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Minutes of the Ordinary General Meeting of Bank of Bahrain and Kuwait

Meeting No.: 1/2026
Time: 10:00 AM

Date: Tuesday, 31 March 2026
Venue: Virtual

On the date and place referred to hereinabove, Mr. Tariq Jalil Alsaffar, in his capacity as the Chairperson of the Board of Directors, presided the Ordinary General Assembly Meeting of the Shareholders.

This meeting was convened pursuant to Articles 198, 199, 200, and 201 of the Commercial Companies Law promulgated by Legislative Decree No. (21) of 2001, as amended, and Articles 46 to 51 of the Bank's Articles of Association.

The invitation to the meeting was duly announced on the Bahrain Bourse website, the Bank's official website, and in the newspapers Al Ayam, Akhbar Al Khaleej, and Gulf Daily News (GDN) on 10 March 2026. The announcement included both the notice of the meeting and its agenda. Relevant authorities were duly notified, including: The Ministry of Industry and Commerce, The Central Bank of Bahrain, The Bahrain Bourse, The external auditor Ernst & Young. The meeting was held virtually, as announced on the Bahrain Bourse website. Voting on the agenda items was conducted electronically using the platform of Lumi Global (UAE), which is approved by Bahrain Clear.

The meeting was attended:

By shareholders representing, in person and by proxy, a total of 1,719,659,121 shares out of the Bank's total issued shares of 1,803,328,887 shares, representing 95.36% of the share capital (after excluding treasury shares), in accordance with the official records of the share registrar, as announced prior to the commencement of the meeting.

It is also noted that Bahrain Clear was appointed as the share registrar and vote tabulator.

- Members of the Board of Directors present:

Mr. Tariq Jalil AlSaffar	Chairperson of the Board of Directors
Mr. Arif Haider Rahimi	Board Member
Mr. Khalid Nasser Al Shamsi	Board Member
Mr. Munther Abdulaziz Al Kooheji	Board Member

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Mr. Naser Khalid Al Raeed	Board Member
Mrs. Dana Aqeel Raees	Board Member
Mr. Khalid Mohamed Alasfour	Board Member
Dr. Ghaneya Mohsin Al Derazi	Board Member

- The meeting was also attended by:

Mr. Yaser Alsharifi, Group Chief Executive
Mr. Mohamed Abdulla Isa, Group Chief Financial Officer
Mr. Ahmed A. Qudoos Ahmed, Group Chief Corporate Secretariat-Meeting organizer
Ms. Abeer Swar, Deputy Head of Group Corporate Secretariat, Meeting Secretary
Ms. Iris Edwards, Group Chief Legal Officer
Ms. Maryam Khalid Al Chuban, Representative of the Ministry of Industry & Commerce
Ms. Fatima A.Rahman, Representative of Central Bank of Bahrain
Mr. Nader Rahimi, Representative of External Auditors, Ernst & Yong
Ms. Noura Al Mahmeed, Representative of Bahrain Bourse
Mr. Abdulla Abdin, Representative of Bahrain Clear-Share Registrar &Vote Tabulator

The meeting was opened by Mr. Tariq Jalil AlSaffar, Chairperson of the Board of Directors of the Bank, who welcomed the shareholders present. He also extended his welcome to the external auditors, Ernst & Young, the representatives of the Central Bank of Bahrain, the Ministry of Industry and Commerce, and the Bahrain Bourse.

He noted that the notice of the Ordinary General Meeting had been duly published in the local newspapers, on the Bank's official website, and on the Bahrain Bourse website, in accordance with the provisions of the Commercial Companies Law and the applicable laws and regulations.

He then announced that the legal quorum for the meeting had been satisfied, with attendance representing 95.36% of the share capital, in person and by proxy. He also confirmed the appointment of Bahrain Clear as the share registrar and vote tabulator.

Accordingly, he declared that the meeting was duly convened and validly held, and that all resolutions issued shall be binding on all shareholders, whether present or absent.

He then presented the agenda to the attendees, which was approved as follows:

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1. Approval of the Minutes of the Previous Ordinary General Meeting held on 25/03/2025

Resolution No. (1-1/2026):

"The Ordinary General Meeting ratified the minutes of the previous annual general meeting held on 25 March 2025, as presented."

2. Discussion and Approval of the Board of Directors' Report for the Financial Year ended 31/12/2025 and the Summary Presentation by the Group Chief Executive Officer

The Group Chief Executive welcomed the attendees and delivered a summary presentation covering key matters, including the Bank's strategic and institutional achievements, sustainability initiatives, as well as the awards and recognitions achieved during the year 2025.

The Group Chief Financial also presented the section relating to the Bank's financial performance for the year 2025. The presentation delivered forms an integral part of these minutes.

Resolution No. (2-1/2026):

"The Ordinary General Meeting approved the report."

Note: A number of questions were raised by the shareholders and attendees, which were addressed in the relevant section of the minutes.

