Esterad Bank B.S.C. (c)

SHARI'A SUPERVISORY BOARD REPORT
CHAIRMAN'S STATEMENT
INDEPENDENT AUDITORS' REPORT
AND CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

Commercial registration	:	58222-1 (registered with Central Bank of Bahrain as an Islamic wholesale Bank)
Registered Office	:	Office 302, Building 1411 Road 4626, Block 346 Manama, Kingdom of Bahrain Telephone: 17518888
Directors	:	Sheikh Mohamed Bin Duaij Al Khalifa (1 January 2023 - 30 September 2024) Bashar Mohamed Ebrahim Almutawa Ahmed Abdulwahed Ahmed Abdulrahman Robert Coleman Wages (1 January 2023 - 26 May 2024) Isa Abdulrasool Abdulhusain Merza Jawahery Fahad Yateem (effective 26 May 2024)
Acting Chief Executive Officer	:	Ahmed Abdulwahed Ahmed Abdulrahman
Auditors	:	KPMG Fakhro

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ESTERAD

CHAIRMAN'S REPORT

In the Name of Allah, the Most Beneficent, the Most Merciful, Prayers and Peace be upon our Prophet Mohammed, His Companions, and Relatives.

On behalf of the Board of Directors, I am pleased to present the consolidated financial statements of Esterad Bank for the fiscal year ending 31st December 2024.

2024 has been a transformative year for Esterad Bank. We are nearing the end of our transition phase, making significant strides toward strengthening our foundation. This year was marked by achievements in cleaning legacy investments, enhancing our human resources capabilities, and reinforcing our internal controls and governance. These efforts have set the stage for sustainable growth and success.

We are proud to highlight key achievements over the past year, including the successful closure of two transactions that align with our strategic goals. Moreover, we have made substantial progress in strengthening our team and internal policies to position ourselves for future opportunities. These initiatives reflect our commitment to building a resilient and agile organization.

Our investment strategy gained momentum with the launch of our first US real estate investment product in five years, underscoring our expertise and strong partnerships in this sector. Additionally, we are ramping up our asset management activities with a robust pipeline of opportunities, focusing on sectors where we have demonstrated strengths, such as US real estate and local GCC private equity transactions.

Owing to the efficient leadership of the Board and the commitment of the management team, the Bank declared profits for the first time in over seven years. The Bank reported a net profit of USD 2.5 million compared to a net loss of USD 5.5 million in the prior year. Total revenue for the year was USD 9.6 million as compared to USD 11.8 million in the prior year, while operating expenses were reduced to USD 7.5 million from USD 11.8 million in the previous year. During the current year, the Bank recorded a fair value gain of USD 1 million compared to a fair value loss of USD 3.7 million in the previous year, while impairment losses were lower at USD 0.3 million compared to USD 6.4 million in the previous year.

The Bank's total assets during the year reduced from USD 40.4 million to USD 30.1 million, predominantly due to the strategic exit of investments to settle outstanding liabilities.
Accordingly, total liabilities decreased from USD 40.4 million to USD 25.3 million. Total equity for the year stood at USD 4.8 million compared to USD 0.042 million in the previous year.

ESTERAD

As we transit into 2025, we are optimistic about the opportunities that lie ahead. While the global banking industry continues to face challenges, Esterad Bank is well-positioned to adapt and excel. Our strategic vision is to establish ourselves as a leading niche asset manager, focusing on small to mid-sized opportunities that are underserved yet offer higher returns. This targeted approach enables us to deliver tailored, high-value solutions while prioritizing our clients and ensuring our interests are fully aligned with theirs.

We are ramping up our asset management activities with a robust pipeline, concentrating on sectors where we have demonstrated strength, such as US real estate and GCC private equity transactions. By leveraging our expertise and deepening strategic partnerships, we aim to drive sustainable growth and long-term value creation for all stakeholders.

With the support of the management team and Esterad Investment Company's alliance, the Board is confident that Esterad Bank will continue to expand its investment banking activities, drive revenue and cash flow, and further strengthen its equity position. Together, we are committed to positioning Esterad Bank as a well-governed and leading regional financial institution.

On behalf of the Board, I extend my heartfelt appreciation to His Majesty King Hamad bin Isa Al Khalifa and His Royal Highness Prince Salman bin Hamad Al Khalifa for their visionary leadership and unwavering support for the Islamic banking sector. We also thank the Central Bank of Bahrain, the Ministry of Industry and Commerce, and other government entities for their guidance.

To our shareholders, clients, and business partners, thank you for your trust and confidence. To our Sharia Supervisory Board, your ongoing counsel and oversight are invaluable. Lastly, I commend the dedication and professionalism of our management team and staff, whose efforts have been instrumental in achieving this year's milestones.

As we continue on this promising trajectory, we remain committed to building on our successes and preparing for a future filled with potential and progress.

Finaly, in line with the Commercial Companies Law No. (21) of 2001 and its amendments, and pursuant to the provisions of Article No. (188) of the Commercial Companies Law, we are pleased to attach the remuneration of members of the Board of Directors and the Executive Management for the fiscal year ending 31st December 2024.

ESTERAD

First: Board of Directors' Remuneration Details:

USD '000

Name	Fixed remunerations				Variable remunerations				End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the Chairman and Board	Total allowance for attending Board and committee meetings	Others	Total	Remunerations of the Chairman and Board	Incentive plans	Others	Total			
Independent Directors:											
Sheikh Mohamed Bin Duaij Al Khalifa	-	37.5	-	37.5	-	-	-	-	-	37.5	-
Bashar Mohamed Ebrahim Almutawa	-	30	-	30	-	-	-	-	-	30	-
Isa Abdulrasool Abdulhusain Merza Jawahery	-	30	-	30	-	-	-	-	-	30	-
Fahad Yateem	-	18	-	18	-	-	-	-	-	18	-
Executive Directors:											
Ahmed Abdulwahed Ahmed Abdulrahman	-	30	-	30	-	-	-	-	-	30	-
Robert Coleman Wages	-	12	-	12	-	-	-	-	-	12	-
Total	**-**	**157.5**	**-**	**157.5**	**-**	**-**	**-**	**-**	**-**	**157.5**	**-**

Second: Executive management remuneration details:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2024	Aggregate Amount
Remunerations for executives, including CEO and Senior Financial Officer	690	-	-	690

Notes:
1. All amounts are in thousands of United States Dollars.
2. Top 6 remunerations for executives, including CEO* and Senior Financial Officer*

Bashar Almutawa
Chairman of the Board

Ahmed Abdulrahman
Vice Chairman and
Acting Chief Executive Officer

ESTERAD

Date: 26 Feb 2025

In The Name of Allah, most Gracious.

Most Merciful Peace and Blessings Be Upon His Messenger

To the Shareholders of Esterad Bank B.S.C (c)

Assalam Alaykum Wa Rahmatu Allah Wa Barakatoh.

Shari'ah Supervisory Board Report for the Fiscal Year Ended 2024

In accordance with our appointment, we hereby present this report:

During the fiscal year ending 31 December 2024, the Shari'ah Supervisory Board ("SSB") reviewed all investments, contracts, and agreements undertaken by the Bank. The SSB also reviewed and approved the Financial Statement. Our primary objective is to assess the compliance of these financial activities with the principles and rulings of Islamic Shari'ah, including issuing *fatwas* and decisions related to them.

The Bank's management is responsible for ensuring compliance with the *fatwas* of the SSB. while the SSB independently monitors the Bank's investments, contracts, and agreements made during the fiscal year ended 31 December 2024.

In Our Opinion:

1. Overall, we have determined that the Bank's contracts, transactions, and deals during the year ended of 31 December 2024, comply with the rules and principles of Islamic Shari'ah.
2. The allocation of profit and the handling of losses related to investment accounts also adhere to Islamic Shari'ah principles.
3. The calculation of *Zakat* also complies with the rules and principles of Islamic Shari'ah. The Bank has utilized the Net Assets and Net Investment Assets Method, as outlined in the AAOIFI standards. It is important to note that the responsibility for the payment of *Zakat* lies with the shareholders.
4. No revenue was generated from non-Shariah compliant sources during the fiscal year.

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

Wassalam Alaikum Wa Rahmat Allah Wa Barakatuh.

Sh. Dr. Osama Bahar	Sh. Dr. Nedham Yaqoobi	Sh. Dr. Essa Zaki
Member	Chairman	Member

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CR No. 6220 - 2

Independent auditors' report

To the Shareholders of

Esterad Bank B.S.C. (c)
P.O. Box 11755
Manama - Kingdom of Bahrain

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Esterad Bank B.S.C. (c) (the "Bank"), and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of income, comprehensive income, changes in owner's equity, cash flows and changes in off-balance sheet assets under management for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report and their possible cumulative effect on the consolidated financial statements, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

In our opinion, the Group has also complied with the Islamic Shariah Principles and Rules as determined by the Group's Shariah Supervisory Board during the year ended 31 December 2024.

Basis for Disclaimer of Opinion

1) We draw attention to note 2 to the consolidated financial statements, which describe that as of 31 December 2024, the Group had accumulated losses of USD 22,742 thousand resulting in negative equity attributable to shareholders of USD 21,488, and total liabilities with maturity up to 12 months exceeding total assets with the same maturity by USD 2,578 thousand. Furthermore, the Group has breached certain regulatory requirements as explained in note 2 to the consolidated financial statements. These conditions, together with the potential effect of the matters described in paragraphs 2 and 3 below, indicate that the going concern assumption used in the preparation of the consolidated financial statements is not appropriate. The consolidated financial statements do not contain any adjustments that may be warranted if the Group was unable to continue as a going concern nor do they adequately describe the basis for the going concern assumption.

2) The Group manages certain investments in a fiduciary capacity. The Group was found to be non-compliant with certain regulatory requirements relating to the admission of certain investors, as well as other fiduciary responsibilities. While the management has remedied and settled some of these non compliant positions, the Group remains exposed to potential claims in relation to these matters for which no provision has been recognised in the consolidated financial statements. Based on the current position of discussions and available evidence, we are unable to assess the amount and the timing of the settlement of these potential claims, if any. Consequently, we were unable to determine the adjustments that may be required to be made in the consolidated financial statements in relation to this matter.

3) As disclosed in note 32 to the consolidated financial statements, the Group had issued corporate letters of guarantee to certain investee companies/projects. For one such letter of guarantee, a creditor to the investee has initiated legal action against the investee company and have demanded validation of the corporate guarantees provided by various shareholders of the investee company, including the Group, from which material liabilities could arise. The Group's share of the potential liability arising from this letter of guarantee is USD 18,260 thousand for which no provision has been recognised as at 31 December 2024. We were unable to determine the adjustments that may be required to be recorded in the consolidated financial statements in relation to this matter.

Responsibilities of Board of Directors for the Consolidated Financial Statements

The board of directors is responsible for the Group's undertaking to operate in accordance with Islamic Sharia Rules and Principles as determined by the Group's Shariah Supervisory Board.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Auditing Standards for Islamic Financial Institutions ("ASIFIs") issued by AAOIFI and to issue an auditors' report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with AAOIFI's Code of Ethics for Accountants and Auditors of Islamic Financial Institutions and International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (together "the Code"), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

Report on Other Regulatory Requirements

As required by the Commercial Companies Law 2001 (as amended) and Volume 2 of the Central Bank of Bahrain (CBB) Rule Book, except for the matters described in the *Basis for Disclaimer Opinion* section of our report and matter disclosed in Note 2, we report that:

a) the Bank has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
b) the financial information contained in the chairman's report is consistent with the consolidated financial statements;
c) we are not aware of any other violations during the year of the Commercial Companies Law 2001 (as amended), the CBB and Financial Institutions Law No. 64 of 2006 (as amended), the CBB Rule Book (Volume 2 and applicable provisions of Volume 6 and CBB directives), and the terms of the Bank's memorandum and articles of association that would have had a material adverse effect on the business of the Bank or on its financial position; and
d) satisfactory explanations and information have been provided to us by management in response to all our requests.

