loans and advances

The fair values (level 2) of loans on a floating interest rate basis are principally estimated to approximate their book values. The fair values (level 3) of impaired loans are estimated at the recoverable amount, measured as the present value of expected future cash flows discounted based on the interest rate at the inception of the loan. The fair values of fixed rate loans are estimated on a discounted cash flow basis utilising discount rates equal to prevailing market rates of interest in the respective currencies for loans of similar residual maturity and credit quality. At 31st December 2025 and 31st December 2024, the fair values (level 2) approximate the carrying values.

41.3 Term financing

The fair value of term financing is based on observable market data, including quoted market prices for debt instruments issued by similarly rated financial institutions and with similar maturities, or estimated on a discounted cash flow basis utilising currently prevailing spreads for borrowings with similar maturities. At 31st December 2025 and 31st December 2024, the fair values (level 2) of senior and subordinated term financing approximate the carrying values.

41.4 Other on-balance sheet financial items

The fair values of foreign exchange and derivative financial instruments are valued using market standard techniques and using market inputs, discounted cash flow techniques or option pricing models as appropriate. At 31st December 2025 and 31st December 2024, the fair values of all other financial on-balance sheet assets and liabilities approximate their respective book values due to their short-term nature.

41.5 Credit-related contingent items

There was no material fair value excess or shortfall in respect of credit-related off-balance sheet financial instruments, which include commitments to extend credit, standby letters of credit and guarantees, as the related future income streams reflected contractual fees and commissions actually charged at the reporting date for agreements of similar credit standing and maturity. Impairment provisions made in respect of individual transactions where a potential for loss has been identified are included in provisions for the impairment of other liabilities.

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41. Fair value of financial instruments (continued)

41.6 Valuation basis

The valuation basis for financial assets and financial liabilities carried at fair value was as follows:

	Quoted prices (level 1)	Valuation based on observable market data (level 2)	Other valuation techniques (level 3)
	US\$ millions	US\$ millions	US\$ millions
At 31st December 2025			
Financial assets:			
Investment securities - FVTPL	139.8	190.3	-
Investment securities - FVOCI	706.0	-	18.4
Derivative financial instruments	-	608.6	-
Financial liabilities:			
Derivative financial instruments	-	496.1	-
At 31st December 2024			
Financial assets:			
Investment securities - FVTPL	327.9	0.5	-
Investment securities - FVOCI	195.7	-	15.5
Derivative financial instruments	-	869.0	-
Financial liabilities:			
Derivative financial instruments	-	644.4	-

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated statement of financial position 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.

Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 during the year ended 31st December 2025 (2024: nil).

Sensitivity of the movement in the fair value of financial instruments in the level 3 category is assessed as not significant to statement of income or other comprehensive income or total equity.

The movements in the level 3 category is as follows:

	31.12.25	31.12.24
	US\$ millions	US\$ millions
At 1st January	15.5	16.1
Purchases	4.0	0.2
Fair value movement	(1.1)	(0.8)
At 31st December	18.4	15.5

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

42. Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to the shareholders by the weighted average number of shares in issue during the year.

	31.12.25	31.12.24
Net income attributable to shareholders of the Bank (US\$ millions)	169.1	134.8
Weighted average number of shares in issue (millions)	2,000	2,000
Basic earnings per share (US cents)	8.46	6.74

The diluted earnings per share is equivalent to the basic earnings per share set out above.

43. Material subsidiaries

The material subsidiary companies were as follows:

	Principal activities	Country of incorporation	Ownership interest	
			31.12.25	31.12.24
Gulf International Bank - Saudi Arabia C.J.S.C.	Wholesale commercial and retail banking	Saudi Arabia	50%	50%
Gulf International Bank (UK) Limited	Asset management and treasury	United Kingdom	100%	100%
GIB Markets Limited	Treasury-related	Cayman Islands	100%	100%

44. Non-controlling interest

The non-controlling interest arose on the purchase by the Bank's majority shareholder, the Public Investment Fund, of 50 per cent of the shares issued on the incorporation of Gulf International Bank - Saudi Arabia on 3rd April 2019, a new subsidiary of the Bank.

The activities of the Bank in the Kingdom of Saudi Arabia were previously conducted through a foreign branch of the Bank. On 3rd April 2019, the foreign branch was converted to a Saudi closed joint stock company, Gulf International Bank - Saudi Arabia. Upon the incorporation of the Saudi closed joint stock company, the net assets of the foreign branch were converted to Gulf International Bank - Saudi Arabia. Gulf International Bank - Saudi Arabia was incorporated with an issued and fully paid share capital of SAR 7.5 billion that was equally subscribed by the Bank, and the Bank's majority shareholder, the Public Investment Fund (PIF). PIF's investment in the share capital of Gulf International Bank - Saudi Arabia is designated as a non-controlling interest in the Group.

The summarised financial information of the subsidiary is provided below. The information is based on amounts before inter-company eliminations.

Summarised statement of financial position

	31.12.25	31.12.24
	US\$ millions	US\$ millions
Total assets	17,059.5	15,456.8
Total liabilities	14,383.5	13,374.8
Additional Tier 1 capital	500.2	-
Total equity excluding the additional Tier 1 capital	2,175.8	2,082.0
Equity attributable to non-controlling interest	1,588.1	1,041.0

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

44. Non-controlling interest (continued)

	31.12.25	31.12.24
	US\$ millions	US\$ millions
Total income	410.5	390.2
Total operating expenses	(249.4)	(242.2)
Provision charge	(46.5)	(35.7)
Zakat charge	(21.5)	(21.5)
Net income	93.1	90.8
Net income attributable to non-controlling interest	46.6	45.4
Total comprehensive income	96.1	82.0
Total comprehensive income attributable to non-controlling interest	48.1	41.0

Summarised statement of cash flows

	31.12.25	31.12.24
	US\$ millions	US\$ millions
Cash flows from operating activities	(238.1)	1,873.3
Cash flows from investing activities	(995.1)	(400.4)
Cash flows from financing activities	500.2	-
Net movement in cash and cash equivalents	(733.0)	1,472.9

Additional Tier 1 Capital

Gulf International Bank - Saudi Arabia C.J.S.C. ("GIB KSA") has established a USD 1.5 billion Additional Tier 1 Capital Note Programme, under which USD 500 million of unsecured and deeply subordinated Additional Tier 1 perpetual capital notes were issued following approval by the regulatory authority and the Board of Directors of GIB KSA; these notes are perpetual securities with no fixed redemption or maturity date and are classified as equity, with distributions payable on each distribution date unless GIB KSA, at its sole discretion and subject to applicable regulatory requirements and Saudi Central Bank (SAMA) approval, elects not to make such distributions, which non-payment is not considered an event of default and the unpaid amounts are non-cumulative, while the notes are callable at the GIB KSA's option at specified dates subject to SAMA approval, are subject to permanent write-down upon the occurrence of a non-viability event as determined by SAMA, and issuance costs related to these notes have been directly deducted from equity.

45. Average consolidated statement of financial position

The average daily consolidated statement of financial position was as follows:

	31.12.25	31.12.24
	US\$ millions	US\$ millions
ASSETS		
Cash and other liquid assets	11,996.6	16,497.4
Securities purchased under agreements to resell	790.4	1,130.0
Placements	5,753.0	6,234.8
Investment securities	9,466.0	7,492.8
Loans and advances	15,781.0	13,820.5
Other assets	1,548.9	1,726.9
Total assets	45,335.9	46,902.4
LIABILITIES		
Deposits from banks	1,669.5	1,203.0
Deposits from customers	30,362.3	33,536.0
Securities sold under agreements to repurchase	2,089.6	1,126.3
Other liabilities	1,496.2	1,680.8
Senior term financing	5,585.1	5,480.2
Subordinated term financing	399.9	399.8
Total liabilities	41,602.6	43,426.1
Total equity	3,733.3	3,476.3
Total liabilities & equity	45,335.9	46,902.4

Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

46. Shariah-compliant assets and liabilities

The Islamic banking activities of the group are conducted in accordance with Islamic Shariah principles, as approved by the Shariah Supervisory Board. The consolidated financial statements extracts relating to these activities are prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), IFRS and Central Bank of Bahrain regulations, as applicable. The principal accounting policies are set out below:

Investments - sukuk (Debt-type instruments at amortised cost)

Debt-type instruments which are managed on a contractual yield basis and are not held for trading and has not been designated at fair value through statement of income are classified as debt-type instruments at amortised cost. Such investments are carried at amortised cost, less provision for impairment in value. Amortised cost is calculated by taking into account any premium or discount on acquisition. Any gain or loss on such investment is recognised in the consolidated statement of income, when the investment is de-recognised or impaired.

Wakala

An agreement whereby one party provides a certain sum of money to an agent who invests it according to specific conditions in return for a certain fee (a lump sum of money or a percentage of the amount invested). The agent is obliged to return the invested amount in the case of default, negligence or violation of any of the terms and conditions of the Wakala.

Commodity Murabaha

These are sales transaction agreements for commodities stated net of deferred profits and provision for impairment. The Group considers the promise made in the murabaha to the purchase order as obligatory.

Revenue recognition

Revenue is recognised on the above Islamic products as follows:

Estimated income from Wakala is recognised on an accrual basis over the period, adjusted by actual income when received. Losses are accounted for on the date of declaration by the agent.

Income from investments is recognised when earned.

The Shariah-compliant assets and liabilities included in the consolidated statement of financial position were as follows:

	31.12.25	31.12.24
	US\$ millions	US\$ millions
ASSETS		
Placements	423.9	981.1
Investment securities	2,939.9	2,694.5
Financing facilities	5,639.7	5,601.1
LIABILITIES		
Deposits from banks and customers	4,739.7	4,572.3
Term financing	1,778.0	1,388.9

The Group reviews its Shariah-compliant assets and liabilities gap on a monthly basis and ensures at all times that there is sufficient Shariah-compliant assets that cover Shariah-compliant liabilities. The Group does not commingle funds relating to Islamic financial services with funds relating to conventional financial services.

Total provisions at 31st December 2025 of US\$57.6 million (2024: US\$119.2 million) included US\$14.0 million (2024: US\$16.7 million) of provisions for stage 1 Islamic financing, US\$17.6 million (2024: US\$13.5 million) of provisions for stage 2 Islamic financing and US\$26.0 million (2024: US\$89.0 million) of provisions against non-performing Islamic financing.

	31.12.25	31.12.24
	US\$ millions	US\$ millions
Income from financing activities		
Net profit from Islamic financing	192.7	175.7
Net fee and commission income	10.0	15.4
Other profit	4.3	2.3

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Executive summary

The Central Bank of Bahrain (CBB) Basel 3 guidelines prescribe the capital adequacy framework for banks incorporated in the Kingdom of Bahrain. Gulf International Bank B.S.C. (“the Bank” or “GIB”) and its subsidiaries (together “the Group”) adopted Basel 3 from 1st January 2015 as required by the CBB.

This Risk Management and Capital Adequacy report encompasses the Pillar 3 disclosure requirements prescribed by the CBB based on the Basel Committee’s Pillar 3 guidelines. The report contains a description of GIB’s risk management and capital adequacy policies and practices, including detailed information on the capital adequacy process.

For regulatory reporting purposes, GIB has adopted the standardised approach for credit risk, market risk and operational risk.

The disclosed tier 1 and total capital adequacy ratios comply with the minimum capital requirements under the CBB’s Basel 3 framework.

GIB’s total risk-weighted assets as at 31st December 2025 amounted to US\$25,030.6 million (31st December 2024: US\$23,402.5 million). GIB’s credit risk accounted for 91.4% (31st December 2024: 91.6%), market risk accounted for 3.7% (31st December 2024: 4.0%) and operational risk accounted for 4.9% (31st December 2024: 4.4%) of the total risk-weighted assets. Tier 1 and total regulatory capital were US\$4,002.2 million (31st December 2024: US\$3,176.6 million) and US\$4,391.3 million (31st December 2024: US\$3,649.5 million), respectively.

As at 31st December 2025, GIB’s tier 1 and total capital adequacy ratios were 16.0% (31st December 2024: 13.6%) and 17.5% (31st December 2024: 15.6%)

GIB views the Pillar 3 disclosures as an important contribution to increased risk transparency within the banking industry, and particularly important during market conditions characterised by high uncertainty. In this regard, GIB has provided more disclosure in this report than is required in accordance with the CBB’s Pillar 3 guidelines in order to provide the level of transparency that is believed to be appropriate and relevant to the Group’s various stakeholders and market participants.

All figures presented in this report are as at 31st December 2025 unless otherwise stated.

Risk Management and Capital Adequacy Report

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1. The Basel 3 framework

The CBB's Basel 3 framework is based on three pillars, consistent with the Basel 3 framework developed by the Basel Committee, as follows:

- Pillar 1: the calculation of the risk-weighted assets (RWAs) and capital requirement.
- Pillar 2: the supervisory review process, including the Internal Capital Adequacy Assessment Process (ICAAP).
- Pillar 3: the disclosure of risk management and capital adequacy information.

1.1 Pillar 1

Pillar 1 prescribes the basis for the calculation of the regulatory capital adequacy ratio. Pillar 1 sets out the definition and calculations of the RWAs, and the derivation of the regulatory capital base. The capital adequacy ratio is calculated by dividing the regulatory capital base by the total RWAs.

With the introduction of Pillar 2, the CBB implemented a minimum ratio threshold to be determined for each institution individually, as described in more detail in the Pillar 2 section of this report. As at 31st December 2025, all banks incorporated in Bahrain are required to maintain a minimum capital adequacy ratio of 12.5% and a Tier 1 ratio of 10.5%.

In the event that the capital adequacy ratio falls below 12.5%, additional prudential reporting requirements apply and a formal action plan setting out the measures to be taken to restore the ratio above the target level is to be formulated and submitted to the CBB.

The table below summarises the approaches available for calculating RWAs for each risk type in accordance with the CBB's Basel 3 capital adequacy framework:

Approaches for determining regulatory capital requirements		
Credit risk	Market risk	Operational risk
Standardised approach	Standardised approach	Standardised approach

The approach applied by GIB for each risk type is as follows:

a) Credit risk

For regulatory reporting purposes, GIB applies the standardised approach for credit risk.

The RWAs are determined by multiplying the credit exposure by a risk weight factor dependent on the type of counterparty and the counterparty's external rating, where available.

b) Market risk

For regulatory reporting purposes, GIB applies the standardised approach for market risk.

c) Operational risk

Under the CBB's Basel 3 capital adequacy framework, all banks incorporated in Bahrain are required to apply the basic indicator approach for operational risk unless approval is granted by the CBB to use the standardised approach. The CBB's Basel 3 guidelines do not permit the use of the advanced measurement approach (AMA) for operational risk. The standardised approach for the calculation of regulatory operational risk capital has been approved by the CBB.

Under the standardised approach, the regulatory capital requirement is calculated based on a range of beta coefficients, ranging from 12% to 18%, applied to the average gross income for the preceding three financial years for each of the eight Basel predefined business lines.

Risk Management and Capital Adequacy Report

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1. The Basel 3 framework (continued)

1.2 Pillar 2

Pillar 2 defines the process of supervisory review of an institution's risk management framework and, ultimately, its capital adequacy.

Under the CBB's Pillar 2 guidelines, each bank is to be individually assessed by the CBB and an individual minimum capital adequacy ratio is to be determined for each bank. All banks incorporated in Bahrain are required to maintain a 12.5% minimum capital adequacy ratio and a Tier 1 ratio of 10.5%.

Pillar 2 comprises two processes:

- an Internal Capital Adequacy Assessment Process (ICAAP), and
- a supervisory review and evaluation process.

