

Bank of Bahrain and Kuwait B.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 March 2026 (REVIEWED)

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF BANK OF BAHRAIN AND KUWAIT B.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Bank of Bahrain and Kuwait B.S.C. ("BBK B.S.C." or "the Bank") and its subsidiaries (collectively, "the Group") as at 31 March 2026, comprising of the interim consolidated statement of financial position as at 31 March 2026 and the related interim consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes. The Board of Directors of the Bank is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



14 May 2026
Manama, Kingdom of Bahrain

Bank of Bahrain and Kuwait B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2026 (Reviewed)

		<i>All figures in BD millions</i>	
		<i>Reviewed</i>	<i>Audited</i>
		<i>31 March</i>	<i>31 December</i>
		<i>2026</i>	<i>2025</i>
	<i>Notes</i>		
ASSETS			
Cash and balances with central banks		568.0	586.6
Treasury bills		398.8	304.4
Deposits and amounts due from banks and other financial institutions		280.7	290.6
Loans and advances to customers	6	2,311.4	2,358.5
Investment securities		1,212.3	1,190.9
Interest receivable, derivative and other assets	7	130.0	134.5
Investments in associates and joint ventures		36.6	35.1
Premises and equipment		39.3	39.8
Goodwill and other intangible assets		33.8	33.9
TOTAL ASSETS		5,010.9	4,974.3
LIABILITIES AND EQUITY			
Liabilities			
Deposits and amounts due to banks and other financial institutions		581.9	512.8
Borrowings under repurchase agreement		472.5	405.9
Term borrowings		403.7	405.3
Customers' deposits		2,789.9	2,853.5
Interest payable, derivative and other liabilities	8	173.8	136.4
Total liabilities		4,421.8	4,313.9
Equity			
Share capital		181.7	181.7
Treasury stock		(5.5)	(5.5)
Share premium		105.6	105.6
Statutory reserve		90.8	90.8
General reserve		64.2	64.2
Cumulative changes in fair values		3.8	47.6
Foreign currency translation reserve		(18.3)	(17.0)
Retained earnings		163.7	137.4
Proposed appropriations		-	52.7
Attributable to the owners of the Bank		586.0	657.5
Non-controlling interests		3.1	2.9
Total equity		589.1	660.4
TOTAL LIABILITIES AND EQUITY		5,010.9	4,974.3

Tariq Jaleel AlSaffar
Chairperson

Aref Halder Rahimi
Board Member

Yaser Alsharif
Group Chief Executive

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements

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Bank of Bahrain and Kuwait B.S.C.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Three-month period ended 31 March 2026 (Reviewed)

		<i>All figures in BD millions</i>	
		<i>Three-months ended</i>	
		<i>31 March</i>	
Notes	2026	2025	
	64.9	60.4	
Interest and similar income			
	(33.1)	(31.7)	
Interest and similar expense			
Net interest and similar income	31.8	28.7	
Fee and commission income - net	5.6	5.0	
Investment and other income	13.2	6.9	10, 11
TOTAL OPERATING INCOME	50.6	40.6	
Staff costs	(12.2)	(10.1)	
Other operating expenses	(8.6)	(6.5)	
TOTAL OPERATING EXPENSES	(20.8)	(16.6)	
Net impairments, provisions and credit losses	(3.7)	(3.2)	12
NET OPERATING INCOME	26.1	20.8	
Share of profit from associates and joint ventures	0.5	0.4	
PROFIT FOR THE PERIOD BEFORE TAX	26.6	21.2	
Income tax expense	(0.3)	-	
PROFIT FOR THE PERIOD AFTER TAX	26.3	21.2	
Attributable to:			
Owners of the Bank	26.1	21.1	
Non-controlling interests	0.2	0.1	
	26.3	21.2	
Basic and diluted earnings per share (BD)	0.014	0.012	13

Tariq Jaleel AlSaffar
Chairperson

Aref Haider Rahimi
Board Member

Yaser Alsharifi
Group Chief Executive

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements

Bank of Bahrain and Kuwait B.S.C.

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Three-month period ended 31 March 2026 (Reviewed)

	<i>All figures in BD millions</i>	
	<i>Three-months ended</i>	
	<i>31 March</i>	
	<i>2026</i>	<i>2025</i>
NET PROFIT FOR THE PERIOD	26.3	21.2
Other Comprehensive Income (OCI):		
<i>Items that will not be reclassified (or recycled) subsequently to profit or loss</i>		
Net change in fair value of equity investments measured at fair value through other comprehensive income	2.6	1.4
<i>Items that are or may be reclassified (or recycled) subsequently to profit or loss</i>		
<i>Movement in foreign currency translation reserve:</i>		
Exchange differences on translation of foreign operations	(1.3)	(0.1)
<i>Movement in fair value reserve:</i>		
Net change in fair value of debt instruments measured at fair value through other comprehensive income	(45.1)	(4.7)
Net amount transferred to profit or loss	(1.3)	(2.3)
Other comprehensive loss for the period	(45.1)	(5.7)
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(18.8)	15.5
Attributable to:		
Owners of the Bank	(19.0)	15.4
Non-controlling interests	0.2	0.1
	(18.8)	15.5

