

Kuwait Finance House B.S.C (c)

Sustainability Report 2025

Building a Responsible Future



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About This Report

This is the annual Sustainability Report published by Kuwait Finance House B.S.C (c), (hereafter referred to as "KFH - Bahrain," "we," "our," or "the Bank"). It covers the period from 1 January to 31 December 2025. The report outlines KFH - Bahrain's environmental, social, and governance (ESG) performance and highlights the progress achieved in integrating sustainability across our banking operations, workforce, and broader community.

Scope and Boundaries

The report covers KFH - Bahrain's operations within the Kingdom of Bahrain. All ESG performance data reflects KFH - Bahrain's activities during the 2025 calendar year, unless otherwise specified.

Reporting Frameworks

This report has been prepared with reference to recognized sustainability standards and frameworks, including the Global Reporting Initiative (GRI), the United Nations Sustainable Development Goals (UN SDGs), and Bahrain Vision 2030. In particular, the report aligns with the ESG reporting guidelines issued by the Central Bank of Bahrain (CBB).

Message from the Chairman

On behalf of the Board of Directors, I am pleased to present KFH Bahrain's Sustainability Report for 2025, reflecting another year of meaningful progress in strengthening our commitment to responsible growth and embedding environmental, social, and governance (ESG) principles across our business and operations.

Throughout 2025, KFH Bahrain continued to build on its solid foundations, aligning its strategic direction with the Kingdom of Bahrain's national priorities and the broader vision of KFH Group. Our approach to sustainability is grounded in the belief that long-term value creation depends on resilience, innovation, and a strong commitment to our stakeholders.

In 2025, we continued to deliver strong financial performance, supported by a resilient business model and prudent financial management, while our financing and investment activities continued to support key sectors of the national economy.

Our commitment to responsible finance was further demonstrated through tangible progress across our sustainability agenda. The Bank expanded its ESG and Green Sukuk portfolio to USD 1,160 million, while green housing financing reached USD 198.8 million and social housing financing totalled USD 281.2 million, exceeding targets under our Sustainable Murabahah Financing Facility, which reinforced our contribution to inclusive economic growth and improved housing accessibility and further strengthening our position as a leader in sustainable Islamic finance.

KFH Bahrain remains committed to supporting entrepreneurship and strategic sectors that contribute to economic growth and job creation within the Kingdom. By continuing to finance sustainable economic activity and promote responsible banking practices, KFH Bahrain seeks to contribute to long-term economic resilience and prosperity.

Message from the Chairman

Looking ahead, we remain committed to advancing sustainability and supporting KFH Group's position as a leader in responsible Islamic banking. We will continue to build on our progress by embracing innovation, strengthening resilience, and upholding the highest standards of governance, transparency, and accountability.

I would like to express my sincere appreciation to the Board of Directors, Shari'a Board, Executive Management, and all employees for their dedication and continued commitment. I also extend my gratitude to our shareholders, valued customers, partners, and stakeholders for their trust and ongoing support. Together, we will continue to drive sustainable growth and create long-term value for our communities, our economy, and future generations.



**MR. HAMAD ABDULMOHSEN
ALMARZOUQ**

Chairman

Message from the Group CEO

Building on the strong foundations established following our integration into KFH Group, 2025 marked another year of operational progress and sustainable growth for KFH - Bahrain. Throughout the year, we remained focused on enhancing performance, strengthening operational resilience, and embedding sustainability considerations across our business strategy and day-to-day operations.

Our financial performance throughout 2025 reflects the strength of our strategic direction. Supported by a strong balance sheet, prudent risk management practices, and a customer-focused approach, KFH - Bahrain recorded a record net profit of USD 730.6 million. Financing receivables and Ijarah assets increased to USD 11,624 million, demonstrating our continued ability to support economic activity and create sustainable value for stakeholders.

We continued to strengthen our governance framework and enhance operational efficiencies across all business areas. During the year, particular emphasis was placed on process optimization, deeper integration, and leveraging Group-wide synergies to create greater value. Our ongoing investments in digital innovation also enabled us to further enhance customer experience, improve accessibility, and deliver seamless banking solutions designed to meet evolving customer expectations.

In 2025, we maintained our focus on talent development and cultivating a high-performance culture that encourages innovation, collaboration, and continuous learning. We maintained a strong focus on developing Bahraini talent and increasing workforce capabilities through more than 40,000 training hours, while preserving a high Bahrainisation rate and fostering an inclusive workplace where women represented 37.3% of our workforce. Through comprehensive employee well-being initiatives and continuous engagement programs, we remain committed to creating a workplace that empowers our people to grow and succeed.

Beyond our business operations, we remain committed to generating positive impact within the communities we serve. Through a range of community initiatives and partnerships, we continued supporting and implementing programs focused on education, social development, and environmental sustainability. These efforts reflect our belief that responsible banking extends beyond financial performance and includes creating long-term value for society. Guided by our values and principles, we remain committed to creating sustainable shared value and reinforcing our role as a responsible corporate institution.

Message from the Group CEO

At the same time, we continued to support the growth of the national economy by financing key sectors and infrastructure projects, while deepening our engagement with small and medium-sized enterprises (SMEs). Our focus on sustainable finance and responsible banking practices remains an essential part of our efforts to deliver positive economic, social, and environmental outcomes.

Looking ahead, KFH - Bahrain is well-positioned to capitalize on emerging opportunities, supported by a clear strategic vision and a strong foundation rooted in Islamic banking principles. We continue to prioritize innovation, strengthen our sustainability practices, and uphold the highest standards of governance while creating sustainable long-term value for all stakeholders.

Together with the KFH Group, we remain committed to a more sustainable and inclusive financial future, one that reflects our values, supports our communities, and drives meaningful progress across the markets in which we operate.



DR. SHADI ZAHRAN

Group Chief Executive Officer

We Are KFH - Bahrain

ABOUT US

In 2022, Ahli United Bank (AUB) Bahrain was officially acquired by Kuwait Finance House, marking a new chapter in the Bank's journey. Following the acquisition, AUB Bahrain was rebranded as KFH - Bahrain, fully aligning with the Group's Shari'a-compliant banking principles and strategic vision.

Headquartered in Bahrain, KFH - Bahrain benefits from the strength and scale of the wider KFH Group, which holds significant stakes across the region. The Bank operates through a multinational footprint, with subsidiaries and affiliated entities in the United Kingdom, Egypt, Iraq, Libya, and the UAE, in addition to its strong presence in Bahrain. KFH - Bahrain operates through a network of 17 branches serving 242,000+ clients across the Kingdom. The Bank offers a comprehensive range of Shari'a-compliant financial solutions designed to meet the evolving needs of retail, corporate, and SME clients. This transformation reinforces our commitment to ethical, responsible, and Shari'a-aligned banking practices. With the backing of KFH Group, KFH - Bahrain is well positioned to expand its sustainable growth, enhance its regional presence, and deliver long-term value to customers, communities, and stakeholders alike.





Kuwait Finance House B.S.C (c) **(100% Owned by KFH Kuwait)**

Kuwait Finance House PLC

United Kingdom

100%

- Incorporated in 1965 as United Bank of Kuwait
- PRA and FCA regulated

Kuwait Finance House (Egypt) S.A.E.

Egypt

95.7%

- Incorporated in 1978 as Delta International Bank
- CBE regulated

KFH - Bahrain (DIFC) Branch

UAE

- Established in 2016 and converted to a branch in 2018
- DFSA regulated

Commercial Islamic Bank of Iraq P.S.C.

Iraq

85.3%

- Incorporated in 1992
- CBI regulated

United Bank for Commerce and Investment S.A.L.

Libya

40%

- Incorporated in 2007
- CBL regulated
- Associate Entry

Main Segments



Retail
Banking



Treasury and
Investment



Corporate
Banking



Private
Banking
and Wealth
Management

2025 EESG Highlights

Economic

USD 730.6 million Net Profit

USD 11,624 million Financing
Receivables and Ijarah Assets

USD 29,008 million total
assets

Environmental

32,725 GJ
total energy
consumption

3,621,542
tCO₂e total
greenhouse gas
emissions

USD 1,161 million
ESG/Green
Holding Sukuk

USD 198.8
million Green
Housing
Financing and
USD 281.2
million Social
Housing
Financing.

100%
achievement of
Sustainability
Performance
Targets of
Murabahah
Financing Facility.

Social

37.3% women in the workforce

20.4% women representation in management positions in revenue-generating function, and **15%** in STEM-related roles.

40,915 total training hours

99.1% of employees received training in different areas.

7% Full-time employee turnover and **6%** Voluntary turnover

Governance

33.3% independent BoD members

44.4% non-executive BoD members

100% attendance rate for all Board Committee meetings

Zero fines, penalties or settlements related to corruption or non-compliance with laws and regulations during 2025

Partnerships, Awards, and Recognitions

Partnerships

ARAB TRADE FINANCE PROGRAM (ATFP)



Through KFH - Bahrain's partnership with ATFP, we bolster trade finance activities, contributing to regional economic growth and strengthening cross-border trade relationships.

TAMKEEN



Collaborating with Tamkeen, KFH - Bahrain plays an integral role in supporting Bahrain's entrepreneurial ecosystem, fostering the development of local businesses and enhancing economic diversification.

MAZAYA HOUSING SCHEME



KFH - Bahrain's involvement in this scheme underscores its commitment to promoting affordable housing solutions for the community and extending homeownership opportunities.

PRINCIPAL ASSET MANAGEMENT PARTNERSHIP



Through this partnership, KFH - Bahrain extends a robust suite of asset management services to its clientele, facilitating effective wealth management and investment strategies.

BAHRAIN INSTITUTE OF BANKING AND FINANCE (BIBF)



By collaborating with Bahrain Institute of Banking and Finance (BIBF), KFH - Bahrain contributes to the continuous development of banking and financial skills, strengthening the industry's human capital.

ANTY INITIATIVE OF RAYE7 CORPORATION WITH CTEK



KFH - Bahrain's participation in anty-initiative with Raye7 Corporation and CTEK demonstrates its commitment to leveraging technology and innovation to improve transportation experience and contribute to sustainable urban development.

WASTE MANAGEMENT PARTNERSHIP



KFH - Bahrain's involvement in waste management partnerships reflects its dedication to environmental responsibility. These collaborations aim to address waste-related challenges and promote sustainable practices.

LAMEA



KFH - Bahrain's sponsorship of the fifth edition of Lamea reflects the Bank's commitment to empowering Bahraini youth by enhancing their skills and empowering their participation across various sectors.

ROYAL HUMANITARIAN FOUNDATION



KFH - Bahrain continued to strengthen its strategic partnership with the Royal Humanitarian Foundation (RHF) through ongoing support and donations for humanitarian and social initiatives, demonstrating commitment to community development across the Kingdom of Bahrain.

Awards and Recognitions

KFH - Bahrain achievements reflect the Bank's continued commitment to excellence across Islamic banking, digital innovation, customer experience, transaction banking, human capital development, and sustainable growth.

In 2025, the Bank received the following regional and international awards:

Award Provider	Award
 Global Finance:	<ul style="list-style-type: none"> • Best Bank in Bahrain – 2025 • Best Bank for Financial Institutions in ME • Best Islamic Financial Institution in Bahrain – 2025
 Euromoney:	<ul style="list-style-type: none"> • Best Islamic Bank in Bahrain – 2025 • Best Digital Bank for Large Corporates in Bahrain – 2025 • Bahrain's Best Transaction Bank – 2025
 MEED:	<ul style="list-style-type: none"> • Best Islamic Bank – Bahrain • Best for Supply Chain Finance in ME • Best Private Bank – Bahrain
 Annual HRM Summit 2025:	<ul style="list-style-type: none"> • Best Employee-Driven Business Change
 Bahrain Society for Human Capital Management:	<ul style="list-style-type: none"> • Employee Wellbeing & Workplace Quality Award



Our Sustainability Approach

- Sustainability at KFH - Bahrain
- National and International Sustainability Alignment
- ESG Management Within Our Business Strategy
- ESG Governance

Sustainability at KFH - Bahrain

At KFH - Bahrain, sustainability is embedded within the Bank's overarching business strategy, which is approved by the Board of Directors. Sustainability forms a core strategic pillar, guiding the Bank's approach to long-term value creation and reinforcing its position as a responsible financial institution by:



Promoting sustainable banking practices, by continually integrating ESG values into banking operations



Integrating sustainability into our business model to ensure long-term value creation for stakeholders



Developing Green Financing solutions and strengthening our Green Financing portfolio



Encouraging stakeholders to adopt more sustainable practices



Supporting social, economic, and environmental progress in our community



Align with regional sustainable development initiatives and regulations





Partnering with suppliers with strong ESG standards







Supporting financial inclusion

This commitment is further demonstrated by the Bank's status as a signatory to the Equator Principles, aligning its practices with internationally recognized frameworks and contributing to the achievement of the UN SDGs.



National and International Sustainability Alignment

SDG	Bahrain Economic Vision 2030	Framework Pillar	2025 Contribution	Material Topic
<p>Ensure healthy lives and promote well-being for all at all ages</p> 	<p>Fairness: Ensure equal access to essential health services for all Bahraini citizens</p>	<p>Commitment to People and Planet</p>	<p>In 2025, KFH - Bahrain supported several community initiatives focused on social inclusion and healthcare. The Bank partnered with more than 9 charitable associations and community organizations dedicated to supporting people with disabilities, children with critical illnesses, the elderly, and low-income families.</p>	<ul style="list-style-type: none"> Employee Health, Safety and Wellbeing Local Impact and Community Development
<p>Achieve gender equality and empower all women and girls</p> 	<p>Fairness: Foster equal opportunities and advancement for Bahraini women and girls</p>	<p>Commitment to People and Planet</p>	<p>In 2025, KFH - Bahrain continued to support initiatives focused on women advancement and family well-being through partnerships with local charitable and social welfare organizations. The Bank contributed to programs aimed at supporting women facing financial hardship by helping provide opportunities that promote economic advancement and social inclusion. KFH - Bahrain also supported victims of domestic violence, fostering safer inclusive communities.</p>	<ul style="list-style-type: none"> Local Impact and Community Development

SDG	Bahrain Economic Vision 2030	Framework Pillar	2025 Contribution	Material Topic
<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> 	<p>Competitiveness: Drive private sector led growth, increase productivity and employment</p>	<p>A Culture of Responsible Governance</p> <p>Responsible Banking</p>	<p>KFH - Bahrain continued to strengthen its commitment to sustainable finance in 2025 through the expansion of its ESG and Green Sukuk portfolio. ESG and Green Sukuk holdings increased significantly to USD 1,161 million in 2025, reflecting the Bank's continued efforts to align its investment activities with long-term environmental and social objectives and contribute to the global transition toward sustainable finance.</p>	<ul style="list-style-type: none"> • Corporate Governance, Compliance and Business Ethics • Data Privacy and Security • Sustainable and Responsible Finance • Financial Resilience
<p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p> 	<p>Competitiveness: Strengthen infrastructure and innovation in the private sector</p>	<p>A Culture of Responsible Governance</p> <p>Responsible Banking</p>	<p>In 2025, KFH - Bahrain delivers tailored transactional and digital infrastructure solutions to diverse local and regional high-impact projects and large-scale corporate enterprises across various industries.</p> <p>The Total Value of Finance reached a three-year peak in 2025 at USD 7,063 million, representing a growth of approximately 10.6% compared to USD 6,385 million in 2024 and a 7.8% increase compared to 2023.</p>	<ul style="list-style-type: none"> • Local Impact and Community Development • Sustainable and Responsible Finance

SDG	Bahrain Economic Vision 2030	Framework Pillar	2025 Contribution	Material Topic
<p>Reduce inequality within and among countries</p> 	<p>Fairness: Promote equal opportunities and inclusion for all societal groups</p>	<p>Commitment to People and Planet</p>	<p>In 2025, Bahraini nationals represented 82% of the Bank's workforce, while non-Bahraini employees accounted for 18%. This balance reflects the Bank's contribution to local workforce development, while also drawing on diverse and inclusive expertise that supports operational efficiency and knowledge exchange.</p>	<ul style="list-style-type: none"> Inclusive, Talented and Responsible Workforce
<p>Ensure sustainable consumption and production patterns</p> 	<p>Sustainability: Foster responsible resource use and environmental stewardship</p>	<p>A Culture of Responsible Governance Commitment to People and Planet</p>	<p>In 2025, KFH - Bahrain recorded total energy consumption of 32,725 GJ and total GHG emissions of 3,621,542 tCO₂e. The Bank also recorded water consumption of 31,687 m³ and paper consumption of 3,082 kg, while continuing to promote resource efficiency through ongoing monitoring, conservation efforts, and the expansion of digital processes.</p>	<ul style="list-style-type: none"> Responsible Procurement Emissions and Climate Change Environmental Footprint



SDG	Bahrain Economic Vision 2030	Framework Pillar	2025 Contribution	Material Topic
<p>Take urgent action to combat climate change and its impacts</p> 	<p>Sustainability: Support environmental protection and climate resilience</p>	<p>Responsible Banking Commitment to People and Planet</p>	<p>In 2025, KFH - Bahrain continued to reinforce its climate action agenda through the continued implementation of its SEMS and ESG Policy, integrating climate considerations into financing, operations, and disclosure practices. The Bank expanded its green portfolio to include renewable energy, energy-efficiency, and water projects, while adopting enhanced methodologies for greenhouse gas measurement and reporting.</p>	<ul style="list-style-type: none"> • Sustainable and Responsible Finance • Emissions and Climate Change • Environmental Footprint
<p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive</p> 	<p>Fairness & Competitiveness: Uphold transparency, robust governance, and a level playing field</p>	<p>A Culture of Responsible Governance</p>	<p>In 2025, KFH - Bahrain remained committed to its governance and accountability framework by reinforcing digital monitoring systems and strengthening Board oversight of ethics, compliance, and risk. The Bank also maintained its zero-tolerance policy toward corruption through annual Code of Conduct certification and conflict-of-interest declarations, while expanding governance training across all levels.</p>	<ul style="list-style-type: none"> • Corporate Governance, Compliance and Business Ethics • Risk Management and Business Continuity • Data Privacy and Security

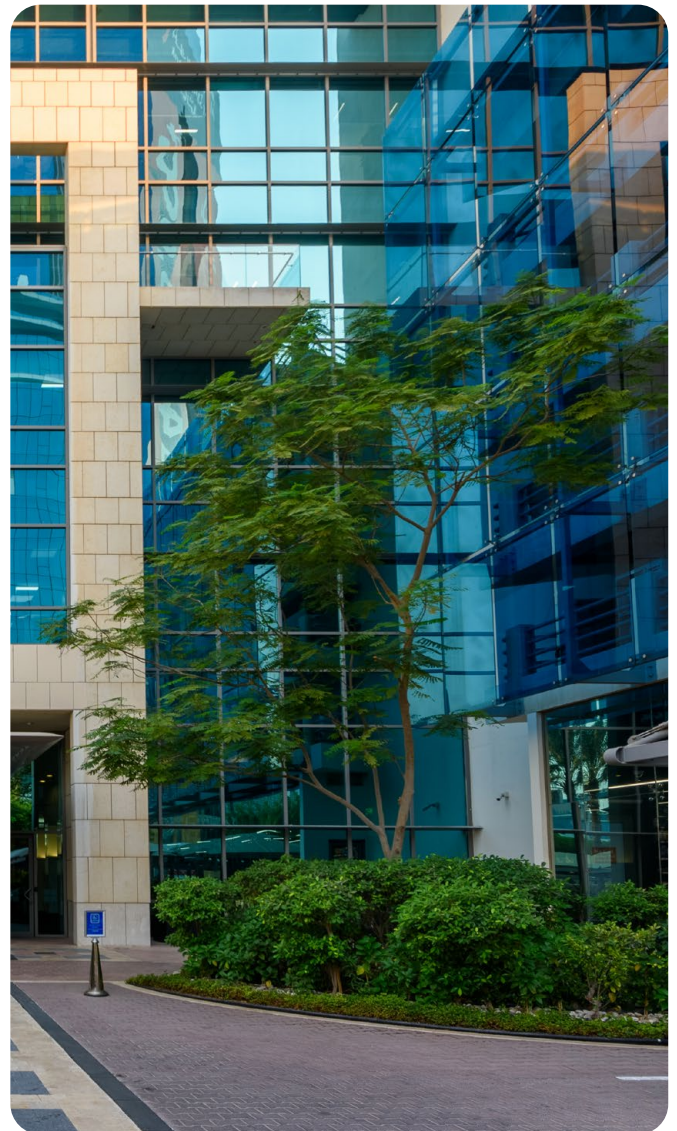
ESG Management Within Our Business Strategy

KFH - Bahrain has integrated ESG as a core pillar within its business strategy, supported by the implementation of a Social and Environmental Management System (SEMS). SEMS sets due-diligence procedures for financed activities and screens projects against the International Finance Corporation (IFC) Performance Standards and the World Bank Group Environmental, Health and Safety (EHS) Guidelines, ensuring exclusion of projects that breach national laws or global standards. The framework operates under dedicated oversight and is subject to periodic review and approval by the Board of Directors to ensure its continued effectiveness and alignment with evolving regulatory and market expectations.

Our ESG Policy integrates environmental, social, and governance considerations into our day-to-day operations. This policy applies across all business lines and functions, including Corporate Banking, SMEs, Audit, Risk, and Compliance, and is mandatory for all employees, reinforcing a culture of accountability and sustainability across the Bank.

The SEMS framework is applied to subsidiaries and is incorporated into future majority acquisitions, ensuring a consistent Group-wide approach to sustainability and risk management. In syndicated financing and minority investments, the Bank actively promotes the adoption of its environmental and social standards to uphold responsible investment practices.

Moreover, the Bank conducts rigorous Social and Environmental Due Diligence (SEDD) for all financing activities, classifying projects based on their potential environmental and social risks (Categories A, B, and C). This process is aligned with leading international standards, including those of the International Finance Corporation and the World Bank Group Environmental, Health and Safety Guidelines. Financing is provided only to projects that are expected to comply with applicable national regulations and international standards throughout their lifecycle.



ESG Governance

ESG governance at KFH - Bahrain is supported by a cross-functional ESG Working Group, established in line with the CBB ESG Guidelines. The ESG Working Group comprises representatives from various departments, including Strategy and Sustainability, Risk, Corporate Banking, Shari'a, Property and Admin, Financial Institutions ensuring a holistic and integrated approach to sustainability.



The ESG Working Group reports to the Chief Executive Officer, reflecting the Bank's commitment to embedding ESG considerations at the highest levels of decision-making. The ESG Working Group plays a critical role in advancing the Bank's ESG agenda, enhancing coordination across functions, and supporting ESG reporting and disclosures.

The Board of Directors retains ultimate responsibility and accountability for ESG oversight, including sustainability reporting and strategic direction.

This governance structure ensures clear ownership, effective supervision, and alignment between sustainability objectives and the Bank's overall strategy.

To further support ESG integration, KFH - Bahrain provides ESG-related training to its employees, building internal capacity and promoting awareness of sustainability principles across the Bank.





Stakeholders Engagement and Materiality Assessment

- Stakeholders Engagement
- Materiality Assessment




Stakeholders Engagement

At KFH - Bahrain, stakeholder engagement plays an important role in shaping our sustainability approach and supporting the continuous development of our ESG priorities. Through ongoing communication and engagement with both internal and external stakeholders, the Bank seeks to better understand evolving expectations, strengthen transparency, and ensure alignment between its sustainability strategy and stakeholder interests.

As part of our sustainability journey, stakeholder feedback contributes to the identification and assessment of material ESG topics and supports the integration of sustainability considerations into the Bank's strategic decision-making processes.

Stakeholders	Expectations	Methods of Engagement
External Stakeholders		
	<ul style="list-style-type: none"> Maintaining financial performance. Delivering dividends. Transparently communicating opportunities, risks, and performance. 	<ul style="list-style-type: none"> Quarterly financial results circulation. Regular communication at the department level as well as senior management level. Regular submission of data required by KFH Kuwait, the Parent entity. Representation of KFH Kuwait staff on KFH - Bahrain Board as well as Board Chairman is same. Annual general assembly meetings.
	<ul style="list-style-type: none"> Creating a positive impact on the community in Bahrain by collaborating with local community organizations in various initiatives. 	<ul style="list-style-type: none"> KFH - Bahrain spent total of USD 1.2 million on CSR activities during 2025 i.e.c.0.1% of its consolidated operating revenue. Total 41 organization benefitted from KFH - Bahrain's CSR initiatives. Focus on Financial Inclusion through various mass affordable products / schemes.

Stakeholders	Expectations	Methods of Engagement
 <p>Regulators (CBB)</p>	<ul style="list-style-type: none"> Ensuring full compliance with laws and regulations. 	<ul style="list-style-type: none"> Dedicated Compliance Team handling CBB matters. Communication through Emails / Phone Half Yearly Prudential meetings (at minimum).
 <p>Suppliers and Other Business Partners</p>	<ul style="list-style-type: none"> Supply chain risks and performance. Fair tender process. Transparent vendors' assessment. Fair selection of suppliers. Sustainable contracting terms. Investment in local suppliers. Timely payments. 	<ul style="list-style-type: none"> Multilevel interaction with the vendor - Both by concerned team as well as Procurement team. Required KYC documents are obtained for vendor onboarding. Preference given for local suppliers.
 <p>Customers and Beneficiaries</p>	<ul style="list-style-type: none"> Data privacy. Innovative segmented services. E-banking and digital services. Premium branches services. Financing entrepreneurship activities. Affordable banking solutions, targeting youth. Responsiveness through all customer touchpoints. Expanded outreach of branches and accessible services. Responsible communication on services. 	<ul style="list-style-type: none"> Dedicated department formed for Business Excellence and Customer Centricity. Highest standard of Data privacy driven by PDPL in Bahrain. Communication through Social Media Posts and through website/mobile banking, SMS and WhatsApp channels Continues involvement of the products and services to meet the customers needs.
 <p>Rating Agencies</p>	<ul style="list-style-type: none"> Transparency in financial and ESG performance Timely and accurate reporting 	<ul style="list-style-type: none"> Annual Rating meetings. Continuous discussion and exchange of data through out year.

Stakeholders	Expectations	Methods of Engagement
Internal Stakeholders		
 BoD	<ul style="list-style-type: none"> • Capital positioning. • Strategy implementation. • Business continuity and crisis management. • Business culture, ethical behavior, and integrity. • Environmental practices. • Reputational management. • Employee excellence and commitment. • Digital leadership. 	<ul style="list-style-type: none"> • Highest Level of Corporate Governance standard with adequate representation of Independent Directors. • 4 - 6 Board meeting in the year. • Various Board-level committees formed for key material topics. • BoD Approval is sought for all required matters as per established ToR.
 Management	<ul style="list-style-type: none"> • Business culture, ethical behavior, and integrity. • Environmental practices. • Reputational management. • Employee excellence and commitment. • Digital leadership. 	<ul style="list-style-type: none"> • Highest Level of Corporate Governance standard with appropriate reporting lines. • Various Management-level committee formed for key topics.
 Employees	<ul style="list-style-type: none"> • Business culture, ethical behavior, and integrity. • Health and safety. • Talent acquisition and retention. • Benefits and compensations. • Equal opportunities. • Diversity and inclusion. • Learning and development. • Sustainability Report 2025 	<ul style="list-style-type: none"> • Regular communication from HR to staff on key developments including change in organization's structure, internal vacancies, employee wellbeing matters, etc. • Required training sessions are arranged for staff.

Materiality Assessment

Creating long-term value for stakeholders remains central to KFH - Bahrain's business strategy and sustainability approach. To support this objective, the Bank conducts a materiality assessment process to identify and evaluate the environmental, social, and governance topics that are most significant to both the Bank and its stakeholders.

The materiality assessment process involves several key stages, including:

Identifying potential material topics through research and analysis, including reviews of peer institutions, industry trends, regulatory developments, international and national sustainability frameworks, internal policies, strategic priorities, and input from management and relevant departments.

Prioritizing stakeholder groups and assessing the significance of identified topics based on stakeholder perspectives and their relevance to KFH - Bahrain's operations and long-term objectives.

Reviewing and validating the assessment results internally with management and relevant governance and sustainability functions to ensure that the identified material topics reflect stakeholder expectations and the Bank's strategic priorities.



List of Material Topics

KFH - Bahrain reviews its material topics periodically to ensure their continued relevance and alignment with evolving stakeholder expectations, regulatory requirements, and market developments. During 2025, our material topics included the following:

GOVERNANCE

Corporate Governance, Compliance and Business Ethics

Data Privacy and Security

Risk Management and Business Continuity

Customer Experience

Responsible Procurement

Financial Resilience

ENVIRONMENT

Emissions and Climate Change

Environmental Footprint

SOCIAL

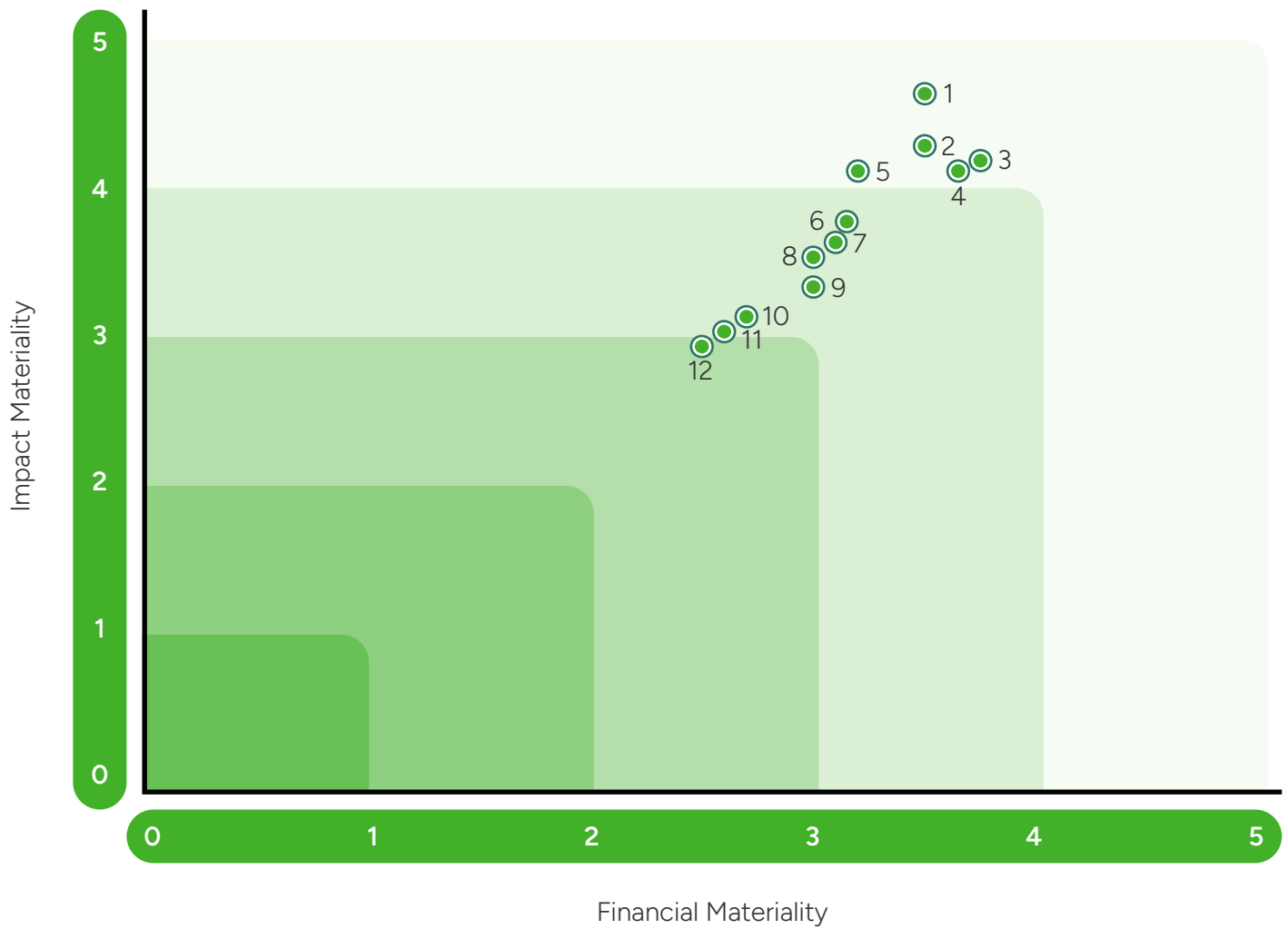
Sustainable and Responsible Finance

Local Impact and Community Development

Inclusive, Talented and Responsible Workforce

Employee Health, Safety and Well-being

Materiality Matrix



Material Topic	Rank
Corporate Governance, Compliance and Business Ethics	1
Sustainable and Responsible Finance	2
Data Privacy and Security	3
Risk Management and Business Continuity	4
Local Impact and Community Development	5
Inclusive, Talented and Responsible Workforce	6
Employee Health, Safety and Well-being	7
Emissions and Climate Change	8
Customer Experience	9
Environmental Footprint	10
Responsible Procurement	11
Financial Resilience	12





Our Governance and Ethics

- Board of Directors Oversight
- Board Leadership Structure
- Governance at KFH - Bahrain
- Compliance
- Audit
- Risk Management
- Business & Customer Excellence

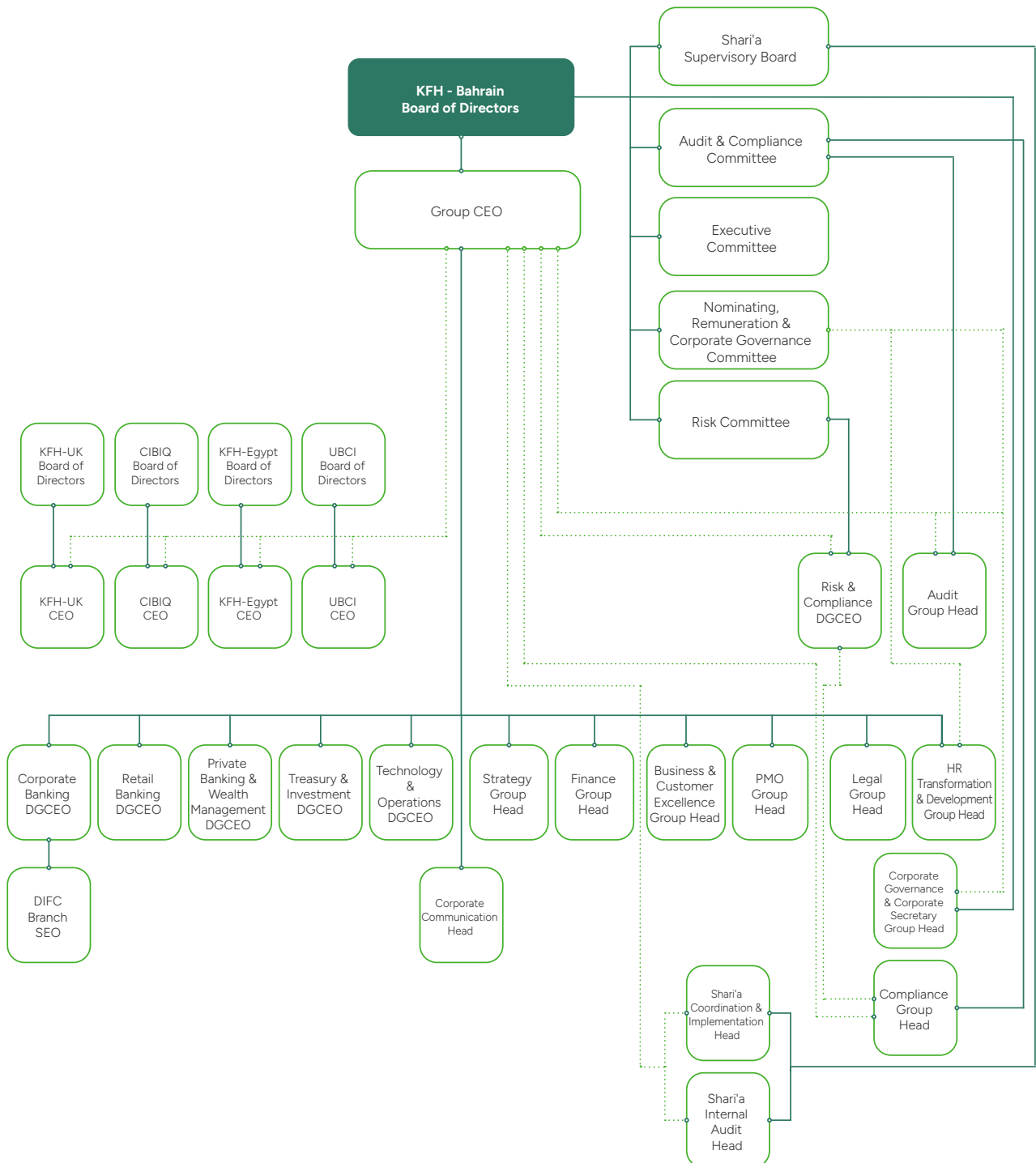
Board of Directors Oversight

KFH - Bahrain operates within a comprehensive corporate governance framework designed to ensure accountability, transparency, and effective oversight. The framework is aligned with the regulatory requirements of the CBB, the Bahrain Commercial Companies Law, and KFH - Bahrain's Articles of Association. It also reflects international best practices, including Basel standards for risk and capital management, as well as Shari'a governance requirements.