The ICAAP incorporates a review and evaluation of risk management and capital relative to the risks to which the bank is exposed. GIB's capital assessment has been developed around its economic capital framework which is designed to ensure that the Group has sufficient capital resources available to meet regulatory and internal capital requirements, even during periods of economic or financial stress. The capital assessment addresses all components of GIB's risk management, from the daily management of more material risks to the strategic capital management of the Group.

The supervisory review and evaluation process represents the CBB's review of the Group's capital management and an assessment of internal controls and corporate governance. The supervisory review and evaluation process is designed to ensure that institutions identify their material risks and allocate adequate capital and employ sufficient management processes to support such risks.

The supervisory review and evaluation process also encourages institutions to develop and apply enhanced risk management techniques for the measurement and monitoring of risks in addition to the credit, market and operational risks addressed in the core Pillar 1 framework. Other risk types which are not covered by the minimum capital requirements in Pillar 1 include:

- Concentration risk
- Interest rate risk in the banking book
- Strategic risk
- Reputational risk
- Shariah non-compliance risk
- Governance risk
- Legal risk
- Model risk
- IT risk
- Fintech risk
- Cybersecurity risk
- Compliance risk
- Residual risk
- Pension obligation risk
- Liquidity risk
- Collateral concentration risk
- Third party risk
- Environmental, social, and governance (ESG) / Climate risk

These are covered either by capital, or risk management and mitigation processes under Pillar 2.

1.3 Pillar 3

In the CBB's Basel 3 framework, the third pillar prescribes how, when, and at what level information should be disclosed about an institution's risk management and capital adequacy practices.

The disclosures comprise detailed qualitative and quantitative information. The purpose of the Pillar 3 disclosure requirements is to complement the first two pillars and the associated supervisory review process. The disclosures are designed to enable stakeholders and market participants to assess an institution's risk appetite and risk exposures and to encourage all banks, via market pressures, to move toward more advanced forms of risk management.

Under the current regulations, partial disclosure consisting mainly of quantitative analysis is required during half year reporting, whereas full disclosure is required to coincide with the financial year end reporting.

In this report, GIB's disclosures are beyond the minimum regulatory requirements and provide disclosure of the risks to which it is exposed, both on- and off-balance sheet. The disclosures in this report are in addition to the disclosures set out in the consolidated financial statements presented in accordance with International Financial Reporting Standards (IFRS).

Risk Management and Capital Adequacy Report

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2. Group structure, overall risk and capital management

This section sets out the consolidation principles and the capital base of GIB as calculated in accordance with the Pillar 1 guidelines, and describes the principles and policies applied in the management and control of risk and capital.

2.1 Group structure

The Group's financial statements are prepared and published on a full consolidation basis, with all subsidiaries being consolidated in accordance with IFRS. For capital adequacy purposes, all subsidiaries are included within the Gulf International Bank B.S.C. Group structure. However, the CBB's capital adequacy methodology accommodates both normal and aggregation forms of consolidation.

Under the CBB capital adequacy framework, subsidiaries reporting under a Basel 3 framework in other regulatory jurisdictions may, at the bank's discretion, be consolidated based on that jurisdiction's Basel 3 framework, rather than based on the CBB's guidelines. Under this aggregation consolidation methodology, and risk-weighted assets of subsidiaries are consolidated with those of the rest of the Group based on the guidelines of their respective regulator to determine the Group's total capital adequacy ratio.

GIB's subsidiary, Gulf International Bank – Saudi Arabia (GIB KSA), is regulated by the Saudi Central Bank (SAMA) and has calculated its risk-weighted assets in accordance with SAMA's guidelines which consolidate the balances of GIB Capital (regulated by Capital Market Authority).

GIB's subsidiary, Gulf International Bank (UK) Limited (GIB UK), is regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) of the United Kingdom and has calculated its risk-weighted assets in accordance with the PRA's guidelines.

The principal subsidiaries and basis of consolidation for capital adequacy purposes are as follows:

Subsidiary	Domicile	Ownership	Consolidation basis
Gulf International Bank – Saudi Arabia	Saudi Arabia	50%	Capital – Consolidation/ Aggregation, Assets - Aggregation
Gulf International Bank (UK) Limited	United Kingdom	100%	Aggregation
GIB Markets Limited	Cayman Islands	100%	Full Consolidation

No investments in subsidiaries are treated as a deduction from the Group's regulatory capital.

2.2 Risk and capital management

GIB maintains a prudent and disciplined approach to risk taking by upholding a comprehensive set of risk management policies, processes, and limits, employing professionally qualified people with the appropriate skills, investing in technology and training, and actively promoting a culture of sound risk management at all levels. A key tenet of this culture is the clear segregation of duties and reporting lines between personnel transacting business and personnel processing that business. The Group's risk management is underpinned by its ability to identify, measure, aggregate and manage the different types of risk it faces.

The Board of Directors has created from among its members a Board Risk Policy Committee to review the Group's risk-taking activities and report to the Board in this regard. The Board has the ultimate responsibility for setting the overall risk parameters and tolerances within which the Group conducts its activities, including responsibility for setting the capital ratio targets. The Board reviews the Group's overall risk profile and significant risk exposures as well as the Group's major risk policies, processes and controls.

The Management Committee, chaired by the Chief Executive Officer (CEO), has the primary responsibility for sanctioning risk-taking policies and activities within the tolerances defined by the Board. The Group Risk Committee assists the Management Committee in performing its risk related functions.

The Group Risk Committee, under the management of the Chief Risk Officer (CRO) and comprising the Group's most senior risk professionals, provides a forum for the review and approval of new products, risk measurement methodologies and risk control processes. The Group Risk Committee also reviews all risk policies and limits that require approval by the Management Committee. The Assets and Liabilities Committee (ALCO), chaired by the Chief Financial Officer (CFO), provides a forum for the review of asset and liability activities within GIB. It co-ordinates the asset and liability functions and serves as a link between the funding sources and usage in the different business areas.

Risk Management and Capital Adequacy Report

31st December 2025

2. Group structure, overall risk and capital management (continued)

2.2 Risk and capital management (continued)

From a control perspective, the process of risk management is facilitated through a set of independent functions, which report directly to senior management. These functions include Credit Risk, Market Risk, Operational Risk, Financial Control and Internal Audit. This multi-faceted approach aids the effective management of risk by identifying, measuring and monitoring risks from a variety of perspectives.

Internal Audit is responsible for carrying out a risk-based programme of work designed to provide assurance that assets are being safeguarded. This involves ensuring that controls are in place and working effectively in accordance with Group policies and procedures as well as with laws and regulations. The work carried out by Internal Audit includes providing assurance on the effectiveness of the risk management functions, as well as that of controls operated by the business units. The Board Audit Committee approves the annual audit plan and also receives regular reports of the results of audit work.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future business development. The Group manages its capital structure and adjusts the structure taking account of changes in economic conditions and strategic business plans. The capital structure may be adjusted through the dividend pay-out or the issue of new shares.

The CFO is responsible for the capital planning process. Capital planning includes capital adequacy reporting and the Internal Capital Adequacy Assessment Process (ICAAP). The CFO is also responsible for the balance sheet management framework.

The governance structure for risk and capital management is set out in the table below:

Board of Directors		
Board Audit Committee	Board Risk Policy Committee	
Chief Executive Officer		
Management Committee (Chairman: CEO)	Group Risk Committee (Chairman: CRO)	Assets and Liabilities Committee (Chairman: CEO)

The risk, liquidity and capital management responsibilities are set out in the table below:

Chief Executive Officer	
Chief Financial Officer (CFO)	Chief Risk Officer (CRO)
Balance sheet management framework	Risk management framework and policies
Capital management framework	Group credit control
	Credit risk
	Market risk
	Operational risk
	Liquidity risk

2.3 Risk types

The major risks associated with the Group's business activities are credit, market, operational and liquidity risk. These risks together with a commentary on the way in which the risks are managed and controlled are set out in the following sections, based on the Basel 3 Pillar 1 in which the risks are addressed.

2.4 Risk in Pillar 1

Pillar 1, which forms the basis for the calculation of the regulatory capital requirement, addresses three specific risk types: credit, market and operational risk.

Risk Management and Capital Adequacy Report

31st December 2025

2. Group structure, overall risk and capital management (continued)

2.4 Risk in Pillar 1 (continued)

a) Credit risk

Credit risk is the risk that a customer, counterparty or an issuer of securities or other financial instruments fails to perform under its contractual payment obligations thus causing the Group to suffer a loss in terms of cash flow or market value. Credit risk is the predominant risk type faced by the Group in its banking, investment and treasury activities, both on- and off-balance sheet. Where appropriate, the Group seeks to minimise its credit exposure using a variety of techniques including, but not limited to, the following:

- entering netting agreements with counterparties that permit the offsetting of receivables and payables
- obtaining collateral
- seeking third party guarantees of the counterparty's obligations
- imposing restrictions and covenants on borrowers

Credit risk is actively managed and rigorously monitored in accordance with well-defined credit policies and procedures. Prior to the approval of a credit proposal, a detailed credit risk assessment is undertaken which includes an analysis of the obligor's financial condition, market position, business environment and quality of management. The risk assessment generates an internal credit risk rating for each counterparty, which affects the credit approval decision and the terms and conditions of the transaction. For cross-border transactions, an analysis of country risk is also conducted. The credit decision for an individual counterparty is based on the aggregate Group exposure to that counterparty and all its related entities. Groupwide credit limit setting and approval authorisation requirements are conducted within Board approved guidelines, and the measurement, monitoring and control of credit exposures are done on a Groupwide basis in a consistent manner. Overall exposures are evaluated to ensure broad diversification of credit risk. Potential concentration risks by product, industry, single obligor, credit risk rating and geography are regularly assessed with a view to improving overall portfolio diversification. Established limits and actual levels of exposure are regularly reviewed by the Chief Risk Officer (CRO), Chief Credit Officer (CCO) and other members of senior management. All credit exposures are reviewed at least once a year. Credit policies and procedures are designed to identify, at an early stage, exposures which require more detailed monitoring and review. The credit risk associated with foreign exchange and derivative instruments is assessed in a manner similar to that associated with on-balance sheet activities. The Group principally utilises derivative transactions to facilitate customer transactions and for the management of interest and foreign exchange risks associated with the Group's longer-term lending, borrowing and investment activities. Unlike on-balance sheet products, where the principal amount and interest generally represent the maximum credit exposure, the notional amount relating to a foreign exchange or derivative transaction typically exceeds the credit exposure by a substantial margin. The measure of credit exposure for foreign exchange and derivative instruments is therefore more appropriately considered to be the replacement cost at current market rates plus an add-on amount commensurate with the position's size, volatility and remaining life. Derivative contracts may also carry legal risk; the Group seeks to minimise these risks by the use of standard contract agreements.

b) Market risk

Market risk is the risk of loss of value of a financial instrument or a portfolio of financial instruments as a result of adverse changes in market prices and rates, and market conditions such as liquidity. Market risk arises from the Group's trading, asset and liability management, and investment activities.

The categories of market risk to which the Group is exposed are as follows:

Interest rate risk results from exposure to changes in the level, slope, curvature and volatility of interest rates and credit spreads. The credit spread risk is the risk that the interest yield for a security will increase, with a reduction in the security price, relative to benchmark yields as a result of the general market movements for that rating and class of security. Interest rate risk is the principal market risk faced by the Group and arises from the Group's investment activities in debt securities, asset and liability management, and the trading of debt and off-balance sheet derivative instruments.

Foreign exchange risk results from exposure to changes in the price and volatility of currency spot and forward rates. The principal foreign exchange risk arises from the Group's foreign exchange forward and derivative trading activities.

Equity risk arises from exposures to changes in the price and volatility of individual equities or equity indices.

The Group seeks to manage exposure to market risk through the diversification of exposures across dissimilar markets and the establishment of hedges in related securities or off-balance sheet derivative instruments. To manage the Group's exposures, in addition to the exercise of business judgement and management experience, the Group utilises limit structures including those relating to positions, portfolios, maturities and maximum allowable losses.

Risk Management and Capital Adequacy Report

31st December 2025

2. Group structure, overall risk and capital management (continued)

2.4 Risk in Pillar 1 (continued)

b) Market risk (continued)

The Group is exposed to equity risk in its investment securities, primarily in its core international and GCC markets.

Equity position	Amount
	US\$ millions
Quoted equities	90.4
Unquoted equities	252.4
	342.8

c) Operational risk

Operational risk is part of the wider Non-Financial Risk classification, which the Bank actively manages within acceptable tolerance levels through sound operational risk management practices that are part of the day-to-day responsibilities of management at all levels. Whilst operational risk cannot be eliminated in its entirety, the Bank endeavors to minimise it by ensuring that a strong control infrastructure is in place throughout the organisation.

Effective management of operational risk aims to minimize the impact of losses suffered in the normal course of business (expected losses) and to avoid or reduce the likelihood of suffering a large extreme (unexpected) loss.

The Bank's risk management approach involves identifying, assessing, managing, mitigating, monitoring and measuring the risks associated with all areas of the Bank. The various procedures and processes used to manage operational risk and non-financial risk include (but not limited to) effective staff training, appropriate controls to safeguard assets and records, regular reconciliation of accounts and transactions, close monitoring of risk limits, segregation of duties, and financial management and reporting. In addition, policies have been put in place to manage other control mitigation strategies such as for business continuity planning, insurance and legal risk (which includes regular reporting to management on legal matters).

There is a dedicated Operational Risk Management (ORM) function for the Bank which reports to the Bank's Chief Risk Officer and provides independent monitoring and reporting on operational risk issues as well as broader non-financial risk topics. The Bank has an established governance forum, the Operational Risk & Non-Financial Risk Committee (OR&NFRC) which provides oversight for operational risk and non-financial risk activities across the Bank. The OR&NFRC reports to the Risk Committee (RC) and to the Board Risk Policy Committee (BRPC) on a quarterly basis regarding relevant operational risk management and non-financial risk matters such as high impact events, risk issues of critical importance and new and emerging risk themes.

As part of the Bank's Operational Risk Management Framework (ORMF), risk self-assessments are conducted, which identify the operational risks inherent in the Bank's activities, processes and systems. The controls identified are self-assessed supported by an Internal Control Testing Framework, which entails control validation requirements by the 1st line of defence. This is supported by Quality Assurance of RCSA and control testing by the ORM Division.

Qualitative and quantitative methodologies and tools are used to identify and assess operational risk and to provide management with information for determining appropriate mitigating factors. These tools include a database of operational risk events categorized according to business lines and operational risk event types; a record of key risk indicators, which can provide an early warning of possible risk; and a risk and control assessment process to analyze business activities and identify operational risks related to those activities.

I. Risk Events (RE): Risk events encompass incidents resulting from inadequate or failed internal processes, people, and systems or from external events which impact the organisation, incur a direct financial loss or result in a near miss. ORM tracks and records risk events on an on-going basis to monitor changes in the level of threat to the business and to assist in considering the quality, design and implementation of its controls.

II. Key Risk Indicators (KRI): Key risk indicators are warning signals which enable Management to monitor and mitigate operational risks that are reaching levels of concern. KRIs allow the Bank to identify potential events that may impact achievement of business objectives. The business and support functions in collaboration with ORM define thresholds for identified KRI, to regularly assess the status of the operational risk exposure.

III. Risk and Control Self-Assessments (RCSA): Risk and control self-assessment is a tool to identify and assess the operational risk inherent in all existing activities, processes and systems as well as assessing the effectiveness of controls used by Management to mitigate those risks. The business and support functions complete comprehensive risk self-assessments. This is supported by Quality Assurance of RCSA by the ORM Division.

Risk Management and Capital Adequacy Report

31st December 2025

2. Group structure, overall risk and capital management (continued)

2.4 Risk in Pillar 1 (continued)

c) Operational risk (continued)

IV. Internal Control Testing Framework (ICTF): The ICTF has been introduced to contribute to the effectiveness and efficiency of the RCSA process, through the implementation of Control Testing approach, which provides control validation through testing by the 1st line of defence. This is supported by Quality Assurance of the control testing by the ORM Division.