3. Hearing the External Auditors' Report for the Financial Year ended 31/12/2025

The Ordinary General Meeting reviewed the report of the external auditors. No comments or observations were raised by the shareholders.

4. Discussion and Approval of the Financial Statements for the Year ended 31/12/2025

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Resolution No. (3-1/2026):

"The Ordinary General Meeting approved and ratified the financial statements for the year 2025."

5. Approval of the Board of Directors' Recommendation on Profit Appropriations

- **Cash Dividends:** 40% of the nominal value per share, equivalent to 40 Fils per share, amounting to approximately BD 72.1 million.
- (including interim cash dividends of 12.5% already distributed to shareholders, totaling approximately BD 22.6 million).
- Approval of BD 3.1 million allocated to Corporate Social Responsibility initiatives of the Bank and its subsidiaries.
- Transfer of BD 4.8 million to retained earnings.

Resolution No. (4-1/2026):

"The Ordinary General Meeting approved the above-mentioned recommendations."

* Based on the number of outstanding shares (net of treasury shares) as at 31 December 2025.

6. The General Meeting was informed of the transactions carried out during the financial year ended 31 December 2025 with any of the related parties, as disclosed in Note (26) to the financial statements, in accordance with Article 189 of the Commercial Companies Law.

The Ordinary General Meeting took note of the matter without any comments.

7. Discussion of the Corporate Governance Report of the Bank for 2025 and extent of compliance by the Bank to the requirements of the Central Bank of Bahrain

The Group Chief Corporate Secretary stated that the report forms part of the Bank's Annual Report for 2025, which has been published on the Bank's website and disclosed on the Bahrain Bourse website.

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Resolution No. (5-1/2026):

"The Ordinary General Meeting approved the Bank's Corporate Governance Report for the year 2025, and no comments were raised by the shareholders."

8. The General Meeting ratified the Board's recommendation to approve BD 790,000 as remuneration for Board membership for the year 2025

Resolution No. (6-1/2026):

"The Ordinary General Meeting did not approve the Board of Directors' recommendation regarding Board remuneration for the year 2025 in the total amount of BD 790,000. The item was re-submitted for voting before the conclusion of the meeting following a proposal by one of the major shareholders to set the total remuneration at the same amount approved by the Ordinary General Meeting in the previous year, being BD 660,000. The Ordinary General Meeting approved the proposed amount."

Note: Few comments were raised by shareholders and attendees, which were addressed in the relevant section of the minutes.

9. Appointment of the Bank's External Auditors for 2026 following the CBB approval and authorizing the Board of Directors to determine their fees

The Group Chief Corporate Secretariat stated that the Board of Directors recommended the re-appointment of Ernst & Young, the Bank's current external auditors, based on the recommendation of the Audit and Compliance Committee.

Resolution No. (7-1/2026):

"The Ordinary General Meeting approved the re-appointment of Ernst & Young as the Bank's external auditors for the financial year 2026 and authorized the Board of Directors to determine their fees."

10. Approving the recommendation of the Nomination, Remuneration and Corporate Governance Committee to appoint three Board members by major shareholders, and the election of seven Board members to complete the Board for the upcoming term (March 2026 – March 2029), subject to approval by the Central Bank of Bahrain.

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The Group Chief Corporate Secretary presented a report on this matter, confirming that the Bank had obtained the approval of the Central Bank of Bahrain for all nominees listed under both appointment and election categories.

He further stated that all applications received for appointment and nomination had been evaluated in accordance with regulatory requirements, and that neither the Nomination, Remuneration and Corporate Governance Committee nor the Board of Directors had any observations in this regard.

He added that all members of the previous Board term, including those re-appointed or seeking re-election, had actively participated in Board meetings during the past year, with a very high attendance rate, as reflected in the Bank's Annual Report. He expressed appreciation for their efforts. It was also noted that a comprehensive evaluation of the Board and its committees had been conducted during the current year by a specialized firm, covering the Board's performance and identifying areas for further development.

In this regard, the shareholders were informed that the following individuals had been appointed as members of the Board of Directors for the new term by the Bank's major shareholders:

1. H.E. Major General Staff Dr. Ghanem Ebrahim Al-Fodhalah – Appointed by the Social Insurance Organization. He holds a PhD in Strategic Studies from the Nasser Military Academy for Postgraduate Studies, Arab Republic of Egypt, and has over 40 years of experience in air defense, joint operations, strategic planning, and senior leadership.
2. Mr. Mohamed Abdulhakeem Abdulmalik – Appointed by the Social Insurance Organization. He holds a Bachelor's degree in Financial Management and Investment Management from Northumbria University, United Kingdom, and has more than 13 years of extensive experience in financial management, government procurement, operational leadership, and public sector development.
3. Mr. Khaled Mohammed Alasfour – Appointed by the Kuwait Investment Authority (his academic qualifications, professional experience, and membership classification are disclosed in the Bank's Annual Report).