KPMG

KPMG Fakhro
Partner Registration Number 213
26 February 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note	***31 December 2024 USD '000***	*31 December 2023 USD '000*
ASSETS			
Balances with banks	7	**1,127**	2,116
Placements with financial institutions	7	**650**	1,608
Investments	8	**17,127**	25,984
Funding to project companies	12	**1,939**	2,242
Other assets	13	**2,163**	1,193
Right-of-use asset	14	**3,175**	3,326
Property and equipment	15	**3,874**	3,999
TOTAL ASSETS		**30,055**	40,468
LIABILITIES			
Employee accruals	16	**308**	257
Ijarah liability	14	**3,519**	3,612
Other liabilities	17	**21,460**	36,557
Total liabilities		**25,287**	40,426
EQUITY			
Share capital	18	**1,005**	1,005
Statutory reserve	18	**249**	5,441
Investment fair value reserve		**-**	45
Accumulated losses		**(22,742)**	(29,252)
Equity attributable to Shareholders		**(21,488)**	(22,761)
Subordinated Mudharaba (AT1)	18	**26,256**	22,803
Total equity		**4,768**	42
TOTAL LIABILITIES AND EQUITY		**30,055**	40,468

Bashar Mohamed Ebrahim Almutawa
Chairman

Ahmed Abdulwahed Ahmed Abdulrahman
Vice Chairman & Acting CEO

The attached notes 1 to 36 are part of these consolidated financial statements

Esterad Bank B.S.C. (c)

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2024

	Note	***31 December 2024 USD '000***	*31 December 2023 USD '000*
REVENUE			
Management fee, net	19	**5,390**	9,102
Net realised gains on sale of investment		**1,142**	(187)
Net change in fair value of investments carried at fair value through income		**(146)**	(3,480)
Other investment income	20	**175**	75
Rental and other income	21	**3,001**	6,271
Total revenue		**9,562**	11,781
EXPENSES			
Staff cost	22	**3,176**	3,267
Legal and professional fees		**693**	1,415
Finance expense	23	**173**	227
Depreciation	14,15	**370**	380
Loss on settlement of liabilities	26	**1,129**	3,585
Other expenses	25	**1,925**	2,882
Total expenses		**7,466**	11,756
PROFIT BEFORE IMPAIRMENT PROVISIONS		**2,096**	25
Impairment of investments	8	**(291)**	(6,424)
Reversal of provision for credit losses		**585**	1,174
Reversal / (charge) of impairment of property and equipment	15	**98**	(310)
PROFIT / (LOSS) FOR THE YEAR		**2,488**	(5,535)

Bashar Mohamed Ebrahim Almutawa
Chairman

Ahmed Abdulwahed Ahmed Abdulrahman
Vice Chairman & Acting CEO

The attached notes 1 to 36 are part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	31 December 2024 USD '000	31 December 2023 USD '000
PROFIT / (LOSS) FOR THE YEAR	**2,488**	(5,535)
Other comprehensive income (OCI)		
Items that are or may be reclassified to the Income Statement		
Transfer to statement of income on exit of investments	(45)	(492)
Total other comprehensive income for the year	**(45)**	(492)
Total comprehensive income	**2,443**	(6,027)

Esterad Bank B.S.C. (c)

CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY

For the year ended 31 December 2024

	Note	*Share capital USD '000*	*Statutory reserve USD '000*	*Investment fair value reserve USD '000*	*Accumulated losses USD '000*	*Equity attributable to shareholders USD '000*	Subirdinated *mudharaba AT1 USD '000*	*Total Equity USD '000*
Balance at 1 January 2024		1,005	5,441	45	(29,252)	**(22,761)**	22,803	**42**
Profit for the year		-	-	-	2,488	**2,488**	-	**2,488**
Subordinated Mudharaba (AT1)	18	-	-	-	-	**-**	3,063	**3,063**
Subordinated Mudharaba (AT1) 2% profit capitalised	18	-	-	-	-	**-**	390	**390**
Adjustment of reserve with accumulated losses	18	-	(5,441)	-	5,441	**-**	-	**-**
Transfer of 10% profits to statutory reserve	18	-	249	-	(249)	**-**	-	**-**
Transfer to statement of income on exit of investment		-	-	(45)	-	**(45)**	-	**(45)**
Profit distribution attributable to Subordinated Mudharaba (AT1)		-	-	-	(1,170)	**(1,170)**	-	**(1,170)**
Balance at 31 December 2024		**1,005**	**249**	**-**	**(22,742)**	**(21,488)**	**26,256**	**4,768**
Balance at 1 January 2023		1,005	5,441	537	(23,258)	(16,275)	-	(16,275)
Loss for the year		-	-	-	(5,535)	(5,535)	-	(5,535)
Subordinated Mudharaba (AT1)	18	-	-	-	-	-	22,803	22,803
Transfer to statement of income on exit of investment		-	-	(537)	-	(537)	-	(537)
Subordinated Mudharaba (AT1) issuance cost		-	-	-	(459)	(459)	-	(459)
Fair value changes on equity-type investments at fair value through equity		-	-	45	-	45	-	45
Balance at 31 December 2023		1,005	5,441	45	(29,252)	(22,761)	22,803	42

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	***31 December 2024 USD '000***	*31 December 2023 USD '000*
OPERATING ACTIVITIES			
Net profit / (loss) for the year		**2,488**	(5,535)
Adjustments for:			
Impairment of investments	8	**291**	6,424
Reversal of provision for credit losses		**(585)**	(1,174)
Reversal / impairment of property and equipment	15	**(98)**	310
Fair value losses / (gains) on investments carried at fair value through income - net		**146**	3,667
Depreciation	14,15	**370**	380
Finance cost on right-of-use asset	14	**173**	177
Dividend income	20	**(33)**	(3)
Operating gains before changes in operating assets and liabilities		**2,752**	4,246
Changes in operating assets and liabilities:			
Investments		**(2,527)**	(5,494)
Receivables		**(493)**	1,947
Funding to project companies		**959**	130
Property and equipment	15	**4**	(72)
Other assets		**(553)**	57
Proceeds from sale of investments		**14,043**	1,362
Employee accruals		**51**	(236)
Islamic finance		**-**	(3,646)
Other liabilities		**(15,097)**	3,297
Placements with financial institutions (maturity more than 3 months)		**(252)**	(133)
Net cash (used in) / from operating activities		**(1,113)**	1,458
FINANCING ACTIVITIES			
Cost of issuance of subordinated mudharaba (AT1)	18	**-**	(459)
Rent paid towards right-of-use asset	14	**(266)**	(267)
Net cash used in financing activities		**(266)**	(726)
Investment fair value reserve		**(45)**	-
Profit paid to Subordinated Mudharaba (AT1)	18	**(780)**	-
Net (decrease) / increase in cash and cash equivalents		**(2,204)**	732
Cash and cash equivalents at beginning of the year		**3,591**	2,861
ECL reversed / (charged) on balances with banks		**5**	(2)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**1,392**	3,591
Cash and cash equivalents per the consolidated statement of financial position			
Balances with banks	7	**1,127**	2,116
Short-term placements with banks	7	**265**	1,475
		1,392	3,591

The attached notes 1 to 36 are part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN OFF-BALANCE SHEET ASSETS UNDER MANAGEMENT

For the year ended 31 December 2024

2024	***Opening Balance USD '000***	***Movement during the period***		***Group Fees USD '000***	***NAV Movement USD '000***	***Closing Balance USD '000***
		Additions USD '000	***Distributions / Exits * USD '000***			
Private Equity	167,338	6,378	(3,991)	(1,335)	64,998	233,388
Real Estate	109,478	6,497	(7,340)	(3,767)	(11,784)	93,084
Restricted investments	125	-	(46)	-	(24)	55
Balance at 31 December 2024	**276,941**	**12,875**	**(11,377)**	**(5,102)**	**53,190**	**326,527**

2023	*Opening Balance USD '000*	*Movement during the period*		*Group Fees USD '000*	*NAV Movement USD '000*	*Closing Balance USD '000*
		Additions USD '000	*Distributions / Exits USD '000*			
Private Equity	189,593	2,119	(3,870)	(6,748)	(13,756)	167,338
Real Estate	140,370	-	(2,277)	(4,745)	(23,870)	109,478
Restricted investments	120	-	-	-	5	125
Balance at 31 December 2023	330,083	2,119	(6,147)	(11,493)	(37,621)	276,941

FIDUCIARY ASSETS UNDER MANAGEMENT

The Group provides corporate administration, investment management and advisory services to its project companies, which involve the Group making decisions on behalf of such entities. Assets that are held in such capacity are not included in these condensed consolidated interim financial information. The Bank has assessed the need for creating a liability in the books for any potential claim that may arise and has made adequate provisions as the Bank believes is necessary.

* Included in exits during the period are Subordinated Mudharaba AT1 (Additional Tier 1 Capital Sukuks "Sukuk") issued by the Bank in exchange for investments managed by the Bank (note 2).

1 REPORTING ENTITY

Incorporation

Esterad Bank B.S.C (c) (formerly known as Venture Capital Bank B.S.C. (c)) (hereafter referred to as “the Bank”) was incorporated in the Kingdom of Bahrain on 26 September 2005 as a closed shareholding company under commercial registration (CR) number 58222 issued by the Ministry of Industry and Commerce ("MOIC"). The Bank is licensed as a wholesale Islamic bank by the Central Bank of Bahrain (“CBB”) and is subject to the regulations and supervision of the CBB. The Bank's registered office is 302, Building 1411, Road 4626, Block 346, Sea Front, Manama, Kingdom of Bahrain.

The Bank is currently 99.5% owned by Esterad Investment Company B.S.C (c) (hereafter referred to as “EIC”), a Bahraini public joint stock company listed in Bahrain Bourse. EIC does not have control over the relevant activities of the Bank as the Bank’s operations are currently subject to restrictions imposed by the regulator due to capital deficiencies.

These consolidated financial statements were approved by the Bank's Board of Directors on 26 February 2025.

Activities

The principal activities of the Bank comprise venture capital, real estate and private equity investment transactions and related investment advisory services. The Bank conducts all its activities in compliance with Islamic Shari’ah under the guidance and supervision of the Bank’s Shari’ah Supervisory Board, and in compliance with applicable laws and regulations.

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries (collectively referred to as the "Group") as at and for the year ended 31 December 2024. The financial statements of the subsidiaries are prepared using the same annual reporting period ending on 31 December, using consistent accounting policies.

There is no change in the percentage holding of these subsidiaries during the year. Key subsidiaries of the Group which are consolidated are as follows:

Name of subsidiary	Year of incorporation	% holding	Country of incorporation	Principal activities
GPC Acquire	1998	100%	Cayman Island	Ownership in Gulf Projects Company W.L.L.
Gulf Projects Company W.L.L.	1998	100%	Kingdom of Bahrain	To own an interest in and operate the Venture Capital Bank car park building.
The Lounge Serviced Offices Company W.L.L.	2007	100%	Kingdom of Bahrain	To own, operate and manage serviced offices in Bahrain and regionally.
GMCB Co. W.L.L. *	2008	54.06%	Kingdom of Bahrain	To invest in a medical facility in the Kingdom of Bahrain. The Group aquired control of the entity in June 2018.
VCB Investment Advisors LTD	2006	100%	Cayman Island	A special purpose vehicle incorporated in Cayman Island for collection of management fees - Dormant entity.
VCB AT1 Sukuk Ltd	2023	100%	Cayman Island	A special purpose vehicle incorporated for the issuance of the Subordinated Mudharaba (AT1).

