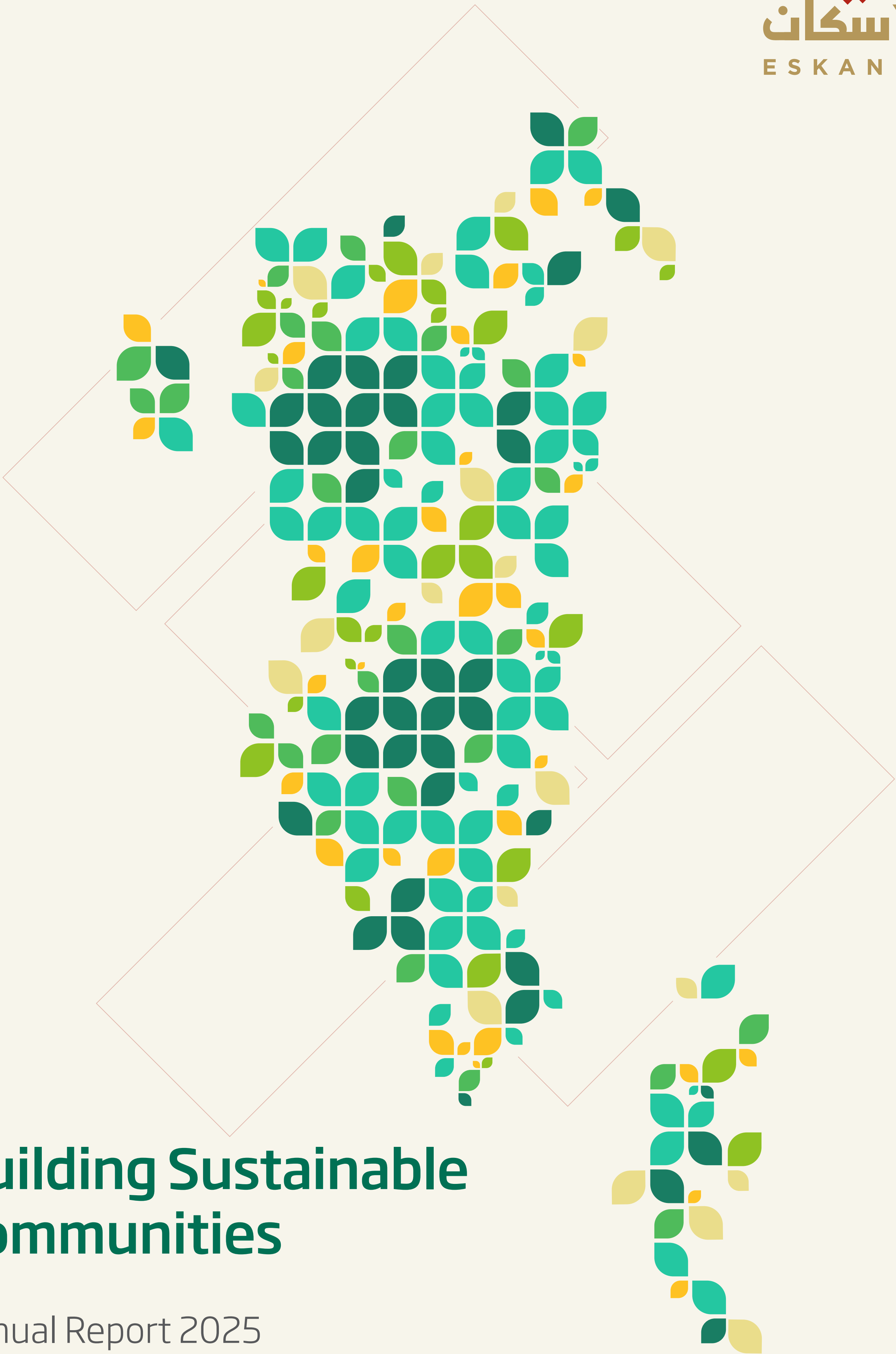
بنك الإسكان
ESKAN BANK



Building Sustainable Communities

Annual Report 2025

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Contact Details

HEAD OFFICE
Almoayyed Tower
Ground Floor & First Floor
Seef District
P.O. Box 5370
Manama, Kingdom of Bahrain
Tel: (+973) 1756 7777
Fax: (+973) 1756 4114

Hala Eskan
(+973) 1756 7888

www.eskanbank.com

Diplomatic Area Branch
Ministry of Housing & Urban Planning
Ground Floor
Tel: (+973) 1753 1862, 1753 172 1
Fax: (+973) 1753 1875
Email: DiplomaticAreaBranch@eskanbank.com

Danaat Al Madina Branch
Isa Town
Tel: (+973) 1787 8605 - (+973) 1787 8606
Fax: (+973) 1787 8619

VIEW THIS REPORT ONLINE

www.eskanbank.com

"Subject to the provisions thereof, deposit held by the Bahrain office of Eskan Bank are Covered by the Deposit protection scheme established by the Central Bank of Bahrain regulation Concerning the establishment of a Deposit protection Scheme and Deposit protection Board"

Restricted conventional Retail Bank licensed and regulated by the Central Bank of Bahrain.

His Majesty King Hamad bin Isa Al Khalifa

The King of the Kingdom of Bahrain

His Royal Highness Prince Salman bin Hamad Al Khalifa

The Crown Prince and Prime Minister

Overview

Empowering Citizens, Building Sustainable Communities.

Established in 1979, Eskan Bank B.S.C (closed) stands as the Kingdom of Bahrain's leading institution dedicated to advancing the national social housing agenda.

Fully owned by the Government of Bahrain, the Bank serves as the strategic financial partner and advisor to the Ministry of Housing & Urban Planning, driving the development of innovative and sustainable housing finance solutions that empower citizens and strengthen communities.

Over four decades, Eskan Bank has evolved beyond its founding role as a provider of subsidized mortgages for low- to middle-income citizens. Today, it is a comprehensive financial enabler, connecting financiers, developers, and homeowners within an integrated ecosystem designed to promote inclusive growth, environmental sustainability, and economic resilience.

Through its pioneering programs such as Tas'heel and Mazaya, the Bank continues to expand access to homeownership, streamline financing mechanisms, and promote private-sector participation in the national housing agenda.

These initiatives complement Bahrain's Economic Vision 2030, ensuring that social development is underpinned by sound financial principles and innovation-driven growth.

Eskan Bank's commitment extends beyond finance – it plays a pivotal role in urban regeneration, real estate development, and facilities management, fostering vibrant, sustainable communities.

Guided by its core values of Integrity, Innovation, Respect, and Ownership, the Bank delivers measurable impact while maintaining strong financial performance, operational excellence, and adherence to best governance practices under the supervision of the Central Bank of Bahrain.

Eskan Bank remains steadfast in its purpose: To enrich the lives of citizens through responsible banking, sustainable housing, and partnerships that build the future of Bahrain.

Vision

Lead the provision of innovative and sustainable housing solutions.

Mission

- Work in collaboration with the Ministry of Housing & Urban Planning and government bodies towards achieving the housing sector objectives of the Government of Bahrain.
- Strengthen partnerships with the private sector for funding social housing beneficiaries and enhancing the supply of housing units.
- Lead in benchmarking socio-economic and environmentally sustainable housing developments.
- Enhance the welfare and empower the Bank's human capital towards realizing its full potential.

Values

- **Ownership** : Our team takes responsibility for achieving successful outcomes and are accountable for the end result.
- **Respect** : Respect is weaved into the way we treat our employees, the level of service we deliver to our customers, and the quality of our solutions.
- **Innovation** : We continuously strive to do things better, in the creation and delivery of our products and services.
- **Integrity** : We are guided by a moral compass and implement ethical principles and practices in our relationships with employees, partners and customers, and in everything we do.

Business Model

Our business model is designed to deliver strategic objectives by placing stakeholders at the centre of everything we do. Built around our social mandate and aligned with the customer journey, it enables the Bank to create sustainable value through innovative housing solutions, strategic partnerships, and an enhanced customer experience.

Key Resources

Digital Infrastructure
Advanced platforms and system integration enable faster, more transparent, and secure service delivery across the beneficiary journey.

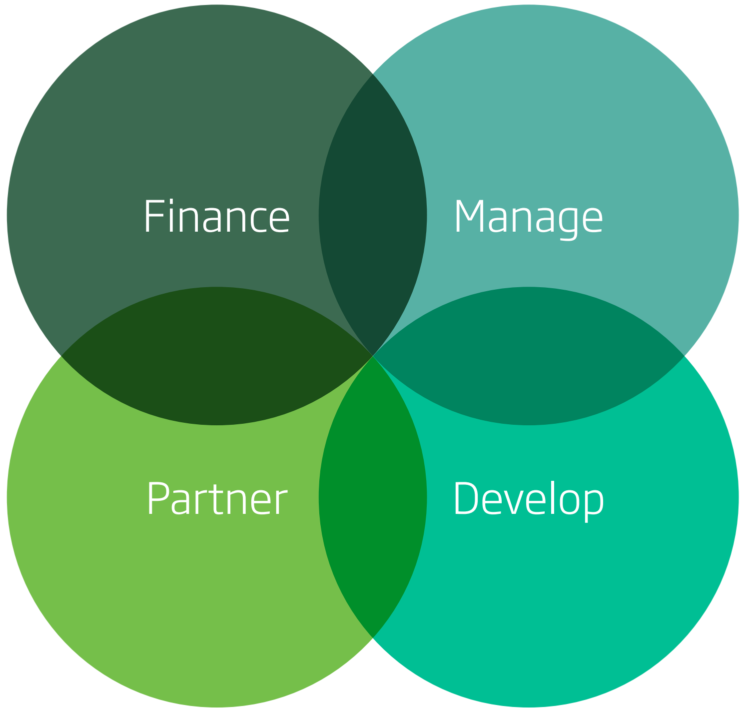
Strategic Partnerships
Strong collaboration with MOHUP, partner banks, and developers supports affordable housing delivery and a resilient housing ecosystem.

Financial Strength
A solid capital base and disciplined financial management support long-term stability and sustainable growth.

Human Capital & Governance
A skilled workforce and strong governance framework enable effective execution, accountability, and institutional resilience.

What we do

Eskan Bank finances, manages, develops, and partners to deliver affordable housing solutions.



Value Creation

We generate value by operating an effective and established business model that delivers sustainable, long-term returns.

Communities
We are committed to empowering citizens through flexible financing solutions and access to suitable homes that support stable and sustainable communities.

Stakeholders
We remain committed to creating long-term value for our stakeholders while advancing the housing needs and well-being of our citizens.

Employees
We are committed to empowering our people through a supportive work environment that promotes well-being, growth, and professional development.

Partners
We build effective partnerships with the private sector to expand housing finance access and enhance the supply of quality housing solutions.

Financial Highlights

Net Income
BD Million

32

Total Assets
BD Million

1,192

Return On Equity
(%)

6.8%

Operating Income
BD Million

43

Earnings Per Share
(Fils)

12.8

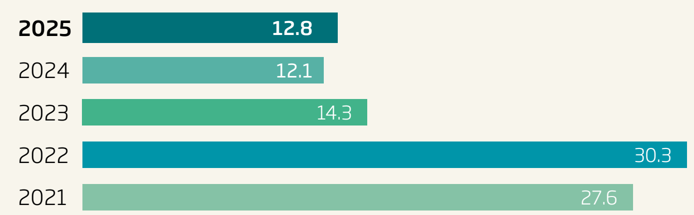
Total Equity
BD Million

469

Net Income BD Million

Return On Equity (%)

Earnings Per Share (Fils)



Total Assets BD Million

Operating Income BD Million

Total Equity BD Million

Eskan Bank B.S.C (closed) Annual Report 2025

2025 Highlights

Eskan Bank built further momentum across its operations, advancing innovation, efficiency, and service delivery. Guided by its social mandate, the Bank continued to enhance housing access and deliver greater value to citizens and stakeholders alike.

By integrating with eKey 2.0, Baity streamlines identity verification and KYC, accelerating approvals while ensuring compliance and security.

BD 250m

A defining milestone of the year was the successful completion of a BD 250 million fundraising round, with participation from a diversified group of local and international financial institutions.

INNOVATION SUMMIT 2025

33 participants, 15,000 properties showcased, 16,000 visitors.

www

Enhancements to Eskan Bank corporate website, and the launch of a new intranet portal.

97%

Eskan Bank continues to set the benchmark for local talent development and gender inclusion. In 2025, we maintained a 97% Bahrainization rate. underscoring our unwavering commitment to national empowerment and economic participation.

Launch of two flagship products, Tasheel+ and Tumooh, jointly developed by Eskan Bank and MOHUP to enhance affordability and expand sustainable homeownership pathways.

TASHEEL+

enables beneficiaries to access financing up to BD 91,000

The continued enhancement of Baity platform through the launch of Baity 2.0 and 2.1 has fundamentally redefined how we deliver housing services.

4,741 Hours

of training provided for Eskan Bank Employees

Board of Director's Report

During 2025, Eskan Bank continued to focus on enhancing its housing finance program, viewing it as one of the most vital tools for expanding access to housing services.

H.E. Mrs. Amna bint Ahmed Al Rumaihi
Minister of Housing and Urban Planning
Chairperson of Eskan Bank

On behalf of the Board of Directors, I am pleased to present Eskan Bank's report, highlighting the Bank's key achievements and performance during the year 2025.

As we continue to advance our strategic objectives, Eskan Bank remains steadfast in its role as the strategic partner to the Ministry of Housing and Urban Planning, and as a principal enabler of government policies aimed at providing adequate and sustainable housing solutions for Bahraini citizens in line with the objectives set out in the Government Program 2023-2026.

During 2025, Eskan Bank continued to focus on enhancing its housing finance program, viewing it as one of the most vital tools for expanding access to housing services. The program contributed to providing flexible and innovative financing solutions that meet the needs of various segments and support citizens in obtaining suitable housing within sustainable frameworks and at an accelerated pace. This sustained momentum reflects the Bank's unwavering commitment to its social mandate and its close alignment with national plans aimed at accelerating housing service.

In parallel, Eskan Bank placed increased emphasis on strengthening partnerships with the private sector, recognizing its vital role in supporting economic development and stimulating both the real estate and financial sectors. These partnerships result in the development of high-quality residential and commercial projects, contributing to increased investment activity and creating new economic opportunities. This strategic direction aligns closely with the Kingdom of Bahrain's economic policies and further elevates the real estate sector as a key driver of economic growth in the Kingdom of Bahrain.

As part of its commitment to innovation and the exchange of expertise, Eskan Bank actively participated during 2025 in several high-impact initiatives. Most notably, the Bank successfully supported the first edition of the Social Housing Innovation Conference, organized in collaboration with the Ministry of Housing and Urban Planning. The event drew significant attention from policymakers, industry specialists, and private sector representatives, and served as a pioneering platform for showcasing innovative practices, discussing sustainable financing and planning solutions, and fostering a dialogue on the future of social housing in the Kingdom.

On the operational front, the bank delivered a strong performance in 2025, supported by a series of achievements that included expanding real estate projects, progressing in the implementation of existing projects, as well as enhanced operational efficiency and the development of digital service systems. The bank's digital transformation initiatives contributed to simplifying procedures, strengthening paperless processes, and broadening the scope of remote services—leading to improved institutional performance.

Board of Director's Report

Eskan Bank placed increased emphasis on strengthening partnerships with the private sector, recognizing its vital role in supporting economic development and stimulating both the real estate and financial sectors.

From a financial and operational perspective, Eskan Bank delivered a solid performance during 2025, supported by disciplined financial management and continued growth in housing finance activities.

A prime example of this digital evolution is the "Baity" real estate platform, overseen by the bank, which stands as a clear evidence of the bank's commitment to digital innovation and its dedication to simplifying processes for citizens and strengthening partnerships with the private sector by bringing together real estate companies and commercial banks on a single platform, which has significantly enhanced the overall user experience.

From a financial and operational perspective, Eskan Bank delivered a solid performance during 2025, supported by disciplined financial management and continued growth in housing finance activities.

Our total operating income for the year reached BD 43 million, while expenses stood at BD 10.7 million. Equity touched BD 469 million, and the return on equity attributable to the Bank's shareholder stood at 6.8%.

Eskan Bank also continues to recognize human capital as a fundamental pillar for achieving its strategic objectives. During the year, the Bank invested in specialized training programs, leadership development, and the enhancement of national competencies, while fostering a culture of excellence, innovation, and accountability across the organization.

Looking ahead, Eskan Bank remains committed to advancing its future strategy, which centers on sustainability, deepening partnerships, and fostering innovation. This approach reinforces its role as a leading national institution actively contributing to the Kingdom of Bahrain's development vision, while meeting citizens' aspirations for access to adequate housing within an integrated and sustainable housing system.

H.E. Mrs. Amna bint Ahmed Al Rumaihi
Minister of Housing and Urban Planning
Chairperson of Eskan Bank

First: Board of directors' remuneration details

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others*	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others**	Total			
First: Independent Directors All amounts are in Bahraini Dinars.													
1- Mohammed Hussain Bucheeri	-	8,000	-	-	8,000	-	-	-	-	-	-	8,000	-
2- Najla Mohammed AlShirawi	-	8,000	-	-	8,000	-	-	-	-	-	-	8,000	-
3-Isa Abdulla Zainal	-	8,000	-	-	8,000	-	-	-	-	-	-	8,000	-
4-Nabeel Saleh Ali Ebrahim Abdulaal	-	8,000	-	-	8,000	-	-	-	-	-	-	8,000	-
5-Mubarak Nabeel Mattar	-	8,000	-	-	8,000	-	-	-	-	-	-	8,000	-
6-Reem Abdulghaffar Al Alawi	-	8,000	-	-	8,000	-	-	-	-	-	-	8,000	-
7-Abdullatif Khalid Abdullatif	-	8,000	-	-	8,000	-	-	-	-	-	-	8,000	-
8-Balsam Ali Alsalman	-	8,000	-	-	8,000	-	-	-	-	-	-	8,000	-
Second: Non-Executive Directors													
1-H.E Mrs. Amna Bint Ahmed AlRumaihi	-	8,000	-	-	8,000	-	-	-	-	-	-	8,000	-
Third: Executive Directors													
Total	-	72,000	-	-	72,000	-	-	-	-	-	-	72,000	-

Other remunerations:

* It includes in-kind benefits - specific amount - remuneration for technical, administrative and advisory works (if any).
** It includes the board member's share of the profits - Granted shares (if any).

Second: Top 6 remunerations for executives, including GM and AGM Support Services*:
All amounts are in Bahraini Dinars.

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus) in 2025**	Any other cash/ in kind remuneration for 2025	Aggregate Amount
Top 6 remunerations for executives, including GM and AGM Financial Control.	859,000	170,000	248,000	1,277,000

* Financial Control function is reporting to the AGM Support Services.
** This bonus is for the year 2025 that will be paid in 2026.

H.E. Mrs. Amna Bint Ahmed Al Rumaihi
Minister of Housing and Urban Planning
Chairperson of Eskan Bank

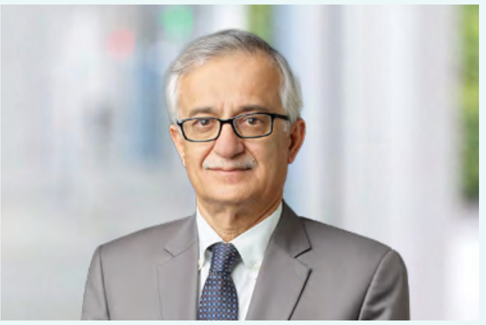
Isa Abdulla Zainal
Director

Eskan Bank B.S.C (closed) Annual Report 2025

Board of Directors

H.E. Amna Bint Ahmed Al Rumaihi
Minister of Housing & Urban Planning,
Chairperson of Eskan Bank
Chairperson of Remuneration, Nomination and Corporate Governance Committee

Non-independent Non-Executive Director



Mr. Mohammed A.R. Husain Bucheeri
Vice Chairperson,
Chairman of Executive Committee

Non-independent Non-Executive Director

Mrs. Najla Mohammed Al Shirawi
Board Member,
Member of Executive Committee

Non-independent Non-Executive Director

Mrs. Reem Abdulghaffar Al Alawi
Board Member,
Member of Audit, Risk and Compliance Committee

Independent Non-Executive Director

Mr. Isa Abdulla Zainal
Board Member,
Chairperson of Audit, Risk and Compliance Committee

Independent Non-Executive Director

Mr. Nabeel Saleh Abdulaal
Board Member,
Member of the Remuneration, Nomination and Corporate Governance Committee

Independent Non-Executive Director

Mr. Mubarak Nabeel Mattar
Board Member,
Member of the Remuneration, Nomination and Corporate Governance Committee

Independent Non-Executive Director

Mr. Abdullatif Khalid Abdullatif
Board Member,
Member of Audit, Risk and Compliance Committee

Independent Non-Executive Director

Mrs. Balsam Ali Alsalman
Board Member,
Member of the Executive Committee

Independent Non-Executive Director

Enriching the lives of our citizens

Driving social impact by empowering citizens through sustainable housing solutions

By offering innovative and inclusive financing options, Eskan Bank enables Bahraini families to access affordable, high-quality homes. These solutions build family stability, foster vibrant communities, and align with national goals of social welfare and economic growth. Through strategic partnerships, sustainable development, and a strong social mandate, the Bank drives long-term impact for a more equitable and resilient Bahrain.

General Manager's Statement

In 2025, we translated strategic intent into tangible results across four core priorities that reinforced our commitment to social finance; advancing digital transformation, enhancing housing affordability, expanding supply through structured partnerships, and strengthening institutional and financial resilience.

The past one year marked a fundamental shift in the way we do business. Our objective was not only to enhance customer experience but to convert operational excellence into measurable organizational value.

2025 marked a defining chapter in Eskan Bank's journey – strengthening our position as a trusted national enabler of innovative and sustainable housing solutions. Throughout the year, we advanced impactful initiatives that reinforced our social mandate, expanded housing opportunities for Bahraini citizens, and contributed to economically vibrant urban development across the Kingdom.

Transformation defined our 2025 agenda – operationally, digitally, and strategically. We adopted a growth-oriented approach that aligns digital enablement, product innovation, and structural realignment with our broader national housing objectives. Our focus was clear: activate partnerships across the public and private sectors, embed technology into every stage of our processes, and ensure that speed, transparency, and accessibility remain at the center of our operating model.

In our view, sustainable housing extends far beyond real estate development or the balancing of supply and demand. It is about building integrated, resilient communities that strengthen social cohesion and contribute meaningfully to long-term national prosperity.

In 2025, we translated strategic intent into tangible results across four core priorities that reinforced our commitment to social finance; advancing digital transformation, enhancing housing affordability, expanding supply through structured partnerships, and strengthening institutional and financial resilience. In doing so, we further bolstered our credentials as a key driver of housing and economic development across the Kingdom.

Mr. Abdulla Taleb
General Manager

Accelerated Digital Transformation

The past one year marked a fundamental shift in the way we do business. Our objective was not only to enhance customer experience but to convert operational excellence into measurable organizational value.

Central to this shift has been our investment in technology. Through enhanced platform capabilities, deeper system integrations, and workflow automation, we significantly reduced processing timelines while increasing transparency across the customer journey.

Average application turnaround times have been materially shortened, with further improvements targeted for 2026. From submission to disbursement timelines are now more predictable and transparent, reinforcing beneficiary confidence and institutional credibility.

The continued enhancement of Baity platform through the launch of Baity 2.0 and 2.1 has fundamentally redefined how we deliver housing services. These upgrades transformed Baity into a fully integrated, end-to-end digital experience for beneficiaries.

Applicants can now submit housing applications online, securely upload all required documentation, and track the status of their application in real time—eliminating previous uncertainty and manual follow-ups.

By integrating with eKey 2.0, Baity streamlines identity verification and KYC, accelerating approvals while ensuring compliance and security. Its real-time tracking system lets beneficiaries monitor their applications, while internal teams coordinate approvals, document verification, and payments seamlessly. With instant notifications and a centralized dashboard, Baity reduces errors, speeds processing, and frees our staff to focus on higher-value work—showcasing how digital innovation drives both efficiency and customer satisfaction.

This integration ensures that every step of the beneficiary journey from initial application to the finalization of their financing is transparent, timely, and measurable.

Enhanced visibility across the application lifecycle has reduced complaints and follow-up inquiries. By minimizing ambiguity and bottlenecks, we eased operational workload despite processing a higher volume of applications during the year.

These outcomes confirm that our digital strategy is not merely a systems upgrade, it represents a structural enhancement of service delivery that strengthens accountability, efficiency, and satisfaction.

As digital adoption expands, so does our responsibility to safeguard system resilience and data integrity. Simultaneously, our Risk Management framework ensured that innovation was supported by prudent oversight and disciplined governance.

This transformation extended beyond digital infrastructure into our physical operating environment. During the year, we upgraded and reallocated office space within our headquarters, improving the workplace environment for employees and fostering greater collaboration and efficiency. ESG aligned initiatives, including paper and plastic recycling and workspace redesigns to enhance employee well-being were implemented alongside disciplined cost management. Notably, these improvements were delivered while reducing operational expenditures by 23% against the approved 2025 budget, without compromising on service quality or internal support standards.

General Manager's Statement

16,000 Visitors

Innovation Summit 2025 delivered strong engagement and visibility, bringing together 33 participants, showcasing 15,000 properties, and attracting 16,000 visitors.

A defining milestone of 2025 was the launch of two flagship products , Tasheel+ and Tumooh, jointly developed by Eskan Bank and MOHUP to enhance affordability and expand sustainable homeownership pathways.

BD 91,000

Tasheel+, offered through our partner banks, raises financing eligibility up to BD 91,000, making homeownership more accessible while reflecting market realities.

Expanding Housing Accessibility

A cornerstone of our mandate is the structured development of flexible, customer-centric housing finance solutions that serve diverse income segments across Bahrain. Guided by rigorous research and data-driven market analysis, we work closely with the Ministry of Housing and Urban Planning (MOHUP) and partner banks to ensure our offerings remain aligned with evolving housing needs.

A defining milestone of 2025 was the launch of two flagship products , Tasheel+ and Tumooh, jointly developed by Eskan Bank and MOHUP to enhance affordability and expand sustainable homeownership pathways.

Tasheel+, offered through our partner banks, raises financing eligibility up to BD 91,000, making homeownership more accessible while reflecting market realities. Its positive reception demonstrates the product's responsiveness to beneficiary needs, and highlights the impact of collaboration in delivering meaningful results.

In addition, the Mazaya program has been strengthened through the restructuring of the support ceiling, contributing to greater efficiency in monthly assistance and enhancing the flexibility of the social housing system in response to economic changes.

As Eskan Bank continues to fulfil its development mandate as a strategic institutional partner in advancing the Kingdom's national housing agenda, the Bank, through its wholly owned subsidiary and development arm, Eskan Properties Company, has further strengthened an integrated development model that combines community-focused urban development with the expansion of housing supply. This approach is reflected in a coordinated pipeline of projects spanning completed developments, projects under construction, and schemes at design stage, reinforcing the continuity of the Bank's development activity and broadening the scale of its impact across Bahrain's housing ecosystem.

During 2025, the Bank delivered a number of community-oriented projects across all governorates of the Kingdom of Bahrain, developing and bringing into operation a total of 105 commercial and service outlets. This was complemented by the operation of "Saar Greens" project, as well as preparatory and enhancement works for "Jumana" residential building in Madinat Salman. Together, these initiatives contribute to more integrated community infrastructure, support the day-to-day needs of residents, and enhance quality of life within emerging and established housing developments.

In parallel, construction works continued to advance across a number of projects currently under development, most notably Madinat Salman Project – Package One, which comprises integrated commercial and service facilities. This reflects the Bank's commitment to creating vibrant community centres that serve new residential densities and respond to the evolving needs of citizens. Alongside these works, the Bank is progressing a broad portfolio of design-stage projects across multiple locations, including commercial facilities and central markets serving residential communities. This pipeline also includes strategic mixed-use and institutional developments, such as "Seef Greens", which comprises residential units and commercial spaces, as well as the Bank's headquarters project and its associated office spaces. In addition, masterplans and traffic impact studies are being prepared for a number of sites expected to accommodate thousands of future housing units.

Beyond its direct development activities, Eskan Bank plays a central enabling role in aligning government policy priorities with private capital and effective financing structures to accelerate the delivery of affordable housing. This role is embodied in two key initiatives.

Under the Government Land Development Program, which aims to allocate government land at affordable cost to enable developers to deliver reasonably priced housing units, Eskan Bank undertakes a comprehensive role encompassing technical advisory support, oversight of sales and marketing activities, and the management of escrow accounts. These responsibilities reinforce governance, transparency, and financial discipline across the program. The Bank's contribution also extends to active participation in project implementation, particularly in Madinat Salman, through its support for the development of a total of 92 housing units. This reflects Eskan Bank's commitment to supporting the Government's plans to accelerate housing delivery and expand the national housing supply.

Through the Private Land Development Program, the Bank collaborates with private sector developers to develop infrastructure and land plots, and to deliver housing units at suitable prices. This initiative supports the Government's objective of strengthening sustainable public-private partnerships and broadening the contribution of the private sector to the national housing agenda.

Together, these programs help mitigate inflationary pressures that may affect the real estate market, enhance supply-side balance, and support the long-term stability and sustainability of the housing sector. They also reinforce the foundations of the social housing ecosystem by addressing both supply and demand dynamics through an integrated and forward-looking approach. In this context, Eskan Bank's role extends beyond housing finance to include a direct contribution to the development and delivery of suitable housing units that balance affordability, quality, and location, while responding to citizens' needs and evolving lifestyles. Through this comprehensive model, the Bank contributes to building a more resilient and balanced housing ecosystem, enhancing market efficiency, supporting economic stability, and advancing the Kingdom's sustainable development objectives.

Eskan Properties Company, the development arm of Eskan Bank, continues to play a vital role in enhancing the residential landscape of the Kingdom of Bahrain through the management and operation of an extensive portfolio of residential buildings. The Company currently oversees more than 4,658 housing units across 140 buildings in various areas of the Kingdom, including ownership apartments allocated to beneficiaries of the Ministry of Housing and Urban Planning's services. This role is underpinned by disciplined operational management and the oversight of periodic and preventive maintenance works to ensure that facilities remain ready, efficient, and fit for purpose. It is further supported by a continuous improvement approach focused on enhancing service standards and elevating the quality of the residential environment. In doing so, Eskan Properties Company contributes to the stability of residential communities, preserves the efficiency and value of their facilities, and improves the overall housing experience in line with the Kingdom's sustainable development and quality-of-life objectives.

Institutional and Financial Resilience

Our progress in 2025 was anchored in strengthened institutional capacity and disciplined financial stewardship. Strategic realignments across key functions enhanced accountability, improved execution speed, and ensured sharper alignment between operational delivery and long-term strategic priorities.

Eskan Properties Company, the development arm of Eskan Bank, continues to play a vital role in enhancing the residential landscape of the Kingdom of Bahrain through the management and operation of an extensive portfolio of residential buildings. The Company currently oversees more than 4,658 housing units across 140 buildings.