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All of the above-mentioned individuals are classified as Non-Executive Directors of the Bank.

The following individuals were nominated for membership of the Board of Directors for the new Board term, and their academic qualifications, professional experience, and membership classification had been previously disclosed:

1. Mr. Tariq Jalil AlSaffar (Independent)
2. Dr. Ghaneya Mohsin Al Derazi (Independent)
3. Mr. Munther Abdulaziz Al Kooheji (Independent)
4. Mr. Aref Haider Rahimi (Independent)
5. Ms. Nada Waleed Al Mojil (Non-Executive)
6. Ms. Sara Khalil Nooruddin (Non-Executive)
7. Ms. Shaima Tohami Tohami (Independent)
8. Ms. Fatima Hassan Ashoor (Independent)
9. Mr. Faisal Mohamed Engineer (Independent)
10. Mr. Mahmood Abdulameer Radhi (Independent)
11. Mr. Abdulla Jihad Abdulla Al Zain (Independent)
12. Ms. Rasha Anwar Al Balbisi (Independent)
13. Mr. Jassim Sayed Al Mousawi (Independent)

The share registrar was requested to count and tabulate the votes of the shareholders to determine the election results for the nominated Board members.

Resolution No. (8-1/2026):

"The Ordinary General Meeting approved the appointment of the following Board members:

1. H.E. Major General Staff Dr. Ghanem Ebrahim Al-Fodhalah
2. Mr. Mohamed Abdulhakeem Abdulmalik
3. Mr. Khalid Mohammed Alasfour

Following the voting process, the election results were announced, including the names of the successful candidates, voting percentages, number of shares, and the names of candidates who were not elected. The following candidates were elected and consequently became members of the Board of Directors for the term from March 2026 to March 2029:

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1. Ms. Nada Waleed Al Mojil
2. Mr. Tariq Jalil AlSaffar
3. Ms. Sara Khalil Nooruddin
4. Dr. Ghaneya Mohsen Al Derazi
5. Mr. Abdulla Jehad Abdulla AlZain
6. Mr. Aref Haider Rahimi
7. Mr. Munther Abdulaziz Al Kooheji

The Group Chief Corporate Secretariat congratulated the successful candidates and wished better luck to those who were not elected."

11. Approval of the recommendation of the Board of Directors to buy back up to 10% of the Bank's issued shares (treasury shares) for the purpose of enhancing market liquidity and supporting the employee incentive program, subject to obtaining prior approval from the Central Bank of Bahrain.

Resolution No. (9-1/2026):

"The Ordinary General Meeting approved the above item."

12. The General Meeting approved to authorize the Board of Directors to decide on the distribution of interim dividends to shareholders for the financial year 2026, subject to obtaining the approval of the relevant regulatory authorities.

Resolution No. (10-1/2026):

"The Ordinary General Meeting approved the above item."

13. The General Meeting considered absolving of the members of the Board of Directors from liability in respect of their actions for the financial year ended 31 December 2025.

Resolution No. (11-1/2026):

"The Ordinary General Meeting approved the above item."

14. Any Other Business (Article 207 of the Commercial Companies Law)

No additional matters were raised for discussion under this item.

Shareholders' Discussions:

Intervention by the shareholder Mr. Ali Al Tareef:

The shareholder congratulated the Bank on achieving record profits amounting to BD 80 million for the year 2025. He also expressed his appreciation and gratitude to the Chairperson and the esteemed members of the Board of Directors for their efforts during the Board term concluding on the date of the meeting, wishing them continued success.

Mr. Ali Al Tareef further raised an observation regarding the electronic platform used to conduct the General Meeting and voting on its agenda items. He highlighted the importance of improving the participation mechanism, particularly to enable shareholders to remain in the queue for participation requests while simultaneously following the proceedings of the meeting. He noted that the current platform does not allow opening multiple windows, which limits the ability to follow the meeting effectively.

The Chairperson of the meeting thanked him for his intervention and stated that the Bank would consider the possibility of implementing the suggested improvements to the electronic platform.

Question: Mr. Ali Al Tareef addressed a question to the Chairperson regarding the key strategic changes in the Bank's business model since the appointment of the new Board of Directors, with particular focus on customer services, portfolio growth, and the size of the Bank's financial position.

Response by the Chairperson: The Chairperson thanked Mr. Ali Al Tareef for his valuable contribution and welcomed the important and insightful questions. He emphasized that strategy is the cornerstone of any institution. He explained that the Bank had developed a three-year strategic plan, based on the conviction that any successful plan must be grounded in a clear and well-defined strategy.

He explained that during this period, the Board worked closely with external consultants and the executive management, with active participation from Board members, to identify the key differentiating factor that would strengthen the Bank's competitive position. It

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was determined that this factor already existed within the Bank; however, further development and expansion is not an easy issue.