* The Group's investment in GMCB Co. W.L.L. is not consolidated on a line by line basis as control is deemed to be temporary in nature since GMCB Co. W.L.L. is in the process of liquidation. The unconsolidated subsidiary has a carrying value of Nil (31 December 2023: Nil).

The following resolutions of the shareholders were approved at various extraordinary general meetings held during the current period:

Meeting	Resolution
15-Feb-24	Resolved to change the name of the Bank from Venture Capital Bank B.S.C (c) to Esterad Bank B.S.C (c).
29-Sep-24	It was resolved to reduce the accumulated losses of the Group by adjusting the losses with the accumulated statutory reserve of the Bank which stood at USD 5,441 thousand.

2 FUNDAMENTAL ACCOUNTING ASSUMPTION

Going concern assessment

As at 31 December 2024, the Group had negative equity attributable to shareholders of USD 21,448 thousand. The Group issued Subordinated Mudharaba (AT1) of USD 26,256 thousand. The total equity of the Group as of 31 December 2024 was USD 4,768 thousand, having accumulated losses of USD 22,742 thousand and total liabilities with maturity up to 12 months exceeding total assets with the same maturity by USD 2,578 thousand.

During the year, the Group continues to be in breach of a number of regulatory requirements including minimum capital adequacy ratios. These conditions indicate the Group is not a going concern.

However, the management has prepared the consolidated financial statements on a going concern basis for the following reasons:

(i) The acquisition of the Bank by EIC will enable the Group to continue as a going concern and to negotiate settlement of its obligations to third parties as and when they fall due. Additionally, the shareholders do not have any intention to liquidate the Bank, and intend to revive the business model to operate on a Going concern basis.

(ii) In an effort to meet minimum capital requirements, the Group issued Subordinated Mudharaba AT1 (Additional Tier 1 Capital Sukuk "Sukuk") to its existing investors upon obtaining the necessary regulatory approvals. The sukuk were issued in exchange liabilities owed by the Group and for investments managed by the Bank where these investors were participants. The investments swapped were valued at 80% of the fair value of the investments and the group recorded a profit of USD 441 thousand during the year (31 December 2023: USD 4,503 thousand).

During the year, the Group issued additional Subordinated Mudharaba AT1 to its investors amounting to USD 3.5 million. Total Sukuk issued as of the date of this statement of financial position amounts to USD 26.3 million (31 December 2023: USD 22.8 million).

(iii) The management is in discussion with the regulator on a restructuring plan for the Group in order to address existing regulatory concerns and better position itself for recovery and stability. As part of its restructuring efforts, management is in the process of formulating a strategic business plan which will provide a clear path for the business' long term growth and sustainability.

(iv) With the improved performance of certain investments, the Bank has resumed collecting management fees. The Bank has also successfully listed 2 of its portfolio investments in Turkey, which will generate additional liquidity at the time of exit. Management expects to generate sufficient liquidity in the short term to cover ongoing operating costs and provide funding to support its restructuring plan and meet its near-term obligations.

Accrodingly, based on the above developments, the Board of Directors is satisfied that the Group has the resources to continue in business for the foreseeable future and, therefore, the consolidated financial statements have been prepared on a going concern basis.

Regulatory non-compliance

The Group did not comply with the CBB's capital requirements for minimum shareholders' equity, total CAR, Tier 1 and CET 1 CAR, NSFR, LCR, and other associated regulated requirements which are required for Bahrani Islamic wholesale bank during the year ended 31 December 2024. The Bank is also not in compliance with other regulatory requirements by the CBB and the Commercial Companies Law ("CCL").

Due to breach in CBB's capital adequacy requirements, the CBB has imposed certain restrictions on the Bank's investment banking activities where the Bank is prohibited from undertaking any new investment exposure without CBB's prior approval. The Bank has initiated various actions, including increasing capital, exit from existing investments and re-launching the asset management activities in order to regain compliance and restart new business activity.

The Bank received an exemption from the CBB for the breach in the Capital Adequacy Ratio in relation to paragraphs LM-11.1.4, LM-12.3.3 and CM-2.5.3 of the CBB Rulebook and also obtained the approval to increase the Regulatory Capital by issuing the Sukuks.

3 BASIS OF PREPARATION

3.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with the Financial Accounting Standards (‘FAS’) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (“AAOIFI”) and in conformity with Commercial Companies Law. In line with the requirement of AAOIFI and the Rulebook issued by CBB, for matters that are not covered by FAS, the Group uses guidance from the relevant IFRS Accounting Standards.

3.2 Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention as modified for the remeasurement at fair value of investment securities, and are presented in United States Dollars (USD) which is also the functional currency of the Group. All values are rounded off to the nearest thousand (USD '000) unless otherwise indicated.

3.3 New standards, amendments and interpetations issued and effective for annual periods beginning on or after 1 January 2024

The following new standards and amendments to standards are effective for financial years beginning on or after 1 January 2024 with an option to early adopt. However, the Group has not early adopted any of these standards.

(i) FAS 1 General Presentation and Disclosures in the Financial Statements

AAOIFI has issued the revised FAS 1 General Presentation and Disclosures in the Financial Statements in 2021. This standard describes and improves the overall presentation and disclosure requirements prescribed in line with the global best practices and supersedes the earlier FAS 1. It is applicable to all the Islamic Financial Institutions and other institutions following AAOIFI FAS’s. This standard is effective for the financial reporting periods beginning on or after 1 January 2024 with an option to early adopt.

The revision of FAS 1 is in line with the modifications made to the AAOIFI conceptual framework for financial reporting. Significant changes relevant to the Group are a) Definition of Quasi-equity is introduced; b) Concept of comprehensive income has been introduced; and c) Disclosure of movement in Zakah and Charity have been relocated disclosed into the notes to the condensed consolidated financial information.

During the year, the Group has adopted FAS 1 revised. As a result of this adoption following changes were made to the primary statements of the Group. Below is a summary of the new primary statements:

Primary statements introduced
- Statement of total comprehensive income
- Statement of changes in off-balance-sheet assets under management

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

i) FAS 46: Off-Balance-Sheet Assets Under Management

AAOIFI has issued Financial Accounting Standard (“FAS”) 46 "Off-Balance-Sheet Assets Under Management" during 2023. The objective of this standard is to establish principles and rules for recognition, measurement, disclosure, and derecognition of off-balance-sheet assets under management, based on Shari’a and international best practices. The standard aims to improve transparency, comparability, accountability, and governance of financial reporting related to off-balance-sheet assets under management.

This standard is applicable to all IFIs with fiduciary responsibilities over asset(s) without control, except for the following:
• The participants’ Takaful fund and / or participants’ investment fund of a Takaful institution; and
• An investment fund managed by an institution, being a separate legal entity, which is subject to financial reporting in line with the requirements of the respective AAOIFI FAS.

This standard shall be effective for the financial reporting periods beginning on or after 1 January 2026 with an option to early adopt. This standard shall be effective for the financial periods beginning on or after 1 January 2026 with an option to early adopt. This standard shall be adopted at the same time as adoption of FAS 45 “Quasi Equity (Including Investment Accounts)”. The Group does not expect any significant impact on the adoption of this standard.

3 BASIS OF PREPARATION (continued)

3.4 New standards, amendments, and interpretations issued but not yet effective (continued)

ii) FAS 47: Transfer of Assets Between Investment Pools

AAOIFI has issued Financial Accounting Standard ("FAS") 47 "Transfer of Assets Between Investment Pools" during 2023. The objective of this standard is to establish guidance on the accounting treatment and disclosures for transfers of assets between investment pools that are managed by the same institution or its related parties. The standard applies to transfers of assets that are not part of a business combination, a disposal of a business, or a restructuring of an institution.

The standard defines an investment pool as a group of assets that are managed together to achieve a common investment objective, such as a fund, a portfolio, or a trust. The standard also defines a transfer of assets as a transaction or event that results in a change in the legal ownership or economic substance of the assets, such as a sale, a contribution, a distribution, or a reclassification.

The transfer of assets between investment pools should be accounted for based on the substance of the transaction and the terms and conditions of the transfer agreement. The standard classifies transfers of assets into three categories: transfers at fair value, transfers at carrying amount, and transfers at other than fair value or carrying amount. The standard also specifies the disclosure requirements for transfers of assets between investment pools.

This standard shall be effective for the financial periods beginning on or after 1 January 2026 with an option to early adopt. The Group does not expect any significant impact on the adoption of this standard.

iii) FAS 48: Promotional Gifts and Prizes

This standard prescribes accounting and financial reporting requirements applicable to promotional gifts and prizes awarded by the Islamic financial institutions. The standard categorizes them into a) promotional gifts where entitlement occurs instantly; b) promotional prizes that are announced in advance to be awarded at a future date and c) loyalty programs where the obligation is accumulated over the period.

This standard is effective for the financial periods beginning on or after 1 January 2026, with an option to early adopt. The Group does not expect any significant impact on the adoption of this standard.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The areas of significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those applied to the audited consolidated financial statements.

The most significant judgements and estimates are discussed below:

Going concern assessment

These consolidated financial statements for the year ended 31 December 2024 have been prepared on a Going concern basis, (refer to note 2).

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Classification of investments

Management decides whether an acquisition of a financial asset should be classified as an "equity-type investment at fair value through income" or "equity-type investment at fair value through equity". The classification of each investment reflects the management's intention or business model in relation to each investment and is subject to different accounting treatments based on such classification.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques, such as the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as country risk, liquidity discounts, etc. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The details of estimates and related sensitivity analysis are disclosed in notes 34.

Impairment on assets carried at amortised cost

Judgement by management is required in the estimation of the amount and timing of future cash flows when determining impairment losses. In estimating these cash flows, the Group makes judgements about the liquidity of the project, evidence of deterioration in the financial health of the project, impacts of delays in completion of the project and the net realisable value of any underlying assets. These estimates are based on assumptions about a number of factors, and actual results may differ, resulting in future changes to the allowance.

Impairment of equity-type investments at fair value through equity

The Group treats investments carried at fair value through equity as impaired when there is a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Group evaluates factors, such as the historical share price volatility for comparable quoted equities and future cash flows and the discount factors for comparable unquoted equities.

Where fair values are not readily available and the investments are carried at cost, the recoverable amount is estimated to assess impairment. In making a judgement of impairment, the Group evaluates among other factors, evidence of deterioration in the financial health of the project, impacts of delays in execution, industry and sector performance, changes in technology, and operational and financing cash flows. It is reasonably possible, based on existing knowledge, that the current assessment of impairment could require a material adjustment to the carrying amount of the investments within the next financial year due to significant changes in the assumptions underlying such assessments.

Consolidation of special purpose entities (SPEs)

The Group sponsors the formation of SPEs primarily for the purpose of allowing clients to hold investments. The Group provides nominee, corporate administration, investment management and advisory services to these SPEs, which involve the Group making decisions on behalf of such entities. The Group administers and manages these entities on behalf of its clients, who are by and large third parties and are the economic beneficiaries of the underlying investments. The Group does not consolidate SPEs that it does not have the power to control. In determining whether the Group has the power to control an SPE, judgements are made about the objectives of the SPE's activities, its exposure to the risks and rewards, as well as about the Group's intention and ability to make operational decisions for the SPE and whether the Group derives benefits from such decisions.

Recognition and measurement of provision and contingencies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Impairment of non-financial assets

The carrying amount of the Group's non-financial assets (other than those subject to credit risk covered above) are reviewed at each reporting date to determine whether there is any indication of impairment (refer note 5 (f)).