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements

Bank of Bahrain and Kuwait B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three-month period ended 31 March 2026 (Reviewed)

All figures in BD millions

	Attributable to the owners of the Bank										Non-controlling interests	Total equity
	Share capital	Treasury stock	Share premium	Statutory reserve	General reserve	Cumulative changes in fair values	Foreign currency translation reserve	Retained earnings	Proposed appropriations	Total		
Balance at 1 January 2026	181.7	(5.5)	105.6	90.8	64.2	47.6	(17.0)	137.4	52.7	657.5	2.9	660.4
Profit for the period	-	-	-	-	-	-	-	26.1	-	26.1	0.2	26.3
Other comprehensive loss for the period	-	-	-	-	-	(43.8)	(1.3)	-	-	(45.1)	-	(45.1)
Total comprehensive (loss) / income for the period	-	-	-	-	-	(43.8)	(1.3)	26.1	-	(19.0)	0.2	(18.8)
Share-based payments	-	-	-	-	-	-	-	0.2	-	0.2	-	0.2
Dividends paid	-	-	-	-	-	-	-	-	(49.6)	(49.6)	-	(49.6)
Donations	-	-	-	-	-	-	-	-	(3.1)	(3.1)	-	(3.1)
Balance at 31 March 2026	181.7	(5.5)	105.6	90.8	64.2	3.8	(18.3)	163.7	-	586.0	3.1	589.1
Balance at 1 January 2025	181.7	(5.0)	105.6	90.8	64.2	25.0	(16.6)	132.3	42.8	620.8	2.9	623.7
Profit for the period	-	-	-	-	-	-	-	21.1	-	21.1	0.1	21.2
Other comprehensive loss for the period	-	-	-	-	-	(5.6)	(0.1)	-	-	(5.7)	-	(5.7)
Total comprehensive (loss) / income for the period	-	-	-	-	-	(5.6)	(0.1)	21.1	-	15.4	0.1	15.5
Share-based payments	-	-	-	-	-	-	-	0.3	-	0.3	-	0.3
Sale / write-off of equity securities held at fair value through OCI	-	-	-	-	-	0.6	-	(0.6)	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(40.6)	(40.6)	-	(40.6)
Donations	-	-	-	-	-	-	-	-	(2.2)	(2.2)	-	(2.2)
Movement in treasury stock	-	(0.6)	-	-	-	-	-	-	-	(0.6)	-	(0.6)
Balance at 31 March 2025	181.7	(5.6)	105.6	90.8	64.2	20.0	(16.7)	153.1	-	593.1	3.0	596.1

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements

Bank of Bahrain and Kuwait B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Three-month period ended 31 March 2026 (Reviewed)

		<i>All figures in BD millions</i>	
		<i>Three-months ended</i>	
		<i>31 March</i>	
	<i>Note</i>	2026	2025
OPERATING ACTIVITIES			
Profit for the period before tax		26.6	21.2
Adjustments for non-cash items:			
Depreciation and amortisation		2.2	2.0
Net impairments, provisions and credit losses		4.2	3.4
Share of profit from associates and joint ventures		(0.5)	(0.4)
Investment income		(0.2)	(0.1)
Gains on investment securities		(6.8)	(2.4)
Interest expense accrual on term borrowings		2.8	1.9
Operating profit before changes in operating assets and liabilities		28.3	25.6
(Increase) / decrease in operating assets:			
Mandatory reserve deposits with central banks		(0.5)	1.0
Treasury bills having original maturity of ninety days or more		(94.4)	72.3
Deposits and amounts due from banks and other financial institutions		1.1	21.7
Loans and advances to customers		45.5	(135.7)
Interest receivable, derivative and other assets		(5.5)	(42.5)
Increase / (decrease) in operating liabilities			
Deposits and amounts due to banks and other financial institutions		69.1	206.6
Borrowings under repurchase agreements		66.7	44.0
Customers' deposits		(63.5)	(8.0)
Interest payable, derivative and other liabilities		(19.8)	33.2
Income tax paid		(0.3)	-
Net cash from operating activities		26.7	218.2
INVESTING ACTIVITIES			
Purchase of investment securities		(177.1)	(144.4)
Proceeds from redemption / sale of investment securities		126.2	45.3
Purchase of premises and equipment		(1.6)	(1.0)
Net movement of investment in associates and joint ventures		(1.0)	2.1
Net cash used in investing activities		(53.5)	(98.0)
FINANCING ACTIVITIES			
Movement in treasury stock		-	(0.6)
Movement in share-based payments		0.2	0.3
Net cash from / (used in) financing activities		0.2	(0.3)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(26.6)	119.9
Foreign currency translation adjustments - net		(1.2)	(0.4)
Cash and cash equivalents at beginning of the period		762.7	722.2
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5	734.9	841.7
Additional cash flow information:			
Interest received		59.2	52.1
Interest paid		34.3	32.8

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements

Bank of Bahrain and Kuwait B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2026 (Reviewed)

1 ACTIVITIES

Bank of Bahrain and Kuwait B.S.C. ("BBK" or "the Bank"), a public shareholding company, was incorporated in the Kingdom of Bahrain by an Amiri Decree in March 1971 and registered with the Ministry of Industry and Commerce ("MOIC") under Commercial Registration ("CR") number 1234 dated 16 March 1971. The Bank operates in the Kingdom of Bahrain under a conventional retail banking license of Volume 1 issued by the Central Bank of Bahrain ("CBB") and its shares are listed at Bahrain Bourse.