He noted that Bank of Bahrain and Kuwait has long been recognized for its strong customer relationships and high-quality services, both in retail and corporate banking. Accordingly, the Bank has placed the customer at the center of its strategy. Following an in-depth assessment of customer challenges and areas requiring improvement, the Bank focused on developing an approach that addresses both current and future customer needs, resolves existing challenges, enhances the overall banking experience, and supports the establishment of sustainable relationships with customers both individuals and corporates in the Kingdom of Bahrain and in the markets where the Bank operates, including through its branches and representative offices.

He further explained that all efforts have been centered around the customer, with a strong emphasis on innovation and internal capability development, supported by a capable team dedicated to delivering a distinctive banking experience that meets and exceeds customer expectations. In addition, operational processes were enhanced and streamlined, improving efficiency and reducing transaction turnaround times. This has positively contributed to the Bank's ability to expand its loan portfolio, not only locally but also in the markets in which it operates, including the State of Kuwait, the Republic of Türkiye, and the Kingdom of Saudi Arabia, among others.

He concluded by noting that these efforts have resulted in significant growth, with results having doubled compared to the previous year, which is considered a strong positive indicator of the success of the Bank's strategic direction.

He added that the Bank is currently in the second year of implementing its strategy, and continues to move forward with the full support of executive management, which has ensured the involvement of all employees in this vision. This vision is centered on embedding a strong internal culture focused on understanding customer needs, delivering appropriate solutions, and enhancing service quality.

Question: The shareholder, Mr. Ali Al Tareef, followed up with a question to the Chairperson regarding the latest developments concerning the proposed merger and acquisition between Bank of Bahrain and Kuwait and National Bank of Bahrain, taking into consideration the disclosures made during the Extraordinary General Meeting of Al Salam Bank in November 2025. He specifically referred to the section in the meeting minutes concerning the valuation study conducted by Rothschild & Co (UAE), which

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provided an indicative share exchange ratio for merger purposes ranging between 49% to 53% in favor of the Bank's shareholders in the merged entity.

Response by the Chairperson: The Chairperson clarified that he did not have precise details regarding the study conducted by the advisory firm engaged by Al Salam Bank in relation to its stake in Bank of Bahrain and Kuwait. However, he confirmed that the Bank has made significant progress in constructive discussions and consultations with the counterparty, National Bank of Bahrain, regarding the proposed merger. He indicated that approximately 80%–90% of the planned discussion framework has been completed.

He added that the primary challenges were encountered during the initial phase, including the selection of appropriate advisory firms and structuring the process in line with requirements, ultimately enabling shareholders to make an informed decision. This process is being conducted under a structured framework developed by experienced advisory firms.

He emphasized that the proposed merger is expected to have a positive impact on shareholders and the economy of the Kingdom of Bahrain, and will result in the creation of one of the largest banking entities in Bahrain, with enhanced competitiveness at the level of the GCC countries. He further noted that the merger would provide opportunities to develop employee capabilities, deliver innovative banking products and services, and expand into regional and international markets.

Question: Mr. Ali Al Tareef also addressed a question to the Group Chief Executive Officer regarding the cost of acquiring the HSBC portfolio, which the Bank acquired in the previous year. He further inquired about its current market valuation and the expected internal rate of return (IRR) of this acquisition.

Response by the Group Chief Executive: The Group CE expressed his appreciation to the Chairperson for his clarifications and to Mr. Ali Al Tareef for his valuable questions. He stated that the Bank is proud of the successful acquisition of the HSBC portfolio, noting that the transaction was completed at a value of BD 27.7 million. He further announced that the current valuation of the portfolio has exceeded BD 50 million, based on an independent third-party valuation.

He added that this acquisition represents a key strategic milestone, as it aligns with the Bank's strategy of expansion, not only through traditional growth methods but also through inorganic growth via acquisitions and mergers. He explained that the portfolio is

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expected to generate strong returns, with an anticipated Internal Rate of Return (IRR) exceeding 25% and a Return on Equity (ROE) exceeding 30%.

He emphasized that beyond the success of the acquisition itself, the Bank's focus remains on retaining and growing the portfolio, noting that it supports the Bank's objective of reaching foreign and expatriate customer and residents segments in Bahrain that were not previously part of its customer base.

The Group CE further noted that this acquisition, and access to this segment of customers, forms part of the Bank's broader strategic direction, which has been pursued with diligence and commitment. He highlighted that the Bank's approach was well received by HSBC, reflecting the efficiency and smooth execution of both the acquisition process and the integration of the portfolio into the Bank's existing operations.

He also noted that the portfolio has grown since the acquisition, driven by the Bank's focus on meeting customer needs and aligning with their expectations, thereby enhancing customer satisfaction. He confirmed that this approach will be applied to future opportunities.

Question: Mr. Ali Al Tareef concluded his interventions by addressing a question to the Group CE regarding the financial position of the Bank of Bahrain and Kuwait Group, particularly the short-term liquidity position. He referred to disclosures in the Bank's annual report indicating net short-term lending of approximately BD 800 million for one-month and three-month periods, compared to BD 68 million reported by the National Bank of Bahrain, and requested clarification on the implications of this on liquidity risk, funding policies, and balance sheet management.