A Bank for Customers and Communities

Enhancing the quality of life for citizens while fostering inclusive communities

Eskan Bank is firmly focused on clear priorities that emphasize community building and sustainability. By investing in affordable housing and infrastructure development, the Bank plays a pivotal role in enhancing the quality of life for citizens while fostering inclusive communities. The sustainability-driven approach ensures that projects are not only economically viable but also environmentally responsible, promoting a greener future.

General Manager's Statement

By applying a commercially disciplined ESG framework, we are safeguarding the architectural identity and social fabric of old Muharraq while enabling renewed economic vitality through accessible, subsidized spaces.

> Through mixed-use developments that seamlessly combine residential, retail, commercial, and leisure components, we are redefining urban living–creating connected communities that deliver convenience, accessibility, and long-term asset value

4,741 hours

Achieved a significant increase in employee development initiatives, with training hours rising by 25% compared to 2024 (4,741 hours in 2025 versus 3,425 hours in 2024).

A defining milestone of the year was the successful completion of a BD 250 million fundraising round, with participation from a diversified group of local and international financial institutions. This significant capital raise reflects strong market confidence in Eskan Bank's governance, financial resilience, and the enduring strength of Bahrain's housing and banking sector. The transaction forms a critical component of the Government's broader commitment to inject approximately BD 800 million into social housing initiatives through 2025-2026, with Eskan Bank playing a central execution role in mobilizing over BD 500 million and deploying these resources efficiently and responsibly.

From a financial performance perspective, the Bank delivered solid results during 2025. Total operating income reached BD 43 million, while operating expenses were maintained at BD 10.7 million, reflecting disciplined expenditure control. Shareholders' equity increased to BD 469 million, and return on equity attributable to the Bank's shareholder stood at 6.8%, demonstrating sustainable value creation alongside our social mandate.

Sustainability As A Priority

At Eskan Bank, sustainability is not just an initiative–it is our mandate. It underpins our strategy, informs our investments, and defines the value we seek to create for Bahrain and its people.

Our ESG-driven investment framework ensures that value creation extends beyond financial returns to encompass enduring societal benefit. Across our residential portfolio, this commitment is reflected in the integration of expansive green spaces and the development of our flagship "Greens" communities–designed to enhance wellbeing, promote environmental stewardship, and foster vibrant social ecosystems. LEED-level standards at our new headquarters further demonstrate our commitment to environmental leadership.

A defining strategic priority for the Bank is the advancement of vertical, integrated living as a catalyst for Bahrain's urban evolution. While standalone housing has long been culturally preferred, demographic shifts and changing lifestyle expectations require innovative alternatives. Through mixed-use developments that seamlessly combine residential, retail, commercial, and leisure components, we are redefining urban living–creating connected communities that deliver convenience, accessibility, and long-term asset value.

The success of Saar Greens – a commercial development – reached 95% occupancy, underscores growing confidence in sustainable and thoughtfully planned communities.

Our sustainability mandate extends beyond new development to the preservation of Bahrain's cultural and urban heritage. Through Muharraq City Development Project, currently under implementation under the directives of His Majesty King Hamad bin Isa Al Khalifa, Eskan Bank is actively contributing, alongside key stakeholders, to efforts to revitalize one of the Kingdom's most historic districts. By applying a commercially disciplined ESG framework, we are safeguarding the architectural identity and social fabric of old Muharraq while enabling renewed economic vitality through accessible, subsidized spaces.

Beyond development and financing, our corporate social responsibility agenda reinforces our broader national role. During the year, we supported a range of humanitarian, charitable, and community initiatives, including Ramadan programs, educational sponsorships, and public awareness activities that promote social well-being. These initiatives were undertaken in collaboration with partners who share our commitment to social and community development.

Our commitment was further reflected through participation in environmental initiatives such as Tree Week, support for youth and sports development, and sponsorship of the Creative Engineering Awards, alongside exhibitions and mobile branch activations that strengthened community engagement.

Taken together, these initiatives reflect a singular objective: to create sustainable communities, preserve national heritage, and strengthen social stability–while maintaining financial discipline and institutional resilience to safeguard long-term value for all stakeholders.

Human Impact

Our performance in 2025 was ultimately driven by the strength, commitment, and capability of our people. Human capital remains the cornerstone of our operational excellence, digital transformation, and our national housing mandate.

During the year, we successfully executed a comprehensive organizational redesign to position the Bank for the next phase of transformation. Reporting structures were streamlined, key functions were realigned, and the IT department evolved into the Enterprise Digital Optimization Department. This restructuring was not merely cosmetic; it was purpose-driven–empowering employees to take ownership of outcomes, enhancing efficiency across operational layers, and strengthening cross-functional collaboration.

Our commitment to capability development remained disciplined and measurable. In 2025, we exceeded our internal talent development targets, with total training hours increasing by 25% compared to the previous year. This investment reflects our belief that institutional resilience depends on continuous learning, up-skilling, and leadership development.

To safeguard long-term continuity, we designed and implemented a structured succession framework in full compliance with the Central Bank of Bahrain's regulatory requirements. This ensures leadership readiness across critical roles as we advance our transformation journey. Concurrently, we strengthened our governance architecture through the enhancement of HR policies, including revisions to our whistleblowing framework and code of conduct, reinforcing our alignment with evolving ESG standards and best practices.

Eskan Bank continues to set the benchmark for local talent development and gender inclusion. In 2025, we maintained a 97% Bahrainization rate–underscoring our unwavering commitment to national empowerment and economic participation. Our workforce composition reflects near-equal gender representation, reflecting our commitment towards fostering a more inclusive work environment. Moreover, our focus on engagement and inclusivity contributed to an employee retention rate of 96%, a strong indicator of institutional stability and workforce satisfaction.

Through our HRMS platform and targeted wellness initiatives, we are cultivating a workplace culture grounded in empowerment, accountability, and wellbeing. These efforts ensure that Eskan Bank remains a resilient and supportive employer, aligned with the Kingdom's vision and committed to delivering sustainable impact through its people.

46,121

The release of Baity 2.0 was a major milestone, driving user numbers up from 20,000 in 2024 to 46,121 in 2025, an increase of 131%.

General Manager's Statement

Eskan Bank B.S.C (closed) Annual Report 2025

We remain committed to innovation, digital excellence, and social responsibility–ensuring that Eskan Bank is not just a bank, but a partner in the lives of the people we serve.

Innovation Summit 2025
in the Social Housing Sector

A defining milestone during the year was the success of the three-day Innovation Summit 2025. The Summit integrated a large-scale exhibition with a high-level conference, bringing together stakeholders from government, banking and finance, real estate and technology.

Showcased more than
\+ 15,000 properties

Attracted over
\+ 16,000 visitors

Wider Reach

2025 marked a year of strategic advancement in communications and digital engagement. By aligning marketing and communications with the Bank's objectives, we strengthened connections with partners, stakeholders, and the wider community while driving measurable outcomes.

A defining milestone during the year was the success of the three-day Innovation Summit 2025. The event showcased more than 15,000 properties, attracted over 16,000 visitors.

The Summit integrated a large-scale exhibition with a high-level conference, bringing together stakeholders from government, banking and finance, real estate and technology.

The exhibition provided a dynamic platform for industry participants to showcase innovation, build strategic partnerships, and present practical solutions aimed at accelerating the delivery of high-quality social housing. The conference, on the other hand, examined the role of social housing in driving economic growth and social development, while promoting forward looking strategies to address emerging regional challenges.

The event also marked the launch of several strategic initiatives, including enhancements to our digital "Baity" platform, expanded partnerships under the Tas'heel+ housing finance programme, and new collaborations to improve real estate data transparency.

The Summit also featured a Hackathon, providing innovators with a dedicated platform to develop technology-driven solutions for the social housing sector.

Through our Mobile Branch Initiative and national campaigns for Tumooh and Tasheel+, we brought housing services directly to citizens across all Governorates, complementing workshops and digital engagement, and contributing to the full sell-out of Al Wadi and Danat Sanad projects–demonstrating once again the real impact of our citizen-focused approach.

We also strengthened Eskan Bank brand through high-profile campaigns, refreshed brand identities, and targeted engagement with financial partners. Workshops for over 250 bank frontliners ensured operational alignment, knowledge-sharing, and operational collaboration, while our communications team managed press relations, corporate publications, and milestone announcements–including the Syndication Signing Ceremony and multiple MoUs.

Through these initiatives, we were able to elevate Eskan Bank's profile as a modern, innovative housing institution – reinforcing our role as a trusted partner to citizens, financial institutions, and stakeholders across the Kingdom.

Looking Forward

Our vision is clear: to continue empowering our beneficiaries, supporting Bahrain's housing market, and promoting sustainable community development. We remain committed to innovation, digital excellence, and social responsibility–ensuring that Eskan Bank is not just a bank, but a partner in the lives of the people we serve.

I extend my gratitude and appreciation for the continued support of the Ministry of Housing and Urban Planning, headed by Her Excellency Amna bint Ahmed Al Rumaihi, Minister of Housing and Urban Planning.

I am grateful to the Bank's Board of Directors for their continued support and sound guidance.

I am thankful to all participating banks and real estate development companies for their cooperation and outstanding contributions in supporting the growth of the social housing sector.

As we reflect on the achievements of 2025 and look ahead to 2026, I would like to extend my sincere gratitude to all the employees of Eskan Bank. Your dedication, professionalism, and unwavering commitment to our beneficiaries have been instrumental in driving our milestones and reinforcing our role as a social and forward-looking financial institution.

Together, as part of Team Bahrain, we will continue to build on this momentum, delivering sustainable impact and contributing meaningfully to the Kingdom's vision for the future.

Abdulla Taleb
General Manager

Tumooh Financing

A progressive financing model that supports housing mobility – enabling beneficiaries to transition from apartment living to larger residential units as family needs evolve. By linking present affordability with future growth, the product reinforces long-term community stability.

طمـوح
TUMOOH

Subsidiaries, Associates & Strategic Investments

Subsidiaries

Eskan Properties Company B.S.C. (c)

Eskan Properties Company (EPC) is registered in the Kingdom of Bahrain with Eskan Bank holding 100% stake in the company. Serving as the development arm of the Bank, EPC is closely involved in successfully executing various housing and community projects. In addition, the company carries out management and maintenance work for different real estate properties owned by Eskan Bank and the Ministry of Housing and Urban Planning. It also provides advisory services to the Ministry of Housing and Urban Planning in relation to commercial areas located in some of the new cities.

Strategic Investment

Naseej B.S.C. (c)

Naseej was established in 2009 by prominent investors from the public and private sectors with Eskan Bank holding a 3% stake in it as a strategic investment. The Bank is also a founding shareholder in the company that plays a pioneering role as a catalyst in addressing affordable housing needs in Bahrain.

Associates

EBDAA Microfinance Company B.S.C. (c)

Ebdaa Microfinance Company is involved in disbursing micro-financing to low and middle-income Bahraini families. Eskan Bank was a founding shareholder in the company when it was established in 2009, and holds a 17.1% stake. The company provides beneficiaries with the opportunity to start a new business, become financially independent, and enhance their quality of life.

Eskan Bank Realty Income Trust (EBRIT)

Eskan Bank Realty Income Trust (EBRIT), the first listed real estate investment trust in Bahrain, was established by Eskan Bank in 2016. EBRIT has a net asset value of BD 11.59 million as of 31st December 2025, of which 46.66% is held by Eskan Bank. The properties of EBRIT include, Segaya Plaza along with the commercial components of Danaat Al Madina.

Eskan Bank's portfolio of subsidiaries, associates, and strategic investments reflects its broader role in supporting Bahrain's housing ecosystem, extending its impact beyond core banking services to enable community development, expand access to finance, and support initiatives that contribute to sustainable growth, long-term value creation, and integrated housing solutions that reinforce its strategic, social, and economic objectives.

Eskan Bank Executive Management

Mr. Abdulla Taleb
General Manager

Mr. Mohamed Abdulrahim
Assistant General Manager
Support Services

Mr. Ebrahim Jasim
Assistant General Manager
Commercial & Institutional Banking

Mrs. Haifa Al Madani
Assistant General Manager
Legal Affairs and Corporate Secretary

Mr. Hani Nayem
Assistant General Manager
Internal Audit

Mrs. Abeer Albinali
Assistant General Manager
Risk Management & Remedial Solutions

Ms. Sarah Qasim
Assistant General Manager -
Strategic Projects & Solutions Design

Mr. Abdulla Habib
Assistant General Manager
Enterprise Digital Optimization

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Eskan Properties Executive Management

Mr. Mohammed Bucheeri
General Manager

Mr. Eyad Faisal
Senior Project Manager

Mr. Hasan Abdulrahim
Senior Project Manager

Mr. Ahmed Sameei
Senior Manager
Property & Facility Management

Corporate Governance Report

1. Corporate Governance Policy

Eskan Bank's "the Bank" Board of Directors "the Board" has adopted the Bank's Corporate Governance Policy, which is compliant with the Corporate Governance Code issued by the Central Bank of Bahrain and the Decree No. (19) of 2018 concerning the issuance of the Corporate Governance Code issued by Ministry of Industry, Commerce in 2018, and Decree No. (91) of 2022 Concerning the Amendments to Certain Provisions of the Corporate Governance Code. The Board also ensures that the Bank's business is conducted professionally and in accordance with the applicable laws and regulations of the Kingdom of Bahrain. The Remuneration, Nomination and Corporate Governance Committee of the Board is responsible to ensure that the Bank's Corporate Governance Policy's is constantly updated and adopting the new relevant regulations and laws and ensure the effective application of the corporate governance principles within the Bank. The Audit, Risk and Compliance Committee regularly reviews the Bank's policies approved by the Board of Directors. The Executive Committee is responsible for reviewing business aspects and recommendations for amending the Bank's policies related to strategies, project frameworks, investments, financial modules, and overall business operations. It then recommends these amendments to the Board of Directors for final approval.

The Board ensures that training is provided to Board members periodically. The chairperson of the Board must ensure that each new director receives a formal and tailored induction to ensure his contribution to the board from the beginning of the term and should review the board's role and duties with the directors, particularly covering legal and regulatory requirements. The program for Directors includes meetings with senior management, visits to the bank's facilities, presentations regarding strategic plans, significant financial, accounting and risk management issues, compliance programs, its internal and external auditors and legal counsel.

2. Shareholder Information

Eskan Bank is wholly owned by the Government of the Kingdom of Bahrain. The Bank was established with an authorised capital of BD 40 million and an issued and paid up capital of BD 15 million. In 2011, the Bank's capital was increased with the approval of the Cabinet pursuant to Order No. 2113 05. A further capital increase was approved by the Cabinet in 2023 under Order No. 2714 05. As a result of these approvals, the Bank's authorised capital was increased to BD 400 million, while the paid up capital reached approximately BD 250 million. The capital increases were funded from the Bank's retained earnings.

- **Shareholders Notification**

The Board of Directors submits decisions requiring shareholder approval to the Cabinet, in accordance with the Bank's Statute.

Given the unique nature of Eskan Bank, being fully owned by the Government of the Kingdom of Bahrain, and pursuant to Legislative Decree No. 4 of 1979 regarding the Establishment of Eskan Bank, as amended by Law No. 75 of 2006, the Cabinet is the sole authority responsible for appointing Board Members. Consequently, the Bank is not required to hold an Annual General Meeting. All key resolutions issued by the Bank that would typically require the approval of an Ordinary or Extraordinary General Assembly are replaced with Cabinet approval.

- **Periodic Reports**

Performance and activities report, along with financial statements of Eskan Bank, are submitted to the Ministry of Housing and Urban planning, Ministry of Finance and National Economy, The Ministry of Industry and Commerce, and the Central Bank of Bahrain.

The Bank is committed to seeking the approval of the Tender Board for procuring goods and services valued over 50,000 Bahraini Dinars, in accordance with Legislative Decree No. 36 of 2002 with regarding the Regulating Government Tenders and Purchases. In addition, the Bank must obtain the approval of the Legislation and Legal Opinion Commission for any contracts that result in financial obligations exceeding 300,000 Bahraini Dinars.

Additionally, the bank is required to obtain board approval for unbudgeted revenue expenditures and capital expenditures transactions with a value exceeding BD 100,001. Furthermore, Board approval is necessary for real estate acquisitions and project cost transactions exceeding BD 300,001. Project costs include consultancy, construction, and other related expenses. If the original project cost is expected to exceed the initially approved amount by 10% or more, or by BD 1,000,000 (whichever is lower), the matter must be referred to the Executive Committee and the Board of Directors for approval. The Bank is also subject to the supervision and scrutiny of the National Audit Court.

3. Board of Directors Information

- **Board Composition**

Eskan Bank's Board was appointed by virtue of Cabinet Decree No. 63 of 2022, dated 8 December 2022, for a three-year term, and reappointed by same structure for another term by Cabinet Decree No. 77 of 2025, dated 9 December 2025, for a three-year term. This appointment is in line with Legislative Decree No. 4 of 1979 regarding the establishment of Eskan Bank, as amended by Law No. 75 of 2006. According to this Cabinet Decree, eight leading Bahraini professionals in the banking and finance sector were reappointed for a renewable three-year term, with the Minister of Housing and Urban Planning serving as Chairperson.

- **Board Member's Remunerations**

The remuneration (consist the sitting fees) of the chairperson and members of the Board has been regulated and Disbursed pursuant to the Cabinet Decree, which has been capped by BD 8,000 annually bases for each Director, according to last paragraph at the article No. (11) of the Legislative Decree No. 4 of 1979 with respect to the establishment of the Eskan Bank amended by Law No. 75 of 2006, which stipulates that the Board's chairperson, vice chairperson and members shall be determined upon approval from the Cabinet of Ministers.

During the year 2025, the bank has paid setting fees a total of BD 72,000 to the Chairperson and members for attending Board and Board Committees meetings, including the sitting fees paid to the RNCG committee's members for the same period.

- **Board Secretary**

The Board is supported by the Board Secretary who provides administrative and legal support to the Board and Board committees. The appointment of the Board Secretary is subject to the approval of the Board and the Central Bank of Bahrain.

- **Director's Roles and Responsibilities**

The Board of Directors is responsible for the overall corporate governance of Eskan Bank, which is in line with CBB corporate governance principles ensuring that the Bank is run in an efficient and effective manner. The Board meets regularly throughout the year and maintains full and effective control over strategic, finance, operational, internal control and compliance issues.

Corporate Governance Report (Continued)

3. Board of Directors Information (continued)

The Board's remit includes charting the direction of the Bank, setting objectives, formulating strategy, establishing policy guidelines. The Board has full authority to take decisions on setting annual operating plans and budgets, authority levels, major capital expenditure, divestitures, mergers and acquisitions, certain strategic investments, disposal of assets, capital expenditure, appointing of external auditors and the implementation of corporate ethics and the code of conduct. In-addition the board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and monitoring Management and the running of the business according to an agreed framework.
The Board is ultimately accountable and responsible for the affairs and performance of the Bank. The resolutions of the Board of Directors shall be valid immediately after their issuance with exception of resolutions relating to matters stated in Article 17 of Eskan Bank's Establishment Law and Articles of Association in which such resolutions shall only be deemed valid after being approved by the Council of Ministers. The Board of Directors in practice has delegated certain duties to the General Manager.

- **Whistle-Blowing Policy**

The Bank has a whistle-blowing policy whereby Management has designated officials to whom employees can approach. The policy provides adequate protection to the employees for any reports in good faith; EB executive management have periodically reviewed the policy.

- **Code of Conduct & Conflict of Interest**

The Bank has adopted Code of Conduct and other internal policies and guidelines designed to guide all employees and directors through best practices in compliance with all laws, rules and regulations that govern the Bank's business operations. The Code of Conduct contains rules on conduct, ethics and on avoiding conflict of interest applicable to all the employees and directors of the Bank. The Bank has an annual declaration of Conflict-of-Interest statement for Board members, whereby each director has the responsibility to disclose any material interest related to business transactions and agreements. In furtherance of the Bank's commitment to the approved conflict-of-interest mechanisms, cases of abstention were recorded during the year. One Board member abstained from participating in the discussions and voting on one agenda item at the second Board meeting, the same occurred at the third Board meeting, and two Board members each abstained, individually, from participating in the discussions and voting on two different agenda items at the fourth Board meeting.

- **Annual Disclosure for controlled functions Persons**

The Bank has maintained a requirement within the adopted Corporate Governance Policy, for the annual disclosure to the Board of Directors, regarding the employment of relatives of the approved persons occupying controlled functions within bank.

- **Annual Performance Evaluation of Board Members and its Committees**

In accordance with the Corporate Governance Policy, the Board has adopted performance evaluation models for both Board Members and Board Committees. The Corporate Secretary has circulated the performance evaluation form for the year 2025 to the Board Members to assess the performance of the Board of Directors and Committees for the year 2025. The results are discussed during the Board meetings of 2025.

4. Board Committees

The Board has three committees with specific delegated responsibilities, which include the Executive Committee, Audit, Risk and Compliance Committee, and Remuneration, Nomination and Corporate Governance Committee.

- **Board Committees Composition, Roles and Responsibilities**

Executive Committee	
Members: (*) 1. Mr. Mohammed Hussain Bucheeri (Chairperson) 2. Mrs. Najla Mohamed Al Shirawi 3. Eng. Balsam Ali Alsalman	**Summary terms of reference:** • The committee is formed with a minimum of three members, which consist mostly of independent non-executive members to be appointed by the Board. • The Committee shall meet at least quarterly or as frequently as required to perform its role effectively. (The Committee held four meetings during 2025). • Majority of the Members are required to attend the meetings to ensure a quorum. • Concerned Chiefs, Assistant General Managers and Managers are invited to attend the meetings (If required). **Summary of responsibilities:** The role of the committee is to assist the Board in carrying out its duties. Therefore, the committee is to exercise its roles and responsibilities as required by the terms of reference or assigned by the Board of Directors from time to time. The Committee is specifically delegated with recommending to the board or taking decisions relating to broad policy and planning matters relating to the administration of the Bank, Review strategy, annual budget forecasts, performance vis-a-vis budgets and the budget variances, review any major change which is expected to have a significant economic impact on the organization, approve lending decisions, and taking on of funded and non-funded financial risk exposures and financial outlays, specific provisioning of doubtful debts or the write-offs up to its Delegated Authority, where the credit risk lies with the Bank, delegation of Financial Authority, and provide oversight and good governance of the investment activities of the Bank.

Corporate Governance Report (Continued)

4. Board Committees (continued)

Audit, Risk and Compliance Committee

Members: (*)

1. Mr. Isa Abdulla Zainal (Chairperson)
2. Mrs. Reem Abdulghaffar Alalawi
3. Mr. Abdullatif Khalid Abdullatif

Summary terms of reference:

- The committee is formed with a minimum of three members, which consists mostly of independent non-executive members to be appointed by the Board.
- A minimum number of four meetings are required to be held each year, (the Committee held Four meetings during 2025)
- Majority of the Members are required to attend the meetings to ensure a quorum
- General Manager and concerned Chiefs, Assistant General Managers and Managers are invited to attend the meetings. (If required)

The committee should meet at least twice with the external auditor in the absence of the Bank's executive management.

Summary of responsibilities:

The primary function of the committee is to assist the Board in fulfilling its supervisory responsibilities by reviewing the Bank's financial statements that are to be submitted to the concerned authorities and reviewing the internal monitoring framework established by the Board of Directors.

Remuneration, Nomination & Corporate Governance Committee

Members: (*)

1. H.E. Mrs. Amna Bint Ahmed AlRumaihi
2. Mr. Nabeel Saleh Ali Ebrahim Abdulaal
3. Mr. Mubarak Nabeel Mattar

Summary terms of reference:

- The committee is formed with a minimum of three members, which consists mostly of independent non-executive members to be appointed by the Board.
- A minimum number of two meetings are required to be held each year, (the Committee held four meetings during 2025).
- Majority of the Members are required to attend the meetings to ensure a quorum.
- General Manager and concerned Chiefs, Assistant General Managers and Managers are invited to attend the meetings (if required).

Summary of responsibilities:

The purpose of the committee is to recommend human resources policies and procedures for the Bank; assist the Board in reviewing and approving the Bank's policy for the remuneration of employees, directors, Board Committee members, the General Manager, Executive Management and staff; to follow up the policies, rules, and the best practices of corporate governance.

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Corporate Governance Report (Continued)

5. Board Meetings and Attendance 2025

The Board of Directors is required to hold at least four meetings during each fiscal year upon the invitation of the Chairperson. A Board of Directors meeting shall be deemed valid if attended by majority of the Directors who shall attend in person, provided the Chairman or Vice Chairman shall attend in person. The Board held four meetings during 2025. The below schedule shows dates of meetings and attendance of Board Members:

- Board of Directors Meetings During 2025

Members	26 Feb. 2025 (1st Meeting)	14 May. 2025 (2nd Meeting)	17 Aug. 2025 (3rd Meeting)	12 Nov. 2025 (4th Meeting)
H.E. Mrs. Amna Bint Ahmed AlRumaihi (Chairman)	✓	✓	✓	✓
Mr. Mohammed Abdulrahman Hussein Bucheeri (Vice Chairman)	✓	✓	✓	✓
Mrs. Najla Mohamed Al Shirawi	✓	✓	✓	✓
Mr. Isa Abdulla Zainal	✓	✓	✓	✓
Mr. Nabeel Saleh Ali Ebrahim Abdulaal	✓	✓	✓	✓
Mr. Mubarak Nabeel Mattar	✓	✓	✓	✓
Ms. Reem Abdulghaffar Al Alawi	✓	✓	✓	✓
Mr. Abdullatif Khalid Abdullatif	✓	✓	✓	✓
Eng. Balsam Ali Alsalman	✓	✓	✓	✓

- Executive Committee Meetings

The Executive Committee held four meetings during 2025, the below schedule shows dates of meetings and attendance of Board Members:

Members	25 Feb. 2025 (1st Meeting)	13 May 2025 (2nd Meeting)	13 Aug. 2025 (3rd Meeting)	11 Nov. 2025 (4th Meeting)
Mr. Mohammed Abdulrahman Bucheeri (Chairperson)	✓	✓	✓	✓
Mrs. Najla Mohamed Al Shirawi	✓	✓	✓	✓
Eng. Balsam Ali Alsalman	✓	✓	✓	✓

- Audit, Risk and Compliance Committee Meetings

Audit, Risk and Compliance Committee held Four meetings during 2025, the below schedule shows dates of meetings and attendance of Board Members:

Members	24 Feb. 2025 (1st Meeting)	12 May. 2025 (2nd Meeting)	10 Aug. 2025 (3rd Meeting)	10 Nov. 2025 (4th Meeting)
Mr. Isa Abdulla Zainal (Chairperson)	✓	✓	✓	✓
Ms. Reem Abdulghaffar Alalawi	✓	✓	✓	✓
Mr. Abdullatif Khalid Abdullatif	✓	✓	✓	✓

Corporate Governance Report (Continued)

5. Board Meetings and Attendance 2025 (continued)

- Remuneration, Nomination and Corporate Governance Committee Meetings

The Remuneration, Nomination and Corporate Governance Committee held four meetings during 2025 and an aggregated amount paid to member is BD 6000. The below schedule shows dates of meetings and attendance of Board Members:

Members	23 Feb. 2025 (1st Meeting)	3 Sep.2025 (2nd Meeting)	9 Nov. 2025 (3rd Meeting)	13 Dec. 2025 (4th Meeting)
HE Mrs. Amna Bint Ahmed AlRumaihi (Chairman)	✓	✓	✓	✓
Mr. Nabeel Saleh Ali Ebrahim Abdulaal	✓	✓	✓	✓
Mr. Mubarak Nabeel Mattar	✓	✓	✓	✓

The Remuneration, Nomination and Corporate Governance Committee also held four meetings during 2024 and an aggregated amount paid to the committee members is BD 6000 for the year ended 2024.

6. Shari'a Supervisory Board (SSB)

The Bank's Board of Directors has established a Shari'a Supervisory Board (SSB), which was formed in May 2009, and has been re-appointed with the same members for further periods every 3 years, which was reappointed for another term starting from January 2025 to December 2027.

Members	Summary of Responsibilities
Dr. Sh. Nezam Yacouby (Chairperson)	The Shari'a Supervisory Board is an independent body responsible for directing, reviewing and supervising the Islamic activities in Eskan bank in order to ensure that they are in compliance with Islamic Shari'a rules and Principles.
Dr. Sh. Abdulaziz Khalifa Al-Qassar (Vice Chairperson)	
Sh. Abdul Nasser Al-Mahmood (Executive Member)	

- Shari'a Supervisory Board Meetings

The Shari'a Supervisory Board held four meetings during 2025, the below schedule shows dates of meetings and attendance of the Shari'a Board Members:

Members	2 Mar. 2025 (1st Meeting)	17 June 2025 (2nd Meeting)	21 Aug. 2025 (3rd Meeting)	4 Dec. 2025 (4th Meeting)
Dr. Sh. Nezam Yacouby (Chairperson)	✓	✓	✓	✓
Dr. Sh. Abdulaziz Khalifa Al-Qassar (Vice Chairperson)	✓	✓	✓	✓
Sh. Abdul Nasser Al-Mahmood (Executive Member)	✓	✓	✓	✓

- Shari'a Supervisory Board Member's Remuneration

The disbursement of Shari'a Supervisory Board Member's Remuneration has been determined in accordance with Eskan Bank's Board of Director's Resolution No. 19 for the year 2024, which states that the remuneration of USD 10,000 is to be disbursed annually to the Shari'a Supervisory Board Members. In addition, BD 2,000 per annum is disbursed to Sh. Abdul Nasser Al-Mahmood the Shari'a Supervisory Board Executive Member due to the nature of his position which requires him to provide direct and immediate support to the relevant departments of the Bank.

Corporate Governance Report (Continued)

7. Management

The Board appointed Mr. Abdulla Taleb in the capacity of General Manager of Eskan Bank on 15 April 2024, whereby the Board delegated him with the authority to manage the Group business. The General Manager is responsible for the day-to-day performance and operations of the Bank and is supported by a well-qualified and experienced Management Team.

The General Manager has disclosed to the Board of Directors that he does not have any relatives of any approved persons occupying controlled functions within the Bank or with any of the board members.