The Bank is engaged in commercial banking activities through its branches in the Kingdom of Bahrain, State of Kuwait and Republic of India. It also engages in credit card operations and business process outsourcing services through its subsidiaries. The Bank's registered office is at 43 Government Avenue, P.O. Box 597, Manama, Kingdom of Bahrain.

The Bank continues to progress on its discussions and negotiations on the potential merger with National Bank of Bahrain B.S.C. (NBB). On 26 April 2026, the Bank received a letter from NBB outlining certain indicative terms for the potential merger for consideration including a proposed exchange ratio in connection with the potential merger between both the banks. As at the reporting date, negotiations are ongoing.

The Bank entered into a non-binding agreement regarding the potential sale of its shareholding in a wholly owned subsidiary, Invita Company W.L.L. to another counterparty. As of the reporting date, negotiations are ongoing in this regard.

These interim condensed consolidated financial statements for the three month period ended 31 March 2026 were authorised for issue in accordance with a resolution of the Board of Directors on 14 May 2026.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The interim condensed consolidated financial statements of the Bank and its subsidiaries (together, "the Group") are prepared in accordance with International Accounting Standard IAS 34, Interim Financial Reporting ("IAS 34").

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended 31 December 2025. In addition, results for the three-month period ended 31 March 2026 are not necessarily indicative of the results that may be expected for the financial year ending on 31 December 2026. Certain corresponding figures have been reclassified in order to conform to the presentation of the interim condensed consolidated financial statements for the current period. Such reclassifications did not affect previously reported net profit, total assets, total liabilities and total equity of the Group.

2.2 Accounting convention

The interim condensed consolidated financial statements are prepared on a historical cost basis, except for derivative financial instruments, investment securities at Fair Value Through Other Comprehensive Income (FVTOCI), trading investments and financial assets designated at Fair Value Through Profit and Loss (FVTPL), that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in fair values attributable to risks that are being hedged.

The interim condensed consolidated financial statements are prepared in Bahraini Dinars (BD), which is also the functional currency of the Bank. Furthermore, all values are rounded-off to the nearest millions, unless otherwise indicated.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2026 (Reviewed)

2 BASIS OF PREPARATION (continued)

2.3 Basis of consolidation

These interim condensed consolidated financial statements incorporate the interim financial statements of the Bank and its subsidiaries. All intra-group transactions and balances including unrealised gains and losses on transactions between the Group companies have been eliminated on consolidation.

2.4 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of new standards or amendments to existing standards that have become applicable effective from 1 January 2026.

Several amendments and interpretations apply for the first time in 2026, but do not have any impact on the interim condensed consolidated financial statements of the Group.

2.4.1 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:

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

The amendments did not have a material impact on the Group's interim condensed consolidated financial statements.

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

2.4.3 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, and they:

- Clarify the application of the 'own-use' requirements for in-scope contracts;
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts; and

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2026 (Reviewed)

2 BASIS OF PREPARATION (continued)

2.4 New standards, interpretations and amendments adopted by the Group (continued)

2.4.3 Contracts Referencing Nature -dependent Electricity – Amendments to IFRS 9 and IFRS 7 (continued)

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

2.5 New standards, interpretations and amendments issued but not yet effective

The Group has not early adopted any new standards, interpretations and amendments that are issued as of 1 January 2026 and not yet effective up to the date of issuance of the Group's interim condensed consolidated financial statements.

3 SEGMENTAL INFORMATION

For management purposes, the Group is organised into four major business segments:

Retail banking	Principally handling individual customers' deposits and providing consumer finance type loans, overdrafts, credit facilities and funds transfer facilities, credit cards and foreign exchange. In addition, it includes lending to and deposit accounts raising from Private Banking customers.
Corporate banking	Principally handling loans and other credit facilities, deposit and current accounts for corporate and Small-Medium business customers in Bahrain.
International banking	Principally handling loans and other credit facilities, deposit and current accounts for international corporate and financial institution customers. This also covers the operations of the overseas units.
Investment, treasury and other activities	Principally providing money market, trading and treasury services as well as the management of the Group's funding operations. Investment activities involve handling investments in local and international markets, investment advisory services and funds management. Other activities mainly includes business process outsourcing services.

These segments are the basis on which the Group reports its information to the chief operating decision maker. Transactions between segments are generally recorded at estimated market rates. Interest is charged / credited to business segments based on a transfer pricing rate, which approximates the marginal cost of funds on a matched funded basis.