Following its integration into KFH Group, KFH - Bahrain further enhanced its governance structures to strengthen consistency, oversight, and alignment across the Group. The governance model emphasizes a clear distinction between supervisory and executive functions, supported by independent control mechanisms and structured reporting processes. It also incorporates well-established criteria for the appointment of Board members and senior management, ensuring competence, integrity, and effective succession planning.



Board Leadership Structure



KFH - Bahrain maintains a governance structure that clearly separates the roles of oversight and management. The Board provides strategic direction and supervision, while executive management is responsible for operational execution.

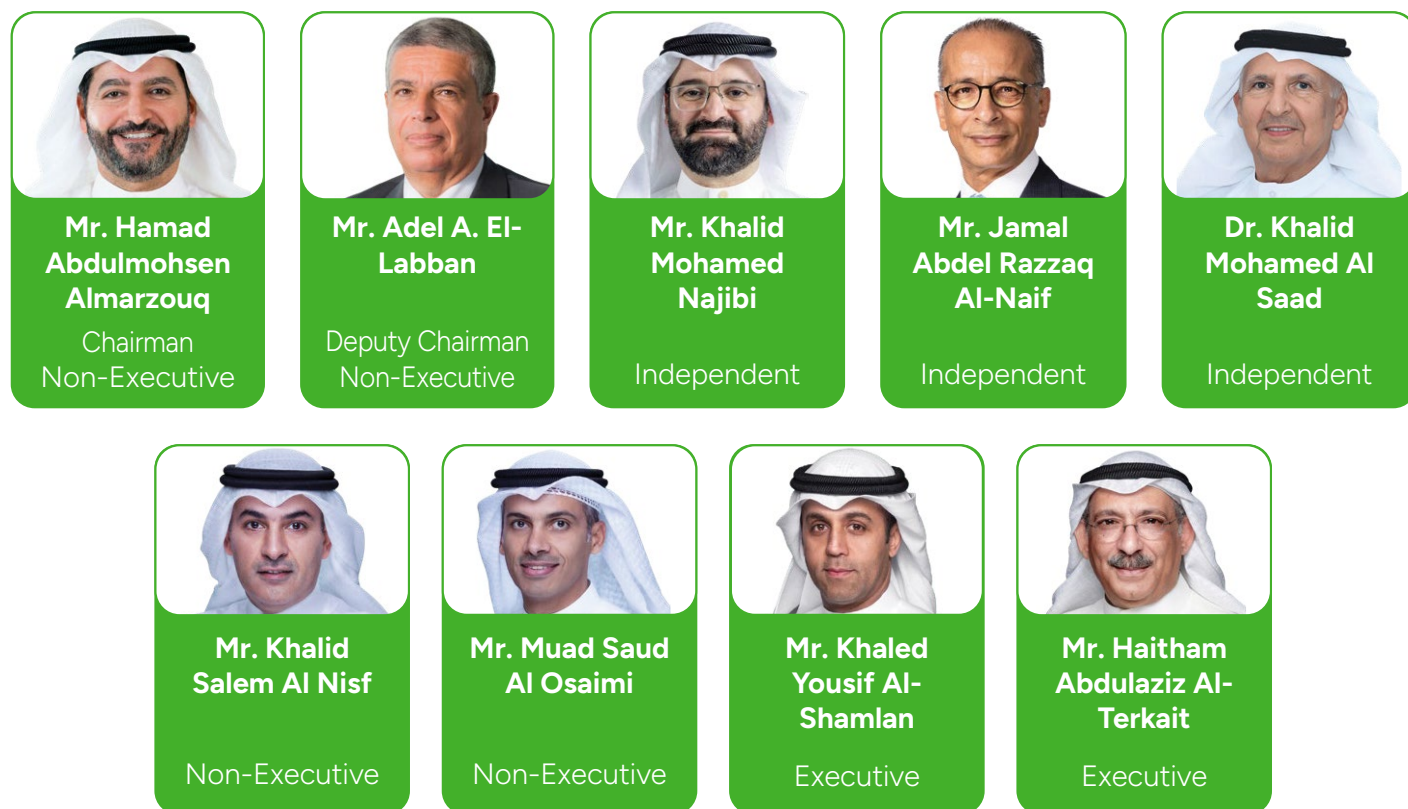
The positions of Chairman and Chief Executive Officer are held by separate individuals to reinforce independence and prevent concentration of authority. The Chairman, who is a non-executive member of the Board, with extensive financial and industry experience, leads the Board and ensures its effectiveness, while the Chief Executive Officer manages KFH - Bahrain's operations and implements approved strategies. This structure enhances accountability and supports objective decision-making.

The performance of the Board and its committees is evaluated on an annual basis to assess effectiveness, identify areas for improvement, and support continuous enhancement of governance practices

At KFH - Bahrain, the Board of Directors is composed of members with diverse professional backgrounds, ensuring a broad range of expertise relevant to KFH - Bahrain's operations, including banking, finance, risk management, technology, and other strategic sectors. The Board reviews its composition and performance on a periodic basis, with independence criteria reassessed annually to ensure objectivity and alignment with CBB requirements. As part of its broader commitment to diversity and inclusion, KFH - Bahrain continues to promote greater female representation across its leadership structures over time.



The Board of Directors composition as of 31 December 2025:



As of 29 March 2026, the following changes took place:

Note (1): Mr. Adel El Labban has been classified as an Independent Director;

Note (2): Mr. Jamal Al Naif's Board term ended, and Mr. Noorur Rahman Abid was appointed as an Independent Director on the Board.

The Board composition, overall effectiveness, and the performance of individual Directors are regularly evaluated to ensure alignment with the Bank's strategic priorities and governance requirements.

The composition includes independent, non-executive, and executive members, allowing for balanced oversight and decision-making. Independent directors play a critical role in strengthening objectivity and governance integrity. While there is currently no female representation on the Board of KFH - Bahrain, the Bank continues to promote greater female representation across its leadership structures over time as part of the Bank's broader commitment to diversity and inclusion.

As of the current Board term (2026–2029), the majority of members bring extensive experience, with eight Directors aged over 50 and one Director between the ages of 30 and 50. In addition, some of Board members have held Chief Executive Officer positions in other organizations, contributing valuable executive insights and cross-sector expertise to Board deliberations.

Board appointments are conducted through a structured nomination and selection process led by the Group Board Nomination, Remuneration and Corporate Governance Committee. This process is based on defined "fit and proper" criteria, including professional expertise, independence, integrity, and diversity considerations, ensuring alignment with regulatory requirements and KFH - Bahrain's strategic objectives.

In line with the Corporate Governance requirements of the CBB, the Board has established clear criteria and materiality thresholds to determine Director independence. These criteria are reviewed annually. The nine-member Board is composed as follows:

Board Members	2022	2023	2024	2025
Total Number of Board Members	7	9	9	9
Total Number of Independent Members	3	3	3	3
Total Number of Non-independent Members	4	6	6	6
Total Number of Executive Members	0	2	2	2
Total Number of Non-executive Members	4	4	4	4
Male Board Members	7	9	9	9



Roles and Responsibilities of the Board

The Board of Directors is accountable to shareholders for safeguarding and enhancing long-term value through sustainable management of the Bank’s operations. It holds collective responsibility for establishing and maintaining a robust, transparent, and effective corporate governance framework.

KEY RESPONSIBILITIES OF THE BOARD INCLUDE:

Ensuring adherence to laws and regulations and to best business ethics, as well as Shari’a rules and principles and Shari’a governance

Providing entrepreneurial leadership of the Bank within a framework of prudent and effective controls, which enable risk to be assessed

Setting the Bank’s strategic aims, ensuring that the necessary financial and human resources are in place for the Bank to meet its objectives and review management performance

Setting the Bank’s values and standards and ensuring that its obligations to its shareholders and others are understood and met

Board Committees

The Board of Directors holds ultimate responsibility for KFH - Bahrain's strategic direction, governance practices, and long-term performance. Its role includes approving strategic objectives, overseeing risk management frameworks, ensuring regulatory compliance, and safeguarding stakeholder interests.

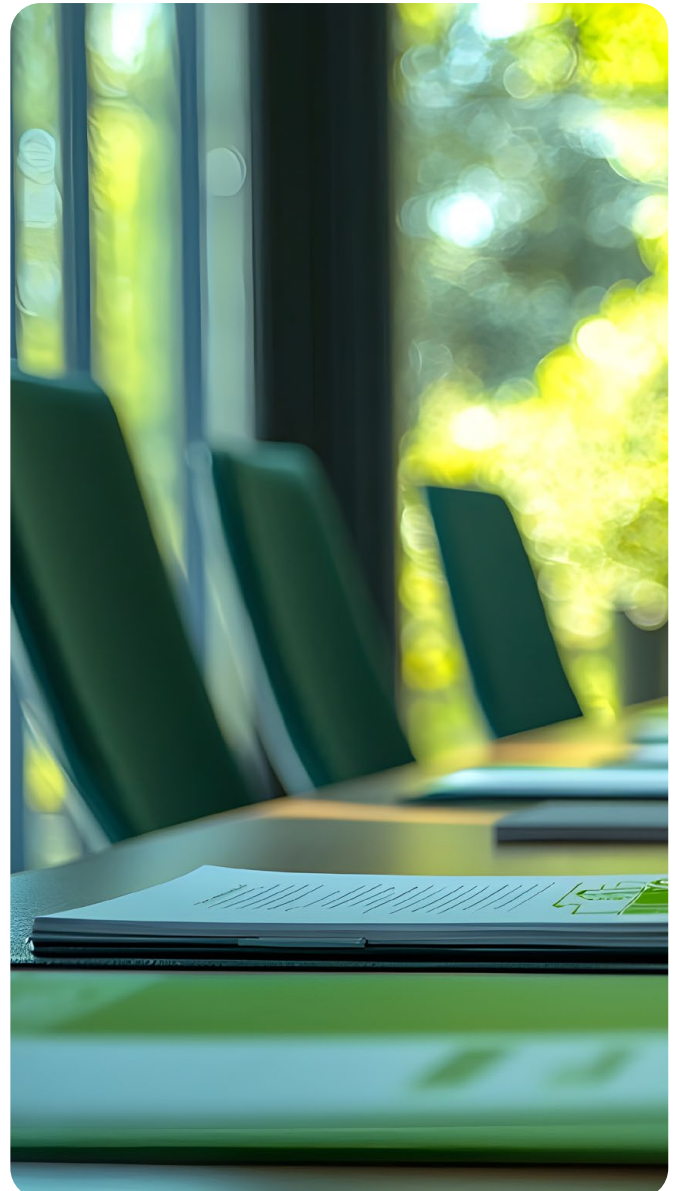
Through its oversight function, the Board ensures that governance principles are embedded across the Bank and that decision-making processes align with KFH - Bahrain's long-term sustainability and ethical standards.

To support the effective discharge of its responsibilities, the Board has established specialized committees. These committees provide focused oversight on key areas such as audit, risk, governance, and remuneration. Each committee operates under a defined mandate and reports regularly to the Board.

GROUP BOARD EXECUTIVE COMMITTEE

The Group Board Executive Committee (GBEC) assists the Group Board in discharging its responsibilities relating to the KFH - Bahrain and KFH group of companies ("KFH Group") with a particular focus on credit and investment-related decisions. The GBEC, acting for the Board of Directors of KFH PLC, is responsible for reviewing and approving credit and market risk exposures within defined thresholds, ensuring timely and effective decision-making. Its role is limited to these delegated areas and does not extend to broader Board responsibilities.

The GBEC includes **four (4) members**, comprising **4 Non-Executive Directors** (including the Chairman).



GROUP BOARD AUDIT AND COMPLIANCE COMMITTEE

The Group Board Audit and Compliance Committee (GBACC) assists the Board in discharging its oversight responsibilities relating to the Bank's accounting, internal audit, internal controls, Internal Shari'a Audit observations and recommendations, compliance procedures, financial reporting functions, liaising with the Bank's external auditors, independent external Shari'a compliance auditors, Shari'a Supervisory Board ("SSB") and regulators to ensure compliance with all relevant Shari'a and regulatory requirements and in achieving uniformity with best market practices.

The committee does not oversee the day-to-day work of management and has no executive powers. The GBACC carries out its principal responsibilities in respect of the Bank (as the parent company) and has oversight of the related responsibilities of the Audit and Compliance Committees of the Bank's subsidiaries and managed affiliates.

The GBACC includes **four (4) members**, comprising **three (3) Independent Directors** (including the Chairman) and **one (1) Non-Executive Director**.



GROUP BOARD RISK COMMITTEE

The Group Board Risk Committee (GBRC) assists the Group Board in fulfilling its oversight and governance responsibilities related to present and emerging risks, risk strategies and risk appetite associated with KFH - Bahrain's financing, investment and other business activities. The GBRC reviews, oversees and monitors adherence of KFH - Bahrain to the risk appetite and framework and acts as a general forum for discussions of any risks faced by the Bank potentially resulting in financial or reputational losses.

It also oversees the activities of the Group Management Risk Committee (GMRC), through the DGCEO - Risk & Compliance in his capacity as the Chairperson of the GMRC. The committee does not have the authority to review and recommend any financial transactions pertaining to the Bank's business activities.

The GBRC includes **four (4) members**, comprising **three (3) Independent Directors** (including the Chairman) and **one (1) Non-Executive Director**.



GROUP BOARD NOMINATING, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE

The Group Board Nominating, Remuneration and Corporate Governance Committee (GBNRCGC) assists the Board in matters related to Board composition, remuneration, and governance practices. It also assists the Board in relation to nominating and remuneration matters pursuant to applicable laws and regulations and to instil a best practice approach to the matters assigned to its responsibilities, at all times acting within the criteria set by the licensing and regulating authorities such as the CBB and the Ministry of Industry and Commerce (MOIC) in the Kingdom of Bahrain for the Bank and any other applicable legislation following a fair and balanced approach.

The committee supports the Group Board in performing its supervisory responsibilities relevant to overseeing the sound governance of the Bank including developing a set of governance guidelines and policies, and monitoring compliance with the application of these guidelines, policies, and the Corporate Governance Policy of the Bank pursuant to CBB and MOIC laws and regulations as well as any other applicable laws and regulations.

It includes **five (5) members**, comprising **three (3) Independent Directors** (including the Chairman), and **two (2) Executive Directors**.



As of 31 December 2025, the classification of the Board members as well as their respective memberships in the Board Committees were as follows:

Directors	Classification	GBEC	GBACC	GBRC	GBNRCGC
Mr. Hamad Abdulmohsen Almarzouq	Non-Executive	(Committee Chairman)			
Mr. Adel A. El-Labban	Non-Executive				
Mr. Khalid Mohamed Najibi	Independent			(Committee Chairman)	
Mr. Jamal Abdel Razzaq Al-Naif	Independent		(Committee Chairman)		
Dr. Khalid Mohamed Al Saad	Independent				(Committee Chairman)
Mr. Khalid Salem Al Nisf	Non-executive				
Mr. Muad Saud Al Osaimi	Non-executive				
Mr. Khaled Yousif Al-Shamlan	Executive				
Mr. Haitham Abdulaziz Al-Terkait	Executive				

All Board Committee meetings in 2025 achieved a 100% attendance rate, demonstrating strong commitment and active participation by all members.

Further details on meetings and attendance are available in our Annual Report 2025.

Governance at KFH - Bahrain

KFH - Bahrain has established a structured management governance framework that defines clear lines of responsibility and accountability across all levels of the Bank. Executive management is responsible for implementing strategy and overseeing daily operations, supported by specialized committees and internal governance mechanisms.

Board members collectively possess expertise in key areas including ESG, risk management, finance, and banking. Ongoing training and development programs are conducted to ensure that Board members remain informed of emerging risks, regulatory developments, and sustainability practices.



To support effective governance, Board members participate in ongoing training and professional development programs designed to enhance their knowledge of emerging risks, regulatory developments, ESG practices, and industry trends. These programs include targeted sessions on areas such as sustainability, risk management, cybersecurity, and financial oversight. This continuous development ensures that the Board maintains the necessary expertise to provide informed oversight and strategic guidance.

A central coordination function ensures effective communication between management and the Board, as well as timely reporting on performance, risk, and strategic developments. Regular reporting cycles ensure that decision-making remains informed, transparent, and aligned with KFH - Bahrain's objectives.

Remuneration Policy

To ensure transparency, integrity, and fairness in remuneration, the Bank's Corporate Governance Framework includes clear guidance on remuneration policies and practices, as outlined below:

The Board of Directors oversees the design, implementation, control, and periodic review of the Bank's remuneration system to ensure its effectiveness and alignment with the Bank's strategic objectives and risk framework.

The BNRCGC is responsible for establishing and overseeing the Bank's remuneration framework and guidelines, ensuring that all remuneration-related matters are appropriately governed and aligned with regulatory requirements.

The Remuneration Policy forms part of the Bank's HR policies and is subject to annual review and approval by the Board of Directors and shareholders. The policy incorporates all applicable regulatory requirements, including those related to Approved Persons and Material Risk-Takers. It outlines the methodology for determining remuneration, including variable pay allocation, risk adjustments, deferral mechanisms, and malus and clawback provisions.

The policy ensures that remuneration practices support effective risk management, align with market standards, and promote sustainable performance. It also establishes clear frameworks for performance-based compensation, ensuring compliance, transparency, and appropriate disclosure.

The Bank's remuneration system is structured to attract, motivate, and retain qualified professionals while aligning employee incentives with long-term value creation and prudent risk-taking. It incorporates both fixed and variable components, ensuring a balanced and performance-driven compensation structure.

Executives' remuneration consists of fixed and variable elements, including short-term and long-term incentives. Variable remuneration may be paid upfront or deferred, subject to performance conditions including ESG performance, risk adjustments, and regulatory requirements, including malus and clawback provisions.

The BNRCGC plays a key role in governance and oversight by reviewing and approving remuneration structures, performance bonus pools, salary increments, and employee benefits. It also ensures that remuneration outcomes are consistent with the Bank's risk framework and regulatory expectations.



KFH - BAHRAIN'S REMUNERATION SYSTEM HAS THE FOLLOWING COMPENSATORY COMPONENTS:

Fixed
Remuneration

Variable
Remuneration

Short-term
Incentives

Long-term
Incentives

(For more details, please refer to the Remuneration Report in the KFH - Bahrain's Annual Report 2025)

ESG Reporting and Oversight

The Board of Directors maintains overall responsibility for overseeing KFH - Bahrain's ESG matters. Sustainability considerations are fully integrated into KFH - Bahrain's strategic and governance frameworks, ensuring alignment with long-term value creation.

ESG oversight is embedded within KFH - Bahrain's overall strategy and is supported by a dedicated Strategy and Sustainability function responsible for the implementation, monitoring, and reporting of ESG initiatives.

The Board actively reviews ESG performance, and ESG-related responsibilities are formally delegated to executive management while maintaining Board-level oversight and accountability. The Board also reviews and approves sustainability-related policies and ESG disclosures, ensuring transparency and alignment with stakeholder expectations.

Governance Framework and Ethical Conduct

KFH - Bahrain operates under a comprehensive set of governance policies that promote ethical behavior, transparency, and accountability, including frameworks addressing conduct, conflicts of interest, and governance practices.

KFH - Bahrain has a strict Compliance Policy that covers Conflict of Interest to ensure transparency and objectivity in the Bank's financing processes. Conflict of interest involving employees, BoD members, directors, and their immediate family members (spouse, children, and parents) must be avoided. Members of the BoD are required to disclose on an annual basis any matter that may result, or has already resulted, in a conflict of interest to the Chairman and the Corporate Secretary. All disclosed information is communicated to stakeholders in our annual report.

A zero-tolerance approach is adopted towards bribery and corruption, supported by clear policies and internal controls. Mechanisms are in place to identify and manage conflicts of interest, ensuring objective decision-making. Stakeholders have access to formal mechanisms to raise concerns, including whistleblowing channels, with clear escalation procedures to senior management and the Board. Key risks and issues are communicated effectively to ensure timely oversight.

All critical concerns are communicated to the Board during meetings or are circulated as necessary.

Shari'a Governance

In 2023, KFH - Bahrain has formally established its Shari'a Governance Framework and structure which consists of:

- Shari'a Supervisory Board (SSB)
- Shari'a Coordination and Implementation Function
- Internal Shari'a Audit Function

Shari'a Supervisory Board (SSB)

The Bank's SSB is an independent body of Shari'a scholars specialized in Fiqh Al Mu'amalat (Islamic Commercial Jurisprudence), Islamic banking and finance industry. The SSB members are as follows:



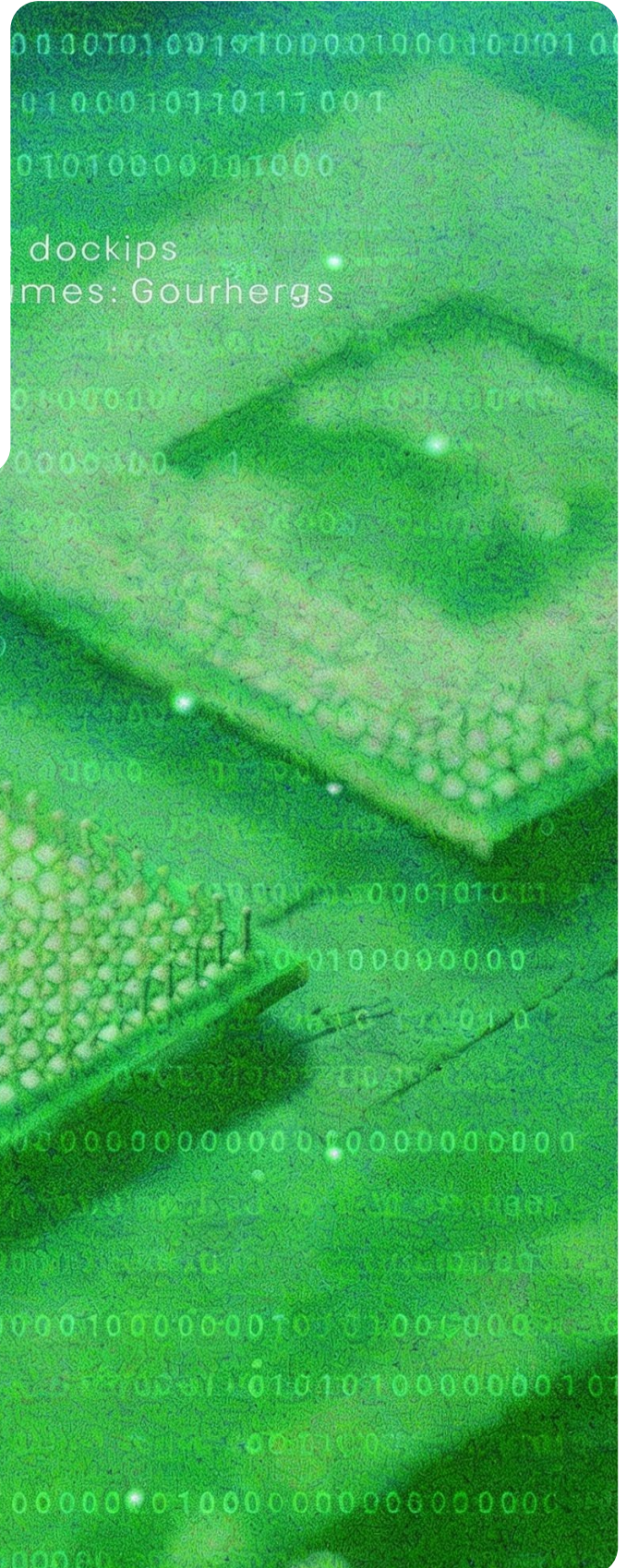
Independent External Shari'a Compliance Audit (IESCA)

The Shari'a governance framework is designed to ensure compliance of all banking activities with Shari'a rules and principles by applying a set of processes, policies and structures that guide in maintaining Shari'a. The framework also guides Shari'a risk Management in identifying potential Shari'a non-compliance risks in products, services and operations and implementing measures to mitigate the identified risks.

During 2025, zero Shari'a concerns were identified in relation to corporate governance matters.

Technology and Cybersecurity Governance

Oversight of technology and cybersecurity risks is embedded within the governance framework. The Board and executive management actively monitor information security risks and ensure appropriate mitigation measures. Regular reporting and continuous capability development strengthen KFH - Bahrain's resilience and support effective management of evolving cybersecurity risks.



Compliance

KFH - Bahrain maintains a strong commitment to compliance as a core pillar of its governance framework, ensuring adherence to applicable laws, regulations, and internal policies. This approach supports KFH - Bahrain's dedication to transparency, accountability, and ethical conduct, while reinforcing stakeholder trust and long-term sustainability. KFH - Bahrain adopts a structured and proactive approach to compliance monitoring, whereby instances of non-compliance are assessed based on defined risk levels and addressed through appropriate escalation and corrective actions. Oversight is provided through regular reporting to the Group Board Audit & Compliance Committee, ensuring continuous improvement and alignment with regulatory expectations. In 2025, KFH - Bahrain recorded seven incidents of non-compliance with applicable laws and regulations.

Conflict of Interest

KFH - Bahrain has established comprehensive policies and procedures to identify, disclose, and manage conflicts of interest in line with international best practices. These are primarily governed through the Group Code of Business Conduct and the Group Compliance Policy, which define expectations for personal conduct and conflict management across all levels of the Bank. The policies cover a wide range of scenarios, including financial and non-financial conflicts, external duties, personal relationships, and potential conflicts involving suppliers, competitors, or related parties.

All employees are required to complete conflict of interest declarations upon joining and are provided with regular training to ensure awareness and proper escalation of any potential conflicts. The policies are reviewed periodically as per review cycle to ensure their continued effectiveness.

At the Board level, Directors are required to disclose any actual or potential conflicts to the Chairman and Corporate Secretary and must abstain from voting on matters where conflicts arise. In 2025, 7 instances were recorded where Board members abstained from voting due to related-party considerations, demonstrating adherence to governance standards.

To further strengthen safeguards, KFH - Bahrain enforces a policy on the employment of relatives to prevent conflicts in recruitment, reporting lines, and decision-making processes, thereby reinforcing fairness and integrity across its operations.



Ethics and Anti-Corruption

KFH - Bahrain has incurred no fines, penalties, or settlements in relation to corruption

KFH - Bahrain adopts a zero-tolerance approach to bribery and corruption, guided by its Group Code of Business Conduct and Group Compliance Policy, which explicitly define and prohibit bribery, corruption, and facilitation payments. These policies apply across the Group and its subsidiaries, with additional local requirements incorporated where applicable.

All employees are required to undergo mandatory training on ethics, anti-bribery, and corruption upon induction and on an ongoing basis, with annual attestations to confirm compliance. KFH - Bahrain also maintains clear operational guidelines on record-keeping, approval processes, and appropriate conduct, supported by its Group Document Management Policy.

Preventive measures include structured governance processes such as independent committee reviews for procurement, outsourcing, and new product approvals, ensuring that decisions are subject to collective oversight and risk mitigation.

Any breaches are investigated in a fair, transparent, and unbiased manner, with disciplinary actions implemented in accordance with internal policies.



Whistleblowing and Integrity

KFH - Bahrain has implemented a comprehensive whistleblowing framework through its Group Banking Integrity and Whistleblowing Policy, which enables employees and stakeholders to report misconduct or breaches confidentially or anonymously through a dedicated hotline email ID. The email is monitored by Group Head of Human Resources Transformation & Development, Group Head of Compliance and Group Head of Internal Audit.

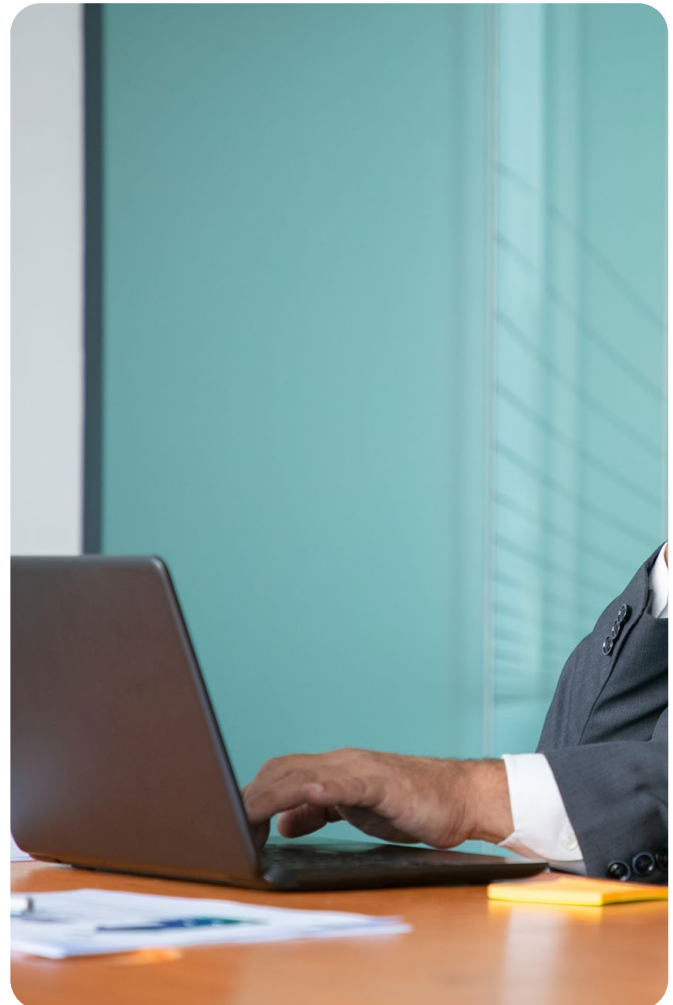
All concerns raised are assessed and escalated in accordance with established governance protocols, with strict protection against retaliation. Employees receive training on whistleblowing procedures during onboarding and through ongoing awareness initiatives, reinforcing a culture of integrity and accountability.

Grievance Mechanisms

KFH - Bahrain is committed to maintaining transparent and accountable channels for reporting concerns and addressing grievances across its operations. KFH - Bahrain has established mechanisms that enable employees and stakeholders to raise concerns related to misconduct, ethical breaches, or non-compliance in a confidential and secure manner.

As part of this framework, KFH - Bahrain implements a whistleblowing framework that allows concerns to be reported anonymously or confidentially, with direct access to Whistleblowing Team comprising of Group Head of Human Resources Transformation & Development, Group Head of Internal Audit, Group Head of Compliance All reported cases are assessed and handled in line with established governance procedures, ensuring fair review and appropriate escalation where required.

In addition, KFH - Bahrain provides channels for customers and stakeholders to raise complaints or concerns, which are addressed through defined internal processes. These mechanisms support KFH - Bahrain's commitment to integrity, accountability, and responsible business practices.



Anti-Money Laundering, Combatting of Terrorism and Proliferation Financing , and Financial Crime Prevention

KFH - Bahrain maintains a comprehensive Anti-Money Laundering (AML) and Combatting of Terrorism and Proliferation Financing (CTPF) framework aligned with the CBB Rulebook – Financial Crime (FC) Module, Central Bank of Kuwait (CBK), Group AML/CTPF Policy and consistent with international standards, including the Financial Action Task Force (FATF) 40 Recommendations. KFH - Bahrain's AML & CFT Policy, approved by the Board of Directors, establishes the overall governance structure for AML/CFT compliance, including risk assessment, customer due diligence, transaction monitoring, and suspicious activity reporting.

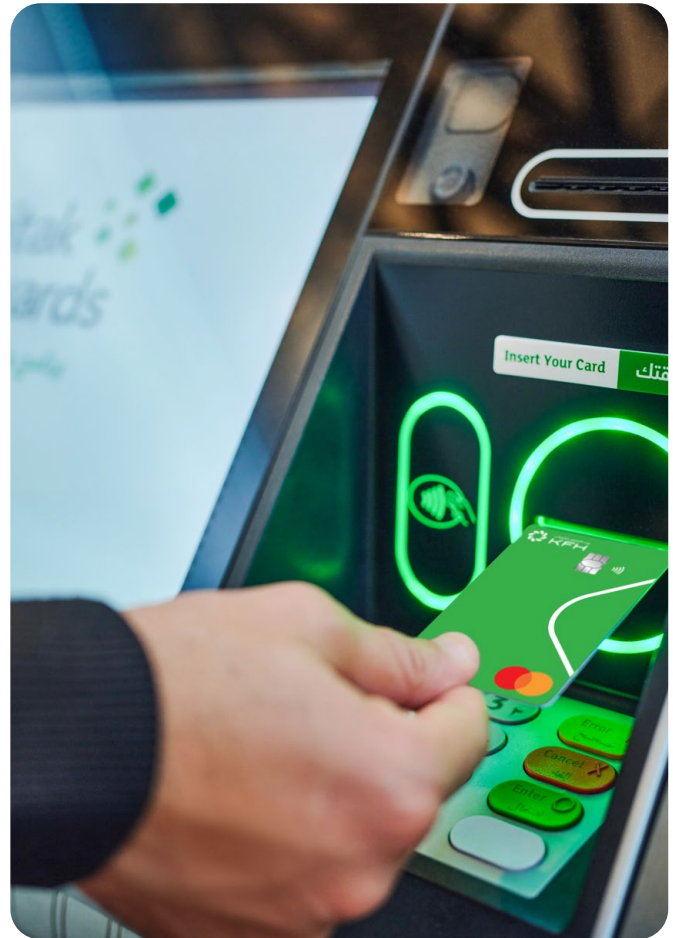
As part of its risk-based approach, KFH - Bahrain performs comprehensive Customer Due Diligence (CDD) prior to establishing any business relationship to identify and mitigate risks associated with illegal activities. This process includes verification of customer identity using reliable documentation, screening against sanctions lists, politically exposed persons (PEPs), and adverse media, as well as assessment of customer profile, business activities, geographic exposure, and transaction behavior. Where higher risks are identified, Enhanced Due Diligence (EDD) measures are applied. These procedures are conducted in accordance with KFH - Bahrain's AML & CFT Policy and CDD framework.

KFH - Bahrain has formal Know Your Customer (KYC) procedures in place, which are implemented prior to onboarding and maintained throughout the customer lifecycle. Customer information is periodically reviewed and updated to reflect regulatory requirements, changes in risk profiles, and evolving internal policies. High-risk customers are subject to more frequent reviews, including at least annual updates, ensuring ongoing risk monitoring and compliance.

KFH - Bahrain also implements continuous transaction monitoring and screening controls to detect unusual or suspicious activities. Employees are required to promptly escalate any suspicious or potentially suspicious transactions to the Money Laundering Reporting Officer (MLRO). Where warranted, the MLRO prepares and submits Suspicious Transaction Reports (STRs) through the designated regulatory reporting system, in line with established procedures and regulatory requirements. Internal escalation and reporting processes are governed by KFH - Bahrain's Suspicious Activity Reporting (SAR/STR) framework.

To ensure effectiveness, KFH - Bahrain maintains structured governance processes across high-risk activities, including procurement, outsourcing, and product development, where cross-functional committees review and assess potential financial crime risks before approvals are granted.

KFH - Bahrain places strong emphasis on training and awareness as a key pillar of its AML/CTPF framework. All employees are required to complete mandatory AML/CTPF training within the first three months of joining, followed by annual refresher training. The training program covers regulatory requirements, internal policies, customer due diligence, sanctions compliance, transaction monitoring, suspicious activity reporting, and emerging financial crime typologies.



In addition, employees participate in external training programs and industry workshops to remain aligned with evolving regulatory expectations. KFH - Bahrain also conducts regular internal awareness campaigns and participates in external forums and regulatory initiatives to strengthen its financial crime prevention capabilities.

Through this comprehensive framework, KFH - Bahrain ensures a proactive, risk-based approach to preventing, detecting, and reporting financial crime, while maintaining full compliance with applicable regulatory and international standards.