The Bank's day-to-day operations are guided by several management committees, which have been formed by virtue of Administration Decisions with respect to Restructuring of Eskan Bank's Internal Committees issued by the General Manager. Eskan Bank's Internal Committees include the Risk Management Committee, Asset & Liability Management Committee, IT Steering Committee, Internal Tender Committee, Investment & product Committee, and the Credit Committee, Environmental, Social and Governance Committee, such committees are established as following:

Risk Management Committee (RMC)

The Committee shall consist of members with the following designation:

1. General Manager **(Chairperson)**
2. General Manager – Eskan Properties Company
3. AGM - Support Services
4. AGM - Risk Management & Remedial Solutions
5. AGM - Strategic Projects & Solutions Design
6. AGM - Commercial & Institutional Banking
7. AGM - Enterprise Digital Optimization **(Non-Voting)**

Secretary: Senior Manager – Risk Management & Remedial Solutions

Investment & Project Committee (IPC)

The Committee shall consist of members with the following designations:

1. General Manager **(Chairperson)**
2. General Manager – Eskan Properties Company
3. AGM - Support Services
4. AGM - Risk Management & Remedial Solutions **(Non-Voting)**
5. AGM - Strategic Projects & Solutions Design
6. AGM - Commercial & Institutional Banking

Secretary: Officer – Financial Control

Asset & Liability Management Committee (ALCO)

The Committee shall consist of members with the following designations:

1. General Manager **(Chairperson)**
2. AGM - Support Services
3. AGM - of Risk Management & Remedial Solutions
4. AGM - Strategic Projects & Solutions Design
5. AGM - Commercial & Institutional Banking

Secretary: Manager – Financial Control

Corporate Governance Report (Continued)

7. Management (continued)

IT Steering Committee (ITSC)
The Committee shall consist of members with the following designation:
1. General Manager (Chairperson)
2. AGM - Support Services
3. AGM - Risk Management & Remedial Solutions
4. AGM - Strategic Projects & Solutions Design
5. AGM - Commercial & Institutional Banking
6. AGM - Enterprise Digital Optimization
Secretary: Manager – Information Technology

Internal Tender Committee
The Committee shall consist of members with the following designations:
1. General Manager (Chairperson)
2. General Manager – Eskan Properties Company
3. AGM - Support Services
4. AGM - Legal & Corporate Secretary
5. AGM - Strategic Projects & Solutions Design
6. AGM - Commercial & Institutional Banking
7. AGM - Enterprise Digital Optimization
Secretary: Manager – Administration

Credit Committee
The Committee shall consist of members with the following designations:
1. General Manager **(Chairperson)**
2. General Manager – Eskan Properties Company
3. AGM - Support Services
4. AGM - Legal & Corporate Secretary **(Non-Voting)**
5. AGM - Risk Management & Remedial Solutions **(Non-Voting)**
6. AGM - Strategic Projects & Solutions Design
1. AGM - Commercial & Institutional Banking
Secretary: Senior Manager – Risk Management & Remedial Solutions

Corporate Governance Report (Continued)

7. Management (continued)

Environmental, Social and Governance Committee (ESGC)
The Committee shall consist of members with the following designation:
1. Senior Manager – Human Resource **(Chairperson)**
2. Senior Manager – Investment
3. Senior Manager – Enterprise Communications
4. Senior Manager – Retail Banking
5. Senior Manager – Financial Control
6. Senior Manager – Products & Solutions design
7. Manager – Eskan Properties Company
Secretary: Manager – Enterprise Communications

- Senior Management Remuneration

The Remuneration, Nomination and Corporate Committee is authorised by the Board to recommend the remuneration policy of the Bank and the remuneration of those senior executives whose appointment requires Board approval.

The Bank's remuneration policies are applicable to all employees including General Manager. The remuneration primarily consists of the monthly salary and allowances.

Aggregate remuneration for senior management in 2025 BD2,130,959.

8. Compliance and Anti-money Laundering

Compliance with regulatory and statutory requirements is an ongoing process. The Bank is conscious of its responsibilities in observing all regulatory provisions and best international practices in its functioning. The Bank has established Compliance function in accordance with CBB guidelines. The unit act as a focal point for all regulatory compliance and for adapting other best practice compliance principles. The Bank continuously strives to improve the level of compliance in all its activities.

Compliance with CBB anti-money laundering requirements and measures forms an important area of the Compliance Function. As per CBB requirements, the anti-money laundering function is regularly audited by the external and internal auditors, and copies of the reports are presented to the Audit, Risk and Compliance Committee.

The CBB performs periodic inspections of the Bank's compliance with anti-money laundering regulations.

9. Communication Strategy

The Bank has adopted a Disclosure policy consistent with CBB requirements. The Banks' annual reports for at least three years are published on the website. The Bank uses a newsletter and emails for the purpose of communicating with its employees on general matters and sharing information of common interest and concern.

10. Internal Audit role

The role of internal auditor is to provide an independent and objective review of the efficiency of the Bank's operations to help the Audit, Risk and Compliance Committee perform its responsibilities effectively. It includes performing a review of the accuracy and reliability of the accounting records and financial reports, as well as a review of the adequacy and effectiveness of the Bank's risk management, internal controls, and corporate governance.

The Assistant General Manager of Internal Audit is appointed by and reports directly to the Audit, Risk and Compliance Committee.

Shari'a Supervisory Board

Shaikh Dr. Nezam Mohamed Saleh Yacouby
Chairman of the Sharia Board

- PhD in Islamic studies.
- Recipient of several awards in the field of Islamic finance and Islamic services.
- Member of the Sharia Supervisory Board of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).
- Member of several Sharia Supervisory Boards around the World.

Shaikh Dr. Abdulaziz Khalifa Al Qassar
Vice Chairman of the Sharia Board

- Doctorate Degree in comparative Jurisprudence from the Faculty of Sharia and Law at Al-Azhar University, Egypt in 1997.
- Professor of Comparative Jurisprudence and a member at the Faculty of Sharia and Islamic Studies at Kuwait University from 1997 to 2017.
- Associate Dean for Academic Affairs and Graduate Studies and Research at the Faculty of Sharia and Islamic Studies at Kuwait University from 2001 to 2005.
- A member of the Fatwa and Sharia in many institutions and Islamic banks inside and outside the State of Kuwait.
- A lecturer in Islamic finance and has many research and religious studies in Islamic jurisprudence and contemporary financial transactions.

Shaikh Dr. Abdulnasser Omar Al Mahmood
Executive Member of the Sharia Board

- Doctorate Degree in Islamic Banking and Finance.
- Master's in business administration.
- B.Sc. in Sharia and Islamic Studies.
- High Diploma in Islamic Finance Studies from Bahrain Institute for Banking and Finance.
- Certified Sharia Advisor and Auditor, from the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).
- Executive Senior Manager and Head of Sharia Coordination and Implementation at Khaleeji Bank, Kingdom of Bahrain.
- Over 32 years of experience in Islamic banking and finance.
- Chairman of the Islamic Banking Standards and Sharia Committee at the Bahrain Association of Banks.
- Member of the Union of Arab Banks' Islamic Banks Committee.
- Recognized trainer at Bahrain Institute for Banking and Finance.

Shari'a Supervisory Board Report

For the year ended 31 December 2025

16 Sha'ban 1447 H, corresponding to 4 February 2026

Praise be to Allah, the Almighty, and Peace and Blessings be upon our Prophet Muhammad, his Family, and Companions.

To the members of the Board of Directors of Eskan Bank,

Assalam Alaikum Wa Rahmat Allah Wa Barakatuh,

In accordance with the appointment letter to the Sharia Supervisory Board, we hereby present to you Eskan Bank Sharia Supervisory Board's report for the financial year ended 31 December 2025.

We have reviewed the Sharia-compliant portfolio of Eskan Bank, along with all related contracts, products, and applications, to express our opinion on the extent of the Bank's adherence to the Sharia standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI") as well as to the guidelines and fatwas issued by the Sharia Supervisory Board concerning this portfolio.

The responsibility for ensuring compliance with Islamic Sharia lies with the Bank's management. Sharia Supervisory Board responsibility is limited to issuing an independent Sharia opinion regarding the Bank's Islamic banking activities based on the review conducted by the Board. This report has been prepared accordingly. Our review included taking samples of Islamic banking products to examine and document them, as well as reviewing the procedures followed in the Bank. The review was also performed by examining the Sharia audit report prepared by the internal Sharia auditor to verify management's compliance with the Sharia-compliant regulations and standards, in addition to obtaining all information and explanations considered necessary to provide us with sufficient evidence to reasonably assure that the Bank has not violated the principles and rules of Islamic Sharia.

In our opinion, based on the above, and taking into consideration the recommendations stated in the Sharia auditor's report, the contracts and transactions executed by the Bank during the financial year ended 31 December 2025 that we have reviewed were carried out in accordance with the fatwas, resolutions, and procedures previously approved by the Sharia Supervisory Board.

We pray that Allah may grant all of us further success and prosperity.

Shaikh Dr. Nezam Mohamed Saleh Yacouby
Chairman

Shaikh Dr. Abdulaziz Khalifa Al Qassar
Vice Chairman

Shaikh Dr. Abdulnasser Omar Al Mahmood
Executive Member

Supplementary information - Annexure: Shari'a Compliant Assets and Liabilities

As at 31 December 2025

All amounts in BD thousands

On 7 August 2012, the Bank obtained a no objection letter from CBB to offer Shari'a compliant products to its customers. The Bank offers various Shari'a compliant banking products, through its existing conventional departments / branches, whose accounts are not separated from those of the conventional unit.

The Islamic banking activities of the Bank are conducted in accordance with Islamic Shari'a Principles, and are subject to the supervision and approval of a Shari'a Supervisory Board ("SSB").

The SSB consists of three members appointed by the board of directors of the Bank.

The Bank does not commingle funds relating to Islamic financial services with funds relating to conventional financial services. The Bank utilises Shari'a compliant sources of funding and its own fund to finance its Shari'a compliant assets. Surplus Shari'a funds, pending deployments if any, are invested into short-term money market instruments using Shari'a compliant structures.

The Bank does not have any revenues or expenditures prohibited by Shari'a rules and principles related to funds mobilised according to the Shari'a rules and principles. The Bank is not required to collect and pay zakah on behalf of its customers and / or shareholder.

The sources and uses of Islamic funds as at 31 December 2025 are presented below:

Islamic assets (application of funds)	Note	2025	2024
Finances			
Finance lease assets – net	a	**490,479**	434,405
Other assets			
Finance lease income receivables		**156**	175
Total assets		**490,635**	434,580

a) The amount reported is net of impairment provision of BD 15.4 million (31 December 2024: BD 18.8 million).

Islamic Liabilities (source of funds)	2025	2024
Interbank borrowing		
Commodity Murabaha liability	**10,000**	-
Term financing		
Commodity Murabaha term financing	**324,896**	220,038
Customer current accounts	**7,066**	6,431
Other liabilities		
Profit payable on Murabaha financing	**3,313**	415
Total liabilities	**345,275**	226,884

The total funds raised and financed by the Group under Shari'a rules and principles comprise of 41% of the total assets of the Bank as of 31 December 2025 (31 December 2024: 38%) and 48% (31 December 2024: 32%) of the total liabilities.

Supplementary information - Annexure: Shari'a Compliant Assets and Liabilities (Continued)

As at 31 December 2025

All amounts in BD thousands

The Shari'a-compliant income and expenses recognised during the period were as follows:

	2025	2024
Income		
Finance lease income, net	**16,051**	12,670
Income from wakala assets	**-**	1
Expense		
Profit on Commodity Murabaha financing	**(720)**	(8)
Net impairment loss		
Release of expected credit loss	**86**	133

Revenue recognition and measurement for Shari'a compliant assets

Islamic financing assets include residential mortgage financing which are classified under Loans in the consolidated financial statements and are carried at amortised costs less impairment provision. Profits from Islamic financing lease contracts (Ijarah Muntahia Bittamleek) are recognised in the income statement as it accrues, taking into account the effective yield of the asset. The accounting treatment is not significantly different to AAOIFI requirements.

Consolidated Financial Statements
As at 31 December 2025

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REPORT OF THE BOARD OF DIRECTORS

On behalf of the Board of Directors, I am pleased to present Eskan Bank's report, highlighting the Bank's key achievements and performance during the year 2025.

As we continue to advance our strategic objectives, Eskan Bank remains steadfast in its role as the strategic partner to the Ministry of Housing and Urban Planning, and as a principal enabler of government policies aimed at providing adequate and sustainable housing solutions for Bahraini citizens in line with the objectives set out in the Government Program 2023-2026.

During 2025, Eskan Bank continued to focus on enhancing its housing finance program, viewing it as one of the most vital tools for expanding access to housing services. The program contributed to providing flexible and innovative financing solutions that meet the needs of various segments and support citizens in obtaining suitable housing within sustainable frameworks and at an accelerated pace. This sustained momentum reflects the Bank's unwavering commitment to its social mandate and its close alignment with national plans aimed at accelerating housing service.

In parallel, Eskan Bank placed increased emphasis on strengthening partnerships with the private sector, recognizing its vital role in supporting economic development and stimulating both the real estate and financial sectors. These partnerships result in the development of high-quality residential and commercial projects, contributing to increased investment activity and creating new economic opportunities. This strategic direction aligns closely with the Kingdom of Bahrain's economic policies and further elevates the real estate sector as a key driver of economic growth in the Kingdom of Bahrain.

As part of its commitment to innovation and the exchange of expertise, Eskan Bank actively participated during 2025 in several high-impact initiatives. Most notably, the Bank successfully supported the first edition of the Social Housing Innovation Conference, organized in collaboration with the Ministry of Housing and Urban Planning. The event drew significant attention from policymakers, industry specialists, and private sector representatives, and served as a pioneering platform for showcasing innovative practices, discussing sustainable financing and planning solutions, and fostering a dialogue on the future of social housing in the Kingdom.

On the operational front, the bank delivered a strong performance in 2025, supported by a series of achievements that included expanding real estate projects, progressing in the implementation of existing projects, as well as enhanced operational efficiency and the development of digital service systems. The bank's digital transformation initiatives contributed to simplifying procedures, strengthening paperless processes, and broadening the scope of remote services—leading to improved institutional performance.

A prime example of this digital evolution is the "Baity" real estate platform, overseen by the bank, which stands as a clear evidence of the bank's commitment to digital innovation and its dedication to simplifying processes for citizens and strengthening partnerships with the private sector by bringing together real estate companies and commercial banks on a single platform, which has significantly enhanced the overall user experience.

From a financial and operational perspective, Eskan Bank delivered a solid performance during 2025, supported by disciplined financial management and continued growth in housing finance activities.

Our total operating income for the year reached BD 42.9 million, while expenses stood at BD 10.7 million. Equity touched BD 469 million, and the return on equity attributable to the Bank's shareholder stood at 6.8%.

Eskan Bank also continues to recognize human capital as a fundamental pillar for achieving its strategic objectives. During the year, the Bank invested in specialized training programs, leadership development, and the enhancement of national competencies, while fostering a culture of excellence, innovation, and accountability across the organization.

Looking ahead, Eskan Bank remains committed to advancing its future strategy, which centers on sustainability, deepening partnerships, and fostering innovation. This approach reinforces its role as a leading national institution actively contributing to the Kingdom of Bahrain's development vision, while meeting citizens' aspirations for access to adequate housing within an integrated and sustainable housing system.

REPORT OF THE BOARD OF DIRECTORS (continued)

The below tables shows the remuneration of members of the Board of Directors and the executive management for the year 2023's Sitting fees for members of the board of directors are based on approval of the article No. (11) of the Legislative Decree No. 4 of 1979 with respect to the establishment of the Eskan Bank amended by Law No. 75 of 2006.

First: Board of directors' remuneration details

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others*	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others**	Total			
First: Independent Directors All amounts are in Bahraini Dinars.													
1- Mohammed Hussain Bucheeri	-	8,000	-	-	8,000	-	-	-	-	-	-	8,000	-
2- Najla Mohammed AlShirawi	-	8,000	-	-	8,000	-	-	-	-	-	-	8,000	-
3-Isa Abdulla Zainal	-	8,000	-	-	8,000	-	-	-	-	-	-	8,000	-
4-Nabeel Saleh Ali Ebrahim Abdulaal	-	8,000	-	-	8,000	-	-	-	-	-	-	8,000	-
5-Mubarak Nabeel Mattar	-	8,000	-	-	8,000	-	-	-	-	-	-	8,000	-
6-Reem Abdulghaffar Al Alawi	-	8,000	-	-	8,000	-	-	-	-	-	-	8,000	-
7-Abdullatif Khalid Abdullatif	-	8,000	-	-	8,000	-	-	-	-	-	-	8,000	-
8-Balsam Ali Alsalman	-	8,000	-	-	8,000	-	-	-	-	-	-	8,000	-
Second: Non-Executive Directors													
1-H.E Mrs. Amna Bint Ahmed AlRumaihi	-	8,000	-	-	8,000	-	-	-	-	-	-	8,000	-
Third: Executive Directors													
Total	**-**	**72,000**	**-**	**-**	**72,000**	**-**	**-**	**-**	**-**	**-**	**-**	**72,000**	**-**

Other remunerations:

* It includes in-kind benefits – specific amount - remuneration for technical, administrative and advisory works (if any).
** It includes the board member's share of the profits - Granted shares (if any).

Second: Top 6 remunerations for executives, including GM and AGM Support Services*:
All amounts are in Bahraini Dinars.

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus) in 2025**	Any other cash/ in kind remuneration for 2025	Aggregate Amount
Top 6 remunerations for executives, including GM and AGM Financial Control.	859,000	170,000	248,000	1,277,000

* Financial Control function is reporting to the AGM Support Services.
** This bonus is for the year 2025 that will be paid in 2026.

H.E. Mrs. Amna Bint Ahmed Al Rumaihi
Minister of Housing and Urban Planning
Chairperson of Eskan Bank

Isa Abdulla Zainal
Director

Independent Auditors' Report

To the Shareholders of ESKAN BANK B.S.C. (c)

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for opinion

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

Other information included in the Report of the Board of Directors

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Independent Auditors' Report (continued)

To the Shareholders of ESKAN BANK B.S.C. (c)

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) the Bank has maintained proper accounting records and the consolidated financial statements are in agreement therewith;

b) the financial information contained in the Report of the Board of Directors is consistent with the consolidated financial statements;

c) we are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain and Financial Institutions Law, the CBB Rule Book (Volume 1 and applicable provisions of Volume 6) and CBB directives, or the terms of the Bank's memorandum and articles of association during the year ended 31 December 2025 that might have had a material adverse effect on the business of the Bank or on its consolidated financial position; and

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

Ernst & Young

Partner's registration no.115
11 February 2026
Manama, Kingdom of Bahrain

Consolidated Statement of Financial Position

As at 31 December 2025

All amounts in BD thousands

	Notes	2025	2024
ASSETS			
Cash and bank balances	6	**30,110**	41,271
Investments	7	**3,222**	3,222
Loans	8	**1,055,113**	1,007,841
Investment in an associate	9	**5,407**	5,394
Investment properties	10	**69,465**	65,565
Development properties	11	**26,205**	28,447
Other assets	12	**2,469**	2,731
TOTAL ASSETS		**1,191,991**	1,154,471
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from banks and other institutions		**10,000**	2,021
Customer current accounts		**29,988**	28,751
Government account	13	**348,826**	441,930
Term loans	14	**324,896**	220,038
Other liabilities	15	**8,941**	6,036
TOTAL LIABILITIES		**722,651**	698,776
EQUITY			
Share capital	16	**250,000**	250,000
Contribution by the shareholder		**46,786**	45,064
Statutory reserve		**64,254**	61,062
General reserve		**60,000**	60,000
Fair value deficit		**(351)**	(351)
Retained earnings		**48,651**	39,920
TOTAL EQUITY		**469,340**	455,695
TOTAL LIABILITIES AND EQUITY		**1,191,991**	1,154,471

H.E. Mrs. Amna Bint Ahmed Al Rumaihi
Housing & Urban Planning Minister
Chairperson of Eskan Bank

Isa Abdulla Zainal
Director

Abdulla Abdulaziz Taleb
General Manager

The accompanying notes 1 to 30 are an integral part of the consolidated financial statements.

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2025

All amounts in BD thousands

	Notes	2025	2024
Interest income	17	41,121	37,873
Interest expense	18	(1,003)	(287)
Net interest income		40,118	37,586
Income from properties	19	1,354	1,277
Net share of profit from investment in an associate	9	290	350
Other income		1,131	1,128
Total operating income		42,893	40,341
Staff costs		(7,136)	(6,741)
Other expenses	20	(3,570)	(3,123)
Total operating expenses		(10,706)	(9,864)
Profit before net impairment loss and expected credit losses		32,187	30,477
Net impairment loss and expected credit losses	21	(264)	(256)
Profit for the year		31,923	30,221
Other comprehensive loss Fair value loss on equity instruments designated at fair value through other comprehensive income	7	-	(155)
Total comprehensive income for the year		31,923	30,066

H.E. Mrs. Amna Bint Ahmed Al Rumaihi
Housing & Urban Planning Minister
Chairperson of Eskan Bank

Isa Abdulla Zainal
Director

Abdulla Abdulaziz Taleb
General Manager

The accompanying notes 1 to 30 are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

All amounts in BD thousands

	Notes	Share capital	Contribution by the shareholder	Statutory reserve	General reserve	Fair value deficit	Retained earnings	Total equity
As at 1 January 2025		250,000	45,064	61,062	60,000	(351)	39,920	455,695
Profit for the year		-	-	-	-	-	31,923	31,923
Other comprehensive loss	7	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-	31,923	31,923
Dividend	16	-	-	-	-	-	(20,000)	(20,000)
Transfer of land, net	10	-	1,722	-	-	-	-	1,722
Transfer to statutory reserves		-	-	3,192	-	-	(3,192)	-
As at 31 December 2025		250,000	46,786	64,254	60,000	(351)	48,651	469,340

	Notes	Share capital	Contribution by the shareholder	Statutory reserve	General reserve	Fair value deficit	Retained earnings	Total equity
As at 1 January 2024		250,000	44,363	58,040	-	(196)	92,721	444,928
Profit for the year		-	-	-	-	-	30,221	30,221
Other comprehensive loss	7	-	-	-	-	(155)	-	(155)
Total comprehensive income for the year		-	-	-	-	(155)	30,221	30,066
Dividend	16	-	-	-	-	-	(20,000)	(20,000)
Transfer of land, net	10,11	-	701	-	-	-	-	701
Transfer to statutory reserves		-	-	3,022	-	-	(3,022)	-
Transfer to general reserves		-	-	-	60,000	-	(60,000)	-
As at 31 December 2024		250,000	45,064	61,062	60,000	(351)	39,920	455,695

The accompanying notes 1 to 30 are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

All amounts in BD thousands

	Notes	2025	2024
OPERATING ACTIVITIES			
Profit for the year		**31,923**	30,221
Adjustments for:			
Net share of profit from investment in an associate	9	**(290)**	(350)
Net impairment loss and expected credit losses	21	**264**	256
Gain on sale of development properties	19	**(431)**	(578)
Depreciation and amortization	20	**808**	725
Operating profit before working capital changes:		**32,274**	30,274
Disbursement of loans, net		**(32,025)**	(72,473)
Decrease in other assets		**159**	124
(Increase) / decrease in development properties		**(128)**	1,970
Increase in investment properties		**-**	(1)
(Increase) / decrease in restricted bank balance		**(8)**	211
Increase / (decrease) in interbank borrowing		**7,979**	(7,979)
Increase in customer current accounts		**1,237**	464
Increase / (decrease) in other liabilities		**2,739**	(1,508)
Net movement in government account		**(78,505)**	(62,517)
Net cash used in operating activities		**(66,278)**	(111,435)
INVESTING ACTIVITIES			
Maturity of debt securities		**-**	483
Investment in debt securities		**-**	(586)
Dividend received on investment in associate		**277**	93
Purchase of equipment		**(203)**	(330)
Investment in an associate		**-**	(1,370)
Net cash generated from/ (used in) investing activities		**74**	(1,710)
FINANCING ACTIVITIES			
Proceeds from term loans		**194,858**	285,038
Repayment of term loans	14	**(90,000)**	(140,000)
Payment to and on behalf of government, net		**(49,823)**	(15,927)
Net cash generated from financing activities		**55,035**	129,111
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(11,169)**	15,966
Cash and cash equivalents at 1 January	6	**41,266**	25,300
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	6	**30,097**	41,266
Non-cash activities			
Dividend	16	**20,000**	20,000
Transfer between investment and development properties	10,11	**(2,493)**	1,488
Transfer of land from the shareholder, net	10	**1,722**	702
Subsidy and waivers provision	8	**20,777**	19,419
Expected credit loss for social loans	8	**8,508**	7,503
MOHUP houses and flats	13(f)	**27,493**	64,474

Notes to the Consolidated Financial Statements

As at 31 December 2025

1. REPORTING ENTITY

Incorporation

Eskan Bank B.S.C. (c) (the "Bank") is a closed joint stock company registered and incorporated by Amiri Decree No. 4 of 1979. The Bank operates under a restricted commercial banking license issued by the Central Bank of Bahrain (the "CBB"). The Bank's shares are fully owned by the Government of Kingdom of Bahrain (the "Government") in accordance with the Articles of Association.

Activities

The Bank's principal activities include granting housing loans to Bahrain nationals as directed by the Ministry of Housing and Urban Planning ("MOHUP"), developing / construction projects within the Kingdom of Bahrain. Further, the Bank also acts as an administrator for the MOHUP in respect of housing facilities and certain property related activities. As an administrator, it enters into various transactions in the ordinary course of business related to housing loans, rents and mortgage repayments and property administration. The Bank receives funds from the Ministry of Finance and National Economy ("MOFNE") based on annual budgetary allocations for housing loans. The Bank also records certain transactions based on instructions from the MOHUP and the MOFNE and decisions taken by the Government.

The consolidated financial statements include results of the Bank and its subsidiaries (together The" Group") and these were approved by the Board of Directors on 11 February 2026.

2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements of the Group has been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

b) Basis of measurement

The consolidated financial statements have been prepared under the cost convention except for investments classified as fair value through other comprehensive income which are measured at fair value.

c) Functional and presentation currency

The consolidated financial statements are presented in Bahraini Dinars (BD), which is also the functional currency of the Group.

d) Basis of presentation

The Group presents its consolidated statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the consolidated statement of financial position date (current) and more than 12 months after the statement of financial position date (non-current) is presented in note 28.

e) Basis of consolidation

(i) Subsidiaries

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

Loss of control

When the Group losses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any resulting gain or loss arising on the loss of control is recognised in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

Non-controlling interest

Interests in the equity of subsidiaries not attributable to the Bank are reported in consolidated statement of financial position as non-controlling interests. Profits or losses and other comprehensive income attributable to non-controlling interests are reported in the consolidated statement of profit or loss and other comprehensive income as profit or loss and other comprehensive income attributable to non-controlling interests. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Notes to the Consolidated Financial Statements
As at 31 December 2025

2. BASIS OF PREPARATION (continued)

e) Basis of consolidation (continued)

(i) Subsidiaries (continued)

The following are the principal subsidiaries of the Group that are consolidated:

Subsidiaries	Ownership for 2025	Ownership for 2024	Year of incorporation/ acquisition	Country of incorporation/ acquisition
Eskan Properties Company B.S.C.(c) ('EPC')				
The principal activity of the Company is to develop and manage projects for development of properties on behalf of Eskan Bank B.S.C (c) (the ""Parent""), MOHUP and third parties, and facility management to Ministry of Houses.	**100%**	100%	2007	Kingdom of Bahrain

(ii) Interest in equity-accounted investees

The Group's interest in equity-accounted investees comprise of interest in an associate. an associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

These are initially recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the investees after the date of acquisition until the date such significant influence cease. Distributions received from an investee reduce the carrying amount of the interest in an associate. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the investees arising from changes in the investee's equity or impairment, if any.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the equity-accounted investees.

If the Group lost significant influence but still retains any interest in the previous equity accounted associate, then such interest is measured at fair value at the date in which significant influence is lost. Subsequently it is accounted in accordance with the Group's accounting policy for financial instruments.

(iii) Transactions eliminated / adjusted for on consolidation and equity accounting

Intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Intra-group gains on transactions between the Group and its equity-accounted investees are eliminated to the extent of the Group's interest in the investees. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The reporting period of the Group's subsidiaries and equity-accounted investees are identical and their accounting policies conform to those used by the Bank for like transactions and events in similar circumstances except for valuation of investment properties in the books of its equity accounted investee. Adjustments are made in the consolidated financial statements where appropriate to ensure the accounting policies of the equity-accounted investees is consistent with the policies adopted by the Group.

f) Comparatives

Certain prior period amounts have been regrouped to conform to current year's presentation. Such regrouping did not affect the previously reported profit or equity.

Notes to the Consolidated Financial Statements
As at 31 December 2025

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

3.1 Standards effective for the year

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

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

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 its 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.

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

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

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

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, 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.

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 (PFS) 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.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

Notes to the Consolidated Financial Statements
As at 31 December 2025

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS (continued)

3.2 New and amended standards and interpretations issued but not yet effective (continued)

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

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

- A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of 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.'Foreign exchange difference will be classified in the category where the related income and expense form the item giving rising to the foreign exchange difference.
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments.
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Group does not anticipate that the amendments will have a material effect on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards - Volume 11

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

The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

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

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity; 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.
- 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 will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. 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 financial statements.

International Tax Reform–Pillar Two Model Rules – Amendments to IAS 12

The OECD Global Anti-Base Erosion Pillar Two Model Rules ('GloBE rules') 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 1 September 2024 introducing a domestic minimum top-up tax ("DMTT") of up to 15% on the taxable income of the Bahrain resident entities of the Group for fiscal years commencing on or after 1 January 2025.

The OECD Global Anti-Base Erosion Pillar Two Model Rules ('GloBE rules') 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.

Notes to the Consolidated Financial Statements
As at 31 December 2025

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS (continued)

3.2 New and amended standards and interpretations issued but not yet effective (continued)

International Tax Reform–Pillar Two Model Rules – Amendments to IAS 12 (continued)

As per the Group's assessment, it has concluded that it is not in scope for the Bahrain DMTT law or the GloBE rules as:

- it does not have total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

Accordingly, it does not expect to be subject to the Bahrain DMTT law and GloBE rules for the next fiscal year.

The above amendments are not expected to have a material impact on the Group's consolidated financial statements.

4. MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of the consolidated financial statements of the Group has been consistently applied from prior year.

a. Right-of-use assets and lease liabilities

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payment made at or before the commencement date, less any lease incentives received;
- any initial direct cost incurred by the lessee; and
- estimated cost to dismantle and to remove the underlying asset, or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liability is measure as the present value of the future lease payments that are not paid at the commencement date. The lease payments are discounted based on the Group's incremental borrowing rate. Lease liability comprises the following:

- fixed payments, including in-substance fixed payments;
- amounts expected to be payable under a residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Lease liabilities are carried at amortised cost using effect interest rate method. Lease liabilities are reduced by repayment of the principal amount while the finance charge component of the lease payment is charged directly to the statement of profit or loss and other comprehensive income.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and for leases of low-value assets.

b. Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances held with banks, CBB and placements with financial institutions and CBB with original maturity of less than 90 days. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position less expected credit loss.

Notes to the Consolidated Financial Statements
As at 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (continued)

c. Placements with banks

Placements with Banks are financial assets which are placed through interbank and have fixed or determinable payments with fixed maturities that are not quoted in an active market. Placements are usually for short term and are stated at amortised cost less provision for impairment, if any.

d. Financial assets and liabilities

i. Financial assets

Initial recognition and measurement

All regular way transactions of financial assets are recognised on the settlement date i.e. the date the asset is delivered to or received from the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Other financial assets are initially recognised on trade date, when the Group becomes party to the provision of the contract.

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification

On initial recognition, a financial asset is classified at amortised cost; fair value through other comprehensive income ("FVOCI") – debt security; FVOCI – equity security; or fair value through profit or loss (" FVTPL"), based on the business model in which a financial assets is managed and its contractual cash flows. Assessment of the business model within which the assets are held and assessment of whether the contractual term of the financial assets are solely payment of principal and interest on the principal amount outstanding required significant estimate and judgement (refer to sections "business model assessment" and " assessment whether contractual cash flow are solely payment of principal and interest" below).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at FVOCI - debt securities

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- its is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at FVOCI - equity securities

On initial recognition of an equity security that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on a security-by-security basis.