Furthermore, as part of the maturing and development of the broader Non-Financial Risk Management framework, the Bank has recently introduced a Risk Identification (RI) and Materiality Assessment (MA) exercise which involves an annual strategic top level non-financial risk identification workshop supported by quarterly materiality risk assessments. Non-Financial Risks are reported to the Board Risk Policy Committee and relevant management committees through the NFR Heatmap report.

2.5 Risk in Pillar 2

Other risk types are measured and assessed in Pillar 2. GIB measures and manages these risk types although they are not included in the calculation of the regulatory capital adequacy ratio. Pillar 2 assessment considers risks that are not covered adequately under Pillar 1 risks to ensure sufficient capital coverage for all the underlying risks of the Group's business. This includes an analysis of the Group's residual Pillar 1 risk, concentration risk, interest rate risk in the banking book (IRRBB), strategic risk, reputational risk, shariah non-compliance risk, governance risk, legal risk, model risk, information technology risk, fintech risk, cybersecurity risk, compliance risk, residual risk, pension obligation risk, liquidity risk, collateral concentration risk, third-party risk and environmental, social, and governance (ESG) risk.

a) Liquidity risk

Liquidity risk is the risk that sufficient funds are not available to meet the Group's financial obligations on a punctual basis as they fall due. The risk arises from the timing differences between the maturity profiles of the Group's assets and liabilities. It includes the risk of losses arising from the following:

- forced sale of assets at below normal market prices
- raising of deposits or borrowing funds at excessive rates
- the investment of surplus funds at below market rates

Liquidity management policies are designed to ensure that funds are available at all times to meet the funding requirements of the Group, even in adverse conditions. In normal conditions, the objective is to ensure that there are sufficient funds available not only to meet current financial commitments but also to facilitate business expansion. These objectives are met through the application of prudent liquidity controls. These controls provide access to funds without undue exposure to increased costs from the liquidation of assets or the aggressive bidding for deposits.

The Group's liquidity controls ensure that, over the short-term, the future profile of cash flows from maturing assets is adequately matched to the maturity of liabilities. Liquidity controls also provide for the maintenance of a stock of liquid and readily realisable assets and a diversified deposit base in terms of both maturities and range of depositors.

The management of liquidity and funding is primarily conducted in the Group's individual geographic entities within approved limits. The limits ensure that contractual net cash flows occurring over the following 30-day period do not exceed the eligible stock of available liquid resources.

It is the Group's general policy that each geographic entity should be self-sufficient in relation to funding its own operations.

The Group's liquidity management policies include the following:

- the monitoring of (i) future contractual cash flows against approved limits, and (ii) the level of liquid resources available in a stress event
- the monitoring of balance sheet liquidity ratios
- the monitoring of the sources of funding in order to ensure that funding is derived from a diversified range of sources
- the monitoring of depositor concentrations in order to avoid undue reliance on individual depositors
- the maintenance of a satisfactory level of term financing; and
- the maintenance of liquidity and funding contingency plans. These plans identify early indicators of stress conditions and prescribe the actions to be taken in the event of a systemic or other crisis, while minimising adverse long-term implications for the Group's business activities.

Risk Management and Capital Adequacy Report

31st December 2025

2. Group structure, overall risk and capital management (continued)

2.5 Risk in Pillar 2 (continued)

b) Interest rate risk in the banking book

Structural interest rate risk arises in the Group's core balance sheet as a result of mismatches in the repricing of interest rate sensitive financial assets and liabilities. The associated interest rate risk is managed through the use of models to evaluate the sensitivity of earnings to movements in interest rates. Interest rate risk in the banking book is captured in GIB's Pillar 2 capital framework by gauging the impact of stress tests on the Group's interest rate exposure in the banking book.

c) Concentration risk

Concentration risk is the risk related to the degree of diversification in the credit portfolio, i.e. the risk inherent in doing business with large customers or not being equally exposed across industries and regions.

Concentration risk is captured in GIB's Pillar 2 capital framework which considers single-name concentrations and sector concentrations in the credit portfolio. Potential concentration risks by product, single obligor, and geography are regularly assessed with a view to improving overall portfolio diversification. Established limits and actual levels of exposure are regularly reviewed by senior management and the Board of Directors.

d) Pension obligation risk

Pension obligation risk is the risk that there may be a shortfall with respect to pension benefits due to employees/former employees within the funded defined benefit scheme of the Group's wholly owned subsidiary, GIB UK.

In December 2024, the Trustees of the Scheme completed a full scheme buy-in transaction with an insurer to mitigate against most of the risks that the scheme is exposed to.

e) Reputational risk

Reputational risk is the risk of losses resulting from adverse perceptions about the Group, its brand and franchise by its various stakeholders that is caused by a variety of internal and external factors. Preventive measures, including controls and processes have been deployed to manage reputational risk. These include a robust and comprehensive governance structure, which is based on set of well-defined policies and procedures.

The Group uses a reputational risk scorecard to quantify the amount of capital required for reputational risk under the ICAAP framework.

f) Shariah Non-Compliance Risk

Shariah non-compliance risk is the risk of loss that arises from the failure of the Bank to comply with Shariah rules and principles determined by the Shariah Board or the relevant body in the jurisdictions in which the Bank operates. The Bank's Shariah non-compliance risk arises from its exposure to Shariah compliant transactions and activities.

To effectively mitigate these risks, the Bank has established a robust Shariah Governance Framework that outlines a multi-layered approach, incorporating various lines of defence, including the Shariah Compliance Department, business and operations units, and control functions.

The Group uses a scorecard to quantify the amount of capital required for Shariah Non-Compliance risk under the ICAAP framework.

g) Governance Risk

Governance Risk is defined as the risk of loss stemming from the failure of corporate governance practices of the Bank. Governance is central to the effective and efficient running of the Group. It shapes everything from long-term direction to everyday operations and plays an important part in long-term success of the Group. The Board of Directors, Senior Management and all employees of the Group are committed to effective Corporate Governance and to observing the highest standard of behaviour and conduct to maintain the highest international standards of corporate governance and regulatory compliance.

The Group maintains a Subsidiary Corporate Governance Policy which outlines the corporate governance framework of the Group and the main principles for promoting sound corporate governance practices and reflects to the extent possible the corporate governance requirements of the CBB with respect to the governance of group structures.

The Group uses a scorecard to quantify the amount of capital required for Governance risk under the ICAAP framework.

Risk Management and Capital Adequacy Report

31st December 2025

2. Group structure, overall risk and capital management (continued)

2.5 Risk in Pillar 2 (continued)

h) Model Risk

Model Risk can be defined as the potential loss the Bank may incur, as a consequence of decisions that could be principally based on the output of (internal) models, due to errors in the development, implementation or use of such models. To minimize model risk, the Group has in place a set of measures and controls, including the use of three lines of defence as demonstrated below:

- **First line of defence (Model development and use):** Senior Management oversight, Clear definition of roles and responsibilities, Clear policies and model frameworks, Rigorous model testing prior to use and Ongoing monitoring of model performance.
- **Second line of defence (Model validation):** Perform model validation tests and performance review for models whose model risk is deemed significant or high and, as an outcome of model validations and performance reviews, confirm or amend model as required.
- **Third line of defence (Internal Audit):** Models are subjected to Internal Audit reviews as part of the periodic audit cycles and Internal Audit findings are clearly documented and reported to senior management

The Group estimates capital required for model risk by calculating the deviation from model calculations.

i) Information Technology (IT) risk

IT Risk is the risk that infrastructure or systems fail, possibly leading to business disruption, creating a financial impact. The Group has in place a sound IT and Information Security governance framework that aligns its IT strategy and Information & Cyber Security Strategy with its overall business objectives. The Group assesses the capital required for IT risk based on the downtime and restoration cost for the IT-related events.

j) Fintech Risk

Fintech Risk refers to the risk associated with the continuous investment in emerging financial technologies, as well as the risk to traditional banking revenue streams and margins (fees as well as interest income) from emerging fintech players and offerings. Fintech risk includes the following elements:

- Disintermediation risk
- Risk of delayed initiatives leading to loss of revenues
- Risk of obsolescence of technology
- Risk of frauds, error and cybersecurity
- Risk of continued reliance on consultants and specialists.
- Risk of cryptocurrency and tokenisation

The capital requirements for this risk are assessed based on an estimate of the Fintech market penetration in the Banking and financial sector for geographies in which the Group operates.

k) Cybersecurity Risk

Cybersecurity is the risk of losses arising from systems intrusion and invasion, online data fraud or deception schemes for profit, external identity theft through system intrusion and skimming or electronic eavesdropping. The loss or unavailability of data could arise from one or more of the following:

- Shadow IT systems
- Malware (Spyware)
- A distributed denial-of-service (DDoS) attack
- Ransomware Attack
- Social Engineering attacks
- Supply Chain Attacks
- Zero-Day Attack.
- Privacy Breach Risk

The Group assesses the capital required for cybersecurity risk by taking into consideration the probability of the breach, the control environment of the Bank and the cost of data breach.

Risk Management and Capital Adequacy Report

31st December 2025

2. Group structure, overall risk and capital management (continued)

2.5 Risk in Pillar 2 (continued)

l) Compliance Risk

Compliance risk refers to the risk of legal or regulatory sanctions, material financial loss, or loss to reputation the Bank may suffer as a result of its failure to comply with laws, regulations, directives, directions, reporting requirements and codes of conduct, including internal code of conduct. This includes Anti-Money Laundering (AML) and Counter Financing of Terrorism (CFT) rules and regulations.

The Group assesses the capital required for compliance risk on the basis of historical compliance related annual losses/penalties.

m) Residual Risk

Residual risk is the risk that the capital measurement methodologies adopted as per the pillar 1 capital rules do not adequately capture the capital requirement for Pillar 1 risks (i.e. credit, market and operational risks)

- **Residual Credit Risk:** For the purpose of residual credit risk assessment, the Group utilizes an internally developed economic capital model based on the Foundation Internal Ratings based (FIRB) approach issued by the Basel Committee for Banking Supervisions (BCBS)
- **Residual Market risk:** The Group uses Expected Shortfall (ES) to calculate the capital requirement for residual general market risk. ES is calculated for foreign exchange risk and for all financial instruments in the trading book for which there are readily available daily prices
- **Residual Operational risk:** The Group's historical experience of operational risk related losses indicate that the Group has never experienced operational risk losses in any one year that exceed the Pillar 1 capital requirement.

n) Legal risk

In the ordinary course of its business, as a participant in the financial services industry, the Group may pursue litigation claims against third parties and may also have litigation claims and/or regulatory proceedings filed against it. The Bank has an in-house legal department comprising of qualified legal professionals. The department has put in place adequate policies and procedures and uses assistance of professional legal firms on a need basis, to ensure effective and efficient management of legal risk.

The Group uses a legal risk scorecard to quantify the amount of capital required for legal risk under the ICAAP framework.

o) Strategic risk

Refers to the risk to earnings and profitability arising from strategic decisions, inadequate scoping or implementation of initiatives or projects or delayed/lack of response to changes in the business environment.

The capital assessment for strategic risk shall be based on the potential impact of the Group's strategic initiatives and/or projects not materialising or being delayed. As a measure to evaluate the effectiveness of mitigating strategic risk, the Bank shall ensure:

- The corporate strategy is clearly documented and communicated across relevant stakeholders
- Implementation of strategy progress and projects are tracked through reporting, periodic reviews and annual scorecards, incorporating inputs from stakeholders
- Identify delays or deviations with potential capital implications

The Group uses a scorecard to quantify the amount of capital required for strategic risk under the ICAAP framework.

p) Collateral Concentration Risk

Collateral concentration risk is the risk of losses owing to lack of diversification of collaterals that are used to secure or mitigate credit exposures.

The Group accepts the following as eligible collaterals:

- Cash (and cash equivalent);
- Securities – Shares, Bonds, Deposit securities and certificates of deposits and other recognised instruments that are liquid (Marketable Securities must be quoted and actively traded on a regulated stock exchange);
- Precious metals (gold, platinum, palladium, silver etc);
- Real estate (Residential, Commercial and Vacant Land); and
- Ships, aircraft, plant and machinery and other movable assets.

Risk Management and Capital Adequacy Report

31st December 2025

2. Group structure, overall risk and capital management (continued)

2.5 Risk in Pillar 2 (continued)

q) Third Party Risk

Third party risk refers to potential risk faced by the Bank owing to the outsourcing of services or procurement of products from third party service providers. The Bank's strategy to manage third-party risk includes the following:

- The Group has a Board-approved Outsourcing Policy
- Materiality Assessment of outsourcing arrangements.
- Seeking the regulator's prior written "no objection" before committing to a new material outsourcing arrangement.
- Conducting thorough Risk Assessment of an outsourcing proposal
- Documenting all outsourcing arrangements through a written and legally binding agreement.
- Setting out a clear mechanism for the regular monitoring of the service provider performance
- Bank's internal audit function audits the material outsourced activities on a regular basis

r) Environmental, Social, and Governance (ESG)

ESG risks are included in the Group's risk taxonomy, representing potential impacts across financial, operational, and reputational domains. ESG risk can be categorized as follows:

- **Environmental:** Encompasses natural environmental factors, including carbon emissions, energy usage, waste management, water consumption, and climate change.
- **Social:** Covers the Bank's societal impact, including employee treatment, customer relationships, community engagement, and respect for human rights.
- **Governance:** Refers to risks related to internal management and oversight, including executive accountability, board diversity, transparency, and ethical decision-making.

The Group ensures alignment with global standards and strengthens resilience against emerging risks. The Group has established controls to manage ESG and climate risks, ensuring alignment with regulatory expectations and with due cognizance of regional and industry practices. These controls integrate a combination of quantitative metrics, qualitative assessments, and structured frameworks to mitigate risks and capitalize on opportunities.

2.6 Monitoring and reporting

The monitoring and reporting to risk are conducted on a daily basis for market and liquidity risk, and on a monthly or quarterly basis for credit and operational risk.

Risk reporting is regularly made to senior management and the Board of Directors. The Board of Directors receives internal risk reports covering market, credit, operational and liquidity risks.

Capital management, including regulatory and internal economic capital ratios, is reported to senior management and the Board of Directors on a monthly basis.

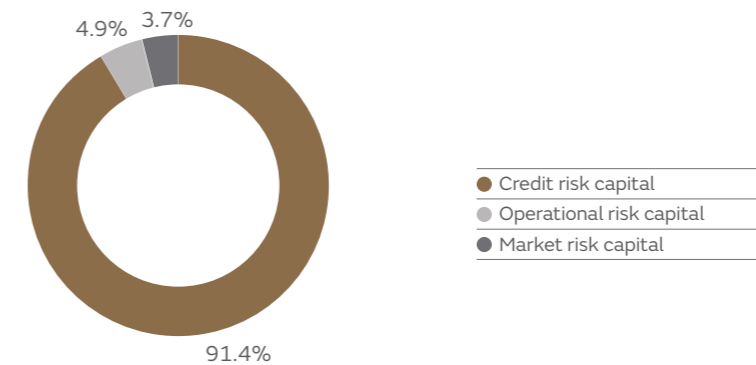
Risk Management and Capital Adequacy Report

31st December 2025

3. Regulatory capital requirements and the capital base

This section describes the Group's regulatory capital requirements and capital base.