Compliance with Laws and Regulations

KFH - Bahrain remains committed to full compliance with all applicable legal and regulatory requirements. During the reporting period, KFH - Bahrain reported no monetary fines or penalties related to non-compliance with laws and regulations, reflecting the effectiveness of its compliance framework. Any regulatory observations are addressed through structured review processes, including inspections conducted by the CBB.

Human Rights

KFH - Bahrain aims to align with internationally recognized human rights standards, ensuring these principles are upheld across its operations and business relationships. KFH - Bahrain is committed to promoting fair labor practices and fostering an inclusive environment where all employees are treated with dignity, respect, and equality.

KFH - Bahrain recognizes the importance of engaging with stakeholders, including employees and relevant partners, to support its approach to human rights and responsible business practices. These efforts are reflected in KFH - Bahrain's policies and procedures, which aim to integrate human rights considerations into its operations and decision-making processes.

KFH - Bahrain has not recorded any human rights impact incidents

KFH - Bahrain does not support any form of child labor or forced labor, within or outside the scope of its operations. KFH - Bahrain also maintains a zero-tolerance approach to discrimination and harassment, ensuring equal opportunity in recruitment, training, and career development.

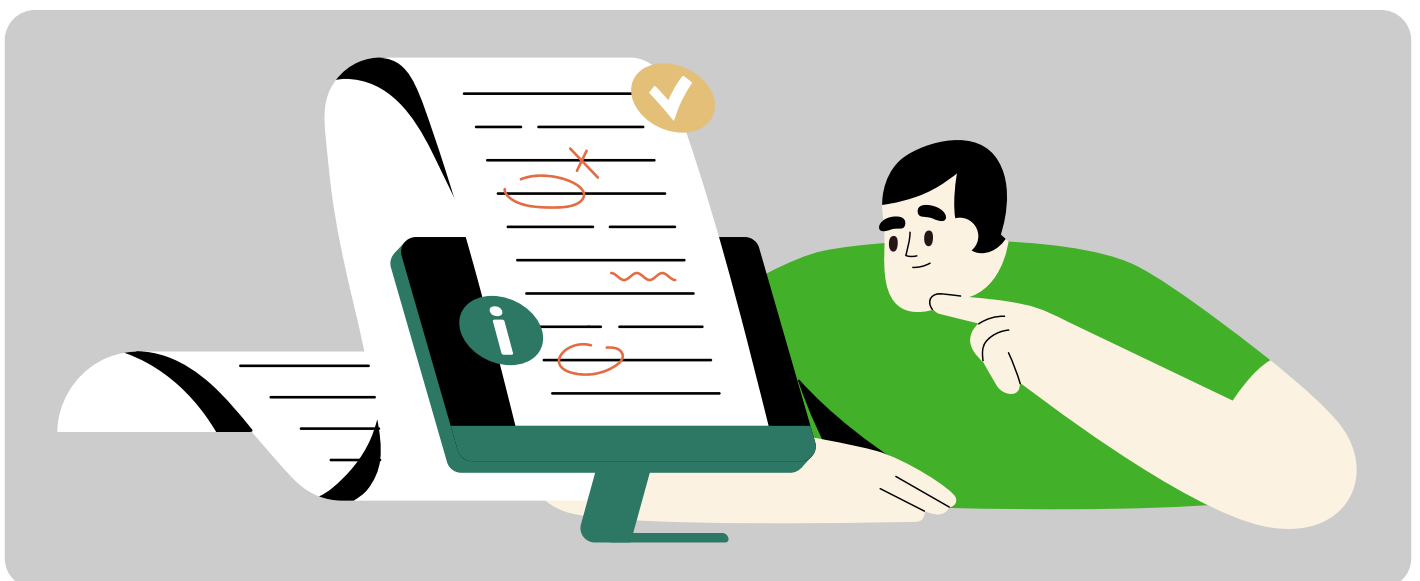
These principles extend to suppliers and business partners, reinforcing ethical conduct and responsible practices across KFH - Bahrain's value chain.

Audit

KFH - Bahrain's Internal Audit spearheads all operations relating to the Bank's auditing procedures ensuring that activities are always systematic, coherent and delivered in a controlled manner. Audits are conducted throughout KFH - Bahrain's departments including regular audits of its ethical standards, internal audits of its risk management systems and ESG audits. Such audits are crucial as they assess the Bank's operations against ethical policies, code of conduct, and regulatory requirements. KFH - Bahrain also conducts audit planning, control testing, data analysis, evaluation of compliance control effectiveness, reporting of findings, and followup reviews.

Risk Assessment

KFH - Bahrain's audit risk assessment is anchored in strong risk-focused methodology to properly examine, rank and prioritize auditing risk based on significance using a three-factor model composed of: Strategy and Materiality, Inherent Business Risks and Emerging Risks and Other Changes. To properly leverage this model, a range of factors are considered when aiming to identify activity risks including potential financial impact, likelihood of occurrence, regulatory exposure, customer and operational impact, adequacy of existing controls, Operational Risk incidents, system or process complexity, and overall alignment with the Bank's strategic priorities. To maintain control within an ever-changing environment, the risks assessment undergoes regular updates through an internal audit of the risk management system as risks and regulatory changes emerge. The audit on risk management systems covers credit risk management, liquidity risk management, operational risk, market risk, and information security controls where all material changes from this audit are reflected back into the internal audit plan.



Audit Plans & Review

Before conducting audits, audit plans are set indicating the scope, timing, materiality thresholds, extent of engagement, risk assessment procedures, and priority areas of concern for auditing with the goal of ensuring compliance with standards, helping discover and mitigate potential risks within the Bank's environment.

A formal review of its audit plans is conducted annually, driven by a forward-thinking approach through the regular updates of audit plans contingent on any emerging changes that may lead to direct or indirect impacts to business operations. Following a risk-based methodology, audit plan are updated considering factors like the Bank's risk profile, internal processes or systems, organizational structural changes, control effectiveness, business priorities and results from previous internal and external audits with the collaboration of the GBACC, the GCEO, Senior Management, external auditors, the Internal Audit Department and the Group Compliance Department (GCD).

Together, they deliver holistic outcomes that lead to appropriate corrective actions, policy enhancements, staff awareness programs, and strengthened governance controls for the betterment of auditing for KFH - Bahrain and its future.

The audit process stays in alignment with the highest standards and regulations, both international and local. To warrant proper alignment and protect the Bank's credibility and value, audit process and plans are consistently reviewed, ensuring all activities, actions and procedures are in compliance with the International Standards for the Professional Practice of Internal Auditing (IIA) standards, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) standards and the Shari'a Governance Module of the CBB. KFH - Bahrain works closely with the CBB to discuss risks, audit findings, and recommendations and adheres to its requirements in submitting audited financial statements annually and all its internal audit reports as well as having external auditors certify its compliance with Shari'a rules and principles.



The GBACC

The GBACC is thoroughly involved in the approval of the audit plan, review summary of audit issues, tracking closure of findings, assessing resource adequacy, and ensuring the independence of the audit process. It also reviews performance indicators, and annual quality assessments of the KPIs of the audit function to provide feedback alongside Senior Management accounted for in audit plan reviews. Included in the audit plan reviews are the evaluation the effectiveness of its internal audits using various metrics such as audit plan completion, timeliness of audit reports, quality of observations, closure of audit findings, and stakeholder feedback. Summary status reports of audit findings are regularly presented to Senior Management and the GBACC. In addition, periodic selfassessments and external quality assurance are also included in the internal audit review process to evaluate effectiveness and increase improvement.

External Audit

Maximizing its internal improvement efforts, KFH - Bahrain embraces the advantage of including external auditors as engaging external auditors is crucial for ensuring an objective assessment of the Bank's financial performance, compliance with regulations, and the accuracy of reporting as well as enhancing its independency agenda. As an Islamic Bank, KFH - Bahrain also onboards external auditors to assess alignment of its processes with Shari'a rules and principles, following the requirements indicated by the CBB. External audit recommendations are issued in the form of a management letter as part of year-end audit. External auditors are assigned to responsible departments and tracked through action plans with target timelines. KFH - Bahrain adopts an external auditor policy to guide in the selection of the most qualified external auditors. The candidacy of external auditors is assessed based on professional qualifications, independence, industry experience, regulatory approval, reputation, audit methodology, and ability to meet reporting timelines. Recommendations provided by external auditors are then integrated and utilized to enhance internal controls, processes, and financial practices at KFH - Bahrain.



ESG Audit

KFH - Bahrain is committed to incorporating ESG factors within the delivery of its responsibilities for long-term protection and benefit to the Bank and its stakeholders. ESG criteria are actively factored into audit planning and risk assessment where a separate ESG auditing entity specializing specifically in conducting ESG audits occurs. The criteria support the evaluation of environmental, social and governance risks as well as examining regulatory expectations, sustainability commitments, climaterelated exposures, governance practices, social responsibility indicators, internal ESG policies, stakeholder concerns, and industry benchmarks during audit planning and execution. This all-encompassing evaluation helps effectively determine material and potential ESG risk areas for audit within KFH - Bahrain.

Additionally, the internal, external and ESG auditing processes are enhanced through digitalization using the centralized tracking system; Teammate+. This feature supports the organization of audit-related workflows in planning, reporting, execution and follow-up stages. More specifically, it automates the process for assigning actions, setting deadlines, monitoring progress, updating status dashboards, and validating implementation through followup reviews that ensures that ESG audit and other audit recommendations are effectively implemented and tracked. By leveraging Teammate+, the Bank efficiently uses dataanalytics and automated reporting dashboards to skilfully resolve audit issues and monitor results. Areas of required action are assigned to responsible departments through Teammate+ and monitored through defined timelines where periodic followups are made to ensure implementation of the recommendations, and that escalation protocols exist for overdue audit actions.

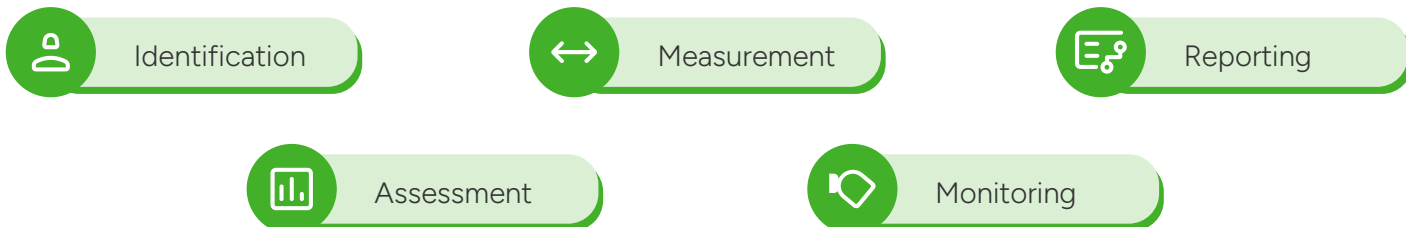
Risk Management

Effective risk management is fundamental to KFH - Bahrain's ability to achieve sustainable growth, safeguard stakeholder value, and maintain financial resilience. KFH - Bahrain adopts a proactive approach to identifying, assessing, and managing risks across all business activities, ensuring an optimal balance between risk exposure and return in line with its strategic objectives and regulatory expectations.

Risk Management Framework

KFH - Bahrain operates under a comprehensive Group Risk Management (GRM) Framework, aligned with the regulatory requirements of the CBB, based on Basel III principles and broadly aligned with COSO principles. The framework is embedded across the first and second lines of defense, ensuring integration into both strategic planning and day-to-day operational decision-making.

The GRM framework encompasses the following core components:



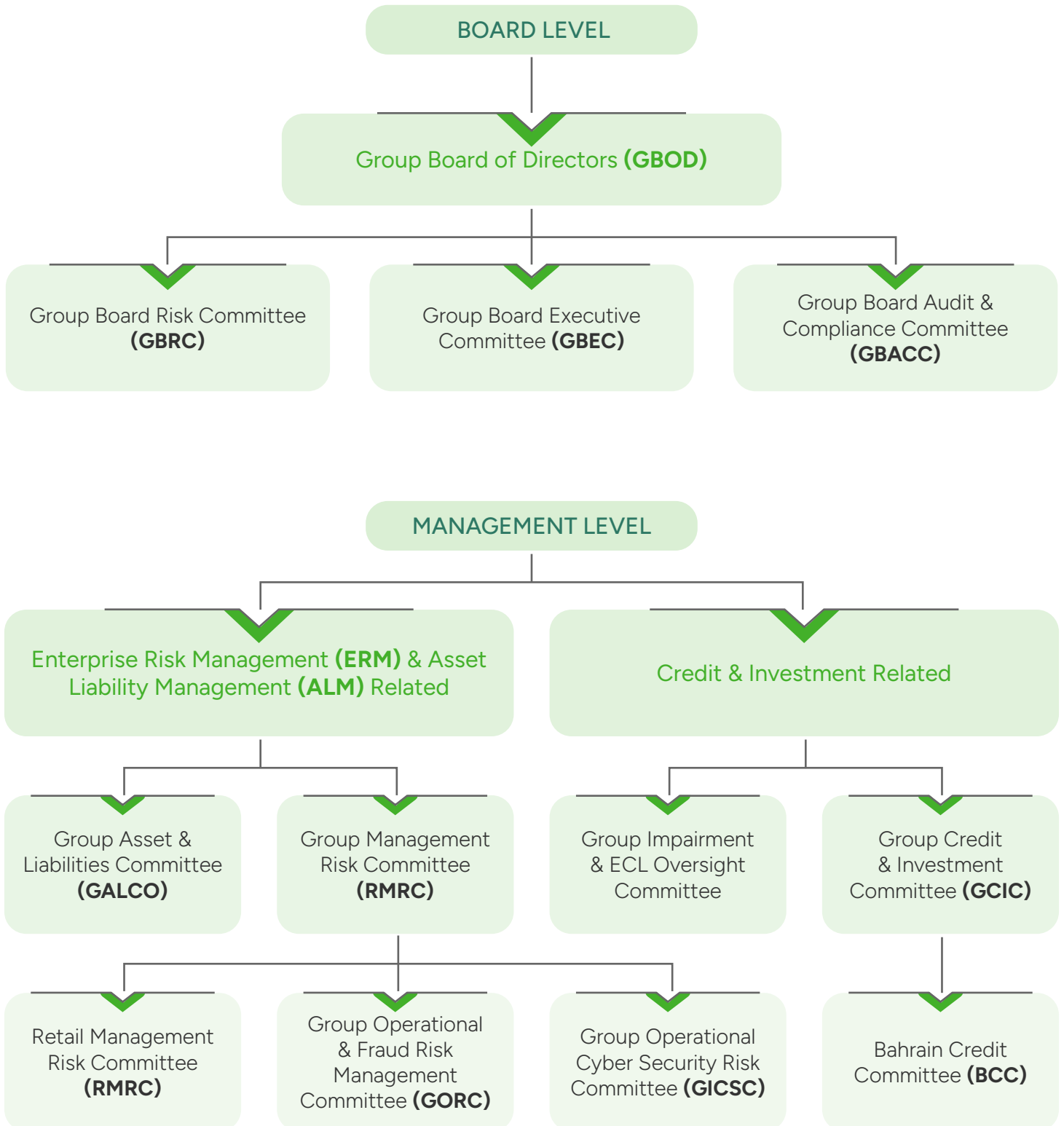
Oversight mechanisms are implemented through KFH - Bahrain's risk-related committees' Terms of Reference (TOR) and GRM policies, ensuring effective governance and control across all risk management activities.

Risk Governance

The Group Board of Directors (GBOD) holds ultimate responsibility for risk management oversight and is supported by the GBRC. The Deputy Group Chief Executive Officer – Risk & Compliance (Chief Risk Officer equivalent) ensures the independence of the risk management function, reports directly to the GBRC, and chairs the Group Management Risk Committee (GMRC).

The GMRC serves as KFH - Bahrain's primary forum for risk management matters, supporting the GBRC in fulfilling its oversight responsibilities. The risk management function reports independently to the GBRC and administratively to the GCEO, with an additional dotted reporting line to KFH Kuwait Group Risk Management to ensure alignment at the Group level.

GROUP RISK MANAGEMENT GOVERNANCE STRUCTURE



Risk Appetite and Monitoring

KFH - Bahrain's risk appetite and tolerance are defined through GRM policies, incorporating regulatory requirements, Group alignment, business strategy, and stress testing considerations. Robust escalation and reporting mechanisms ensure timely management action and transparency at both management and Board levels.

Escalation of significant risk issues is governed by GRM policies and procedures, with matters escalating to senior management and relevant committees based on predefined thresholds, including limit breaches, or management discretion.

All GRM policies are subject to annual review to ensure alignment with evolving regulatory requirements, Group standards, and KFH - Bahrain's strategic objectives.

Risk Mitigation

KFH - Bahrain adopts a structured risk governance framework to ensure effective oversight and integration of risk management across all operations. This framework supports informed decision-making and aligns with the Bank's strategic objectives, regulatory requirements, and risk appetite. Risk management is embedded across business functions to ensure that risks are proactively identified, assessed, and managed.

The Bank follows a coordinated approach to risk management, where business units and control functions work closely to ensure that risk considerations are integrated into key decisions. This approach ensures that decisions are supported by independent oversight and aligned with established policies, procedures, and risk management guidelines.



KFH - Bahrain's governance framework is based on the three lines of defense model, which defines clear roles and responsibilities across the Bank:

First Line of Defense – Business Units

Business units are responsible for managing risks on a day-to-day basis. This includes identifying, assessing, and mitigating risks, as well as maintaining effective internal controls within their respective functions.

Second Line of Defense – Risk Management and Compliance Functions

Risk Management provides oversight, establishes risk policies, monitors implementation, and supports business units to ensure risks are managed within defined risk appetite levels. Compliance and governance functions ensure adherence to applicable laws, regulations, and internal policies, while providing guidance and oversight across the Bank.

Third Line of Defense – Internal Audit

Internal Audit provides independent and objective assurance to senior management and the Board on the effectiveness of governance, risk management, and internal control systems. This includes evaluating the performance of both the first and second lines of defense and identifying areas for improvement.

Through this structured framework, KFH - Bahrain ensures a proactive and integrated approach to risk mitigation, supporting operational resilience, regulatory compliance, and sustainable growth.

Key Risk Categories

MARKET RISK

Market risk arises from adverse movements in profit rates, foreign exchange rates, commodity prices, credit spreads and equity prices and may reduce the Bank's income or portfolio value. KFH - Bahrain applies a low-risk strategy that maintain aggregate market risk levels low relative to the size of the Bank's balance sheet. A robust control process incorporating defined limits is applied to effectively manage market risks and monitor daily position limits and stop losses.

KFH - Bahrain utilizes Value-at-Risk (VaR) models to estimate potential losses that may arise from adverse market movements in addition to other quantitative and qualitative risk management techniques. KFH - Bahrain calculates VaR using a one-day holding period at a confidence level of 99%, which considers the actual correlations observed historically between the different market risk factors. VaR limits are delegated by the Group Board of Directors to the Group Asset & Liability Committee (GALCO) and subdelegated to the Asset & Liability Committee (ALCO) of the Bank's subsidiaries. KFH - Bahrain recognizes that VaR is based on the assumption of normal market conditions and that certain market shocks can result in losses greater than anticipated. Therefore, supplementary risk management techniques such as stress testing form a core part of the Bank's risk control processes.



LIQUIDITY RISK

Liquidity risk refers to the possibility that KFH - Bahrain may be unable to meet its contractual or contingent financial obligations as they fall due, or may be required to do so at an excessive cost. The Bank assesses liquidity risk by evaluating potential liquidity and funding requirements under a range of stress scenarios.

KFH - Bahrain maintains comprehensive liquidity management policies and procedures designed to ensure the availability of sufficient funding under all circumstances. These policies and procedures support the Bank's ability to meet its funding requirements not only in adverse conditions, but also while maintaining the flexibility to capitalize on strategic growth opportunities. Prudent liquidity controls help secure access to liquidity while minimizing unexpected funding costs. Liquidity projections are conducted regularly under both normal and stress scenarios. The Bank's control framework also includes maintaining a prudent buffer of high-quality liquid and marketable assets, as well as a well-diversified deposit base across funding amounts, maturities, and counterparty composition.

Liquidity risk is continuously monitored by the Group Risk Management function, which actively manages the balance sheet to maintain appropriate liquidity levels. Liquidity at each subsidiary is managed by the respective Treasury function, with ongoing monitoring by the Risk Management Department and oversight from the Asset and Liability Committee (ALCO). At the Bank level, overall responsibility for liquidity risk management rests with the Group Asset and Liability Committee (GALCO), which oversees all matters relating to the Bank's liquidity position.

OPERATIONAL RISK

The Bank's independent Internal Audit function periodically reviews operational processes and controls and reports any significant observations or areas for improvement to senior management and the Group Board of Directors. To further strengthen resilience, KFH - Bahrain maintains appropriate insurance coverage through a Shari'a compliant insurer and has established comprehensive business continuity and contingency arrangements. These measures include offsite data storage, backup systems, and recovery capabilities designed to support the continuity of critical operations in the event of disruptions beyond the Bank's control.

KFH - Bahrain's Business Continuity and Disaster Recovery Framework is designed to enable the Bank to continue operating, to the greatest extent possible, through remote and alternative arrangements under a range of scenarios involving the unavailability of premises, infrastructure, or key resources. The effectiveness and adequacy of these arrangements are validated through a structured program of regular testing and exercises, overseen by GORC. The Bank's business continuity framework is aligned with leading market practices and is certified to ISO 22301 standards.

The Bank also maintains a comprehensive risk-based Fraud Risk Management Framework in compliance with the requirements of the Central Bank of Bahrain (CBB) Rulebook. The framework includes periodic fraud risk assessments, timely investigation of internal and external fraud incidents, and continuous 24/7 monitoring of banking operations to detect, prevent, and respond to fraudulent activities, thereby safeguarding both customers and the Bank.

During 2025, a total of 7,491 EFTS time-out incidents were recorded, resulting in penalties amounting to BD 74,910.



TECHNOLOGY RISK

KFH - Bahrain operates in an increasingly digital environment characterized by rapid technological advancement, evolving cyber threats, and growing reliance on technology-enabled services. Consequently, technology risk and third-party risk are recognized as significant components of the Bank's operational risk profile and are subject to oversight by the Group Board of Directors. A significant technology or cybersecurity incident could result in service disruption, financial losses, regulatory consequences, reputational impact, and reduced customer confidence. To manage these risks effectively, technology risks are periodically assessed in accordance with the Bank's Technology Risk Management Policy.

The Bank utilizes third-party service providers to support certain operational and technology-related services, including payment card processing, cloud-based solutions, and outsourced activities. Any failure or disruption involving these providers may affect the Bank's operations, resilience, and regulatory compliance. While services may be outsourced, accountability for these activities remains fully with the Bank. Third-party risk is managed through a comprehensive framework that includes risk-based due diligence, contractual controls, ongoing performance monitoring, and enhanced oversight of critical service providers. Particular attention is given to the resilience and reliability of technology-related third-party arrangements.

Technology and third-party risks are integral components of KFH - Bahrain's operational resilience framework. The Bank continues to enhance its governance structures, control environment, and monitoring capabilities to support the continuity of critical services, strengthen resilience, and maintain alignment with evolving regulatory requirements and industry best practices.



INFORMATION AND CYBERSECURITY RISK

In 2025, KFH - Bahrain continued to strengthen its cyber resilience through a comprehensive, risk-based Information Security Program. Supported by oversight from the Group Board of Directors and executive management, information security remained a strategic priority, with dedicated governance structures ensuring effective cyber risk management across the Bank.

The Information Security function continued to oversee cyber risk management while supporting the Bank's digital transformation initiatives. KFH - Bahrain's cybersecurity framework is aligned with international standards, including ISO/IEC 27001 and PCI DSS, and complies with the requirements of the Central Bank of Bahrain (CBB) and applicable laws, including the Personal Data Protection Law (PDPL).

Throughout 2025, KFH - Bahrain maintained a strong cybersecurity posture, with no material cybersecurity breaches reported during the year. This reflects the effectiveness of the Bank's security controls, continuous monitoring, and risk management practices.

The Bank also continued to embed security-by-design and data privacy principles across its digital banking services. These efforts were supported by regular penetration testing, vulnerability assessments, and Bank-wide cybersecurity awareness training, reinforcing KFH - Bahrain's position as a trusted and resilient financial institution aligned with regional best practices and international information security standards.

CREDIT AND ASSET QUALITY RISK

Credit risk is managed through continuous monitoring of asset quality, including past-due reporting and dedicated working groups. Problem financing exposures are proactively identified and addressed through structured review processes, with remedial actions implemented in accordance with Group Risk Management (GRM) policies. This approach supports the timely resolution of exposures and the preservation of overall asset quality.

ENVIRONMENTAL RISK

The Group recognizes the importance of environmental and social issues within its risk framework, and has established policies, procedures and workflow that will be followed by the Bank and its subsidiaries / affiliates in respect of environmental risk. The Group continually endeavors to implement effective social and environmental management practices in all its activities, products and services with a focus on the applicable national laws on environmental, health, safety and social issues. The Group has adopted the Equator Principles (EP), a globally recognized benchmark for managing social and environmental risks in project finance. EP is an arrangement by financial institutions worldwide to adhere to the environmental, health and safety standards while financing projects. As such the Group will finance projects only when they are expected to be designed, built, operated and maintained in a manner consistent with the applicable national laws. KFH - Bahrain is committed to take leadership role and use of its products, services and relationships to support and contribute to individual needs and society's goals.



Operational Resilience and Business Continuity

Operational resilience at KFH - Bahrain is supported by a robust governance framework and continuous enhancement of business continuity capabilities. Each key function maintains a Business Continuity Plan (BCP) supported by regular Business Impact Analysis (BIA) and Disaster Recovery (DR) arrangements, to ensure the Bank's ability to sustain operations during disruption scenarios.

KFH - Bahrain adopts an integrated approach to resilience, combining risk management, business continuity, and technology enablement to safeguard critical services and protect stakeholder interests. Ongoing investments in systems, IT infrastructure, and process optimization support operational efficiency, scalability, and service continuity.



Continuous testing, review, and enhancements of the Business Continuity Management framework ensures that KFH - Bahrain remains well-positioned to respond to evolving risks, supporting long-term stability and contributing to confidence in the financial system.

Integration of ESG Risks

KFH - Bahrain has integrated ESG risks into its framework through the SEMS, with approval and oversight from the Board.

SEMS establishes due diligence procedures for financed activities and screens projects against the International Finance Corporation (IFC) Performance Standards and the World Bank Group Environmental, Health and Safety Guidelines, ensuring the exclusion of non-compliant activities.

The Bank continues to strengthen ESG integration through the implementation of its ESG Policy and employee training initiatives, supporting the incorporation of ESG considerations into business and investment decisions.

Legal

KFH - Bahrain maintains a robust culture of integrity, characterized by a complete absence of litigation or regulatory infractions in key areas of corporate governance and social responsibility ensuring a stable and trustworthy environment for its stakeholders.



KFH - Bahrain has reported zero pending or completed legal actions in the following areas:



Market Integrity



Financial Transparency



Shareholder Relations



Ethical Business Conduct



Workplace Ethics



Product & Public Safety

Business & Customer Excellence

The Bank operates under a comprehensive policy framework designed to manage customer grievances effectively, primarily guided by the formal Complaint Handling Standard Operating Procedure. This framework is reinforced by rigorous oversight at the highest levels of leadership, where a Board-level committee maintains responsibility for reviewing complaint data. These detailed reports are submitted to the Board of Directors on a quarterly basis and are also reviewed by the Business and Customer Excellence Committee, a body approved by the Board and chaired directly by the Group CEO. Furthermore, the Business and Customer Excellence department serves as a critical stakeholder in the quality control process by reviewing all financial product and service proposals submitted to the Group New Product Committee.

Channel Accessibility and Complaint Submission

The Bank strictly adheres to the regulatory mandates set forth by the CBB, specifically under Rulebook BC-9.1, which requires all licensees to implement appropriate mechanisms for documenting, handling, reporting, and monitoring customer complaints necessary for the effective and timely resolution of all customer grievances. To ensure that feedback is easily accessible, the Bank provides a wide variety of channels through which customers can raise concerns or submit formal complaints. Customers may interact directly with staff at local branches or through their assigned Relationship Managers. For those preferring digital or remote access, the Bank offers 24/7 support through its Contact Center and a specialized Complaint Handling Unit accessible via both telephone and email. Additionally, grievances can be lodged through the Bank's integrated digital platforms, including Internet Banking and Mobile Banking applications.

P PHYSICAL LOCATIONS

Direct interaction at local branches or via assigned Relationship Managers.

D DIGITAL PLATFORMS

24/7 support through our Contact Center and a specialized Complaint Handling Unit accessible via both telephone and email.

? DIRECT SUPPORT

A dedicated 24/7 Contact Center and a specialized Complaint Handling Unit reachable via phone or email.

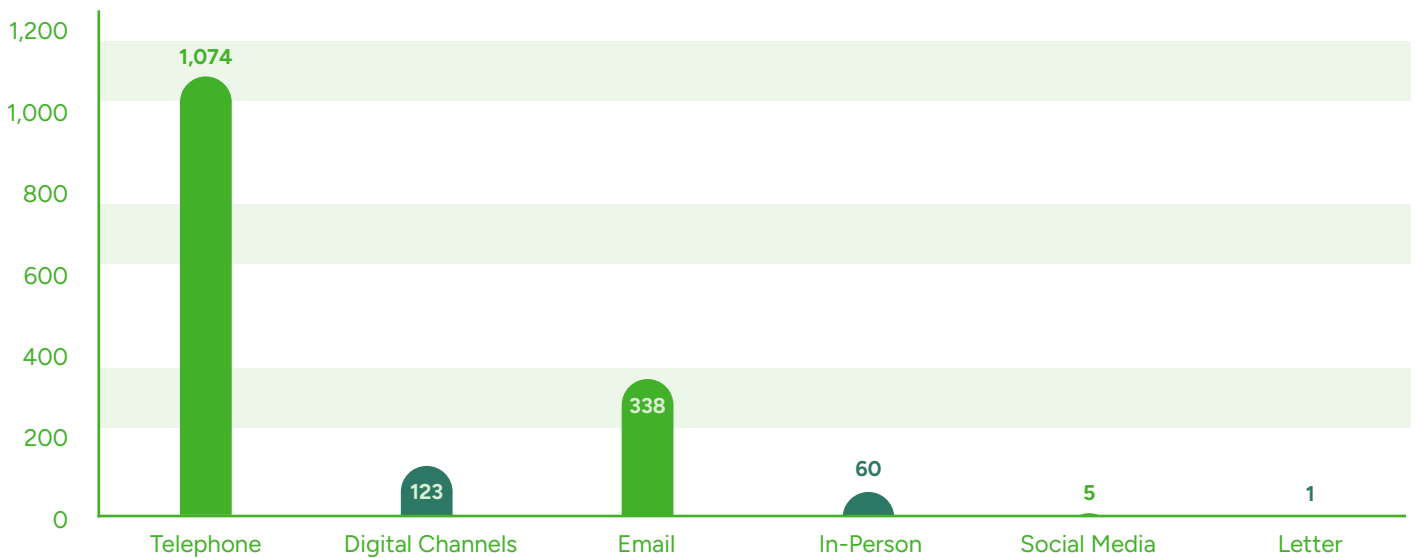
1,601 Total Complaints Received in 2025

49 Issue Types Linked to Products & Services Complaints

25 Complaints Raised to the CBB

In 2025, the Bank received a total of 1,601 customer complaints. This figure represents a significant improvement in service quality, marking a 35% reduction in complaint volume compared to 2024. These grievances are meticulously categorized into 49 distinct issue types that are directly mapped to specific products and services to help identify areas for operational improvement. In terms of external regulatory escalation, 25 complaints were raised by customers to the CBB during the year, while no complaints were filed with any other regulatory bodies overseeing consumer financial protection in the jurisdiction.

Number of Customer Complaints Received per Channel in 2025



Complaints Reduced by
35% ↓

✓ **100%**
Resolution Rate of Customer Complaints

↻ **5 Days**
Average Turnaround Time for Complaint Closure



KFH - Bahrain achieved a 100% resolution rate for all complaints received during 2025, demonstrating a total commitment to addressing customer concerns. The average turnaround time for closing these complaints was five working days, with the process being managed end-to-end by the Complaint Handling team within the Business and Customer Excellence department. To maintain high standards beyond the resolution of individual cases, the Bank employs formal mechanisms to monitor ongoing customer satisfaction. This includes the distribution of periodic surveys to customer samples to gauge satisfaction levels and the utilization of a feedback capture mechanism that triggers immediately following the delivery of a product or service.

The Bank's commitment to excellence in business conduct is directly aligned with the guiding principles of Bahrain Economic Vision 2030. By maintaining transparent grievance procedures and ensuring that every customer is treated equitably, the Bank supports the national objective of fostering a trustworthy, world-class business environment. This proactive approach to customer satisfaction mirrors the Kingdom's strategy to shift economic growth toward a high-productivity, private-sector-led model where consumer trust is the primary foundation for financial stability.



Financial Capital at KFH - Bahrain

- Our Financial Performance
- KFH - Bahrain's Tax Policy
- Sustainable Investment
- Sustainable and Responsible Finance
- Corporate Financing

Our Financial Performance

In 2025, KFH - Bahrain continued to demonstrate strong financial resilience, underpinned by solid profitability, a strong asset base, and disciplined capital management.

Net profit reached USD 730.6 million, compared to USD 718.2 million in 2024, reflecting the Bank's continued ability to generate stable earnings and create long-term shareholder value. This performance underscores the strength of its core banking operations and prudent risk management approach.

On the investment side, the Sukuk portfolio expanded from USD 9,544 million to over USD 10,112 million, reflecting disciplined sector diversification and prudent credit exposure, while maintaining investment-grade quality.

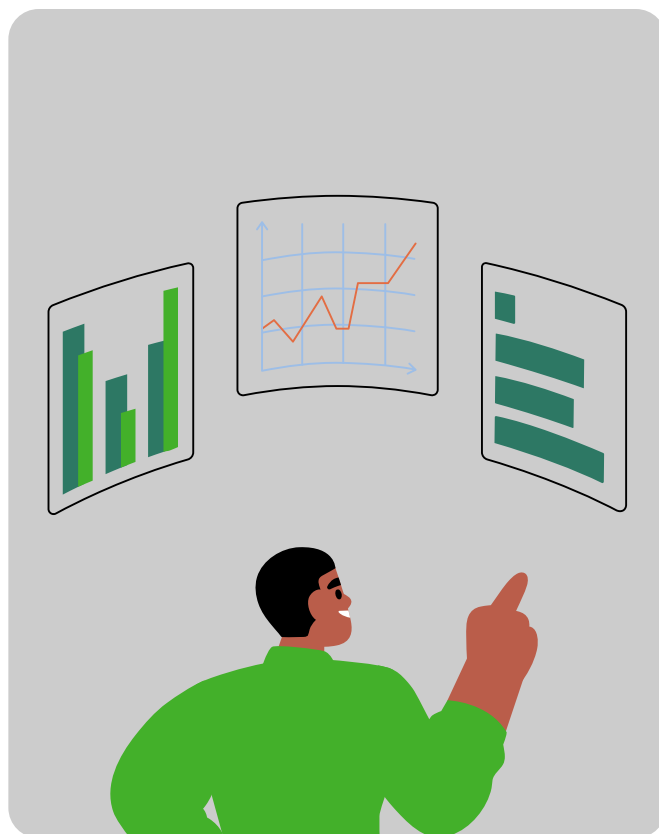
In line with its proactive capital management strategy, KFH - Bahrain successfully issued a USD 400 million Additional Tier 1 (AT1) Sukuk on 22 April 2025 at a profit rate of 6.7%. Following this issuance, the Bank redeemed its existing AT1 Capital Securities on 29 April 2025, thereby optimizing its capital structure and further strengthening its regulatory capital base.

KFH - Bahrain also maintained a strong capital position, with owners' equity reaching USD 5,165 million, reinforcing the Bank's solid capitalization and financial stability. The strong equity base continues to support future growth, enhance resilience, and ensure compliance with prudential requirements.

Net Profit

USD 730.6 Million

↑ Growth vs 2024: **USD 718.2 Million**



KFH - Bahrain's Tax Policy

KFH - Bahrain adopts a structured, compliance-driven approach to taxation, guided by an internal Group Tax Policy that defines the Bank's principles and practices for managing tax-related matters. This framework ensures alignment with the Bank's governance structure, business strategy, and broader sustainability objectives.