Response by the Group Chief Executive: In response to the question regarding liquidity levels, the Group CE explained that the Bank has consistently maintained a strong focus on liquidity management. A review of its records confirms that the Bank has historically been a net lender within the banking sector. Referring to liquidity levels as at the end of 2025, he noted that part of the liquidity represents normal operational liquidity buffers that the Bank prudently maintains, while another portion is attributable to the acquisition of the HSBC portfolio. He emphasized that liquidity is a fundamental component of any growth and expansion strategy.

He further explained that the Bank carefully evaluates all plans and initiatives, assessing their impact on key performance indicators, including liquidity levels. He added that the

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presentation delivered to shareholders clearly demonstrated that the Bank's liquidity position remains strong and robust.

He also noted that, although the capital adequacy ratio has declined, this was in line with the Bank's strategic objectives. Analysis indicated that the Bank had not been fully utilizing the strength of its balance sheet, particularly given the availability of investment opportunities within acceptable risk parameters as defined by both the Board of Directors and executive management.

The Group Chief Corporate Secretariat then noted that a number of written questions had been received, as follows:

Question (Ms. Shaima Tohami): What proportion of the record net profit of BD 80 million for 2025 is attributable to core recurring income from the Bank's operations, compared to income driven by market factors or asset revaluations?

Response by the Group Chief Executive: The Group CE thanked Ms. Shaima Tohami for her question and clarified that the primary benchmark for evaluating management performance is the results generated from the Bank's core business activities. He confirmed that the Bank achieved record profits of BD 80 million during the past year, driven by its core operations, including: Retail banking, Corporate banking, International operations, Treasury and investment activities. He further noted that these results were achieved alongside the implementation of a comprehensive and flexible cost management program, as well as the active management of non-performing loans, including sustained efforts to enhance recovery of outstanding amounts.

Question (Ms. Shaima Tohami): The loan portfolio grew significantly by 31.5% in 2025, which represents strong growth. However, net interest income declined by 5.9% year-on-year, raising concerns regarding margin compression. Could management clarify the reasons for this decline despite strong loan growth? Is it due to: Higher funding costs, Compression in Net Interest Margins (NIMs), or a shift toward lower-yielding assets?

Response by the Group Chief Executive: The Group CE thanked Ms. Shaima Tohami and stated that he would begin with a general response, while allowing the Group Chief Financial Officer to provide further input if he wish so.

He explained that, as part of the Bank's strategic plan, management had anticipated potential future interest rate cuts, based on analysts' expectations. Accordingly, the Bank

implemented hedging measures to protect its business from such scenarios. He further added that, with ambitious balance sheet growth, there are naturally timing differences between asset recognition, repricing of liabilities, and prevailing market rates, which can exert pressure on margins. He emphasized that this phenomenon is not unique to the Bank, but rather has affected banks across Bahrain and the GCC region. He reaffirmed that the Bank remains committed to delivering attractive returns to shareholders, and that any margin compression has been mitigated through increased fee-based income, which has shown notable growth.

Question (Ms. Shaima Tohami): Net profit increased to BD 80 million, supported by a 60.7% year-on-year reduction in provisions. Assuming provisions had remained at 2024 levels, profit would have been materially lower. Could management clarify what would the normalized net profit be under historical provisioning levels, and whether the reduction in provisions reflects a genuine improvement in asset quality, or a temporary/one-off adjustment?

Response by the Group Chief Executive: The Group CE thanked Ms. Shaima Tohami for her question and emphasized that the Bank adopts a prudent and disciplined approach to provisioning and the calculation of Expected Credit Losses (ECL), alongside active credit portfolio management.

He explained that 2024 was an exceptional year in terms of provisioning levels, driven by economic pressures affecting certain sectors locally. As a result, the Board and executive management adopted a conservative approach, recognizing sufficient provisions for accounts facing challenges during that period.

He further noted that, when considering the Bank's normal provisioning levels, the provisions recorded in 2025 are consistent with historical levels. The apparent reduction is primarily due to the netting off of recoveries, while overall coverage ratios remain strong, adequate, and in line with peer banks. He confirmed that provisioning is carried out in continuous coordination with the external auditors and the Central Bank of Bahrain, ensuring the adequacy of provisions and the soundness of the Bank's credit position.

He further noted that the Bank's growth in 2025 was primarily driven by loan growth across the region, reflecting the active management of teams both locally and regionally, and their commitment to strengthening client engagement and working closely with customers to help them navigate economic challenges and market volatility.

Question (Mr. Ahmed Fakhro): The shareholder raised a written question regarding capital, asset quality, and profitability, as follows: The Bank's Capital Adequacy Ratio (CAR) declined to 19.8% in 2025, compared to 26.5% in 2024. What are the key factors behind this decline? What is the target CAR set by the Board of Directors for the next 1–3 years? Does the Bank intend to maintain a significant margin above the Central Bank of Bahrain's minimum requirement (14.0%), or operate closer to the regulatory minimum?