Financial assets measured at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Notes to the Consolidated Financial Statements
As at 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)
i. Financial assets (continued)
Classification (continued)

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial 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. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows 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 hat business model) and 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 of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are 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."

Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose 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 a profit margin.

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

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features; prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Notes to the Consolidated Financial Statements
As at 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

i. Financial assets (continued)

Classification (continued)

Assessment whether contractual cash flows are solely payments of principal and interest (continued)

Subsequent measurement and gains and losses

Financial assets at FVTPL.	These assets are subsequently measured at fair value. Net gains and losses, arising from changes in fair value including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost.	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt securities at FVOCI.	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
Equity securities at FVOCI.	These assets are subsequently measured at fair value. Gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Derecognition

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.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised."

Impairment of financial assets and loan commitment

The Group recognises loss allowances for ECL on:

- financial assets measured at amortised cost;
- debt securities measured at FVOCI; and
- loan commitments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured at 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Significant increase in credit risk

When determining whether the credit risk of a financial asset has increased significantly since initial recognition when estimating ECL, 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 informed credit assessment including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly since initial recognition if contractual payments are past due more than 31 days. This assumption will always hold true unless the Bank can prove, through reasonable and fact-based information, the risk has not increased significantly after being past due more than 31 days.

Notes to the Consolidated Financial Statements
As at 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

i. Financial assets (continued)

Impairment of financial assets and loan commitment (continued)

The Group considers a financial asset to be in default when either or all of the following events have taken place:

- 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);
- the financial assets has been charged / written off ;or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade.

Life time ECL are the ECL that result from all possible default events over the expected life of the financial instruments or the maximum contractual period of exposure.

12-month ECL are the portion of life time ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

The Group recognises loss allowances for ECL on social loans, commercial loans, balances with banks, debt securities and loan commitments. Loss allowance for ECL relating to social loans are reimbursed by the Government pursuant to agreement with MOHUP (note 13 h) and total allowance are presented net of these reimbursement in the statement of profit or loss and other comprehensive income.

The Group applies a three-stage approach to measuring expected credit losses (ECL) on financial assets carried at amortised cost, debt securities at FVOCI and loan commitments. These items migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12 month ECL: includes financial assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

Stage 2: Life time ECL - not credit impaired: includes financial assets that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial asset. Expected credit losses are the weighted average credit losses with the probability of default ('PD') as the weight.

Stage 3: Life time ECL - credit impaired: includes financial instruments that have objective evidence of impairment at the reporting date. This stage has obligors that already are impaired (defaulted). However, regulatory requirements for credit impaired accounts will continue to apply under Stage 3.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured 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).

ECLs are discounted at the effective interest rate of the financial asset.

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

Notes to the Consolidated Financial Statements
As at 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

i. Financial assets (continued)

Impairment of financial assets and loan commitment (continued)

Measurement of ECLs (continued)

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

LGD is the magnitude of the likely loss if there is a default. The Group has set LGD parameters based on the regulatory estimates.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost, debt securities at FVOCI and loan commitments are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a 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 or being more than 90 days past due; and
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Credit impaired financial assets are subject to cooling of period of 4 months from the first date of becoming regular in payment.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost and debt securities at FVOCI are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the gross carrying amount when the financial asset is 3 years past due is written off (except for customers who are individually assessed for restructuring) based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Modification of financial assets

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 profit or loss.

Restructured exposures

Restructured exposures due to credit risk reasons are classified as stage 2 for a minimum period of 3 months from the date the restructured facility is performing. If the terms of an exposures subject to credit risk are renegotiated or modified or an existing exposures subject to credit risk is replaced with a new one due to financial difficulties of the borrower, the exposures subject to credit risk should be derecognised and ECL is calculated using the cash shortfalls from the existing exposures subject to credit risk that are discounted from the expected date of derecognition to the reporting date using the original effective profit rate of the existing exposures subject to credit risk.

Notes to the Consolidated Financial Statements
As at 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are initially recognised, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder. A financial liabilities is measured initially at fair value of the consideration received.

Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as 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 profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense relating to term loan are reimbursement by the Government pursuant to agreement with MOHUP (note 13 k) and total interest expense are presented net of these reimbursement in the statement of profit or loss and other comprehensive income. Other interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

e. Impairment of non financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount and impairment losses are recognised in the consolidated statement of profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed in the profit or loss only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed the recoverable amount nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

f. Offsetting of financial instruments

Financial assets and financial liabilities are only offset and the net amounts reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Group intends to either settle these on a net basis, or intends to realise the asset and settle the liability simultaneously.

g. Government accounts

Transactions with the MOFNE and the MOHUP are recorded by the Group as financial liabilities under caption "government accounts". Government accounts are non interest bearing and are not payable on demand.

Transactions are recorded at the fair value of the consideration received, less amounts repaid or adjustments made as per the instructions of MOFNE or MOHUP.

Notes to the Consolidated Financial Statements
As at 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (continued)

h. Fair values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Group recognise transfer between levels of fair value hierarchy as of the end of reporting period during which the change has occurred.

i. Income recognition

The Group recognises revenue to depict the transfer of promised goods or services to its customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

To determine whether to recognise revenue, the Group follows a 5-step process:

1 - Identifying the contract with a customer;

2 - Identifying the performance obligations;

3 - Determining the transaction price;

4 - Allocating the transaction price to the performance obligations; and

5 - Recognising revenue when/as performance obligation(s) are satisfied.

The Group often enters into transactions involving a range of the Group's services and products. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations and customer obtain control of goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations or if the Group has a right to an amount of consideration that is unconditional before the Group transfers a good or service to the customers and reports these amounts as deferred income in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Interest income

Interest income on loans is recognised using the effective interest method, which is the rate that exactly discounts estimated future cash or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Rental income

Rental income from investment properties is recognised on a straight line basis over the term of the lease.

Service income

Service income is recognised overtime when the performance obligation is satisfied and services are rendered by the Group.

Dividend income

Dividend income is recognised when the Group's right to receive the payment is established.

Revenue from sale of development properties

It is recognised at point in time when the Group transfer control of the property sold to its customer and satisfies its performance obligation, i.e. upon completion of property construction and hand over to the customer.

Notes to the Consolidated Financial Statements
As at 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (continued)

j. Employee benefits

(i) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans 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.

(ii) Post-employment benefits

Pensions and other social benefits for Bahraini employees are covered by the Social Insurance Organisation scheme, which is a "defined contribution scheme" in nature, and to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. Contributions by the Group are recognised as an expense in the statement of profit or loss and other comprehensive income when they are due.

Expatriate employees on fixed contracts are entitled to leaving indemnities payable under the Bahraini Labour Law, based on length of service and final remuneration. Provision for this unfunded commitment has been made by calculating the notional liability had all employees left at the reporting date.

These benefits are in the nature of "defined benefit scheme" and any increase or decrease in the benefit obligation is recognised in the statement of profit or loss and other comprehensive income.

The Group also operates a voluntary employees saving scheme under which the Group and the employee contribute monthly on a fixed percentage of salaries basis. The scheme is managed and administered by a board of trustees who are employees of the Group. The scheme is in the nature of a defined contribution scheme and contributions by the Group are recognised as an expense in the statement of profit or loss and other comprehensive income when they are due.

k. Development properties

Development properties consist of project under construction for lease and land being developed for sale in the ordinary course of business. It includes direct costs (including financing cost) incurred in bringing such land to its saleable condition. Development properties are stated at the lower of cost and net realisable value. Any projects under construction for lease purpose will be transferred to investment properties upon completion of the construction.

l. Investment properties

Investment properties held for rental, or for capital appreciation purposes, or both, are classified as investment properties. Investment properties are carried at cost less depreciation and impairment allowances, if any. Cost includes expenditure that is directly attributable to the acquisition of the investment properties. Investment property includes plots of land held for housing project development in future, capital appreciation purposes, and community shops held for earning rentals.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of profit or loss and other comprehensive income in the period of derecognition.

m. Land transferred from the shareholder

Land from various parts of the Kingdom of Bahrain are transferred from the shareholder to the Group from time to time, in kind. These are initially recognised at fair value and categorised either as investment properties or development properties, based on condition and intended use. Subsequent measurement is based upon categorisation. The transfer in kind, is not accounted for as a government grant as it is a transaction with the Shareholder and recognised as an equity contribution.

n. Contingent liabilities and contingent assets

Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is probable.

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefits is probable.

o. Statutory Reserve

In accordance with the requirements of the Commercial Companies Law and the Central Bank of Bahrain regulations, 10% of the net profit for the year is transferred to statutory reserve. The Group may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital. The reserve is not distributable, but may be utilised as security for the purpose of a distribution in such circumstances as stipulated in the Commercial Companies Law and following the approval of the Central Bank of Bahrain.

p. General Reserve

The reserve has been created to underline the shareholders' commitment to enhance the strong equity base of the Group for the future sustainability and strategic growth of the Group.

Notes to the Consolidated Financial Statements
As at 31 December 2025

5. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of certain assets, liabilities, revenue, expenses and the disclosure of contingent liabilities as of the reporting date. However, uncertainty about these judgement, assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Such estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most material effect on the amounts recognised in the financial statements are described below:

Reasonableness of Forward Looking Information

Judgement is involved in determining which forward looking information variables are relevant for particular financing portfolios and for determining the sensitivity of the parameters to movements in these forward-looking variables. The Group derives a forward looking "base case" economic scenario which reflects the Group's view of the most likely future macro-economic conditions.

The Group has previously performed historical analysis and identified key economic variables impacting credit risk and ECL for each segment, applying expert judgement in this process. These economic variables and their associated impact on PD and EAD vary by customer segment. Forecast of these economic variables (the "base, upside and downside economic scenario") are obtained externally on an annual basis, unless there is significant change in credit risk.

Macro-economic variables are checked for correlation with the probability of default and only those variables for which the movement can be rationalised statistically are used.

Probability weights

Management judgement is involved in determining the probability weighting of each scenario considering the risks and uncertainties surrounding the base case scenario.

In making estimates, the Group assessed a range of possible outcomes by stressing the previous basis (that includes upside, base case and downside scenarios).

As with any economic forecasts, the projections and likelihoods of the occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projections.

Going concern

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

Classification of financial assets

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. (refer to section "business model assessment" in note 4 d (i)).

Classification of government accounts

Balances with the MOHUP and MOFNE are recorded under government accounts. The Bank has determined, based on an evaluation of the terms and conditions of the arrangements, such as intent to repay and terms of the arrangement that these balances form as debt for the Bank.

Impairment of financial assets and loan commitment

Refer to section ""impairment of financial assets and loans commitment"" in note 4 d (i).

Estimate

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Notes to the Consolidated Financial Statements
As at 31 December 2025

All amounts in BD thousands

5. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Net realisable value of development property

Development property is stated at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses. The management engages independent valuers to estimate the residual value of the development property based on estimated market selling prices for similar properties. Net realisable value estimates are made at a specific point in time, based on market conditions and information about the expected use of development property. These estimates involve uncertainties and matters of significant judgement and therefore, cannot be determined with precision. There is no certainty about future events. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the development property.

Fair value measurement

Measurement of fair value instruments with significant unobservable input. Refer to note 25.

Inputs, assumptions and techniques used for estimating impairment. Refer to section "impairment of financial assets and loan commitment" in note 4 d (i).

6. CASH AND BANK BALANCES

	2025	2024
Cash in hand	**143**	175
Balances with banks	**345**	334
Balances and placements with the CBB (with an original maturity of 90 days or less)	**29,622**	40,762
	30,110	41,271
Total cash and bank balances	**30,110**	41,271
Less: Restricted bank balance	**(13)**	(5)
Total cash and cash equivalents	**30,097**	41,266

7. INVESTMENTS

	Equity securities FVOCI	**Debt securities Amortised cost**	**Total**
At 1 January 2025	2,636	586	**3,222**
Purchases during the year	-	-	**-**
Matured during the year	-	-	**-**
	2,636	586	**3,222**
Net change in fair value	-	-	**-**
At 31 December 2025	**2,636**	**586**	**3,222**

	Equity securities FVOCI	Debt securities Amortised cost	Total
At 1 January 2024	2,791	483	3,274
Purchases during the year	-	586	586
Matured during the year	-	(483)	(483)
	2,791	586	3,377
Net change in fair value	(155)	-	(155)
At 31 December 2024	2,636	586	3,222

Notes to the Consolidated Financial Statements
As at 31 December 2025

All amounts in BD thousands

8. LOANS

	Notes	2025	2024
(i) Social loans			
Gross loans		**1,407,603**	1,347,615
Less: subsidy and waivers	note 13 (g)	**(310,110)**	(289,333)
		1,097,493	1,058,282
Less: expected credit loss	note 13 (h)	**(45,040)**	(53,548)
		1,052,453	1,004,734
(ii) Commercial loans			
Gross loans		**2,966**	3,484
Less: expected credit loss		**(306)**	(377)
		2,660	3,107
Total loans		**1,055,113**	1,007,841

(iii) Following table shows the stage wise exposures to social and commercial loans and movement in ECL:

31 December 2025:

(a) Social loans:

	Stage 1	Stage 2	Stage 3	Total
Exposure subject to ECL				
Social loans (net of subsidy and waivers)	1,050,044	11,259	36,190	**1,097,493**
Expected credit loss				
At 1 January	8,250	12,302	32,996	**53,548**
Net transfer between stages	13,823	(8,532)	(5,291)	**-**
Write off during the year	(17)	(75)	(2,740)	**(2,832)**
(Release) / charge for the year (note 21)	(11,027)	(491)	5,842	**(5,676)**
At 31 December	11,029	3,204	30,807	**45,040**
Net carrying value	**1,039,015**	**8,055**	**5,383**	**1,052,453**

Notes to the Consolidated Financial Statements
As at 31 December 2025

All amounts in BD thousands

8. LOANS (continued)

31 December 2025:

(b) Commercial loans:

	Stage 1	Stage 2	Stage 3	Total
Exposure subject to ECL				
Commercial loans	2,446	189	331	**2,966**
Expected credit loss				
At 1 January	10	31	336	**377**
Net transfer between stages	25	(12)	(13)	**-**
Write off during the year	-	-	(48)	**(48)**
(Release) / charge for the year (note 21)	(24)	(9)	10	**(23)**
At 31 December	11	10	285	**306**
Net carrying value	**2,435**	**179**	**46**	**2,660**
Total net carrying value	**1,041,450**	**8,234**	**5,429**	**1,055,113**

31 December 2024:

(a) Social loans:

	Stage 1	Stage 2	Stage 3	Total
Exposure subject to ECL				
Social loans (net of subsidy and waivers)	980,887	38,626	38,769	1,058,282
Expected credit loss				
At 1 January	9,605	13,752	37,694	61,051
Net transfer between stages	13,547	(5,202)	(8,345)	-
Write off during the year	(27)	(132)	(2,756)	(2,915)
(Release) / charge for the year (note 21)	(14,875)	3,884	6,403	(4,588)
At 31 December	8,250	12,302	32,996	53,548
Net carrying value	972,637	26,324	5,773	1,004,734

Notes to the Consolidated Financial Statements
As at 31 December 2025

All amounts in BD thousands

8. LOANS (continued)

(b) Commercial loans:

	Stage 1	Stage 2	Stage 3	Total
Exposure subject to ECL				
Commercial loans	2,929	161	394	3,484
Expected credit loss				
At 1 January	38	116	448	602
Net transfer between stages	139	(52)	(87)	-
Write off during the year	-	-	(52)	(52)
(Release) / charge during the year (note 21)	(167)	(33)	27	(173)
At 31 December	10	31	336	377
Net carrying value	2,919	130	58	3,107
Total net carrying value	975,556	26,454	5,831	1,007,841

c) Social loans

Social loans are stated after writing off the following reductions / waivers:

(i) Under a Cabinet decision issued in April 1992, a reduction of 25% ("1992 Reduction") was granted on monthly installments with effect from 1 May 1992, and subsequently restricted to social loans granted prior to 31 December 1998.

(ii) On 16 December 2000, an additional reduction of 25% ("2000 Reduction") was granted on monthly installments for social loans that were outstanding as of 15 December 2000.

(iii) On 15 February 2002, His Majesty, King Hamad Bin Isa Bin Salman Al Khalifa, announced a waiver of 50% ("2002 Reduction") of the social loans granted.

Management also waived all resultant balances of BD 1,000 and below, as of 15 February 2002 arising from the above reductions and the subsidy mentioned in (v) below. Management have assumed that the 2002 Reduction included borrowers whose loans had been approved on or before 15 February 2002, but not disbursed.

In implementing the 2002 Reduction, referred to in (iii) above, the 2000 Reduction was also recalculated in 2002 to apply the reduction only to installments that were due after 15 December 2000 and not to overdue installments.

(iv) On 16 December 2006, His Majesty, King Hamad Bin Isa Bin Salman Al Khalifa, announced a waiver of 50% ("2006 Reduction") of the social loans installments.

(v) The provision of this subsidy which was made in earlier years, represents a waiver of 50% of monthly installments relating to eligible loans covered by Amiri Decree No. 18/1977. The waivers / reductions mentioned in (iv) and (vi) have also been applied to the eligible loans.

(vi) On 26 February 2011, His Majesty, King Hamad Bin Isa Bin Salman Al Khalifa, announced a waiver of 25% ("2011 Reduction") on installments of social loans and a 25% reduction on outstanding balances of housing units and flats.

Notes to the Consolidated Financial Statements
As at 31 December 2025

All amounts in BD thousands

9. INVESTMENT IN AN ASSOCIATE

	2025	2024
At 1 January	5,394	4,182
Additional investment in an associate*	-	1,370
Share of profit	290	350
Dividend received	(277)	(193)
Impairment	-	(315)
At 31 December	**5,407**	5,394

*During 2024, the Group acquired additional shares in EBRIT from small investors at a price higher than the Net Asset Value (NAV). Following this acquisition, the majority of the investors in the company are now institutional investors.

The principal associate of the Group is:

		Carrying Value	
Name	***Country of Incorporation***	**2025**	2024
Eskan Bank Reality Income Trust (EBRIT)	Kingdom of Bahrain	5,407	5,394
		5,407	5,394

		Ownership for	
Name	***Nature of activities***	**2025**	2024
Eskan Bank Reality Income Trust (EBRIT)	A real estate investment trust operating and managing real estate assets.	46.66%	46.66%

The following table illustrates the summarised financial information of the Group's investment in EBRIT as of 31 December:

	2025 (unaudited)	2024 (unaudited)
Summarised statement of financial position		
Non-current assets	10,683	10,640
Current assets	1,167	1,172
Current liabilities	(263)	(253)
Net assets	**11,587**	11,559
Proportion of the Group's ownership	46.66%	46.66%
Group's ownership in equity	5,407	5,394
Carrying amount of the investment	**5,407**	5,394

	2025 (unaudited)	2024 (unaudited)
Summarised statement of profit or loss		
Income	1,097	1,277
Operating expenses	433	482
Operating profit	664	795

Shares of Eskan Bank Reality Income Trust are listed on the Bahrain Stock Exchange and its quoted price as on 31 December 2025 was 58.52 fils (2024: 60 fils). The fair value of the investment based on this quoted price is BD 5.4 million (2024: BD 5.5 million).

Notes to the Consolidated Financial Statements
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10. INVESTMENT PROPERTIES

	2025	2024
Balance at 1 January	65,565	66,335
Transferred from development properties	3,068	1,016
Transferred to development properties	(575)	(2,504)
Transfer of land by the shareholder	1,722	1,021
Impairment loss on land (note 21)	(10)	(68)
Additions during the year	-	1
Depreciation charge for the year	(305)	(236)
Balance at 31 December	69,465	65,565

Investment properties comprise the following:

	2025	2024
Land at Bander Al-Seef	29,297	29,297
Land at Hamad town	10,617	10,610
Land at Muharraq	9,313	9,024
Land at Sanabis	3,356	3,356
Land at Sitra	3,096	3,096
Land at Madinat Salman	2,823	3,402
Land at Al Ramli	977	131
Land at Hidd	751	751
Land at Madinat Khalifa	242	211
Land at Hoora	232	232
Land at Salmabad	110	110
Land at Nabih Saleh	108	108
Land at Malkiyah	35	35
Land at Samaheej	60	60
Land at Hamala	95	95
Land at Riffa	82	51
Land at Jidhafs	50	-
Land at Sanad	20	-
Shops (net of accumulated depreciation)	11,633	8,142
	72,897	68,711
Impairment loss on lands and shops	(3,432)	(3,146)
	69,465	65,565

Notes to the Consolidated Financial Statements
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All amounts in BD thousands

10. INVESTMENT PROPERTIES (continued)

	2025	2024
Vacant land:		
Cost	61,264	60,569
Impairment loss	(2,752)	(2,747)
	58,512	57,822
Shops:		
Cost	14,452	10,656
Accumulated depreciation	(2,819)	(2,514)
Impairment loss	(680)	(399)
	10,953	7,743
	69,465	65,565

The fair value of investment properties, based on independent market valuations, as at 31 December 2025 was BD 188 million (2024 BD: 183 million).

The valuations were performed by independent valuers accredited by Real Estate Regulatory Authority (RERA) with recognised and relevant professional qualifications and with recent experience in the location and category of the investment properties being valued. The Group's investment properties are categorised in level 2 of the fair value hierarchy as at 31 December 2025 and 31 December 2024. No transfers were made from level 1 to level 2 or from level 1 or level 2 to level 3 during the year ended 31 December 2025 and 31 December 2024.

11. DEVELOPMENT PROPERTIES

	2025	2024
Balance at 1 January	28,447	28,709
Additions during the year	1,990	1,137
Properties sold during the year	(983)	(2,529)
Adjustment to the value of land from the shareholder	-	(319)
Redemption of cost relating to a project	(448)	-
Transferred to investment properties	(3,068)	(1,016)
Transferred from investment properties	575	2,504
Impairment loss (note 21)	(308)	(39)
Balance at 31 December	26,205	28,447

Development properties comprise the following:

	2025	2024
Projects for lease	2,266	3,183
Projects for sale	23,939	25,264
	26,205	28,447

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All amounts in BD thousands

12. OTHER ASSETS

	2025	2024
Equipment and intangibles (net book value)	643	723
Staff loans	438	550
Right-of-use assets	404	458
Interest receivable	357	400
Prepayments and advances	285	252
Advance for acquisition of development properties*	-	128
Receivable from Ministry of Housing and Urban Planning	23	-
Other receivables	319	220
	2,469	2,731

* This represent advance paid to purchase development properties. Following the handover and transfer of the title deed, the balance has now been classified under development properties.

13. GOVERNMENT ACCOUNTS

The Bank's transactions with the MOHUP and MOFNE are recorded in a single account "Government Accounts" and are non-interest bearing.

	Notes	2025	2024
At 1 January		441,930	467,814
Movement during the year:			
Waiver reimbursements	(a)	4,000	4,000
Collection from MOHUP rental flats	(b)	287	309
Reduction and write off decrees	(c & d)	(15,917)	(14,157)
Mazaya and Tas'heel subsidy – net impact	(e)	(45,658)	(28,069)
MOHUP houses and flats	(f)	27,493	64,474
Waivers and subsidy	(g)	(46,090)	(43,382)
Expected credit loss for social loans	(h)	5,676	4,588
Charge-off, net – social loans	(i)	3,395	2,614
Repayment of proceeds on sale of Deerat Al Oyoun units	(j)	(100)	(334)
Finance cost relating to syndicated term loan	(k)	(16,616)	(11,736)
Ferjan project	(l)	(11,833)	(3,451)
Government Land Development Program proceeds	(m)	3,633	-
Others	(n)	(1,374)	(740)
At 31 December		348,826	441,930

a) Annual reimbursement received for 2006 waiver decree.

b) Collection of rental installments from beneficiaries of MOHUP rental flats.

c) Installment reduction decrees issued by the MOHUP from time to time.

d) Write offs and waivers approved by MOHUP on a case by case basis.

e) Mazaya and Tas'heel subsidy paid to beneficiaries based on MOHUP approved list net of reimbursements.

Notes to the Consolidated Financial Statements
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13. GOVERNMENT ACCOUNTS (continued)

f) In line with the agreement signed with MOHUP dated 23 December 2017, receivables from MOHUP housing units (houses and flats) allocated to beneficiaries have been booked on-balance sheet with corresponding impact to government account with effect from 1 April 2017.

g) In line with the agreement with MOHUP signed on 23 December 2017, the impact of wavier 2006 decree and wavier 2011 decree and 1977 military subsidy on principal portion of the installment have been charged against loans and corresponding amount is reduced from the government account with effect from 31 December 2017 and related interest portion of the installment is charged to government account on each installment date.

h) In line with the agreement signed with MOHUP on 23 December 2017, the expected credit loss on social loans portfolio is borne by the Government with effect from 1 January 2018. Reduction in provision on social loans under IFRS 9, if any is charged back to the government account.

i) This is a specific charge off related to troubled social loans with minimal chances of recovery. The movement in the account represents the new social loans charged off, net of recoveries and write backs (if any) during the period / year. This charge-off does not entail closure of beneficiary account and all the applicable remedial procedures will continue to be apply.

j) Repayment of proceeds from customers from sale of Deerat Al Oyoun units net of expenses incurred for the sale of units.

k) In line with agreement signed with MOHUP on 23 December 2017, all finance cost (i.e. interest expense / profit and other finance fees on the syndicated bank term loan) relating to social housing project shall be borne and charged to the government account (refer note 18 and 14).

l) Includes payments related to the rehabilitation of two old neighbourhoods in Muharraq, namely Fereej Bin Hendi and Fereej Al Qamra. The initiative is part of an overall governmental strategy to preserve and repopulate historical neighbourhoods in Muharraq.

m) Includes proceeds received under the Government Land Development Program (GLDP) represent the land value and profit realised from developers. These amounts relate to government land monetisation through strategic partnerships for social housing projects.

n) Includes other payments, reimbursements on expenses / transactions undertaken by the Bank on behalf of MOFNE / MOHUP.

14. TERM LOANS

	2025	2024
Non - current portion of term loan	324,896	220,038
	324,896	220,038

In June 2024, the Group secured a syndicated Murabaha facility totaling BHD 250 million to support general corporate purposes. This facility includes a USD 266 million term loan, repayable as a bullet payment in June 2027, with an option to extend for an additional two years. It also includes a BHD 150 million facility, split into a BHD 50 million term loan and a BHD 100 million revolving facility, both repayable as bullet payments in June 2029, with a similar two-year extension option.

Subsequently, in July–August 2025, the Group obtained a second syndicated Murabaha facility, also amounting to BHD 250 million, for the same purpose. This facility comprises a USD 332 million term loan, repayable as a bullet payment in July 2028, with a two-year extension option, and a BHD 125 million facility, divided into a BHD 50 million term loan and a BHD 75 million revolving facility, both maturing in August 2032, with a three-year extension option.

As per the agreement signed with the Ministry of Housing on December 23, 2017, the Government bears the profit cost on Eskan Bank's borrowings, thereby reducing the Group's effective financing cost on these facilities.

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15. OTHER LIABILITIES

	Notes	2025	2024
Accrued interest payable		**3,314**	434
Accrued expenses		**1,699**	1,428
Employee savings scheme		**1,630**	2,073
Lease liabilities	15.1	**434**	488
Staff related accruals		**365**	613
Accounts payable		**339**	208
Contractor retentions		**119**	110
Advances from customers		**-**	4
Others		**1,041**	678
		8,941	6,036

15.1 LEASE LIABILITIES

	2025	2024
Maturity analysis – contractual undiscounted cash flow		
Less than one year	**257**	238
More than one year	**216**	295
Total undiscounted lease liabilities at end of year	**473**	533
Total discounted lease liabilities at end of year	**434**	488

16. SHARE CAPITAL

	Number of shares	2025
31 December 2025		
Authorised ordinary share capital of BD 100 each	**4,000,000**	**400,000**
Issued and fully paid up ordinary share capital of BD 100 each	**2,500,000**	**250,000**

	Number of shares	2024
31 December 2024		
Authorised ordinary share capital of BD 100 each	4,000,000	400,000
Issued and fully paid up ordinary share capital of BD 100 each	2,500,000	250,000

Dividend

On 28 December 2025, the Board of Directors approved a dividend distribution of BD 20 million to the Government of Bahrain ("the Shareholder") for the fiscal year 2025, representing 8.0% of the Bank's paid-up capital.

	2025	2024
Cash dividend of 8 fils per share	**20,000**	20,000

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17. INTEREST INCOME

	2025	2024
Interest income on social loans	**39,559**	36,039
Interest income on commercial loans	**322**	341
Interest income on placements with financial institutions	**1,206**	1,461
Interest income on debt securities	**34**	32
	41,121	37,873

18. INTEREST EXPENSE

	2025	2024
Interest expense on term loans	**16,616**	11,736
Interest expense on interbank borrowing	**721**	32
Interest expense on borrowing from other financial institutions	**129**	108
Interest expense on leased agreements	**32**	30
Other interest and similar expense	**121**	117
	17,619	12,023
Reimbursement from Government, note 13 (k)	**(16,616)**	(11,736)
	1,003	287

19. INCOME FROM PROPERTIES

	2025	2024
Revenue from sale of development properties	**1,414**	3,107
Cost of development properties sold	**(983)**	(2,529)
Gain on sale of development properties (note 19.1)	**431**	578
Rental income - net	**923**	699
	1,354	1,277

Note 19.1

During the year, the Group has recorded gain on sale of development properties upon satisfaction of the performance obligations i.e. complete construction and hand over of the properties to the customers.

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20. OTHER EXPENSES

	2025	2024
Depreciation and amortization	808	725
Marketing cost	720	336
Information technology	531	516
Legal and professional	337	406
Property management	409	331
VAT expenses	265	246
Premises	132	107
Investment Management Cost	-	100
Transportation and communication	108	99
Directors remuneration	75	69
Electricity	72	58
Insurance	25	26
Others	88	104
	3,570	3,123

21. NET IMPAIRMENT LOSS

	2025	2024
Release for the year- social loans	5,676	4,588
Release for the year - commercial loans	23	173
Recoveries on loans written off - commercial loans	118	48
Charge for the year - other receivables	(87)	(55)
Release for the year - bank balances	-	-
Net impairment loss - expected credit loss	5,730	4,754
Charge for the year - investment properties	(10)	(68)
Charge for the year - investment in associate	-	(315)
Charge for the year - development properties	(308)	(39)
	5,412	4,332
Release back to government for ECL on social loan	(5,676)	(4,588)
	(264)	(256)

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22. COMMITMENTS AND CONTINGENCIES

	2025	2024
Commitments		
Housing loan commitments approved by MOHUP (note 22.1)	34,826	46,844
Commitments - development properties	3,166	4,494
	37,992	51,338

Note 22.1

Each year, MOH issues social loan decrees for the approved beneficiaries in coordination with the Bank. Social loans that remain undisbursed at the end of the year are disclosed as a commitment.

As part of the Bank's operation from time to time the Bank may issue guarantee to the developer of the projects to buy back housing units at agreed price if they remain unsold. Based on management assessment, there is a remote likelihood that these guarantees will be called.