The Bank's approach to taxation is centered on full compliance with applicable tax laws and regulations across all jurisdictions in which it operates, while maintaining a prudent approach to tax optimization. This reflects KFH - Bahrain's commitment to responsible tax conduct, transparency, and long-term value creation.

Tax Governance, Approval, and Oversight

Oversight of the Bank's tax strategy and policy implementation is embedded within its governance structure. The tax strategy is reviewed and approved by senior executive management, including the Group Head of Finance and the Head of Regulatory Reporting and Tax, in line with internal policy requirements.

This oversight extends to emerging international tax developments, including the OECD BEPS Pillar Two framework and the anticipated introduction of Bahrain's Domestic Minimum Top-up Tax (DMTT).

Execution of the tax strategy is carried out by Finance teams across Group entities, with centralized oversight ensuring consistency and alignment with Group-wide policies. The Bank's tax approach is implemented through a formal Group Tax Policy, supported by detailed procedures and pre-transaction tax reviews for material business decisions.

Compliance with the tax governance framework is assessed through multiple layers of control, including Group-level reviews, external audits as part of statutory financial reporting, and quarterly reporting to senior management. Pillar Two readiness is incorporated into these processes through enhanced monitoring, data validation, and periodic impact assessments.

Identified gaps, including those arising from new regulatory requirements such as DMTT, are addressed through structured action plans, ensuring continuous improvement of the tax control environment and alignment with evolving global tax standards.

Tax Risk Management and Control

KFH - Bahrain adopts a proactive and structured approach to tax risk management across its operations. Tax risks are identified and regularly assessed across all jurisdictions, based on their likelihood and potential impact. Mitigation measures include the implementation of robust control mechanisms such as automated checks, tax calendars, and detailed review processes. These are supported by periodic internal audits, ongoing compliance monitoring, and engagement with external tax advisors where necessary.

Tax Reporting and Transparency

KFH - Bahrain is committed to transparency in its tax reporting practices and provides disclosures in line with applicable regulatory requirements. The Bank prepares country-by-country reporting (CBCR), which includes key financial and tax-related information such as revenue, profit before tax, number of employees, and taxes paid across jurisdictions. Relevant tax disclosures are included in the Bank's annual report, providing stakeholders with a comprehensive view of its geographic tax footprint and reinforcing accountability in its reporting practices.

In line with evolving international tax standards, the Bank is also preparing for the OECD BEPS Pillar Two framework, including the anticipated implementation of Bahrain's Domestic Minimum Top-up Tax (DMTT). As part of this, the Bank is enhancing its tax reporting and data frameworks to support jurisdictional-effective tax rate calculations and top-up tax disclosures, as required under Pillar Two rules.

The Bank continues to assess emerging disclosure expectations related to Pillar Two, with a focus on ensuring consistency between financial reporting, regulatory filings, and tax transparency initiatives. This further strengthens the Bank's commitment to providing stakeholders with clear, accurate, and forward-looking insights into its tax position in an increasingly transparent global tax environment.

Effective Tax Rate and Tax Contribution

KFH - Bahrain reports its tax performance through key financial indicators that reflect its tax position and overall contribution across jurisdictions. In 2025, the Bank recorded earnings before tax (EBT) of USD 824.4 million, compared to USD 767.1 million in 2024. Reported tax expense increased to USD 86.3 million in 2025, up from USD 47.2 million in 2024, resulting in an effective tax rate of 10.5% in 2025 compared to 6.1% in the previous year. No material adjustments were reported during the period.



The increase in the effective tax rate in 2025 is primarily attributable to the impact of evolving international tax frameworks, including the OECD BEPS Pillar Two rules and the introduction of Bahrain's Domestic Minimum Top-up Tax (DMTT), which aim to ensure a minimum level of taxation across jurisdictions.

In terms of cash contributions, the Bank paid total cash taxes of USD 87.4 million in 2025, compared to USD 40.8 million in 2024. This corresponds to a cash tax rate of 10.6% in 2025 and 5.3% in 2024. These indicators provide insight into the Bank's evolving tax profile and demonstrate its commitment to transparent and responsible tax reporting.

Taxes by Country and Region

KFH - Bahrain discloses taxes paid across jurisdictions to reflect its geographic contribution and operational footprint. At the country level, tax contributions are primarily concentrated in Egypt, the United Kingdom, and Iraq, with smaller contributions in other jurisdictions. At the regional level, the majority of taxes are paid within the Middle East, followed by Europe.

TAXES BY REGION:

Region	Total Tax Paid (USD MM)
Middle East	76.5
Europe	13
North America / Caribbean	-

Sustainable Investment

At KFH - Bahrain, the Treasury and Investments Department acts as the central steward of the Bank's financial assets, ensuring strong liquidity management, institutional stability, and disciplined allocation of funds in line with both strategic priorities and regulatory requirements. Its mandate covers money market operations, foreign exchange activities, and the use of structured products and hedging solutions to effectively manage financial risks while supporting overall balance sheet efficiency.

Building on this foundation, KFH - Bahrain introduced Nama'a, an Islamic structured investment product designed for high-net-worth clients, offering a balanced approach between capital growth and responsible wealth management. In addition, enhancements to KFH Trader platform ensure that all investment activities are executed exclusively through Shari'a-compliant instruments, further embedding ethical and ESG-aligned principles into the Bank's investment ecosystem.

KFH - Bahrain Investments Breakdown

As of December 2025, the total value of the investment portfolio for KFH - Bahrain stands at USD 8,525 million. The bank allocates this capital across specific asset classes, primarily focusing on Sukuk. KFH - Bahrain's investment activities are concentrated in sovereign issuers to ensure high credit quality. Looking forward to the next fiscal year, the bank has established a clear growth strategy that targets a balance sheet expansion of 6.9%.

Sectors	2023	2024	2025
Commercial Real Estate Financing	0.0%	1.5%	2.5%
Financial	13.8%	14.8%	15.4%
Government	48.3%	47.8%	47.5%
Manufacturing	9.5%	5.4%	3.7%
Mining And Quarrying	0.9%	0.5%	0.4%
Other Sectors: Oil & Gas	13.9%	15.1%	15.1%
Other Sectors: Utilities	7.0%	10.0%	10.5%
Technology, Media and Telecoms	2.3%	1.4%	2.2%
Trade	1.2%	1.1%	1.1%
Transport	2.8%	1.7%	1.0%
Total (USD MM)	8,757	8,552	8,525

In 2025, KFH - Bahrain continued to advance its ESG-integrated investment strategy, with a continued focus on allocating liquidity toward sustainable fixed-income markets. The Bank expanded its ESG and Green Sukuk portfolio across major counterparties and various entities, reinforcing its commitment to responsible investment and supporting the global transition toward sustainable capital markets.

ESG/Green Sukuk Holding as of 31 December 2024 (USD MM)

884.5

ESG/Green Sukuk Holding as of 31 December 2025 (USD MM)

1,161

To strengthen the Bank's sustainable finance initiatives, the Bank continually monitors environmental, social, and governance performance for already held investments as a standard component of its annual credit reviews.

Investment Oversight and Governance

Our governance approach is guided by a multi-layered internal structure designed for rigorous oversight. Strategic direction is provided by the Group Assets Liabilities Committee (GALCO), which manages balance sheet health, liquidity risk, and profit rate risk, while the Group Credit & Investment Committee (GCIC) oversees high-level investment strategies and specific credit and investment exposures. This committee-led approach ensures that every decision aligns with the bank's broader financial objectives.

To protect the Bank's assets, four distinct layers of internal control are utilized. All operations must function within the boundaries of the Treasury and GRM Policies & Procedures, while the Group Board Risk Committee sets the specific risk limits that define the bank's risk appetite. On a daily basis, the Market Risk Unit acts as an independent second line of defense, monitoring risk exposures and limit utilization with the authority to escalate any breaches immediately. Finally, the Internal Audit function conducts periodic reviews to verify the continued effectiveness of these controls and policy compliance.



KFH - Bahrain manages liquidity risk in its investment activities through a set of structured and disciplined strategies as follows:

💡 Maintaining Liquidity buffer, this includes a comfortable nostro cushion in addition to HQLAs to cover any stressed outflows.

💡 Maintaining diversified funding sources, avoiding concentration risk by sourcing funds from retail, private banking, corporate banking, interbank, repo, sukuk issuance, and term finance.

💡 Regulatory and internal ratio monitoring through daily monitoring of LCR, NSFR, and concentration ratios against metrics that are more conservative than the regulatory limits.

💡 Stress testing & scenario analysis by running daily liquidity stresses test (idiosyncratic, market, and combined) to assess survival horizon.

💡 Contingency Funding plan and maintaining a documented CFP with pre-approved emergency funding sources and escalation triggers.



KFH - Bahrain utilizes an advanced technological suite to manage its operations, including Bloomberg and MarketAxess for real-time data, and OPICS as the core system for processing. Daily transparency is maintained through the Mark-to-Market (MTM) process, where all trading and investment positions are revalued to current market prices to minimize Profit and Loss (P&L) volatility. Performance is tracked through a comprehensive reporting suite, including Sales Trackers, Monitoring & Portfolio Reports, and Annual Reviews, supplemented by external Rating Reports. While risk is assessed daily, the formal evaluation of the portfolio occurs during a Weekly Portfolio Performance Review, allowing management to adjust strategies in response to market fluctuations.

Sustainable and Responsible Finance

KFH - Bahrain remains committed to advancing responsible finance and promoting sustainable financing practices across all areas of its business. This commitment is supported through the continued implementation of performance standards under its Social and Environmental Management System (SEMS), which establishes the policies, procedures, and operational workflows applied across KFH - Bahrain under the supervision of the SEMS Manager/Coordinator. The framework is subject to regular review and approval by the Board of Directors to ensure its continued relevance and effectiveness.

Strengthening ESG Integration

As part of its broader sustainability agenda, KFH - Bahrain further enhanced its ESG framework through the implementation of dedicated ESG-related Policies by embedding environmental, social, and governance considerations into day-to-day operational practices. These policies reflect the Bank's sustainability commitments and provide a clear foundation for integrating responsible business principles across its activities.

To support the Social and Environmental Due Diligence (SEDD) process, all financing proposals are assessed and classified according to clearly defined risk categories, enabling the Bank to evaluate and manage potential environmental and social impacts effectively.



Embedding SEMS Across Operations

The SEMS Policy is implemented consistently across all KFH - Bahrain operations to ensure alignment, accountability, and effective execution, reinforcing the Bank's commitment to embedding sustainability considerations throughout its operations and decision-making processes.

In the event of future majority acquisitions, KFH - Bahrain remains committed to extending comparable SEMS policies and procedures to newly acquired entities as part of its Group-wide risk management framework, ensuring sustainability objectives are maintained across the wider Group. For syndicated investments in which the Bank acts as a minority investor, KFH - Bahrain actively encourages the adoption of SEMS principles within client investments to promote strong environmental and social standards across joint ventures.

Commitment to International Standards

KFH - Bahrain applies rigorous due diligence in evaluating all financed projects against internationally recognized social and environmental benchmarks, including the International Finance Corporation (IFC) Performance Standards and the World Bank Group Environmental, Health, and Safety Guidelines. This reflects the Bank's strong commitment to responsible financing and sustainable development. Financing is provided only to projects expected to be designed, constructed, operated, and maintained in compliance with applicable national regulations, while the Bank also works to ensure continued adherence to relevant laws, IFC Performance Standards, and its exclusion criteria throughout the financing period.

Classification of Financial Intermediaries

As part of its risk assessment framework, KFH - Bahrain classifies financial intermediary exposures into three categories based on the scale and nature of environmental and social risks involved:

CATEGORY A

Activities with potentially significant adverse environmental or social impacts that may be diverse, irreversible, or unprecedented.

CATEGORY B

Activities with limited environmental or social risks that are generally site-specific, reversible, and manageable through mitigation measures.

CATEGORY C

Activities that present minimal or no material environmental or social risks or impacts.

This classification framework enables KFH - Bahrain to identify, assess, and manage sustainability-related risks effectively while supporting responsible financing decisions aligned with international best practices.

Sustainable Murabahah Financing Facility

KFH - Bahrain's Sustainable Murabahah financing facility is structured in line with sustainability principles, with profit rates linked to two Sustainability Performance Targets (SPTs) covering green financing and social housing. All defined targets were successfully achieved, reinforcing the effectiveness of the framework and positioning KFH - Bahrain as a forward-looking institution in sustainable Islamic finance.

Green Finance

As part of its commitment to advancing sustainable finance, KFH - Bahrain actively supports projects in water desalination, wastewater treatment, renewable energy, and energy efficiency through bilateral financing arrangements. For KFH - Bahrain, green financing includes investments and funding for renewable energy projects such as solar and steam power, energy efficiency solutions like thermal storage, sustainable water and wastewater management, green buildings, and green housing. By 2025, the Bank's green housing financing reached USD 198.8 million. This also extends to green financing facilities and green Sukuk, aligned with the principles of the Loan Market Association and the International Capital Market Association. In addition, the Bank contributed to the development of sustainable infrastructure through participation in syndicated financing for a wastewater treatment project.

Social Housing

KFH - Bahrain continues to play a strong role in promoting financial inclusion through its support for social housing programs. The Bank offers financing of up to 110% of property value under the Mazaya scheme and up to 100% under the Tasheel program, with repayment tenors extending up to 30 years, enabling customers to meet housing and related financial needs with flexible repayment structures. In 2025, social housing financing reached USD 281.2 million, surpassing the target of USD 272.7 million, reflecting the Bank's continued commitment to improving housing accessibility for individuals and families in Bahrain.

SMEs Growth

Supporting small and medium-sized enterprises remains a strategic priority for KFH - Bahrain, given their critical role in driving economic diversification and resilience. Dedicated SME-focused teams work closely with clients to support their financial needs, leveraging digital solutions to streamline and accelerate service delivery.

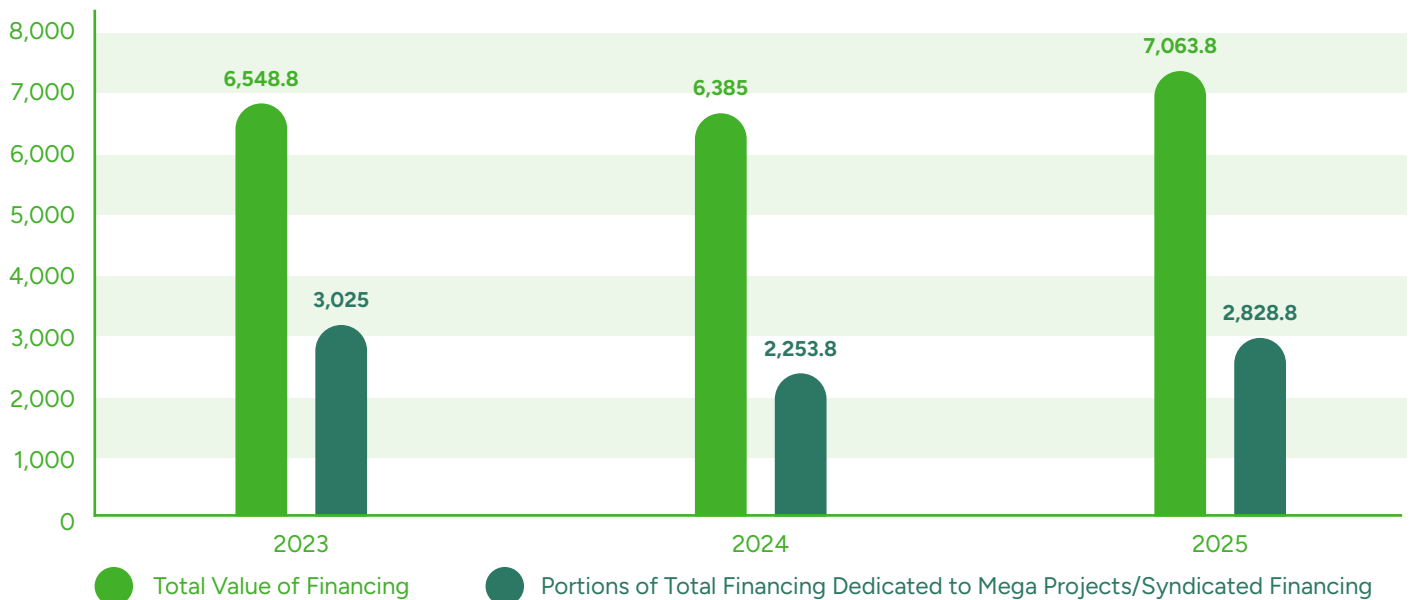
Corporate Financing

Corporate Banking Group

At KFH - Bahrain, our CBG delivers tailored transactional solutions through cutting-edge digital infrastructure. It plays a vital role in fueling diverse local and regional economic expansion by backing high-impact projects and large-scale corporate enterprises across various industries.

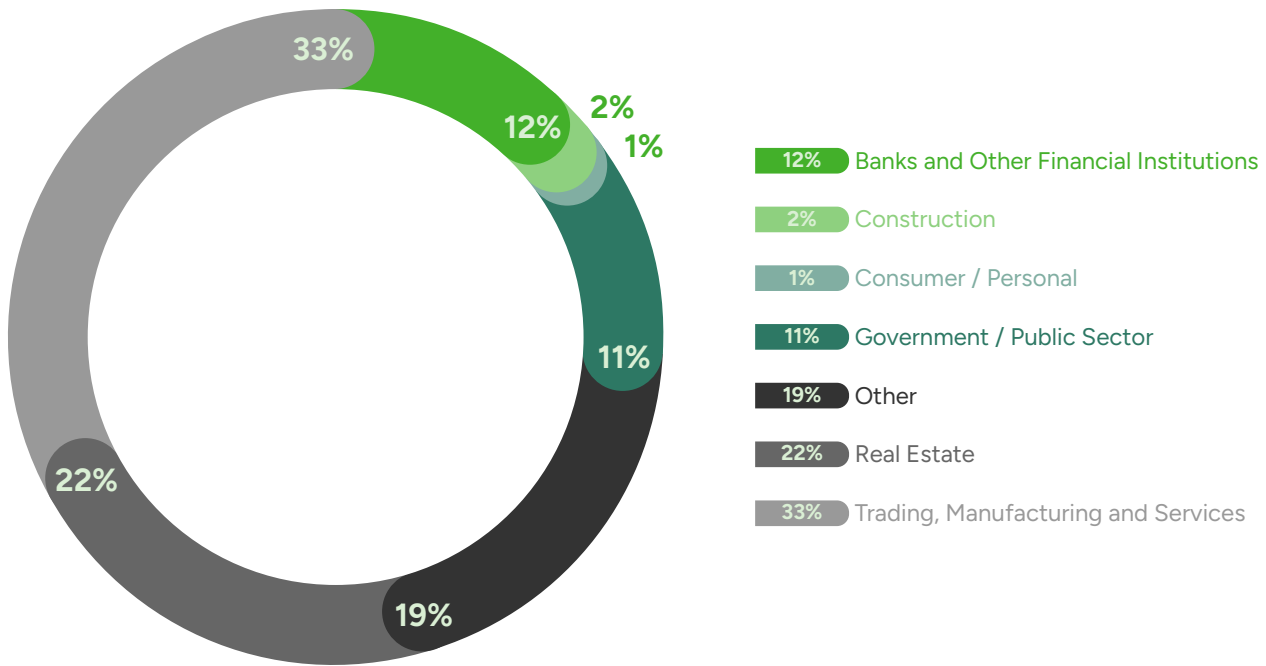
The Corporate Banking Group (CBG) has shown a dynamic trend in its financing portfolio over the last three years, characterized by a recovery in total value and shifts in project-specific allocations. The Total Value of Financing reached a three-year peak in 2025 at USD 7,063.8 million, representing a growth of approximately 10.6% compared to USD 6,385 million in 2024 and a 7.8% increase compared to 2023. This underscores a strong market presence and an aggressive growth strategy in the corporate sector for the CBG.

Corporate Banking Financing Value (USD MM)

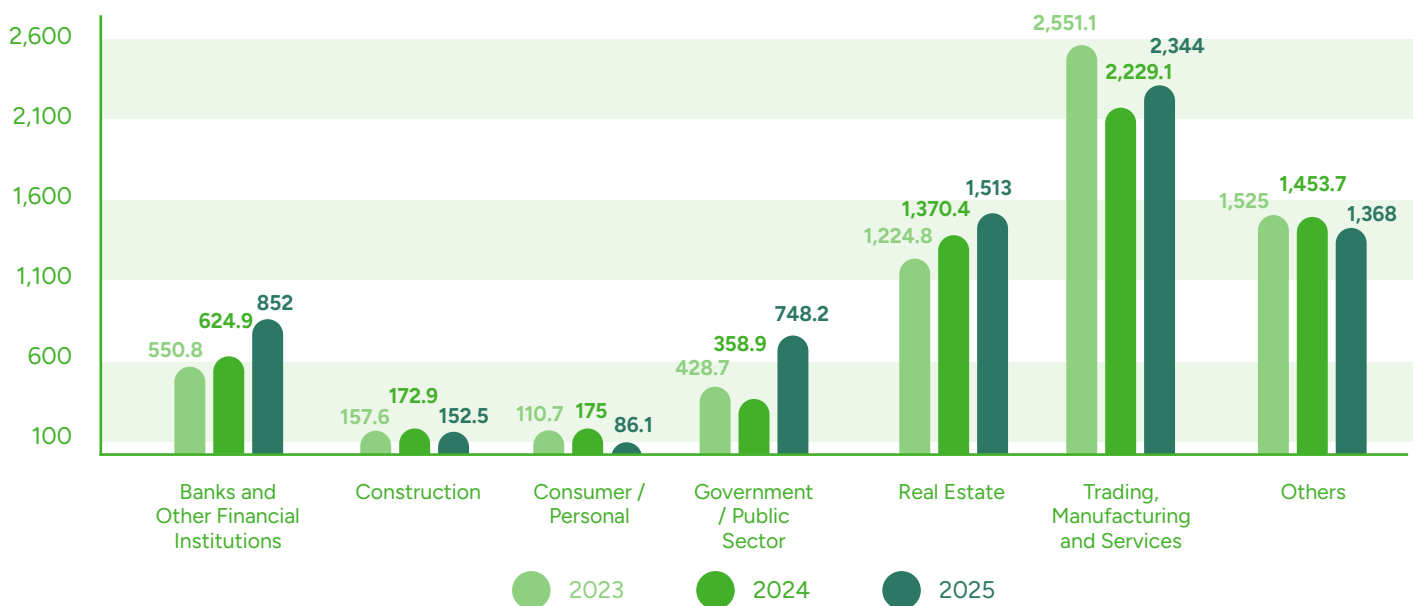


In 2025, the trading, manufacturing, and services sector 33% of KFH - Bahrain's financing portfolio, while the government/public sector projects financing demonstrated a strong increase from USD 428.7 million in 2023 to USD 748.2 million in 2025. Other sectors like banks and other institutions, as well as real estate have also experienced a positive growth annually since 2023.

Value of Financing Categorized by Sector in 2025



Corporate Banking Financing Value per Sector (USD MM)





Enhancing Our Manufactured Capital

- Branches and ATMs Distribution
- Point of Sale Ecosystem

Branches and ATMs Distribution

Branches



17
Branches

KFH - Bahrain operates three distinct branch formats designed to meet diverse customer needs. The network includes full-service, specialized, and digital-enabled formats, focusing on both self-service and advisory functions.



13 Branches

INDIVIDUAL BRANCHES: Seef Mall, Seef District, SIO Diplomatic Area, Adliya, Juffair Oasis Mall, Muharraq, Sitra, Tubli, Budaiya, Isa Town Mall, Mercado, Bukowara Riffa & Hamad Town.



2 Branches

BUSINESS CENTRES: Zinj & Jid Ali.



2 Branches

HYBRID BRANCHES: Manama & Seef Headquarters.

Decisions regarding branch closures or relocations are based on:



Proximity: Reducing overlap between branches within the same area.



Traffic: Closing locations with low footfall or minimal business activity.



Expansion: Identifying new areas with strong demographic potential for future growth.

The Bank has implemented several green initiatives to reduce its environmental footprint and improve operational efficiency:

- **Paper Reduction:** Transitioning from printed daily reports to digital reviews.
- **Digital Displays:** Replacing physical signage and displays with digital alternatives.
- **Process Digitization:** Moving account openings and finance applications to digital channels.
- **Operational Offloading:** Migrating traditional branch tasks to automated digital platforms.

ATMs

KFH - Bahrain maintains a strategic presence across Bahrain, ensuring high accessibility for customers in all major governorates. The current distribution of ATMs is as follows:

47
ATMs



Geographical Area	Number of ATMs	Locations
Capital Governate	30	Manama, Seef, Adliya, Juffair, Zinj, Hoor, Salmaniya, Tubli, Jidhafs and surrounding areas
Southern Governate	7	Riffa, East Riffa, Isa Town, Bukowara and nearby locations
Muharraq Governate	5	Muharraq, Arad, Busaiteen and related areas
Northern Governate	5	Hamad Town, Budaiya, Janabiya and nearby locations

The selection of ATM sites is data-driven, prioritizing customer density, transaction volumes, and proximity to physical branches. Additionally, the Bank evaluates demographic demand, business activity, infrastructure readiness, security protocols, and regulatory compliance when deploying new units.

Over the past three years, fluctuations in the number of ATMs have been driven by a shift toward digital banking. As customers migrate to mobile and online platforms, the Bank has optimized its physical infrastructure to focus on efficiency. This aligns with the broader corporate strategy of digital transformation and cost optimization, ensuring a balanced mix of digital and physical touchpoints.

ENHANCED FEATURES AND TECHNOLOGICAL UPGRADES

To improve the user experience, the Bank has introduced several advanced functionalities across its machines and systems:

- **ATM Enhancements:** New features include cash deposit services, cardless transaction capabilities, multilingual interfaces, and significant system upgrades to ensure faster, more reliable processing.
- Cheque acceptance and direct processing are in the pipeline, with delivery planned by Q3 2026.
- Paperless ID and KYC updates have been introduced across the ATM network.
- **POS System Improvements:** Point of Sale (POS) terminals now support contactless payments, diverse card schemes, and integrated reporting tools for better merchant settlement processes

Branches and ATMs Accessibility

KFH - Bahrain is committed to providing inclusive banking services that cater to all segments of the community, including underserved areas and customers with disabilities. The Bank currently operates two branches, and two ATMs specifically designed to enhance accessibility, while all other branches are progressively being upgraded with inclusive features.

Meanwhile, in line with regulatory requirements, the Bank has implemented a range of accessibility enhancements across its network to ensure a more inclusive and user-friendly banking experience.

- **Infrastructure:** Wheelchair-accessible ATMs, ramps, dedicated parking, and hydraulic teller counters.
- **Communication:** Braille forms, Braille buttons on ATMs, audio kits, and signage for easy navigation.
- **Trained Employees:** Employees receive regular training focused on disability awareness, sensitivity, and inclusive service delivery to ensure respectful and effective support for customers with disabilities. This includes training in basic sign language and the application of priority queuing procedures, enabling staff to provide more accessible and responsive service experiences.



Point of Sale Ecosystem

The Bank's POS services support a wide array of commercial sectors in Bahrain, including retail, hospitality, and general services.



• **Distribution Factors:** Deployment is dictated by merchant demand, sector-specific growth, and market development priorities.



• **Growth Trends:** The increase in POS terminals is a direct result of the Bank's strategy to foster a cashless ecosystem and enhance digital payment adoption among merchants and consumers.





Investing in Our Intellectual Capital

- Driving Digital Transformation and Financial Access
- Digital Access to Finance

Driving Digital Transformation and Financial Access

Digital Transformation and Digital Channels

KFH - Bahrain continues to advance its digital transformation journey through a structured and forward-looking strategy aimed at positioning the bank as a global benchmark for digital Islamic banking. This transformation reflects a strategic shift from conventional digital enablement towards AI-driven banking, where AI-enabled capabilities are expected to define competitive leadership, recognizing that digital capability is no longer a differentiator but a baseline expectation. KFH - Bahrain increasingly positions AI-enabled capabilities as a key driver of long-term value creation. In response, KFH - Bahrain is focused on delivering seamless, intelligent, and fully paperless banking experiences that align with evolving customer expectations, while embedding Shari'a transparency within digital customer journeys. This is supported by the development of a future-ready digital infrastructure that enhances scalability and resilience and further accelerated through alignment with Group-level digital strategy and capabilities.

KFH - Bahrain's digital transformation strategy focuses on enhancing customer experience, increasing digital adoption, and improving operational efficiency through automation. It also emphasizes leveraging AI and data-driven capabilities, strengthening digital infrastructure and cybersecurity, expanding financial inclusion, and driving sustainable growth through digital channels.

Our digital transformation vision is to position itself as a global benchmark for digital Islamic banking. This vision is centered on achieving industry-leading digital revenue contribution, delivering fully paperless and Shari'a-compliant customer journeys, embedding AI-supported decision intelligence across core processes, and enabling a high-velocity digital product development environment. Together, these objectives support KFH - Bahrain's ambition to drive scalable growth, enhance customer experience, and strengthen its competitive positioning within the region. Key initiatives include the complete redesign of the online and mobile banking platforms to enhance user experience and accelerate digital adoption, reducing reliance on physical channels. The Bank is also introducing new digital onboarding journeys for individual and SME customers, streamlining account opening processes, reducing paper-based applications, and improving turnaround times and customer support efficiency.

Further advancements include the integration of digital finance solutions within mobile banking channels, enabling paperless applications for credit cards and personal finance products. To strengthen security and reduce fraud risks, KFH - Bahrain is replacing SMS-based one-time passwords (OTPs) with secure in-app authentication tokens. The Bank is also deploying AI-powered customer support capabilities to provide faster, more efficient digital assistance while reducing dependence on branch and call center services.



In addition, KFH - Bahrain is digitizing account and card servicing journeys through straight-through processing (STP), eliminating the need for paper forms and branch-issued letters. For corporate customers, new digital onboarding capabilities and merchant acquiring solutions are being introduced through the Bank's business banking platform, replacing manual and branch-dependent processes. The strategy also incorporates AI-powered digital credit analysis to enhance credit assessment and decision-making for corporate clients, as well as e-invoicing solutions to further reduce paper consumption and support sustainable business practices.

This vision is translated into measurable outcomes through a structured digital transformation roadmap. Building on a strong digital foundation, KFH - Bahrain has already achieved significant progress in digital adoption, with approximately 40–50% of revenue generated through digital channels. This positions KFH - Bahrain to accelerate its transformation efforts through a clearly defined multi-year roadmap that integrates digital innovation, artificial intelligence, and operational efficiency. This is complemented by a well-established corporate banking platform, growing retail digital penetration, and the early adoption of AI-enabled capabilities. In parallel, KFH - Bahrain has a three-year Maturity Roadmap which includes ongoing transformation programs across 2026 and 2027, providing a clear execution pathway, and positioning KFH - Bahrain to accelerate its digital maturity and strengthen its leadership in digital Islamic banking.



Digital Transformation Roadmap and Strategic Direction

KFH - Bahrain Digital Transformation Roadmap (2026 -2028)

PHASE 1

Commercial Acceleration and execution excellence

- Retail Digital Transformation (App, CRM, AI revenue use cases)
- Corporate Platform Uplift (Self-service + AI augmentation)
- Treasury Digital Enablement
- UK Digital Onboarding & Servicing, transformation
- DTO Formalization & Portfolio Transparency

PHASE 3

Institutional AI and Global positioning

- 85–90% paperless financing
- AI embedded in core decisioning
- Product-led KPI governance
- Bahrain positioned as Group AI Banking reference

2026

2027

2028

PHASE 2

Scaling and institutionalization

- Expand paperless Islamic financing
- AI credit augmentation (controlled scope)
- SME Digital Enablement (Post business alignment)
- Product velocity acceleration
- DTO evolves to control tower model

KFH - Bahrain's digital transformation roadmap is structured across three progressive phases over a three-year horizon, enabling a disciplined and scalable transition toward advanced digital maturity.

The first phase focuses on commercial acceleration, emphasizing the expansion of digital revenue streams and strengthening execution capabilities. This includes enhancements to retail and corporate digital platforms, the integration of advanced customer relationship management systems, and the deployment of AI-enabled use cases to support revenue growth and customer engagement.

The second phase centers on scaling and institutionalization, with a focus on expanding paperless operations, embedding AI within core banking processes, and enhancing digital capabilities across key segments, including SMEs. This phase also prioritizes improving product delivery speed and operational scalability to support sustained growth.

The final phase aims to achieve institutional AI adoption and global positioning, where AI is embedded across core decision-making processes, and digital banking capabilities are fully integrated across the Bank. This phase supports KFH - Bahrain's ambition to position itself as a leading reference for AI-enabled Islamic banking within the Group.

This phased roadmap is supported by clearly defined performance targets, including increasing digital revenue contribution to approximately 75–80% by 2028, expanding paperless financing coverage to 85–90%, and significantly increasing the proportion of AI-supported decisions across key processes. In parallel, KFH - Bahrain aims to enhance customer experience metrics, including Digital Net Promoter Score (NPS), and reduce time-to-market for digital products to between two and three months.



Digital Revenue

40–50% → 75–80%



Paperless Financing / STP

15% → 85–90%



AI-Supported Decisions

5% → 50–60%



Digital NPS

40–50 → 65+



Time-to-Market

6 months → 2–3 months

Key Transformation Initiatives and Digital Capabilities

Over the past three years, KFH - Bahrain has implemented a wide range of digital transformation initiatives aimed at enhancing operational efficiency, strengthening digital infrastructure, and improving customer experience through the delivery of innovative digital financial solutions across the Bank.

These efforts have included major upgrades to core banking systems, customer relationship management (CRM) platforms, and B2B solutions, alongside continuous enhancements to mobile and internet banking services and payment systems. The integration of cloud technologies and expansion of automation across internal processes, supported by business process re-engineering, have further streamlined operations. In addition, the establishment of a dedicated Security Operations Center has strengthened cybersecurity capabilities, operational resilience, and service continuity.

These transformation efforts are supported by a set of core enterprise capabilities that enable scalable and sustainable digital growth. These include advanced AI and data capabilities, end-to-end digital customer journeys, agile product development and delivery models, and an effective technology architecture supported by strong cybersecurity frameworks and governance structures.

Building on this foundation, KFH - Bahrain has implemented multiple process automation initiatives across key business areas, including card services, payments, deposits, financing operations, treasury activities, and trade finance. These initiatives focus on enabling end-to-end straight-through processing (STP), reducing manual intervention, and enhancing service efficiency across the Bank.

These enhancements have resulted in reduced processing times, improved operational accuracy, faster turnaround times, enhanced control and governance, and lower operational and settlement risks, while minimizing reliance on manual processes and strengthening overall service quality and customer experience. These initiatives also support environmental objectives by reducing paper usage and promoting resource-efficient, paperless operations, while positioning digital capabilities as a key driver of business growth, enabling revenue expansion, improved customer lifetime value, and enhanced funding efficiency.

KFH - Bahrain's continued investment in digital infrastructure, automation, and advanced technologies positions it among the region's most digitally advanced Islamic financial institutions.

Governance, Oversight, and Performance Management

KFH - Bahrain adopts an effective governance framework to oversee and assess its digital transformation journey at a groupwide level. Strategic oversight is provided through key governance bodies, including the Group IT & Transformation Steering Committee (GITTSC) and the Executive Management Committee (EMC), supported by Project Management Offices (PMO) operating at both Group and local levels.

This governance structure ensures alignment between digital transformation initiatives and KFH - Bahrain's broader strategic objectives, while enabling effective monitoring, prioritization, and escalation of key initiatives. The transformation is further supported by evolving operating models that emphasize data-driven decision-making, cross-functional collaboration, and agile delivery.

KFH - Bahrain evaluates its progress through a comprehensive performance management framework that combines quantitative key performance indicators with qualitative management reviews. These indicators are structured around key strategic outcomes, including digital value creation, process digitization, AI-enabled decision-making, customer experience, and speed of delivery.



Continuous Assessment and Improvement

Continuous assessment is embedded within KFH - Bahrain's digital transformation approach through regular review cycles and performance evaluations. These reviews enable KFH - Bahrain to monitor progress against defined targets, identify areas for improvement, and adjust priorities in response to evolving business needs and market dynamics.

This structured and iterative approach ensures that digital transformation remains aligned with strategic objectives while delivering measurable value across operational, financial, and customer dimensions.