Response by the Group Chief Executive: The Group CE thanked Mr. Ahmed Fakhro for his question and stated that the Capital Adequacy Ratio is a key indicator of the Bank's financial strength. He explained that the previously higher ratio (26.5%) reflected an underutilized balance sheet, whereas the Bank's business expansion and growth resulted in the reduction to 19.8%. He confirmed that management will continue to actively manage the CAR in line with portfolio growth in 2026 and 2027, while maintaining a prudent margin above Basel requirements and local regulatory thresholds, thereby reflecting the Bank's strength, solid performance, and resilience in facing challenges.

Question (Mr. Ahmed Fakhro): The shareholder also raised a written question regarding asset quality, noting that the Non-Performing Loans (NPL) ratio reached 2.9% in 2025. He raised two questions: What is the target NPL ratio for 2026 and beyond and what measures are being implemented to maintain or improve asset quality?

Response by the Group Chief Executive: The Group CE explained that the Bank places significant importance on its credit portfolio, which is actively managed to ensure it remains within healthy levels, in compliance with the guidelines of the Central Bank of Bahrain. He noted that the Bank consistently aims to remain below the maximum regulatory thresholds. He added that the Bank's ability to maintain a relatively low NPL ratio is attributable to: active portfolio management, ongoing collection efforts, loan restructuring in collaboration with customers, proper account management practices, and prudent credit underwriting standards in a manner that safeguards the portfolio.

He further reiterated the Chairperson's earlier point regarding the Bank's customer-centric approach, noting that the Bank is lucky to find strong credit opportunities in both local and regional markets. He emphasized that the growth achieved during this period was within the risk parameters defined by the Board, without expanding the Bank's risk profile, but rather through faster transaction turnaround, close engagement with clients and active portfolio management to achieve these results.

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Question (Mr. Ahmed Fakhro): A further written question was raised regarding profitability targets: the Return on Equity (ROE) for 2025 stands at 12.8% and given a shareholder equity base of approximately BD 660 million, is it realistically achievable for the new Board to reach an ROE of 15% (approximately BD 99 million in net profit) in 2026? Please clarify the key drivers and assumptions underlying your guidance.

Response by the Group Chief Executive: The Group CE reaffirmed the executive management's commitment to continuing the Bank's growth trajectory in line with the approved strategic plan. He explained that the successful execution of this plan depends on open and ongoing dialogue with the Board of Directors, which provides the Bank with the necessary flexibility particularly during challenging periods to adjust ambitions while continuing to grow and evolve. He further stated that, given the Bank's status as a publicly listed company, it is not in a position to provide specific forward-looking financial targets or detailed projections at this time.

Question (Mr. Ahmed Fakhro): A further written question was raised regarding the Group's Corporate Social Responsibility (CSR) policy and allocated budget. The shareholder noted that the Bank increased its CSR allocation from BD 2.2 million to BD 3.1 million (an increase of 41%), which is commendable. However, he inquired why the CSR budget is expressed as an absolute amount, rather than as a fixed percentage of net profit, as adopted by some other banks? He further asked whether the Board has considered adopting a percentage-based approach to enhance predictability and transparency in CSR budgeting?

Response by the Group Chief Executive: The Group CE thanked Mr. Ahmed Fakhro for his question and explained that the increase in the CSR budget was made pursuant to the direction of the Board of Directors and its Executive Committee, which specifically oversees this area. He stated that the increase aligns with the Bank's ambition to maintain an active and responsible national role by supporting key CSR programs, initiatives, and projects. He added that the Bank's focus has been on ensuring the continuity of support for initiatives that align with its strategy and reflect its active role within the community, including: Scholarship programs, community support initiatives and public health initiatives.

He confirmed that the Bank will continue this approach, while periodically reviewing allocations in line with its ambitions in Environmental, Social and Governance (ESG).

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He further noted that the shareholder's observation will be taken into consideration when determining future CSR budgets, whether as an absolute amount or a fixed percentage of net profit, and that the new Board may further examine this matter.

Question (Mr. Ahmed Fakhro): Another written question was raised regarding CSR governance, specifically whether there is a formal CSR committee or governance framework responsible for setting CSR strategy, approving allocations and ensuring alignment with the Bank's strategic priorities? If so, the shareholder requested details regarding its terms of reference, scope, and reporting lines?

Response by the Group Chief Executive: The Group CE explained that, from a management perspective, these initiatives form part of the Bank's broader ESG strategy.

He noted that there is an internal management committee comprising the Group Chief Executive Officer, the Group Chief Strategy & Transformation Officer and the Head of Public Relations and Corporate Communications. This committee reviews and evaluates all donation requests submitted to the Bank which are evaluated according to approved criteria, in coordination with the Board's Executive Committee, which oversees this area and approves donations and contributions within this framework.