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those enterprises (including special purpose entities) controlled by the Bank. The Group controls a business if, and only if, it has a) power over the business b) exposure, or rights, to variable returns from its involvement with the business; and c) the ability to use its power over the business to affect the amount of the institution's returns.

Power is presumed when an entity directly, or indirectly through its subsidiaries, holds more than 50% of the voting rights. Where the Group has less than majority voting rights, control may exist through a) agreement with other shareholders or the business itself; b) rights arising from other contractual arrangements; c) the institution's voting rights (de facto power); d) potential voting rights; or e) a combination thereof.

The Group considers only substantive voting rights in its assessment of whether it has power over a business. In order to be substantive, rights need to be exercisable when relevant decisions are required to be made and the holder of such rights must have the practical ability to exercise those rights. When making an assessment of whether the Group controls a business, it considers the voting and other rights emanating from the investment in the business

(ii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. If less than 100% of a subsidiary is acquired, then the Group elects on a transaction-by-transaction basis to measure non-controlling interests either at:

• Fair value at the date of acquisition, which means that goodwill, or the gain on a bargain purchase, includes a portion attributable to ordinary non-controlling interests; or

• the holders' proportionate interest in the recognised amount of the identifiable net assets of the acquire, which means that goodwill recognised, or the gain on a bargain purchase, relates only to the controlling interest acquired.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Special purpose entities

Special purpose entities (SPEs) are entities that are created to accomplish a narrow and well-defined objective such as the securitisation of particular assets, or the execution of a specific borrowing or investment transaction and usually voting rights are relevant for the operating of such entities. An investor that has decision-making power over an investee and exposure to variability of returns determines whether it acts as a principal or as an agent to determine whether there is a linkage between power and returns.

The Group in its ordinary course of business may manage an asset or a business for the benefit of stakeholders other than its equity holders through an agency (usually investment agency) or similar arrangement. Control does not include situations whereby the institution has the power, but such power is exercisable in a fiduciary capacity, and not for the variable returns to the institution itself. Performance incentives receivable by an agent are in a fiduciary capacity, and hence not considered to be variable returns for the purpose of control assessment

The Group in its fiduciary capacity manages and administers assets held in trust and other investment vehicles on behalf of investors. The financial statements of these entities are usually not included in these consolidated financial statements.

(iv) Loss of control

When the Group losses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity. Any surplus or deficit arising on the loss of control is recognised in consolidated income statement. Any interest retained in the former subsidiary, is measured at fair value when control is lost. Subsequently it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for investment securities depending on the level of influence retained.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(v) Equity accounted investees

This comprise investment in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exits when the Group holds between 20% and 50% of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, where the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Associates and Joint venters are accounted for under equity method. These are initially recognised at cost and the carrying amount is increased or decreased to recognise the investor’s share of the profit or loss of the investees after the date of acquisition. Distributions received from an investees reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the investor’s proportionate interest in the investees arising from changes in the investee’s equity. When the Group’s share of losses exceeds its interest in an equity-accounted investees, the Group’s carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the equity-accounted investees. Equity accounting is discontinued when an associate is classified as held-for-sale.

(vi) Transactions eliminated on consolidation and equity accounting

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency translation gains or losses) from intra-group transactions with subsidiaries are eliminated in preparing the consolidated financial statements. Intra-group gains on transactions between the Group and its equity accounted investees are eliminated to the extent of the Group’s interest in the investees. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of the subsidiaries and equity- accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Foreign currency transactions

(i) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in USD, which is the Bank’s functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the consolidated statement of financial position date. All differences are taken to the consolidated statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined and the differences are included in equity as part of the fair value adjustment of the respective items. Fair value differences arising from investments in associates denominated in a foreign currency are taken to "foreign currency translation reserve" forming part of equity.

(iii) Group companies

The Group does not have significant investments in foreign operations with functional currencies different from the presentation currency of the Group. The functional currency of the majority of the Group's entities are either USD or currencies which are effectively pegged to the USD, and hence, the translation of the financial statements of Group entities that have a functional currency different from the presentation currency do not result in significant exchange differences.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial assets and liabilities

(i) Recognition and de-recognition

Financial assets of the Group comprise of cash and balances with banks, investments (other than associates and joint venture that are equity accounted), receivable from investment banking services, funding to project companies and other assets. Financial liabilities of the Group comprise of Islamic financing payables, employee accruals and other liabilities. All financial assets (except investment securities) and financial liabilities are recognised on the date at which they are originated. Investment securities are recognised at the trade date i.e. the date that the Group contracts to purchase or sell the asset, at which date the Group becomes party to the contractual provisions of the instrument.

A financial asset or liability is initially measured at fair value which is the value of the consideration given (in the case of an asset) or received (in the case of a liability).

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

(i) the right to receive cash flows from the asset has expired;

(ii) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or

(iii) the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

(i) Recognition and de-recognition

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

(ii) Classification of financial assets and liabilities

The Group classifies financial assets under the following categories: financial assets at fair value through income, receivables at amortised cost or financial assets at fair value through equity. All of the financial liabilities of the Group are classified at amortised cost. Management determines the classification of its financial instruments at initial recognition.

(iii) Fair value measurement

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm’s length basis. If a market for a financial instrument is not active, the Group establishes fair value using a valuation technique. Valuation techniques include using recent arm’s length transactions between knowledgeable, willing parties (if available), discounted cash flow analysis and other valuation models with accepted economic methodologies for pricing financial instruments.

(iv) *Amortised cost*

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective profit method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. The calculation of the effective profit rate includes all fees and points paid or received that are an integral part of the effective profit rate.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Investments

The Group classifies its investments, excluding investment in subsidiaries and equity accounted associates and joint ventures, in the following categories: equity-type investment at fair value through income and equity-type investments at fair value through equity.

(i) Classification

The Group shall classify equity-type investments at either (i) fair value through equity or (ii) fair value through income, on the basis of both the Group's business model for managing investments and the expected cash flow characteristics of the investment in line with the nature of the underlying Islamic contracts.

An investment is classified as held for trading if it is acquired principally for the purpose of selling or repurchasing it in the near term or part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking which include investments in quoted equities. An investment held-for-trading shall always fall in fair value through income classification.

The Group designates equity-type investments at fair value through income at inception only when it is managed, evaluated and reported internally on a fair value basis. These include certain private equity investments, including investments in certain associates and joint ventures. These investments are fair valued through income unless the Group makes an irrevocable classification choice at initial recognition to classify this as an investment at fair value through equity.

(ii) Initial recognition

Investment securities are recognised at the trade date i.e. the date that the Group commits to purchase or sell the asset, at which date the Group becomes party to the contractual provisions of the instrument. Investment securities are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risk and rewards of ownership.

Equity instruments are carried as investment at fair value through income unless the Group makes an irrevocable classification choice at initial recognition to classify them as investment at fair value through equity.

(iii) Subsequent measurement

Investment securities are measured initially at fair value plus, except for investment securities carried at FVTIS, transaction costs that are directly attributable to its acquisition or issue.

Subsequent to initial recognition, investments carried at FVTIS and FVTE are re-measured to fair value. Gains and losses arising from a change in the fair value of investments carried at FVTIS are recognised in the consolidated income statement in the period in which they arise. Gains and losses arising from a change in the fair value of investments carried at FVTE are recognised in other comprehensive income

The fair value gains / (losses) are recognised taking into consideration the split between portions related to owners' equity and equity of investment account holders. When the investments carried at FVTE are sold, impaired, collected or otherwise disposed of, the cumulative gain or loss previously recognised in other comprehensive income.

Investments at FVTE where the entity is unable to determine a reliable measure of fair value on a continuing basis, such as investments that do not have a quoted market price or there are no other appropriate methods from which to derive reliable fair values, are stated at cost less impairment allowances.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Investments (continued)

(iv) Fair value measurement principles

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus capital repayments, plus or minus the cumulative amortisation using the effective profit method of any difference between the initial amount recognised and the maturity amount, minus any reduction (directly or through use of an allowance account) for impairment or uncollectibility. The calculation of the effective profit rate includes all fees and points paid or received that are an integral part of the effective profit rate.

Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received.

If a market for a financial instrument is not active, the Group establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), discounted cash flow analyses, price / earnings multiples and other valuation models with accepted economic methodologies for pricing financial instruments.

Some or all of the inputs into these models may not be market observable, but are estimated based on assumptions. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

Fair value estimates involve uncertainties and matters of significant judgement and therefore, cannot be determined with precision. There is no certainty about future events (such as continued operating profits and financial strengths). It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the investments.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

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

(e) Impairment of financial assets

Financial assets consist of balances with banks, Murabaha financing to investee companies, wakala contract receivable, receivables, funding to project companies, certain other assets and contingencies and commitments. Balances relating to these contracts are stated net of allowance for credit losses.

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

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

When determining whether the credit risk of an exposure subject to credit risk has increased significantly since initial recognition when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forwardlooking information.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Impairment of financial assets (continued)

The Group assumes that the credit risk on exposure subject to credit risk increased significantly if it is more than 30 days past due. The Group considers an exposure subject to credit risk to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security, if any is held; or

- the exposure is more than 90 days past due.

The Group applies a three-stage approach to measuring ECL. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12-months ECL

Stage 1 includes exposures that are subject to credit risk on initial recognition and that do not have a significant increase in credit risk since initial recognition or that have low credit risk. 12-month ECL is the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

Stage 2: Lifetime ECL - not credit impaired

Stage 2 includes exposures that are subject to credit risk that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses are the weighted average credit losses with the life-time probability of default (‘PD’).

Stage 3: Lifetime ECL - credit impaired

Stage 3 includes exposures that are subject to credit risk that have objective evidence of impairment at the reporting date in accordance with the indicators specified in the CBB’s rule book. For these assets, lifetime ECL is recognised.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- Exposures subject to credit risk that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due from the entity in accordance with the contract and the cash flows that the Group expects to receive);

- Exposures subject to credit risk that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

- Undrawn financing commitment: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn and the cash flows that the Group expects to receive;

- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover; and

- ECLs are discounted at the effective profit rate of the exposure subject to credit risk.

Credit-impaired exposures

At each reporting date, the Group assesses whether exposures subject to credit risk are credit impaired. An exposure subject to credit risk is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that an exposure is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a financing facility or advance by the Bank on terms that the Bank would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Impairment of financial assets (continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for exposures subject to credit risk are deducted from the gross carrying amount of the assets.

In cases where there is no collateral or guarantees which the Group can use to recover its exposure, the past due rules as per Group's policy or local requirements, whichever is more strict, are applied for allowance for credit losses calculation.

Measurement of ECL

The Group has developed an ECL policy and measurement approach that appropriately reflects its credit exposures keeping in mind the nature of its exposures which are primarily to its own investees.

Given that the Group is not in the business of extending loans and financing, the Group's ECL provisioning approach is based on a detailed evaluation of all its individual exposures together with a provisioning matrix reflecting the expected credit losses for non-impaired exposures using the practical expedient under FAS 30.

The parameters in the loss ratios matrix are generally derived from internally developed models and other historical data and range from 0.25% for balances with banks of good standing to 15% for funding to investees which are assessed to fall under stage 2.

Definition of default

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as liquidating collateral; or the borrower is past due more than the expected due date of settlement to the Group. In assessing whether a borrower is in default, the Group considers both qualitative factors such as breaches of covenants and quantitative factors such as overdue status and non-payment on other obligations of the same or closely connected counterparty to the Group.

Probability of default ("PD")

Types of PDs used for ECL computation

- 12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs.
- Lifetime PDs – This is the estimated probability of a default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for ‘stage 2’.