Digital Transformation Risks and Mitigation

KFH - Bahrain recognizes that digital transformation introduces a range of strategic, operational, and technological risks, which are proactively managed through a structured and multi-layered risk management approach.

In addition to technology and operational risks, KFH - Bahrain recognizes execution-related challenges associated with large-scale transformation programs. These include the need to manage delivery capacity across multiple initiatives, ensure effective cross-functional coordination, and address data maturity gaps across systems. To mitigate these risks, KFH - Bahrain adopts a focused and phased implementation approach, supported by strong governance structures and prioritized transformation initiatives. AI-enabled solutions are deployed within controlled, value-driven use cases, incorporating human oversight and governance to ensure responsible and effective adoption.

KEY RISKS

- Cybersecurity Threats
- Data privacy & compliance risks
- Technology & system risks
- AI & model risks
- Execution & delivery risks
- Change & workforce risks

MITIGATION APPROACH

- Security controls, monitoring, resilience planning
- Data governance, regulatory alignment
- Architecture reviews, testing, system resilience
- Controlled AI use, human oversight, governance
- PMO tracking, prioritization, phased delivery
- Training, change management programs

KFH - Bahrain also maintains strong data and AI governance practices to ensure responsible and compliant use of advanced technologies, while structured change management and training initiatives support employee readiness and adoption.

Looking ahead, KFH - Bahrain continues to enhance its risk management capabilities by strengthening early warning mechanisms, advancing AI governance frameworks, and reinforcing alignment between digital transformation, operational resilience, and customer trust. Building on this transformation, KFH - Bahrain continues to expand the role of digital and branchless channels in enhancing financial accessibility and inclusion across its customer base.

Digital Access to Finance

KFH - Bahrain's digital transformation initiatives are aligned with national priorities to enhance financial inclusion, promote digital innovation, and support a diversified and knowledge-based economy. Through the expansion of digital and branchless banking channels, KFH - Bahrain contributes to improving access to financial services, supporting underserved segments, and advancing the digitalization of the financial sector.

KFH - Bahrain leverages digital and branchless distribution channels as a core pillar of its digital transformation strategy to enhance financial accessibility, inclusion, and service scalability across its markets. Mobile and online platforms serve as primary interfaces for customer engagement, service delivery, and product distribution, enabling seamless and efficient access to financial services.

Through continuous investment and structured delivery, KFH - Bahrain strengthens its digital channels to expand access, improve service quality, and respond to evolving customer expectations.

Enhancing Digital Channels and Customer Access

KFH - Bahrain continuously enhances its mobile and online banking platforms to enable customers to access a comprehensive range of financial services remotely. These include account servicing, payments, financing journeys, and self-service requests, reducing reliance on physical branches and manual processes.

A key priority is the transition toward fully digital, end-to-end customer journeys. By enabling paperless onboarding, financing, and servicing processes, KFH - Bahrain reduces barriers related to documentation, processing time, and physical presence, improving both efficiency and accessibility.

Digital channels are continuously refined based on customer behavior, usage insights, and feedback, with a strong emphasis on simplicity, usability, and reliability. Customer experience is closely monitored through indicators such as Digital Net Promoter Score (NPS), reflecting our commitment to delivering intuitive and user-friendly digital services.

DIGITAL ACCESS

- Mobile banking
- Online banking
- Remote access

DIGITAL ONBOARDING

- Paperless onboarding
- Digital KYC
- Account opening

BANKING SERVICES

- Payments
- Account servicing
- Financing journeys

SELF-SERVICE

- Requests
- Transactions
- Customer support

CUSTOMER EXPERIENCE

- Simplicity
- Usability
- Digital NPS

Innovation in Digital and Branchless Distribution Channels

KFH - Bahrain ensures continuous innovation across both digital and alternative branchless distribution channels, positioning them as key drivers of customer reach, operational efficiency, and service continuity.

Mobile and online platforms serve as primary branchless channels, enabling customers to access financial services without visiting physical branches. These platforms are complemented by expanding self-service functionalities and remote service capabilities.

KFH - Bahrain continues to enhance its branchless service model through:

- Expansion of paperless and straight-through processing (STP), reducing turnaround times and operational complexity
- Continuous rollout of new digital features, supported by agile delivery and reduced time-to-market
- Integration of data analytics and AI-supported capabilities (within governed use cases) to improve service routing, personalization, and decision efficiency

These efforts enable scalable and consistent service delivery, while maintaining high standards of governance, security, and customer trust.

Expanding Access for Underserved and Underrepresented Segments

KFH - Bahrain recognizes the critical role of digital and branchless channels in expanding access to financial services for underserved and underrepresented customer segments. By reducing dependency on physical infrastructure and simplifying service delivery, KFH - Bahrain addresses barriers related to geography, cost, time, and operational complexity.

DIGITAL ACCESS IS STRENGTHENED THROUGH:

- Digital-first service delivery, enabling remote and secure access to financial services
- Simplified and paperless journeys, reducing documentation requirements and accelerating processes
- Support for SMEs and emerging segments through digital servicing and faster access to financing
- Inclusive platform design, ensuring accessibility for customers with varying levels of digital literacy

KFH - Bahrain also leverages data and AI-enabled capabilities, within controlled frameworks, to enhance service efficiency and scalability across customer segments.



Performance Measurement and Continuous Improvement

KFH - Bahrain adopts a structured and data-driven approach to measure the effectiveness of its digital and branchless distribution channels. Performance is evaluated at a groupwide level through a combination of quantitative key performance indicators and qualitative management reviews.

KEY PERFORMANCE AREAS INCLUDE:



Digital adoption and usage across channels



Service accessibility and efficiency, including paperless coverage and STP



Customer experience, measured through Digital NPS



Speed and scalability, including time-to-market for digital enhancements

Performance insights are consolidated through management dashboards and reviewed across established governance forums, enabling continuous monitoring, informed decision-making, and timely enhancement of digital services. Looking ahead, KFH - Bahrain will continue to strengthen its digital capabilities by expanding digital service delivery, increasing automation and paperless journeys, and enhancing customer engagement through ongoing platform improvements. The Bank will further leverage data-driven insights to optimize accessibility, improve service efficiency, and support inclusive and sustainable growth.





Developing Our Human Capital

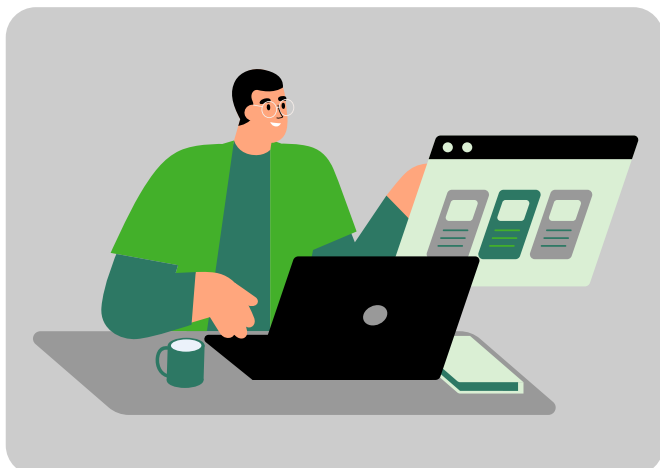
- Inclusive and Diverse Workforce
- Employee Stability and Continuity
- Human Capital Development
- Employee Engagement and Support
- Employee Well-Being
- Health and Safety

Inclusive and Diverse Workforce

KFH - Bahrain's diversity and equal opportunity initiatives apply across all operations, functions, and employee groups, covering both headquarters and branches. The Bank's approach is embedded within its human resources practices and supports fair treatment, equal access to opportunities, and respectful workplace conduct across the Bank.

Oversight of diversity and inclusion initiatives rests with Senior Management and the Human Resources function, with periodic reporting to Executive Management. Human Resources ensures that diversity considerations are reflected across recruitment, performance management, learning and development, and succession planning processes.

The Bank supports a diverse workforce through fair HR policies, merit-based progression, transparent employment practices, and training and development opportunities. Recruitment is guided by competency, experience, and merit, supported by non-discrimination principles, transparent selection processes, and internal mobility opportunities.



DIVERSITY IN PRACTICE



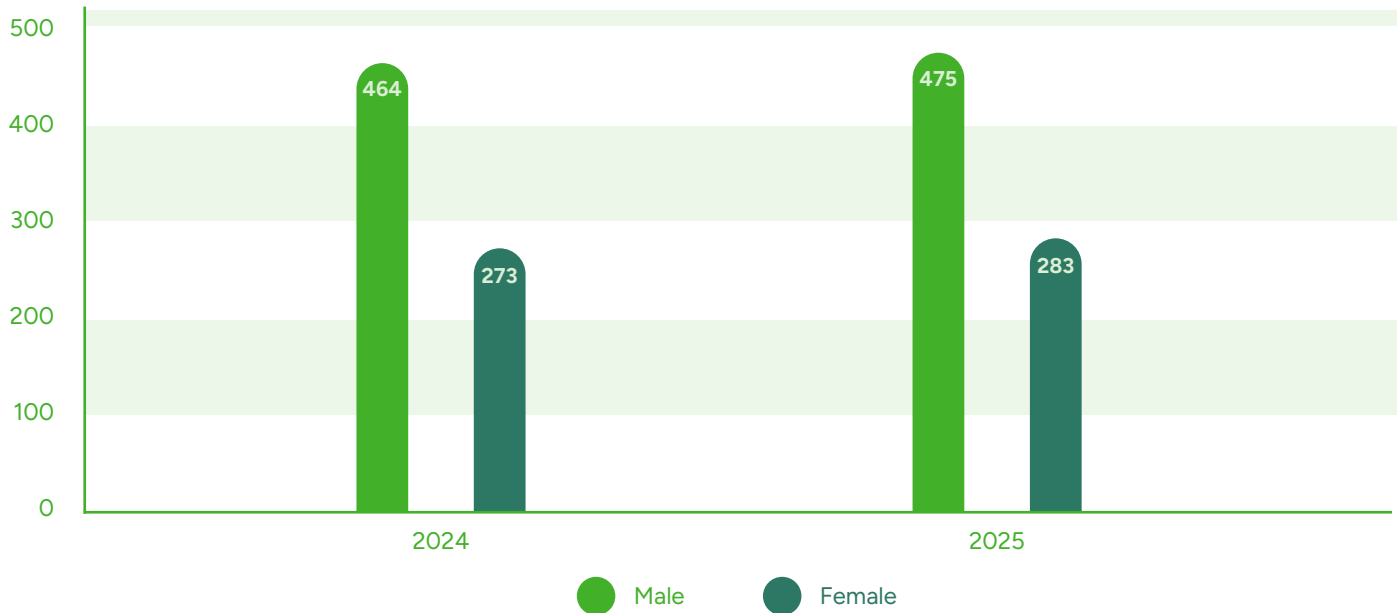
KFH - Bahrain promotes inclusion through continuous learning, graduate programs, knowledge-sharing across generations, and reasonable workplace accommodations where required. Mentorship initiatives form part of the Bank's broader talent development practices, supporting employees through knowledge sharing, career guidance, and professional growth.

Workforce Overview

In 2025, KFH - Bahrain maintained a stable and growing workforce, reflecting the Bank's continued investment in the human capital required to support its operations, service quality, and long-term strategic priorities. The Bank's total number of employees reached **758**, compared to **737 in 2024**, representing a year-on-year increase of approximately **2.8%**. In addition to its direct employee base, outsourced staff represented **42.7% of total staff** in 2025, supporting operational flexibility and enabling the Bank to meet business needs efficiently.

KFH - Bahrain's employee base comprised **475 male employees** and **283 female employees** in 2025, representing approximately **62.7%** and **37.3%** of total employees, respectively. This workforce composition provides the basis for the Bank's broader diversity and inclusion efforts across sex, nationality, age, disability inclusion, and equal opportunity.

Total Number of Employees



Women Representation

Women continue to play an important role in KFH - Bahrain's workforce and contribute across operational, customer-facing, technical, and support functions. In 2025, women represented **37.3% of the Bank's total workforce**, reflecting their contribution to the Bank's operations and service delivery.

At leadership level, women held **20.4% of management positions in revenue-generating functions**, covering senior grades within the Retail Banking, Corporate Banking, Private Banking, and Treasury divisions. This reflects the presence of women in business-critical areas that contribute directly to the Bank's financial performance, client relationships, and strategic growth.

In STEM-related roles, women accounted for **15.0% of total Science, Technology, Engineering, and Mathematics positions** in 2025, across divisions including Information Technology, Digital Transformation, Data Management and AI, Security Operations, Information Security, and Cybersecurity. This reflects women's participation in technical and future-focused functions that are increasingly central to banking innovation, digital resilience, and operational continuity.

KFH - Bahrain monitors sex representation through HR MIS reports, recruitment statistics, and workforce analytics, enabling management to assess trends and guide relevant actions. Women's career development is further supported through fair promotion processes, leadership development programs, equal training opportunities, mentoring, and flexible work arrangements where applicable.

 **37.3%**

of the Bank's workforce

 **33%**

of senior and middle management positions

 **20.4%**

of management positions in revenue-generating functions

 **15%**

of STEM-related positions

Pay Equality

KFH - Bahrain demonstrates its commitment to pay equality between male and female staff members through fair and transparent remuneration practices that support equal pay for equal work and comparable roles. Compensation and benefits are governed by structured frameworks and standardized pay policies that are applied consistently across the workforce, regardless of sex.

Pay equality is embedded within the Bank's broader remuneration, rewards management, diversity and inclusion, and human capital practices. Promotion, reward, and compensation decisions are based on performance, skills, experience, and role requirements, supported by unbiased recruitment, performance management processes, and management oversight.

The Bank periodically reviews compensation and remuneration outcomes as part of its rewards management and pay governance processes. These reviews include internal assessments of compensation data, structured job evaluation frameworks, consistency checks across comparable roles, and reviews across employee categories and levels. The resulting insights help the Bank monitor pay equity trends and inform remuneration and workforce management decisions.

At entry level, wages for both female and male employees meet or exceed applicable statutory minimum wage requirements. Accordingly, the ratio of entry-level wages to the minimum wage is at least **100%** for male and female staff members.



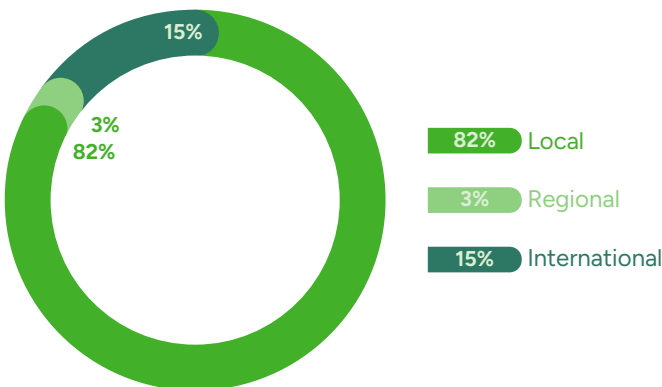
Bahrainization

KFH - Bahrain maintains a strong local employment base, supporting Bahrain Economic Vision 2030 and its emphasis on developing national capabilities, strengthening private-sector participation, and improving opportunities for Bahraini citizens. In 2025, Bahraini nationals represented 82% of the Bank's workforce, while non-Bahraini employees accounted for 18%. This balance reflects the Bank's contribution to local workforce development, while also drawing on diverse expertise that supports operational efficiency and knowledge exchange.

At senior management level, 56% of senior management were hired from the local community in 2025, reinforcing the Bank's commitment to developing Bahraini talent and strengthening local leadership representation across key decision-making roles.

 **82%** of the Bank's workforce is Bahraini

Employees by Region

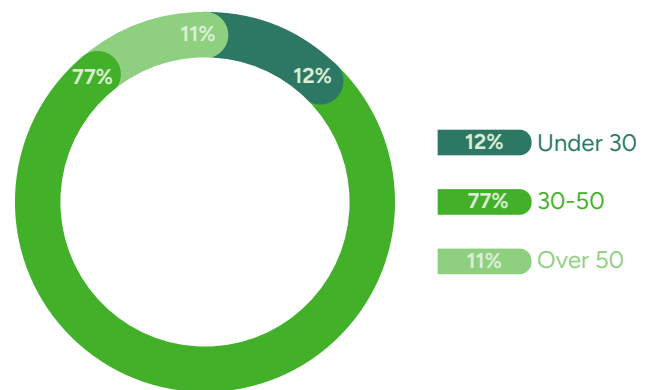


Age Diversity

KFH - Bahrain's workforce reflects a balanced mix of experience, institutional knowledge, and emerging talent. In 2025, the largest share of employees fell within the **30–50 age group**, representing **77.3%** of the workforce, or **586 employees**. This concentration reflects a strong base of mid-career professionals who support business continuity, operational execution, customer service quality, and leadership pipeline development across the Bank.

Employees under the age of 30 accounted for **11.5%** of the workforce, with **87 employees**, reflecting the Bank's ability to attract younger talent and support early-career development. Employees over the age of 50 represented **11.2%**, or **85 employees**, contributing accumulated expertise, sector knowledge, and institutional experience. Together, this age composition supports a workforce structure that combines agility and long-term experience.

Employees by Age



To strengthen cross-generational collaboration, the Bank encourages mentoring, coaching, on-the-job learning, and skills transfer between employees at different career stages. These practices support professional development, leadership capability, and continuity across the workforce, while reinforcing an inclusive and collaborative workplace culture.

Inclusion of Persons with Disabilities

The Bank supports employees with disabilities through equitable access to employment opportunities, accessible facilities where applicable, flexible arrangements, and relevant accommodations. These measures aim to support equal access and participation in the workplace.

In 2025, employees with disabilities represented **0.4% of KFH - Bahrain's total workforce**, in line with the Bank's internal classification criteria. This figure reflects employees formally recorded under disability-related classifications, while the Bank recognizes that other employees may have different forms of special needs that are not formally classified as disabilities.

Employment of Underprivileged Groups

The Bank supports equitable employment practices and does not discriminate based on social or economic background. Recruitment and employment decisions are based on competency, role requirements, and merit, supporting access to employment opportunities without exclusion.

This approach is reflected through fair recruitment practices, access to entry-level roles, and training support where applicable, enabling individuals from different backgrounds to participate in the workforce based on their capabilities and role fit.

OUTSOURCED EMPLOYEES

KFH - Bahrain applies fair treatment principles across its wider workforce, including outsourced employees. Outsourced staff receive benefits and protections aligned with contractual terms, regulatory requirements, workplace safety standards, and ethical employment practices, in coordination with approved vendors.

Non-Discrimination and Anti-Harassment

KFH - Bahrain's diversity and inclusion approach is supported by equal opportunity, non-discrimination, and anti-harassment principles embedded within its human resources framework and Code of Business Conduct and Ethics. The Bank provides employment opportunities based on competency, role requirements, and merit, including access to entry-level roles, training support, and fair recruitment practices without exclusion.

The Bank's equal employment opportunity principles prohibit discrimination based on race, religion, sex, genetic information, ethnic or national origin, disability, age, or other protected status. Its position against both sexual and non-sexual harassment reinforces respectful workplace conduct, while supporting a merit-based and zero-bias approach across key HR processes, including recruitment and selection, performance management, promotion, access to development opportunities, grievance handling, and disciplinary enforcement.

The Bank's practices are guided by applicable laws and standards, including Bahrain's national labor framework, which includes protections relating to equality and non-discrimination in the workplace. The Bank's approach also reflects the broader principles promoted by the International Labour Standards (ILO), including fair treatment, equal opportunity, and protection from discrimination.

REPORTING AND GRIEVANCE CHANNELS

KFH - Bahrain maintains channels for employees to report incidents of discrimination or harassment. Complaints may be raised informally or formally, with formal cases handled through the Bank's Grievance Procedure across Stages 1–4 under HR oversight and confidentiality. Serious concerns may also be reported through the Bank's Whistleblowing channels. Formal complaints are investigated promptly in line with the Bank's Harassment and Grievance procedures.

Zero incidents of discrimination were reported in 2025.

DISCRIMINATION INCIDENT HANDLING

Where incidents of discriminatory behavior or harassment arise, the Bank applies corrective and disciplinary measures following investigation and in line with its Disciplinary Policy. Actions are determined on a case-by-case basis and may include progressive disciplinary measures, ranging from formal warnings up to termination. Retaliation and malicious complaints are also subject to disciplinary action.

Policy awareness is supported through employee induction and annual policy refreshers, which cover relevant HR policies, Code of Conduct expectations, and harassment-related guidance. These sessions help employees understand the Bank's standards on respectful workplace conduct, non-discrimination, and anti-harassment, while reinforcing the expected behaviors across the workforce.



Employee Stability and Continuity

KFH - Bahrain supports workforce stability through structured succession planning, talent retention, internal mobility, performance management, and workforce risk monitoring. The Bank's approach focuses on maintaining the skills, leadership readiness, and employee engagement needed to support business continuity and long-term organizational sustainability.

Succession Planning

KFH - Bahrain has a formal succession planning policy that outlines the framework for identifying and developing internal talent for critical and leadership roles. Succession planning is conducted through regular talent reviews, performance assessments, and development planning, helping ensure continuity and readiness for key positions.

This process is supported by performance and potential assessments and is periodically reviewed to ensure alignment with the Bank's long-term strategic objectives and evolving capability requirements. By maintaining internal pipelines for critical roles, the Bank strengthens leadership continuity, reduces dependency risks, and supports long-term workforce sustainability.

HUMAN CAPITAL RISK MANAGEMENT

The Bank identifies and assesses human capital-related risks as part of its overall risk management and governance processes. This includes monitoring key workforce risks such as skill availability, succession and retention, and workforce composition. Relevant insights and risk indicators are reported internally to support informed decision-making and mitigation actions.

Talent Retention

KFH - Bahrain's employee retention plan focuses on maintaining a motivated, skilled, and engaged workforce. The plan combines competitive rewards and compensation management, continuous learning and development opportunities, career progression pathways, flexible working arrangements where operationally feasible, employee well-being initiatives, and inclusive workplace practices.

Retention is also supported through regular performance reviews, engagement efforts, and structured feedback mechanisms that help identify development needs, recognize performance, and proactively address retention risks. Insights from employee engagement and satisfaction surveys are translated into targeted initiatives across well-being, learning and development, and employee recognition. These programs are periodically reviewed and refined to ensure they remain relevant to employee needs and support sustained satisfaction and retention.

The Bank has implemented several initiatives to support talent retention and workforce sustainability, including structured rewards frameworks, performance-based incentives, recognition programs, targeted learning and leadership development, internal mobility opportunities, succession planning for critical roles, flexible work arrangements, well-being initiatives, and ongoing engagement activities.

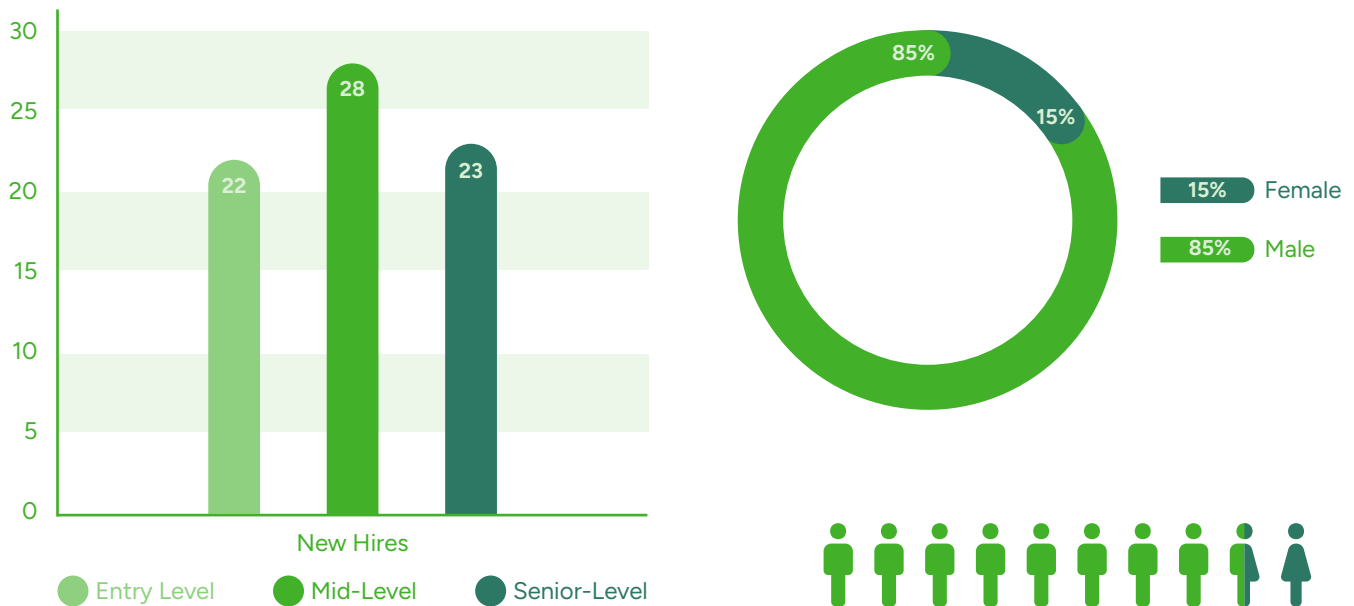
INTERNAL MOBILITY

Internal mobility forms an important part of the Bank’s workforce stability approach. In 2025, **22 positions were filled internally**, representing **30% of open positions**. This reflects the Bank’s focus on developing internal talent, supporting career progression, and retaining institutional knowledge within the Bank.


Talent Recruitment


KFH - Bahrain recruited 73 new employees in 2025, comprising 45 male new hires and 28 female new hires, supporting the Bank’s workforce needs and future capability requirements. Recruitment initiatives are guided by structured recruitment processes, employer branding efforts, and multiple sourcing channels to attract qualified candidates for specialized and leadership roles.

New Hires



The Bank emphasizes fair and transparent hiring practices, equal opportunity, and alignment between recruitment decisions and business and workforce planning needs. Recruitment initiatives are regularly reviewed to ensure access to diverse talent pools and to meet current and future capability requirements. The Bank also supports diverse recruitment through open job advertisements, objective selection criteria, and collaboration with educational institutions and professional networks.

 **73** New hires in 2025

 **USD 4,882**
average hiring cost per employee in 2025

Turnover

KFH - Bahrain's full-time employee turnover rate remained broadly stable over the past three years, standing at 7.0% in 2025, compared to 8.0% in 2024 and 7.0% in 2023. Voluntary turnover was 6.0% in 2025, representing 48 employees, compared to 7.0% in 2024 and 2023, representing 52 employees in each year.

The Bank tracks full-time employee turnover internally through its HR reporting systems and monitors trends by sex to support workforce planning and retention initiatives. Turnover insights are used to inform talent management, employee engagement, and succession planning efforts.

KFH - Bahrain reported **no lay-off arrangements in 2025**, and there were no major layoffs in the last three years affecting 10.0% of staff or more than 1,000 employees. The Bank also underwent an acquisition during the period with no negative impact on employees, supporting workforce continuity during organizational change.

7% full-time employee turnover rate in 2025

EXIT INTERVIEWS INSIGHTS

Exit interviews are conducted for all employee exits. Feedback indicates that the most common reasons for employee separation include career progression opportunities, relocation, personal circumstances, and competitive market offers. This feedback is reviewed periodically and used to inform improvements in engagement, career development, and retention strategies.

Performance Appraisals and Career Pathways

KFH - Bahrain measures employee performance through a structured performance management process that aligns individual objectives with the Bank's strategic goals. Performance assessments are conducted annually and include mid-year or ongoing performance check-ins to support continuous alignment and development.

Performance reviews are conducted for **100.0% of permanent employees** who meet the established eligibility criteria, in line with the Bank's formal performance management framework. In 2025, **740 employees received performance reviews**, comprising **277 female employees and 463 male employees**.

Review outcomes inform development plans, training needs, and career path discussions, helping employees progress within defined career pathways.

The Bank also provides structured feedback through formal mid-year and year-end reviews, supported by ongoing manager-employee check-ins. In addition, KFH - Bahrain is strengthening a culture of continuous feedback by promoting open, regular, and constructive dialogue between managers and employees. This approach helps ensure that feedback remains timely, transparent, and development-focused, supporting both performance improvement and employee engagement.

Human Capital Development

KFH - Bahrain's human capital development approach is designed to strengthen the capabilities required to support business performance, service quality, regulatory compliance, and long-term organizational resilience. The Bank's **talent pipeline development strategy** is embedded within its wider workforce planning and talent management framework, focusing on identifying critical capabilities, attracting talent through targeted recruitment and graduate intake initiatives, and developing employees through structured learning, leadership development, and on-the-job exposure. This approach is supported by role-specific training, professional certifications, specialized learning programs, and partnerships with educational and professional institutions. Together, these initiatives help ensure that employees continue to build the skills needed to meet evolving business, regulatory, digital, and customer expectations.

Early Career Development

KFH - Bahrain supports early talent development through graduate traineeship and apprenticeship opportunities, helping build a future-ready workforce and strengthen the Bank's access to emerging talent. In 2025, the Bank hosted **26 interns and apprentices**, providing early-career participants with exposure to the banking sector and practical learning opportunities within a professional work environment.

26 interns and apprentices were hosted in 2025



Professional Development and Learning Partnerships

KFH - Bahrain supports full-time employees in pursuing degree programs and professional certifications, in line with internal criteria and workforce development objectives. Supported academic qualifications include MSc in FinTech and master's degrees across various disciplines, as well as professional certification such as CIPD (Chartered Institute of Personnel and Development) qualifications, CIA (Certified Internal Auditor), CAMS (Certified Anti-Money Laundering Specialist), PRM (Professional Risk Manager), CFA (Chartered Financial Analyst), FRM (Financial Risk Manager), ACCA (Association of Chartered Certified Accountants), CPA (Certified Public Accountant), CISA (Certified Information Systems Auditor), CISM (Certified Information Security Manager), and other relevant professional programs. These programs help strengthen technical, financial, governance, risk, compliance, and leadership capabilities across the Bank.

The Bank also partners with a range of educational and professional institutions to support employee development and deliver specialized learning opportunities. In 2025, the Bank's partnerships encompassed leading local institutions and internationally reputed training providers and business schools. These partnerships broaden access to technical, leadership, regulatory, and professional development opportunities aligned with the Bank's business and workforce needs.

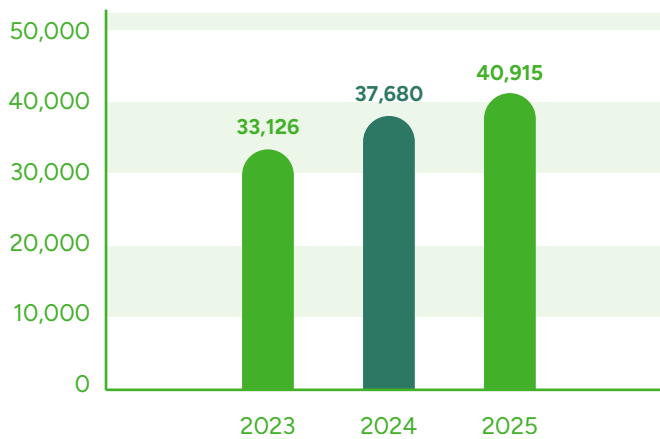
Learning and Development

Training and development remain central to KFH - Bahrain's human capital development agenda. The Bank monitors training expenditure through its internal learning and HR systems and continues to invest in employee capability development through structured learning programs, professional certifications, leadership development initiatives, and role-specific training aligned with business and regulatory requirements.

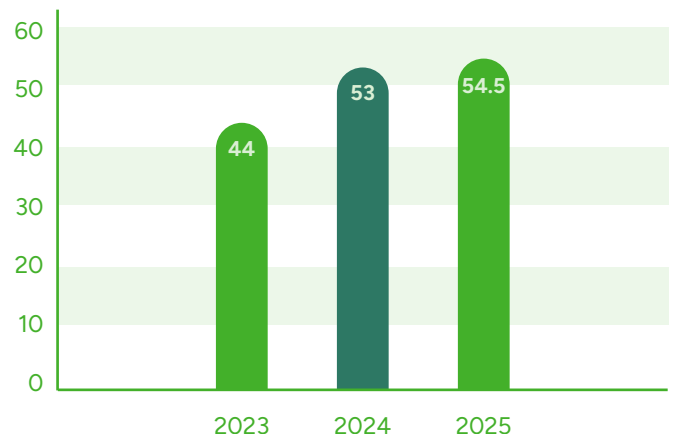
In 2025, total training hours reached 47,453 hours, increasing from 37,680 hours in 2024. This represents an increase of approximately 25.9%, reflecting the Bank's continued expansion of learning activity across the workforce. Average training hours per employee also increased, reaching 54.5 hours in 2025, compared to 53 hours in 2024 and 44 hours in 2023. This is equivalent to an average of approximately six training days per employee during the year.

Employee participation in training remained consistently high over the past three years. In 2025, 99.1% of employees received training, compared to 97.0% in 2024 and 95.0% in 2023.

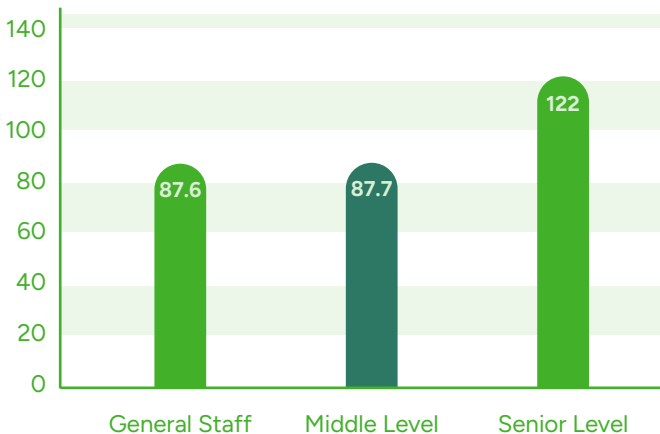
Total Training Hours



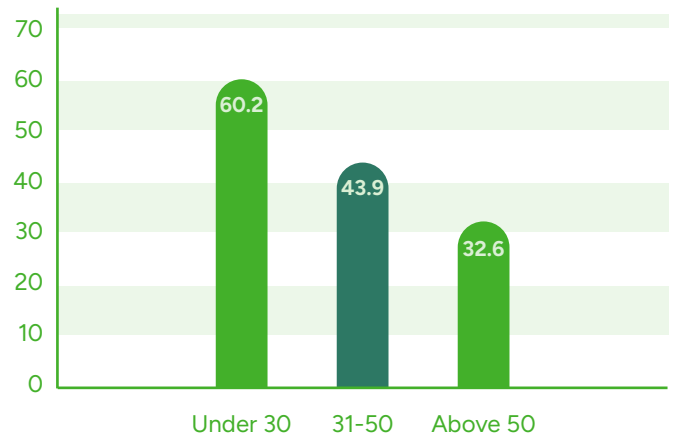
Average Training Hours



Average Training Hours by Employee Category



Average Training Hours by Age



These results reflect the Bank's focus on continuous learning and capability-building across the workforce. The steady increase in training participation and average hours demonstrates its efforts to strengthen employee readiness and maintain a workforce equipped to respond to evolving business, regulatory, digital, and customer expectations.

 **99.1%**

of employees received training in 2025

 **54.5**

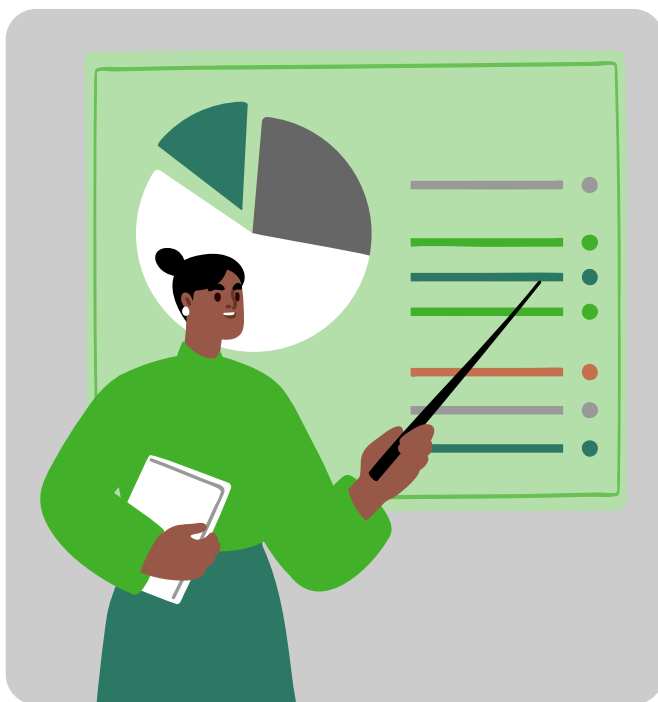
average training hours per employee

 **6**

average training days per employee

JOB-SPECIFIC AND ROLE-BASED TRAINING

KFH - Bahrain provides job-specific and role-based training programs to support employees in performing their responsibilities effectively. These programs are aligned with regulatory requirements, internal policies, and business needs, ensuring employees remain competent and compliant in their respective roles. Required training is completed within prescribed timelines and monitored internally.