The composition of the total regulatory capital requirement was as follows:



Group's total capital adequacy ratio as at 31st December 2025 was 17.5% compared with the minimum regulatory requirement of 12.5%. The Tier 1 ratio was 16.0% for the Group. The composition of the total regulatory capital requirement was as follows:

Risk Weighted Assets (RWA)	Amount
	US\$ millions
Credit Risk	22,897.1
Market Risk	915.1
Operational Risk	1,218.4
Total risk-weighted exposure	25,030.6
Tier 1 ratio	16.0%
Capital adequacy ratio	17.5%

3.1 Capital requirements for credit risk

For regulatory reporting purposes, GIB calculates the capital requirements for credit risk based on the standardised approach. Under the standardised approach, on and off-balance sheet credit exposures are assigned to exposure categories based on the type of counterparty or underlying exposure. The exposure categories are referred to in the CBB's Basel 3 capital adequacy framework as standard portfolios. The primary standard portfolios are claims on sovereigns, claims on banks and claims on corporates. Following the assignment of exposures to the relevant standard portfolios, the RWAs are derived based on prescribed risk-weightings. Under the standardised approach, the risk-weightings are provided by the CBB and are determined based on the counterparty's external credit rating. The external credit ratings are derived from eligible external rating agencies approved by the CBB. GIB uses ratings assigned by Standard & Poor's, Moody's and Fitch.

An overview of the exposures, RWAs and capital requirements for credit risk analysed by standard portfolio is presented in the table below:

	Rated exposure	Unrated exposure	Total exposure	Average risk weight	RWA	Capital requirement
	US\$ millions	US\$ millions	US\$ millions	%	US\$ millions	US\$ millions
Sovereigns	25,668.6	0.0	25,668.6	3.0%	759.9	95.0
PSEs	1,091.6	11.1	1,102.7	41.9%	461.8	57.7
Banks	11,053.8	66.7	11,120.5	28.4%	3,154.4	394.3
Corporates	4,262.8	16,527.9	20,790.7	82.7%	17,202.0	2,150.2
Equities	239.7	22.7	262.4	109.8%	288.1	36.0
Past due loans	-	115.9	115.9	82.7%	95.9	12.0
Other assets	48.2	1,075.2	1,123.4	83.2%	935.0	116.9
	42,364.8	17,819.4	60,184.2	38.0%	22,897.1	2,862.1

Exposures are stated after taking account of credit risk mitigants where applicable. The treatment of credit risk mitigation is explained in more detail in section 4.4(g) of this report.

The definitions of each standard portfolio and the related RWA requirements are set out in section 4 of this report.

Risk Management and Capital Adequacy Report

31st December 2025

3. Regulatory capital requirements and the capital base (continued)

3.2 Capital requirements for market risk

The Group computes the regulatory capital for general market risk and specific market risk based on the standardised approach. The RWAs and capital requirements for market risk are presented in the table below:

	RWA	Capital requirement	Capital requirement - minimum*	Capital requirement - maximum*
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Interest rate risk	78.2	9.8	6.7	9.8
Equities	812.6	101.6	101.6	116.4
Foreign exchange risk	24.2	3.0	0.7	18.5
Total Risk Weighted Exposure for Market Risk	915.1	114.4	109.0	144.7

*The information in these columns shows the minimum and maximum capital charge of each of the market risk categories during the year ended 31st December 2025.

3.3 Sensitivity analysis – interest rate risk

The impact of a 200bps interest rate shock on the value of assets, liabilities and equity as of 31st December 2025 is presented in the table below:

	Assets	Liabilities	Equity
	US\$ millions	US\$ millions	US\$ millions
At 200bps - increase (+)	(498.5)	217.3	(281.2)
At 200bps - decrease (-)	498.5	(217.3)	281.2

3.4 Capital requirements for operational risk

For regulatory reporting purposes, the capital requirement for operational risk is calculated in accordance with the standardised approach. Under this approach, the Group's average gross income over the preceding three financial years is multiplied by a range of beta coefficients. The beta coefficients are determined based on the business line generating the gross income and are prescribed in the Basel 3 capital adequacy framework. The capital requirement for operational risk at 31st December 2025 amounted to US\$152.3 million.

3.5 Capital base

The Group's regulatory capital base and risk weighted assets are set out in the table below:

	Total
	US\$ millions
Regulatory capital base	
Tier 1 capital:	
CET 1	3,707.1
AT 1	295.1
Tier 1 capital	4,002.2
Tier 2 capital	389.1
Total regulatory capital base	4,391.3
Risk-weighted exposure	
Credit risk-weighted exposure	22,897.1
Market risk-weighted exposure	915.1
Operational risk-weighted exposure	1,218.4
Total risk-weighted exposure	25,030.6
Tier 1 risk asset ratio	16.0%
Total risk asset ratio	17.5%

Common equity Tier 1 (CET 1) and Tier 1 capital is defined as capital of the same or close to the character of paid-up capital and comprises share capital, share premium, retained earnings and eligible reserves. Eligible reserves exclude revaluation gains and losses arising on the remeasurement to fair value of derivative cash flow hedging transactions, although include unrealised gains and losses arising on the remeasurement to fair value of equity investment securities classified as fair value through other comprehensive income (FVTOCI). Regulatory capital deductions are applied to Tier 1 and Tier 2 capital with respect to investment exposures for entities where the Group does not own more than 10% of the issued share capital of the entity, and to Tier 1 capital to exclude any outstanding cash flow hedge reserves.

Risk Management and Capital Adequacy Report

31st December 2025

3. Regulatory capital requirements and the capital base (continued)

3.5 Capital base (continued)

The issued and paid-up share capital of the Bank is US\$2,000 million at 31st December 2025, comprising 2,000 million shares of US\$1 each.

Tier 2 capital, comprising eligible subordinated term debt and expected credit losses stage 1 and stage 2 impairment provisions, after applicable haircuts and ceiling limitations.

The CBB applies various limits to elements of the regulatory capital base. The amount of innovative Tier 1 securities cannot exceed 15% of total Tier 1 capital; qualifying Tier 2 capital cannot exceed Tier 1 capital; and qualifying subordinated term finance cannot exceed 50% of Tier 1 capital. There are also restrictions on the amount of collective impairment provisions that may be included as part of Tier 2 capital.

There are no impediments on the transfer of funds or regulatory capital within the Group other than restrictions over transfers of statutory deposits with central banks and safeguards to ensure minimum regulatory capital requirements are met for subsidiary companies.

The total Tier 1 capital has increased compared to the prior period primarily due to issuance of AT1 by subsidiary, accumulation of profits and full inclusion of capital contributed by the majority shareholder across all subsidiaries of the Group.

4. Credit risk – Pillar 3 disclosures

This section describes the Group's exposure to credit risk and provides detailed disclosures on credit risk in accordance with the CBB's Basel 3 framework in relation to Pillar 3 disclosure requirements.

4.1 Definition of exposure classes

GIB has a diversified on- and off-balance sheet credit portfolio, the exposures of which are divided into the counterparty exposure classes defined by the CBB's Basel 3 capital adequacy framework for the standardised approach for credit risk. A high-level description of the counterparty exposure classes, referred to as standard portfolios in the CBB's Basel 3 capital adequacy framework, and the generic treatments, i.e. the risk weights to be used to derive the RWAs, are as follows:

Sovereigns portfolio

The sovereigns portfolio comprises exposures to governments and their respective central banks. The risk weights are 0% for exposures in the relevant domestic currency, or in any currency for exposures to GCC governments. Foreign currency claims on other sovereigns are risk-weighted based on their external credit ratings.

Certain multilateral development banks as determined by the CBB may be included in the sovereigns portfolio and treated as exposures with a 0% risk-weighting.

PSE portfolio

Public sector entities (PSEs) are risk-weighted according to their external ratings with the exception of Bahrain PSEs, and domestic currency claims on other PSEs which are assigned a 0% risk weight by their respective country regulator.

Banks portfolio

Claims on banks are risk-weighted based on their external credit ratings. A preferential risk weight treatment is available for qualifying short-term exposures. Short-term exposures are defined as exposures with an original tenor of three months or less.

The Banks portfolio also includes claims on investment firms, which are risk-weighted based on their external credit ratings although without any option for preferential treatment for short-term exposures. A regulatory deduction is applied to investment exposures for entities where the Group does not own more than 10% of the issued share capital of the Bank.

Corporates portfolio

Claims on corporates are risk-weighted based on their external credit ratings. A 100% risk weight is assigned to unrated corporate exposures. A preferential risk weight treatment is available for certain corporates owned by the Government of Bahrain, as determined by the CBB, which are assigned a 0% risk weight.

Equities portfolio

The equities portfolio comprises equity investments in the banking book, i.e. in the investment securities portfolio and non-qualifying equities and funds in the trading portfolio. The credit (specific) risk for qualifying equities in the trading book is included in market risk RWAs for regulatory capital adequacy calculation purposes. A regulatory deduction is applied to investment exposures for entities where the Group does not own more than 10% of the issued share capital of the entity.

A 100% risk weight is assigned to listed equities and funds. Unlisted equities and funds are risk-weighted at 150%. Investments in rated funds are risk-weighted according to their external credit rating.

In addition to the standard portfolios, other exposures are assigned to the following exposure classes:

Past due exposures

All past due loan exposures, irrespective of the categorisation of the exposure if it were performing, are classified separately under the past due exposures asset class. A risk-weighting of either 100% or 150% is applied depending on the level of provision maintained against the loan.

Risk Management and Capital Adequacy Report

31st December 2025

4. Credit risk – Pillar 3 disclosures (continued)

4.1 Definition of exposure classes (continued)

Other assets and holdings of securitisation tranches

Cash balances are risk-weighted at 0%, other assets are risk-weighted at 100%. A credit valuation adjustment (CVA) is applied to applicable derivative exposures.

Securitisation tranches are risk-weighted based on their external credit ratings and tenor. Risk-weightings range from 20% to 1250%.

4.2 External rating agencies

GIB uses ratings issued by Standard & Poor's, Moody's and Fitch to derive the risk-weightings under the CBB's Basel 3 capital adequacy framework. Where ratings vary between rating agencies, the highest rating from the lowest two ratings is used to derive the risk-weightings for regulatory capital adequacy purposes.

4.3 Credit risk presentation under Basel 3

The credit risk exposures presented in this report may differ from the credit risk exposures reported in the consolidated financial statements. Differences arise due to the application of different methodologies, as illustrated below:

- Under the CBB's Basel 3 framework, off-balance sheet exposures are converted into credit exposure equivalents by applying a credit conversion factor (CCF). The off-balance sheet exposure is multiplied by the relevant CCF applicable to the off-balance sheet exposure category. Subsequently, the exposure is treated in accordance with the standard portfolios referred to in section 4.1 of this report in the same manner as on-balance sheet exposures.
- Credit risk exposure reporting under Pillar 3 is frequently reported by standard portfolios based on the type of counterparty. The financial statement presentation is based on asset class rather than the relevant counterparty. For example, a loan to a bank would be classified in the Banks standard portfolio under the capital adequacy framework although it is classified in loans and advances in the consolidated financial statements.
- Certain eligible collateral is applied to reduce exposure under the Basel 3 capital adequacy framework, whereas no such collateral netting is applicable in the consolidated financial statements.
- Based on the CBB's Basel 3 guidelines, certain exposures are either included in, or deducted from, regulatory capital rather than treated as an asset as in the consolidated financial statements.
- Under the CBB's Basel 3 capital adequacy framework, external rating agency ratings are based on the highest rating from the lowest two ratings, while for internal credit risk management purposes the Group uses the lowest rating.

4.4 Credit exposure

a) Gross credit exposure

The gross and average gross exposure to credit risk before applying collateral, guarantees, and other credit enhancements was as follows:

	Gross credit exposure	Average gross credit exposure
	US\$ millions	US\$ millions
Balance sheet items:		
Cash and other liquid assets (including cash balances)	16,363.7	12,003.0
Securities purchased under agreements to resell	254.1	790.4
Placements	6,206.2	5,753.0
Investment securities	10,596.6	9,466.0
Loans and advances	16,552.4	15,781.0
Accrued interest and fees receivable	437.5	454.8
Total on-balance sheet credit exposure	50,410.5	44,248.2
Off-balance sheet items:		
Credit-related contingent items	8,445.0	8,629.3
Derivative and foreign exchange instruments	868.7	806.3
Total off-balance sheet credit exposure	9,313.7	9,435.6
Total gross credit exposure	59,724.2	53,683.8

The average gross credit exposure is based on monthly averages during the year ended 31st December 2025.

The gross credit exposure for derivative and foreign exchange instruments is the replacement cost (current exposure) representing the cost of replacing the contracts at current market rates should the counterparty default prior to the settlement date. The gross credit exposure reported in the table above does not include potential future exposure. Further details on the counterparty credit risk relating to off-balance sheet exposures are set out in section 7.3(a) of this report.

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4. Credit risk – Pillar 3 disclosures (continued)

4.4 Credit exposure (continued)

b) Credit exposure by geography

The classification of credit exposure by geography, based on the location of the counterparty, was as follows:

	Placements, reverse repos & other liquid assets	Securities	Loans and advances	Accrued interest-fees receivable	Off-balance sheet items	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
GCC	4,445.5	7,178.9	15,600.2	287.1	7,357.7	34,869.4
Europe	9,330.2	647.6	586.2	118.7	763.7	11,446.4
North America	8,340.9	1,422.7	86.3	19.4	813.2	10,682.5
Asia	704.8	1,343.9	-	10.0	178.4	2,237.1
MENA (excluding GCC)	2.6	3.5	279.7	2.3	200.7	488.8
	22,824.0	10,596.6	16,552.4	437.5	9,313.7	59,724.2

The MENA region comprises the Middle East and North Africa.

c) Credit exposure by industrial sector

The classification of credit exposure by industrial sector was as follows:

	Placements, reverse repos & other liquid assets	Securities	Loans and advances	Accrued interest-fees receivable	Off-balance sheet items	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Government	16,511.0	9,117.2	1,837.1	125.1	106.6	27,697.0
Financial	6,313.0	665.8	2,745.2	190.3	1,963.2	11,877.5
Trading and services	-	-	2,091.7	26.5	1,060.2	3,178.4
Energy, oil and petrochemical	-	171.0	1,410.0	14.6	1,184.1	2,779.7
Manufacturing	-	-	1,602.2	12.9	914.3	2,529.4
Utilities	-	137.5	1,190.3	9.2	243.9	1,580.9
Construction and Engineering	-	-	954.2	5.8	2,385.1	3,345.1
Transportation	-	13.3	1,190.8	3.9	386.2	1,594.2
Real estate	-	76.1	1,081.2	17.3	124.1	1,298.7
Agriculture and mining	-	66.8	217.8	4.9	344.9	634.4
Retail Loans	-	-	263.1	-	-	263.1
Technology, media and telecommunication	-	287.8	351.8	6.9	80.8	727.3
Other	-	61.1	1,617.0	20.1	520.3	2,218.5
	22,824.0	10,596.6	16,552.4	437.5	9,313.7	59,724.2

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4. Credit risk – Pillar 3 disclosures (continued)

4.4 Credit exposure (continued)

d) Credit exposure by internal rating

The credit risk profile based on internal credit ratings and presented based on the International Financial Reporting Standards (IFRS) 9 – Financial Instruments classification was as follows:

	Placements, reverse repos & other liquid assets	Securities	Loans and advances	Accrued interest-fees receivable	Off-balance sheet items	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Stage 1						
Rating grades 1 to 4-	22,463.5	9,625.5	10,400.2	355.3	5,990.9	48,835.4
Rating grades 5+ to 5-	359.8	971.1	4,839.5	57.8	988.6	7,216.8
Rating grades 6+ to 6-	0.7	-	354.4	3.2	-	358.3
Carrying amount (net)	22,824.0	10,596.6	15,594.1	416.3	6,979.5	56,410.5
Stage 2						
Rating grades 1 to 4-	-	-	39.2	2.0	82.5	123.7
Rating grades 5+ to 5-	-	-	277.3	2.7	97.4	377.4
Rating grades 6+ to 6-	-	-	437.1	9.1	383.0	829.2
Rating grade 7	-	-	87.6	7.4	6.2	101.2
Carrying amount (net)	-	-	841.2	21.2	569.1	1,431.5
Stage 3						
Rating grade 8	-	-	84.2	-	20.7	104.9
Rating grade 9	-	-	32.2	-	14.6	46.8
Rating grade 10	-	-	0.7	-	-	0.7
Carrying amount (net)	-	-	117.1	-	35.3	152.4
Other credit risk exposures						
Performance bonds	-	-	-	-	1,729.8	1,729.8
Carrying amount	-	-	-	-	1,729.8	1,729.8
	22,824.0	10,596.6	16,552.4	437.5	9,313.7	59,724.2

The above on-balance sheet exposures are reported net of the following provisions for expected credit losses, whereas provisions for off-balance sheet items are recorded in other liabilities:

Stage 1	(0.6)	(5.5)	(71.6)	-	(7.1)	(84.8)
Stage 2	-	-	(57.0)	-	(3.7)	(60.7)
Stage 3	-	-	(166.7)	-	(24.8)	(191.5)
	(0.6)	(5.5)	(295.3)	-	(35.6)	(337.0)

Following the adoption of IFRS 9 – Financial Instruments, the Group has classified credit exposures in the following prescribed stages:

- Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the Group recognises an allowance based on 12-month expected credit losses.
- Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition, but they are not credit-impaired, the Group recognises an allowance for the lifetime expected credit losses.
- Stage 3: for credit-impaired financial instruments, the Group recognises the lifetime expected credit losses.