Contingencies

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

Based on the opinion of the Group's in-house and external legal counsels, management and the Board of Directors have assessed that no legal obligations are likely to arise from the legal cases against the Group.

23. RELATED PARTY TRANSACTIONS

Related parties represent shareholder, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of the transactions relating to these related parties are approved by Board of Directors and shareholder representative. The amounts due to and from related parties are settled in the normal course of business.

The Group's transactions with related parties comprise transactions with the shareholder represented by (the MOFNE and the MOHUP) and transactions with subsidiaries, associates, key management personnel and Board of Directors, in the ordinary course of business. Balances and transactions with Government and investments in associates are disclosed on the face of the consolidated statement of financial position and the consolidated statement of profit or loss and other comprehensive income and the notes therein.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel of the Group comprise the General Manager, Assistant General Manager Commercial & Institutional Banking , Assistant General Manager Support Services, Assistant General Manager Risk Management and executive management of the Group.

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

	31 December 2025			
	Shareholder*	Associate	Directors	Key management
Assets				
Loans	-	-	17	51
Investments in associate	-	5,407	-	-
Other assets	23	4	-	3
Liabilities				
Current accounts	20,000	-	-	-
Government account	348,826	-	-	-
Other liabilities	-	-	-	72

*During the year, the shareholder transferred land plots to the Bank amounting to BD 1.7 million (2024: BD BD 1 million).

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23. RELATED PARTY TRANSACTIONS (continued)

	For the year ended 31 December 2025			
	Shareholder	Associate	Directors	Key management
Share of profit of associates	-	290	-	-
Fees and commission	115	15	-	-
Staff cost	-	-	-	1,193
Directors' remuneration and sitting fees	-	-	75	-

	31 December 2024			
	Shareholder	Associate	Directors	Key management
Assets				
Loans	-	-	18	18
Investments in an associate	-	5,394	-	-
Other assets	-	-	-	31
Liabilities				
Current accounts	20,000	-	-	2
Government account	441,930	-	-	-
Other liabilities	-	-	2	335

	For the year ended 31 December 2024			
	Shareholder	Associate	Directors	Key management
Share of profit from investment in an associate	-	350	-	-
Fees and commission	73	15	-	-
Staff cost	-	-	-	1,165
Other expense	-	100	-	-
Directors' remuneration and sitting fees	-	-	69	-

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24. CLASSIFICATION OF FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments held by the Group

At 31 December 2025	Amortised cost	FVOCI	Total
Financial assets			
Cash and bank balances	30,110	-	30,110
Investments	586	2,636	3,222
Loans	1,055,113	-	1,055,113
Other assets	1,137	-	1,137
	1,086,946	2,636	1,089,582

	At amortised cost
Financial liabilities	
Deposits from financial and other institutions	10,000
Customer current accounts	29,988
Government accounts	348,826
Term loans	324,896
Other liabilities	6,512
	720,222

At 31 December 2024	Amortised cost	FVOCI	Total
Financial assets			
Cash and bank balances	41,271	-	41,271
Investments	586	2,636	3,222
Loans	1,007,841	-	1,007,841
Other assets	1,298	-	1,298
	1,050,996	2,636	1,053,632

	At amortised cost
Financial liabilities	
Deposits from financial and other institutions	2,021
Government accounts	441,930
Term loans	220,038
Customer current accounts	28,751
Other liabilities	2,858
	695,598

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25. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1	Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
Level 2	Inputs other than quoted prices included within level 1 that are observable either directly (i.e as prices) or indirectly (i.e. derived from prices).
Level 3	Inputs which have a significant effect on the recorded fair value that are based on unobservable market data.

The FVOCI investments comprise of investments in unquoted equity shares which do not have a quoted market price in an active market, and whose fair value was derived based on Net Asset Value using unobservable market data and therefore considered level 3 fair value. The investments are located in the Kingdom of Bahrain.

The Group determines the fair values of unquoted investments by using the adjusted Net Assets Value method. Fair value estimates are made at a specific point in time, based on market conditions and information about the investee companies. These estimates involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. There is no certainty about future events (such as continued operating profits and financial strengths). It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the investments.

Management's best estimate of the effect on other comprehensive income for the year due to a 5% change in fair value of investments at fair value through other comprehensive income, with all other variables held constant, would be BD 131,799 (2024: BD 131,799).

26. RISK MANAGEMENT

Overview

Risk is inherent in the Group's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each business unit is accountable for the risk exposures relating to their responsibilities. The Group is exposed to credit risk, liquidity risk, market risk and operational risk.

Risk management framework

Board of Directors

The Board of Directors is responsible for the overall risk management approach and ensuring that an effective risk management framework is in place. The Board of Directors approves and periodically reviews the risk management policies and strategies.

Risk Management Committee

The responsibility of the Risk Management Committee is to review and manage the credit, market and operational risks of the Group and to recommend on matters brought to it for consideration, including credit proposals or approvals.

Credit Committee

The responsibility of the Credit Committee is to oversee the Group's credit risk framework with end-to-end accountability. Its mandate covers the entire credit lifecycle, including the approval of counterparty exposure limits, management of the retail and commercial credit portfolios, oversight of remedial and collections strategies, and governance of the provisioning framework.

Risk Management Department

The responsibility of the Risk Management Committee is to assist Risk Management in driving control across the business and managing the business in line with the approved Risk Appetite. The Committee reviews, monitors, and manages the financial and non-financial risks of the Group—including market, reputational, operational, compliance, strategic, and cybersecurity risks —and reviews and approves risk policies, procedures, and parameters.

The RMD, Internal Audit and Compliance Departments, provide independent assurance that all types of risk are being measured and managed in accordance with the policies and guidelines set by the Board of Directors.

The RMD submits a quarterly Risk Review report to the Board Audit, Risk and Compliance Committee. The Risk Review report describes the potential risk factors and comments as to how risk factors are being addressed by the Group.

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26. RISK MANAGEMENT (continued)

Risk management framework (continued)

Board Audit, Risk and Compliance Committee

The Board Audit, Risk and Compliance Committee assists the Board in carrying out its responsibilities with respect to assessing the quality and integrity of financial reporting and risk management, the audit thereof, the soundness of the internal controls of the Group, the measurement system of risk assessment relating to the Group's capital.

Internal Audit

All key operational, financial and risk management processes are audited by internal audit according to risk based auditing standards. Internal Audit examines the strategies of the Group, the adequacy of the relevant policies and procedures and the Group's compliance with internal policies and regulatory guidelines. Internal audit discusses the result of all assessments with management and reports its findings and recommendations to the Board Audit, Risk and Compliance Committee.

Treasury

Group Treasury is responsible for managing the Group's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

Risk Measurement

The Group uses the standardised approach to measure its credit risk and market risk and the basic indicator approach for operational risk. In addition, the Group also applies various stress testing methodologies to assess its credit, liquidity, interest rate and market risk.

Risk Mitigation

The Board has put in place various limits and ratios to manage and monitor the risks in the Group. The Group uses suitable strategies to ensure the risk is maintained within the risk appetite levels as laid down by the Board.

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's commercial loans, placements with financial institutions and receivables.

Monitoring of credit risk

Generating the term structure of PD

Ageing buckets based on days past due ("Ageing buckets") are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by type of product and borrower as well as by ageing buckets.

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default.

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when a loan is past due for 32 days (2024: 31 days). Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 32 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

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26.RISK MANAGEMENT (continued)

a) **Credit risk** (continued)

Monitoring of credit risk (continued)

Generating the term structure of PD (continued)

The Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms. The revised terms usually include extending the maturity.

For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired. A customer needs to demonstrate consistently good payment behavior over a period of 12 months before the exposure is no longer considered to be credit-impaired / in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

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. Based on economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

Key macro-economic indicators include: Real GDP growth, inflation, volume of imports and exports of goods and services, unemployment rate, general government revenue and expenditure, domestic credit growth, general government gross debt, oil price, total investments and gross national savings as percentage of GDP.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes.

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 expert credit assessment and including forward-looking information.

i) Management of credit risk

Credit risk is actively managed and rigorously monitored in accordance with well-defined credit policies and procedures.

Housing loans under Ministry's Housing Loan Program

The decision to grant the loan is determined by the Ministry of Housing and communicated to the Group to make disbursements to the borrowers. There is credit risk to the Group arising out of these loans. Losses, if any, arising from the impairment of such loans can be claimed from the Government. The Group monitors the sanctioned housing loans regularly and non performing loans are aggressively pursued by the Group and are written-off based on ministerial order. The housing loans under the Ministry's Housing Loan Program as at 31 December 2025 is BD 1,052 million (31 December 2024: BD 1,004 million).

Other loans

Housing loans extended on a commercial basis to individuals are under a retail lending program approved by the Board of Directors with specific credit criteria being required to be met. Prior to the approval of a credit proposal, a detailed credit risk assessment is carried out to ensure that the loan proposal meets certain pre-approved credit criteria. Commercial loans have been discontinued by the Group since 2015.

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All amounts in BD thousands

26.RISK MANAGEMENT (continued)

a) Credit risk (continued)

ii) Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position.

	Gross maximum exposure 2025	Gross maximum exposure 2024
Balances and placements with CBB and other financial institutions	**29,967**	41,096
Loans - social loans	**1,097,493**	1,058,282
Loans - commercial loans	**2,966**	3,484
Investments in debt securities	**586**	586
Other receivables	**1,557**	1,632
	1,132,569	1,105,080

There were BD 8.5 million rescheduled loans during the year ended 31 December 2025 (2024: BD 7.8 million).

iii) Collateral

The Group holds collateral against loans in the form of mortgages on residential property. Management assessed that collateral value is above carrying value. Collateral is not usually held against placements.

The Group did not take possession of any collateral as a result of a default during either the year ended 31 December 2025 or 31 December 2024.

iv) Credit quality per class of financial assets

The Group has laid down framework for classifying its credit exposures by number of days past due and staging. The following is an analysis of credit quality by class of financial assets:

Following table shows the stage-wise exposures of each type of exposures and by aging buckets:

A. Social loans

	31 December 2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Current	1,029,325	3,234	2,282	1,034,841
1 - 31 days	20,719	1,690	474	22,883
60 - 89 days	-	6,335	1,085	7,420
90 days - 1 year	-	-	18,992	18,992
1 year - 3 years	-	-	13,319	13,319
3 -5 years	-	-	38	38
Gross carrying value	**1,050,044**	**11,259**	**36,190**	**1,097,493**
Expected credit loss	(11,029)	(3,204)	(30,807)	(45,040)
Net carrying value	**1,039,015**	**8,055**	**5,383**	**1,052,453**

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26.RISK MANAGEMENT (continued)

a) Credit risk (continued)

iv) Credit quality per class of financial assets (continued)

B. Commercial loans

	31 December 2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Current	2,231	93	17	2,341
1 - 31 days	215	59	28	302
32 - 59 days	-	37	-	37
60 - 89 days	-	-	58	58
90 days - 1 year	-	-	-	-
1 year - 3 years	-	-	228	228
Gross carrying value	**2,446**	**189**	**331**	**2,966**
Expected credit loss	(11)	(10)	(285)	(306)
Net carrying value	**2,435**	**179**	**46**	**2,660**

C. Balances and placement with CBB and other financial institutions

	31 December 2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Current*	29,967	-	-	29,967
Gross carrying value	**29,967**	**-**	**-**	**29,967**

*Includes BD29.9 million balances with CBB which are classified under stage 1 and no ECL has been recognised against these balances.

D. Investment in debt securities

	31 December 2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Current*	586	-	-	586
Gross carrying value	**586**	**-**	**-**	**586**

All investment in debt securities are current with no past due as of 31 December 2025 (2024: Nil). The Bank's investment in debt securities are classified under stage 1 and no ECL has been recognised on debt investments as it comprise sukuk, government bonds and T-bills with CBB.

E. Other assets

	31 December 2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Other assets	994	-	563	1,557
Gross carrying value	**994**	**-**	**563**	**1,557**
Expected credit loss	-	-	(420)	(420)
Net carrying value	**994**	**-**	**143**	**1,137**

*Other assets classified under stage 1 are short term in nature and hence no ECL has been recognised.

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26.RISK MANAGEMENT (continued)

a) Credit risk (continued)

A. Social loans

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Current	980,781	1,567	3,357	985,705
1 - 30 days	106	-	-	106
31 - 59 days	-	29,347	579	29,926
60 - 89 days	-	7,712	1,488	9,200
90 days - 1 year	-	-	18,739	18,739
1 year - 3 years	-	-	14,606	14,606
Gross carrying value	980,887	38,626	38,769	1,058,282
Expected credit loss	(8,250)	(12,302)	(32,996)	(53,548)
Net carrying value	972,637	26,324	5,773	1,004,734

B. Commercial loans

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Current	2,768	-	-	2,768
1 - 30 days	161	-	-	161
31 - 59 days	-	98	23	121
60 - 89 days	-	63	59	122
90 days - 1 year	-	-	41	41
1 year - 3 years	-	-	271	271
Gross carrying value	2,929	161	394	3,484
Expected credit loss	(10)	(31)	(336)	(377)
Net carrying value	2,919	130	58	3,107

C. Balances and placement with CBB and other financial institutions

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Current*	41,096	-	-	41,096
Gross carrying value	41,096	-	-	41,096
Expected credit loss	-	-	-	-

*Includes BD 41 million balances with CBB which are classified under stage 1 and minimal ECL has been recognised.

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26.RISK MANAGEMENT (continued)

a) Credit risk (continued)

D. Investment in debt securities

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Current	586	-	-	586
Gross carrying value	586	-	-	586
Expected credit loss	-	-	-	-

E. Other assets

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Other assets	1,202	-	430	1,632
Gross carrying value	1,202	-	430	1,632
Expected credit loss	-	-	(334)	(334)
Net carrying value	1,202	-	96	1,298

v) Concentration risk

Concentration risk arises when a number of counterparties are engaged in similar economic activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group's assets and liabilities are concentrated in the Kingdom of Bahrain.

b) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to adverse changes in market variables such as interest rates, foreign exchange rates, equity prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

i) Management of market risks

The Group does not assume trading positions on its assets and liabilities, and hence the entire consolidated statement of financial position is a non-trading portfolio.

Notes to the Consolidated Financial Statements
As at 31 December 2025

All amounts in BD thousands

26.RISK MANAGEMENT (continued)

b) Market risk (continued)

ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of the financial instruments. The Group's assets and liabilities that are exposed to interest rate risk include placements with CBB and other financial institutions, loans, investment in debt securities, deposits from financial and other institutions and term loans. Interest rate risk is managed principally through monitoring interest rate gaps.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown.

	31 December 2025	**Changes in basis points (+/-)**	**Effect on net profit (+/-)**
Assets			
Placements with CBB and other financial institutions	**33,900**	**100**	**339**
Investments in debt securities	**586**	**100**	**6**
Loans - social loans	**1,407,603**	**100**	**14,076**
Loans - commercial loans	**2,966**	**100**	**30**
Liabilities			
Deposits from financial and other institutions	**10,000**	**100**	**(100)**
Term loans	**324,896**	**100**	**(3,249)**
Total			**11,102**

	31 December 2024	Changes in basis points (+/-)	Effect on net profit (+/-)
Assets			
Placements with CBB and other financial institutions	37,000	100	370
Investments in debt securities	586	100	6
Loans - social loans	1,347,615	100	13,476
Loans - commercial loans	3,484	100	35
Liabilities			
Deposits from financial and other institutions	2,021	100	(20)
Term loans	220,038	100	(2,200)
Total			11,667

iii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to adverse changes in foreign exchange rates. Since the Group's assets and liabilities are denominated in the local currency and United States Dollars which is pegged to the Bahraini Dinar, the Group does not have any foreign exchange risk.

iv) Equity price risk

Equity price risk is the risk that the fair value of equities decreases as the result of adverse changes in the levels of equity prices and the value of individual stocks. Equity price risk arises from the Group's investment portfolio. The Group does not actively invest in private equity entities for trading purpose. Most of the investments are strategic in nature and the Group manages this risk through arranging representation on the Board of Directors within the investee company, wherever possible and by frequent monitoring via Risk Management.

Notes to the Consolidated Financial Statements
As at 31 December 2025

All amounts in BD thousands

26.RISK MANAGEMENT (continued)

c) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial assets.

The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Liquidity risk is managed by maintaining cash and cash equivalents, and obtaining financing facility from other banks at a high level to meet any future commitments.

The management of the Group has enhanced its monitoring of the liquidity and funding requirements. ALCO meetings are convened more frequently in order to carryout granular assessment of funding requirements with the objective to explore available lines of funding and to drawdown the existing funding lines as and when necessary to maintain enough liquidity at a reasonable cost of funding. Further information on the regulatory liquidity and capital ratios as at 31 December 2025 have been disclosed below and in notes 27 and 30 to the consolidated financial statements.

Analysis of liabilities

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2025 and 31 December 2024 based on contractual undiscounted repayment obligations.

At 31 December 2025	Less than 3 Months	3 to 12 Months	Over 1 Year	Total	Carrying value
Deposits from financial and other institutions	10,146	-	-	**10,146**	**10,000**
Customer current accounts	29,988	-	-	**29,988**	**29,988**
Government accounts	3,203	-	345,623	**348,826**	**348,826**
Term loans	7,780	14,191	362,820	**384,791**	**324,896**
Other liabilities	5,795	653	2,493	**8,941**	**8,941**
Total	**56,912**	**14,844**	**710,936**	**782,692**	**722,651**

At 31 December 2024	Less than 3 Months	3 to 12 Months	Over 1 Year	Total	Carrying value
Deposits from financial and other institutions	2,050	-	-	2,050	2,021
Customer current accounts	28,751	-	-	28,751	28,751
Government accounts	3,293	-	438,637	441,930	441,930
Term loans	517	1,545	257,502	259,563	220,038
Other liabilities	2,266	628	3,142	6,036	6,036
Total	36,877	2,173	699,281	738,330	698,776

Pursuant to the agreement with MOHUP dated 23 December 2017, the Government account is not consider payable on demand and hence there is no significant liquidity risk.

The Central Bank of Bahrain introduced Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) during 2019. LCR has been developed to promote short-term resilience of a bank's liquidity risk profile. The LCR requirements aim to ensure that a bank has an adequate stock of unencumbered high quality liquidity assets (HQLA) that consists of assets that can be converted into cash immediately to meet its liquidity needs for a 30 calendar day stressed liquidity period. The stock of unencumbered HQLA should enable the Bank to survive until day 30 of the stress scenario, by which time appropriate corrective actions would have been taken by management to find the necessary solutions to the liquidity crisis.

Notes to the Consolidated Financial Statements
As at 31 December 2025

All amounts in BD thousands

26.RISK MANAGEMENT (continued)

c) Liquidity Risk (continued)

LCR is computed as a ratio of Stock of HQLA over the Net cash outflows over the next 30 calendar days. Effective from 30 June 2019, the Bank is required to maintain LCR greater than 100%. The Group had LCR ratio of 375% which represents the simple average of daily LCR for the fourth quarter (3 months) in 2025. NSFR is to promote the resilience of banks' liquidity risk profiles and to incentivise a more resilient banking sector over a longer time horizon. The NSFR will require banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on-balance sheet and off-balance sheet items and promotes funding stability.

NSFR as a percentage is calculated as "Available stable funding" divided by "Required stable funding". Effective from 31 December 2019, the Bank is required to maintain NSFR ratio greater than 100%. As of 31 December 2025 the Group had NSFR ratio of 146%.

d) Operational risk

Operational risk is the risk of loss arising from systems and control failures, fraud and human errors, which can result in financial and reputation loss, and legal and regulatory consequences. The Group manages operational risk through appropriate controls, instituting segregation of duties and internal checks and balances, including internal audit and compliance. In addition the Group trains Operational Risk Champions on a regular basis. The Group has undertaken an operational risk assessment in all divisions as part of internal risk assessment process as a part of its implementation of the Basle III Capital Accord.

The Group continuously enhances its risk management framework to align with evolving operational processes, technological advancements, and regulatory requirements. This includes monitoring changes in work models, customer interactions, digital transaction processing, and internal control mechanisms. The risk management department conducts regular assessments to ensure the effectiveness of existing controls, including segregation of duties, access management, authorization and reconciliation procedures, and staff education. Close coordination with the internal audit department ensures proactive identification and mitigation of operational risks. While operational risks cannot be entirely eliminated, the Group actively updates risk registers and assesses potential loss events to strengthen its control environment and operational resilience.

As of 31 December 2025, the Group did not have any significant issues relating to operational risks.

27.CAPITAL ADEQUACY

Capital management

The primary objectives of the Group's capital management are to ensure that the Group complies with regulatory capital requirements.

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

The Group's capital adequacy ratio, calculated in accordance with the capital adequacy guidelines issued by the CBB, is as follows:

	2025	2024
Total eligible capital	**471,179**	457,392
Total regulatory capital (A)	**471,179**	457,392
Total Risk-weighted exposure (B)	**256,578**	249,350
Capital adequacy ratio (A/B)	**183.64%**	183.43%
Minimum requirement	**12.50%**	12.50%

Tier 1 capital comprises of ordinary share capital, contribution by a shareholder, statutory reserve and retained earnings brought forward. Certain adjustments are made to IFRS based results and reserves, as prescribed by the CBB.

Tier 2 capital, which includes ECL stage 1 and 2 subject to 1.25% RWA and the element of the fair value reserve relating to unrealised gains (losses) on equity instruments classified as FVOCI.

Notes to the Consolidated Financial Statements

As at 31 December 2025

All amounts in BD thousands

28.MATURITY PROFILE OF ASSETS AND LIABILITIES

Maturities of assets and liabilities have been determined based on the expected maturity from the consolidated statement of financial position date. The maturity profile of the assets and liabilities was as follows:

At 31 December 2025	Less than 12 months	Over 12 Months	Total
Assets			
Cash and bank balances	30,110	-	30,110
Investments	219	3,003	3,222
Loans	55,941	999,172	1,055,113
Investment in associates	-	5,407	5,407
Investment properties	-	69,465	69,465
Development properties	-	26,205	26,205
Other assets	1,511	958	2,469
	87,781	1,104,210	1,191,991
Liabilities			
Deposits from financial and other institutions	10,000	-	10,000
Customer current accounts	29,988	-	29,988
Government accounts	3,203	345,623	348,826
Term loans	-	324,896	324,896
Other liabilities	6,448	2,493	8,941
	49,639	673,012	722,651
Net liquidity surplus	38,142	431,198	469,340

At 31 December 2024	Less than 12 months	Over 12 Months	Total
Assets			
Cash and bank balances	41,271	-	41,271
Investments	-	3,222	3,222
Loans	42,264	965,577	1,007,841
Investment in associates	-	5,394	5,394
Investment properties	-	65,565	65,565
Development properties	3,451	24,996	28,447
Other assets	1,540	1,191	2,731
	88,526	1,065,945	1,154,471
Liabilities			
Deposits from financial and other institutions	2,021	-	2,021
Customer current accounts	28,751	-	28,751
Government accounts	3,293	438,637	441,930
Term loans	-	220,038	220,038
Other liabilities	2,894	3,142	6,036
	36,959	661,817	698,776
Net liquidity surplus	51,567	404,128	455,695

Notes to the Consolidated Financial Statements

As at 31 December 2025

All amounts in BD thousands

29.FUTURE FUNDING REQUIREMENTS

The Group's continued operations are dependent upon annual collections from the mortgage portfolio and MOH social housing units' distributions portfolio, as well as financing arrangements with local and regional banks from time to time.

30.NET STABLE FUNDING RATIO

The below table provides information on the bank's consolidated NSFR as of 31 December 2025:

	Unweighted Values (before applying factors)				
Available Stable Funding (ASF)	**No Specified maturity**	**Less than 6 months**	**More than 6 months and less than one year**	**Over one year**	**Total Weighted Value**
Capital:					
Common equity tier 1	469,340	-	-	-	469,340
Additional tier 1 capital	-	-	-	-	-
Tier 2 capital	-	-	-	2,212	2,212
Stable deposits	-	-	-	-	-
Less stable deposits:					
Demand deposits provided by retail customers	-	9,777	-	-	8,799
Demand deposits provided by small business customers	-	212	-	-	190
Secured and unsecured funding					
Funding from sovereigns, PSEs, and multilateral and national development banks	-	20,000	-	-	10,000
Financial Institutions	-	10,000	-	324,896	324,896
Other					
Other liabilities and equity not included in the above categories	-	12,145	-	345,623	345,623
Total ASF	469,340	52,134	-	672,731	1,161,060

Notes to the Consolidated Financial Statements

As at 31 December 2025

All amounts in BD thousands

30. NET STABLE FUNDING RATIO (continued)

	Unweighted Values (before applying factors)				
Required Stable Funding (RSF)	**No Specified maturity**	**Less than 6 months**	**More than 6 months and less than one year**	**Over one year**	**Total Weighted Value**
Coins and bank notes	143	-	-	-	-
All claims on central banks	-	29,622	-	-	-
Marketable securities:					
Central Bank of Bahrain	586	-	-	-	29
Loans:					
Unencumbered Loans to retail and small business customers, and loans to sovereigns and PSEs	-	22,568	33,929	-	28,248
Unencumbered residential mortgages with a risk weight of less than or equal to 35%	-	-	-	1,005,786	653,761
Other unencumbered loans and deposits with a risk weight of less than or equal to 35%	-	-	-	-	-
Other unencumbered performing loans and not included in the above categories, excluding loans to financial institutions, with a risk weight of than or equal to 35%	-	-	-	2,338	1,987
Unencumbered loans to and deposits with financial institutions	-	345	-	-	52
Unlisted investments not included in the above categories	-	-	-	-	-
Investment in subsidiaries	-	-	-	-	-
Investment in associates	5,407	-	-	-	5,407
Other unlisted investments	2,636	-	-	-	2,636
Non-performing loans	4,748	-	-	-	4,748
All other assets including fixed assets, items deducted from regulatory capital, insurance assets and defaulted securities.	98,139	-	-	-	98,139
All other off-balance sheet exposures not included above	37,992	-	-	-	1,900
Total RSF	149,651	52,535	33,929	1,008,124	796,907
NSFR (%) as at 31 December 2025					146%

Notes to the Consolidated Financial Statements

As at 31 December 2025

All amounts in BD thousands

30. NET STABLE FUNDING RATIO (continued)

The below table provides information on the bank's consolidated NSFR as of 31 December 2024:

	Unweighted Values (before applying factors)				
Available Stable Funding (ASF)	No Specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	Total Weighted Value
Capital:					
Common equity tier 1	455,695	-	-	-	455,695
Additional tier 1 capital	-	-	-	-	-
Tier 2 capital	-	-	-	2,147	2,147
Stable deposits	-	-	-	-	-
Less stable deposits:					
Demand deposits provided by retail customers	-	8,570	-	-	7,713
Demand deposits provided by small business customers	-	181	-	-	163
Secured and unsecured funding	-	-	-	-	-
Funding provided by non-financial corporate customers	-	-	-	-	-
Operational deposits	-	-	-	-	-
Funding from sovereigns, PSEs, and multilateral and national development banks	-	20,000		-	10,000
Financial Institutions	-	2,021	-	220,038	220,038
Other	-	14,732		-	-
Other liabilities and equity not included in the above categories	-	9,329	-	438,637	438,637
Total ASF	455,695	54,833	-	660,822	1,134,393
Required Stable Funding (RSF)					
Coins and bank notes	175	-	-	-	-
All claims on central banks	-	40,762	-	-	-
Marketable securities:					
Central Bank of Bahrain	586	-	-	-	29
Loans:					
Unencumbered loans to retail and small business customers, and loans to sovereigns and PSEs	-	21,227	21,741	-	21,484
Unencumbered residential mortgages with a risk weight of less than or equal to 35%	-	-	-	977,718	635,517
Other unencumbered loans and deposits with a risk weight of less than or equal to 35%	-	-	-	2,776	2,359
Other unencumbered performing loans and not included in the above categories, excluding loans to financial institutions, with a risk weight of than or equal to 35% Unencumbered loans to and deposits with financial institutions	-	334	-	-	50
Unlisted investments not included in the above categories	-	-	-	-	-
Investment in subsidiaries	-	-	-	-	-
Investment in associates	5,394	-	-	-	5,394
Other unlisted investments	2,636	-	-	-	2,636
Non-performing loans	4,973		-	-	4,973
All other assets including fixed assets, items deducted from regulatory capital, insurance assets and defaulted securities.	96,744	-	-	-	96,744
All other off-balance sheet exposures not included above	51,337	-	-	-	2,567
Total RSF	161,845	62,323	21,741	980,494	771,753
NSFR (%) as at 31 December 2024					147%

Pillar-III Disclosures

31st December, 2025

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Pillar-III Disclosures

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1. EXECUTIVE SUMMARY

This report has been prepared in accordance with the Public Disclosure Module ("PD Module") Volume 1 of the Central Bank of Bahrain ("CBB") Rulebook. The report has been designed to provide the stakeholders of Eskan Bank B.S.C (c) ("the Bank") with comprehensive information on the Bank's approach in managing capital and risk management framework, highlighting key risk exposures and mitigation strategies, and considering the impact of the operating environment.

The disclosures in this report are in addition to the disclosures set out in the consolidated financial statements for the year ended 31 December 2025, which are prepared in accordance with International Financial Reporting Standards ("IFRSs").

2. INTRODUCTION TO BASEL III FRAMEWORK

The CBB's Basel III capital framework is based on three pillars consistent with the Basel III framework developed by the Basel Committee on Banking Supervision ("BCBS"), as follows:

- Pillar I: defines the methodology for calculation of the Risk Weighted Assets ("RWAs") and minimum regulatory capital requirement.
- Pillar II: encompasses the supervisory review process, including the Internal Capital Adequacy Assessment Process ("ICAAP"), which requires banks to assess their risks and determine their internal capital needs.
- Pillar III: focuses on rules for the disclosure of risk management and capital adequacy information.

Pillar I

Pillar I prescribes the basis for the calculation of the regulatory capital adequacy ratio. Specifically, it sets out the definitions and calculations for RWAs and the derivation of regulatory capital. Capital adequacy ratios are calculated by dividing regulatory capital by total RWAs, indicating capital strength relative to risk-weighted assets.

Basel III focuses on enhancing both the quantity and quality of Bank's capital. To this end, Tier 1 capital ("T1") is designated as the main component of regulatory capital, with the predominant form of T1 capital being Common Equity Tier 1 ("CET1"), comprising common shares and retained earnings. Regulatory adjustments and prudential filters are primarily applied to CET1. The remainder of T1 capital must be comprised of instruments that are subordinated, have fully discretionary noncumulative dividends or coupons, and have neither a maturity date nor an incentive to redeem. In addition, Tier 2 capital ("T2") instruments are subject to restriction and limitations on their contribution to total regulatory capital.

Furthermore, Basel III introduced a number of capital buffers: Capital Conservation Buffer "CCB" to ensure that banks conserve capital, and the countercyclical capital buffer mandating that banks build up additional capital during periods of favorable economic conditions, which can be used to absorb losses during periods of stress.

The CBB's minimum required total capital adequacy ratio is set at 12.5 percent, inclusive of CCB. The CBB also stipulates limits and minima on CET1 of 9 percent (including CCB) and T1 capital of 10.5 percent (including CCB). In the event that the total capital adequacy ratio falls below 12.5 percent, additional prudential reporting requirements apply, and a formal action plan setting out the measures to be taken to restore the ratio above the minimum required level is to be formulated and submitted to the CBB.