PRIVACY AND DATA PROTECTION TRAINING

The Bank provides annual data privacy training to familiarize and refresh employees with the fundamental components of data privacy in accordance with Bahrain's Personal Data Protection Law. This is supported by regular privacy awareness communications, including data privacy announcements and videos shared by email and uploaded to the internal communication portal.

CYBERSECURITY TRAINING

KFH - Bahrain conducts regular mandatory cybersecurity training to strengthen employee awareness of cyber risks and support the Bank's wider information security posture. Training covers common cyber threats, social engineering red flags, and employees' roles in protecting the Bank against cyberattacks.

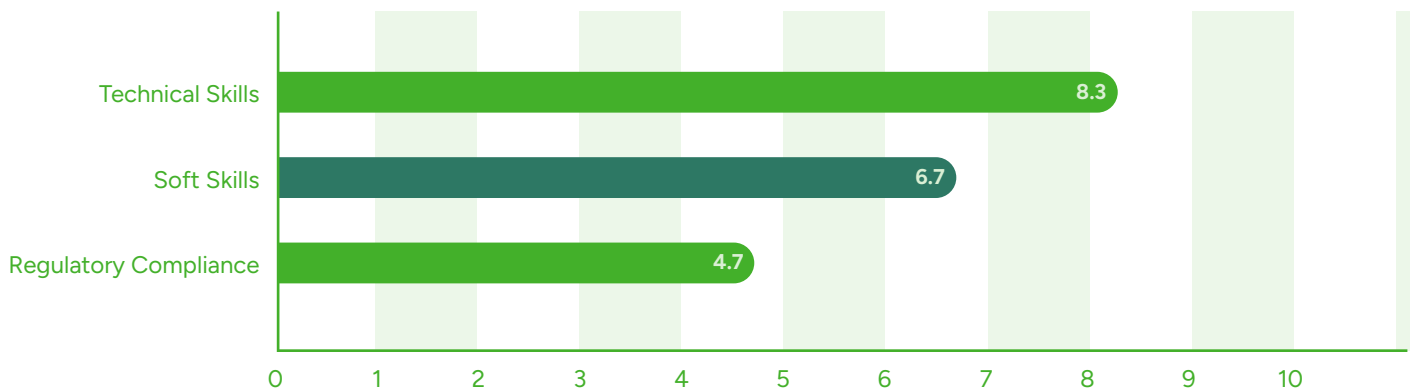
RISK MANAGEMENT TRAINING

Risk training is provided to employees to strengthen awareness of potential risks and support sound risk management practices across the Bank. Online risk training is assigned to all staff upon joining the Bank, while BIBF open courses related to risk are available for employees to register for based on role relevance and development needs.

ETHICS TRAINING

The Bank provides training on ethical standards to reinforce responsible conduct and professional accountability. Training covers anti-bribery and anti-corruption principles, ethical foundations in corporate governance and corporate social responsibility, Islamic ethical foundations of business activities, ethics versus Islamic ethics, ethics of products, corporate governance and CSR in conventional and Islamic financial institutions, collaborative approaches to social investment, the AAOIFI Code of Ethics for Islamic Banking Employees, and practical case studies.

Average Training Hours by Training Category



Training Impact and Business Benefits

The impact of training is assessed through completion of mandatory programs, improved compliance outcomes, reduced operational and audit risks, and enhanced employee capability and performance. These outcomes generate non-monetary benefits, including stronger risk awareness, improved service quality, and more effective controls, while also supporting indirect monetary benefits through improved efficiency and reduced operational risk.



Employee Engagement and Support

Employee Engagement

KFH - Bahrain supports employee engagement through structured listening mechanisms, open feedback channels, internal communication, and opportunities for employees to participate in community-focused initiatives. The Bank's approach is designed to capture employee sentiment, strengthen workplace connection, and translate feedback into actions that support the overall employee experience.

Employee Satisfaction and Engagement Surveys

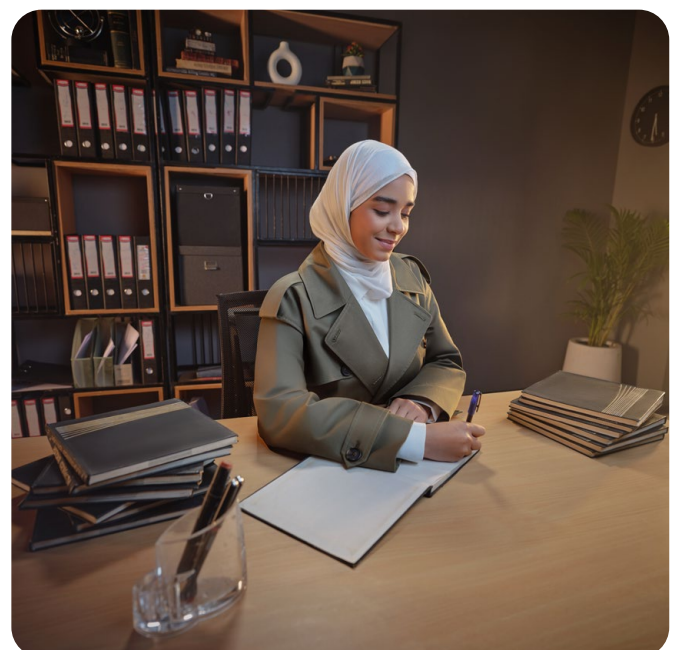
The Bank assesses employee satisfaction through an annual employee engagement survey delivered via an international provider. The survey provides a structured process for measuring employee sentiment across key dimensions, analyzing results, identifying areas of focus, and developing thematic recommendations. Outcomes from the survey are used internally to inform targeted action plans, with structured follow-up and tracking to support continuous improvement.

The survey is designed to provide a comprehensive view of the employee experience. It covers key areas such as:



This enables the Bank to better understand employee needs and identify opportunities to enhance engagement, well-being, and workplace effectiveness.

The Bank uses the survey results as insights to track trends and inform people-focused initiatives. Overall results indicate a positive engagement climate, supported by ongoing actions aimed at strengthening the employee experience and well-being.



Open Feedback Culture

Beyond the annual survey, KFH - Bahrain maintains several mechanisms to promote continuous employee feedback. These include pulse surveys and targeted feedback initiatives following key programs and activities, as well as open dialogue sessions such as townhalls and leadership engagements.

The Bank also encourages ongoing manager–employee interactions to support real-time feedback and uses culture champions and internal communication channels to capture employee perspectives. This multi-channel approach allows the Bank to collect timely and actionable feedback, helping ensure that employee engagement is addressed as an ongoing process rather than a one-time annual exercise.

COMMUNICATION DURING OPERATIONAL CHANGES

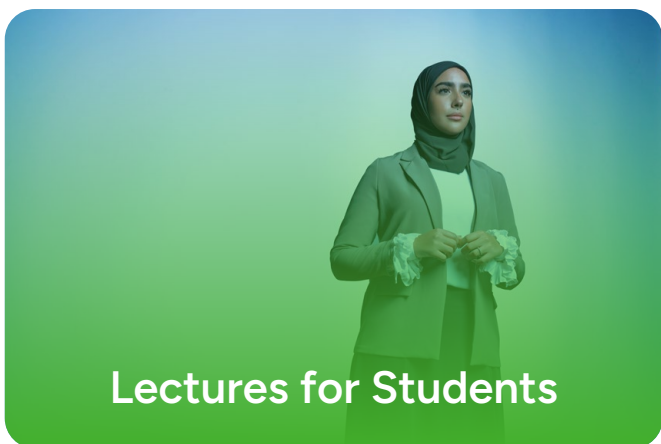
KFH - Bahrain supports transparent communication with employees during operational changes that may substantially affect them. Employees are typically provided with four to five weeks' notice before such changes are implemented, allowing sufficient time for awareness, preparation, and alignment.

This approach supports workforce continuity and helps employees understand changes that may affect their roles, responsibilities, or work environment. By providing advance notice, the Bank reinforces internal transparency and helps maintain trust during periods of organizational or operational change.



Employee Volunteering and Community Engagement

The Bank recognizes and encourages employee involvement in volunteering and community initiatives as part of its employee engagement and social responsibility efforts. Employees are engaged in activities such as:



KFH - Bahrain typically organizes employee engagement activities with charitable and community partners through annual initiatives aligned with its social responsibility priorities, supplemented by additional activities throughout the year as opportunities arise. These initiatives promote employee participation, strengthen connection to the wider community, and support the Bank's broader ESG objectives.

Employee Support

KFH - Bahrain supports employees through a range of benefits, leave entitlements, flexible working arrangements, well-being initiatives, and transition support measures. These programs are designed to promote employee welfare, strengthen work-life balance, and support employees across different personal and professional circumstances.

PARENTAL LEAVE AND FAMILY SUPPORT

KFH - Bahrain provides parental leave benefits to support employees during key family-related life events. In 2025, the Bank offered sixty days of paid parental leave for female primary caregivers and one day of paid parental leave for male primary caregivers, with maternity and paternity leave available under the Bank's policy.

During the year, 6 female employees took parental leave, all of whom returned to work after their leave ended and remained employed 12 months after returning. This resulted in a 100.0% return-to-work rate and a 100.0% retention rate for female employees who took parental leave.

Male parental leave was available to all 475 male employees in 2025. Of these, 22 male employees took parental leave, and all returned to work after their leave ended, resulting in a 100.0% return-to-work rate. Of those employees, 19 remained employed 12 months after returning, corresponding to a 86.0% retention rate.

The Bank also provides additional support for nursing employees through a designated breastfeeding/lactation room. In line with Bahrain Labor Law, female employees are entitled to paid breastfeeding breaks for one year, consisting of two hours per day during the first six months and one hour per day during the second six months. In addition, the Bank provides flexible attendance and working hours options to support employees in managing personal and family responsibilities.



100%

return-to-work rate for female employees who took parental leave



100%

retention rate for female employees who took parental leave



100%

return-to-work rate for male employees who took parental leave



86%

retention rate for male employees who took parental leave



PAY AND NON-PAY BENEFITS

KFH - Bahrain provides pay and non-pay benefits that support employee welfare and reflect its commitment to responsible employment practices. The Bank confirms its commitment to meeting or exceeding minimum wage requirements, while non-pay benefits cover all employees.

These benefits form part of the Bank's broader employee support framework, helping provide a consistent foundation for employee well-being, financial security, and workplace stability across the Bank.

FLEXIBLE WORKING ARRANGEMENTS

KFH - Bahrain provides flexible working arrangements designed to support employee well-being while maintaining business continuity. These include flexible working hours, enabling employees to manage their schedules in line with personal and professional needs, and remote working or work-from-home arrangements where required, particularly during business continuity periods.

This approach supports work-life balance and gives the Bank additional flexibility in responding to operational needs, employee circumstances, and continuity requirements.

Employee Well-Being

KFH - Bahrain implements a holistic well-being program designed to support employees' mental, physical, and social well-being. The Bank's approach combines stress management, flexible working arrangements, health awareness, physical activity, preventive care, and access to professional support.

Mental Well-Being and Stress Management

The Bank supports employees in managing workplace stress through awareness sessions, engagement initiatives focused on stress management and wellness, and a leadership approach that promotes open communication, empathy, and employee support, particularly during critical periods.

KFH - Bahrain also partners with a specialized external provider to offer 24/7 confidential mental well-being support, including a dedicated hotline and access to professional consultations, both virtually and face-to-face. This provides employees with additional support channels to manage mental well-being and build resilience.



Physical Health and Sports Engagement

The Bank encourages employees to participate in physical well-being initiatives through internal sports competitions and activities designed to promote engagement and teamwork. Employees also participate in external sporting events, including football tournaments and padel activities, while the Bank's annual Sports Day serves as a key engagement initiative to promote physical well-being.

Health Awareness and Preventive Care

KFH - Bahrain delivers targeted health and awareness initiatives to support preventive care and employee wellness. These include health awareness campaigns, such as breast cancer awareness and other preventive health topics, well-being sessions focused on mental health and overall wellness, health consultations, and sponsorship of medical check-ups. These initiatives support early detection, awareness-building, and proactive health management across the workforce.

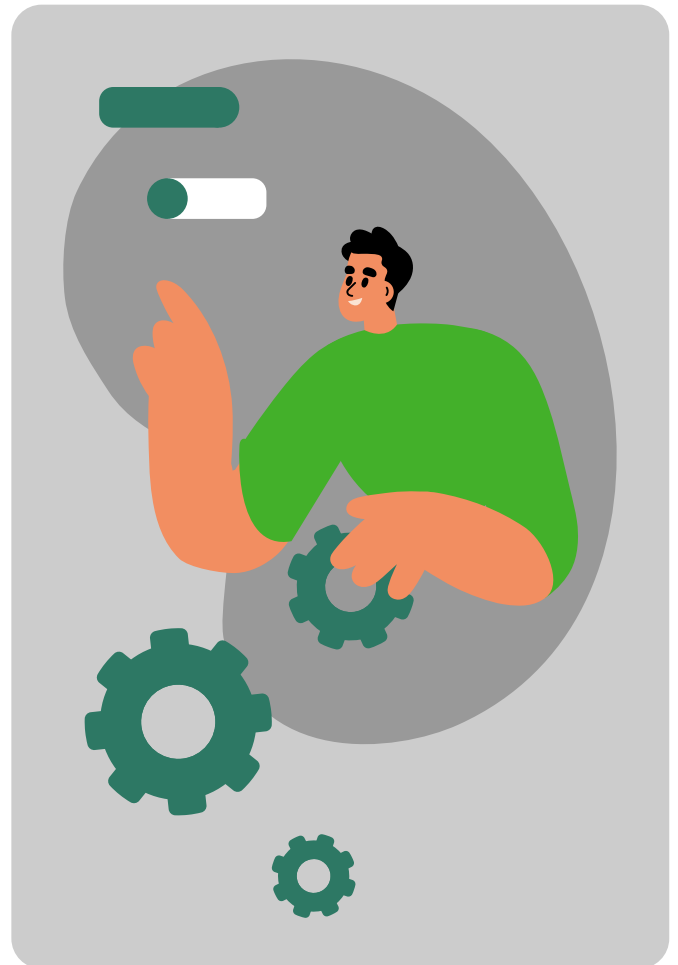
Health and Safety

KFH - Bahrain maintains a structured approach to occupational health and safety through its Safety and Security Policy, which applies to all Bank employees, contractors, and individuals under the Bank's supervision. The policy is implemented across the Bank's operations and is monitored by the Head of Safety, Security and Environment, the Health and Safety Officer, marshals, and security personnel. This structure supports consistent oversight of workplace safety requirements and helps ensure that employees and relevant third parties are covered by the Bank's internal safety standards.

OHS Governance and Management System

The Bank has an occupational health and safety management system in place, established to comply with applicable banking and occupational safety and health regulations across its locations. The policy is proposed by the Head of Property and Administration and submitted through the Group Security Coordination Committee before being approved by the Board of Directors. This governance process ensures that occupational health and safety matters are subject to senior-level review and formal approval.

KFH - Bahrain's OHS program is embedded within its Safety and Security Policy rather than issued as a standalone public program. The policy is circulated internally, made accessible to employees through the KFH - Bahrain portal, and reviewed annually to assess compliance and effectiveness. Key elements of the program include governance, the Safety and Security Plan, emergency preparedness, and training and awareness.



Risk Assessment and Continuous Improvement

The Bank conducts occupational health and safety risk and hazard assessments to identify potential sources of harm in the workplace. Its approach is based on hazard identification, risk assessment, periodic safety inspections, emergency evacuation and fire drills, employee and contractor training, incident reporting, investigation, and corrective action. These measures are designed to support compliance with government regulations and align with recognized health and safety practices.

KFH - Bahrain also establishes prioritization and action plans for OHS improvements through a risk-based approach. Safety and security risks are assessed according to severity, with tailored response procedures developed for identified threats, including fire, armed robbery, cyber-related risks, and other emergency scenarios. Annual policy reviews and formal amendment processes further support continuous improvement, while action plans cover the Safety and Security Plan, training and awareness programs, emergency preparedness, and ongoing monitoring.

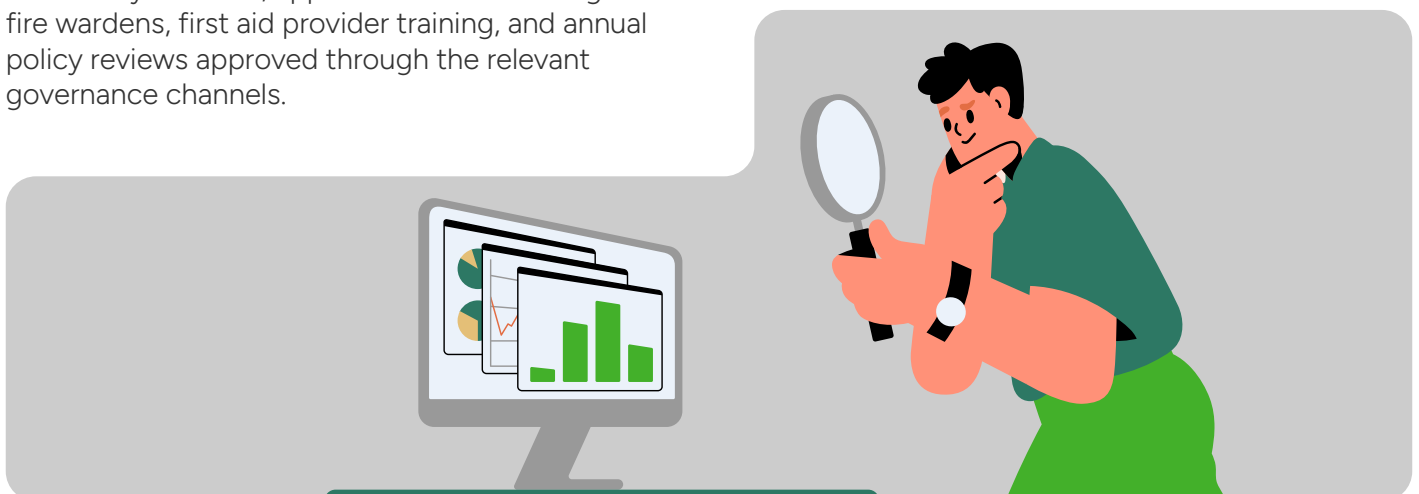
Although the Bank's approach is primarily qualitative and compliance-driven, it includes structured procedures, thresholds, and review mechanisms to support OHS performance. These include semi-annual fire safety inspections, mandatory fire drills, appointment and training of fire wardens, first aid provider training, and annual policy reviews approved through the relevant governance channels.

Emergency Preparedness and Inspections

Emergency preparedness is integrated within the Bank's Safety and Security Policy to protect staff, clients, and assets while supporting compliance with civil defense and CBB requirements. Preparedness measures include emergency evacuation drills, fire emergency action plans, fire wardens, preventive measures, and emergency response systems.

The Bank conducts internal inspections to ensure compliance with OHS standards. These inspections are systematic, documented, and recurring, covering fire safety, emergency readiness, contractor compliance, premises audits, first aid preparedness, system maintenance, documentation, and reporting. Progress in reducing and preventing health and safety risks is evaluated through annual policy reviews, scheduled inspections, emergency drills and training, maintenance records, risk assessments, and incident and threat response logs.

KFH - Bahrain also engages external parties where required to support health, safety, and security verification. This includes the involvement of consultants and specialists, compliance reviews by Civil Defense and regulatory authorities, and semi-annual inspections of fire safety equipment, evacuation routes, and emergency systems, often involving certified external providers.



Incident Reporting and Investigation

The Bank has procedures in place to investigate work-related injuries, ill health, diseases, and safety incidents. These procedures include immediate reporting, incident documentation, root cause analysis, corrective actions, follow-up monitoring, and regulatory reporting where required. Serious incidents are reported to relevant authorities, such as Civil Defense or the CBB, in line with applicable legal and regulatory requirements.

Employee absenteeism is monitored through internal HR reporting systems, while contractor absenteeism is overseen through contractual and vendor management arrangements. Absenteeism data is tracked internally to identify trends and support workforce well-being initiatives.



OHS TRAINING AND AWARENESS

KFH - Bahrain provides occupational health and safety training to employees and relevant contractors to strengthen awareness, preparedness, and compliance with internal standards and external regulations. Training includes basic security and safety awareness for new employees, annual refresher training delivered through online materials and Microsoft Teams, emergency response and fire drills conducted twice a year, and fire-fighting equipment training for marshals through recognized institutions in Bahrain.

The Bank also provides marshal training for designated floor marshals and alternates, first aid and CPR training every two years for relevant safety personnel and marshals, and safety equipment or personal protective equipment training for contractors upon work permit approval. Front desk and customer-facing employees, including branch managers, receive annual safety-related training through online materials and Teams. Attendance sheets are maintained for OHS-related training, supporting documentation and follow-up.

Transition Assistance

KFH - Bahrain provides transition assistance to employees in cases of retirement or termination of employment, in line with applicable laws and internal policies. This may include guidance on retirement arrangements, notice period support, and access to well-being benefits and resources where applicable.

These measures help support a structured and fair transition process, while maintaining respect, clarity, and support for employees during career changes or employment endings.



Empowering Our Social Capital

- Crafting Tailored Experiences
- Community Advancement
- Responsible Procurement Practices
- Marketing & Communication

Crafting Tailored Experiences

Retail Banking

The Retail Banking division of KFH - Bahrain serves as a cornerstone of the Bank's operations, dedicated to delivering a comprehensive suite of Shari'a-compliant financial solutions tailored for individual excellence. Grounded in a commitment to innovation and customer-centricity, the division manages a robust portfolio spanning diversified deposit products, specialized home and auto financing, and advanced credit card services. By integrating traditional Islamic finance principles with modern digital banking capabilities including seamless internet and SMS platforms KFH - Bahrain ensures that its retail clients experience secure, accessible, and ethical banking designed to support their long-term financial aspirations.

To ensure a holistic banking experience, we offer an extensive array of services including:



Liabilities Products

- Current Accounts
- Savings Account in BHD / USD / GBP / Eur
- My Hassad Draw Account
- Mudarabah Investments
- Wakalah Investments



Remittance Products

- Local Transfer
- Benefit – Fawri / Fawri+
- International Transfer
- Swift Transfer
- Remit to India
- My Global
- Speed Remit



Asset Products

- Salary Transfer Personal Finance
- Personal Installment Finance
- Finance on Phone
- Auto Finance
- Mortgage Financing
- Mazaya
- POS Financing



Payments Product Suite

- Three Debit Card Products
- Multi Currency Debit Card
- Three Credit Card Products
- Apple Pay
- POS / QR / Payment Gateway for Acceptance
- Deposit Card
- Cardless Withdrawal

Environmental and Social Governance (ESG)

KFH - Bahrain has integrated sustainability into its core operations through digital transformation and inclusive service design.

1. ENVIRONMENTAL STEWARDSHIP

The bank has adopted a "Go Green" approach to minimize its ecological footprint:

- **Paperless Initiatives:** Implementation of digital account opening and electronic documentation across most services.
- **Green Infrastructure:** ATMs are equipped with a "Go Green" feature, allowing customers to opt out of printing physical receipts, significantly reducing paper waste.

2. SOCIAL RESPONSIBILITY AND FINANCIAL INCLUSION

The division is committed to ensuring equitable access to financial services for all community members:

- **Accessibility:** Branches provide specialized assistive equipment and trained "Meet and Greet" staff to support individuals with special needs.
- **Low-Income Support: MyHassad Savings Account:** Accessible with a minimum deposit of only BD 50.
- **Platinum Credit Cards:** Available to customers with a monthly income as low as BD 300.
- **Credit Cards:** A cashback feature has been launched to provide customers with greater flexibility in redeeming their Pearl Points.
- **Personal Finance:** Structured to remain reachable for lower-income segments to bolster their long-term financial resilience.

Product Development and Risk Management

To ensure the long-term stability of these retail offerings, KFH - Bahrain maintains a rigorous multi-stakeholder assessment process. Every new product undergoes a comprehensive impact and risk assessment involving:



Operations & Risk

Ensuring structural integrity.



Compliance & Finance

Validating regulatory adherence and financial viability.



IT Security & Delivery

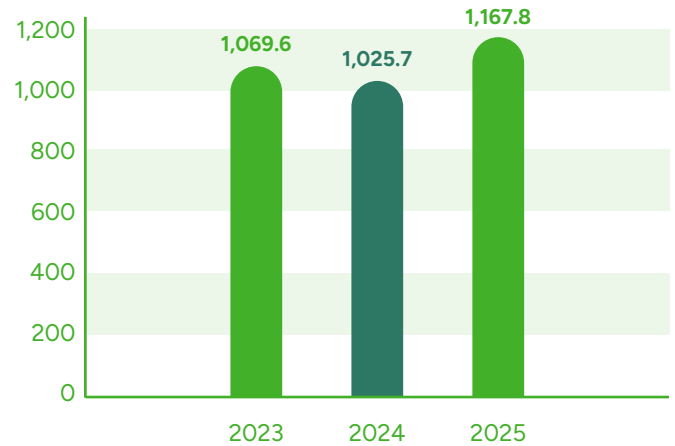
Guaranteeing secure digital deployment.

This structured approach ensures that every retail product is not only profitable but also aligned with the bank's target segments and ethical standards.

Portfolio Performance and Growth

KFH - Bahrain has demonstrated a consistent growth in its retail operations since 2023. In 2025, KFH - Bahrain demonstrated a resilient growth pattern in the total value of retail financing reaching a record high of USD 1,167.8 million in 2025 which is a 9.2% increase compared to 2023, and a 13.9% increase compared to 2024.

Total Value of Retail Financing (USD MM)

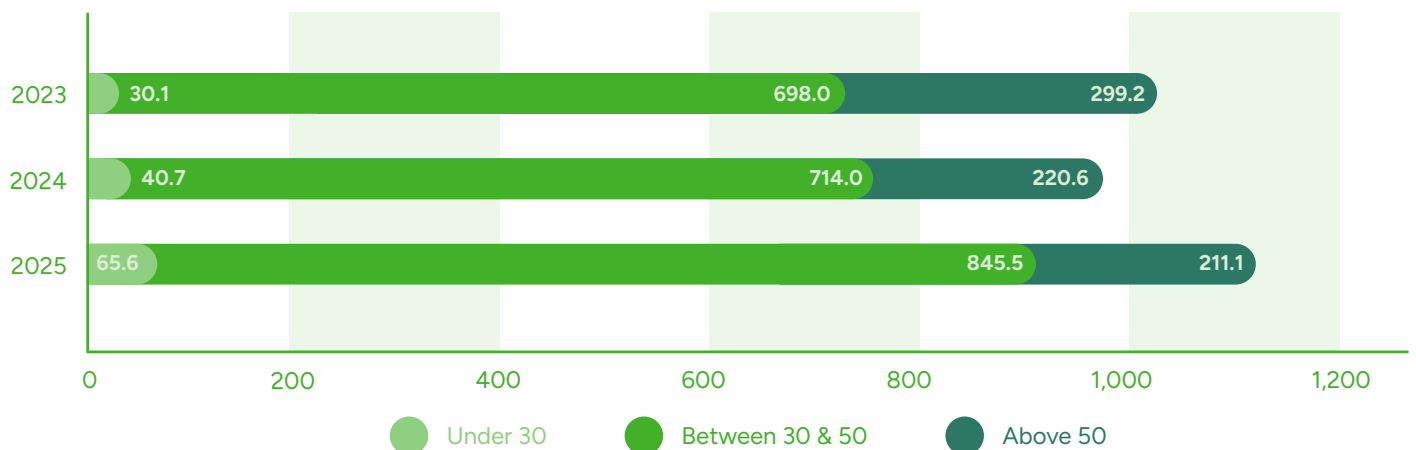


Demographic Distribution

In 2025, the total value of retail financing per individual reached a significant milestone of USD 1,122.2 million. The distribution of the financing portfolio remains consistent across age brackets throughout the past years. Clients between 30 and 50 continue to be the cornerstone of the retail business, consistently accounting for over 60.0% of the total portfolio value annually since 2023, while clients aged 50 and above represent the second-largest contributor, followed by clients under 30.

While the 30–50 age group remains the primary engine of the bank’s retail financing revenue, the rapid expansion of the under-30 segment highlights a successful capture of the emerging market. This diversification across age groups ensures long-term portfolio stability and positions the bank to cultivate lifelong relationships with a new generation of clients.

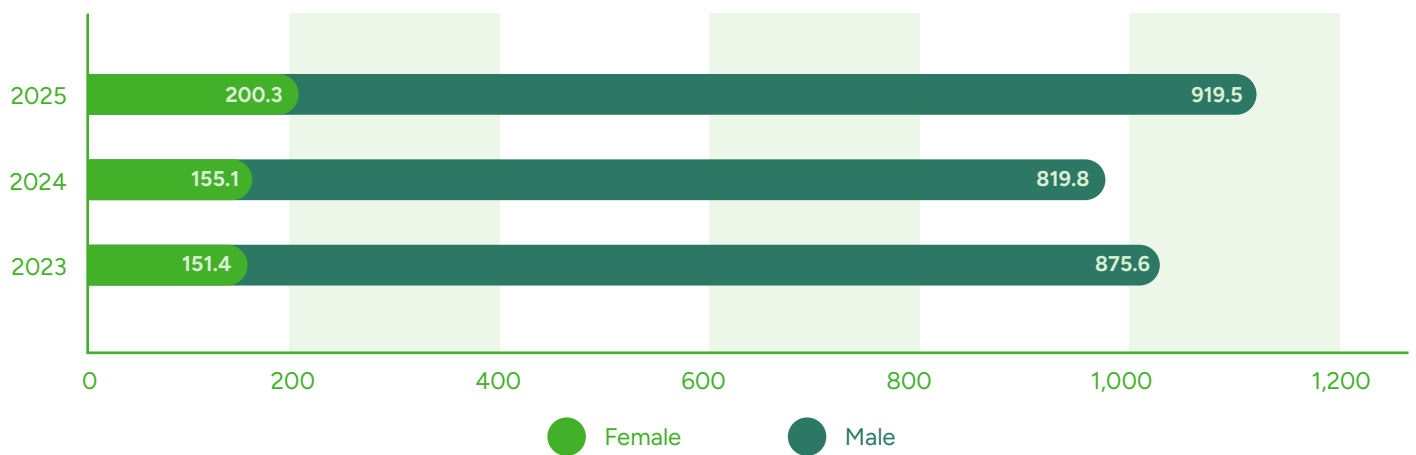
Total Value of Retail Financing for Individuals per Age Group (USD MM)



Currently, male clients account for more than 80% of the total retail financing portfolio, while female clients represent approximately 20% of the total portfolio.

The Bank has been successfully scaling operation as total value of retail financing for female clients has been annually increasing since between 2023. Moreover, KFH - Bahrain is actively working to broaden its reach by acquiring a more diverse client base and fostering a more balanced representation across its retail portfolio.

Total Value of Retail Financing for Clients (USD MM)



Private Banking & Wealth Management

The Private Banking and Wealth Management division serves high-net-worth individuals and family offices through a comprehensive and client centric financial offering. By integrating private banking and wealth management capabilities, the division delivers tailored financial solutions while maintaining a disciplined and sustainable operating model. The division provides bespoke financing, deposit, investment and portfolio management solutions supported by dedicated relationship managers and specialised product expertise. Its offering spans discretionary portfolio management, investment products, Sukuk and alternatives investments, real estate solutions, and access to the Group's regional and international network.

As part of its commitment to sustainable finance and responsible banking, the division incorporates Environmental, Social, and Governance (ESG) considerations into its investment approach, risk management framework, and product development process. ESG principles are integrated into investment selection, portfolio monitoring, and client engagement practices, supporting long-term value creation and responsible capital allocation.

The division remains committed to maintaining strong governance standards, prudent risk management practices, regulatory compliance, and ethical business conduct, while promoting sustainable growth and delivering long-term value to clients and stakeholders.



Private Banking

- Call Accounts
- Current Accounts & Saving Accounts
- Wakalah/Murabahah Deposit & Structured Deposit
- Credit & Debit Cards
- MyHassad
- Cheque Book
- Internet Banking & Mobile Banking
- B2B solutions
- Foreign Exchange
- Cash Line facilities
- Business Financing, Real Estate Financing, Auto Financing, Ijarah Financing, Individual Financing
- Letter of Credit & Letter of Guarantee



Wealth Management

- Direct Sukuk investments
- Mutual Funds
- ETFs
- Real Estate Funds
- A GCC Discretionary Portfolio Management Service Managed by a Third Party
- Gold Account
- Various Structured Products via the Treasury Department
- A Brokerage Platform: KFH Trader
- Services soon to-be-launched: Global Discretionary Portfolio Management Service and Advisory Services

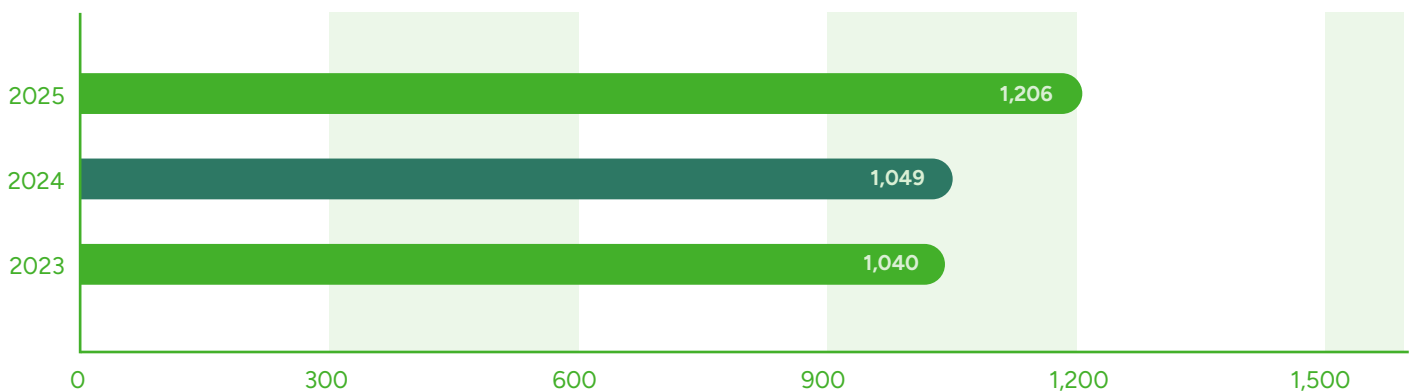
Portfolio Performance and Client Insights

In 2025, KFH - Bahrain continued to strengthen the division, demonstrating steady growth in client relationships, Assets Under Management, and deposit balances, with strategic focus on high-net worth clients.

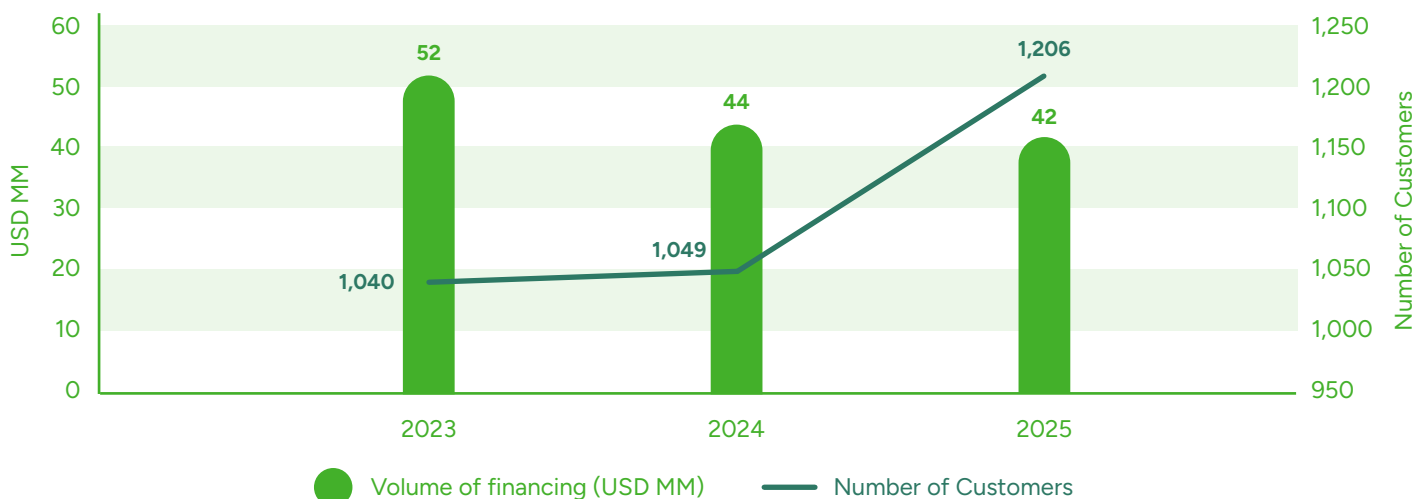
Between 2023 and 2025, the division successfully expanded its client base by nearly 16% while Assets Under Management reached approximately USD 1.3 million in 2025. During the same period, the division adopted a more disciplined and balanced approach toward financing growth, with increased emphasis on growing recurring fee-based income, strengthening the deposit base, and expanding wealth management activities.