3 SEGMENTAL INFORMATION (continued)

Segment information of interim consolidated statement of profit or loss for the three-month period ended 31 March 2026 was as follows:

	<i>Retail banking</i>	<i>Corporate banking</i>	<i>International banking</i>	<i>Investment, treasury and other activities</i>	<i>Total</i>
Interest and similar income	12.2	13.9	11.4	27.4	64.9
Interest and similar expense	(6.2)	(6.6)	(7.2)	(13.1)	(33.1)
Internal fund transfer price	5.8	(1.4)	(0.3)	(4.1)	-
Net interest and similar income	11.8	5.9	3.9	10.2	31.8
Other operating income	4.4	0.9	1.2	12.3	18.8
Operating income before results from associates and joint ventures	16.2	6.8	5.1	22.5	50.6
Net charge of provisions and credit losses	(0.5)	(0.1)	(0.2)	(2.9)	(3.7)
Segment result after tax	7.6	5.9	1.3	20.2	35.0
Share of profit from associates and joint ventures	-	-	-	0.5	0.5
Common costs					(9.2)
Net profit for the period					26.3
Net profit attributable to non-controlling interests					(0.2)
Net profit for the period attributable to the owners of the Bank					26.1

Segment information of interim consolidated statement of financial position as at 31 March 2026 was as follows:

Segment assets	939.4	884.1	977.7	2,055.6	4,856.8
Goodwill and other intangible assets	33.8	-	-	-	33.8
Investments in associates and joint ventures	-	-	-	36.6	36.6
Common assets *	-	-	-	-	83.7
Total assets					5,010.9
Segment liabilities	1,521.6	913.8	996.2	888.9	4,320.5
Common liabilities **	-	-	-	-	101.3
Total liabilities					4,421.8

* Common assets represent premises and equipment, collateral pending sale and other receivables.

** Common liabilities represent other liabilities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2026 (Reviewed)

All figures in BD millions

3 SEGMENTAL INFORMATION (continued)

Segment information of interim consolidated statement of profit or loss for the three-month period ended 31 March 2025 was as follows:

	<i>Retail banking</i>	<i>Corporate banking</i>	<i>International banking</i>	<i>Investment, treasury and other activities</i>	<i>Total</i>
Interest and similar income	9.8	12.9	8.6	29.1	60.4
Interest and similar expense	(5.2)	(7.4)	(5.6)	(13.5)	(31.7)
Internal fund transfer price	5.2	1.8	0.5	(7.5)	-
Net interest and similar income	9.8	7.3	3.5	8.1	28.7
Other operating income	3.5	1.0	0.7	6.7	11.9
Operating income before results from associates and joint ventures	13.3	8.3	4.2	14.8	40.6
Net (charge) / reversal of provisions and credit losses	(1.5)	(2.1)	(0.3)	0.7	(3.2)
Segment result after tax	5.7	5.4	1.1	16.0	28.2
Share of profit from associates and joint ventures	-	-	-	0.4	0.4
Common costs					(7.4)
Net profit for the period					21.2
Net profit attributable to non-controlling interests					(0.1)
Net profit for the period attributable to the owners of the Bank					21.1

Segment information of consolidated statement of financial position as at 31 December 2025 was as follows:

Segment assets	940.7	911.9	978.6	1,977.3	4,808.5
Goodwill and other intangible assets	33.9	-	-	-	33.9
Investments in associates and joint ventures	-	-	-	35.1	35.1
Common assets *	-	-	-	-	96.8
Total assets					4,974.3
Segment liabilities	1,505.0	919.9	990.5	846.0	4,261.4
Common liabilities **	-	-	-	-	52.5
Total liabilities					4,313.9

* Common assets represent premises and equipment, collateral pending sale and other receivables.

** Common liabilities represent other liabilities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2026 (Reviewed)

All figures in BD millions

4 COMMITMENTS AND CONTINGENT LIABILITIES

	Reviewed	<i>Audited</i>
	31 March	<i>31 December</i>
	2026	<i>2025</i>
Contingencies		
Letters of credit	215.2	165.0
Guarantees	313.6	348.0
	528.8	513.0
Commitments		
Undrawn loan commitments	121.6	134.7
Forward foreign exchange contracts	281.6	317.7
Interest rate swaps	680.2	746.9
	1,612.2	1,712.3

The Group does not expect all its commitments to be drawn before the expiry of the commitment.

The Group is committed to invest a 28.57% (31 December 2025: nil) equity portion in National SMEs Growth Fund ("SME Fund") with a total value of BD 20 million. The SME Fund is a Bahrain-domiciled, Shari'ah-compliant collective investment fund and is established, managed, and operated by Bahrain Development Bank (BDB). During the period, the Group paid BD 1.1 million (31 December 2025: nil) towards this commitment. As at 31 March 2026, the Group has outstanding commitment of BD 18.9 million (31 December 2025: nil).

As of 31 March 2026, ECL of BD 3.2 million was held against off-balance sheet and other credit exposures (31 December 2025: BD 3.4 million).