Incorporation of forward - looking information

Incorporating forward-looking information increases the level of judgment as to how changes in these macroeconomic factors will affect the ECL applicable to the stage 1 and stage 2 exposures which are considered as performing (Stage 3 are the exposures under default category and subject to specific impairment provision). As per the policy, the methodologies and assumptions involved, including any forecasts of future economic conditions, and the resultant ECL provision matrix are required to be reviewed periodically.

Loss Given Default ("LGD")

LGD is used to determine the amount of loss that will arise if the borrower was to default. This is calculated by looking at the collateral and other resources available to the Group that can be used to recover the asset in case of default.

Exposure At Default ("EAD")

EAD represents estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, and expected drawdowns on committed facilities.

On-balance sheet EADs

EADs for on-balance sheet items are the amount that is outstanding at the time of default. Outstanding of an on-balance sheet exposure shall be directly taken subject to inclusion of its repayment structure.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Impairment of financial assets (continued)

Off-balance sheet EADs

Off-balance sheet exposures do not have fixed payout date; thus, the EAD for off-balance sheet is calculated after applying the Credit Conversion Factor (CCF) to the nominal amount of the off-balance sheet exposure. In absence of internal data, the Group uses Basel CCF's for Capital Adequacy Ratio (CAR) purposes as per the CBB regulations. These rates are 20% for exposures with original maturity equal to or less than 1 year and 50% for exposures with original maturity of more than 1 year.

Collective ECL computation and staging

To assess the staging of exposures and to measure a loss allowance on a collective basis, the Group groups its exposures into segments on the basis of shared credit risk characteristics, such as geography, type of customer, industry, rating, date of initial recognition, maturity and collateral value.

Significant increase in credit risk

When determining whether the risk of default on a financial contracts has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost and effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment including forward-looking information.

The assessment is carried out for specific instrument rather than a counterparty, as each instrument may have a different credit risk at initial recognition.

Impairment of equity investments classified at fair value through equity (FVTE)

In the case of investments in equity securities classified as FVTE. A significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment. The Group considers a decline of 30% to be significant and a period of nine months to be prolonged. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are subsequently reversed through equity.

(f) Impairment of non-financial assets

The carrying amount of the Group's non-financial assets (other than those subject to credit risk covered above) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use or fair value less costs to sell. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Separately recognised goodwill is not amortised and is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on separately recognised goodwill are not reversed.

5 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

(g) Placements with and from financial and other institutions

These comprise placements made with/ from financial and other institutions under shari'a compliant contracts. Placements are usually short term in nature and are stated at their amortised cost.

(h) Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances and placements with financial institutions) with original maturities of three months or less when acquired that are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Bank balances that are restricted and not available for day-today operations of the Group are not included in cash and cash equivalents.

(i) Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projection if the recognition criteria are met. All other repair and maintenance costs are recognised in the consolidated income statement as incurred.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line method over their estimated useful lives, and is generally recognised in the consolidated income statement.

The estimated useful lives of property and equipment of the industrial business assets are as follows:

Building	40 years
Office equipment	4 years
Furniture and fixtures	5 years
Motor vehicles	4 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts, being the higher of the fair value less costs to sell and their value in use.

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in the consolidated statement of income in the year of derecognition.

The assets' residual values, useful lives and methods of depreciation are reviewed annually and adjusted prospectively if appropriate.

(j) Islamic financing payable

Islamic financing payables are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective profit rate method. Finance expense is recognised in the consolidated statement of income on a time-apportioned basis at the effective profit rate.

(k) Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised from the date of its issue. The liability arising from a financial guarantee contract is recognised at the present value of any expected payment, when a payment under the guarantee has become probable. The Group only issues financial guarantees to support its development projects and investee entities.

(l) Dividends

Dividends to shareholders are recognised as liabilities in the period in which they are approved by the shareholders at the Bank's Annual General Meeting.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Share capital and statutory reserve

Share capital
The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Equity instruments of the group comprise ordinary shares and equity component of share-based payments and convertible instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

Subordinated Mudharaba (AT1)
Subordinated Mudharaba (AT1) represents perpetual Sukuk, which constitute a subordinated and unsecured Mudaraba arrangement between the Sukuk holders and the Bank. The Sukuk holders have precedence over the Bank's ordinary shareholders, only in terms of liens over Net Assets, and distributions. The Sukuks are classified and recognized in equity (net of all related issuance costs).

Statutory reserve
The Commercial Companies Law requires that 10 percent of the annual net profit be appropriated to a statutory reserve which is normally distributable only on dissolution. Appropriations may cease when the reserve reaches 50 percent of the paid up share capital. Appropriation to statutory reserve is made when approved by the shareholders.

(n) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised to the extent that it is probable that future economic benefits associated with the item of revenue will flow to the Group, the revenue can be measured with reliability and specific criteria have been met for each of the Group's activities as described below:

Management Fees and other fees represents deal related income earned by the Group from structuring, managing and exiting assets and products on behalf of investors. This income is recognised by the Group when the associated service is provided and funds are received by the Group. Other Fees include, but are not limited to account servicing fees, sales commission, placement and arrangement fees, structuring fees and syndication fees.

Other investment income *represents income received from dividends declared on investment projects, finance income and profits earned on short term liquidity certificates.*

Finance income *are income received on islamic placements with financial institutions* and are recognised upon maturity of the deal.

Dividend income is recognised when the right to receive is established and the amount of dividend earned has been received by the Group.

Rental income is recognised in the statement of comprehensive income on a straight-line basis over the term of the operating lease contract.

(o) *Restricted investment accounts*
Restricted investment accounts represent assets acquired by funds provided by holders of restricted investment accounts and their equivalent and managed by the Group as an investment manager based on either a Mudharaba contract or agency contract. The restricted investment accounts are exclusively restricted for investment in specified projects as directed by the investments account holders. Assets that are held in such capacity are not included as assets of the Group in the consolidated financial statements.

5 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

(p) Employee benefits

(i) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

(ii) Post employment benefits

Pensions and other social Benefits for Bahraini employees are covered by the Social Insurance Organisation ("SIO") scheme to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Group's contribution to this scheme, which represents a defined contribution scheme under International Accounting Standard 19 – Employee Benefits, is expensed as incurred.

Expatriate employees are entitled to leaving indemnities payable under the Bahraini Labour Law for the Private Sector, based on length of service and final remuneration. The provision for this unfunded commitment which represents a defined benefit plan under International Accounting Standard 19 – Employee benefits, is made by calculating the notional liability had all employees left at the reporting date. Effective 1 March 2024, all Bahrain based employers are required to make monthly contributions in relation to the expatriate indemnity to SIO, who would be responsible to settle leaving indemnities for expatriates at the time of end of service. Any indemnity liability prior to 1 March 2024 and pending transfer to the SIO in subsequent periods remains the obligation of the Company. (note 17.1)

(q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the consolidated statement of income net, of any reimbursement.

(r) Segment reporting

The Group primarily operates as an investment bank and its lines of business comprise venture capital, private equity and real estate. At present the Group's revenue is reviewed by lines of business and the expenses and results are reviewed at a Group level and therefore no separate operating segment results and other disclosures are provided in these consolidated financial statements.

(s) Zakah

Zakah is calculated on the Zakah base of the Group in accordance with FAS 39 issued by AAOIFI using the net assets method. Zakah is paid by the Group based on the consolidated figures of statutory reserve, general reserve and retained earning balances at the beginning of the year. The remaining Zakah is payable by individual shareholders. Payment of Zakah on equity of investment account holders and other accounts is the responsibility of investment account holders. Zakah per share amount is presented in note 27.

(t) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expense are presented on a net basis only when permitted under AAOIFI, or for gains and losses arising from a group of similar transactions.

(u) Trade and settlement date accounting

All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

6 CLASSIFICATION OF FINANCIAL INSTRUMENTS

The Group's financial instruments have been classified as follows:

At 31 December 2024

	Equity-type at fair value through income USD '000	***Equity-type at fair value through equity USD '000***	***Amortised cost USD '000***	***Total USD '000***
ASSETS				
Balances with banks	**-**	**-**	**1,127**	**1,127**
Placements with financial institutions			**650**	**650**
Investments	**17,127**	**-**	**-**	**17,127**
Funding to project companies	**-**	**-**	**1,939**	**1,939**
Other assets	**-**	**-**	**2,037**	**2,037**
TOTAL FINANCIAL ASSETS	**17,127**	**-**	**5,753**	**22,880**
LIABILITIES				
Other liabilities	**-**	**-**	**13,452**	**13,452**
TOTAL FINANCIAL LIABILITIES	**-**	**-**	**13,452**	**13,452**

At 31 December 2023

	Equity-type at fair value through income USD '000	*Equity-type at fair value through equity USD '000*	*Amortised cost USD '000*	*Total USD '000*
ASSETS				
Balances with banks	-	-	2,116	2,116
Placements with financial institutions			1,608	1,608
Investments	20,967	5,017	-	25,984
Funding to project companies	-	-	2,242	2,242
Other assets	-	-	1,105	1,105
TOTAL FINANCIAL ASSETS	20,967	5,017	7,071	33,055
LIABILITIES				
Other liabilities	-	-	14,768	14,768
TOTAL FINANCIAL LIABILITIES	-	-	14,768	14,768

7 BALANCES WITH BANKS & PLACEMENTS WITH FINANCIAL INSTITUITIONS

	31 December 2024 USD '000	*31 December 2023 USD '000*
Bank current and call accounts	**1,129**	2,121
Less: ECL provision	**(2)**	(5)
	1,127	2,116
Placements with financial institutions (more than 3 months)	**385**	133
Placements with financial institutions (less than 3 months)	**265**	1,475
	650	1,608
Total balances with banks and placements with financial institutions	**1,777**	3,724

8 INVESTMENTS

	Notes	***31 December 2024 USD '000***	*31 December 2023 USD '000*
Equity-type investments at fair value through income statement			
Quoted equities held for trading	8.1	**2,572**	6,853
Unquoted equities		**5,641**	5,419
Short term liquidity certificates	8.2	**8,914**	8,695
		17,127	20,967
Equity-type investments at fair value through other comprehensive income			
Unquoted equities		**-**	1,980
Short term liquidity certificates	8.2	**-**	3,037
		-	5,017
Total investments - net		**17,127**	25,984

8.1 During the year, an investment with carrying value of USD 556 thousand (31 December 2023: 6,170 thousand) was listed and hence transferred from unquoted equities to quoted equities held for trading. The unrealized gain recognised during the year was USD 285 thousand (31 December 2023: unrealised loss of USD 1,127 thousand).

8.2 Short term liquidity certificates comprise Shari'a compliant asset backed certificates for which the carrying value approximates fair value.

The table below illustrates the movement in impairment provision during the year on Equity-type investments at fair value through equity:

	31 December 2024 USD '000	*31 December 2023 USD '000*
Balance at 1 January	**(19,401)**	(23,978)
Additions during the year	**(3,507)**	-
Charge for the year	**(291)**	(6,424)
Exit of investments	**13,043**	3,409
Adjustments in impairment provisions	**-**	7,592
Balance at 31 December	**(10,156)**	(19,401)

The unquoted equity-type investments and short term liquidity certificates comprise investments in the following market segments:

	31 December 2024 USD '000	*31 December 2023 USD '000*
Real estate projects	**13,219**	15,608
Private equity	**3,908**	10,376
	17,127	25,984

The Group plans to dispose of unquoted equity investments through trade sales over a 3 to 5 year horizon.