The table below summarizes the approaches available for calculating RWAs for each risk type in accordance with the CBB's Basel III capital adequacy framework:

Credit Risk	Market Risk	Operational Risk
Standardized Approach	Standardized Approach	Basic Indicator Approach
	Internal Models Approach	Standardized Approach

The Bank applies the following approaches for calculating RWAs for each risk type:

(i) Credit Risk

For regulatory reporting purposes, the Bank uses the Standardized Approach for credit risk. Under this approach RWAs are determined by multiplying credit exposure by risk weight factors. These factors are assigned based on the type of counterparty and the counterparty's external rating, where available.

(ii) Market Risk

For the regulatory market risk capital requirement, the Bank uses the Standardized Approach.

(iii) Operational Risk

The CBB requires all banks incorporated in Bahrain to apply the Basic Indicator Approach for operational risk, unless approval is granted to use the Standardized Approach. For regulatory reporting purposes, the Bank is currently using the Basic Indicator Approach whereby, the operational risk-weighted exposures and regulatory capital requirement are calculated by applying an alpha coefficient of 15 percent to the average gross income for the preceding three financial years.

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2. INTRODUCTION TO BASEL III FRAMEWORK (continued)

Pillar II

Pillar II defines the process of supervisory review of an institution's risk management framework and, ultimately, its capital adequacy. Under the CBB's Pillar II guidelines, all banks incorporated in Bahrain are required to maintain a total capital adequacy ratio above 12.5 percent.

Pillar II comprises two processes:

- an ICAAP, and
- a supervisory review and evaluation process ("SREP").

A key tool for the Bank's capital planning is the annual ICAAP through which the Bank assesses its projected capital supply and demand relative to regulatory requirements and its capital targets. The ICAAP has a three-year horizon and covers various scenarios, including stress scenarios of differing scope and severity. The Bank has adopted a risk management strategy and appetite framework which are reviewed periodically.

The SREP represents the CBB's review of the Bank's capital management and an assessment of internal controls and corporate governance. SREP is designed to ensure that institutions identify their material risks, allocate adequate capital, and employ sufficient management processes to support such risks. The SREP 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 I framework. Other risk types which are not covered by the minimum capital requirements in Pillar I include liquidity risk, interest rate risk in the banking book, strategic risk, concentration risk, reputational risk, Shari'ah risk, and residual risk. These are covered either by capital, or risk management and mitigation processes under Pillar II.

The Bank conducts stress tests to evaluate the potential impact of adverse scenarios on its capital adequacy. This helps the Bank assess its vulnerability to risks, identify weaknesses in its capital, and create plans to mitigate the impact of adverse events.

Pillar III

Pillar III focuses on market discipline guidelines of the regulator to ensure adequate disclosure of risk management practices, corporate governance standards, and capital adequacy information. The Bank disseminates regulatory disclosures periodically and as part of its Annual Report.

The disclosures comprise comprehensive qualitative and quantitative information. The purpose of the Pillar III disclosure requirements is to complement the first two pillars and the associated SREP. 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 to move towards 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 mandated at the financial year-end reporting.

a) Scope of Application

The name of the Bank in the Group, to which these regulations apply is Eskan Bank B.S.C. (c) which is a closed joint stock company registered and incorporated by the Amiri Decree No. 4 of 1979, together with its subsidiaries (the "Group"). The Bank operates under a Restricted Banking License issued by the CBB. The Bank is wholly owned by the Government of the Kingdom of Bahrain.

b) Subsidiaries of the Bank

Eskan Properties Company B.S.C. (c) ("EPC")

EPC is a wholly owned subsidiary of Eskan Bank. EPC was established to execute various housing and community projects undertaken by both EPC and the Bank. The principal activity of the company is to develop and manage property development projects for development for Eskan Bank, the Ministry of Housing and Urban Planning ("MOHUP"), and other third parties.

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31st December, 2025

2. INTRODUCTION TO BASEL III FRAMEWORK (continued)

c) Associate Companies of the Bank

- **Eskan Bank Realty Income Trust ("EBRIT")**

EBRIT, established in Q4 2016 by Eskan Bank, is the first listed Real Estate Investment Trust in Bahrain. As of 31 December 2025, EBRIT has a net asset value of BD 11.59 million, of which the Bank holds 46.66%. The inaugural properties of EBRIT include Segaya Plaza along with the commercial components of Danaat Al Madina. Eskan Bank, as EBRIT's Investment Manager, is actively pursuing opportunities to add more expand and diversify the Trust's asset portfolio.

d) Treatment of Subsidiaries and Associates for Capital Adequacy Calculation

a) EPC is consolidated with the Bank's financials for the purpose of Capital Adequacy calculation. The treatment of other subsidiaries and associate companies is as per the below table.

Table 1: Interests in Entities Risk Weighted Rather Than Deduction / Group-Wide Method

Subsidiaries / Associates	Country of Incorporation / Residence	Percentage of Ownership	Risk Weight
Eskan Bank Realty Income Trust (EBRIT)	Kingdom of Bahrain	46.66%	200%

3. FINANCIAL PERFORMANCE AND POSITION

During 2025, the Bank achieved steady growth and maintained its profitability during the year despite numerous challenges, including a rigorous reorganization of government funding. The performance for the year is the result of the Bank's focus on meeting its business objectives, maintaining asset quality, judicious deployment of available liquidity at best possible yields and efficiently managing the operating expenses. The Bank posted a total net income for 2025 of BD 31.9 million (2024: BD 30.2 million). Total operating costs, stood at BD 10.7 million representing a cost to income ratio of 25%.

As of 31 December 2025, total equity of the Bank stood at BD 469.3 million (2024: BD 455.7 million), while the return on equity stood at 6.8%. The Bank's total balance sheet stood at BD 1.2 billion at the end of 2025, representing an increase of 3% compared to prior year. Capital adequacy ratio increased from 183% to 184%, while the Bank's balance sheet continues to boast healthy liquidity.

a) Asset Growth and Quality:

- **Asset Growth:**
- The total balance sheet of the Bank stood at BD 1.192 billion as of 31 December 2025, compared to BD 1.154 billion as at the previous year-end. The Bank's loans and advances as of 31 December 2025 stood at BD 1.055 billion, a 5% increase compared to previous year.
- **Asset Quality:**

- Loan Portfolio: The Bank's portfolio is of high quality despite the bulk of the Banking assets being residential mortgage loans. Primarily, these loans are "social loans" where the decision to grant the loan is determined by the MOHUP and communicated to the Bank for disbursement to borrowers. While these loans carry credit risk for the Bank, any resulting impairment losses are borne by the Government. However, in the case of the commercial residential mortgage loans extended to customers, the credit risk is borne by the Bank.
- Money market instruments: The other banking assets are mainly inter-bank placements with reputable banks in the Kingdom of Bahrain.
- Investments portfolio: The Bank's investment portfolio includes holdings in Naseej, Bahrain Aluminum Extrusion Company, Treasury Bills and other small legacy investments.

Capital Adequacy Ratio ("CAR"):

- **Solvency:** The Group has limited external borrowings and as such its solvency position, as indicated by the Asset Liability maturity profiles, is satisfactory. Balances in the government account are considered not payable in the short term.

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3. FINANCIAL PERFORMANCE AND POSITION (continued)

Table 2: Earnings and Financial Position (in BD thousands):

	2025	2024	2023	2022	2021
Earnings					
Net Interest Income	40,118	37,586	37,997	38,088	33,836
Other Income*	2,775	2,755	7,164	3,164	4,520
Operating Expenses	10,706	9,864	8,712	7,784	6,922
Development properties written off	-	-	-	-	-
Impairment Allowance	264	256	665	508	1,543
Net Income	**31,923**	**30,221**	**35,784**	**32,960**	**29,891**
Financial Position					
Total Assets	1,191,991	1,154,471	1,013,105	1,008,558	934,201
Loans	1,055,113	1,007,841	882,637	808,805	749,670
Total Liabilities	722,651	698,776	568,177	606,774	569,265
Non-controlling interest	-	-	-	-	9,274
Shareholders Equity	469,340	455,695	444,928	401,784	364,935
Earnings: Ratios (Per Cent)					
Return on Equity	6.8%	6.6%	8.0%	8.2%	8.2%
Return on Assets	2.7%	2.6%	3.5%	3.3%	3.2%
Cost-to-income ratio	25.0%	24.5%	19.3%	18.9%	18.0%
Net Interest Margin	98%	99%	99%	100%	100%
Capital:					
Shareholders Equity as per cent of Total Assets	39%	39%	44%	40%	39%
Total Liabilities to Shareholders Equity	154%	153%	128%	151%	156%

*Other Income comprise of i.e. Share of profit from equity accounted investee, income from properties and dividend income.

b) Performance of the Group Companies:

- **EPC:** serves as the property development arm of Eskan Bank with a registered and paid-up share capital of BD 500,000. EPC is fully owned by the Bank and its operations have been enhanced through streamlining, team building, and strengthening, to improve its capacity to execute diverse property development projects.

The Bank, with EPC, has developed initiatives to build and raise funds to build projects on its own land bank and with private sector landlords. Presently, various projects are underway ranging from initiation, design, construction to property management.

Table 3: Financial Highlights (in BD):

	31st-December-25	31st-December-24
Net profit for the year	**52,037**	286,159
Total assets	**2,590,803**	2,297,457
Total equity	**1,764,963**	1,712,926

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4. FUTURE BUSINESS PROSPECTS

The Bank's profile for the next year would remain similar to that of the previous year. The major business contributor to the institution will be mortgage loans in the medium to long term future.

Another major focus area is that of investment properties as the Bank continues to develop its land bank portfolio and work with partners to develop social and affordable housing units and community shops. To meet this objective, the Bank is leveraging its balance sheet.

The Bank will also endeavour into the auctioning business activity for the purpose of fastest and optimal land monetization through long-term leases, BOTs, or partnerships, as the case may be from time to time. The intention is to optimize the financial resources of the institution in the best way possible to serve primarily the social housing agenda.

The conditions of the local, regional and international capital markets, as well as the real estate sector cycle would dictate the Bank's ability to meet its objective and the impact on its financial performance.

5. CORPORATE GOVERNANCE AND TRANSPARENCY

The Bank acknowledges the importance of adhering to leading practices in Corporate Governance. The Bank's Corporate Governance policies are designed to ensure the independence of the Board of Directors ("the Board") and enable it to effectively oversee the Bank's management operations.

The Bank's Corporate Governance policy aims to:

- Establish a comprehensive and sound framework for Corporate Governance;
- Ensure clear and segregated assignment of Roles and Responsibilities;
- Promote transparency across business units; and
- Ensure timely and regulatory-compliant disclosures.

The Bank has adopted the following Corporate Governance code principles:

Principle One: The Bank must be headed by an effective, collegial and informed Board;

Principle Two: The directors and officers shall have full loyalty to the company;

Principle Three: The Board shall have rigorous controls for financial audit, internal control and compliance with law;

Principle Four: The Bank shall have rigorous procedures for appointment, training and evaluation of the Board;

Principle Five: The Bank shall remunerate directors and officers fairly and responsibly;

Principle Six: The Board shall establish clear and efficient management structure;

Principle Seven: The Board shall communicate with shareholders and encourage their participation;

Principle Eight: The Bank shall disclose its corporate governance; and

Principle Nine: Banks which refer to themselves as "Islamic" must follow the principles of Islamic Sharia.

Principle Ten: The Bank shall seek through social responsibility to exercise its role as a good citizen.

Due to the unique nature of the Bank being fully owned by the Government of the Kingdom of Bahrain, and in pursuance to Legislative Decree No. 4 of 1979 with respect to the Establishment of Eskan Bank amended by Law No. 75 of 2006, the Cabinet is the sole authorized party for appointing Board Members. Thus, the Bank is not required to hold an Annual General Meeting. All key resolutions issued by the Bank which require the approval of an Ordinary or Extra-Ordinary General Assembly shall be subject to Cabinet approval.

Pillar-III Disclosures

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6. BOARD AND MANAGEMENT COMMITTEES

Detailed information on the Board-level and management-level committees' structures are available in to the Corporate Governance section of the Published Annual Report.

7. BOARD OF DIRECTORS

Eskan Bank's Board of Directors was appointed by Cabinet Decree No. 634 of 2022, dated 7 December 2022, for a three-year term and reappointed with the same structure for another term by Cabinet Decree No. 77 of 2025, dated 9 December 2025, for a three-year term. The Board includes eight leading Bahraini banking and finance professionals and the Minister of Housing and Urban Planning as the Chairperson

i. H.E. Amna Bint Ahmed AL- Rumaihi - Minister of Housing and Urban Planning (Non-independent Non-executive Director)

Appointed as Chairperson of Eskan Bank's Board of Directors in 2022 by virtue of her position as the Minister of Housing and Urban Planning.

Qualifications:

- Bachelor's in business information systems (BIS) – University of Bahrain.

Experience & Previous Positions:

- Undersecretary of National Economy at the Ministry of Finance and National Economy.
- Assistant Undersecretary for Competitiveness and Economic Indicators at the Ministry of Finance and National Economy;
- Joined the First Deputy Prime Minister's Office;
- Held several roles at the Economic Development Board (EDB);
- Worked at Bahrain Bourse;
- Former member of the Board of Directors of Social Insurance Organization (SIO); and
- Former member of the Board of Trustees of Bahrain Polytechnic.

H.E. Amna Bint Ahmed AL- Rumaihi has over 20 years of work experience and was honored with His Majesty the King's Proficiency Medal in 2017

ii. Mr. Mohamed Abdulrahman Hussain Bucheeri

Vice Chairperson and Chairman of the Executive Committee (Non-Independent Non-Executive Director).

Appointed as a Board member in 2011.

Qualifications:

- Bachelor of Arts – Economics and Finance, Aleppo University – Syria;
- Intensive Full Credit Course at Citibank Training Center - Athens, Greece;
- Intermediate Credit Course at Citibank - Athens, Greece;
- Registered Financial Consultant by successfully completing the Series 7 examination, which is required by the Securities and Exchange Commission (SEC)in the United States.

Experience & Previous Positions: Chief Executive Officer of Ithmaar Bank.

Mr. Mohamed Bucheeri has over 46 years of work experience primarily in the financial sector.

Board Member:

Bank of Bahrain and Kuwait

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7. BOARD OF DIRECTORS (continued)

iii. Ms. Najla Mohammed Al-Shirawi

Member (Non-Independent Non-Executive Director)

Appointed as a Board Member in 2015 and is a member of the Executive committee.

Qualifications:

- MBA, master's in business administration and finance, American College in London - United Kingdom .
- BSc, bachelor's degree in civil engineering, University of Bahrain - Kingdom of Bahrain.

Current Position:

- Group Chief Executive Officer: SICO B.S.C. (c), Bahrain

Experience & Previous Positions:

- Ms. Najla Al-Shirawi worked for Securities and Investments Company (SICO) since 1997 where she held various positions in the Bank including Deputy CEO, Chief Operating Officer for seven years, Head of Asset Management, and Head of Investments & Treasury. She also worked for a number of institutions owned by the Geneva-based Dar Al-Maal Al-Islami Trust and was responsible for establishing private banking operations for the Group in the Gulf region and was previously appointed to a Lectureship in Engineering at the University of Bahrain.
- She has over 25 years of investment banking experience.

Board Member:

- Chairperson of SICO Funds Company BSC (c) – Bahrain, SICO Funds Company III BSC (c) – Bahrain, SICO Funds Company IV BSC (c) – Bahrain, SICO Funds Company VI BSC (c) – Bahrain, SICO Ventures Company W.L.L. – Bahrain, SICO Fund Company VIII B.S.C.(C) – Bahrain, SICO Fund Company IX B.S.C. (C) – Bahrain, and vice Chairman SICO Capital
- Board Director, Bahrain Economic Development Board, Bahrain Institute of Banking & Finance, Deposits & Unrestricted Investments Accounts Protection scheme Board, Future Generation Reserve Fund, Bahrain Credit Facilities Company B.S.C.

iv. Mr. Isa Abdulla Zainal

Member (Independent Non-Executive Director)

Appointed as a Board Member in 2022, and is the chairperson of the Audit, Risk and Compliance Committee.

Qualifications:

Bachelor's with Honors in Accounting – University of Bahrain

CPA from state of Georgia - USA

Experience & Previous Positions:

Mr. Isa Zainal has more than 42 years of experience in assurance, business advisory and Islamic investment banking industry. Including:

- CFO at Arcapita (2003 – 2016)
- CFO at Al Baraka Banking Group (2000 – 2003)
- Auditor and Business Consultant at ARTHUR ANDERSEN (1985 – 2000)

Board Membership:

- Bahrain Bay Utilities Company B.S.C (c)

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31st December, 2025

7. BOARD OF DIRECTORS (continued)

v. Ms. Reem Abdulghaffar Al Alawi

Member (Independent Non-Executive Director).

Appointed as a Board Member in 2022 and is a member of the Audit, Risk and Compliance Committee.

Qualifications:
- Master of Law in International Commercial Law – University of Kent at Canterbury, United Kingdom
- Bachelors of Arts with Honors in Law and Business Administration - University of Kent at Canterbury, United Kingdom.

Current Position:
- Chief Legal and Monitoring Officer and Board Secretary, The Labour Fund (Tamkeen)

Experience & Previous Positions:
- General Counsel and Board Secretary, Tatweer Petroleum – Bahrain Field Development Company;
- Legal Officer, Telecommunications Regulatory Authority (TRA) Bahrain; and
- Graduate Law Trainee, Bahrain Telecommunications Company (Batelco) Bahrain.

Ms. Reem Al Alawi has more than 16 years of experience.

vi. Mr. Nabeel Saleh Abdulaal

Member (Independent Non-Executive Director).

Appointed as a Board Member in 2022 and is a member of Remuneration, Nomination and Corporate Governance Committee.

Qualifications:
- Master's degree in management sciences from Lancaster University, UK.
- Bachelor's degree in management science with Computing from University of Kent at Canterbury, UK.
- Previously registered approved person by Financial Conduct Authority in UK; and
- Member Operational Research Society in UK.

Board Member:
- Future Generations Reserve Fund Bahrain; and
- Nader Gas WLL.
- Bahrain Bourse
- Bahrain Clear

Experience & Previous Positions:

Mr Nabil Abdulaal has more than 24 years of experience in the Corporate and investment banking sector:
- Worked for Deutsche Bank AG London between 2005-2008, thereafter moved to Deutsche Bank in MENA Headquartered in UAE until 2021 covering various roles including Head of Coverage, Head of Financial Institutions and member of Global Markets' Executive Management Committee CEEMEA region.
- Worked at Gulf International Bank, Bahrain, as Investment Manager within Treasury & Investment division

vii. Mr. Mubarak Nabeel Mattar

Member (Independent Non-Executive Director) .

Appointed as a Board Member in 2022 and is a member of Remuneration, Nomination and Corporate Governance Committee.

Qualifications:
- Master of Science in Professional Accountancy, University of London - United Kingdom
- FCCA, Fellow Member of Association of Chartered Certified Accountants (ACCA)
- APRM, Associate Professional Risk Manager (PRMIA)
- BSc, bachelor's degree in accounting, University of Bahrain-

Current Position:
- Assistant Undersecretary for Financial Operations

Experience & Previous Positions:
- Worked for the Ministry of Finance and National Economy since 2010.

Mr. Mubarak Mattar has more than 17 years of accounting and government financing experience.

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31st December, 2025

7. BOARD OF DIRECTORS (continued)

viii. Mr. Abdullatif Khalid Abdullatif

Member (Independent Non-Executive Director).

Appointed as a Board of Director in 2022 and is a member of the Audit, Risk and Compliance Committee.

Qualifications:
- Fellow Chartered Accountant with the Institute of Chartered Accountants in England and Wales.
- Holds an MBA from London Business School.

Current Position:

Group Chief Financial Officer at an Asset Management firm that invests globally and headquartered in Bahrain.

Experience & Previous Positions:

Mr. Abdullatif Khalid has more than 17 years of experience in the sector and was a Senior Director at EY for 5 years.

Board Member:

Board audit committee positions in Diyar Al Muharraq, and Bareeq Al Retaj.

ix. Ms. Balsam Ali Al-Salman

Member (Independent Non-Executive Director).

Appointed as a Board of Director in 2022 and is a member of the Executive Committee.

Qualifications:
- Bachelor of Civil Engineering - with distinction from the University of Bahrain – 1996
- Certified Engineer in the Engineering Professions Authority - Kingdom of Bahrain
- Degree in Value Engineering
- Executive Leadership Preparation Program - 25th Batch
- Member in various dedicated Committees in Bahrain

Current Position:
- Assistant Undersecretary for Engineering Affairs at Ministry of Housing and Urban Planning.
- Member at Tender Board

Experience & Previous Positions:

Ms. Balsam Al-Salman has more than 27 years of experience in Civil Engineering and has held different positions in Ministry of Housing and Urban Planning since 1997:
- Director of the Housing Projects Planning and Design Department, Ministry of Housing and Urban Planning, Bahrain (2021 - 2022)
- Head of the Engineering Design Group, Ministry of Housing and Urban Planning, Bahrain (2019 - 2021)
- Head of the Survey and Land Determination Group, Ministry of Housing and Urban Planning, Bahrain (2011-2019)
- Senior Civil Engineer, Engineering Design Group, Ministry of Housing and Urban Planning, Bahrain (1997 - 2011)
- Managed and participated in planning and designing the infrastructure for various Housing Projects executed by the Ministry of Housing and Urban Planning in Bahrain.

Pillar-III Disclosures
31st December, 2025

8. EXECUTIVE MANAGEMENT TEAM OF THE GROUP

i. Mr. Abdulla Taleb, General Manager

Mr. Abdulla Taleb brings over twenty four years of progressive banking experience in all Banking domains, predominantly Commercial Banking, Financial Institutions, and Treasury.

Before joining the Bank, he was the Chief Executive Officer of Ithmaar Holding and its two wholly owned subsidiaries, Ithmaar Bank and IB Capital (collectively known as the Ithmaar Group).

Mr. Taleb has demonstrated a history of driving business growth, expanding market share, and improving recovery rates through a strong client network. He excels in implementing innovative solutions and driving process enhancements.

His expertise in operational leadership includes workforce management, profit and loss oversight, budgeting, cost optimization, capital restructuring, and strategic business planning.

Additionally, he is an experienced Board Member, actively participating in committees focused on Risk Management, Information Technology, Business Strategy, and Nomination & Remuneration.

Mr. Taleb holds a Master of Business Administration from DePaul University and is a certified Arbitrator specializing in Banking and Finance, accredited by the GCC Commercial Arbitration Centre.

He assumed the present position in 2024.

ii. Mr. Ahmad Tayara, Chief Business Officer and Deputy General Manager

Mr. Ahmad Tayara has over twenty- nine years of experience in both Islamic and conventional banking, particularly in the areas of investment banking, capital market, real estate, private equity and retail banking. He has worked for leading financial institutions such as Ithmaar Bank, Elaf Bank and Middle East Capital Group. Prior to joining Eskan Bank, he was a General Manager – Investment Banking at Elaf Bank.

Mr. Tayara holds a Bachelor of Science and Master of Science degrees in economics from McGill University, Canada.

He assumed the present position in 2012 and retired on 30 November 2025

iii. Mr. Mohamed Bucheeri, General Manager / Eskan Properties Company

Mr. Mohamed Jaafar Bucheeri is a seasoned real estate development and construction project management professional with over twenty-one years of experience across Bahrain and Saudi Arabia. His career spans major roles at HAJ Quantity Surveyors in Bahrain and later as Director of Operations & Commercial Management Services at HAJ Gulf Co. Ltd. in Riyadh.

He has contributed to the successful delivery of numerous large scale projects including Soudah Peaks, Al Liwan, Bahrain Marina Development, Marassi Al Bahrain, The Avenues Bahrain, Arcapita Headquarters, and the Four Seasons Hotel Bahrain Bay covering feasibility analysis, cost planning, design management, procurement, risk mitigation, and full cycle project oversight.

Mr. Jaafar is recognized for his leadership in guiding teams, strengthening client relationships, enhancing project value, and supporting business development efforts. He holds a Professional Certificate in Real Estate Finance & Development from MIT, an MSc in Engineering Management, a BSc (Hons) in Commercial Management & Quantity Surveying, and a BSc in Mechanical Engineering. He is also PMP certified, an Associate Value Specialist, and a registered professional with engineering councils in Bahrain and Saudi Arabia.

He assumed the present position in 2025.

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31st December, 2025

8. EXECUTIVE MANAGEMENT TEAM OF THE GROUP (continued)

iv. Mr. Mohamed Abdulrahim, Assistant General Manager - Support Services

Mr. Mohamed Abdulrahim is a highly accomplished Bahraini financial leader with twenty-five years of experience in Islamic banking and financial services. His expertise spans financial planning, strategic planning, financial reporting, MIS, regulatory compliance, internal control, banking operations, administration and general services, Sharia compliance and corporate governance. He is a Certified Public Accountant (CPA) and a Certified Islamic Professional Accountant (CIPA).

Since 2016, Mr. Abdulrahim has served as Chief Financial & Strategy Officer at Al Baraka Islamic Bank, where he plays a key role in shaping the Bank's strategic direction, presenting financial performance to the Board, overseeing budgeting, liquidity management, regulatory reporting, and driving cost efficiency. He also holds chairmanship and leadership roles across several internal committees and has served as a Director at Al Baraka Bank Pakistan Limited and a member of the Board's Audit Committee, Risk Management Committee, and the Nomination and Remuneration Committee.

Prior to joining Al Baraka Islamic Bank, he held senior leadership roles at Khaleeji Bank, where he led financial control, MIS, budgeting, regulatory reporting, and major strategic initiatives, and previously he also served at Kuwait Finance House – Bahrain and the Ministry of Finance and National Economy.

Mr. Abdulrahim is widely recognized for his strong command of AAOIFI and IFRS standards, his ability to lead high-performing teams, and his track record in strengthening governance across banking institutions. He holds a Bachelor's degree in Accounting from the University of Bahrain and has completed the Leadership Grooming Program at Ivey Business School, University of Western Ontario, under the Central Bank of Bahrain's Waqf Fund initiative.

He assumed the present position in 2025.

v. Mrs. Abeer Albinali, Assistant General Manager - Risk Management and Remedial Solutions

Mrs. Albinali has twelve years of experience in risk management within the banking sector. She joined the bank in 2012. Mrs. Albinali holds a Bachelor of Science degree in Banking and Finance from the University of Bangor, UK, and recently completed her MBA at the American University in Bahrain (2024).

She is a Chartered Financial Analyst (CFA), a Certified Chief Risk Officer (CCRO), and a Professional Risk Manager (PRM). Ms. Albinali also holds an International Diploma in Governance, Risk and Compliance from the ICA and has pursued other professional certifications in leadership, management, corporate governance, and compliance.

She assumed the present position in 2020.

vi. Mr. Hani Nayem, Assistant General Manager - Internal Audit

Mr. Hani Nayem has over twenty-four years of experience in the Banking and Audit industry covering various fields such as internal audit, compliance, corporate governance, credit analysis, investment analysis, Islamic banking, financial controls and operations. He has worked for reputable regional and international banks such as Al Baraka Islamic Bank and ithmaar Bank.

Mr. Nayem holds a Bachelor's degree in Accounting and has obtained the CPA professional qualification.

He assumed the present position in 2009.

vii. Ms. Parween Ali, Assistant General Manager - Retail Banking

Ms. Parween Ali has over thirty-seven years of experience in Banking Industry, particularly in the areas of Sales, Marketing and Retails Products and Service. Prior to joining Eskan Bank, she was the Sales and Service Manager at Standard Chartered Bank for 9 years.

Ms. Parween has an Advanced Banking Diploma from BIBF. She has been with Eskan Bank since 2005 under different positions such as Mortgage Loans Manager, Mortgage Loans Senior Manager, Product Development and Marketing Senior Manager, and Head of Sales and Marketing.

She assumed the present position in 2018. She assumed the present position in 2018 and retired on 30 November 2025.

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8. EXECUTIVE MANAGEMENT TEAM OF THE GROUP (continued)

viii. Mrs. Samar Agaiby, Assistant General Manager - Business Development and Government Programs

Mrs. Samar Agaiby has over thirty-six years of experience in the field, particularly in the areas of Risk, Quality, Finance, Project Management and Business development. She spent her full career in Eskan Bank, in which she joined the bank directly after she graduated from the American University in Cairo with a Bachelor degree in Economics.

Mrs. Samar is also a Certified Management Accountant ("CMA") from USA and holder of a Certified Diploma in Accounting and Finance ("CDIAF") from the UK.

She has been with Eskan Bank since 1989 in which she has held different positions including Head of Mortgage Guarantee System and Head of Credit and Operational Risk.

She assumed the present position in 2012 and retired on 30 November 2025.

ix. Mr. Adnan Fathalla Janahi, Assistant General Manager - Human Resources and Administration

Mr. Adnan Janahi has over twenty-nine years of experience in Human Resource Management and has worked with one of the leading banks prior to joining Eskan Bank, namely, the National Bank of Bahrain. In addition, he was the Director of Human Resources at Investment Dar Bank. Mr. Adnan holds an MBA from University of Glamorgan and Advanced Diploma in Banking Studies from BIBF.

He has been with Eskan Bank since 2009 under the capacity of Senior Manager HR and Administration and Acting Head of Human Resources and Administration in 2013.

He assumed the present position in 2014 and retired on 30 November 2025.

x. Mr. Aqeel Mayoof, Assistant General Manager - Information Technology Management

Mr. Aqeel Mayoof has over twenty-nine years of experience in different Information Technology ("IT") Core Banking and Payments Systems within the banking industry such as Citi Bank and Ahli United Bank. Prior to joining Eskan Bank, he was IT Projects Leader at Ahli United Bank.

Mr. Aqeel holds a Bachelor's Degree in Electrical Engineering from the University of Bahrain, and MBA from the University of Bahrain.

He has been with Eskan Bank since 2005 under different positions such as Manager, Senior Manager and Acting Head within the IT department.

He assumed the present position in 2014 and retired on 30 November 2025.

xi. Mr. Deepak Patel, Assistant General Manager - Operations

Mr. Deepak Patel has over twenty-six years of experience in Commercial Banking Industry, particularly in the areas of Operations, Finance and Retail Banking. Prior to joining Eskan Bank, he was Operations and Finance Manager at ICICI Bank in Bahrain and prior held various positions at ICICI Bank in India.

Mr. Deepak holds a Bachelor's Degree in Commerce and Economics from Mumbai University and MBA from Sikkim Manipal University. He also holds professional qualifications in Digital Transformation from Purdue University and FinTech Certification from the University of Hong Kong.

He has been with Eskan Bank since 2007 under different positions such as Manager, Senior Manager and Acting Head within Operations in 2013.

He assumed the present position in 2014 and retired on 12 November 2025.

xii. Mr. Muhammed Saeed Butt, Assistant General Manager - Financial Control

Mr. Muhammed Saeed Butt has over twenty-three years of experience in the banking industry as well as the audit and assurance services. During the course of his career he has worked for reputable organizations such as Ernst & Young in Pakistan and prior to joining Eskan Bank, he was Investments Manager and Finance at Al Zayani Investments in Bahrain.