The analysis is presented prior to the application of credit risk mitigation techniques.

The Group's internal credit rating system is commented on in more detail in section 4.9 of this report.

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4. Credit risk – Pillar 3 disclosures (continued)

4.4 Credit exposure (continued)

e) Credit exposure by maturity

The maturity profile of funded credit exposures based on contractual maturity dates was as follows:

	Placements, reverse repos & other liquid assets	Securities	Loans and advances	Accrued interest-fees receivable	Off-balance sheet items	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Within 3 months	19,349.2	491.1	6,311.8	266.6	4,387.2	30,805.9
4 months to 1 year	2,959.5	2,530.7	3,053.8	170.9	2,658.6	11,373.5
Years 2 to 5	5.2	3,835.1	5,850.5	-	1,889.2	11,580.0
Years 6 to 10	-	3,492.7	1,153.9	-	362.5	5,009.1
Years 11 to 20	-	237.0	65.0	-	3.4	305.4
Over 20 years and undated	510.1	10.0	117.4	-	12.8	650.3
	22,824.0	10,596.6	16,552.4	437.5	9,313.7	59,724.2

Securities exposure over 20 years and undated comprises securities measured at fair value through profit or loss and equity investment securities measured at fair value through other comprehensive income.

f) Equities held in the banking book

Equity investments measured at fair value through other comprehensive income of investment securities in the consolidated balance sheet are included in the equities' standard portfolio in the Pillar 1 credit risk capital adequacy framework. Such equity investment securities principally comprise investments of a private equity nature and investments in funds managed by specialist managers.

At 31st December 2025, equity investment securities held in the banking book amounted to US\$22.7 million, of which US\$4.2 million comprised managed funds.

During the year ended 31st December 2025, nil gains were realised on equity investments. At 31st December 2025, net unrealised losses on equity investment securities amounted to US\$13.3 million.

g) Credit risk mitigation

The credit exposure information presented in section 4 of this report represents gross exposures prior to the application of any credit risk mitigants. Collateral items and guarantees which can be used for credit risk mitigation under the capital adequacy framework are referred to as eligible collateral. Only certain types of collateral and some issuers of guarantees are eligible for preferential risk weights for regulatory capital adequacy purposes. Furthermore, the collateral management process and the terms in the collateral agreements have to fulfil the CBB's prescribed minimum requirements (such as procedures for the monitoring of market values, insurance and legal certainty) set out in their capital adequacy regulations.

The reduction of the capital requirement attributable to credit risk mitigation is calculated in different ways, depending on the type of credit risk mitigation, as follows:

- Adjusted exposure amount: GIB uses the comprehensive method for financial collateral such as cash, bonds and shares. The exposure amount is adjusted with regard to the financial collateral. The size of the adjustment depends on the volatility of the collateral and the exposure. GIB uses volatility adjustments specified by the CBB, known as supervisory haircuts, to reduce the benefit of collateral and to increase the magnitude of the exposure.
- Substitution of counterparty: The substitution method is used for guarantees, whereby the rating of the counterparty is substituted with the rating of the guarantor. This means that the credit risk in respect of the counterparty is substituted by the credit risk of the guarantor and the capital requirement is thereby reduced. Hence, a fully guaranteed exposure will be assigned the same capital treatment as if the exposure was to the guarantor rather than to the counterparty.

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4. Credit risk – Pillar 3 disclosures (continued)

4.4 Credit exposure (continued)

Description of the main types of credit risk mitigation

GIB uses a variety of credit risk mitigation techniques in several different markets which contribute to risk diversification and credit protection. The different credit risk mitigation techniques such as collateral, guarantees, credit derivatives, netting agreements and covenants are used to reduce credit risk. All credit risk mitigation activities are not necessarily recognised for capital adequacy purposes as they are not defined as eligible under the CBB's Basel 3 capital adequacy framework, e.g. covenants and non-eligible tangible collateral such as unquoted equities. The recognised credit risk mitigation activities are undertaken with various counterparties to ensure no additional credit or market risk concentrations occur.

Exposures secured by eligible financial collateral, guarantees and credit derivatives, presented by standard portfolio were as follows:

	Exposure before credit risk mitigation	Eligible collateral	Of which secured by: Eligible guarantees or credit derivatives
	US\$ millions	US\$ millions	US\$ millions
Sovereigns	4,851.4	8.9	27.6
Banks	5,891.4	2,399.1	388.4
Corporates	8,972.6	1,433.3	-

Guarantees and credit derivatives

Only eligible providers of guarantees and credit derivatives may be recognised in the standardised approach for credit risk. Guarantees issued by corporate entities may only be taken into account if their rating corresponds to A- or higher. The guaranteed exposures receive the risk weight of the guarantor.

GIB uses credit derivatives as credit risk protection only to a limited extent as the credit portfolio is considered to be well diversified.

Collateral and valuation principles

The amount and type of collateral is dependent upon the assessment of the credit risk of the counterparty. The market/fair value of the collateral is actively monitored on a regular basis and requests are made for additional collateral in accordance with the terms of the facility agreements. In general, lending is based on the customer's repayment capacity rather than the collateral value. However, collateral is considered the secondary alternative if the repayment capacity proves inadequate. Collateral is not usually held against securities or placements.

Types of eligible collateral commonly accepted

The Group holds collateral against loans and advances in the form of physical assets, cash deposits, securities and guarantees.

4.5 Movement in provisions for expected credit losses

Provisions for expected credit losses (ECL) 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.

For the purposes of ECL calculation, the Group categorises its financial instruments that are not measured at FVTPL into Stage 1, Stage 2 and Stage 3, based on the applied impairment methodology. The Group calculates 12-month ECL for its Stage 1 exposures and lifetime ECL for its Stage 2 and Stage 3 exposures.

Provisions for expected credit losses are recognised in the consolidated statement of income and are reflected in an allowance account against the respective financial asset.

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4. Credit risk – Pillar 3 disclosures (continued)

4.5 Movement in provisions for expected credit losses (continued)

a) Loans and advances

The movements in the provisions for expected credit losses of loans and advances were as follows:

	Stage 1	Stage 2	Stage 3	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 1st January 2025	80.4	102.5	118.7	301.6
Transfer to Stage 1	2.1	(1.7)	(0.4)	-
Transfer to Stage 2	(1.4)	1.7	(0.3)	-
Transfer to Stage 3	(0.1)	(38.3)	38.4	-
Exchange rate movements	0.1	0.1	0.2	0.4
Net remeasurement of ECL allowance	(9.5)	(7.3)	86.9	70.1
Write-offs	-	-	(76.8)	(76.8)
At 31st December 2025	71.6	57.0	166.7	295.3

b) Investment securities

The movements in the provisions for expected credit losses of investment securities were as follows:

	Stage 1	Stage 2	Stage 3	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 1st January 2025	3.6	-	-	3.6
Net remeasurement of ECL allowance	1.9	-	-	1.9
At 31st December 2025	5.5	-	-	5.5

c) Credit related financial instruments

The movements in the provisions for expected credit losses of credit related financial instruments were as follows:

	Stage 1	Stage 2	Stage 3	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 1st January 2025	9.4	3.8	39.9	53.1
Transfer to Stage 1	0.3	(0.3)	-	-
Transfer to Stage 2	(0.1)	0.1	-	-
Transfer to Stage 3	-	(0.3)	0.3	-
Exchange rate movements	0.1	-	0.1	0.2
Net remeasurement of ECL allowance	(2.6)	0.4	(15.5)	(17.7)
At 31st December 2025	7.1	3.7	24.8	35.6

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4. Credit risk – Pillar 3 disclosures (continued)

4.6 Credit impaired exposures

Impaired financial assets represent assets for which there is objective evidence that the Group will not collect all amounts due, including both principal and interest, in accordance with the contractual terms of the obligation. Objective evidence that a financial asset is impaired may include: a breach of contract, such as default or delinquency in interest or principal payments, the granting of a concession that, for economic or legal reasons relating to the borrower's financial difficulties, would not otherwise be considered, indications that it is probable that the borrower will enter bankruptcy or other financial re-organisation, the disappearance of an active market, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

In accordance with guidelines issued by the CBB, credit facilities are placed on non-accrual status and interest income suspended when either principal or interest is overdue by 90 days whereupon unpaid and accrued interest is reversed from income. Interest on non-accrual facilities is included in income only when received. Credit facilities classified as past due are assessed for impairment in accordance with the IFRS guidelines as set out in section 4.5 of this report.

a) Loans and advances

The gross and carrying amounts of credit impaired loans and advances were as follows:

	Gross exposure	Expected credit losses	Net exposure
	US\$ millions	US\$ millions	US\$ millions
Corporates	278.9	163.3	115.6
Retail banking	4.9	3.4	1.5
	283.8	166.7	117.1

The overdue status of credit impaired loans and advances was as follows:

	Less than 1 year	Years 2 and 3	Over 3 years	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Corporates	122.3	117.9	38.7	278.9
Retail banking	4.5	-	0.4	4.9
	126.8	117.9	39.1	283.8

The net charges for expected credit losses and write-offs for credit impaired facilities during the year were as follows:

	Net charges	Write-offs	Expected credit losses
	US\$ millions	US\$ millions	US\$ millions
Corporates	63.1	68.8	163.3
Retail banking	7.0	8.0	3.4
	70.1	76.8	166.7

Credit impaired facilities were all to counterparties in the GCC.

b) Investment securities

There were no debt investment securities for which either principal or interest was over 90 days past due.

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4. Credit risk – Pillar 3 disclosures (continued)

4.7 Past due facilities

Exposures are classified as past due but not credit impaired when principal or interest on the facility is overdue by 1 day up to 89 days.

The gross and carrying amounts of past due but not credit impaired loans were as follows:

	Gross exposure	Expected credit losses	Net exposure
	US\$ millions	US\$ millions	US\$ millions
Corporates	84.6	2.9	81.7
Retail banking	26.2	0.7	25.5
	110.8	3.6	107.2

The age analysis of past due but not credit impaired facilities was as follows:

	Up to 30 days	31 to 60 days	61 to 89 days	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Corporates	55.0	25.1	1.6	81.7
Retail banking	12.8	8.9	3.8	25.5
	67.8	34.0	5.4	107.2

Past due but not credit impaired facilities were all to counterparties in the GCC.

4.8 Restructured and modified facilities

The Group restructured and modified US\$64.2 million gross credit facilities out of US\$16,847.7 million total gross loan exposures as at 31st December 2025 with no significant additional impact on ECL during the year.

4.9 Internal ratings

The Group monitors, manages and controls credit risk exposures based on an internal credit rating system that rates individual obligors based on a rating scale from 1 to 10, subject to positive (+) and negative (-) modifiers for rating grades 2 to 6. The internal credit rating is a measure of the credit worthiness of a single obligor, based on an assessment of the credit risk relating to senior unsecured, medium-term, foreign currency credit exposure. The primary objectives of the internal credit rating system are the maintenance of a single uniform standard for credit quality measurement, and to serve as the primary basis for Board-approved risk parameters and delegated credit authority limits.

The internal credit rating system is used throughout the organisation and is inherent in all business decisions relating to the extension of credit. A rating is an estimate that exclusively reflects the quantification of the repayment capacity of the customer, i.e. the risk of customer default. The internal credit rating system also serves as a key input into the Group's Risk-Adjusted Return on Capital (RAROC) performance measurement system. Ratings reflect a medium-term time horizon, thereby rating through an economic cycle.

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4. Credit risk – Pillar 3 disclosures (continued)

4.9 Internal ratings (continued)

The internal ratings map directly to the rating grades used by the international credit rating agencies as illustrated below:

Internal rating grade	Internal classification	Fitch and Standard & Poor's	Moody's
Investment grade			
Rating grade 1	Standard	AAA	Aaa
Rating grade 2	Standard	AA	Aa
Rating grade 3	Standard	A	A
Rating grade 4	Standard	BBB	Baa
Sub-investment grade			
Rating grade 5	Standard	BB	Ba
Rating grade 6	Standard	B	B
Rating grade 7	Standard	CCC	Caa
Classified			
Rating grade 8	Substandard	CC	Ca
Rating grade 9	Doubtful	C	C
Rating grade 10	Loss	D	-

The rating mapping does not intend to reflect that there is a fixed relationship between GIB's internal rating grades and those of the external agencies as the rating approaches differ.

5. Market risk – Pillar 3 disclosures

5.1 Market risk

Market risk is the risk of loss due to adverse changes in interest rates, foreign exchange rates, commodity prices, equity prices and market conditions, such as liquidity. The principal market risks to which the Group is exposed are interest rate risk and foreign exchange risk associated with its trading, investment and asset and liability management activities. The portfolio effects of holding a diversified range of instruments across a variety of businesses and geographic areas contribute to a reduction in the potential negative impact on earnings from market risk factors.

The Group's trading and foreign exchange activities principally comprise trading in debt securities, foreign exchange and derivative financial instruments. Derivative financial instruments include futures, forwards, swaps and options in the interest rate and foreign exchange markets. The Group manages and controls the market risk within its trading portfolios through limit structures that relate, inter alia, to positions, volumes, concentrations, allowable losses and maturities.

5.2 Sensitivity analysis

The sensitivity of the interest rate risk in the banking book to changes in interest rates is set out in section 8.1(c) of this report.

The Group's investment debt securities are measured at amortised cost and other comprehensive income. However, the Group nevertheless monitors the impact of changes in credit spreads on the fair value of the debt securities.

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6. Operational risk – Pillar 3 disclosures

6.1 Operational risk management

Operational risk is part of the wider Non-Financial Risk classification, which the Bank actively manages within acceptable tolerance levels through sound operational risk management practices that are part of the day-to-day responsibilities of management at all levels. Whilst operational risk cannot be eliminated in its entirety, the Bank endeavors to minimise it by ensuring that a strong control infrastructure is in place throughout the organisation.

Effective management of operational risk aims to minimise the impact of losses suffered in the normal course of business (expected losses) and to avoid or reduce the likelihood of suffering a large extreme (unexpected) loss.

The Bank's risk management approach involves identifying, assessing, managing, mitigating, monitoring and measuring the risks associated with all areas of the Bank. The various procedures and processes used to manage operational risk and non-financial risk include (but not limited to) effective staff training, appropriate controls to safeguard assets and records, regular reconciliation of accounts and transactions, close monitoring of risk limits, segregation of duties, and financial management and reporting. In addition, policies have been put in place to manage other control mitigation strategies such as for business continuity planning, insurance and legal risk (which includes regular reporting to management on legal matters).