The Group has the following material associates which are designated at FVTPL (unquoted equity securities):

Entity Name	Note	Country of incorporation	Principal Activity	Percentage Holding
Short term liquidity certificates - LF II	8.3	U.A.E	Real Estate	21.84%
Short term liquidity certificates - LF III	8.3	U.A.E	Real Estate	20.52%
Venture Capital Fund Bahrain		Bahrain	SME Investment Fund	29.60%

9 MURABAHA FINANCING

	31 December 2024 USD '000	*31 December 2023 USD '000*
Financing to investee companies in the following sectors:		
Manufacturing	**7,953**	6,064
Real estate	**-**	359
	7,953	6,423
Less: ECL provision	**(7,953)**	(6,423)
At 31 December	**-**	-

The table below illustrates the movement in impairment provision during the year:

Balance at 1 January	**(6,423)**	(3,499)
Write off during the year	**359**	-
Impairment charge during the year	**(1,889)**	(2,924)
Balance at 31 December	**(7,953)**	(6,423)

These represent financing support extended by the Group to facilitate the debt restructuring and repayments of investees with external lenders in the form of commodity murabaha contracts. The Group did not recognise any profit during the year on these financing contracts.

10 WAKALA CONTRACT RECEIVABLE

Wakala contract receivable represents USD 13,341 thousand of short-term trade finance deals placed with Trade Finance Corporation ("TFC") through a locally incorporated bank ("Wakil") at an expected profit rate of 6.5% per annum with maturities ranging between 90 to 150 days. The Group has recognised an ECL of 100% on the wakala under stage 3 (31 December 2023: 100%).

The Group suspended accruing profit on its wakala contract receivable as the Wakil has failed to redeem the Group's wakala upon their request. During the year, the amount receivable under the wakala contract was written-off.

11 RECEIVABLES

	31 December 2024 USD '000	*31 December 2023 USD '000*
Receivable from investment banking services	**2,355**	4,853
	2,355	4,853
Less: ECL provision	**(2,355)**	(4,853)
	-	-

The table below shows the movement in impairment provision during the year:

At 1 January	**(4,853)**	(6,019)
Reversal of provision for expected credit losses	**-**	1,166
Written-off during the year	**2,498**	-
At 31 December	**(2,355)**	(4,853)

12 FUNDING TO PROJECT COMPANIES

	31 December 2024 USD '000	*31 December 2023 USD '000*
Gross funding	**2,153**	4,263
Less: ECL provision	**(214)**	(2,021)
	1,939	2,242

The table below shows the movement in impairment provision during the year:

	31 December 2024 USD '000	*31 December 2023 USD '000*
At 1 January	**2,021**	2,110
Write off during the year	**(1,061)**	-
Reversal during the year	**(746)**	(89)
At 31 December	**214**	2,021

These relate to funding provided to various projects and investments promoted by the Group. The financing facilities are free of profit and do not have specific terms of repayment, and are expected to be recovered in the course of project development or on realisation of cash flows from sale of the underlying assets or through their operations. ECL have been recorded where necessary to reflect delays and doubts over recoverability based on the Group's regular impairment assessments.

13 OTHER ASSETS

	31 December 2024 USD '000	*31 December 2023 USD '000*
Advances to acquire investments	**6,281**	6,295
Project costs recoverable	**3,459**	3,554
Dividend receivable	**124**	444
Other receivables	**1,548**	1,468
Prepayment	**126**	88
	11,538	11,849
Less: ECL provision	**(9,375)**	(10,656)
	2,163	1,193

The table below shows the movement on ECL during the year:

At 1 January	**10,656**	10,614
Charge for the year	**(417)**	42
Written-off during the year	**(864)**	-
At 31 December	**9,375**	10,656

14 RIGHT-OF-USE ASSET / IJARAH LIABILITY

The Group's subsidiaries have lease contracts for office rental spaces and land. The table below illustrates the right-of-use asset and related liability recognised by the Group:

	Right-of- use asset USD' 000	***Ijarah liability USD' 000***
As at 1 January 2023	**3,477**	**3,702**
Depreciation	**(151)**	**-**
Finance cost	**-**	**177**
Rent paid	**-**	**(267)**
As at 31 December 2023	**3,326**	**3,612**
Depreciation	**(151)**	**-**
Finance cost	**-**	**173**
Rent paid	**-**	**(266)**
As at 31 December 2024	**3,175**	**3,519**

	31 December 2024 USD '000	*31 December 2023 USD '000*
Right-of-use asset		
Non-current	**3,175**	3,326
As at 31 December	**3,175**	3,326
Ijarah liability		
Current	**98**	93
Non-current	**3,421**	3,519
As at 31 December	**3,519**	3,612
Ijarah liability		
Gross ijarah liability	**5,965**	5,965
Deferred cost on ijarah liability	**(2,446)**	(2,353)
	3,519	3,612

15 PROPERTY AND EQUIPMENT

	*Building ** *USD '000*	*Office equipment* *USD '000*	*Furniture & fixtures* *USD '000*	*Motor vehicles* *USD '000*	*Total* *USD '000*
Cost					
At 1 January 2024	10,098	1,824	1,237	496	13,655
Disposal during the year	(500)	-	-	(102)	(602)
Adjustments during the year	-	(4)	-	(353)	(357)
Additions during the year	-	28	96	-	124
At 31 December 2024	**9,598**	**1,848**	**1,333**	**41**	**12,820**
Depreciation					
At 1 January 2024	3,955	1,790	1,041	496	7,282
Disposal during the year	(374)	-	-	(102)	(476)
Adjustments during the year	-	-	-	(353)	(353)
Charge for the year	172	21	26	-	219
At 31 December 2024	**3,753**	**1,811**	**1,067**	**41**	**6,672**
Impairment					
At 1 January 2024	2,372	-	-	-	2,372
Reversal during the year	(98)	-	-	-	(98)
Net book value at 31 December 2024	**3,571**	**37**	**266**	**-**	**3,874**
Net book value at 31 December 2023	3,770	32	197	-	3,999

* Includes 15.38% stake of the Venture Capital building, situated in the capital city of the Kingdom of Bahrain.

16 EMPLOYEE ACCRUALS

	Note	***31 December 2024 USD '000***	*31 December 2023 USD '000*
Employees end of service benefits	16.1	**183**	187
Other employee related accruals		**125**	70
		308	257

16.1 EMPLOYEES' END OF SERVICE BENEFITS

Movement in provisions for the year	***31 December 2024 USD '000***	*31 December 2023 USD '000*
At the beginning of the year	**187**	285
Charge for the year	**71**	59
Paid during the year	**(30)**	(157)
Transferred to SIO during the year *	**(45)**	-
At 31 December	**183**	187

* As per the changes in end-of-service benefits system for expatriate employees introduced by SIO effective from 1 March 2024, employers are required to pay the monthly end-of-service contributions electronically through the SIO portal in relation to the expatriate employees. SIO would be responsible to settle leaving indemnities for expat employees at the time of end of service. Any indemnity liability prior to 1 March 2024 and pending transfer to the SIO in subsequent periods remains the obligation of the Company.

Total number of employees at 31 December:	***31 December 2024***	*31 December 2023*
Bahrainis	**17**	14
Expatriate	**6**	4
At 31 December	**23**	18

17 OTHER LIABILITIES

	Note	***31 December 2024 USD '000***	*31 December 2023 USD '000*
Payable under settlement agreement	17.1	**8,689**	9,292
Provision against guarantees	17.2	**4,902**	7,154
Payable to related party	17.3	**2,328**	6,385
Accounts payable		**4,763**	5,476
Provisions and accruals		**751**	8,180
Deferred income		**27**	33
Other		**-**	37
		21,460	36,557

17.1 Amount payable under settlement agreement represents past due profits on Islamic financing payable settled as of 30 June 2021. This amount is due on 30 June 2025. During the year, a portion of the liability was settled in kind.

17.2 Guarantees relate to corporate guarantees provided by the Group to various creditors to support financing to one of its project companies. The Group received certain legal claims from creditors for which the Group is currently assessing its legal position and a defense strategy. Management has found it prudent to recognise provisions against such claims (refer note 32).

17.3 During the previous year, the Group entered into an Investment Management and Revenue Sharing Agreement with its major shareholder in order to improve the quality of the assets under management and maximise the the generation of revenue.

18 SHARE CAPITAL

	31 December 2024 USD '000	*31 December 2023 USD '000*
Authorised: 10,000,000 (31 December 2023: 10,000,000) ordinary shares of USD 1 each	**10,000**	10,000
Issued and fully paid up: 1,005,000 shares of USD 1 each (31 December 2023: 1,005,000 shares of USD 1 each)	**1,005**	1,005

SUBORDINATED MUDHARABA (AT1)

The Group issued Subordinated Mudharaba (AT1) {Additional Tier 1 Sukuk (“Sukuk”)} of USD 26 million, under an approval form the Central Bank of Bahrain. These perpetual Sukuk constitute a subordinated and unsecured Mudaraba arrangement between the Sukuk holders and the Group. The Sukuk have precedence over only the equity shareholders in terms of liens over Net Assets, and distributions. The Sukuk meet the definition of equity under FAS 1 and accordingly have been classified as a component of Owners’ equity (net of all related Issuance costs).

The Sukuk were issued to:

- Certain creditors (each a “Counterparty”), where the obligation of the Counterparty to pay the subscription price of the Sukuk was completely set off against existing obligations by the Group to pay certain Outstanding Amounts owed to that Counterparty; and the Group’s AT1 Capital increased accordingly.

- Certain Investors (each an “Investor Counterparty”), where the obligation of the Investor Counterparty to pay the subscription price of the Sukuk was completely set off by the transfer of the title to certain investments owned by the Investor Counterparty and managed by the Group.

18 SHARE CAPITAL (continued)

SUBORDINATED MUDHARABA (AT1) (continued)

The Sukuk carry a non-cumulative discretionary coupon of 6% of the nominal value of the Sukuk (the "coupon"), of which 4% will be partly paid in cash or in- kind, and the balance capitalized, at the option of the Group on a semiannual basis. This is however subject to the availability of distributable funds, which include positive retained earnings and profits (excluding accumulated losses preceding the issuance of sukuk certificate). Profits paid to holders of the Sukuk are accounted for as an appropriation of profits when declared and distributed.

Movement in the retained earnings post issuance of the Sukuk is as below:

	31 December 2024 USD '000	**31 December 2023 USD '000**
Opening accumulated losses	**(33,196)**	(23,258)
Losses attributable to the period prior to issuance of AT1	**-**	(9,938)
Netting statutory reserve with accumulated losses	**5,441**	-
Transfer of net profit to statutory reserve for the year	**(249)**	-
Accumulated losses prior to issuance of AT1	**(28,004)**	(33,196)
Opening profits available for AT1	**3,944**	4,403
Sukuk coupons paid / capitalised	**(1,170)**	-
Profits recognised post issuance of AT1	**2,488**	-
AT1 issuance cost	**-**	(459)
Profit available for distribution to AT1 holders	**5,262**	3,944
Accumulated losses post issuance of AT1	**(22,742)**	(29,252)

Statutory reserve

The Commercial Companies Law ("CCL") and the Bank's articles of association requires that 10% of the profit for the year shall be transferred to a statutory reserve. The reserve is not distributable except in such circumstances as stipulated in the CCL and following the approval of the CBB.

In the extraordinary meeting of the shareholders held on 29 September 2024, it was resolved to reduce the accumulated losses of the Bank as at 31 December 2023, by adjusting the losses with the accumulated statutory reserve of the Bank which stood at USD 5,441 thousand.