Question (Mr. Ahmed Fakhro): A further written question was raised regarding transparency in CSR allocation, specifically referencing the Bahrain Cancer Society, noting that no contributions were recorded in 2024 or 2025, and that only a single donation of BD 2,000 was made in 2026 following a non-routine request. The shareholder requested clarification on the criteria for selecting beneficiaries: the basis for determining donation amounts, the measures the Bank will take to ensure fair, transparent, and needs-based distribution of CSR allocations in the future?

Response by the Group Chief Executive: The Group CE thanked Mr. Ahmed Fakhro for his question and reiterated that certain charitable organizations form part of the Bank's long-standing CSR legacy, playing an important role in supporting those in need. He confirmed that the Bank has an internal management committee responsible for reviewing donation requests to ensure alignment with approved criteria and within allocated limits. For larger or strategic requests, these are escalated to the Board's Executive Committee.

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With respect to the specific organization mentioned, he confirmed that the Bank did provide support in 2026, which likely relates to a request submitted in 2025, and that previous requests will be reviewed internally to verify any additional contributions. He further explained that the Bank prioritizes support for organizations and initiatives focused on: healthcare, family welfare, orphan care and scholarship programs.

Question (Mr. Ahmed Fakhro): A written question was raised regarding the proposed merger between Bank of Bahrain and Kuwait and the National Bank of Bahrain. The shareholder requested an update on the current status of the proposed merger, and whether the transaction remains on track to proceed within the current year, or whether timelines have been revised. If revised, he requested details of the updated timeline, along with any key pending approvals or conditions. He further inquired about the impact of regional conditions and the current crisis on the feasibility of the merger, financial valuation, regulatory approvals and the strategic rationale for the transaction? He also requested clarification on any positive or negative implications, and the measures being taken by the Board to mitigate potential risks.

Response by the Group Chief Executive:

The Group CE thanked Mr. Ahmed Fakhro for his question and added to the Chairperson's earlier remarks, emphasizing that the proposed merger remains a top priority for both banks, and is viewed as a national priority and a strategic opportunity to create value for shareholders.

He noted that progress to date is reflected in the advancement of financial and legal due diligence processes undertaken by both parties, which are proceeding in line with the timelines set by the Boards of both banks. He further indicated that commercial due diligence has reached an advanced stage, and that all due diligence streams are expected to lead to a phase in which both Boards will conduct a comprehensive review of the merged entity's valuation, share exchange ratios, and all other key terms and conditions required to complete the merger.

He stated that the Bank believes that completion of the merger remains achievable within the current year, although he is not in a position to provide further details regarding the timeline at this stage. Regarding the current challenging circumstances, he acknowledged that they affect all institutions, as they represent a national-level crisis. He confirmed that the Bank is closely monitoring developments and continues to play its role effectively, expressing his belief that the impact of all such crisis shall vanish.

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He emphasized that active coordination with relevant government authorities must be made. He further stated that, at present, there are no indications that the current situation will negatively impact the merger process with the National Bank of Bahrain.

Question (Ms. Shaima Tohami): A written question was raised regarding the external auditor's identification of Expected Credit Losses (ECL) on loans and facilities as a key audit matter. The shareholder inquired about the model risks and key judgment areas most extensively discussed with auditors during the year? Given that Stage 3 ECL amounts to BD 47.7 million out of total ECL of BD 71.0 million, how does the Board assess the adequacy of Stage 3 coverage, and the governance framework for collateral valuation?

Response by the Group Chief Executive: The Group CE explained that provisioning is managed in accordance with clear directives from the Board of Directors and its Risk Committee, particularly with respect to credit portfolio management. He noted that Expected Credit Loss (ECL) models are applied in line with best practices, and are subject to independent review, in coordination with both external auditors and regulatory authorities. He further explained that improvements in certain indicators are attributable to effective collections management, active monitoring of on- and off-balance sheet exposures, portfolio clean-up initiatives, and continuous close engagement with customers.

He confirmed that the Bank's overall coverage ratios are within the required levels across all credit classification stages (Stage 1, Stage 2, and Stage 3), and have been approved by regulatory authorities and external auditors. He added that these ratios are monitored and managed internally on a monthly basis, and reviewed quarterly in coordination with external parties.

Question (Mr. Ebrahim Al Arifi): A question was raised regarding Item 8 of the agenda as follows: A significant increase was noted in the Board of Directors' remuneration, reaching BD 790,000, compared to BD 660,000 in the previous year, with even lower levels in earlier years. What is the reason for this upward trend?

The representative of shareholder further requested that it be formally recorded that he does not support this agenda item, considering the level of compensation to be excessive, not justified by performance, and not aligned with market standards.

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Response by the Chairperson: The Chairperson thanked Mr. Ebrahim Al Arifi for the important question and explained that this matter had been extensively discussed in several Board meetings. He noted that the proposed remuneration reflects recognition of the efforts made by the Board in collaboration with management, which extend beyond formal meetings to include continuous and intensive engagement throughout the year.