There is a dedicated Operational Risk Management (ORM) function for the Bank which reports to the Bank's Chief Risk Officer and provides independent monitoring and reporting on operational risk issues as well as broader non-financial risk topics. The Bank has an established governance forum, the Operational Risk & Non-Financial Risk Committee (OR&NFRC) which provides oversight for operational risk and non-financial risk activities across Bank. The OR&NFRC reports to the Risk Committee (RC) and to the Board Risk Policy Committee (BRPC) on a quarterly basis regarding relevant operational risk management and non-financial risk matters such as high impact events, risk issues of critical importance.

As part of the Bank's Operational Risk Management Framework (ORMF), risk self-assessments are conducted, which identify the operational risks inherent in the Bank's activities, processes and systems. The controls identified are self-assessed and is supported by an Internal Control Testing Framework, which entails control validation requirements at 1st and 2nd lines of defence.

Qualitative and quantitative methodologies and tools are used to identify and assess operational risk and to provide management with information for determining appropriate mitigating factors. These tools include a database of operational risk events categorized according to business lines and operational risk event types; a record of key risk indicators, which can provide an early warning of possible risk; and a risk and control assessment process to analyze business activities and identify operational risks related to those activities.

- Risk Events (RE): Risk events encompass incidents resulting from inadequate or failed internal processes, people, and systems or from external events which impact the organisation, incur a direct financial loss or result in a near miss. ORM tracks and records risk events on an on-going basis to monitor changes in the level of threat to the business and to assist in considering the quality, design and implementation of its controls.
- Key Risk Indicators (KRI): Key risk indicators are warning signals which enable Management to monitor and mitigate operational risks that are reaching levels of concern. KRIs allow the Bank to identify potential events that may impact achievement of business objectives. The business and support functions in collaboration with ORM define thresholds for identified KRI, to regularly assess the status of the operational risk exposure.
- Risk and Control Self-Assessments (RCSA): Risk and control self-assessment is a tool to identify and assess the operational risk inherent in all existing activities, processes and systems as well as assessing the effectiveness of controls used by Management to mitigate those risks. The business and support functions collaborate with ORM to complete comprehensive risk self-assessments.
- Internal Control Testing Framework (ICTF): The ICTF has been introduced to contribute to the effectiveness and efficiency of the RCSA process, through the implementation of Control Testing approach, which provides control validation through testing across the 1st and 2nd lines of defence.

Furthermore, as part of the maturing and development of the broader Non-Financial Risk Management framework, the bank has recently introduced a Risk Identification and Materiality Assessment (RIMA) exercise which involves annual top level non-financial risk identification workshop supported by semi-annual materiality assessment processes.

The capital requirement for operational risk is calculated for regulatory purposes according to the standardised approach, in which the regulatory capital requirement is calculated based on a range of beta coefficients, ranging from 12% to 18%, applied to the average gross income for the preceding three financial years for each of eight predefined business lines. Consequently, the operational risk capital requirement is updated only on an annual basis.

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7. Off-balance sheet exposure and securitisations

Off-balance sheet exposures are divided into two exposure types in accordance with the calculation of credit risk RWAs in the CBB's Basel 3 capital adequacy framework:

- Credit-related contingent items: Credit-related contingent items comprise guarantees, credit commitments and unutilised approved credit facilities
- Derivative and foreign exchange instruments: Derivative and foreign exchange instruments are contracts, the value of which is derived from one or more underlying financial instruments or indices, and include futures, forwards, swaps and options in the interest rate, foreign exchange, equity and credit markets

In addition to counterparty credit risk measured within the Basel 3 credit risk framework, derivatives also incorporate exposure to market risk and carry a potential market risk capital requirement, as commented on in more detail in section 5 of this report. A credit valuation adjustment (CVA) is applied to the relevant derivative exposure RWA's.

For the two off-balance exposure types, there are different possible values for the calculation base of the regulatory capital requirement, as commented on below:

7.1 Credit-related contingent items

For credit-related contingent items, the notional principal amount is converted to an exposure at default (EAD) through the application of a credit conversion factor (CCF). The CCF factors range from 20% to 100% depending on the type of contingent item and is intended to convert off-balance sheet notional amounts into equivalent on-balance sheet exposures.

Credit commitments and unutilised approved credit facilities represent commitments that have not been drawn down or utilised. The notional amount provides the calculation base to which a CCF is applied for calculating the EAD. The CCF ranges between 0% and 100% depending on the approach, product type and whether the unutilised amounts are unconditionally cancellable or irrevocable.

The table below summarises the notional principal amounts, RWAs and capital requirements for each credit-related contingent category:

	Notional principal amount	RWA	Capital requirement
	US\$ millions	US\$ millions	US\$ millions
Direct credit substitutes	1,228.3	1,200.0	150.0
Transaction-related contingent items	4,065.5	1,773.0	221.6
Short-term self-liquidating trade-related contingent items	960.1	185.1	23.1
Commitments	2,191.1	1,252.7	156.6
	8,445.0	4,410.8	551.3

Commitments include undrawn loan commitments and underwriting commitments under note issuance and revolving facilities and may be drawn down on demand.

The notional principal amounts reported above are stated gross before applying credit risk mitigants, such as cash collateral, guarantees and counter indemnities. At 31st December 2025, the Group held cash collateral, guarantees, counter-indemnities or other high quality collateral in relation to credit-related contingent items amounting to US\$428.1 million.

7.2 Derivative and foreign exchange instruments

The Group utilises derivative and foreign exchange instruments to meet the needs of its customers, to generate trading revenues and as part of its asset and liability management activity to hedge its own exposure to market risk. Derivative and foreign exchange instruments are subject to the same types of credit and market risk as other financial instruments. The Group has appropriate and comprehensive Board-approved policies and procedures for the control of exposure to both credit and market risk from its derivative and foreign exchange activities.

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7. Off-balance sheet exposure and securitisations (continued)

7.2 Derivative and foreign exchange instruments (continued)

In the case of derivative transactions, the notional principal typically does not change hands. It is simply a quantity which is used to calculate payments. While notional principal is a volume measure used in the derivative and foreign exchange markets, it is neither a measure of market nor credit risk. The Group's measure of credit exposure is the cost of replacing contracts at current market rates should the counterparty default prior to the settlement date. Credit risk amounts represent the gross unrealised gains on non-margined transactions before taking account of any collateral held or any master netting agreements in place.

The Group participates in both exchanges traded and over-the-counter (OTC) derivative markets. Exchange traded instruments are executed through a recognised exchange as standardised contracts and primarily comprise futures and options. OTC contracts are executed between two counterparties who negotiate specific agreement terms, including the underlying instrument, notional amount, maturity and, where appropriate, exercise price. In general, the terms and conditions of these transactions are tailored to the requirements of the Group's customers although conform to normal market practice. Industry standard documentation is used, most commonly in the form of a master agreement. The existence of a master netting agreement is intended to provide protection to the Group in the event of a counterparty default.

The Group's derivative and foreign exchange activities are predominantly short-term in nature. Transactions with maturities over one year principally represent either fully offset trading transactions or transactions that are designated, and qualify, as fair value or cash flow hedges.

The aggregate notional amounts for derivative and foreign exchange instruments at 31st December 2025 were as follows:

	Trading US\$ millions	Hedging US\$ millions	Total US\$ millions
Foreign exchange contracts:			
Unmatured spot, forward and futures contracts	10,769.5	1,161.9	11,931.4
Options purchased	753.1	-	753.1
Options written	753.1	-	753.1
	12,275.7	1,161.9	13,437.6
Interest rate contracts:			
Interest rate swaps	18,212.5	8,476.6	26,689.1
Cross currency swaps	401.1	-	401.1
Futures	85.8	-	85.8
Options, caps and floors purchased	2,836.1	-	2,836.1
Options, caps and floors written	2,836.1	-	2,836.1
	24,371.6	8,476.6	32,848.2
Equity and commodity contracts:			
Options and swaps purchased	247.0	-	247.0
Options and swaps written	247.0	-	247.0
	494.0	-	494.0
Credit default swaps:			
Protection purchased	34.8	-	34.8
Protection sold	34.8	-	34.8
	69.6	-	69.6
	37,210.9	9,638.5	46,849.4

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7. Off-balance sheet exposure and securitisations (continued)

7.3 Counterparty credit risk

Counterparty credit risk is the risk that a counterparty to a contract in the interest rate, foreign exchange, commodity, equity or credit markets defaults prior to the maturity of the contract. The counterparty credit risk for derivative and foreign exchange instruments is subject to credit limits on the same basis as other credit exposures. Counterparty credit risk arises in both the trading book and the banking book.

a) Counterparty credit risk calculation

For regulatory capital adequacy purposes, GIB uses the current exposure method to calculate the exposure for counterparty credit risk for derivative and foreign exchange instruments in accordance with the credit risk framework in the CBB's Basel 3 capital adequacy framework. A capital charge to cover the risk of mark-to-market losses on expected counterparty risk (CVA) is applied to over-the-counter derivatives. Credit exposure comprises the sum of current exposure (replacement cost), and potential future exposure. The potential future exposure is an estimate, which reflects possible changes in the market value of the individual contract during the remaining life of the contract and is measured as the notional principal amount multiplied by an add-on. The add-on depends on the risk categorisation and maturity of the contract and the contract's remaining life. Netting of potential future exposures on contracts within the same legally enforceable netting agreement is done as a function of the gross potential future exposure.

The EAD, CVA, RWAs and capital requirements for the counterparty credit risk of derivative and foreign exchange instruments analysed by standard portfolio, is presented in the table below:

	Exposure at Default (EAD)			CVA	RWA	Capital requirement
	Current exposure	Future exposure	Total exposure			
	US\$ millions	US\$ millions	US\$ millions			
Banks	526.0	213.0	739.0	111.2	108.0	27.4
Corporates	341.5	100.3	441.9	142.0	175.9	39.7
Governments	1.2	9.7	10.9	1.4	1.9	0.4
	868.7	323.0	1,191.8	254.6	285.8	67.5

b) Mitigation of counterparty credit risk exposure

Risk mitigation techniques are widely used to reduce exposure to single counterparties. The most common risk mitigation technique for derivative and foreign exchange-related exposure is the use of master netting agreements, which allow the Group to net positive and negative replacement values of contracts under the agreement in the event of default of the counterparty.

The reduction of counterparty credit risk exposure for derivative and foreign exchange instruments through the use of risk mitigation techniques is demonstrated as follows:

	Current exposure	Effect of netting agreements	Netted current exposure
	US\$ millions	US\$ millions	US\$ millions
Counterparty credit risk exposure	868.7	(351.7)	517.0

The Group held derivative valuation margin amounting to US\$258.6 million

7.4 Securitisations

Securitisations are defined as structures where the cash flow from an underlying pool of exposures is used to secure at least two different stratified risk positions or tranches reflecting different degrees of credit risk. Payments to the investors depend upon the performance of the underlying exposures, as opposed to being derived from an obligation of the entity originating those exposures.

At 31st December 2025, the Group had no exposure to securitisation tranches.

At 31st December 2025, the underlying investments in the CDOs for which the Group acted as collateral manager amounted to US\$40.0 million. At 31st December 2025, GIB did not hold any exposure to CDOs managed by the Group.

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8. Pillar 2 risks

GIB manages and measures other risk types that are not included under Pillar 1 in the CBB's Basel 3 framework through Internal Capital Adequacy Assessment Process (ICAAP). For this purpose, the Group has adopted a "Pillar 1 plus" approach. Pillar 1 capital calculations (for credit, market and operational risk) constitute the minimum capital required by the Group's home regulator, the Central Bank of Bahrain (CBB). In addition to the capital assessment for Pillar 1 risks, the Pillar 2 capital assessment considers risks that are not covered adequately under Pillar 1 risks to ensure sufficient capital coverage for all the underlying risks of the Group's business. This includes an analysis of the Group's liquidity risk, concentration risk, interest rate risk in the banking book (IRRBB), pension obligation risk, reputation risk, information technology risk and macroeconomic risk.

This section describes GIB's Pillar 2 risks that are not addressed in Pillar 1 of the CBB's Basel 3 framework.

8.1 Other risk types

a) Liquidity risk

The Group has established approved limits at each entity level which restrict the volume of liabilities maturing in the short-term. An independent risk management function monitors the future cash flow maturity profile against approved limits on a daily basis. The cash flows are monitored against limits applying to both daily and cumulative cash flows occurring over a 30-day period. The liquidity limits ensure that the net cash outflows over a 30-day period do not exceed the eligible stock of available liquid resources. The cash flow analysis is also monitored on a weekly basis by the Assets and Liabilities Committee (ALCO).

Customer deposits form a significant part of the Group's funding. The Group places considerable importance on maintaining the stability of both its customer and interbank deposits. The stability of deposits depends on maintaining confidence in the Group's financial strength and financial transparency.

The funding base is enhanced through term financing, amounting to US\$5,842.5 million at 31st December 2025. Access to available but uncommitted short-term funding from the Group's established GCC and international relationships provides additional comfort. In addition to the stable funding base, the Group maintains a stock of liquid and marketable securities that can be readily sold or repoed.

At 31st December 2025, 69.7% of total on balance sheet credit exposures were contracted to mature within one year. In relation to deposits, retention records demonstrate that there is considerable divergence between their contractual and effective maturities.

US\$27,582.0 million or 72.6% of the Group's total deposits at 31st December 2025 were from GCC countries. Historical experience has shown that GIB's deposits from counterparties in the GCC region are more stable than deposits derived from the international interbank market. At 31st December 2025, placements and other liquid assets with counterparties in non-GCC countries were greater than the deposits received, demonstrating that the Group is a net lender of funds in the international interbank market.

b) Concentration risk

Concentration risk is the credit risk stemming from not having a well-diversified credit portfolio, i.e. the risk inherent in doing business with large customers or being overexposed in particular industries or geographic regions. Concentration risk is captured in GIB's Pillar 2 capital framework through the use of a credit risk portfolio model which considers single-name concentrations and sector concentrations in the credit portfolio.

Under the CBB's single obligor regulations, banks incorporated in Bahrain are required to obtain the CBB's approval for any planned exposure to a single counterparty, or group of connected counterparties, exceeding 15% of the regulatory capital base. At 31st December 2025, the following single obligor exposures exceeded 15% of the Group's regulatory capital base which was approved by the CBB (i.e. exceeded US\$658.7 million).

	On-balance sheet exposure	Off-balance sheet exposure	Total exposure
	US\$ millions	US\$ millions	US\$ millions
Counterparty A	8,608.0	20.4	8,628.4
Counterparty B	7,916.0	-	7,916.0
Counterparty C	7,119.4	-	7,119.4
Counterparty D	3,921.7	450.2	4,371.9
Counterparty E	1,161.7	-	1,161.7
Counterparty F	1,094.4	-	1,094.4
Counterparty G	946.2	-	946.2

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8. Pillar 2 risks (continued)

8.1 Other risk types (continued)

c) Interest rate risk in the banking book

Structural interest rate risk arises in the Group's core balance sheet as a result of mismatches in the repricing of interest rate sensitive financial assets and liabilities. The associated interest rate risk is managed through the use of models to evaluate the sensitivity of earnings to movements in interest rates.