During the year, the Bank transferred 10% of its profit to the statutory reserve amounting to USD 249 thousand (31 December 2023: NIL)

19 MANAGEMENT FEE, NET

	31 December 2024 USD '000	*31 December 2023 USD '000*
Investment management fees - net	**5,390**	9,102
	5,390	9,102

Majority of the management fee received during the year represents fees due to the Group relating to outstanding fees of the prior years. Out of the management fees recognised during the year, there were no fee received in kind (31 December 2023: USD 1.7 million). Management fee earned for the previous year is net of USD 2,411 thousand, which is payable to a related party under a revenue sharing agreement entered into during the year (note 26).

20 OTHER INVESTMENT INCOME

	31 December 2024 USD '000	*31 December 2023 USD '000*
Dividend income	**33**	3
Profits from liquidity certificates	**142**	72
	175	75

21 RENTAL AND OTHER INCOME

	Notes	***31 December 2024 USD '000***	*31 December 2023 USD '000*
Gain from liability and investment swaps	21.1	**441**	4,503
Rental income		**1,417**	1,336
Reversals of other provisions no longer required		**503**	92
Finance income		**63**	41
Others		**577**	299
		3,001	6,271

21.1 The Group issued Subordinated Mudharaba AT1 (Additional Tier 1 Capital Sukuks "Sukuks") to its existing investors upon obtaining the necessary regulatory approvals. The sukuks were issued in exchange for investments managed by the Bank where these investors were participants. The investments swapped were valued at 80% of the fair value of the investments (note 18).

22 STAFF COSTS

	31 December 2024 USD '000	*31 December 2023 USD '000*
Salaries and benefits	**2,901**	2,869
Social insurance expenses	**252**	210
Employee severance cost	**-**	167
Other staff expenses	**23**	21
	3,176	3,267

23 FINANCE EXPENSE

	31 December 2024 USD '000	*31 December 2023 USD '000*
Islamic financing payables	**-**	50
Ijarah liability	**173**	177
	173	227

24 IMPAIRMENT OF FINANCIAL ASSETS

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and stage classification. The amounts presented are gross of credit loss allowances.

	31 December 2024			
	Stage 1 USD '000	***Stage 2 USD '000***	***Stage 3 USD '000***	***Total USD '000***
Exposures subject to ECL				
Balances with banks	1,129	-	-	1,129
Wakala Placements with financial institutions	650	-	-	650
Murabaha financing to investee companies	-	-	7,953	7,953
Wakala contract receivable	-	-	-	-
Receivables	-	-	2,355	2,355
Funding to project companies	-	2,153	-	2,153
Other assets	196	1,880	9,462	11,538
	1,975	**4,033**	**19,770**	**25,778**
Off-balance-sheet guarantees and commitments	18,964	415	18,259	37,638
	20,939	**4,448**	**38,029**	**63,416**
Impairment provision				
- On-balance-sheet assets	(2)	(744)	(19,153)	(19,899)
- Off-balance-sheet guarantees and commitments	(8)	(1)	-	(9)
	20,929	**3,703**	**18,876**	**43,508**

	31 December 2023			
	Stage 1 USD '000	*Stage 2 USD '000*	*Stage 3 USD '000*	*Total USD '000*
Exposures subject to ECL				
Balances with banks	2,121	-	-	2,121
Wakala Placements with financial institutions	1,610	-	-	1,610
Murabaha financing to investee companies	-	-	6,423	6,423
Wakala contract receivable	-	-	13,341	13,341
Receivables	-	-	4,853	4,853
Funding to project companies	-	3,202	1,061	4,263
Other assets	115	1,366	10,368	11,849
	3,846	4,568	36,046	44,460
Off-balance-sheet guarantees and commitments	3,009	415	17,391	20,815
	6,855	4,983	53,437	65,275
Impairment provision				
- On-balance-sheet assets	(7)	(1,854)	(35,440)	(37,301)
- Off-balance-sheet guarantees and commitments	(8)	(1)	-	(9)
	6,840	3,128	17,997	27,965

25 OTHER EXPENSES

	Notes	***31 December 2024 USD '000***	*31 December 2023 USD '000*
Office expenses		**780**	989
Project management costs	25.1	**634**	794
Provision for litigation and others	25.2	**-**	400
Board of directors and Shari'a supervisory board		**215**	324
Service level cost reimbursements	26	**114**	110
Publicity, conferences and promotion		**35**	48
Other		**147**	217
		1,925	2,882

25.1 This mainly pertains to unrecoverable expenses incurred on behalf of project companies to support their operations.

25.2 **Litigations and claims**

The Group has a number of claims and litigations filed against it in connection with with certain transactions in the past. Further, claims against the Bank also have been filed by former employees. Based on the advice of the Bank's external legal counsel, the management is of the opinion that the Bank has strong grounds to successfully defend itself against these claims. Appropriate provision have been made in the books of accounts. No further disclosures regarding contingent liabilities arising from any such claims are being made by the Bank as the directors of the Bank believe that such disclosures may be prejudicial to the Bank's legal position.

26 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent associated companies, shareholders, directors, key management personnel, Shari'a supervisory board and external auditors of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

The Group earns income from investment banking services and management fees from entities over which the Group exercises influence. Although these entities are considered related parties, the Group administers and manages these entities on behalf of its clients, who are mostly third parties and are the economic beneficiaries of the underlying investments.

During the previous year, the Group entered into an Investment Management and Revenue Sharing Agreement with the major shareholder in order to improve the quality of the assets under management and maximise the the generation of revenue.

26 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

31 December 2024	*Significant unconsolidated Investments at fair value through income USD '000*	*Associates USD '000*	*Board / key management / Shari'a board / external auditors USD '000*	*Significant shareholders / entities in which directors are interested USD '000*	*Total USD '000*
Assets					
Investments (note 8)	-	7,260	-	-	**7,260**
Other assets	-	1,939	-		**1,939**
Liabilities					
Employee accruals	-	-	84	-	**84**
Other liabilities	-	363	160	14,092	**14,615**
Fair value losses on investments carried at fair value through income	-	175	-	-	**175**
Loss on settlement of liabilities *	-	-	-	(1,129)	**(1,129)**
Expenses					
Service level cost reimbursements	-	-	-	(114)	**(114)**
Board of directors' attendance fees	-	-	(158)	-	**(158)**
Salaries and other short-term benefits	-	-	(690)	-	**(690)**
Legal and professional fees	-	-	(202)	-	**(202)**
Other expenses	(50)	-	(57)	-	**(107)**
Reversal of provision for credit losses	(1)	-	-	-	**(1)**

* The loss on settlement of liabilities represent expenses payable to a related party for the settlement of certain liabilities on behalf of the Bank.

26 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

31 December 2023	*Significant unconsolidated Investments at fair value through income* *USD '000*	*Associates* *USD '000*	*Board / key management / Shari'a board / external auditors* *USD '000*	*Significant shareholders / entities in which directors are interested* *USD '000*	*Total* *USD '000*
Assets					
Investments - net	-	723	-	-	723
Liabilities					
Employee accruals	-	-	124	-	124
Other liabilities	-	399	471	18,904	19,774
Other losses					
Fair value losses on investments carried at fair value through income - net	-	(222)	-	-	(222)
Share of management fees	-	-	-	(2,411)	(2,411)
Loss on settlement of liabilities *	-	-	-	(3,585)	(3,585)
Expenses					
Finance expense	-	-	-	(44)	(44)
Board of directors' attendance fees	-	-	(270)	-	(270)
Salaries and other short-term benefits	-	-	(598)	-	(598)
Service level cost reimbursements	-	-	-	(110)	(110)
Legal and professional fees	-	-	(248)	-	(248)
Other expenses	(117)		(51)	-	(168)
Provision for credit losses	(2)	-	-	97	95

* The loss on settlement of liabilities represent expenses payable to a related party for the settlement of certain liabilities on behalf of the Bank.

26 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Key management personnel
Key management personnel of the Group comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

No shares of the Bank were held by the Directors during the year

Terms and conditions of transactions with related parties
The Group enters into transactions, arrangements and agreements with its related parties in the ordinary course of business at agreed rates and fees. The above mentioned transactions and balances arose from the ordinary course of business of the Group.

Reimbursement of costs relating to the service level agreement entered into with a related party during the year amounted to USD 114 thousand (31 December 2023: USD 110 thousand) (note 25).

Board of Directors' remuneration
No board remuneration was proposed for the years 2024 and 2023 except for the attendance fee.

27 ZAKAH

In accordance with the Articles of Association, the Bank is not required to collect or pay Zakah on behalf of its shareholders or its off-balance sheet equity accounts holders during the year ended 31 December 2024 and the prior period. Accordingly, a statement of sources and uses of Zakah Fund is not presented in the financial statements. However, the Bank is required to calculate and notify individual shareholders of their pro-rata share of Zakah on each share held in the Bank. Zakah payable by the shareholders is computed by the Bank based on the method prescribed by the Bank’s Shari’a Supervisory Board. Zakah payable by the shareholders in respect of each share for the year ended 31 December 2024 is US cents nil for every share held (31 December 2023: US cents nil for every share held). Investors should be aware that the ultimate responsibility of calculating and paying the Zakah due on them is their sole responsibility.

28 EARNINGS PROHIBITED BY SHARI’A

The Group is committed to avoid recognising any income generated from non-Islamic sources. Accordingly, all non-Islamic income is credited to a charity account where the Group uses these funds for charitable means. There were no earnings from non-Islamic sources during the year (31 December 2023: nil).

29 SHARI’AH SUPERVISORY BOARD

The Group’s Shari’a Supervisory Board consists of three Islamic scholars who review the Group’s compliance with general Shari’a principles and specific fatwas, rulings and guidelines issued. Their review includes examination of evidence relating to the documentation and procedures adopted by the Group to ensure that its activities are conducted in accordance with Islamic Shari’a principles.

30 MATURITY PROFILE

The table below shows the maturity profile of the Group’s assets and liabilities and unrecognised commitments on the basis of their expected maturities. The amount of cash flows on these instruments may vary significantly from this analysis. The contractual maturity of financial liabilities are set out in note 33 (c).