This strategic direction reflects KFH - Bahrain's commitment to maintaining a resilient and lower capital intensity business model aligned with prudent risk management practices and long term sustainable growth objectives. Operating on a "quality over quantity" model allows KFH - Bahrain to maintain its resilience and efficiency in an ever-changing economy while still offering professional integrity to its customers.

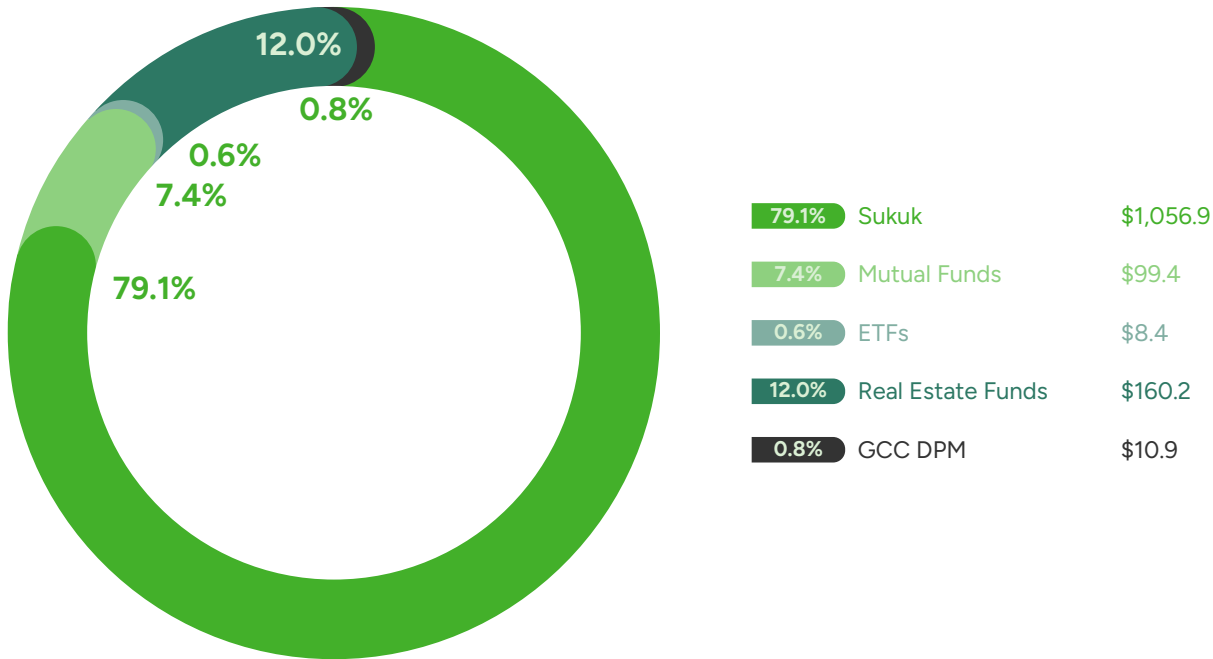
Total Number of Private Banking Customers



Total Number of Private Banking Customers Vs. Total Volume of Financing



Volume of Assets Under Management (AUM) by Asset Class in 2025 (USD MM)



This demonstrates KFH - Bahrain's continued focus on building a high-value and relationship driven wealth management proposition; with a focused base of 505 clients, the average portfolio exceeds USD 2.6 million, reflecting the division's success in attracting the High-Net-Worth segment while maintaining a lean, low-capital-intensity operational model. The private banking division has proved strong strides towards generating high fees and managing volume without needing a massive retail infrastructure for every dollar earned.

Category	Value
Total Wealth Management Clients	505
Total Assets Under Management (AUM)	USD 1,335.6 million
Average Portfolio Size	USD 2,645 million

To preserve the integrity of client portfolios, the bank applies rigorous risk diversification and portfolio allocation strategies. Moreover, KFH - Bahrain is transitioning toward a Global Discretionary Portfolio Management service to enhance its portfolio management capabilities with a strong governance framework in line with the evolving client expectations, regulatory requirements and responsible banking principles. This upcoming transition will enforce strict allocation limits to ensure resilience:

Passive Exposure

Minimum **30%**

Issuer/Country Limits

Maximum **10%** per issuer and **40%** per country to mitigate concentration risk

Currency Allocation

70–90% primary USD exposure

Liquidity exposure

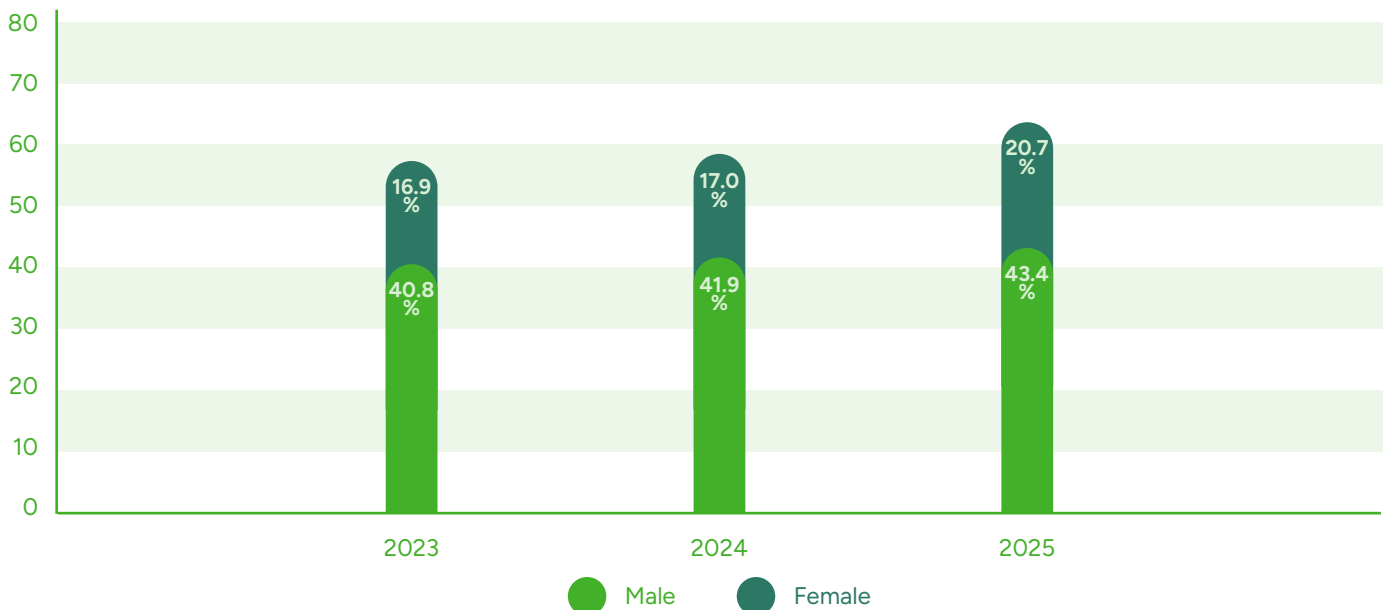
Minimum **80%** (T+5)

Risk controls also include VaR, stress testing, dispersion analysis, and ongoing monitoring.

Client Demographics

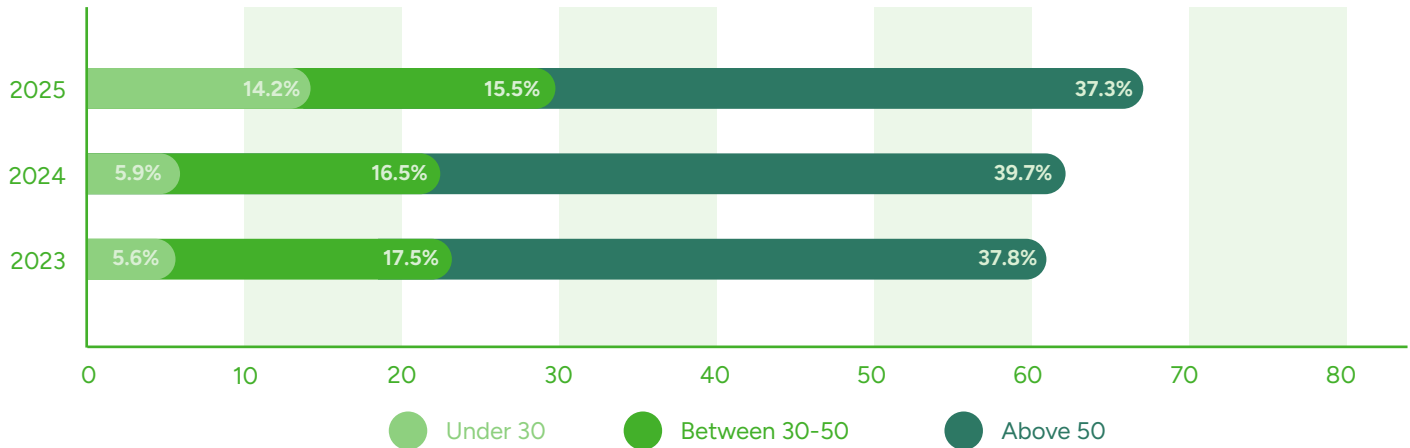
In 2025, KFH - Bahrain demonstrated a steady growth of both male and female representation in customers with the female category experiencing a faster rate of overall growth (3.8 ppt) compared to the male category (2.6 ppt) between 2023 and 2025.

Private Banking Customers*



*The total doesn't add up to 100% because corporates are excluded.

Percentage of Private Banking Customers per Age Group*



*The total doesn't add up to 100% because corporates are excluded.

In 2025, KFH - Bahrain equally succeeded in capturing a larger segment of the youth market. KFH - Bahrain has increased the number of customers under 30 from 5.6% in 2023 to 14.2% in 2025. The most notable growth occurred in 2025, with an increase from 5.9% in 2024 to 14.2%. By gaining more customers under 30, the Bank showcases a strong presence with the next generation of investors.

Total Private Banking Financing Percentage per Geographical Location

	2023	2024	2025
Bahrain	71.4%	66.9%	68.8%
British Virgin Islands	0.8%	0.0%	0.0%
Cayman Islands	1.3%	0.9%	1.0%
Jordan	0.3%	0.0%	0.0%
Kuwait	7.4%	8.5%	8.1%
Saudi Arabia	4.8%	5.5%	4.1%
United Kingdom	13.7%	17.2%	17.1%
Virgin Islands (US)	0.0%	0.7%	0.5%

ESG and Sustainable Investment

A core component of private banking and wealth management's evolution is the integration of Environmental, Social, and Governance (ESG) criteria across operations. The bank ensures long-term resilience by aligning its investment approach with modern regulatory expectations and sustainability standards.

CURRENT ESG INTEGRATION

- **Sustainability Exposure:** Currently, 0.03% of total AUM is invested in dedicated ESG or sustainable products.
- **Product Screening:** Investment selection involves detailed due diligence that evaluates ESG factors alongside financial strength, Shari'a compliance, and operational robustness.
- **Environmental Benefits:** The bank has historically offered third-party funds with ESG-focused screening. It is currently in the final stages of approving two new third-party equity funds that utilize specialized ESG filters to deliver specific environmental benefits.

Regulatory Framework and Compliance

The division operates under the strict oversight of the CBB, while also adhering to international standards including:

FATF Standards (Anti-Money Laundering)

FATCA/CRS (Tax Compliance)

Internal compliance is managed through a comprehensive Standard Operating Procedure (SOP). These documents mandate strict protocols for KYC (Know Your Customer), EDD (Enhanced Due Diligence) transaction monitoring, and product governance to ensure every transaction meets both regulatory and internal ethical benchmarks.



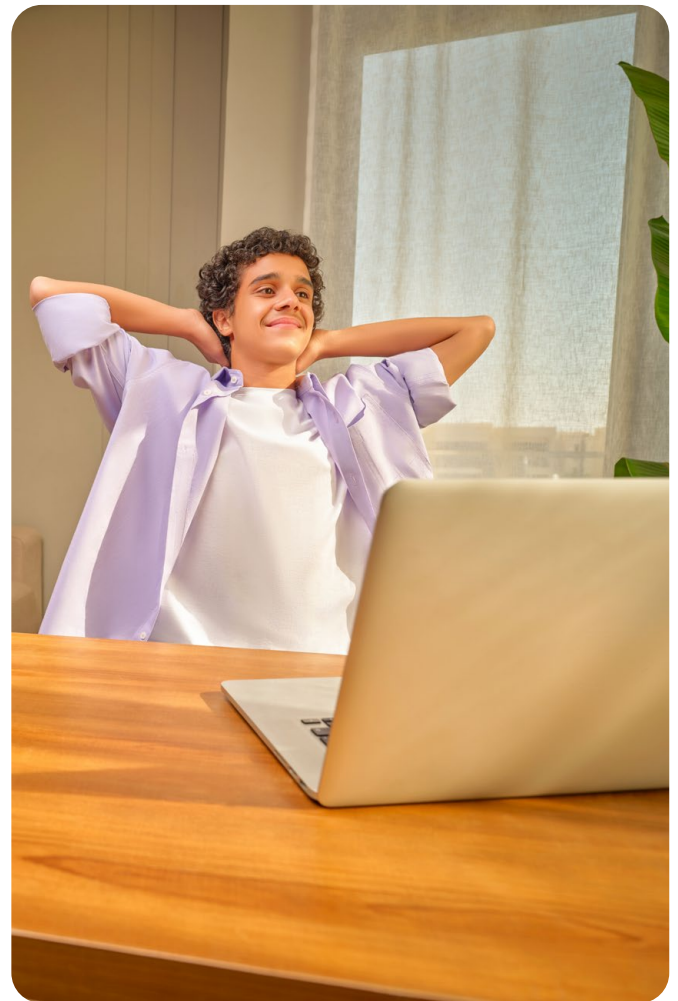
Community Advancement

KFH - Bahrain is dedicated to exponentiating positive impact within the environment in which we operate. In 2025, KFH - Bahrain led several initiatives with a dedicated annual budget of USD 2 million, partnering with various entities in fields such as health & wellness, youth & learning, Islamic banking, and women's advancement.

In KFH - Bahrain, we have adopted a donation policy that serves as a guiding framework for how we manage monetary donations in our community, including setting focus areas and defining eligible recipients to provide structured and meaningful impact. Through open and comprehensive engagement methods, the Bank holds regular conversations and assesses the needs of the community and stakeholders, helping the Bank gauge its charitable efforts strategically towards high-priority areas for local communities. Philanthropic support is guided by the Bank's awareness of social and environmental pressures that many individuals face, including addressing the needs of vulnerable and underrepresented groups such as disabled demographics, children with dire illnesses, and families with low incomes.

Recognizing that long-term stability is built upon a strong national foundation, KFH - Bahrain extends its philanthropic reach to support national associations and governmental programs. By actively engaging with beneficiaries through outreach initiatives, KFH - Bahrain gains firsthand perspectives instrumental in refining its CSR efforts. These insights ensure that future community development and advancement programs are tailored to meet evolving local needs and maximize social return.

As KFH - Bahrain grows its CSR performance and achievements, its value for a sustainable future is reflected in its invariable commitment to enhancing the community's economic and social development for the Kingdom of Bahrain's collective prosperity.



Health & Wellness

Alia For Early Intervention: Providing support to the autistic center.

Bahrain Association for Parents and Friends of the Disabled: Providing medical support and aid for families.

Bahrain Deaf Society: Supporting all programs by providing aid to the deaf and their families, and holding events & conferences.

Future Society for Youth/ Smile: Attending to the needs of children with cancer and their families.

Ministry of Interior (Anti-drug): Endorsement of anti-drug program.

The Bahrain Catalyst Disabilities Association: Helping with the provision of wheelchairs and machinery for the disabled as well as supporting conference events.

The Friendship Society for the Blind: Providing educational and home equipment support for the blind.

Bahrain Sports Federation for Disabilities: Endorsing sports championships for the disabled.

Al Mustaqbal Society: Providing necessities for disabled families.

Dar Almanar: Supporting the delivery of activities and care for the elderly.



📖 Youth & Learning

Lamea Association / Ministry of Youth & Sports: Providing sponsorship to the biggest youth program/competition held by the Ministry of Youth that has empowered and shaped current future government leaders.

Bahrain Association for Intellectual Disability & Autism: Providing an affordable option of schooling for autistic children.

Bahrain Society of Engineers: Providing support for Engineering students.

Children & Mothers Welfare Society: Supporting the construction of a school in which a set of underprivileged children will have a dedicated seat.

The Particular Educational Service Center for Children: Improving learning support for disabled children.

Inspire Initiative / مبادرة ملهمون: Supporting youth-led volunteering events and workshops including the organization of nationwide events and delivery of workshops for sentenced individuals.

Ministry of Industry & Commerce: Sponsoring program that develops ambassadors for their customer protection unit

Sh. Ebrahim Center: Providing support with cultural restoration and education projects.

BSCM (Strategic Partnership) - Bahrain Society for Capital Management: Increasing advancements for all HR related activities to promote the field in Bahrain.



Islamic Banking

Waqf Fund: Empowering CBB Fund to advance Islamic Banking through training for all Bank staff.

Zakat & Sadaqat Fund: Aiding defaulters affected by unforeseen circumstances in covering debts and financing payments in accordance to Shari'a rules and principles.

Women Advancement

Al Noor Charity Welfare: Supporting women facing financial challenges by providing workspaces and clothing donations.

Batelco Center for Family Stability Institution: Helping protect and support victims of domestic violence.



National Development

Royal Humanitarian Foundation: Providing support for registered orphans.

Bahrain Philanthropic Society: Offering large-scale support for the largest society aiding the disadvantaged including support in setting up premises.

Capital Governate: Providing annual support for all programs: Meals for workers, national celebrations, youth summer programs, and entrepreneurship conference.

Southern Governorates/Ministry of Interior: Financing all programs: sheltering workers and providing meals.

Muharraq Charity Society: Providing general donations to the needs of the underprivileged.

National Initiative for Agricultural Development (NIAD): Supporting the national initiative for environmental sustainability by increasing mangroves plantation around Bahrain.

UNIDO (GCEO Approved): Lending support to SMEs and entrepreneurship advancements.

Bahrain Bourse/ Arab Federation for Capital Markets (Platinum Sponsor): Sponsoring the annual event.

IMF: Sponsorship of the Bahrain reception held at the IMF.

Bahrain Embassy of Oman: Providing economic and diplomatic sponsorships for Omani national day associated event.

Bahrain Basketball Federation/ Bahrain Olympics Federation: Sponsorship of the Philippine league held in Bahrain

Bahrain Olympic Committee/ Bahrain Football Association: Awarding the Bahrain team with the GCC finals cup.



Responsible Procurement Practices

Responsible and Ethical Procurement

KFH - Bahrain recognizes that responsible procurement practices play an important role in supporting sustainable business growth, operational resilience, and long-term value creation. The Bank is committed to conducting procurement activities in a transparent, ethical, and responsible manner, while ensuring compliance with applicable laws and regulations in the Kingdom of Bahrain.

The Bank's procurement framework is guided by its governance principles, Code of Conduct, and internal policies and procedures, which promote integrity, accountability, and fairness throughout the supplier lifecycle. These requirements are embedded within contractual arrangements and supplier engagement processes to ensure that vendors operate in accordance with applicable legal, regulatory, and ethical standards.

KFH - Bahrain expects its suppliers and business partners to uphold high standards of professional conduct, including compliance with labor laws, occupational health and safety requirements, anti-corruption regulations, and human rights principles. Suppliers are expected to avoid practices involving forced labor, child labor, discrimination, or any other activities that conflict with applicable laws or the Bank's ethical values.

The Bank maintains oversight of supplier performance and compliance throughout the procurement process. Suppliers that fail to meet contractual, legal, or ethical requirements may be subject to corrective actions, contract review, suspension, or termination, depending on the nature and severity of the issue.



Additionally, KFH - Bahrain incorporates risk management considerations into its supplier selection and management processes. Suppliers are subject to appropriate due diligence assessments, which may include reviews of business practices, regulatory compliance, financial stability, information security controls, and anti-money laundering requirements, depending on the nature of the engagement.

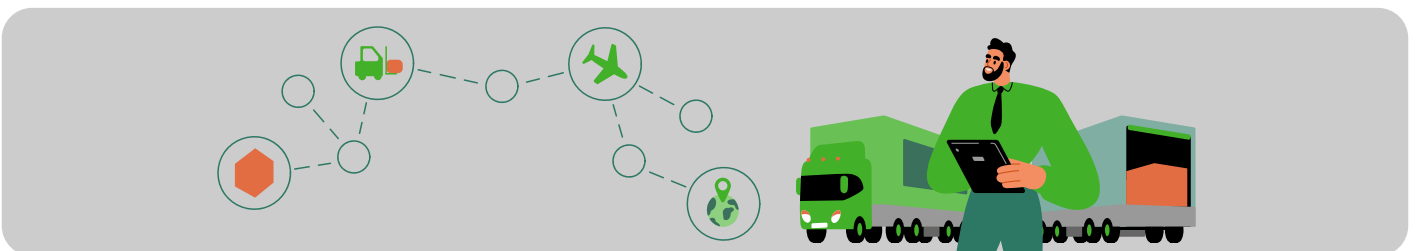
The Bank maintains a zero-tolerance approach toward bribery, corruption, fraud, and unethical business conduct. Relevant expectations are communicated through contractual agreements and procurement requirements, and any breaches may result in disciplinary or contractual action.



Our Supplier Network

KFH - Bahrain recognizes the important role that local suppliers play in supporting economic development and creating long-term value within the Kingdom of Bahrain. The Bank seeks to engage local businesses where feasible and commercially appropriate, contributing to national economic growth and supporting the development of local enterprises.

In 2025, KFH - Bahrain worked with 359 local suppliers, representing 68.8% of its total supplier base. Our total procurement spending amounted to USD 65.6 million, of which USD 33.0 million was directed toward local suppliers.



Marketing & Communication

Our Marketing Approach

KFH - Bahrain maintains a steadfast commitment to transparency and integrity in its marketing practices by ensuring the provision of accurate, complete, and understandable information to all stakeholders. This commitment is underpinned by the necessity to comply strictly with the CBB requirements, which dictate high standards for accuracy and the provision of detailed information. Specifically, the Bank adheres to the CBB's Business Conduct for Fair and Clear Marketing Module which mandates that all advertising and promotional materials must be fair, clear, and not misleading and that information must be presented in a way that an "average member" of the target audience can easily understand.

To ensure these standards are consistently met, KFH - Bahrain has established a rigorous internal review process. All marketing materials must undergo formal approval by the Compliance & Customer Excellence department before being released to the public. This oversight ensures that every piece of communication is verified for accuracy and is entirely free from misleading information.

By implementing these practices, the Bank ensures its strategic internal and external messaging resonates authentically with its vision, mission and values of reinforcing its position as a trusted bank, delivering excellent customer service and its value for steadfast accountability.

Regulatory Compliance and Fair Advertising

The Bank aligns its promotional activities with the broader regulatory framework established by the CBB. KFH - Bahrain adheres to the comprehensive CBB Rulebook, which serves as the primary guideline for ethical and fair advertising in the region. The CBB enforces "Fair Advertising" through the Business Conduct (BC) Module of its Rulebook (specifically BC-1.2 for Islamic Banks). The Bank strives to abide by applying prevention mechanisms for predatory marketing and ensures that any promotion is as informative as it is attractive, by providing evidence-based claims and balanced and clear messaging when targeting customers.

Compliance with these advertising standards is maintained through regular audits, which serve as the oversight mechanism to ensure the Bank remains in full alignment with regulatory expectations. Additionally, any product labelling or specific service information requirements are fulfilled as stipulated by the CBB's procedures.



Strategic Audience Targeting and Engagement

KFH - Bahrain utilizes a data-driven approach to ensure that its marketing efforts reach the appropriate audience. This is achieved through the use of our Management Information System (MIS), which allows the Bank to target its messaging effectively.

To maximize customer engagement and information dissemination, the Bank employs a variety of tools and channels, with a primary focus on social media. To ensure that various customer segments are reached effectively, KFH - Bahrain selects specific communication channels based on an analysis of both viewer statistics and interaction statistics. By monitoring these metrics, the Bank can tailor its strategy to ensure that its products and services are promoted to the right demographics through the most impactful digital channels.

Applying these methods ensures that the key messages that the Bank aims to convey, both internally and externally, are conveyed in a way that aligns with our vision of being a trusted bank, our mission of providing excellent customer service and our value for remaining accountable.





Our Natural Capital and Operational Efficiency

- Emissions and Climate Change
- Environmental Footprint

Emissions and Climate Change

GHG Emissions

KFH Bahrain's Carbon Footprint analysis has been prepared in accordance with internationally recognized methodologies and standards including the Greenhouse Gas Protocol Guidelines: Corporate Accounting and Reporting Standard, ISO 14064-1:2018: specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals, Intergovernmental Panel on Climate Change: Guidelines for Greenhouse Gas Inventories with 2019 Refinement. KFH - Bahrain calculates GHG emissions using the following equation: $\text{GHG Emissions (tCO}_2\text{e)/year} = \text{Activity Data (unit of activity)} \times \text{Emission Factor} \times \text{Global Warming Potential}$.

Organizational and Operational Boundaries

KFH Bahrain applies the operational control approach defined by the GHG Protocol, accounting for 100% of greenhouse gas emissions generated from facilities and activities under its direct operational control. The reporting boundary covers 19 facilities across the Kingdom of Bahrain, while emissions associated with subsidiaries and entities outside the Bank's operational control are excluded. The assessment includes emissions from all relevant sources within these operational boundaries.

GHG Emissions Results

In 2025, total greenhouse gas emissions reached 3,621,542 tCO₂e, comprising direct, energy-related indirect, and other indirect emissions. Scope 1, direct emissions, totaled 539 tCO₂e and were mainly generated from refrigerant leaks, fleet vehicle fuel consumption, fire suppressant losses, and fertilizer use. Scope 2, energy-related indirect emissions from purchased electricity, amounted to 6,190 tCO₂e.

As for Scope 3, other indirect emissions, totaled 3,614,812 tCO₂e, with financed emissions accounting for the overwhelming majority at 3,614,659 tCO₂e. Additional Scope 3 categories included business air travel at 109 tCO₂e, water consumption at 40 tCO₂e, and paper consumption at 3 tCO₂e.

Operational emissions from Scope 1 and Scope 2 combined were 6,730 tCO₂e with emissions intensity of 8.88 tCO₂e per employee, 0.29 tCO₂e per square meter of occupied space, and 17.12 tCO₂e per million BHD of revenue.

Financed Emissions

KFH - Bahrain's 2025 financed emissions assessment was prepared using the Partnership for Carbon Accounting Financials (PCAF) methodology as the main reference framework. PCAF Part A provides guidance for measuring and disclosing financed emissions across financing and investments, including business financing and unlisted equity, commercial real estate, mortgages, motor vehicle financing, project finance, listed equity and corporate sukuk, and sovereign debt.

KFH - Bahrain's in-scope financed emissions were estimated at 3,614,658.99 mtCO₂e in 2025. This resulted in a financed emissions intensity of 466.30 mtCO₂e per million USD of exposure.

KFH - Bahrain's in-scope financed emissions were estimated at 3,614,658.99 mtCO₂e. This resulted in a financed emissions intensity of 466.30 mtCO₂e per million USD.

Environmental Footprint

Electricity Consumption

Total energy consumption in 2025 was 32,725 GJ, of which electricity represented 31,968 GJ or 97.69% of total energy use. Electricity consumption across offices, storage areas, and other facilities reached 8,880,050 kWh, demonstrating that electricity remains the primary energy source supporting business operations.

Energy intensity indicators were 43.17 GJ per employee, 1.41 GJ per square meter of space, and 83 GJ per million BHD of revenue. These metrics provide a basis for evaluating energy performance and identifying opportunities for efficiency improvements.

Water Consumption

Total water consumption during the reporting year was **31,687 m³**. The associated emissions amounted to **40.43 tCO₂e**, reflecting the environmental impact linked to water supply and treatment processes. Ongoing monitoring of water consumption supports the identification of conservation opportunities and the efficient management of water resources.

Waste Consumption

Paper consumption totaled **3,082 kg** in 2025, resulting in **3.28 tCO₂e** of associated emissions. Although paper-related impacts represent a small proportion of the organization's overall environmental footprint, continued efforts to reduce paper use through digital processes and responsible consumption practices contribute to improved resource efficiency and waste reduction.



Appendix

- GRI Content Index
- SASB Index
- CBB ESG KPIs
- Material Topics Definition
- Glossary and Abbreviations

GRI Content Index

Statement of use	Kuwait Finance House - Bahrain has reported in accordance with the GRI Standards for the period January 1, 2025, to December 31, 2025.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	There are no GRI Sector Standards available for the financial services sector.

Gri Standard/ Other Source	Disclosure	Location	Page No.
GENERAL DISCLOSURES			
GRI 2: General Disclosures 2021	2-1 Organizational details	About This Report We Are KFH - Bahrain	04 09-10
	2-2 Entities included in the organization's sustainability reporting	About This Report	04
	2-3 Reporting period, frequency and contact point	About This Report	04
	2-4 Restatements of information	There have been no restatements of information from previous reporting periods.	
	2-5 External assurance	Audit	52
	2-6 Activities, value chain and other business relationships	We Are KFH - Bahrain Partnerships, Awards, and Recognitions 01- Our Sustainability Approach Stakeholders Engagement	09-10 13-14 17-23 25-27

Gri Standard/ Other Source	Disclosure	Location	Page No.
GRI 2: General Disclosures 2021	2-7 Employees	Inclusive and Diverse Workforce	96-100
	2-8 Workers who are not employees	Inclusive and Diverse Workforce	96-100
		Human Capital Development	105
	2-9 Governance structure and composition	Board Leadership Structure	34-45
	2-10 Nomination and selection of the highest governance body	Board Leadership Structure	34-45
	2-11 Chair of the highest governance body	Board Leadership Structure	34-45
	2-12 Role of the highest governance body in overseeing the management of impacts	Board Leadership Structure	34-45
	2-13 Delegation of responsibility for managing impacts	03- Our Governance and Ethics	33-67
	2-14 Role of the highest governance body in sustainability reporting	ESG Governance	23
		02 - Stakeholders Engagement and Materiality Assessment	25-31
03 - Our Governance and Ethics		33-67	
2-15 Conflicts of interest	Governance at KFH - Bahrain	42-45	
	Compliance	47	
2-16 Communication of critical concerns	Compliance	47-51	
	Business & Customer Excellence	65-67	

Gri Standard/ Other Source	Disclosure	Location	Page No.
GRI 2: General Disclosures 2021	2-17 Collective knowledge of the highest governance body	Governance at KFH - Bahrain	42-45
	2-18 Evaluation of the performance of the highest governance body	Board Leadership Structure	34-45
	2-19 Remuneration policies	Governance at KFH - Bahrain	42-45
	2-20 Process to determine remuneration	Governance at KFH - Bahrain	42-45
	2-21 Annual total compensation ratio	N.A.	
	2-22 Statement on sustainable development strategy	Message from the Chairman	05-06
		Message from the Group CEO	07-08
	2-23 Policy commitments	ESG Management Within Our Business Strategy	22
		03 - Our Governance and Ethics	33-67
KFH - Bahrain's Tax Policy		70-71	
Sustainable and Responsible Finance		75-77	
Employee Stability and Continuity		102-104	
Health and Safety		115-117	
2-24 Embedding policy commitments	Community Advancement	129-133	
	Throughout the Report		

Gri Standard/ Other Source	Disclosure	Location	Page No.
GRI 2: General Disclosures 2021	2-25 Processes to remediate negative impacts	Compliance	47-51
		Driving Digital Transformation and Financial Access	86
		Employee Stability and Continuity	102-104
		Health and Safety	115-117
		Risk Management	55-62
		Responsible Procurement Practices	134-135
		Inclusive and Diverse Workforce	96-100
	2-26 Mechanisms for seeking advice and raising concerns	Compliance	47-51
		Business & Customer Excellence	65-67
		Inclusive and Diverse Workforce	96-100
		Governance at KFH - Bahrain	42-45
	2-27 Compliance with laws and regulations	Compliance	47-51
2-28 Membership associations	Partnerships, Awards, and Recognitions	13-15	
	Community Advancement	129-133	
2-29 Approach to stakeholder engagement	02-Stakeholders Engagement and Materiality Assessment	25-31	
	Compliance	47-51	
	Community Advancement	129-133	
2-30 Collective bargaining agreements	Collective bargaining agreements are not part of KFH - Bahrain's policies and no employees are covered by such practices.		

Gri Standard/ Other Source	Disclosure	Location	Page No.
MATERIAL TOPICS			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Stakeholder Engagement and Materiality Assessment	25-31
	3-2 List of material topics	Materiality Assessment	28
Emissions & Climate Change			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
GRI 102: Climate Change 2025	102-1 Transition plan for climate change mitigation	N.A.	
	102-2 Climate change adaptation plan	N.A.	
	102-3 Just transition	Inclusive and Diverse Workforce	96-100
		Crafting Tailored Experiences	120
		Branches and ATMs Distribution	81-82
	102-4 GHG emissions reduction targets and progress	2025 EESG Highlights Our Natural Capital and Operational Efficiency	11 139-140
	102-5 Scope 1 GHG emissions	Our Natural Capital and Operational Efficiency	139-140
	102-6 Scope 2 GHG emissions	Our Natural Capital and Operational Efficiency	139-140
102-7 Scope 3 GHG emissions	Our Natural Capital and Operational Efficiency	139-140	
102-8 GHG emissions intensity	Our Natural Capital and Operational Efficiency	139-140	

Gri Standard/ Other Source	Disclosure	Location	Page No.
GRI 102: Climate Change 2025	102-9 GHG removals in the value chain	N.A.	
	102-10 Carbon credits	N.A.	
Financial Resilience			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
GRI 201: Economic Performance 2016	Disclosure 201-1 Direct economic value generated and distributed	2025 ESG Highlights	11
		Financial Capital at KFH - Bahrain	69-79
		Crafting Tailored Experience	119-128
	201-2 Financial implications and other risks and opportunities due to climate change	ESG Management Within Our Business Strategy	22
		Sustainable and Responsible Finance	75-77
201-3 Defined benefit plan obligations and other retirement plans	Risk Management	62	
	Emissions and Climate Change	139	
201-4 Financial assistance received from government	N.A.		
Inclusive, Talented and Responsible Workforce			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Pay Equality	98

Gri Standard/ Other Source	Disclosure	Location	Page No.
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	Bahrainization	99
Financial Resilience			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	Sustainable Investment Community Advancement	72, 77-79 129-133
	203-2 Significant indirect economic impacts	Sustainable Investment Community Advancement Emissions and Climate Change	72 129-133 139-140
Responsible Procurement			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment Responsible Procurement Practices	25-31 134-135
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Responsible Procurement Practices	135
Corporate Governance, Compliance and Business Ethics			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Compliance	47
	205-2 Communication and training about anti-corruption policies and procedures	Compliance Human Capital Development	48 108

Gri Standard/ Other Source	Disclosure	Location	Page No.
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Compliance	48
Corporate Governance, Compliance and Business Ethics			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, antitrust, and monopoly practices	N.A.	
Corporate Governance, Compliance and Business Ethics			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
GRI 207: Tax 2019	207-1 Approach to tax	KFH - Bahrain's Tax Policy	70-71
	207-2 Tax governance, control, and risk management	KFH - Bahrain's Tax Policy Compliance	70-71 51
	207-3 Stakeholder engagement and management of concerns related to tax	KFH - Bahrain's Tax Policy	70-71
	207-4 Country-by-country reporting	KFH - Bahrain's Tax Policy	70-71
Environmental Footprint			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
		Environmental Footprint	140
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Environmental Footprint	140
	302-2 Energy consumption outside of the organization	N.A.	