The repricing profile of the Group's assets and liabilities, including the trading book, are set out in the table below:

	Within 3 months	Months 4 to 6	Months 7 to 12	Over 1 year	Non-interest bearing items	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Cash and other liquid assets	15,850.6	-	-	-	513.1	16,363.7
Securities purchased under agreements to resell	254.1	-	-	-	-	254.1
Placements	3,886.1	746.8	1,573.3	-	-	6,206.2
Investment securities:						
- Fixed rate	397.5	969.5	1,256.1	2,796.4	10.0	5,429.5
- Floating rate	4,326.2	46.7	-	794.2	-	5,167.1
- Equities	-	-	-	-	342.8	342.8
Loans and advances	13,514.4	1,695.0	704.6	417.1	221.3	16,552.4
Other assets	-	-	-	-	1,505.6	1,505.6
Total assets	38,228.9	3,458.0	3,534.0	4,007.7	2,592.8	51,821.4
Deposits	31,451.3	2,130.2	2,816.3	-	1,598.6	37,996.4
Securities sold under agreements to repurchase	2,330.8	44.4	-	-	-	2,375.2
Other liabilities	-	-	-	-	1,370.3	1,370.3
Senior term financing	5,102.0	-	-	340.5	-	5,442.5
Subordinated term financing	400.0	-	-	-	-	400.0
Equity	-	-	-	-	4,237.0	4,237.0
Total liabilities & equity	39,284.1	2,174.6	2,816.3	340.5	7,205.9	51,821.4
Interest rate sensitivity gap	(1,055.2)	1,283.4	717.7	3,667.2	(4,613.1)	-
Cumulative interest rate sensitivity gap	(1,055.2)	228.2	945.9	4,613.1	-	-

The repricing profile is based on the remaining period to the next interest repricing date. Derivative financial instruments that have been used for asset and liability management purposes to hedge exposure to interest rate risk are incorporated in the repricing profiles of the related hedged assets and liabilities amounting to US\$8,476.6 million as at 31st December 2025.

The substantial majority of assets and liabilities reprice within one year.

Interest rate asset exposure beyond one year amounted to US\$4,007.7 million or 7.7% of total assets. This exposure principally represented the investment of the net free capital funds in fixed rate government securities. At 31st December 2025, the modified duration of these fixed rate government securities was 4.78. Modified duration represents the approximate percentage change in the portfolio value resulting from a 100-basis point change in yield. More precisely in dollar terms, the price value of a basis point of the fixed rate securities was US\$ 1.38 million and \$0.2 million for the Tier 1 bond issuance.

Based on the repricing profile at 31st December 2025, and assuming that the financial assets and liabilities were to remain until maturity or settlement with no action taken by the Group to alter the interest rate risk exposure, an immediate and sustained one per cent (200bps) increase in interest rates across all maturities would result in an increase in net income before tax for the following year by approximately US\$13.8 million and a decrease in the Group's equity by US\$281.2 million.

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8. Pillar 2 risks (continued)

8.1 Other risk types (continued)

c) Interest rate risk in the banking book (continued)

Currency-wise details of the impact from a parallel shift of 200bps are as follows:

Currency	Impact on Group's Earnings	Economic Value Equity Impact
	US\$ millions	US\$ millions
United States Dollar (USD)	17.1	(61.4)
Saudi Arabian Riyal (SAR)	(3.2)	(219.8)
Others	-	-
Total	13.9	(281.2)

d) Pension obligation risk

Pension obligation risk is the risk that there may be a shortfall with respect to pension benefits due to employees/former employees within the defined benefit schemes of the Group's subsidiaries, GIB UK, GIB KSA and GIB Capital. The scheme was closed to new members during 2002. As a result the Group is exposed to the risk that it will need to make further unexpected future contributions to the scheme. The risk can arise from a number of factors including:

- Increased life expectancy increasing the value of future liabilities;
- Falling interest rates increasing the value of the future liabilities;
- Falling equity prices reducing the value of scheme assets;
- Increased salaries for staff still in employment.

As part of GIB's ICAAP framework, an adverse scenario is applied to the scheme's assets and liabilities on a level of severity expected no more than once in every 200 years, i.e. a 99.5% one year confidence level.

e) Reputational risk

Reputational risk is the risk of losses resulting from adverse perceptions about the Group, its brand and franchise by its various stakeholders that is caused by a variety of internal and external factors. Preventive measures, including controls and processes have been deployed to manage reputational risk. These include a robust and comprehensive governance structure, which is based on a set of well-defined policies and procedures.

The Group has established a reputational risk reporting framework, providing relevant stakeholders with periodic overview on key reputational risks, loss event incidents, status of key risk indicators, and required management action. Training sessions on reputational risks are organised for employees to create awareness among them on reputational risk, encourage them to identify and understand emerging internal and external reputational risks, and guide them on the process to take action in order to manage or mitigate their impact.

The Group's operating model has been designed to cater transparency and appropriate disclosures. The Corporate Communications function of the Group has the responsibility to ensure effective communications internally with the employees and externally with the media, shareholders, customers and authorities. It is charged with the responsibility of enhancing the image and reputation of the GIB brand through the various activities such as advertising, public relations, sponsorships, and donations.

f) Information Technology (IT) risk

Technology continues to play a critical role in the Bank's operations and in the fulfilment of its strategic objectives. The Group has in place a sound IT and Information Security governance framework that aligns its IT strategy and Information & Cyber Security Strategy with its overall business objectives.

The Group has an IT Audit team with the mandate to examine and evaluate the Group's IT infrastructure, policies and procedures and compliance to those policies. The audits determine whether IT controls protect corporate assets, ensure data integrity and are aligned with the business overall objectives. This culminates in an audit plan which is reviewed and approved by the Board Audit Committee. Based on the audit findings, exception reports and recommendations are prepared and sent to the relevant unit for prompt response and/or implementation. Follow up meetings are also made to ensure that issues identified are properly resolved and the recommendations made are being implemented.

In addition, the Group has newly created two teams, Information Security Governance and Information Security Compliance, who have the mandate to perform detailed Information & Cyber Security Risk Assessments and Information Security Compliance reviews.

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8. Pillar 2 risks (continued)

8.1 Other risk types (continued)

g) Legal risk

In the ordinary course of its business, as a participant in the financial services industry, the Group may pursue litigation claims against third parties and may also have litigation claims and/or regulatory proceedings filed against it. The Bank has an in-house legal department comprising of qualified legal professionals. The department has put in place adequate policies and procedures and uses assistance of professional legal firms on a need basis, to ensure effective and efficient management of legal risk.

h) Strategic risk

Strategic risk refers to the risk to earnings and profitability arising from strategic decisions, changes in the business conditions and improper implementation of decisions. Thus, a strategic risk arises due to adopting wrong strategies and choices that can cause loss to the Group in the form of a reduction in shareholder value and loss of earnings.

Strategic risk is identified, managed, mitigated and monitored jointly by the business (as the 1st line of defence) and the Economics & Strategy Management Unit. The Economics & Strategy Management Unit is responsible for the monitoring and reporting of the Group's strategic initiatives and provides the Management Committee, Board Risk Policy Committee (BRPC), and the Board of Directors a regular update on all the Group's strategic initiatives, including the strategic risks facing the Group. The Management Committee, the BRPC, and the Board review the strategic risks of the Group and ensure that adequate mitigating strategies are in place for the Group's strategic initiatives to be successfully implemented.

9. Capital adequacy ratios and other issues

9.1 Capital adequacy ratios

The Group's policy is to maintain a strong capital base so as to preserve investor, creditor and market confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' return is also recognised as well as the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group manages its capital structure and makes adjustments to the structure taking account of changes in economic conditions and strategic business plans. The capital structure may be adjusted through the dividend pay-out or the issue of new shares.

The capital adequacy ratios of GIB's subsidiaries, GIB KSA and GIB UK, and the Group were as follows:

	GIB KSA*	GIB UK	Group
	US\$ millions	US\$ millions	US\$ millions
Total RWAs	15,585.2	1,921.0	25,030.6
Capital base	3,140.7	433.7	4,391.3
Tier 1 capital	2,676.1	433.7	4,002.2
Tier 1 ratio	17.2%	22.6%	16.0%
Total ratio	20.2%	22.6%	17.5%

*GIB KSA numbers are inclusive of GIB capital which became a fully owned subsidiary of GIB KSA as of 1st January 2021.

GIB's internal target is to maintain a Tier 1 capital adequacy ratio above 11.5% and a total capital adequacy ratio in excess of 15.0%.

Strategies and methods for maintaining a strong capital adequacy ratio

GIB prepares multi-year strategic projections on a rolling annual basis which include an evaluation of short-term capital requirements and a forecast of longer-term capital resources.

The evaluation of the strategic planning projections has historically given rise to capital injections. The capital planning process triggered the raising of additional tier 2 capital through a US\$400 million subordinated debt issue in 2005 to enhance the total regulatory capital adequacy ratio, and a US\$500 million capital increase in March 2007 to provide additional tier 1 capital to support planned medium-term asset growth. A further US\$1.0 billion capital increase took place in December 2007 to enhance capital resources and compensate for the impact of likely provisions relating to exposures impacted by the global credit crisis.

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9. Capital adequacy ratios and other issues (continued)

9.2 Leverage ratio

The leverage ratio serves as a supplementary measure to the risk-based capital requirements. The leverage ratio is computed on a consolidated basis and Bahraini conventional bank licensees must meet a 3.0% leverage ratio minimum requirement at all times.

Leverage Ratio components	Total
	US\$ millions
Total on-balance sheet exposures (excluding derivatives)	51,234.1
Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	735.6
Add-on amounts for potential future exposure (PFE) associated with all derivatives transactions	452.4
Total derivative exposures	1,188.0
Off-balance sheet exposure at gross notional amount	9,523.0
(Adjustments for conversion to credit equivalent amounts)	(4,115.5)
Total off-balance sheet exposures	5,407.5
Total exposures	57,829.6
Tier 1 capital	4,002.2
Basel III leverage ratio	6.9%

9.3 ICAAP considerations

Pillar 2 in the Basel 3 framework covers two main processes: the ICAAP and the supervisory review and evaluation process. The ICAAP involves an evaluation of the identification, measurement, management and control of material risks in order to assess the adequacy of internal capital resources and to determine an internal capital requirement reflecting the risk appetite of the institution. The purpose of the supervisory review and evaluation process is to ensure that institutions have adequate capital to support the risks to which they are exposed and to encourage institutions to develop and apply enhanced risk management techniques in the monitoring and measurement of risk.

GIB's regulatory capital base exceeded the CBB's minimum requirement of 12.5% throughout the year ended 31st December 2025. Based on the results of capital adequacy stress testing and capital forecasting. As at 31st December 2025, GIB's Total Capital Adequacy Ratio was 17.5%, compared to 15.6% at 31st December 2024. The increase primarily reflects asset growth, and the ratio remains well above regulatory minimum requirements. An overview of the Group's regulatory capital adequacy ratio calculation is provided in section 9.1 of this report.

10. Related party transactions

Refer note 40 to the consolidated financial statements of the Group for the year ended 31st December 2025.

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Glossary of abbreviations

ALCO	Assets and Liabilities Committee
AMA	Advanced Measurement Approach
Basel Committee	Basel Committee for Banking Supervision
CBB	Central Bank of Bahrain
CCF	Credit Conversion Factor
CDO	Collateralised Debt Obligation
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CCO	Chief Credit Officer
CRO	Chief Risk Officer
CVA	Credit Valuation Adjustment
EAD	Exposure at Default
FCA	Financial Conduct Authority (of the United Kingdom)
FVTOCI	Fair Value through Other Comprehensive Income
GCC	Gulf Cooperation Council
GIB	Gulf International Bank B.S.C.
GIB KSA	Gulf International Bank - Saudi Arabia C.J.S.C.
GIB UK	Gulf International Bank (UK) Limited
Group	Gulf International Bank B.S.C. and subsidiaries
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
IRRBB	Interest Rate Risk in the Banking Book
LGD	Loss Given Default
MENA	Middle East and North Africa
ORMF	Operational Risk Management Framework
OTC	Over-The-Counter
PD	Probability of Default
PRA	Prudential Regulation Authority (of the United Kingdom)
PSE	Public Sector Entity
RAROC	Risk-adjusted Return on Capital
RWA	Risk-weighted Assets

Appendices

APPENDIX I – REGULATORY CAPITAL: 3-STEP RECONCILIATION

APPENDIX II – LIQUIDITY COVERAGE RATIO (LCR)

APPENDIX III – NET STABLE FUNDING RATIO (NSFR)

Appendices (continued)

Appendix I – Regulatory Capital: 3-Step Reconciliation

Appendix I - step 1			
Step 1: Balance sheet under the regulatory scope of consolidation as at 31 December 2025			
US\$ Millions	Balance sheet as in published consolidated financial statements	Consolidated PIR data	Reference
Assets			
Cash and other liquid assets	16,363.7	62.0	1,2
Securities purchased under agreements to resell	254.1	-	2
Placements with banks and similar financial institutions	6,206.2	22,762.6	2,3
Investment securities	10,939.4	10,944.9	3
Loans and advances to banks and non-banks	16,552.4	16,680.9	3
Other assets	1,505.6	1,505.6	4
Total assets	51,821.4	51,956.1	
Liabilities			
Deposits from banks	1,901.7	14,429.0	5
Deposits from customers	36,094.7	23,567.4	5
Securities sold under agreements to repurchase	2,375.2	2,375.2	
Senior term financing	5,442.5	5,442.5	
Other liabilities	1,370.3	1,359.5	3,6
Subordinated term financing	400.0	-	7
Total liabilities	47,584.4	47,173.6	
Shareholders' Equity			
Paid up share capital	2,000.0	2,000.0	
Reserves	245.3	245.3	
Retained earnings	403.6	403.6	
Tier 2 capital instruments	-	400.0	7
Expected Credit Losses	-	145.5	3
Equity attributable to the shareholders of the Bank	2,648.9	3,194.4	
Non-controlling interest	1,087.9	1,087.9	
Additional Tier 1 capital	500.2	500.2	7
Total equity	4,237.0	4,782.5	
Total liabilities & shareholders' equity	51,821.4	51,956.1	

Differences due to PIR requirements:

- Cash balance reported in PIR is the cash on hand and balances at the Central Bank of Bahrain. Other bank balances are reported under placements.
- Other bank balances and securities purchased under agreements to resell are included under placements.
- Expected credit losses (Stages 1 & 2) (loans, securities, placements) and Off Balance sheet provisions are reported separately.
- Under PIR the following breakdown is applicable:

- Interest receivable	437.5
- Property, plant, and equipment (PPE)	159.0
- Other assets	909.1
Total	1,505.6
- Central Banks deposits are reported under deposits from banks under the PIR, however, these are customer relationships to GIB.
- Differences between amounts reported in the Balance sheet and the PIR are due to Off Balance sheet provisions. Under PIR the following breakdown is applicable:

- Interest payable	340.4
- Other liabilities	1,019.2
Total	1,359.5
- Eligible capital instruments issued by subsidiaries and held by third parties, including Additional Tier 1 and Tier 2 instruments, are recognized in the regulatory capital base
- Figures are rounded to the nearest US\$ million

Appendices (continued)

Appendix I - step 2			
Step 2: Expansion of the Balance sheet under the regulatory scope of consolidation as at 31 December 2025			
US\$ Millions	Balance sheet as in published consolidated financial statements	Consolidated PIR data	Reference
Assets			
Cash and other liquid assets	16,363.7	62.0	
Securities purchased under agreements to resell	254.1	-	
Placements with banks and similar financial institutions	6,206.2	22,762.6	
Investment securities	10,939.4	10,944.9	
Loans and advances to banks and non-banks	16,552.4	16,680.9	
Other assets	1,505.6	1,505.6	
Total assets	51,821.4	51,956.1	
Liabilities			
Deposits from banks	1,901.7	14,429.0	
Deposits from customers	36,094.7	23,567.4	
Securities sold under agreements to repurchase	2,375.2	2,375.2	
Senior term financing	5,442.5	5,442.5	
Other liabilities	1,370.3	1,359.5	
Subordinated term financing	400.0	-	
Total liabilities	47,584.4	47,173.6	
Shareholders' Equity			
Paid up share capital	2,000.0	2,000.0	
of which amount eligible for CET1	-	2,000.0	
of which amount eligible for AT1	-	-	
Reserves	245.3	245.3	
Retained earnings	403.6	403.6	A
Expected Credit Losses	-	145.5	B
Equity attributable to the shareholders of the Bank	2,648.9	2,794.4	
Non-controlling interest			
CET1 owned by the bank	1,087.9	1,087.9	
Additional Tier 1 capital	500.2	500.2	
Tier 2 capital instruments	-	400.0	
Non-controlling interest Total		1,988.1	
of which amount eligible for CET1		-	
of which amount eligible for AT1		295.1	
of which amount eligible for T2		243.6	
of which amount ineligible		361.5	
Total equity	4,237.0	4,782.5	
Total liabilities & shareholders' equity	51,821.4	51,956.1	