He added that the recommendation is aligned with the Bank's strong performance and results for 2025, while also taking into account the challenges faced by the Board. He emphasized that any underperformance would have been reflected in a lower remuneration level.

Intervention (Mr. Ali Al Tareef): Mr. Ali Al Tareef thanked the Chairperson and stated that he wished to record a general observation on corporate governance, without posing a specific question which he requests to be included in the minutes. He noted that the Bank of Bahrain and Kuwait Group demonstrates a high standard of corporate governance, not only within the Kingdom of Bahrain but also across the region, as it exceeds regulatory requirements in the markets in which it operates.

He added that, for example, although quarterly investor meetings are not mandatory, the Bank consistently conducts them, along with various other initiatives that reflect its commitment to the highest standards of governance and transparency. He also highlighted a positive observation that Board members do not hold positions on the boards of subsidiaries and associates, with such roles being assigned to executive management, thereby strengthening sound governance principles. He commended these practices and encouraged the newly appointed Board to continue adopting them, reinforcing the Bank's position as a benchmark institution in Bahrain and the region.

With respect to the Board remuneration item, and in reference to Mr. Ebrahim Al Arifi's comment, the shareholder noted that this matter is governed by the Commercial Companies Law, particularly Article (188), which permits the granting of remuneration of up to 10% of net profits, subject to achieving profits and fulfilling legal requirements. He pointed out that the Bank achieved profits of BD 80 million and distributed 40% dividends, in compliance with regulatory conditions. Accordingly, and in light of the Bank's strong performance, governance standards, and the efforts made, he expressed his support for approving the resolution.

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Response by the Chairperson: The Chairperson thanked the shareholder for his remarks and emphasized that corporate governance is a fundamental pillar of any institution. He stated that the Bank both at the level of the Board and executive management places the highest priority on governance, which is consistently emphasized in discussions and decision-making processes. He reaffirmed the Bank's commitment to full compliance with applicable laws and policies, without exception, noting that all Board members are fully aware of and committed to this approach. He also expressed appreciation for the shareholder's observation.

Regarding appointments to the boards of subsidiaries and associates, he explained that while such appointments were considered, the Bank opted in the interest of strengthening governance practices to appoint individuals from outside the Bank's Board, thereby benefiting from their expertise and introducing fresh perspectives.

With respect to Board remuneration, he clarified that the Board ensures that remuneration remains significantly below the maximum allowable limit (10%), noting that for the current year it represents approximately 1% or slightly less of net profits, after fulfilling all legal requirements under the Commercial Companies Law.

Intervention (Mr. Mohammed Shujai): Mr. Mohammed Shujai recommended maintaining the Board remuneration at the same level as the previous year, in line with the proposal made by Mr. Ebrahim Al Arifi.

Intervention (Mr. Ali Al Tareef): Mr. Ali Al Tareef requested to record an additional observation regarding future governance practices, emphasizing the importance of major shareholders being fully prepared when attending meetings, particularly with respect to their positions on agenda items (approval or rejection), to ensure clarity in voting procedures.

He noted that deferring decisions on certain items, such as Board remuneration, or re-submitting them for voting at a later stage, does not align with best governance practices, referencing similar instances observed in other companies during past periods. He stressed the importance of finalizing voting on all agenda items within the same session, without deferral, and with alignment among shareholders, to ensure procedural clarity and integrity. He further emphasized the need to strengthen adherence to such practices in the future, noting that he intends to follow up with relevant authorities after the meeting to discuss these matters. He concluded by expressing his appreciation to the Chairperson.

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Response by the Chairperson: The Chairperson thanked the shareholder for his valuable intervention and expressed his appreciation for the clarity and importance of the points raised.

The Chairperson announced the conclusion of voting on all agenda items of the Ordinary General Meeting of the Bank of Bahrain and Kuwait and extended his thanks to all attendees for their participation.

He took this opportunity to note that the Kingdom is currently experiencing exceptional circumstances, yet the continuity of operations remains assured, thanks to the collective efforts and cooperation of all. He expressed his sincere appreciation and gratitude to His Majesty King Hamad bin Isa Al Khalifa, may God protect him, and to His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince and Prime Minister, may God protect him, for their wise leadership and continuous guidance.

He also extended his thanks to all the shareholders for their continued support, which contributed to achieving these record results, the regulatory authorities for their ongoing support, members of the Board of Directors, executive management, and employees of the Bank for their dedicated efforts. He concluded his remarks by wishing everyone continued success.

Accordingly, the Ordinary General Meeting was adjourned at 12:15 PM on the same day indicated at the beginning of these minutes.

Allah is the grantor of success

Abeer Swar
Deputy Head of Group Corporate
Secretariat
Meeting Secretary

Tariq Jalil AlSaffar
Chairperson of Board of Directors
Meeting Chairperson