5 CASH AND CASH EQUIVALENTS

	2026	<i>2025</i>
Cash in hand and vaults	18.4	18.0
Current accounts and placements with central banks	436.4	638.7
Deposits and amounts due from banks and other financial institutions having original maturity of ninety days or less	280.1	185.0
Cash and cash equivalents at 31 March	734.9	841.7
Central bank reserve	113.2	107.3
Less: Deposits and amounts due from banks and other financial institutions having original maturity of ninety days or less	(280.1)	(185.0)
Cash and balances with central banks at 31 March	568.0	764.0

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2026 (Reviewed)

All figures in BD millions

6 LOANS AND ADVANCES TO CUSTOMERS

At 31 March 2026 (Reviewed)	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit- impaired	Stage 3: Lifetime ECL credit- impaired	Total
<i>At amortised cost:</i>				
Commercial loans and overdrafts	1,358.5	189.5	61.4	1,609.4
Consumer loans	743.6	18.5	12.0	774.1
	2,102.1	208.0	73.4	2,383.5
Less: Expected credit losses	(4.5)	(19.5)	(48.1)	(72.1)
	2,097.6	188.5	25.3	2,311.4
<i>At 31 December 2025 (Audited)</i>				
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit- impaired	Stage 3: Lifetime ECL credit- impaired	Total
<i>At amortised cost:</i>				
Commercial loans and overdrafts	1,416.1	183.2	60.7	1,660.0
Consumer loans	740.6	18.1	10.8	769.5
	2,156.7	201.3	71.5	2,429.5
Less: Expected credit losses	(4.0)	(19.3)	(47.7)	(71.0)
	2,152.7	182.0	23.8	2,358.5

Movements in allowances for ECL on loans and advances are as follows:

	2026 (Reviewed)			
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit - impaired	Stage 3: Lifetime ECL credit - impaired	Total
Balance at 1 January 2026	4.0	19.3	47.7	71.0
Net transfers between stages	0.2	(0.4)	0.2	-
Net remeasurement of loss allowances (note 12)	0.4	0.6	0.7	1.7
Amounts written off during the period	-	-	(0.4)	(0.4)
Foreign exchange and other movements	(0.1)	-	(0.1)	(0.2)
Balance at 31 March 2026	4.5	19.5	48.1	72.1

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All figures in BD millions

6 LOANS AND ADVANCES TO CUSTOMERS (continued)

	2025 (Reviewed)			Total
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit - impaired	Stage 3: Lifetime ECL credit - impaired	
Balance at 1 January 2025	2.7	22.1	50.7	75.5
Net transfers between stages	0.4	(2.1)	1.7	-
Net remeasurement of loss allowances (note 12)	0.1	1.5	2.1	3.7
Amounts written off during the period	-	-	(0.3)	(0.3)
Balance at 31 March 2025	<u>3.2</u>	<u>21.5</u>	<u>54.2</u>	<u>78.9</u>

The fair value of the collateral consisting of cash, securities and real estate that the Group holds relating to loans individually determined to be credit impaired at 31 March 2026 was BD 26.8 million (31 December 2025: BD 25.4 million).

At 31 March 2026, gross loans and advances include Islamic financing facilities provided by the Group to corporates amounting to BD 61.2 million (31 December 2025: BD 82.9 million). These mainly consists of Murabaha and Ijarah financing facilities.

At 31 March 2026, interest in suspense on past due loans that are credit impaired was BD 12.8 million (31 December 2025: BD 11.7 million).

7 INTEREST RECEIVABLE, DERIVATIVE AND OTHER ASSETS

	Reviewed 31 March 2026	Audited 31 December 2025
Interest receivable	42.3	36.6
Accounts receivable	33.5	40.8
Collateral pending sale	27.6	25.5
Positive fair value of derivatives	21.4	22.6
Prepaid expenses	3.4	3.7
Deferred tax asset	0.5	0.6
Other assets	1.3	4.7
	<u>130.0</u>	<u>134.5</u>

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8 INTEREST PAYABLE, DERIVATIVE AND OTHER LIABILITIES

	Reviewed	Audited
	31 March	31 December
	2026	2025
Accounts payable	85.9	44.1
Interest payable	41.7	42.9
Accrued expenses	27.4	31.8
Negative fair value of derivatives	2.2	4.0
Lease liabilities	4.4	4.0
ECL on financial contracts and commitments (note 4)	3.2	3.4
Other liabilities	9.0	6.2
	173.8	136.4

9 EQUITY**(i) Issuance of share capital**

No stock dividends were issued pertaining to the year 2025, therefore, the share capital remained unchanged (2025: Nil).

10 SEASONAL RESULTS

Other income for the three-month period ended 31 March 2026 includes BD 2.6 million (31 March 2025: BD 1.9 million) of dividend income, which is of a seasonal nature.

11 OTHER INCOME

Other income for the three-month period ended 31 March 2026 includes gain of BD 6.8 million (31 March 2025: BD 2.4 million) relating to sale of investment securities and from unit allocation pertaining to investment in fund.