Appendices (continued)

Appendix I - step 3		
Step 3: Composition of Capital Disclosures template as at 31 December 2024		
US\$ millions	Component of regulatory capital reported by bank	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation from step 2
Common Equity Tier 1 capital: instruments and reserves		
1.	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	2,000.0
2.	Retained earnings	403.6 A
3.	Accumulated other comprehensive income (and other reserves)	1,309.6
4.	Not Applicable	
5.	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-
6.	Common Equity Tier 1 capital before regulatory adjustments	3,713.2
Common Equity Tier 1 capital: regulatory adjustments		
7.	Prudential valuation adjustments	
8.	Goodwill (net of related tax liability)	
9.	Other intangibles other than mortgage-servicing rights (net of related tax liability)	6.1
10.	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	
11.	Cash-flow hedge reserve	
12.	Shortfall of provisions to expected losses	
13.	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	
14.	Not applicable.	
15.	Defined-benefit pension fund net assets	-
16.	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	
17.	Reciprocal cross-holdings in common equity	
18.	"Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)"	
19.	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	
20.	Mortgage servicing rights (amount above 10% threshold)	
21.	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	
22.	Amount exceeding the 15% threshold	
23.	of which: significant investments in the common stock of financials	
24.	of which: mortgage servicing rights	
25.	of which: deferred tax assets arising from temporary differences	
26.	CBB specific regulatory adjustments	
27.	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	
28.	Total regulatory adjustments to Common equity Tier 1	6.1
29.	Common Equity Tier 1 capital (CET1)	3,707.1
30.	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	
31.	of which: classified as equity under applicable accounting standards	
32.	of which: classified as liabilities under applicable accounting standards	
33.	Directly issued capital instruments subject to phase out from Additional Tier 1	
34.	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	
35.	<i>of which: instruments issued by subsidiaries subject to phase out</i>	
36.	Additional Tier 1 capital before regulatory adjustments	295.1

Appendices (continued)

Appendix I - step 3 (continued)		
US\$ millions	Component of regulatory capital reported by bank	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation from step 2
Additional Tier 1 capital: regulatory adjustments		
37.	Investments in own Additional Tier 1 instruments	
38.	Reciprocal cross-holdings in Additional Tier 1 instruments	
39.	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	
40.	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	
41.	CBB specific regulatory adjustments	
42.	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	
43.	Total regulatory adjustments to Additional Tier 1 capital	-
44.	Additional Tier 1 capital (AT1)	295.1
45.	Tier 1 capital (T1 = CET1 + AT1)	4,002.2
Tier 2 capital: instruments and provisions		
46.	Directly issued qualifying Tier 2 instruments plus related stock surplus	
47.	Directly issued capital instruments subject to phase out from Tier 2	
48.	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	243.6
49.	<i>of which: instruments issued by subsidiaries subject to phase out</i>	
50.	Provisions	145.5 B
51.	Tier 2 capital before regulatory adjustments	389.1
Tier 2 capital: regulatory adjustments		
52.	Investments in own Tier 2 instruments	
53.	Reciprocal cross-holdings in Tier 2 instruments	
54.	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	
55.	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	
56.	CBB specific regulatory adjustments	
57.	Total regulatory adjustments to Tier 2 capital	-
58.	Tier 2 capital (T2)	389.1
59.	Total capital (TC = T1 + T2)	4,391.3
RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-2015 TREATMENT OF WHICH:		
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)		
OF WHICH: Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)		
60.	Total risk weighted assets	25,030.6

Appendices (continued)

Appendix I - step 3 (continued)

US\$ millions	Component of regulatory capital reported by bank	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation from step 2
Capital ratios		
61.	Common Equity Tier 1 (as a percentage of risk weighted assets)	14.8%
62.	Tier 1 (as a percentage of risk weighted assets)	16.0%
63.	Total capital (as a percentage of risk weighted assets)	17.5%
64.	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus D-SIB buffer requirement expressed as a percentage of risk weighted assets)	9.0%
65.	<i>of which: capital conservation buffer requirement</i>	2.5%
66.	<i>of which: bank specific countercyclical buffer requirement (N/A)</i>	N/A
67.	<i>of which: D-SIB buffer requirement (N/A)</i>	N/A
68.	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	14.8%
National minima including CCB (if different from Basel 3)		
69.	CBB Common Equity Tier 1 minimum ratio	9.0%
70.	CBB Tier 1 minimum ratio	10.5%
71.	CBB total capital minimum ratio	12.5%
Amounts below the thresholds for deduction (before risk weighting)		
72.	Non-significant investments in the capital of other financials	
73.	Significant investments in the common stock of financials	
74.	Mortgage servicing rights (net of related tax liability)	
75.	Deferred tax assets arising from temporary differences (net of related tax liability)	
Applicable caps on the inclusion of provisions in Tier 2		
76.	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	145.5
77.	Cap on inclusion of provisions in Tier 2 under standardised approach	286.2
78.	N/A	
79.	N/A	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2020 and 1 Jan 2024)		
80.	<i>Current cap on CET1 instruments subject to phase out arrangements</i>	
81.	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	
82.	<i>Current cap on AT1 instruments subject to phase out arrangements</i>	
83.	<i>Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)</i>	
84.	<i>Current cap on T2 instruments subject to phase out arrangements</i>	
85.	<i>Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)</i>	

Appendices (continued)

Appendix I - Main Features

PD 3: Main Features of Regulatory Capital Instruments

	US\$ millions
1. Issuer	Gulf International Bank B.S.C.
2. Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	3541088Z
3. Governing law(s) of the instrument	Bahrain
Regulatory treatment	
4. Transitional CBB rules	Tier 1
5. Post-transitional CBB rules	Tier 1
6. Eligible at solo/group/group & solo	Solo and Group
7. Instrument type (types to be specified by each jurisdiction)	Common equity
8. Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	4,391.3
9. Par value of instrument	2,000.0
10. Accounting classification	Shareholders' equity
11. Original date of issuance	NA
12. Perpetual or dated	Perpetual
13. Original maturity date	NA
14. Issuer call subject to prior supervisory approval	No
15. Optional call date, contingent call dates and redemption amount	NA
16. Subsequent call dates, if applicable	NA
Coupons / dividends	
17. Fixed or floating dividend/coupon	NA
18. Coupon rate and any related index	NA
19. Existence of a dividend stopper	NA
20. Fully discretionary, partially discretionary or mandatory	Fully discretionary
21. Existence of step up or other incentive to redeem	NA
22. Noncumulative or cumulative	NA
23. Convertible or non-convertible	NA
24. If convertible, conversion trigger (s)	NA
25. If convertible, fully or partially	NA
26. If convertible, conversion rate	NA
27. If convertible, mandatory or optional conversion	NA
28. If convertible, specify instrument type convertible into	NA
29. If convertible, specify issuer of instrument it converts into	NA
30. Write-down feature	NA
31. If write-down, write-down trigger(s)	NA
32. If write-down, full or partial	NA
33. If write-down, permanent or temporary	NA
34. If temporary write-down, description of write-up mechanism	NA
35. Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA
36. Non-compliant transitioned features	NA
37. If yes, specify non-compliant features	NA

Appendices (continued)

Appendix II			
Liquidity Coverage Ratio (LCR)			
31 st December 2025		BD '000 / US \$'000	
	Factor	Total Amount	Amount with Factor Applied
Stock of HQLA			
A. Level 1 assets:			
Coins and banknotes	100%	4,067.8	4,067.8
Qualified balances with the CBB	100%	6,649,242.2	6,649,242.2
Debt securities/Sukuk issued by the CBB or the Government of Bahrain	100%	450,761.4	450,761.4
Debt securities/Sukuk issued governments of GCC member states and their central banks;	100%	896,985.1	896,985.1
Debt securities/Sukuk that can be monetised and issued or guaranteed by sovereigns, central banks, PSEs, IMF, BIS, ECB, EC, or MDBs	100%	304,890.9	304,890.9
Debt securities/Sukuk issued in local currency by sovereign or the country's central bank, where the liquidity risk arises or the banks home country – given a non-0 percent Risk-weight (RW);	100%	-	-
Debt securities/Sukuk issued in foreign currency by sovereign or central bank that does not exceed the value of the net cash outflow in the foreign currency caused by a stress scenario based on the bank's operations in the country where the liquidity risk arises from – given a non-0 percent RW	100%	-	-
Total level 1 Assets			8,305,947.4
B. Level 2 assets (maximum of 40 percent Of HQLA)			
1) Level 2A assets			
	Fine		
Debt securities/Sukuk that can be issued and liquidated or guaranteed by sovereigns, central banks, PSEs, and qualified MDBs	85%	720,752.7	612,639.8
Debt securities/Sukuk qualified for liquidation (including commercial paper)	85%	176,734.6	150,224.4
Qualified covered bonds	85%	-	-
2) Level 2B assets (maximum of 15 percent of HQLA)			
	Fine		
Debt securities/Sukuk (including commercial paper) issued by qualified non-financial institutions	50%	545,428.7	272,714.4
Qualified common equity shares	50%	-	-
Total level 2 Assets (1+2)			1,035,578.5
Total value of stock of HQLA			9,341,525.8
Cash Outflows			
A1. Retail Deposits			
Demand deposits and term deposits (maturity within 30 days)			
Stable deposits; and	3%	-	-
Less stable – retail deposits*	10%	528,957.6	52,895.8
Retail and Small Business Customers demand and fixed deposits (for overseas branches and subsidiaries)*			
B. Unsecured Wholesale Funding			
1) Small business customer deposits:			
Less stable deposits	10%	-	-
2) Operational deposits generated by clearing, custody, and cash management:			
	25%	-	-
3) Deposits from non-financial institutions, sovereign, central banks, multilateral development banks, PSEs, and Bahrain's Social Insurance Organization and GCC PIFs where PIF is a controller of the bank.			
	40%	21,947,870.1	8,779,148.0
4) Deposits from Financial Institutions and other legal entity corporations.			
	100%	110,992.9	110,992.9
C. Secured Funding			
Backed by level 1 assets or with central banks	0%	493,965.2	-
Backed by level 2A assets	15%	290,372.2	43,555.8
Secured funding transactions with domestic sovereign, PSE's or multilateral development banks that are not backed by level 1 or 2A assets	25%	-	-
Backed by other level 2B assets	50%	-	-
All others	100%	24,308.4	24,308.4

Appendices (continued)

Appendix II (continued)			
Liquidity Coverage Ratio (LCR)			
31 st December 2025		BD '000/ US \$'000	
	Factor	Total Amount	Amount with Factor Applied
D. Other Cash Outflow			
Net derivative cash outflow	100%	50,668.7	50,668.7
Asset-backed securities, covered bonds, and other structured financing instruments	100%	-	-
Asset-backed commercial paper, securities paper, securities investment vehicles, and other similar financing tool	100%	-	-
<i>Committed: credit and liquidity facilities given by bank to:</i>			
Retail and small business customers, including credit cards (from amount not used)	5%	-	-
Non-financial corporates, sovereigns and central banks, PSEs and multilateral development banks (from amount not used) - Credit	10%	1,674,489.7	167,449.0
Non-financial corporates, sovereigns and central banks, PSEs and multilateral development banks (from amount not used) - Liquidity	30%	-	-
Banks subject to prudential supervision (from amount not used)	40%	-	-
Other financial institutions (including securities firms and insurance firms) (from amount not used) - Credit	40%	-	-
Other financial institutions (including securities firms and insurance firms) (from amount not used) - Liquidity	100%	-	-
Other legal entities (from amount not used)	100%	-	-
<i>Other Contingent Funding Obligations:</i>			
Guarantees, LCs, revocable credit and liquidity facilities, non-contractual commitments	5%	8,424,901.0	421,245.0
Customer short positions that are covered by other customers' collateral	50%	-	-
Increased liquidity needs related to the potential for valuations changes on posted collateral	20%	-	-
Other contractual cash outflows	100%	215,786.7	215,786.7
Total Cash Outflow			9,866,050.4
Cash Inflows			
A. Secured lending transactions backed by the following asset category			
Level 1 assets	0%	16,346.5	-
Level 2A assets	15%	-	-
Level 2B assets	50%	-	-
Margin lending backed by all other collateral	50%	-	-
Other collateral	100%	-	-
B. Committed facilities – credit and liquidity facilities given to banks			
	0%	-	-
C. Other inflows by			
Retail and small business customer	50%	5,157.2	2,578.6
Non-retail customers:			
1. Financial institutions and central banks	100%	2,979,130.2	2,979,130.2
2. Non-financial institutions	50%	900,746.7	450,373.3
Operational deposits held at other financial institutions	0%	-	-
D. Other net derivative cash inflows	100%	85,642.9	85,642.9
E. Other contractual cash inflows	100%	62,847.2	62,847.2
Total Cash Inflows			3,580,572.2
Net cash outflow = total cash outflow – total cash inflow or lowest value (75 percent of total cash outflow)			6,285,478.1
Liquidity coverage ratio (LCR) – HQLA / Net cash outflow (%)			148.6%

* The run-off figures for retail/small business deposits (overseas branches and subsidiaries) will be based on host jurisdictions factors in which the bank operates.

Appendices (continued)

Appendix III							
Net Stable Funding Ratio (NSFR)							
31 st December 2025 All figures in US\$ millions							
No.	Item	Unweighted Values (i.e. before applying relevant factors)				Total unweighted value	Total weighted value
		No specified maturity	Maturing in less than 6 months	Maturing in more than 6 months and less than one year	Maturing over one year		
Available Stable Funding (ASF):							
1	Capital:						
2	Regulatory Capital	3,707	0	0	295	4,002	4,002
3	Other Capital Instruments	30	0	0	605	635	635
4	Retail deposits and deposits from small business customers:						
5	Stable deposits						
6	Less stable deposits	214	988	57	0	1,259	1,133
7	Wholesale funding:						
8	Operational deposits						
9	Other wholesale funding	18,576	17,324	3,908	4,804	44,612	16,993
10	Other liabilities:						
11	NSFR derivative liabilities						
12	All other liabilities not included in the above categories	13,717					0
13	Total ASF						22,763
Required Stable Funding (RSF):							
14	Total NSFR high-quality liquid assets (HQLA)						1,806
15	Deposits held at other financial institutions for operational purposes						
16	Performing loans and securities:						
17	Performing loans to financial institutions secured by Level 1 HQLA	0	254	0	0	254	25
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	1,432	2,594	1,653	568	6,246	1,998
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	0	7,780	1,537	5,228	14,545	9,102
20	- With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	0	0	0	1,788	1,788	1,162
21	Performing residential mortgages, of which:						
22	- With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines						
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	341	624	433	442	1,840	1,296
24	Other assets:						
25	Physical traded commodities, including gold						
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		80			80	68
27	NSFR derivative assets		257			257	257
28	NSFR derivative liabilities before deduction of variation margin posted		60			60	60
29	All other assets not included in the above categories	294				294	294
30	OBS items		3,326	2,042	5,004	10,371	519
31	Total RSF						16,587
32	NSFR (%)						137.2%

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