Muhammad Saeed is a Chartered Accountant from the Institute of Chartered Accountants of Pakistan (ICAP) and from the Institute of Chartered Accountants of England & Wales (ICAEW). He has been with Eskan Bank since 2007 and has held several positions such as Manager Strategic Planning, Senior Manager Financial Control and Acting Head of Financial Control in 2013.

During his tenure at Eskan Bank, Mr. Saeed has been involved in the implementation of various strategic projects for the Bank, resulting in significant improvements in financial reporting accuracy and efficiency. His contribution to strategic planning led to a sustainable growth for the Bank.

Muhammed Saeed assumed the present position in 2014 and retired on 2 November 2025.

Pillar-III Disclosures

31st December, 2025

8. EXECUTIVE MANAGEMENT TEAM OF THE GROUP (continued)

xiii. Mrs. Haifa Al Madani, Assistant General Manager - Legal and Corporate Secretary Department

Mrs. Haifa Al Madani has over twenty-seven years of experience as a Lawyer and Legal Advisor, she spent her full career in Eskan Bank, where she worked under Legal Department directly after she graduated from Kuwait with a Bachelor's Degree in Law.

She assumed the present position in 2015.

xiv. Ms. Sarah Qasim, Assistant General Manager – Strategic Projects & Solutions Design

Ms. Qasim has eighteen years of experience in banking including risk management, corporate banking, and banking operations. She has played a significant role in various transformation projects. Ms. Qasim has extensive expertise in core banking upgrades, bank acquisitions, and restructuring initiatives, showcasing her versatile and accomplished skill set.

She holds an MSc in Strategic Fintech from the University of Strathclyde in the United Kingdom and a Bachelor of Management Studies from the University of Mumbai in India.

Ms. Qasim is a CFA charter holder and holds an Advance Diploma in Islamic Finance from BIBF. Additionally, she is a qualified Professional Risk Manager and holds the Project Management Professional certification. Prior to joining Eskan Bank, Ms. Qasim was the Acting Head of Risk Management Department at Ithmaar Bank.

She assumed the present position in 2024.

xv. Mr. Ebrahim Jasim, Assistant General Manager – Commercial & Institutional Banking

Mr. Ebrahim Jasim has over nineteen years of experience in Islamic corporate, SME banking, financial institutions, treasury, branch network as well as credit review. He is recognized for driving business growth, strengthening FI networks, structuring complex financing solutions, and managing diversified portfolios while ensuring strong credit quality and compliance with AAOIFI standards. He has contributed to major strategic initiatives, including organizations' corporate strategy restructuring, corporate digital onboarding, and multiple core banking upgrades.

Mr. Jasim holds an MSc in Strategic Fintech, an Advanced Diploma in Islamic Finance, and professional certifications including CIB and APRM. He also serves on key management committees within Eskan Bank and appointed as a board member of Eskan Properties Company B.S.C ©.

He assumed the present position in 2025.

xvi. Mr. Abdulla Habib, Assistant General Manager – Enterprise Digital Optimization

Mr. Abdulla Habib has been serving The Kingdom of Bahrain's ICT sector for 23 years, contributing to both the public and private sectors. Over the course of his career, he has been exposed to different roles and responsibilities taking part in managing and overlooking strategic national-level projects and initiatives. He served as Head of Software Quality Assurance at NBB Group, where he established and managed the bank's QA Center of Excellence and led testing governance and activities for major systems and applications including the core banking replacement and changes.

Previously, he spent six years as Director of Government Systems Development at IGA, overseeing 50+ specialists managing national platforms such as the National Central Registry System, Sijilat, eKey, the National Payment Aggregator, and the National Gateway Infrastructure. He also contributed to government ICT standards, policies, and strategic committees. His earlier roles include Chief of Enterprise Architecture Governance, driving national ICT frameworks and digital transformation, and Assistant Manager – IT at Seera Investment Bank, where he led core banking, applications, and infrastructure operations.

Mr. Habib holds a BSc in Computer Science and an MBA in Management, completed Executive Leadership Development Program from the Institute of Public Administration, Executive Management Leadership Program from Harvard Business Publishing & the Head of IT & Cybersecurity Grooming Program from Hong Kong University of Science and Technology, complemented by certifications including COBIT 5, TOGAF, ITIL v3, and Project Management. He is also a founding board member of the Technology and Business Society.

He assumed the present position in 2025.

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9. ADDITIONAL GOVERNANCE MEASURES

In addition to the Board and Management committee structures, the Board has approved a number of policies to ensure clarity and consistency in the operations of the Bank.

Remuneration related disclosures:

Eskan Bank aims to keep the employee compensation and benefits competitive, in comparison to the local labor market, in order to attract and retain the most competent and experienced employees with remuneration packages that are based on the latest market trends. The Bank also ensures to establish a fair and equitable remuneration system for all the employees.

The Bank did not seek external consultant advice in areas of remuneration process.

The Remuneration Nomination and Corporate Governance Committee ("RNCGC") reviews the remuneration policy including the remuneration structure of the employees at least annually with an objective of maintaining a competitive advantage in the market based on the salary surveys and secondary market sources of information.

Remuneration outcomes are determined after consideration of the Bank's key risk exposures, primarily focusing on credit, market, and liquidity risks. Stress testing results are used as a forward-looking input to assess the sustainability of performance under adverse scenarios and to apply appropriate quantitative risk adjustments to the incentive pool, ensuring alignment with prudent risk-taking and the Bank's long-term resilience.

During the period, the underlying remuneration risk measures and the defined risk-adjustment scale (haircuts) utilized by the Bank remained unchanged. However, the Bank refined its risk-based stress testing framework by recalibrating the weightages assigned to the respective risk pillars. This adjustment was implemented to ensure the scoring model accurately reflects the Bank's current risk priorities. The impact of this change is a more highly calibrated stress-testing model, ensuring that the final risk scores dictating the application of haircuts to the variable remuneration pool remain tightly aligned with the Bank's evolving risk profile.

The remuneration packages for all staff (including senior management) comprise fixed remuneration (in the form of cash and other fixed benefits) and variable remuneration in the form of cash only. The fixed component of the remuneration is a significant portion of the total remuneration.

Variable remuneration (Incentive)

Employees' incentive entitlement including senior management are aligned to the Bank's performance, performance of the department and to individual performance and efficiency, but in all cases it shall be made at the Bank's sole discretion.

The pool of bonus is approved by the RNCGC. The performance measures used in the bonus scheme relate closely to the measures used in running the business such as financial vs. non-financial, quantifiable vs. non-quantifiable, short term vs. long term and include profitability, solvency, liquidity and growth indicators.

As per the remuneration policy of the Bank, risk alignment and adjustment to the variable remuneration should be carried out in coordination and with the support of the Risk Management And Financial Control functions as they provide the technical competency and independence to ensure appropriate risk alignment and adjustment for variable remuneration. In 2025, the Bank has performed effectiveness testing of its variable remuneration policy and the result of the test has not resulted in any adjustment to variable remuneration.

The performance measures of staff in risk management, internal audit, operations, financial control, compliance and AML function, and senior management are based on the achievement of the objectives and targets of their functions such as adherence to the Bank's risk, control and compliance policies and are independent of the financial performance of the business area they monitor.

Incentives are awarded annually based on the achievement of pre-determined objectives. These targets are based on both individual and department performance and are set by Executive Management.

The Bank has not offered any sign-on awards or guaranteed incentives during 2025 (2024: Nil). All employees are entitled to receive 13-month salary which is distributed pro-rata on a monthly basis. There were no severance payments made towards any senior management or material risk takers during the year (2024: Nil).

CBB has approved the Bank's remuneration policy and exempted the Bank from the requirements of deferral (except in the case of poor performance as noted below) and clawback provisions given the ownership structure of the Bank, nature of its business and the policy of remuneration adopted. Variable remuneration is deferred only in the event of poor bank, divisional or business unit performance. Recognition of staff who have achieved their targets or better, may take place by way of deferred compensation, which may be paid once the Bank's performance improves.

The Bank has not awarded any deferred remuneration as of or during year ended 31 December 2025 (2024: Nil) nor paid out any deferred remuneration or reduced the deferred remuneration through performance instruments during the same period mentioned above.

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9. ADDITIONAL GOVERNANCE MEASURES (continued)

The table below reflects the total amount of remuneration paid to the employees of the Bank for the year of 2025.

2025	Senior Management	Other Staff
Fixed Remuneration		
Cash-Based*	1,339,972	2,467,114
Shares and share-linked instruments		
Other	341,591	1,075,329
Variable Remuneration		
Cash-Based	259,795	436,797
Shares and share-linked instruments		
Other	478182	41830
Grand Total	**6,440,609**	

* Includes Board of Director sitting fees of BD72,000/- paid in 2025

2025

No.	Head count	Category	Basic	Other Benefits / Allowances	Total Fixed Remuneration	Performance Incentive in Cash (actual paid in 2024)	Total Variable Remunerations	Total Fixed & Variable Remuneration
1	9*	Members of the Board		72,000	72,000			72,000
2	12	Senior Management (not included in 1,3 to 7)	819,487	776,939	1,596,425	202,920	202,920	1,799,345
3	7	Senior Management in risk management, internal audit, operations, financial controls, AML and compliance functions	287,755	203,564	491,319	56,875	56,875	548,194
4	58	Employees engaged in risk taking activities (business areas)	764,680	503,887	1,268,567	152,589	152,589	1,421,156
5	38	Employees other than senior management engaged in controlled function in No. 3	547,336	334,387	881,722	122,278	122,278	1,004,000
6	50	Other employees	829,309	604,675	1,433,984	161,930	161,930	1,595,913
7	0	Outsourced Employees / Service providers (engaged in risk taking activities)			-		-	-
	174	**Grand Total**	**3,248,566**	**2,495,451**	**5,744,017**	**696,592**	**696,592**	**6,440,609**

* Include board remuneration of 9 members with BD 72,000 paid to them for attending board of directors meeting.

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9. ADDITIONAL GOVERNANCE MEASURES (continued)

The table below reflects the total amount of remuneration paid to the employees of the Bank for the year of 2024.

2024	Approved Persons	Other Staff
Fixed Remuneration		
Cash-Based*	1,288,644	2,433,331
Shares and share-linked instruments		
Other	346,345	914,577
Variable Remuneration		
Cash-Based	287,067	483,240
Shares and share-linked instruments		
Other		
Grand Total	**5,753,203**	

* include BOARD sitting fees of BD 69,000/- paid to the Board Members in 2024

2024

No.	Head count	Category	Basic	Other Benefits / Allowances	Total Fixed Remuneration	Performance Bonus in Cash (actual paid in 2024)	Total Variable Remunerations	Total Fixed & Variable Remuneration
1	9*	Members of the Board		69,000	69,000			69,000
2	8	Approved persons (not included in 1,3 to 7)	701,724	338,420	1,040,144	207,940	207,940	1,248,084
3	9	Approved persons in risk management, internal audit, operations, financial controls, AML and compliance functions	320,277	205,567	525,844	79,127	79,127	604,971
4	59	Employees engaged in risk taking activities (business areas)	754,885	448,921	1,203,806	173,852	173,852	1,377,657
5	28	Employees other than approved persons engaged in controlled function in No. 3	464,169	247,060	711,229	107,415	107,415	818,645
6	64	Other employees	873,842	559,031	1,432,873	201,973	201,973	1,634,846
7	0	Outsourced Employees / Service providers (engaged in risk taking activities)			-		-	-
	174	**Grand Total**	**3,114,897**	**1,868,000**	**4,982,897**	**770,306**	**770,306**	**5,753,203**

* Include board remuneration of 9 members with BD 69,000 paid to them for attending board of directors meeting.

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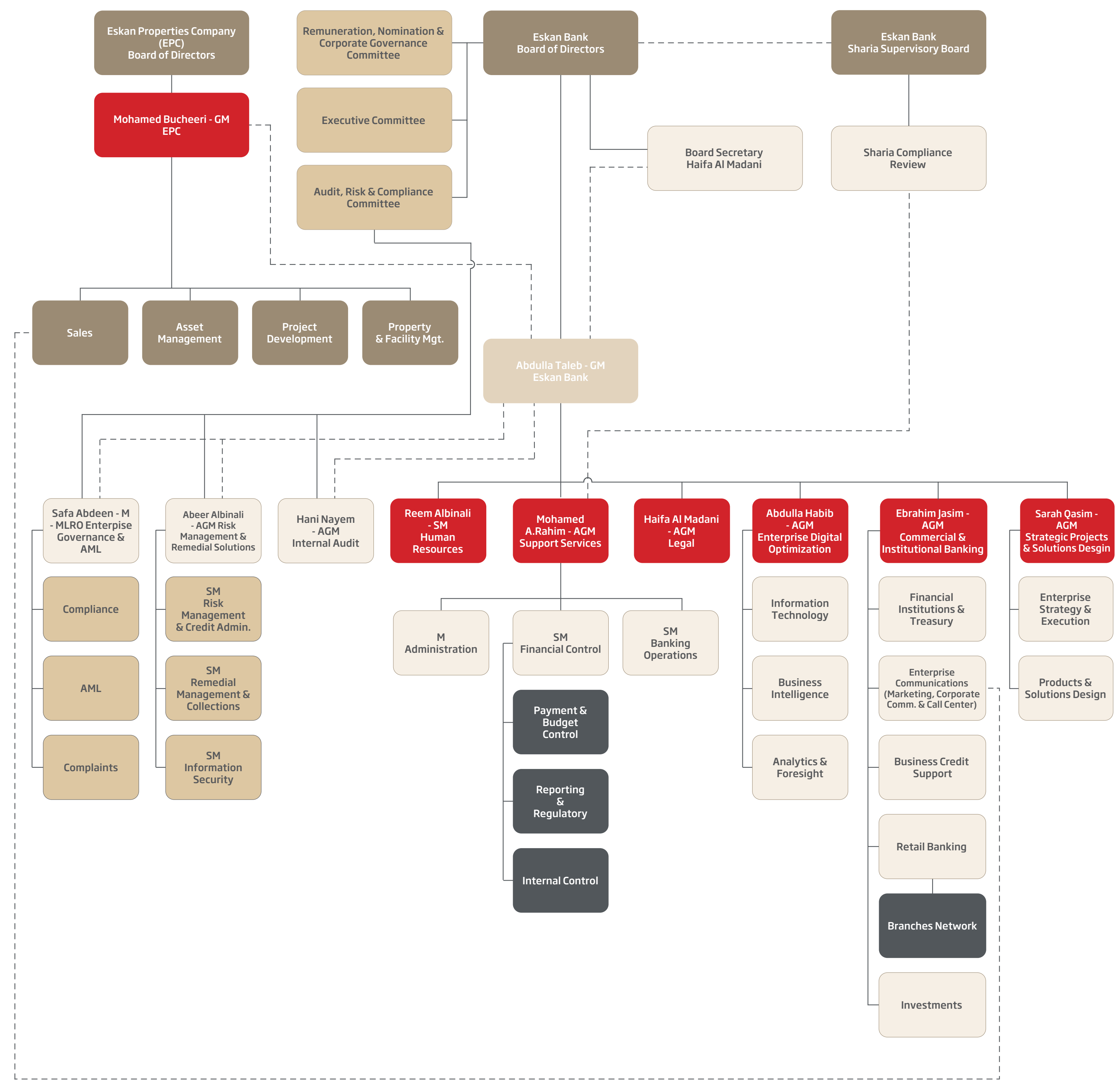
10. ORGANISATION CHART

Eskan Bank Organisation Structure



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10. ORGANISATION CHART (continued)

There have been major changes in the organizational structure from prior year. The redesigned organizational structure strengthened efficiency and aligned the Bank with its long term strategy. The initiative streamlined executive roles, realigned some departments, and refined reporting lines to enhance accountability and leadership effectiveness. These changes improved manpower cost efficiency, boosted operational performance, enhanced cross functional collaboration, and increased agility, resulting in faster and more customer focused service delivery.

The Board of directors continues to maintain clear reporting lines within the Board and management structure to ensure proper segregation of duties. As shown above, there are currently no reporting lines assigned to the Board Executive Committee or Remuneration, Nomination & Corporate Governance Committee.

COMMUNICATION STRATEGY

At the end of each financial year, the consolidated financial statements of the Group are reviewed by the Audit, Risk, and Compliance committee and presented to the Board for approval. Before end of the year, annual budget is reviewed by the Executive Committee and presented to the Board for approval that is subsequently sent to the Ministry of Finance and National Economy to be presented to the Council of Ministers.

The Banks' Articles of Association specify the recipients to whom the Bank's annual Audit Report is to be distributed, namely, H.E. the Minister of Finance and National Economy, H.E. the Minister of Housing and Urban planning, H.E. the Minister of Industry and Commerce, and H.E. the Governor of the CBB.

The Bank also follows the disclosure requirements as stipulated by the CBB and publishes the audited financial results on its website.

11. CAPITAL

11.1 Capital Structure

Under the CBB's Basel III capital framework, total regulatory capital consists of T1 and Tier 2 capital "T2". T1 capital is further divided into CET1 and Additional Tier 1 capital ("AT1").

CET1 capital consists of:

a) Issued and fully paid common shares that meet the criteria for classification as common shares for regulatory purposes;

b) Disclosed reserves including: i) General reserves; ii) Legal / statutory reserves; iii) Share premium; iv) Retained earnings or losses (including net profit/ loss for the reporting period, whether reviewed or audited);

c) Common shares issued by consolidated banking subsidiaries and held by third parties (i.e. minority interest) that meet the criteria for inclusion in CET1, and (d) Regulatory adjustments applied in the calculation of CET1.

AT1 capital consists of:

a) Instruments issued by the Bank that meet the criteria for inclusion in AT1;

b) Share premium resulting from the issue of instruments included in AT1;

c) Instruments issued by consolidated banking subsidiaries and held by third parties that meet the criteria for inclusion in AT1 and are not included in CET1; and

d) Regulatory adjustments applied in the calculation of AT1.

T2 capital consists of:

a) Instruments issued by the Bank that meet the criteria for inclusion in T2;

b) Share premium resulting from the issue of instruments included in T2;

c) Instruments issued by banking consolidated subsidiaries of the bank and held by third parties that meet the criteria for inclusion in T2 capital and are not included in T1;

d) Expected Credit Loss stage 1 and stage 2;

e) Asset revaluation reserves which arise from the revaluation of fixed assets and investment properties from time to time in line with the change in market values, and

f) Regulatory adjustments applied in the calculation of T2.

In accordance with the CBB's Basel III capital adequacy framework, certain exposures are required to be deducted from regulatory capital rather than included in RWAs. The CBB's Basel III capital adequacy framework requires that most of the deductions be made from CET1. At present, the T2 capital of Eskan Bank consists solely of Expected Credit Loss (ECL) stage 1 and stage 2 exposures.

There is also a restriction on the amount of ECL reserve that may be included as part of T2 capital, which should be a maximum of 1.25 percent of the credit RWA.

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11. CAPITAL (continued)

Table1: CAPITAL STRUCTURE

The following table summarizes the eligible capital after deductions for Capital Adequacy Ratio (CAR) calculation as of 31 December 2025.

	CET1	AT1	T2
Components of capital			
Tier 1 Capital			
Common Equity Tier 1 (CET1)			
Issued and fully paid ordinary shares	250,000	-	-
General reserves	106,786		
Statutory reserves	64,254	-	-
Retained earnings	16,728	-	-
Current interim profits	31,923	-	-
Cumulative fair value changes on FVOCI investments (Equities)	(351)	-	-
Total CET 1 Capital prior to the regulatory adjustments	**469,340**	**-**	**-**
Less: Regulatory adjustments			
Intangibles other than mortgage servicing rights	374		
Total CET 1 Capital after the regulatory adjustments	**468,966**	**-**	**-**
Other Capital (AT1 & T2)			
Expected Credit Losses (ECL) Stages 1 & 2 (1.25% of credit risk weighted assets)	-	-	**2,212**
Net available Capital	**468,966**	**-**	**2,212**
Total Capital			**471,178**

Table 2: CAPITAL ADEQUACY RATIOS

The CBB Capital Adequacy Rules provides guidance on the risk measurements for the calculation of capital requirements. Conventional bank licenses are required to meet the following minimum CAR requirements:

	Components of consolidated CARs			
	Optional	**Minimum Ratio Required**	**Capital conservation buffer (CCB)**	**CAR including CCB**
Common Equity Tier 1 (CET1)		6.5%	2.5% comprising of CET1	9.0%
Additional Tier 1 (AT1)	1.5%			
Tier 1 (T1)		8.0%		10.5%
Tier 2 (T2)	2%			
Total Capital		10.0%		12.5%

Following are Capital Adequacy Ratios for total capital and Tier 1 capital as of 31 December 2025:

CET1 Capital Adequacy Ratio	**183%**
T1 Capital Adequacy Ratio	**183%**
Total Capital Adequacy Ratio	**184%**

11.2 Capital Adequacy

The Group's policy is to maintain a strong capital base so as to bolster market confidence and sustain the future development of the business. The Bank maintains adequate capital levels consistent with its business and risk profile and takes care of unforeseen contingencies. The capital planning process of the Bank ensures that the capital available for the Bank is at all times in line with the risk appetite of the Bank.

The Bank uses trigger rate of 12.5 percent for capital adequacy ratio as stipulated by the CBB.

The Bank's ICAAP framework, which aims to ensure that capital supports business growth for its future activities, stipulates that the Bank should maintain an excess cover relative to the statutory requirement.

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12. INTERNAL AUDIT

The Internal Audit Department at Eskan Bank is an independent function reporting directly to the Audit, Risk, and Compliance Committee. Its primary mandate is to provide assurance on the effectiveness of the Bank's control, compliance and governance.

The department conducts its activities in accordance with an approved risk-based audit plan, ensuring that all high-risk processes are reviewed annually. In line with this approach, it maintains a comprehensive risk register that is regularly updated throughout the year to reflect changes in the business environment and controls.

13. CREDIT RISK

13.1 Overview of Credit Risk Management

Credit risk represents the possibility that a party involved in a financial transaction will not fulfil its obligations, leading to financial losses for the other party. This risk becomes particularly concentrated when several counterparties, engaged in similar business activities or operating within the same geographical area or economic sector, fail to meet their contractual obligations. Such failures often result from changes in economic, political, or other external conditions.

Credit risk entails the potential for losses to the Group due to the inability of clients, customers, or counterparties, including sovereign entities, to fully meet their obligations. This includes the timely and complete payment of principal, interest, collateral, and other receivables. The Bank's exposure to credit risk primarily arises from its lending activities and counterparty credit risk associated with its treasury operations.

To mitigate credit risk within its portfolio, the Bank employs a variety of strategies. These include monitoring credit exposures, limiting transactions with certain counterparties, evaluating counterparties' creditworthiness, and securing appropriate collateral whenever necessary.

The Bank maintains well-established policies and procedures for the identification, measurement, monitoring, and control of credit risk across all banking activities. The credit risk policy, approved by the Board of Directors, outlines these measures. Additionally, the Bank periodically prepares comprehensive risk reports to monitor compliance with Board-approved limits.

A tiered approval authority matrix and management-level committees have been established to actively oversee credit risk exposures. The Bank is committed to systematic risk reporting at all organizational levels and ensures transparency in its communications with stakeholders.

13.2 Definition, Assumptions and Technique for Estimating Impairment

Significant increase in credit risk

When assessing whether the credit risk of a financial asset has significantly increased since its initial recognition for estimating ECL, the Bank considers reasonable and supportable information that is both relevant and accessible without incurring undue costs or effort. This includes a comprehensive analysis of both quantitative and qualitative data, leveraging the Bank's historical experience and incorporating forward-looking information.

The Bank operates under the assumption that the credit risk associated with a financial asset has significantly increased if contractual payments are overdue by between 32 and 89 days. This presumption remains in effect unless the Bank can substantiate, through reasonable and fact-based evidence, that the risk has not significantly escalated.

A financial asset is considered to be in default under any of the following conditions:

- The borrower is unlikely to fulfill their credit obligations to the Bank in entirety, without the Bank needing to resort to measures such as realizing security (if any exists). This assessment of unlikeliness to pay considers both quantitative and qualitative factors; and/or
- The financial asset is past due 90 days or more.

Furthermore, staging criteria for exposure to financial institutions and banks are subject to downgrades in the credit rating of the counterparties as per its policy. Specifically, downgrades below a certain threshold, as defined in the Bank's credit risk policy, will trigger a move to a higher impairment stage.

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13. CREDIT RISK (continued)

Probability of Default ("PD")

The Bank systematically gathers data on the performance and default rates of its credit risk exposures, categorizing this information by the number of days past due. To analyze the collected data and estimate PD for various exposures–as well as to forecast how these probabilities are expected to evolve over time–the Bank employs the Merton-Vasicek methodology. This methodology involves identifying and calibrating the correlations between fluctuations in default rates and shifts in crucial macroeconomic indicators. A floor of 0.03% is applied to all PD estimates for retail exposures.

These key macroeconomic factors encompass:

- Real GDP Growth;
- Total Investments as a percentage of GDP;
- Inflation Rate;
- Imports and Exports of Goods and Services;
- Unemployment Rate;
- Domestic Credit Growth;
- Oil Prices;
- Gross National Savings;
- Central Government Revenue as a percentage of GDP; and
- Central Government Expenditure as a percentage of GDP. ; and
- General Government Gross Debt.

This comprehensive analysis aids the Bank in understanding how macroeconomic dynamics influence credit risk, enabling more accurate PD estimations This, in turn, supports more robust credit risk management and informed decision-making.

Credit-impaired financial assets

At each reporting date, the Bank evaluates whether financial assets carried at amortized cost, debt securities classified as Fair Value Through Other Comprehensive Income (FVOCI), and loan commitments exhibit signs of credit impairment. A financial asset is deemed 'credit-impaired' when one or more events have occurred that negatively affect the asset's projected future cash flows. Indications of a financial asset being credit-impaired encompass observable data such as:

- Significant financial distress of the borrower or issuer;
- Contractual breaches, including default or delinquency in payment of 90 days or more;
- Restructuring of a loan or advance by the Group under conditions that would not be considered under normal circumstances; or
- A probable scenario wherein the borrower will file for bankruptcy or undergo another form of financial reorganization.

Once a financial asset is identified as credit-impaired (Stage 3), it must undergo a cooling-off period of a minimum of four months from the date on which it resumes regular payment patterns before it can be upgraded to performing status (Stage 1 or Stage 2). Additionally, exposures classified as Watchlist (Stage 2) must be retained in Stage 2 for a minimum cooling-off period of 3 months from the date of becoming regular in repayment before they can be upgraded to Stage 1. During this period, the Bank closely monitors the borrower's payment behavior to assess the sustainability of the improved financial situation.

Incorporation of forward-looking information

The Bank utilizes statistical models to embed the impact of macro-economic factors on historical default rates. Should these macroeconomic parameters prove to be statistically insignificant, or if the forecasted PDs markedly deviate from current economic condition forecasts, a qualitative PD overlay will be employed. This decision is made by management following a comprehensive analysis of the portfolio using designated diagnostic tools.

Incorporating forward-looking information necessitates a higher degree of judgement regarding the influence of macroeconomic changes on the ECL for Stage 1 and Stage 2 exposures. These stages are categorized as performing facilities, with Stage 3 representing exposures in the default category. The methodologies and assumptions used, including forecasts of future economic conditions, are subject to periodic review and are documented within the Credit Risk Policy.

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13. CREDIT RISK (continued)

Measurement of ECL

The Bank calculates loss allowances for ECL across various financial instruments, including social and commercial loans, balances with banks, debt securities, and loan commitments. This calculation employs a three-stage approach for financial assets carried at amortized cost, debt securities classified as Fair Value Through Other Comprehensive Income (FVOCI), and loan commitments, based on the change in credit quality since their initial recognition.

Stage 1 (12-Month ECL): This stage encompasses financial assets that either have not experienced a significant increase in credit risk since their initial recognition or possess low credit risk at the reporting date. For these assets, the Bank recognizes 12-month ECLs, which are the expected credit losses resulting from potential default events within the next 12 months. It is important to note that 12-month ECLs represent the entire potential credit loss on an asset, weighted by the probability of occurrence within the year, rather than expected cash shortfalls over the same period. Interest revenue continues to be calculated on the gross carrying amount of the asset.

Stage 2 (Lifetime ECL - Not Credit Impaired): This stage includes financial assets that have seen a significant increase in credit risk since initial recognition (except for those with low credit risk at the reporting date) but lack objective evidence of impairment. Assets in this stage are subject to recognition of lifetime ECLs, which are the expected credit losses from all possible default events over the asset's expected life. These ECLs are calculated as the weighted average of credit losses, using the PD as the weighting factor. Interest revenue continues to be calculated on the gross carrying amount.

Stage 3 (Lifetime ECL - Credit Impaired): Stage 3 is designated for financial instruments that demonstrate objective evidence of impairment at the reporting date, including those that are already in default. Assets in this stage are considered credit-impaired, and lifetime ECLs are recognized accordingly. Despite the impairment status, regulatory requirements for credit-impaired accounts remain applicable within this stage.

ECLs are quantified as a probability-weighted estimate of credit losses, representing the present value of all anticipated cash shortfalls. A cash shortfall is defined as the discrepancy between contractual cash flows due to the entity and the cash flows the Bank expects to receive. ECL calculations apply the effective interest rate of the financial asset for discounting purposes.

The process relies on the term structure of three critical variables:

- Probability of Default (PD): This metric forecasts the likelihood of a default event occurring within a specific timeframe, considering the contractual maturities of exposures. PD is often derived from market data for banks, sovereign counterparties, and internal cohort analysis for financing portfolios.
- Loss Given Default (LGD): LGD assesses the expected severity of loss in the event of default. For Social and Commercial Mortgage Financings, a fixed LGD of 60% is used, based on peer averages (Bahrain-based banks). For Placements and Debt Securities, a market proxy LGD is utilized.
- Exposure at Default (EAD): EAD quantifies the expected exposure at the point of default, factoring in the current exposure to the counterparty and potential changes due to contract stipulations, including amortization. For financial assets, EAD corresponds to their gross carrying amount.

These parameters are sourced from internally developed statistical models and historical data, with adjustments made to incorporate forward-looking information. The integration of such forward-looking insights requires a nuanced understanding of how changes in PD, LGD, and EAD variables can influence ECL outcomes, underlining the dynamic nature of credit risk assessment.