12 NET IMPAIRMENTS, PROVISIONS AND CREDIT LOSSES

	Three months ended	
	31 March	
	2026	2025
Loans and advances to customers	1.7	3.7
Recoveries from fully provided loans and advances written-off in previous years	(0.5)	(0.2)
Investment securities	2.7	(0.4)
Off balance sheet exposures	(0.2)	-
Impairment on collateral pending sale	-	0.1
	3.7	3.2

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31 March 2026 (Reviewed)

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13 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the three-month is calculated by dividing the profit for the three-month attributable to the owners of the Bank by the weighted average number of shares outstanding during the three-month period ended are as follows:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<u>2026</u>	<u>2025</u>
Profit for the period attributable to the owners of the Bank for basic and diluted earnings per share computation	<u>26.1</u>	<u>21.1</u>
Weighted average number of shares, net of treasury stock, outstanding during the period	<u>1,803,374,234</u>	<u>1,803,121,540</u>
Basic and diluted earnings per share (BD)	<u>0.014</u>	<u>0.012</u>

14 RELATED PARTY BALANCES AND TRANSACTIONS

Certain related parties (principally the major shareholders, associates, joint venture, directors and key management of the Group, their families and entities controlled, jointly controlled or significantly influenced by such parties) were customers of the Group in the ordinary course of business.

Balances in respect of transactions entered into with related parties as of the interim consolidated statement of financial position date were as follows:

	<i>Major shareholders</i>	<i>Associates and joint venture</i>	<i>Directors and key management personnel</i>	<i>Total</i>
31 March 2026 (Reviewed)				
Loans and advances to customers	8.5	42.0	3.7	54.2
Deposits and amounts due from banks and other financial institutions	7.7	-	-	7.7
Investments in associates and joint venture	-	36.6	-	36.6
Customers' deposits	4.8	2.4	18.0	25.2
Deposits and amounts due to banks and other financial institutions	36.5	-	-	36.5
Commitments and contingent liabilities	-	1.5	-	1.5

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2026 (Reviewed)

All figures in BD millions

14 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

	<i>Major shareholders</i>	<i>Associates and joint venture</i>	<i>Directors and key management personnel</i>	<i>Total</i>
<i>31 December 2025 (Audited)</i>				
Loans and advances to customers	7.8	43.0	4.0	54.8
Deposits and amounts due from banks and other financial institutions	7.0	-	-	7.0
Investments in associates and joint venture	-	35.1	-	35.1
Customers' deposits	22.6	3.2	12.2	38.0
Deposits and amounts due to banks and other financial institutions	50.9	-	-	50.9
Commitments and contingent liabilities	-	1.2	-	1.2

The income and expense items with related parties included in the interim consolidated statement of profit or loss were as follows:

	<i>Major shareholders</i>	<i>Associates and joint ventures</i>	<i>Directors and key management personnel</i>	<i>Total</i>
<i>Period ended 31 March 2026 (Reviewed)</i>				
Interest and similar income	0.2	0.7	-	0.9
Interest and similar expense	0.8	-	0.1	0.9
Share of profit from associates and joint ventures	-	0.5	-	0.5
<i>Period ended 31 March 2025 (Reviewed)</i>				
Interest and similar income	1.1	0.7	-	1.8
Interest and similar expense	0.5	-	-	0.5
Share of profit from associates and joint ventures	-	0.4	-	0.4

Compensation for key management, including executive officers, comprises of the following:

	<i>Three months ended 31 March</i>	
	<i>2026</i>	<i>2025</i>
Salaries and other short-term benefits	3.6	3.4
Post-employment benefits	0.5	0.5
Share based compensation	0.2	0.3
	4.3	4.2

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15 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The significant inputs for valuation of equities classified under Level 3 are annual growth rate of cash flows and discount rates and for funds it is the illiquidity discount.

Lower growth rate and higher discount rate, illiquidity discount will result in a lower fair value. The impact on the consolidated statement of financial position or the consolidated statement of shareholders' equity would be immaterial if the relevant risk variables used to fair value the unquoted securities were altered by five per cent. There were no material changes in the valuation techniques used for the purpose of measuring fair value of investment securities as compared to the previous year.

The following tables show an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
31 March 2026 (Reviewed)				
Financial assets				
Bonds	799.7	27.7	-	827.4
Equities	92.1	-	31.9	124.0
Managed funds	-	1.0	11.7	12.7
Derivatives held for trading	-	1.2	-	1.2
Derivatives held as fair value hedges	-	20.2	-	20.2
	<u>891.8</u>	<u>50.1</u>	<u>43.6</u>	<u>985.5</u>
Financial liabilities				
Term borrowings	-	188.8	-	188.8
Derivatives held for trading	-	0.3	-	0.3
Derivatives held as fair value hedges	-	1.9	-	1.9
	<u>-</u>	<u>191.0</u>	<u>-</u>	<u>191.0</u>

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31 March 2026 (Reviewed)

All figures in BD millions

15 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<i>31 December 2025 (Audited)</i>				
<i>Financial assets</i>				
Bonds	822.7	19.6	-	842.3
Equities	70.1	-	31.1	101.2
Managed funds	-	0.9	-	0.9
Derivatives held for trading	-	0.8	-	0.8
Derivatives held as fair value hedges	-	21.8	-	21.8
	892.8	43.1	31.1	967.0
<i>Financial liabilities</i>				
Term borrowings	-	190.4	-	190.4
Derivatives held for trading	-	0.9	-	0.9
Derivatives held as fair value hedges	-	3.1	-	3.1
	-	194.4	-	194.4

Transfers between level 1, level 2 and level 3

During the period ended 31 March 2026 and year ended 31 December 2025, there were no transfers into or out of Level 3 fair value measurements. Further, there were no significant movements on equity instruments classified under level 3.