Gri Standard/ Other Source	Disclosure	Location	Page No.
GRI 302: Energy 2016	302-3 Energy intensity	Environmental Footprint	140
	302-4 Reduction of energy consumption	N.A.	
	302-5 Reductions in energy requirements of products and services	N.A.	
Environmental Footprint			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
		Environmental Footprint	140
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	N.A.	
	303-2 Management of water discharge-related impacts	N.A.	
	303-3 Water withdrawal	N.A.	
	303-4 Water discharge	N.A.	
	303-5 Water consumption	Environmental Footprint	140
Emissions & Climate Change			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Our Natural Capital and Operational Efficiency	139-140
	305-2 Energy indirect (Scope 2) GHG emissions	Our Natural Capital and Operational Efficiency	139-140
	305-3 Other indirect (Scope 3) GHG emissions	Our Natural Capital and Operational Efficiency	139-140

Gri Standard/ Other Source	Disclosure	Location	Page No.
GRI 305: Emissions 2016	305-4 GHG emissions intensity	Our Natural Capital and Operational Efficiency	139-140
	305-5 Reduction of GHG emissions	2025 EESG Highlights Our Natural Capital and Operational Efficiency	11 139-140
	305-6 Emissions of ozone-depleting substances (ODS)	N.A.	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	N.A.	
Environmental Footprint			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
		Environmental Footprint	140
GRI 306: Waste 2020	306-3 Waste generated	Environmental Footprint	140
Responsible Procurement			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
		Responsible Procurement Practices	134-135
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	N.A.	
	308-2 Negative environmental impacts in the supply chain and actions taken	N.A.	

Gri Standard/ Other Source	Disclosure	Location	Page No.
Employee Health Safety & Wellbeing			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employee Stability and Continuity	102-104
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Capital Development	105
Employee Health Safety & Wellbeing			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Health and Safety	115-117
	403-2 Hazard identification, risk assessment, and incident investigation	Health and Safety	115-117
	403-3 Occupational health services	Health and Safety	115-117
	403-4 Worker participation, consultation, and communication on occupational health and safety	Health and Safety	115-117
	403-5 Worker training on occupational health and safety	Health and Safety	115-117
	403-6 Promotion of worker health	Employee Well-Being Health and Safety	114 115-117

Gri Standard/ Other Source	Disclosure	Location	Page No.
GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and Safety	115-117
	403-8 Workers covered by an occupational health and safety management system	Human Capital Development	105-108
	403-9 Work-related injuries	N.A.	
	403-10 Work-related ill health	N.A.	
Inclusive, Talented & Responsible Workforce			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human Capital Development	105-108
	404-2 Programs for upgrading employee skills and transition assistance programs	Branches and ATMs Distribution	81
		Developing Our Human Capital	96-117
404-3 Percentage of employees receiving regular performance and career development reviews	Employee Stability and Continuity	102-104	
	Employee Engagement and Support	109	
Inclusive, Talented & Responsible Workforce			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Board Leadership Structure	34-41
		Developing Our Human Capital	96-99, 103-104

Gri Standard/ Other Source	Disclosure	Location	Page No.
GRI 405: Diversity and Equal Opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	Inclusive and Diverse Workforce	98
Inclusive, Talented & Responsible Workforce			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Inclusive and Diverse Workforce	101
Corporate Governance, Compliance and Business Ethics			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk taken	KFH - Bahrain does not have operations nor suppliers in which the right to freedom of association and collective bargaining may be at risk.	
Risk Management & Business Continuity			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment Compliance Responsible Procurement Practices	25-31 47-54 134-135
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Compliance Responsible Procurement Practices	51 134

Gri Standard/ Other Source	Disclosure	Location	Page No.
Corporate Governance, Compliance and Business Ethics			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
		Compliance	47-54
		Responsible Procurement Practices	134-135
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Compliance Responsible Procurement Practices	51 134
Data Privacy & Security			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Health and Safety Human Capital Development	115-117 105
Local Impact & Community Development			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples I or procedures	N.A.	
Local Impact & Community Development			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
		Employee Engagement and Support	111
		Community Advancement	129-133
		Responsible Procurement Practices	134-135

Gri Standard/ Other Source	Disclosure	Location	Page No.
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	KFH - Bahrain engages with local community through its operations and CSR initiatives.	
	413-2 Operations with significant actual and potential negative impacts on local communities	N.A.	
Responsible Procurement			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
		Responsible Procurement Practices	134-135
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	N.A.	
	414-2 Negative social impacts in the supply chain and actions taken	N.A.	
Customer Experience			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
		Business & Customer Excellence	65-67
		Driving Digital Transformation and Financial Access	86-91
		Branches and ATMs Distribution	81-82

Gri Standard/ Other Source	Disclosure	Location	Page No.
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Business & Customer Excellence	65-67
		Driving Digital Transformation and Financial Access	86-91
		Branches and ATMs Distribution	81-82
		Crafting Tailored Experiences	119
	416-2 Incidents of noncompliance concerning the health and safety impacts of products and services	Business & Customer Excellence	65-67
Customer Experience			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Marketing & Communication	136
	417-2 Incidents of non-compliance concerning product and service information and labeling	Compliance	48, 51
		Marketing & Communication	136
417-3 Incidents of non-compliance concerning marketing communications	Compliance	48, 51	
		Marketing & Communication	136

Gri Standard/ Other Source	Disclosure	Location	Page No.
Data Privacy & Security			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
		Governance at KFH - Bahrain	46
		Risk Management	61-62
		Driving Digital Transformation and Financial Access	86, 89, 91
		Human Capital Development	105
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Business & Customer Excellence	66
Sustainable & Responsible Finance			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Engagement and Materiality Assessment	25-31
		Financial Capital at KFH - Bahrain	69-79

SASB Index

SASB Commercial Banks

Topic	Metric	Page Number
Data Security	(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of account holders affected	61
	Description of approach to identifying and addressing data security risks	55-61, 90-91
Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding that qualify for programmes designed to promote small business and community development	77, 128
	(1) Number and (2) amount of past due and nonaccrual loans or loans subject to forbearance that qualify for programmes designed to promote small business and community development	N/A
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	N/A
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	93
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	22, 62, 64, 75-76

Topic	Metric	Page Number
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	139
	Gross exposure for each industry by asset class	72, 79, 125
	Percentage of gross exposure included in the financed emissions calculation	139
	Description of the methodology used to calculate financed emissions	139
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	48
	Description of whistleblower policies and procedures	48
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	N.A.
	Description of approach to integrate results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	59, 74

SASB Consumer Banks

Topic	Metric	Location
Customer Privacy	FN-CF-220a.1. Number of account holders whose information is used for secondary purposes	N.A.
	FN-CF-220a.2. Total amount of monetary losses as a result of legal proceedings associated with customer privacy	48, 62, 64
Data Security	FN-CF-230a.1. (1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of account holders affected	62
	Card-related fraud losses from (1) card-not-present fraud and (2) card-present and other fraud	N.A.
	Description of approach to identifying and addressing data security risks	55-62, 91
Selling Practices	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	N.A.
	Approval rate for (1) credit and (2) pre-paid products for applicants	N.A.
	(1) Average fees from add-on products, (2) average APR of credit products, (3) average age of credit products, (4) average number of credit accounts, and (5) average annual fees for pre-paid products	N.A.
	(1) Number of customer complaints filed, (2) percentage with monetary or non-monetary relief	66
	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	48, 62, 64
Activity Metric	Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account ⁷	N.A.
	Number of (1) credit card accounts and (2) pre-paid debit card accounts	N.A.

CBB ESG KPIs

KPI	Reference(s)	Main Reporting Component(s)	Location In Report
ENVIRONMENTAL			
<p>E.1: Environmental Oversight</p> <p>The company should describe its management and board oversight on climate-related risks and opportunities.</p>	<p>GRI 3: Material Topics 2021</p> <p>TCFD: Strategy - Recommended Disclosure (a) and (b)</p> <p>CDSB Framework: REQ-01, REQ 02</p>	<p>1. A statement on how the company addresses its environmental impact (e.g., explain whether senior management and/or the board address sustainability issues in meetings or have dedicated committees to do so).</p> <p>2. A statement of purpose and approach of the board/management towards sustainability matters.</p> <p>3. A description of the following (where applicable):</p> <p>3.1 Policies</p> <p>3.2 Commitments</p> <p>3.3 Goals and targets (e.g., a description of how management the board oversee progress against climate/sustainability related targets)</p> <p>3.4 Responsibilities (e.g., if responsibilities are delegated to management-level positions; dedicated sustainability officer(s); Board committees etc.)</p> <p>3.5 Specific actions, such as processes, projects, programs, initiatives and frequency at which the board is informed about climate/sustainability targets and processes.</p>	<p>01 - Our Sustainability Approach</p> <p>Board Leadership Structure</p> <p>Governance at KFH - Bahrain</p>

KPI	Reference(s)	Main Reporting Component(s)	Location In Report
<p>E.2: Energy Consumption</p> <p>The company should provide information on both direct and indirect energy usage. Direct energy usage refers to energy that is generated and used on property owned or operated by the company. Indirect energy usage refers to energy that is generated elsewhere, such as through utilities, but is used by the company.</p>	GRI: 302-1, 302-2-ENERGY 2016	<p>1. Report total energy consumed and breakdown by type.</p> <p>1.1 Indirect energy consumed in the form of electricity, heating, cooling (i.e., total of energy purchases)</p> <p>1.2 Direct energy consumed, classified by renewable and non-renewable sources.</p> <p>2. State the standards, techniques, assumptions, and/or calculation tools utilised.</p>	<p>09 - Our Natural Capital and Operational Efficiency</p> <p>Environmental Footprint</p>
<p>E.3: Energy Intensity</p> <p>The company should report total annual energy usage per output scaling factor (such as sales or revenue).</p>	GRI: 302-3: ENERGY 2016	<p>1. Report total energy consumed during the year divided by the selected scaling factor (e.g., sales, revenue etc.).</p> <p>2. State the standards, techniques, assumptions, and/or calculation tools utilised.</p>	<p>09 - Our Natural Capital and Operational Efficiency</p> <p>Environmental Footprint</p>
<p>E.4: Energy Mix</p> <p>The company should provide a breakdown of its energy consumption by source.</p>	GRI: 302: ENERGY 2016	<p>1. Report the percentage of energy used by source, as part of total energy consumption.</p> <p>2. Report the percentage of renewable and non-renewable energy used, as part of total energy consumption.</p>	<p>09 - Our Natural Capital and Operational Efficiency</p> <p>Environmental Footprint</p>

KPI	Reference(s)	Main Reporting Component(s)	Location In Report
<p>E.5: Green House Gas (GHG) Emissions</p> <p>The company should report its total Green House Gas Emissions</p>	<p>GRI 305: Emissions 2016</p> <p>GHG Protocol: Calculation Tools and Guidance</p>	<p>1. Report total absolute emissions by scope;</p> <p>1.1 Total amount, in CO2 equivalents, for Scope 1</p> <p>1.2 Total amount, in CO2 equivalents, for Scope 2</p> <p>1.3 Total amount, in CO2 equivalents, for Scope 3 (if applicable).</p> <p>2. State the standards, techniques, assumptions, and/or calculation tools utilised.</p>	<p>09 - Our Natural Capital and Operational Efficiency</p> <p>Emissions and Climate Change</p>
<p>E.6: Emission Intensity</p> <p>The company should report annual GHG emission scaled by a relevant scaling factor (such as size (e.g. m2 floor space), employment (e.g. headcount) and monetary units (e.g. revenue or sales)).</p>	<p>GRI 305: Emissions 2016</p> <p>GHG Protocol: Calculation Tools and Guidance</p>	<p>1. Report total annual GHG emission during the year divided by the selected scaling factor.</p> <p>2. State the standards, techniques, assumptions, and/or calculation tools utilised.</p>	<p>09 - Our Natural Capital and Operational Efficiency</p> <p>Emissions and Climate Change</p>

KPI	Reference(s)	Main Reporting Component(s)	Location In Report
<p>E.7: Climate Risk Mitigation</p> <p>The company should describe its climate risk identification process, assessment, management processes, and report annual investment in infrastructure, resilience, and product development.</p>	TCFD: Risk Management – Recommended Disclosure (a) and (b) CDSB Framework: REQ-03	<ol style="list-style-type: none"> Describe how your company identifies, assesses, and manages climate-related risks (including physical risks and transition risks). Report the amount invested annually in climate-related issues (in BHD or USD) (e.g., research and product innovation). 	<p>Environmental Risk</p> <p>Integration of ESG Risks</p> <p>Materiality Assessment</p> <p>Sustainable and Responsible Finance</p>
<p>E.8: Water Usage</p> <p>The company should report total annual amount of water withdrawn, consumed, recycled.</p>	GRI 303: Water and Effluents 2018 CDP Water Security Reporting Guidance 2018	<ol style="list-style-type: none"> Report the total annual amount of water consumed by the organisation. Report the total annual amount of water withdrawn by the organisation. Report the total annual amount of water recycled/reclaimed by the organisation. 	<p>09 - Our Natural Capital and Operational Efficiency</p> <p>Environmental Footprint</p>
<p>E.9: Waste Generation</p> <p>The company should report total weight of waste generated and a description of its waste disposal method.</p>	GRI 306: Waste 2020	<ol style="list-style-type: none"> Total weight of waste generated in metric tons, and a breakdown of this total by composition of the waste (hazardous and non-hazardous). Description of the company's waste disposal method(s). Description of the company's sustainable waste management practices (such as recycling initiatives and waste reduction strategies). <p>3.1 State the standards, techniques, assumptions, and/or calculation tools utilised.</p>	<p>09 - Our Natural Capital and Operational Efficiency</p> <p>Environmental Footprint</p>

KPI	Reference(s)	Main Reporting Component(s)	Location In Report
<p>E.10: Emission Targets</p> <p>The company should provide a description of emission targets set, and steps taken to achieve them, including energy conservation measures.</p>	<p>GRI 3: Material Topics 2021</p> <p>GRI 305: Emissions 2016</p>	<p>1. A statement on how the company addresses its total emission.</p> <p>2. A statement of the board/ management approach towards its total emissions, including whether it is subject to any country, regional, or industry-level emissions regulations and policies.</p> <p>3. A description of the following (where applicable):</p> <p> 3.1 Policies</p> <p> 3.2 Commitments</p> <p>Goals and targets (e.g., a description of how management/the board oversee progress against climate sustainability related targets)</p> <p>Responsibilities (e.g., if responsibilities are delegated to management-level positions; dedicated sustainability officer; Board committees etc.)</p> <p>Specific actions, such as processes, projects, programs, initiatives, and frequency at which the board is informed about emission targets and process.</p>	<p>01 - Our Sustainability Approach</p> <p>Board Leadership Structure</p> <p>Governance at KFH - Bahrain</p> <p>09 - Our Natural Capital and Operational Efficiency</p>

KPI	Reference(s)	Main Reporting Component(s)	Location In Report
SOCIAL			
<p>S.1: Total Workforce by sex, age-group, and employment type</p> <p>The company should report the composition of its total workforce by sex, employment type and age group.</p>	<p>GRI 2: General Disclosures 2021</p> <p>GRI 405: Diversity and Equal Opportunity 2016</p>	<p>1. Report total number of employees currently employed within the organisation and the composition of the total workforce as per the below:</p> <p>1.1 By sex, as percentage of the total workforce</p> <p>1.2 By age-group (as per the GRI's employee age group categories: (a) under 30 years old, (b) 30-50 years old, and (c) over 50 years old), as a percentage of the total workforce.</p> <p>1.3 By employment type (e.g., full time, part-time, intern etc.), as a percentage of the total workforce</p>	<p>Inclusive and Diverse Workforce</p>

KPI	Reference(s)	Main Reporting Component(s)	Location In Report
<p>S.2: Child and Forced Labour</p> <p>The company should provide a statement of policies it applies to prohibit child and or forced labour within the company, and if it considers policies that prohibit that same for their suppliers and/or vendors.</p>	<p>GRI 2: General Disclosures 2021</p> <p>GRI 405: Diversity and Equal Opportunity 2016</p>	<p>1. A statement on how the organisation addresses prohibition of child and or/forced labour.</p> <p>2. A statement of the board/ management approach's direction, including whether it is subject to any country, regional, or industry-level regulations and policies.</p> <p>3. A description of the following (where applicable):</p> <p>3.1 Policies</p> <p>3.2 Commitments</p> <p>3.3 Goals and targets</p> <p>3.4 Responsibilities</p> <p>3.5 Specific actions, such as processes, projects, programs, initiatives and frequency at which the board is informed about any issues concerning child and or forced labour relating to the company.</p>	Compliance
<p>S.3: Employee Turnover</p> <p>The company should report the total annual turnover (whether voluntary or involuntary) categorised by sex, employment type and age group.</p>	<p>GRI 401: Employment 2016</p>	<p>1. Report total annual employee turnover rate (whether voluntary or involuntary) during the reporting period, as per the below categories:</p> <p>1.1 By sex</p> <p>1.2 By age-group (as per the GRI's employee age group categories: (a) under 30 years old, (b) 30-50 years old, and (c) over 50 years old)</p>	Employee Stability and Continuity

KPI	Reference(s)	Main Reporting Component(s)	Location In Report
<p>S.4: Gender Pay Ratio</p> <p>The company should report the median total compensation for men compared to the median total compensation for women (as a ratio).</p>	GRI 405: Diversity and Equal Opportunity 2016	1. Report the median total compensation for women compared to the median total compensation for men (as a ratio).	Inclusive and Diverse Workforce
<p>S.5: Health and Safety</p> <p>The company should report the total number of injuries and fatalities occurred, lost days due to work injury and a description of occupational health and safety measures.</p>	GRI 403: Occupational Health and Safety 2018	<p>1. Report on the total number of injuries and fatalities occurred in each of the past three years including the reporting year.</p> <p>2. Report lost days due to work injury in each of the past three years including the reporting year.</p> <p>3. A description of occupational health and safety measures adopted, and how they are implemented and monitored.</p>	Employee Engagement and Support (Health and Safety)
<p>S.6: Non-Discrimination</p> <p>The company should provide a description of its harassment and/or non-discrimination policy.</p>	<p>GRI 406: Non-Discrimination 2016</p> <p>GRI 3: Material Topics 2021</p>	<p>1. A statement on how the organisation addresses harassment and discrimination matters.</p> <p>2. A statement of the board/management approach, including whether it is subject to any country, regional, or industry-level regulations and policies</p>	<p>Non-Discrimination and Anti-Harassment</p> <p>Compliance (Human Rights)</p>

KPI	Reference(s)	Main Reporting Component(s)	Location In Report
<p>S.7: Nationalisation</p> <p>The company should report on the number and percentage of national citizens employed by the company, including in leadership positions.</p>	<p>GRI 406: Non-Discrimination 2016</p> <p>GRI 3: Material Topics 2021</p>	<ol style="list-style-type: none"> 1. A statement of the board/ management approach to increase nationalisation, including whether it is subject to any country, regional, or industry-level regulations and policies. 2. Report the total number and percentage of national citizens employed by the company. 3. Report the total number and percentage of national citizens in leadership positions. 	<p>Inclusive and Diverse Workforce (Bahrainization)</p>
<p>S.8: Community Investment</p> <p>The company should provide detailed information on the scope and impact of its community investment activities, as well as amount invested in community as a percentage of company revenue.</p>	<p>GRI 3: Material Topics 2021</p>	<ol style="list-style-type: none"> 1. Report the amount invested in the community as a percentage of company revenues. 2. Provide a description of the scope and impact of its community investment initiatives. 	<p>Community Advancement</p>

KPI	Reference(s)	Main Reporting Component(s)	Location In Report
<p>S.9: Human rights</p> <p>The company should provide a description of its policy on human rights.</p>	<p>GRI 412: Human Rights Assessment 2016</p> <p>GRI 3: Material Topics 2021</p>	<p>1. A statement on how the organisation addresses human rights.</p> <p>2. A statement of the board/ management approach's direction, including whether it is subject to any country, regional, or industry-level regulations and policies.</p> <p>3. A description of the following (where applicable):</p> <p>3.1 Policies</p> <p>3.2 Commitments</p> <p>3.3 Goals and targets</p> <p>3.4 Responsibilities</p>	<p>Roles and Responsibilities of the Board</p> <p>Group Board Audit and Compliance Committee</p> <p>Human Rights</p>
<p>S.10: Management Composition/ Diversity</p> <p>The company should report the percentage of male to female metrics broken down by various organisational levels.</p>	<p>GRI 405: Diversity and Equal Opportunity 2016</p>	<p>1. Report percentage of male to female metrics, as per the below categories:</p> <p>1.1 Entry-level</p> <p>1.2 Mid-level</p> <p>1.3 Senior/Executive level positions</p>	<p>Board Leadership Structure</p> <p>Inclusive and Diverse Workforce (Women Representation)</p>
<p>S.11: Development and Training</p> <p>The company should report average hours of training that its employees have undertaken during the reporting period.</p>	<p>GRI 404: Training and Education 2016</p>	<p>1. Report average hours of training, as per the below categories:</p> <p>1.1 By Sex</p> <p>1.2 By Employee category (Full-time, parttime, internship etc.)</p>	<p>Human Capital Development (Learning and Development, Ethics Training)</p>

KPI	Reference(s)	Main Reporting Component(s)	Location In Report
GOVERNANCE			
<p>G.1: Board Composition</p> <p>The company should report the composition of the Board categorised by directors, such as the chairman, executive directors, non-executive directors, and independent non-executive directors.</p>	GRI 2: General Disclosures 2021	<ol style="list-style-type: none"> 1. Report Board size 2. Report female Board directors by number and percentage of the Board size. 3. Report composition of the Board and its committees by: <ol style="list-style-type: none"> 3.1 Executive or non-executive. 3.2 Independence. 3.3 Tenure. 3.4 Representation (appointed or elected) 3.5 Details of non-compliance with regulations, as well as a description of the corrective actions taken. 	<p>Board Leadership Structure</p> <p>Compliance with Laws and Regulations</p>
<p>G.2: Collective Bargaining</p> <p>The company should report on the total enterprise headcount covered by collective bargaining agreements (Unions) and the process in which employees' contracts with their employers to determine their terms of employment</p>	GRI 407: Freedom of Association and Collective Bargaining 2016	<ol style="list-style-type: none"> 1. Report total enterprise headcount covered by collective bargaining agreements (Unions) (if applicable). 2. Provide a description of the process by which employees negotiate their contracts with the organisation to determine their terms of employment (e.g., compensation, benefits, hours, leave, occupational health and safety standards, initiatives to balance work and family etc.) 	<p>Collective bargaining agreements are not part of KFH - Bahrain's policies and no employees are covered by such practices.</p>

KPI	Reference(s)	Main Reporting Component(s)	Location In Report
<p>G.3: Whistleblowing</p> <p>The company should provide a description of the mechanisms used to discuss and report on behaviour.</p>	GRI 2: General Disclosures 2021	<ol style="list-style-type: none"> 1. Provide a description of internal and external mechanisms for seeking advice and reporting concerns on organisational integrity. 2. Provide a description on awareness initiatives conducted by the organisation. 	<p>Governance Framework and Ethical Conduct</p> <p>Whistleblowing and Integrity</p> <p>Grievance Mechanisms</p>
<p>G.4: Data privacy</p> <p>The company should Report if it follows a Data Privacy policy and if the company has taken steps to comply with Personal Data Protection Law (PDPL) rules.</p>	GRI 2: General Disclosures 2021	<ol style="list-style-type: none"> 1. Provide a description of the company's Data Privacy policy. 2. Provide a statement of the steps taken to comply with Personal Data Protection Law (PDPL) rules. 	Privacy and Data Protection Training
<p>G.5: Disclosure Practices</p> <p>The company should provide a description of its sustainability disclosure practices.</p>	GRI 2: General Disclosures 2021	<ol style="list-style-type: none"> 1. Report if the company provides its sustainability data to sustainability supporting organisations such as the Global Reporting Initiative (GRI) Secretariat, United Nations (UN), CDP etc. 2. Report if the company focuses on specific UN Sustainable Development Goals (SDGs), including setting targets and reporting progress. 3. State whether the company publishes its sustainability disclosures as part of its annual report, as a standalone report, or via a digital platform. 	<p>About This Report</p> <p>Sustainability at KFH - Bahrain</p> <p>National and International Sustainability Alignment</p>

KPI	Reference(s)	Main Reporting Component(s)	Location In Report
<p>G.6: Conflicts of interest</p> <p>The company shall describe the processes for the highest governance body to ensure that conflicts of interest are prevented and mitigated.</p>	GRI 2: General Disclosures 2021	<p>1. Report whether conflicts of interest are disclosed to stakeholders, including, at a minimum, conflicts of interest relating to:</p> <p>1.1 Cross-board membership</p> <p>1.2 Cross-shareholding with suppliers and other stakeholders;</p> <p>1.3 Existence of controlling shareholders;</p> <p>1.4 Related parties, their relationships, nature, transactions, and outstanding balances.</p>	<p>Governance Framework and Ethical Conduct</p> <p>Conflict of Interest</p>
<p>G.7: Supplier Code of Conduct</p> <p>The company should report if it has established a Supplier Code of Conduct.</p>	GRI 2: General Disclosures 2021	<p>1. Provide a description of the company's Supplier Code of Conduct.</p> <p>2. Report the percentage of suppliers that comply with the company's code of conduct and the compliance assessment mechanism.</p>	<p>Responsible Procurement Practices</p>
<p>G.8: Incentivised Pay</p> <p>The company should describe the processes for incentivising executives to perform sustainably.</p>	GRI 2: General Disclosures 2021	<p>1. Report if executives are formally incentivised to perform on sustainability.</p> <p>2. Report the percentage of executive compensation tied to ESG performance metrics.</p> <p>3. Provide a description of other links between executive performance and sustainability performance (if any).</p>	<p>Remuneratiion Policy</p>

KPI	Reference(s)	Main Reporting Component(s)	Location In Report
<p>G.9: Ethics & Anti-corruption</p> <p>The company should describe its policy on ethical conduct and anti-corruption.</p>	<p>GRI 2: General Disclosures 2021</p> <p>GRI 3: Management Approach 2021</p>	<p>1. Report if your company follows an Ethics and/or Anti-Corruption policy.</p> <p>If yes, report the percentage of the workforce that has formally certified its compliance with the policy (provide description of certification and process).</p> <p>2. Provide a statement of the company's commitment towards its ethics and/or antiCorruption policy/ position.</p>	Ethics and Anti-Corruption
<p>G.10: Assurance</p> <p>The company shall describe the processes by which its sustainability disclosures are assured or validated</p>	<p>GRI 2: General Disclosures 2021</p> <p>GRI 3: Management Approach 2021</p>	<p>1. Provide a description of the process by which sustainability disclosures are assured or validated.</p> <p>1.1 Report if the company's sustainability disclosures are assured or validated by an independent third party</p>	KFH - Bahrain's sustainability disclosures are currently verified through robust internal processes. The Bank is evaluating independent external assurance for future reports.

Material Topics Definition

	Material Topics	Material Topics Definition
A Culture of Responsible Governance	Corporate Governance, Compliance and Business Ethics	Strengthening ethical, transparent, and accountable governance through board oversight, anti-corruption measures, regulatory compliance, and stakeholder engagement.
	Risk Management and Business Continuity	Strengthening risk management frameworks to address systemic and emerging risks effectively across banking operations.
	Responsible Procurement	Integrating ESG considerations into suppliers' selection, ethical procurement, and responsible sourcing practices.
	Data Privacy and Security	Safeguarding stakeholder trust by ensuring robust data protection, maintaining strict privacy standards, and strengthening cybersecurity measures to protect sensitive information and support secure, transparent operations.
Responsible Banking	Sustainable and Responsible Finance	Integrating ESG factors into financial decisions to promote sustainable growth, align with SDGs and climate goals, and ensure transparency, accountability and ethical conduct in financial systems.
	Customer Experience	Ensuring safe, transparent and high-quality financial service through clear communications, data protection, and customer-centric approach.
	Financial Resilience	Strengthening financial systems and controls to withstand economic disruptions, support long-term stability, and ensure the bank's ability to adapt, recover, and continue delivering value across changing market conditions.

	Material Topics	Material Topics Definition
Commitment to People and Planet	Inclusive, Talented and Responsible Workforce	Fostering a skilled, diverse, and responsible workforce through training, professional development, well-being initiatives, and equal opportunities— enhancing organizational resilience, ethical practices, and long-term social impact.
	Employee Health, Safety and Well-being	Fostering a healthy, safe and supportive workplace through a compliant, motivational environment that engages employees and contractors, manages risks, provides training, and continuously monitors well-being
	Local Impact and Community Development	Enhancing social investments and supporting community-driven development initiatives.
	Emissions and Climate Change	Fostering a healthy, safe and supportive workplace through a compliant, motivational environment that engages employees and contractors, manages risks, provides training, and continuously monitors well-being
	Environmental Footprint	Promoting the efficient use of resources and minimizing the Bank's environmental impact through responsible energy and water consumption, waste reduction, and practices that protect and preserve the environment.

Glossary and Abbreviations

Glossary

Term	Definition
Basel III	A comprehensive set of international banking regulations developed by the Basel Committee on Banking Supervision to enhance the stability, resilience, and risk-management capabilities of the global banking sector in the wake of the 2008 financial crisis
Fatwa	An Islamic ruling on the point of Islamic law, issued by the Fatwa and Shari'a Supervisory Board.
Forced Labor	All work and service that is exacted from any person under the menace of any penalty and for which the said person has not offered herself or himself voluntarily
Ijarah	A form of leasing. It involves a contract where the bank buys and then leases an item to a customer for a specified rental over a specific period. The lease's duration and the rental basis are set and agreed upon in advance.
Murabahah	An Islamic financial arrangement known as "cost-plus financing" where the bank buys an asset on the customer's behalf and resells it to them at a higher, agreed-upon price, which the customer pays in installments.
Shari'a	A group of rulings as prescribed by Allah to organize the life of individuals in two directions; their relation with Allah and their relations with others.
Sukuk	Similar to conventional bonds, with the key difference being that they are backed by tangible assets such as property.
Takaful	Known as Islamic insurance, Takaful means "guaranteeing each other" in Arabic.
Zakat	An obligatory tax prescription by Islam on all Muslim adults having wealth above an exemption limit at a rate fixed by the Shari'a.

Abbreviations

Term	Definition
AAOIFI	Accounting and Auditing Organization for Islamic Financial Institutions
ACCA	Association of Chartered Certified Accountants
AI	Artificial Intelligence
ALCO	Asset & Liability Committee
ALM	Asset Liability Management
AML	Anti-Money Laundering
AT1	Additional Tier 1
ATFP	ARAB TRADE FINANCE PROGRAM
ATM	Automated Teller Machine
AUB	Ahli United Bank
AUM	Assets Under Management
B2B	Business to Business
BCC	Bahrain Credit Committee
BCP	Business Continuity Plan
BEPS	Base Erosion and Profit Shifting
BHD	Bahraini Dinar
BIA	Business Impact Analysis
BIBF	Bahrain Institute of Banking and Finance

Term	Definition
BNRCGC	Board Nomination, Remuneration and Corporate Governance Committee
BoD	Board of Directors
BSCM	Bahrain Society for Capital Management
CAMS	Certified Anti-Money Laundering Specialist
CBB	Central Bank of Bahrain
CBCR	country-by-country reporting
CBE	Central Bank of Egypt
CBG	Corporate Banking Group
CBI	Central Bank of Iraq
CBK	Central Bank of Kuwait
CBL	Central Bank of Libya
CDD	Customer Due Diligence
CDP	Carbon Disclosure Project
CDSB	Climate Disclosure Standards Board
CEO	Chief Executive Officer
CFA	Chartered Financial Analyst
CFP	Certified Financial Planner
CFT	Combating the Financing of Terrorism

Term	Definition
CIPD	Chartered Institute of Personnel and Development
CISA	Certified Information Systems Auditor
CISM	Certified Information Security Manager
COSO	Committee Of Sponsoring Organizations of The Treadway Commission
CPA	Certified Public Accountant
CPR	Cardiopulmonary Resuscitation
CRM	Customer Relationship Management
CRS	Common Reporting Standard
CSR	Corporate Social Responsibility
CTPF	Combatting of Terrorism and Proliferation Financing
DFSA	Dubai Financial Services Authority
DIFC	Dubai International Financial Centre
DMTT	Domestic Minimum Top-up Tax
DPM	Discretionary Portfolio Management
DR	Disaster Recovery
DTO	Data Transfer Object
EBT	Earnings Before Tax

Term	Definition
ECL	Expected Credit Loss
EDD	Enhanced Due Diligence
EESG	Economic, Environmental, Social and Governance
EFTS	Electronic Funds Transfer
EMC	Executive Management Committee
EP	Equator Principles
ERM	Enterprise Risk Management
ESG	Environmental, Social, and Governance
ETFs	Exchange-Traded Funds
FATCA	Foreign Account Tax Compliance Act
FATF	Financial Action Task Force
FC	Financial Crime
FCA	Financial Conduct Authority
FRM	Financial Risk Manager
GALCO	Group Asset & Liabilities Committee
GBACC	Group Board Audit and Compliance Committee
GBEC	Group Board Executive Committee
GBNRCGC	Group Board Nominating, Remuneration and Corporate Governance Committee

Term	Definition
GBOD	Group Board of Directors
GBP	Great British Pound
GBRC	GROUP BOARD RISK COMMITTEE The Group Board Risk Committee
GCC	Gulf Cooperation Council
GCD	Group Compliance Department
GCEO	Group Chief Executive Officer
GCIC	Group Credit & Investment Committee
GEMC	Group Executive Management Committee
GHG	Green House Gas
GICSC	Group Operational Cyber Security Risk Committee
GITTSC	Group IT & Transformation Steering Committee
GJ	Gigajoules
GMRC	Group Management Risk Committee
GNPC	Group New Product Committee
GORC	Group Operational & Fraud Risk Management Committee
GRI	Global Reporting Initiative
GRM	Group Risk Management
HQLAs	High-Quality Liquid Assets

Term	Definition
HR	Human Resources
IESCA	Independent External Shari'a Compliance Audit
IFC	International Finance Corporation
IIA	Internal Auditing
ILO	International Labour Standards
IMF	International Monetary Fund
ISO/IEC	International Organization for Standardization (ISO) and the International Electrotechnical Commission
IT	Information Technology
KFH - Bahrain	Kuwait Finance House - Bahrain
KPI	Key Performance Indicator
KYC	Know Your Customer
LCR	Liquidity Coverage Ratio
MIS	Management Information System
MLRO	Money Laundering Reporting Officer
MOIC	Ministry of Industry and Commerce
MTM	maintained through the Mark-to-Market
NIAD	National Initiative for Agricultural Development

Term	Definition
NPS	Net Promoter Score
NSFR	Net Stable Funding Ratio
OECD	Organisation for Economic Co-operation and Development
OHS	Occupational Health and Safety
OTPs	One-time Passwords
PCAF	Partnership for Carbon Accounting Financials
PCI DSS	Payment Card Industry Data Security Standard
PDPL	Personal Data Protection Law
PEPs	Politically Exposed Persons
PMO	Project Management Offices
POS	Point of Sale
PRA	Prudential Regulation Authority
PRB	Principles for Responsible Banking
PRM	Professional Risk Manager
QR	Quick Response
RHF	Royal Humanitarian Foundation
RMRC	Related Group Management Risk Committee
SASB	Sustainability Accounting Standards Board
SDGs	Sustainable Development Goals

Term	Definition
SEDD	Social and Environmental Due Diligence
SEMS	Social and Environmental Management System
SMEs	Small and Medium-sized Enterprises
SMS	Short Message Service
SOP	Standard Operating Procedure
SPTs	Sustainability Performance Targets
SSB	Shari'a Supervisory Board
STP	Straight-through Processing
STRs	Suspicious Transaction Reports
TCFD	Task Force on Climate-Related Financial Disclosures
TOR	Terms of Reference
U.K.	United Kingdom
UAE	United Arab Emirates
UBCI	United Bank for Commerce & Investment
UN	United Nations
UNIDO	United Nations Industrial Development Organization
USD	United States Dollar
VaR	Value-at-Risk