Table 7: Past Due Loans and other assets - Aging Analysis (in BD thousands)

The following table summarizes the total past due loans including other assets and provisions disclosed by industry as of 31 December 2024:

	Below 3 months	3 months up to 1 year	1 up to 3 years	Over 3 years	Total
Retail mortgage social loans	30,304	18,992	13,319	37.95	62,653
Retail mortgage commercial loans	397	-	228	-	625
Other assets	175	103	164	296	738
	30,876	**19,095**	**13,711**	**334**	**64,016**

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13. CREDIT RISK (continued)

Past due loans and other assets breakdown by type and expected credit loss (ECL):

	Total amount	ECL stage 1& 2	ECL stage 3
Retail mortgage social loans	62,653	4,108	28,912
Retail mortgage commercial loans	625	13	270
Other assets	738	-	420
	64,016	**4,121**	**29,602**

Impaired loans:

	Loan amount	ECL stage 3
Retail mortgage social loans	36,190	30,807
Retail mortgage commercial loans	331	285
	36,521	**31,092**

Table 8: Expected credit loss movement (in BD thousands)

Expected credit loss movement	Stage 1 & 2	Stage 3	Total
Loans:			
Expected credit loss as 1 January 2025	20,593	33,332	53,925
Net transfer between stages	5,304	(5,304)	-
Write off during the period - social loan	(92)	(2,740)	(2,832)
Write off during the period - Commercial Loans	-	(48)	(48)
(Release) / charge for the period - Social Loans	(11,518)	5,842	(5,676)
(Release) / charge for the period- Commercial Loans	(33)	10	(23)
Expected credit loss as 31 December 2025	**14,254**	**31,092**	**45,346**

Other assets:	Stage 3	Total
Expected credit loss as 1 January 2025	334	334
Charge for the period	87	87
Expected credit loss as 31 December 2025	**421**	**421**

The Group's entire past due and provision balances as at 31 December 2025 relates to its operations in the Kingdom of Bahrain.

Restructured Assets

Exposures that have been restructured due to credit risk reasons are classified within Stage 2 for a minimum duration of 3 months from the of restructuring This classification reflects a cautious approach to monitoring the restructured exposure's performance under its new terms.

When the terms of an exposure to credit risk are renegotiated, modified, or if an existing exposure is replaced due to the borrower's financial difficulties, the net loss is determined. The calculation of this loss is based on the difference between the asset carrying amount and the present value of the discounted cash flows, which is then charged to the Profit and Loss statement. A 3-month cooling-off period post-restructuring is deemed adequate for evaluating the cash flow adequacy and the performance under the new terms.

The total principal outstanding amount of social loans restructured (excluding those past dues as of year-end) during the year is BD 8.6 million and the ECL on restructured loans as of year-end is BD 0.9 million.

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13. CREDIT RISK (continued)

Table 9: Capital Requirements - Standard Portfolio (in BD thousands)

The following table summarizes the regulatory capital requirements for credit risk by type of standard portfolios that are subject to standardized approach as of 31 December 2025:

	*** Gross Exposures	Risk Weighted Exposures	** Capital Charge
Standard Portfolio			
Cash items	143	-	-
Claims on sovereign	1,104,233	-	-
Claims on Banks	347	69	9
Claims on investment firms	-	-	-
Mortgage	2,662	1,997	250
Past due exposure	27	27	3
Equity investments	213	320	40
All other holdings of real estate *	104,396	172,842	21,605
Other assets	1,710	1,710	214
	1,213,731	**176,965**	**22,121**

**Gross Exposures are in agreement with the Form PIR submitted to the Central Bank of Bahrain ("CBB") which takes in to account several deduction made in order to arrive at the eligible capital. The exposures reported are gross of any credit risk mitigant (refer note below on credit risk mitigation).*

*** Calculated at 12.5% of RWA*

**** Includes real estate exposure relating to social housing projects amounting BD 23,967, thousand which are credit risk weighted at 50% as per CBB concessions and have capital charge of BD 11,984 thousand.*

Table 10: Assets - Funded, Unfunded and Average Exposures (in BD thousands)

The following table summarises the amount of gross funded and unfunded exposure and average gross funded and unfunded exposures as of 31 December 2025:

	Gross Exposures **	* Average Exposures
Funded Exposure		
Bank balances	30,110	19,708
Investments	3,222	3,222
Loans	1,055,113	1,036,504
Investment in associates	5,407	5,293
Investment properties	69,465	67,534
Development properties	26,205	26,513
Other assets	2,469	2,799
	1,191,991	**1,161,573**
Unfunded Exposure		
Loan related	34,826	33,118
Capital Commitments	3,166	3,873
	37,992	**36,991**

** Average balances are computed based on quarter end balances.*

*** The exposures reported are gross of any credit risk mitigant (refer note below on credit risk mitigation).*

The Group holds collateral against loans in the form of mortgage on residential property (refer section 14).

Credit risk mitigation:

The Bank did not consider any credit risk mitigation for the purpose of capital adequacy calculation and as a result the Bank did not make use of on and off balance sheet netting arrangements (i.e. it has no counterparty credit risk) as of 31 December 2025.

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31st December, 2025

13. CREDIT RISK (continued)

Securitisation exposure:

The Bank does not have securitisation exposures as of and during the year ended 31 December 2025.

Table 11: Geographic Distribution of exposures (in BD thousands)

The following table summarises the geographic distribution of exposures (as reported under IFRS), broken down into significant areas by major types of exposure as of 31 December 2025:

	Kingdom of Bahrain	Total
Funded Exposures		
Bank balances	30,110	30,110
Investments	3,222	3,222
Loans	1,055,113	1,055,113
Investment in associates	5,407	5,407
Investment properties	69,465	69,465
Development properties	26,205	26,205
Other assets	2,469	2,469
	1,191,991	**1,191,991**
Unfunded Exposures		
Loan related	34,826	34,826
Capital Commitment	3,166	3,166
	37,992	**37,992**

The Group considers the above geographical disclosure to be the most appropriate as the Group's activities are conducted in the Kingdom of Bahrain.

Table 12: Sector-wise Distribution of Exposures (in BD thousands)

The following table summarizes the distribution of funded and unfunded exposure by industry type as of 31 December 2025:

	Government	Banks and financial institutions	Real estate and construction	Residential mortgage	Tourism	Other	Total
Funded Exposures							
Bank balances	29,639	345	-	-	-	126	**30,110**
Investments	586	-	2,423	-	-	213	**3,222**
Loans	-	-	-	1,055,113	-	-	**1,055,113**
Investment in associates	-	-	5,407	-	-	-	**5,407**
Investment properties	-	-	69,465	-	-	-	**69,465**
Development properties	-	-	26,205	-	-	-	**26,205**
Other assets	46	2	4	334	-	2,083	**2,469**
	30,271	347	103,504	1,055,447	-	2,422	**1,191,991**
Unfunded Exposures							
Loan related	-	-	-	34,826	-	-	**34,826**
Capital Commitment	-	-	3,166	-	-	-	**3,166**
	-	-	3,166	34,826	-	-	**37,992**

The Bank has no exposures to highly leveraged or other high risk counterparties as at and for the period ended 31 December 2025. Further the Bank has no concentration of risk to individual counterparties where the exposure is in excess of the 15% individual obligor limit as of and for the period ended 31 December 2025.

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13. CREDIT RISK (continued)

13.3 Related Parties Transactions

The Bank's policy is to lend to related or connected counterparties on agreed terms basis i.e. pricing for all transactions with connected counterparties shall be on a similar basis as it is for unconnected parties i.e. as per usual business practice. For all large exposures to connected counterparties, approval is obtained from the Board of Directors of the Bank.

The details of the related party disclosures are incorporated in the relevant section of the consolidated financial statements for the year ended 31st December 2025.

Table 13: Intra-group transactions as of 31 December 2024 (In BD Thousands)

The Bank disclosed its intra-group transactions* with its subsidiaries on standalone basis. The following table summarizes intra-group transactions as of 31 December 2025:

	Eskan Bank	Eskan Property Co.	Total
Assets			
Balances with Banks	-	513	**513**
Inter Bank Deposits	-	1,421	**1,421**
Development Properties	124	-	**124**
Investment properties	104	-	**104**
Investments in subsidiaries	250	-	**250**
Other Assets	24	233	**257**
	502	**2,167**	**2,669**
Liabilities and Equity			
Non-Bank Deposits	1,421	-	**1,421**
Current Accounts	513	-	**513**
Other Liabilities	233	22	**255**
Share Capital & Reserves	352	128	**480**
	2,519	**150**	**2,669**

*All intra-group transactions are conducted on arm's length basis.

13.4 Large Exposures

A Large exposure is any exposure to individual **counterparties** which is greater than, or equal to, 10% of consolidated **capital base**. The Bank did not have any large exposure as at 31st December 2025.

14. CREDIT RISK MITIGATION

- The Bank has implemented several measures and processes for mitigating risk and ensuring the ongoing effectiveness of these mitigants: Clear definition of acceptable collaterals and factors governing the same.
- Thorough analysis of strength of collaterals in terms of its legal certainty, enforceability and liquidity.
- Creation of minimum stipulations and conditions for acceptance and valuation of collaterals.
- Clearly outlined in the Credit Risk Policy are the cases where insurance cover is required to be taken.
- Clear and conservatively defined parameters for extension of retail mortgage loans including but not limited to debt service ratios.
- Clear control over the cash flows available to service the mortgage loans by way of acceptance of deduction of instalments and remittance thereof to the Bank directly by the employers.

The Bank currently utilizes solely non-financial collaterals to mitigate credit risk in its regular lending operations, primarily including: First legal mortgage over real estate/ property.

Despite these collaterals being ineligible for inclusion under the standardized approach, they do not affect the Pillar I capital adequacy charge. Given the Bank's focus on mortgage financing, there is a significant concentration of such collaterals in the portfolio. Nevertheless, the option of recourse to the Government in the case of social loans, coupled with a positive growth trajectory in the housing sector, effectively mitigates this concentration risk.

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14. CREDIT RISK MITIGATION (continued)

Valuation of the Collaterals

- **Residential Financings (Commercial/Top-up):**

The valuation of collateral is carried out by an external valuer, at the time of approval. A fresh external valuation of loans is taken if the same is mandated by regulatory authorities.

- **Residential Mortgage Financings (Social):**

The collateral obtained is of eligible land/ house, in accordance with the social loans scheme, at the time of disbursement. In case of Purchase Financings, valuations are carried out by an external evaluator, at the time of disbursal. There is no requirement for valuation of land or property post disbursal.

15. COUNTERPARTY CREDIT RISK FOR DERIVATIVE AND FOREIGN EXCHANGE INSTRUMENTS

The Bank does not have exposure to any of the derivative and foreign exchange instruments. So, the Bank has no counterparty credit risk arising there from.

16. LIQUIDITY RISK

Liquidity risk represents the potential that the Group may not fulfill its funding obligations due to various factors. This risk primarily arises from maturity mismatches between assets (loans and treasury investments) and liabilities (borrowings). Additionally, risk may emerge from market disruptions or credit downgrades, leading to the sudden unavailability of funding sources.

To mitigate such risks, the Bank has implemented a strategy that includes diversifying funding sources and managing assets with liquidity considerations at the forefront. This strategy ensures a robust balance of cash, cash equivalents, and unencumbered high-quality liquid assets (HQLA). Additionally, the Bank maintains committed repo arrangements with the CBB and has secured lines of credit from a variety of banking and financial institutions. A key factor in the Bank's ability to sustain a stable liquidity profile is the reliable inflow from its loan portfolio, syndicated loans, and the enduring nature of its Government Account.

A comprehensive Liquidity Risk Management policy is in place, detailing the Asset Liability Committee's ("ALCO") roles and responsibilities. This policy outlines broad guidelines for maintaining minimum levels of liquid assets, establishing gap limits across different maturity ladder time buckets, setting cumulative cash outflow limits for specific time buckets, and adhering to various liquidity ratios. These parameters are monitored by the ALCO and approved by the Board of Directors in alignment with the Bank's liquidity strategy.

Furthermore, the Bank prepares Contingency Funding Plans (CFP) to address extreme liquidity risk scenarios, grounded in thorough stress testing (including institution-specific, general market, and combined scenarios). These plans are designed to ensure the Bank's resilience in facing unexpected liquidity challenges

Table 14: Residual Contractual Maturity Breakdown of Assets and Liabilities (in BD thousands)

The report reflects that there are no negative cumulative gaps reflected by the asset liability management ("ALM") report i.e. the Bank would be in a comfortable liquidity position and able to repay its existing liabilities on their scheduled due dates from its existing assets.

The following table summarises the residual contractual maturity breakdown of the whole credit portfolio as of 31 December 2025, broken down by major types of credit exposure. For items that do not have a contractual maturity, expected maturity has been used for the purpose of this disclosure:

	1-7 Days	7 Days - 1 Month	1-3 Months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	5-10 Years	10-20 Years	Above 20 Years	Total
Bank balance	25,110	5,000	-	-	-	-	-	-	-	-	**30,110**
Investments	-	-	219	-	-	3,003	-	-	-	-	**3,222**
Loans	-	3,684	7,414	11,263	33,579	93,594	89,452	233,501	425,907	156,719	**1,055,113**
Investment in associates	-	-	-	-	-	-	-	-	-	5,407	**5,407**
Investment properties	-	-	-	-	-	-	13,893	13,893	41,679	-	**69,465**
Development properties	-	-	-	-	-	26,205	-	-	-	-	**26,205**
Other assets	33	253	560	277	389	627	147	183	-	-	**2,469**
TOTAL ASSETS	**25,143**	**8,937**	**8,193**	**11,540**	**33,968**	**123,429**	**103,492**	**247,577**	**467,586**	**162,126**	**1,191,991**
Interbank borrowings	-	10,000	-	-	-	-	-	-	-	-	**10,000**
Customer current accounts	29,988	-	-	-	-	-	-	-	-	-	**29,988**
Government accounts	-	3,203	-	-	-	-	-	-	-	345,623	**348,826**
Term loans	-	-	-	-	-	100,037	224,859	-	-	-	**324,896**
Other liabilities	2,126	295	3,374	198	454	1,306	1,176	12	-	-	**8,941**
TOTAL LIABILITIES	**32,114**	**13,498**	**3,374**	**198**	**454**	**101,343**	**226,035**	**12**	**-**	**345,623**	**722,651**
MISMATCH	**(6,971)**	**(4,561)**	**4,819**	**11,342**	**33,514**	**22,086**	**(122,543)**	**247,565**	**467,586**	**(183,497)**	**469,340**
CUMULATIVE MISMATCH	**(6,971)**	**(11,532)**	**(6,713)**	**4,629**	**38,143**	**60,229**	**(62,314)**	**185,251**	**652,837**	**469,340**	**469,340**

There are no obligations with respect to recourse transactions (i.e. where the asset has been sold, but the Bank retains responsibility for repayment if the original counterparty defaults or fails to fulfil their obligations).

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17. MARKET RISK

17.1 Overview of Market Risk Management

Market risk for the Bank is defined as the risk to the Bank's earnings and capital arising from changes in market interest rates, security prices, foreign exchange rates, commodity prices, equity values, and the volatilities of these changes. The key characteristics of the market risk at the Bank are as follows:

- The absence of a 'Trading Book';
- Investments are primarily categorized as 'FVOCI';
- Minimal market risk exposure; and
- Adoption of the Standardized Approach for calculating capital charges for market risk.

18. OPERATIONAL RISK

18.1 Overview of Operational Risk Management

Operational risk refers to the potential for adverse outcomes arising from inadequate or failed internal processes, personnel, systems, or external events. This definition includes legal and compliance risk but excludes strategic and reputational risks. The Bank aims to manage its exposure to operational risk within its defined risk appetite, considering the market environment, business characteristics, and the economic and regulatory landscape.

18.2 Management of Operational Risk

The Bank's Operational Risk Management framework is built on three core pillars: policies, processes (including systems and reports), and risk methodologies.

Policies

The Bank has established policies, standards, tools, and programs to guide Operational Risk Management (ORM) practices throughout the Bank. The ORM Framework outlines a comprehensive approach for managing operational risk in a structured, systematic, and consistent manner.

Processes, Systems and Reports

Robust internal control processes and systems are crucial for identifying, assessing, monitoring, managing, and reporting operational risk. Consequently, all units within the Bank are tasked with the day-to-day management of operational risk in their respective products, processes, systems, and activities, adhering to established frameworks and policies. The operational risk unit, Operational Risk Champions (ORCs), and control functions are responsible for:

- Overseeing and monitoring the effectiveness of operational risk management;
- Assessing key operational risk issues within the units; and
- Reporting and, when necessary, escalating key operational risks to the Risk Management Committee with recommendations for appropriate risk mitigation strategies.

The Bank employs an internally developed operational risk management system to monitor and report operational risk, in addition to capturing operational loss data in compliance with Basel III and CBB guidelines.

Risk Methodologies

To manage and control operational risk, the Bank employs a variety of tools, including Risk and Control Self-Assessment (RCSA), Key Risk Indicators (KRIs), and Loss Data Management (LDM).

The three lines of defense adopt a unified consistent approach to managing operational risk. Each business or support unit conducts RCSAs to identify key operational risks and evaluate the effectiveness of internal controls. When control issues are identified, units develop corrective action plans and monitor the resolution of these issues.

Operational risk events are classified in line with Basel standards (Level 1, 2 and 3).. Events that could significantly impact the Bank's reputation, among others, are reported according to specific thresholds. Key risk indicators, equipped with predefined escalation triggers, support proactive risk monitoring.

ORCs are designated for each department to facilitate the operational risk management process. Their responsibilities include reporting incidents, creating awareness, participating in RCSA workshops, and ensuring RCSA findings are incorporated into departmental procedures.. The RMD is committed to providing relevant training and implementing assurance processes to foster a robust operational risk culture within the Bank.

Furthermore, every new product, service, or outsourcing arrangement undergoes a risk review and sign-off process, where relevant risks are identified and evaluated. Similarly, variations to existing products or services and current outsourcing arrangements are subjected to this process.

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18. OPERATIONAL RISK (continued)

Other Mitigation Programs

The Bank has implemented a comprehensive Business Continuity and Disaster Recovery Plan to ensure the ongoing provision of essential banking services in the face of unforeseen events or disruptions. This plan encompasses a crisis management strategy designed for rapid incident response. To validate the effectiveness of these plans, the Bank conducts annual exercises that simulate various scenarios, testing both business continuity and crisis management protocols. The outcomes of these exercises, along with assessments of the Bank's readiness for business continuity and adherence to regulatory guidelines, are reviewed and verified by senior management and reported to the Board.

Additionally, the Bank has developed a contingency plan for potential computer system failures. This includes regular backups of all critical data sets, which are stored off-site to safeguard against data loss or interruption of business transactions in the event of system failures. As part of its disaster recovery strategy, the Bank maintains a backup site to ensure operational continuity during emergencies.

Operational Risk Measurement Methodology

To calculate the regulatory capital for operational risk, the Bank employs the Basic Indicator Approach (BIA). This method involves applying an alpha coefficient of 15 percent to the average positive gross income over the last three financial years, from which the operational risk-weighted exposures and the regulatory capital requirement are derived. The Bank adopts a trigger rate of 12.5% for both the Capital Adequacy Ratio and the Operational Risk Ratio.

The following table summarizes the amount of exposures pertaining to operational risk and related capital requirements as of 31 December, 2025

Year	2023	2024	**2025**
Gross income	44,141	40,341	42,893
Average Gross income			42,458
Multiplier			12.5
			530,725
Eligible portion for purpose of the calculation			15%
Total operation risk weighted exposures			79,613
Minimum capital requirement (12.5%)			**9,952**

There are no material legal contingencies nor any pending legal actions against the Bank as of and for the year ended 31 December 2025.

19. EQUITY POSITIONS IN THE BANKING BOOK

The Equity position as at 31 December 2025 comprise investments in subsidiaries and associates which are not subject to regulatory consolidation treatment for capital adequacy calculation purposes and other investments.

Table 15: Equity Position in the Banking Books (in BD thousands)

The following table summarizes the total gross exposure of equity based investments as of 31 December 2025:

	Gross Exposures	Privately Held	Quoted	Risk weighted	Capital charge
FVTOCI	2,636	2,636	-	5,165	646
Investments in associates	5,407	-	5,407	10,814	1,352

Capital Charge is calculated @ 12.5%.

The Bank sold one FVOCI equity investment at net book value i.e. no realized gains (or losses) have been recognized as a result of the sale transaction. Further the Bank does not have any equity investments subject to any supervisory transition or grandfathering provisions regarding regulatory capital requirement.

The RWAs used in arriving at the capital requirements considers investments carried at fair value through other comprehensive income which comprises of investment in Naseej to be risk weighted at 200 percent being equity investments in real estate entity and investments in Balexco are risk weighted at 150 percent. Capital Charge is calculated at 12.5 percent.

Investment in associate represent exposure to real estate and hence it is risk weighted at 200 percent for the purpose of calculating capital requirement.

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31st December, 2025

19. EQUITY POSITIONS IN THE BANKING BOOK (continued)

Investment in unconsolidated subsidiary represent real estate exposure for social housing project and hence it is risk weighted at 50 percent as per CBB concession.

The Bank's holding of equity positions in banking book is primarily related to its real estate development activity.

The Bank's strategy currently does not allow to hold any equity positions under its treasury investment book and is likely to be continued on the same basis for the foreseeable future.

20. INTEREST RATE RISK IN THE BANKING BOOK

Interest rate risk constitutes the potential impact on the Bank's financial health due to fluctuations in interest rates. The Group encounters interest rate risk through mismatches or gaps between the volumes of assets and liabilities that mature or re-price within a specific period. Excessive interest rate risk could significantly endanger the Bank's earnings and its capital foundation. Therefore, implementing an effective risk management process to keep interest rate risk at prudent levels is crucial for the Bank's stability and integrity. The Bank's policy aims to manage the balance sheet mix, yields, and maturity profiles to ensure they remain within acceptable risk appetite levels. Currently, the Bank's interest rate-sensitive assets and liabilities are relatively limited, characterized by fixed maturity dates.

For managing Interest Rate Risk in the Banking Book ("IRRBB"), the Bank employs earnings-based measures, specifically Net Interest Income ("NII"), and conducts conducts periodic sensitivity analysis and stress tests using rate shocks of 100 basis points ("bps") and 200 bps. These tests help evaluate the potential adverse effects of IRRBB on net interest income and capital adequacy.

Table 16: Sensitivity Analysis- Interest Rate Risk (in BD thousands)

Analysis of the Group's sensitivity to an increase or decrease in a 200 bps parallel market interest rates (assuming no asymmetrical movement in yield curves and a constant balance sheet position) on the Group's net profit and equity:

	31 December 2025	Changes in basis points (+/-)	Effect on net profit (+/-)
ASSETS			
Placements with financial institutions	33,900	200	678
Loans - social loans	1,407,603	200	28,152
Loans - commercial loans	2,966	200	59
Investment in Debt Securities	586	200	12
Rate sensitive Assets	**1,445,055**		**28,901**
LIABILITIES			
Deposits from financial and other institutions	10,000	200	200
Term Loans	324,896	200	6,498
Rate sensitive Liabilities	**334,896**	200	6,698
Total			**22,203**

The policies and strategies adopted by the Bank in identifying, monitoring, managing and mitigating all the above risks have been effective and there has been no significant change from last year.

21. AUDIT FEES

Information regarding the fees paid to the external auditors for audit and non-audit services–including the review of interim financial statements, agreed-upon procedures is maintained by the Bank and is available upon request.

A local public tender was issued through which Ernst & Young were appointed as the Bank's external auditors for the financial year ended December 2025. The Bank is currently in the tendering phase for the appointment of external auditors under a new local public tender for the financial year ending December 2026.

22. CBB Penalties

The CBB penalties imposed upon the Bank during the year amounted to BD 1,340 related to Electronic Fund Transfer Services (EFTS).

23. Deposit Protection Scheme

Deposits held with the Bahrain operations of the Bank are covered by the Deposit Protection Scheme established by the CBB regulation concerning the establishment of the Deposit Protection Scheme and Deposit Protection Board. This scheme covers eligible "natural persons" (individuals) up to a maximum of BD 20,000 as set by the CBB requirements. A periodic contribution, as mandated by CBB, is paid by the Bank under this scheme.

Composition of Capital Disclosure Requirements

31st December, 2025

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Reconciliation of published financial balance sheet to regulatory reporting - Step 2

Composition of Capital Common Template (transition) - Step 3

Disclosure template for main feature of regulatory capital instruments

Composition of Capital Disclosure Requirements

31st December, 2025

Step 1 & 2 (in BHD thousands)

Particulars	FS	PIR	Ref
ASSETS			
Cash and balances at central banks	29,765	29,765	
Placements with banks and similar financial institutions	345	345	
of which Expected Credit Loss (stage 1 & 2)	-	-	
Loans and advances to banks and non-banks	1,069,367	1,069,367	
of which Expected Credit Loss (stage 1 & 2)	(14,254)	-	a
Investment at fair value through other comprehensive income	2,636	2,636	
Investments at Amortized Cost	586	586	
Investment properties	69,465	69,465	
Interest in unconsolidated subsidiaries and associated companies - Note 1	5,407	5,407	
Interest receivable	357	357	
Property, plant, and equipment (PPE)	643	270	
Other Assets	27,674	27,674	
of which: intangible assets deducted from regulatory capital	-	374	b
Total Assets (3.1 to 3.10 inclusive)	**1,191,991**	**1,206,245**	
NON-CAPITAL LIABILITIES			
Deposits from banks	10,000	10,000	
Deposits from non-banks	29,988	29,988	
Certificates of deposits issued	-	-	
Debt securities in issue	-	-	
Financial liabilities at fair value through profit and loss	-	-	
Term borrowings	324,896	324,896	
Securities sold under repos	-	-	
Dividend payable	-	-	
Interest payable	3,314	3,314	
Other liabilities	354,453	354,453	
Total non-capital items (2.1 to 2.10 inclusive)	**722,651**	**722,651**	

Composition of Capital Disclosure Requirements

31st December, 2025

Step 1 & 2 (in BHD thousands) (continued)

Particulars	FS	PIR	Ref
CAPITAL LIABILITIES			
Paid up share capital (net of treasury shares)	250,000	250,000	c
Share premium	-	-	
Legal reserve	64,254	64,254	d
General (disclosed) reserves	106,786	106,786	e
Retained earnings/(losses) brought forward*	16,728	16,728	f
Net (loss) for the period	-	-	
Net profit for the period	31,923	31,923	g
Innovative capital instruments	-	-	
Minority interest in subsidiaries' share capital	-	-	
Fx translation adjustment	-	-	
Fixed assets revaluation reserves	-	-	
Cumulative fair value changes on FVOCI investments	(351)	(351)	h
Expected credit losses (Stages 1 & 2)	-	12,042	a
of which eligible for T2	-	2,212	i
Hybrid (debt/equity) capital instruments	-	-	
Subordinated debts	-	-	
Fair value changes on available-for-sale investments	-	-	
Fair value changes of cash flow hedges	-	-	
Short-term subordinated debts	-	-	
Total capital items (1.1 to 1.17 inclusive)	**469,339**	**483,594**	
Total capital and non-capital items (1.18 + 2.11)	**1,191,991**	**1,206,245**	

Composition of Capital Disclosure Requirements
31st December, 2025

Step 3: Composition of Capital Common Template (transition) as at 31 December 2025

	Common Equity Tier 1 capital: instruments and reserves	Component of regulatory capital reported by bank	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	250,000	c
2	Retained earnings	16,728	f
3	Accumulated other comprehensive income (and other reserves)	202,963	d+e+g
4	Not Applicable		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	Cumulative fair value changes on FVOCI investments (Equities)	(351)	h
7	**Common Equity Tier 1 capital before regulatory adjustments**	**469,340**	
	Common Equity Tier 1 capital: regulatory adjustments		
8	Prudential valuation adjustments		
9	Goodwill (net of related tax liability)		
10	Other intangibles other than mortgage-servicing rights (net of related tax liability)	374	b
11	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)		
12	Cash-flow hedge reserve		
13	Shortfall of provisions to expected losses		
14	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)		
15	Not applicable.		
16	Defined-benefit pension fund net assets		
17	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)		
18	Reciprocal cross-holdings in common equity		
19	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)		
20	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)		
21	Mortgage servicing rights (amount above 10% threshold)		
22	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		
23	Amount exceeding the 15% threshold		
24	of which: significant investments in the common stock of financials		
25	of which: mortgage servicing rights		
26	of which: deferred tax assets arising from temporary differences		
27	National specific regulatory adjustments		
28	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover		
	deductions		
29	**Total regulatory adjustments to Common equity Tier 1**	**374**	

Composition of Capital Disclosure Requirements
31st December, 2025

	Common Equity Tier 1 capital: instruments and reserves	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
30	**Common Equity Tier 1 capital (CET1)**	**468,966**	
	Additional Tier 1 capital: instruments		
31	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus		
32	of which: classified as equity under applicable accounting standards		
33	of which: classified as liabilities under applicable accounting standards		
34	Directly issued capital instruments subject to phase out from Additional Tier 1		
35	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)		
36	of which: instruments issued by subsidiaries subject to phase out		
37	**Additional Tier 1 capital before regulatory adjustments**	-	
	Additional Tier 1 capital: regulatory adjustments	-	
38	Investments in own Additional Tier 1 instruments		
39	Reciprocal cross-holdings in Additional Tier 1 instruments		
40	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)		
41	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
42	National 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)**	**-**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**468,966**	
	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)		
49	of which: instruments issued by subsidiaries subject to phase out		
50	Provisions	2,212	i
51	**Tier 2 capital before regulatory adjustments**	**2,212**	**i**
	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	National specific regulatory adjustments		

Composition of Capital Disclosure Requirements

31st December, 2025

	Common Equity Tier 1 capital: instruments and reserves	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
57	**Total regulatory adjustments to Tier 2 capital**	-	
58	**Tier 2 capital (T2)**	**2,212**	i
59	**Total capital (TC = T1 + T2)**	**471,178**	
60	**Total risk weighted assets**	**256,578**	
	Capital ratios		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	**183%**	
62	Tier 1 (as a percentage of risk weighted assets)	**183%**	
63	Total capital (as a percentage of risk weighted assets)	**184%**	
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%	
65	of which: capital conservation buffer requirement	2.5%	
66	of which: bank specific countercyclical buffer requirement (N/A)	NA	
67	of which: D-SIB buffer requirement (N/A)	NA	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	183%	
	National minima including CCB (if different from Basel 3)		
69	CBB Common Equity Tier 1 minimum ratio	9%	
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)	12,042	a
77	Cap on inclusion of provisions in Tier 2 under standardised approach	2,212	i
78	N/A		
79	N/A		
	Capital instruments subject to phase-out arrangements		
	(only applicable between 1 Jan 2020 and 1 Jan 2024)		
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements		
85	Amount excluded from T2 due to cap (excess over cap after		

Composition of Capital Disclosure Requirements

31st December, 2025

Disclosure template for main feature of regulatory capital instruments

1	Issuer	Eskan Bank B.S.C (c)
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable
3	Governing law(s) of the instrument	All applicable laws and regulations of the Kingdom of Bahrain
	Regulatory treatment	
4	Transitional CBB rules	Common equity Tier 1
5	Post-transitional CBB rules	Common equity Tier 1
6	Eligible at solo/group/group & solo	Solo & Group
7	Instrument type (types to be specified by each jurisdiction)	Equity Share
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	BD 250,000
9	Par value of instrument	BD 100
10	Accounting classification	Shareholders' equity
11	Original date of issuance	1979 , 2023
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity date
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	Not applicable
16	Subsequent call dates, if applicable	Not applicable
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Dividends as decided by the shareholders.
18	Coupon rate and any related index	Not applicable
19	Existence of a dividend stopper	Not applicable
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Not applicable
24	If convertible, conversion trigger (s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Write-down feature	Not applicable
31	If write-down, write-down trigger(s)	No
32	If write-down, full or partial	Not applicable
33	If write-down, permanent or temporary	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	Not applicable