The table below sets out the estimated carrying value and fair value of financial assets under Level 1 carried at amortised cost, where the fair value is different from the carrying amount, as shown in the consolidated financial position:

	31 March 2026 (Reviewed)			31 December 2025 (Audited)		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Investment securities	248.2	242.2	6.0	246.5	241.5	5.0

As at 31 March 2026 and 31 December 2025, the fair value of financial assets and financial liabilities approximate their carrying values, other than those disclosed in the table above.

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All figures in BD millions

16 NET STABLE FUNDING RATIO

The Net Stable Funding Ratio (NSFR) is calculated in accordance with the Liquidity Risk Management Module guidelines, issued by the CBB. The minimum NSFR ratio limit as per CBB is 100%. The Group's consolidated NSFR ratio as of 31 March 2026 was 129.1% (31 December 2025: 131.7%).

The main drivers behind the Group's robust Available Stable Funding (ASF) are the solid capital base, sizeable Retail and Small business deposits portfolio, large portfolio of non-financial institutions deposits (related to Government and Corporate deposits), as well as medium term funding from Borrowing under repurchase agreements and Term Borrowings. The capital base formed 17.7% (31 December 2025: 19.3%) of the Group's ASF, while the retail and small business deposits formed 46.9% (31 December 2025: 45.4%) of the ASF (after applying the relevant weights).

For the Required Stable Funding (RSF), the primary reason for the relatively low RSF, in comparison to the ASF, is related to the sizeable portfolio of BBK's High Quality Liquidity Assets (HQLAs) which accounts for 23.0% (31 December 2025: 23.1%) of total RSF (before applying the relevant weights).

In comparison to the year ended 31 December 2025, the NSFR ratio decreased by 2.6% due to the decrease in ASF. The decrease in ASF by BD 77.4 million is mainly driven by the drop in Capital by BD 70.5 million following the dividend declaration, as well as the reduction in the valuation of investment securities.

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31 March 2026 (Reviewed)

All figures in BD millions

16 NET STABLE FUNDING RATIO (continued)

The NSFR (as a percentage) as at 31 March 2026 was calculated as follows:

<i>Item</i>	<i>Unweighted Values (i.e. before applying relevant factors)</i>				<i>Total weighted value</i>
	<i>No specified maturity</i>	<i>Less than 6 months</i>	<i>More than 6 months and less than one year</i>	<i>Over one year</i>	
Available Stable Funding (ASF):					
Capital:					
Regulatory Capital	582.3	-	-	25.1	607.4
Retail deposits and deposits from small business customers:					
Stable deposits	-	527.3	9.0	0.7	510.1
Less stable deposits	-	1,048.2	143.4	30.0	1,102.4
Wholesale funding:					
Other wholesale funding	-	1,465.7	380.6	643.2	1,219.5
Other liabilities:					
All other liabilities not included in the above categories	-	172.7	-	-	-
Total ASF	582.3	3,213.9	533.0	699.0	3,439.4
Required Stable Funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	354.8
Performing loans and securities:					
Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions	-	396.0	4.7	178.8	240.6
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	539.9	129.5	1,102.5	1,271.8
With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	62.8	12.7	163.8	144.2
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	56.5	43.0	255.9	286.8
Other assets:					
NSFR derivative assets	-	13.9	-	-	13.9
NSFR derivative liabilities before deduction of variation margin posted	-	0.1	-	-	0.1
All other assets not included in the above categories	292.6	-	-	-	292.6
Off-balance sheet items	-	1,196.3	-	-	59.8
Total RSF	292.6	2,265.5	189.9	1,701.0	2,664.6
NSFR (%) - As at 31 March 2026 (Reviewed)					129.1%

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31 March 2026 (Reviewed)

All figures in BD millions

16 NET STABLE FUNDING RATIO (continued)

The NSFR (as a percentage) as at 31 December 2025 was calculated as follows:

<i>Item</i>	<i>Unweighted Values (i.e. before applying relevant factors)</i>				<i>Total weighted value</i>
	<i>No specified maturity</i>	<i>Less than 6 months</i>	<i>More than 6 months and less than one year</i>	<i>Over one year</i>	
Available Stable Funding (ASF):					
Capital:					
Regulatory Capital	653.5	-	-	24.4	677.9
Retail deposits and deposits from small business customers:					
Stable deposits	-	531.2	8.7	0.6	513.5
Less stable deposits	-	1,067.7	117.2	17.7	1,084.2
Wholesale funding:					
Other wholesale funding	-	1,452.6	343.0	638.7	1,241.2
Other liabilities:					
All other liabilities not included in the above categories	-	135.2	-	-	-
Total ASF	653.5	3,186.7	468.9	681.4	3,516.8
Required Stable Funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	319.5
Performing loans and securities:					
Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions	-	373.9	55.0	186.5	270.1
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:					
With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	78.3	12.3	165.9	153.1
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	27.5	43.0	290.7	304.8
Other assets:					
NSFR derivative assets	-	13.0	-	-	13.0
NSFR derivative liabilities before deduction of variation margin posted	-	0.3	-	-	0.3
All other assets not included in the above categories	283.5	-	-	-	283.5
Off-balance sheet items	-	1,067.6	-	-	53.4
Total RSF	283.5	2,122.5	227.0	1,741.1	2,670.3
NSFR (%) - As at 31 December 2025 (Audited)					131.7%

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2026 (Reviewed)

*All figures in BD millions***17 GEOPOLITICAL DEVELOPMENTS IN THE MIDDLE EAST**

The geopolitical situation in the Middle East has intensified since 28 February 2026, with ongoing developments creating secondary impacts across multiple countries in the region, including the Kingdom of Bahrain. These circumstances have contributed to heightened uncertainty in the economic environment and have resulted in disruption to certain business and economic activities across the region.

In response, the Group has activated its business continuity arrangements and enhanced its risk management and monitoring practices to address potential operational, credit, and liquidity risks arising from these developments. Management continues to closely monitor the situation and its potential implications for the Group's operations, financial position, and performance.

Impact on Expected Credit Losses (ECL)

In light of the prevailing economic uncertainty, management has reassessed the macro-economic scenarios and probability weightings used in estimating expected credit losses as at 31 March 2026, in accordance with IFRS 9 – Financial Instruments. The revised weightings reflect management's updated view of the increased likelihood of adverse economic outcomes in the current environment. The probability weightings assigned to each macro-economic scenario are summarised below:

Scenarios	31 March 2026 (Reviewed)	31 March 2025 (Reviewed)	31 December 2025 (Audited)
Base case	55%	70%	70%
Best case	15%	19%	15%
Worst case	30%	11%	15%

In addition, management has applied heightened judgment in assessing both quantitative and qualitative indicators of Significant Increase in Credit Risk ("SICR"), including sector-specific sensitivities and customer-level risk factors for portfolios potentially affected by the ongoing developments. Where relevant, overlays have been applied to reflect emerging risks not fully captured by the mechanical models. The resulting ECL charges and impairment allowances are disclosed in Note 12 to these interim condensed consolidated financial statements.

Assessment of asset carrying values and other financial statement impacts

As at 31 March 2026, management has assessed the carrying values of the Group's financial assets, including loans and advances, investment securities, and other relevant exposures, as well as non-financial assets, for indicators of impairment or valuation adjustment arising from the current geopolitical environment. Based on the information available at the reporting date, management has concluded that the carrying values of these assets reasonably reflect the conditions and risks existing as at 31 March 2026.

Given the evolving nature of the situation, management acknowledges that further developments may affect economic assumptions, credit risk assessments, and asset valuations in future reporting periods. Any additional impacts arising from new information or changes in circumstances will be recognised prospectively in accordance with the applicable IFRS requirements, including through updates to ECL estimates, valuation assumptions, or impairment assessments in subsequent periods.

The Group continues to actively monitor regional and global developments and will refine its assumptions, judgments, and estimates as circumstances evolve. Management remains focused on maintaining prudent risk management, capital adequacy, and liquidity buffers to support the Group's resilience in the current environment.

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18 GOODWILL AND OTHER INTANGIBLE ASSETS

On 27 November 2025, the Bank completed an acquisition of the retail banking portfolio of HSBC Bank Middle East, Bahrain Branch ("HSBC") as part of its strategic expansion in the Kingdom of Bahrain. The transaction included the transfer of loans and advances to customers, customers' deposits, and associated business relationships. Certain employees of HSBC were also moved to the Bank.

Goodwill and other intangibles arising from the acquisition, amounting to BD 27.0 million and BD 6.9 million, respectively, were recognised in accordance with IFRS 3. In line with IAS 36, goodwill is not amortised but is subject to annual impairment testing. Other intangibles comprises of the value assigned to the expected benefits arising from the core deposit intangible. The entirety of the intangibles were assigned a useful life of ten years.

19 SUBSEQUENT EVENT

On 14 April 2026, the Central Bank of Bahrain issued Circular EDS/NA/01/2026 introduced temporary support measures for licensed financial institutions (retail banks, financing companies and micro finance companies). These include a three-month repayment deferral for eligible loans and credit card facilities, relaxation of IFRS 9 staging thresholds for deferred exposures, access to repo liquidity facilities against eligible collateral, a reduction in the cash reserve requirement, and a temporary lowering of minimum Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) requirements. These measures are effective from 19 April 2026. Management is in the process of evaluating the impact, if any, of these measures on the Group's interim condensed consolidated financial statements.