30 MATURITY PROFILE (continued)

31 December 2024	***Up to 3 months USD '000***	***3 to 6 months USD '000***	***6 months to 1 year USD '000***	***Total up to 1 year USD '000***	***1 to 3 years USD '000***	***Over 3 years USD '000***	***No fixed maturity USD '000***	***Total USD '000***
Assets								
Balances with banks	1,127	-	-	1,127	-	-	-	**1,127**
Placements with financial institutions	265	135	250	650	-	-	-	**650**
Investments	-	-	29	29	-	-	17,097	**17,126**
Funding to project companies	-	-	-	-	1,939	-	-	**1,939**
Other assets	-	6	1,045	1,051	1,089	23	-	**2,163**
Right-of-use asset	-	-	-	-	-	3,175	-	**3,175**
Property and equipment	-	-	-	-	-	3,874	-	**3,874**
Total assets	**1,392**	**141**	**1,324**	**2,857**	**3,028**	**7,072**	**17,097**	**30,054**
Liabilities								
Employee accruals	89	-	18	107	201	-	-	**308**
Ijarah liability	-	-	98	98	-	3,421	-	**3,519**
Other liabilities	617	449	4,164	5,230	16,225	5	-	**21,460**
Total liabilities	**706**	**449**	**4,280**	**5,435**	**16,426**	**3,426**	-	**25,287**
Net liquidity gap	**686**	**(308)**	**(2,956)**	**(2,578)**	**(13,398)**	**3,646**	**17,097**	**4,767**
Cumulative liquidity gap	**686**	**378**	**(2,578)**	**(2,578)**	**(15,976)**	**(12,330)**	**4,767**	**4,767**
Commitments and contingencies	-	-	**18,674**	**18,674**	**18,964**	**-**	**-**	**37,638**

31 December 2023	*Up to 3 months USD '000*	*3 to 6 months USD '000*	*6 months to 1 year USD '000*	*Total up to 1 year USD '000*	*1 to 3 years USD '000*	*Over 3 years USD '000*	*No fixed maturity USD '000*	*Total USD '000*
Assets								
Balances with banks	2,116	-	-	2,116	-	-	-	2,116
Placements with financial institutions	1,608	-	-	1,608	-	-	-	1,608
Investments	43	-	115	158	2,341	-	23,485	25,984
Funding to project companies	-	-	-	-	2,242	-	-	2,242
Other assets	-	2	512	514	635	44	-	1,193
Right-of-use asset	-	-	-	-	-	3,326	-	3,326
Property and equipment	-	-	-	-	-	3,999	-	3,999
Total assets	3,767	2	627	4,396	5,218	7,369	23,485	40,468
Liabilities								
Employee accruals	43	-	-	43	-	214	-	257
Ijarah liability	-	-	93	93	-	3,519	-	3,612
Other liabilities	323	5,863	7,468	13,654	22,814	89	-	36,557
Total liabilities	366	5,863	7,561	13,790	22,814	3,822	-	40,426
Net liquidity gap	3,401	(5,861)	(6,934)	(9,394)	(17,596)	3,547	23,485	42
Cumulative liquidity gap	3,401	(2,460)	(9,394)	(9,394)	(26,990)	(23,443)	42	42
Commitments and contingencies	-	-	17,806	17,806	3,009	-	-	20,815

31 CONCENTRATION OF ASSETS, LIABILITIES, COMMITMENTS AND EQUITY OF INVESTMENT ACCOUNT HOLDERS

a) Industry sector

31 December 2024	***Trading and manufacturing USD '000***	***Banks and financial institutions USD '000***	***Real estate USD '000***	***Health care USD '000***	***Food and Technology USD '000***	***Oil and gas USD '000***	***Other USD '000***	***Total USD '000***
Assets								
Balances with banks	-	1,127	-	-	-	-	-	**1,127**
Placements with financial institutions	-	650	-	-	-	-	-	**650**
Investments	-	117	13,572	-	2,572	-	866	**17,127**
Funding to project companies	-	-	1,939	-	-	-	-	**1,939**
Other assets	-	14	859	-	703	-	587	**2,163**
Right-of-use asset	-	-	3,175	-	-	-	-	**3,175**
Property and equipment	-	-	3,570	-	-	-	304	**3,874**
Total assets	**-**	**1,908**	**23,115**	**-**	**3,275**	**-**	**1,757**	**30,055**
Liabilities								
Employee accruals	-	-	-	-	-	-	308	**308**
Ijarah liability	-	-	-	-	-	-	3,519	**3,519**
Other liabilities	4,894	3,076	345	-	8	-	13,137	**21,460**
Total liabilities	**4,894**	**3,076**	**345**	**-**	**8**	**-**	**16,964**	**25,287**
Commitments and contingencies	**18,674**	**-**	**15,955**	**-**	**-**	**-**	**3,009**	**37,638**

31 December 2023	*Trading and manufacturing USD '000*	*Banks and financial institutions USD '000*	*Real estate USD '000*	*Health care USD '000*	*Food and Technology USD '000*	*Oil and gas USD '000*	*Other USD '000*	*Total USD '000*
Assets								
Balances with banks	-	2,116	-	-	-	-	-	2,116
Placements with financial institutions	-	1,608	-	-	-	-	-	1,608
Investments	-	723	17,015	-	7,482	-	764	25,984
Funding to project companies	-	-	2,242	-	-	-	-	2,242
Other assets	-	-	657	-	198	-	338	1,193
Right-of-use asset	-	-	-	-	-	-	3,326	3,326
Property and equipment	-	-	3,770	-	-	-	229	3,999
Total assets	-	4,447	23,684	-	7,680	-	4,657	40,468
Liabilities								
Employee accruals	-	-	-	-	-	-	257	257
Ijarah Liability	-	-	-	-	-	-	3,612	3,612
Other liabilities	6,451	3,227	6,927	694	8	-	19,250	36,557
Total liabilities	6,451	3,227	6,927	694	8	-	23,119	40,426
Commitments and contingencies	17,806	-	-	-	-	-	3,009	20,815

31 CONCENTRATION OF ASSETS, LIABILITIES, COMMITMENTS AND EQUITY OF INVESTMENT ACCOUNT HOLDERS (continued)

(b) Geographic region

The following table shows the assets and liabilities of the Group, classified into geographical regions based on the domicile of the entity or underlying assets exposures for the year ended:

31 December 2024	***GCC countries USD '000***	***Other MENA countries USD '000***	***Europe USD '000***	***Cayman Islands / Americas USD '000***	***Total USD '000***
Assets					
Balances with banks	1,127	-	-	-	**1,127**
Placements with financial institutions	650	-	-	-	**650**
Investments	14,526	2,572	29	-	**17,127**
Funding to project companies	1,939	-	-	-	**1,939**
Other assets	1,415	543	13	192	**2,163**
Right-of-use asset	3,175	-	-	-	**3,175**
Property and equipment	3,874	-	-	-	**3,874**
Total assets	**26,706**	**3,115**	**42**	**192**	**30,055**
Liabilities					
Employee accruals	308	-	-	-	**308**
Ijarah Liability	3,519	-	-	-	**3,519**
Other liabilities	15,990	5,293	177	-	**21,460**
Total liabilities	**19,817**	**5,293**	**177**	**-**	**25,287**
Commitments and contingencies	18,964	18,674	-	-	**37,638**

31 December 2023	*GCC countries USD '000*	*Other MENA countries USD '000*	*Europe USD '000*	*Cayman Islands / Americas USD '000*	*Total USD '000*
Assets					
Balances with banks	2,116	-	-	-	2,116
Placements with financial institutions	1,608	-	-	-	1,608
Investments	18,738	7,131	115	-	25,984
Funding to project companies	2,242	-	-	-	2,242
Other assets	981	198	8	6	1,193
Right-of-use asset	3,326	-	-	-	3,326
Property and equipment	3,999	-	-	-	3,999
Total assets	33,010	7,329	123	6	40,468
Liabilities					
Employee accruals	257	-	-	-	257
Ijarah Liability	3,612	-	-	-	3,612
Other liabilities	29,921	6,460	176	-	36,557
Total liabilities	33,790	6,460	176	-	40,426
Commitments and contingencies	3,009	17,806	-	-	20,815

32 COMMITMENTS AND CONTINGENCIES

The Group has outstanding letters of guarantee in respect of projects, and commitments to finance and invest as follows:

	31 December 2024 USD '000	*31 December 2023 USD '000*
Letters of guarantee	**37,638**	20,815
	37,638	20,815

32.1 During the previous year, certain letters of guarantee, which were provided for in the books have now been recognised in the books as a liability. Accordingly, the off-balance sheet exposure has been removed from the books. The outstanding liability in these accounts stands at USD 4,902 thousand (31 December 2023: USD 7,154 thousand) as at 31 December 2024 (note 17).

32.2 During the year, the Group provided a guarantee to Real Estate Regulatory Authority (RERA) for an amount of USD 16 million on behalf of an associated entity. This guarantee is backed by a counter guarantee from EIC, who have pledged some of their assets to cover the Groups exposure in the guarantee.

Performance obligations

During the ordinary course of business, the Group may enter into performance obligations in respect of its infrastructure development projects. It is the usual practice of the Group to pass these performance obligations, wherever possible, on to the companies that own the projects. In the opinion of the management, no liabilities are expected to materialise on the Group as at 31 December 2024 due to the performance of any of its projects.

Litigations and claims

The Bank had issued a letter of guarantee to a certain investment company/project valued at 130% of the Bank's share in the company's outstanding obligation (including principal and accrued profits) of USD 18,260 thousand (31 December 2023: USD 17,390 thousand). In addition to the corporate guarantees, the investee company has also pledged its primary asset to the lender against these obligations. While the depreciated cost of the asset exceeds the outstanding obligation of the investee company, the fair value of the asset is difficult to be ascertained as currently there are no operations in the investee company due to current economic conditions.

33 RISK MANAGEMENT AND CAPITAL ADEQUACY

The Group has an internal risk management function to oversee risk management and ensure the maintenance of an adequate capital base in line with best practice and in compliance with the regulations of the Central Bank of Bahrain. The Audit & Risk Committee of the Board has the overall responsibility for this function, which is managed by the Management’s Executive Committee through the Risk Management Department.

The Risk Management Department independently identifies and evaluates risks in respect of each investment proposal, and periodically monitors and measures risks at investment and statement of financial position level. The Head of Risk Management reports to the Audit & Risk Committee of the Board and has access to the Board of Directors.

The Group is exposed to credit risk, concentration risk, liquidity risk, and market risk (which comprises equity price risk, profit rate risk and currency risk), in addition to operational risk. The Group’s approach to monitoring, measuring and managing these risks are discussed below.

33 RISK MANAGEMENT AND CAPITAL ADEQUACY (continued)

a) Credit risk

Credit risk is the risk that the counterparty to a financial instrument does not discharge its obligations on due dates and cause the other party to incur a financial loss. The Group’s credit risk arises mainly from the balances with banks, murabaha financing to investee companies, receivables, funding to project companies, wakala contract receivable and certain other assets like advances to acquire investments, project costs recoverable and other receivables.

The Group has put in place policies and procedures for managing credit risks to ensure that risks are accurately assessed, properly approved and regularly monitored. Formal credit limits are applied at counterparty and single obligor level. Overall exposures, including large exposures, are evaluated on a monthly basis to ensure a broad diversification of risk by counterparties and concentration limits by geography and industry.

Credit-related commitments risks

In the course of its business, the Group may extend to its investment project companies guarantees which may require the Group to make payments on their behalf. Such payments are collected from the projects based on the terms of the guarantee. They expose the Group to risks similar to financing contracts and these are mitigated by the same control processes and policies.

Maximum exposure to credit risk

The maximum exposure of credit risk on the financial assets of the Group is the carrying value of the financial assets as at 31 December 2024.

Past due

The Group's receivables are generally free of profit and do not have specific terms of repayment, but are expected to be recovered in full in the course of project development and on realisation of cash flows from sale of the underlying assets and their operations. The Group does not consider these as past due based on the expected cash flows of the project companies. The expected timelines of recovery are set out in note 30.

Definition of default

The Group considers a financial asset to be in default when the obligor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as liquidating collateral; or usually when the obligor is past due more than 90 days for any material credit obligation to the Group. In assessing whether an obligor is in default, the Group considers both qualitative factors such as breaches of covenants and quantitative factors such as overdue status and non-payment of another obligation by the same issuer to the Group.

The gross amount of impaired exposures by class of financial assets is as follows:

	31 December 2024 USD '000	*31 December 2023 USD '000*
Murabaha financing to investee companies	**7,953**	6,423
Receivables	**2,355**	4,853
Wakala contract receivable	**-**	13,341
Funding to project companies	**-**	1,061
Other assets	**9,462**	10,368
Total	**19,770**	36,046

33 *RISK MANAGEMENT AND CAPITAL ADEQUACY (continued)*

b) Concentration risk

Concentration risk arises when a number of counterparties are engaged in similar economic activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group seeks to manage its concentration risk by establishing geographic and industry wise concentration limits. The geographical and industry wise distribution of assets and liabilities are set out in note 31.

At 31 December 2024, the total credit exposure to individual counterparties which comprised 10% or more of the Group's equity was USD 37 million relating to 25 counterparties (31 December 2023: USD 44 million relating to 21 counterparties).

c) Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The table below shows the undiscounted cash flows on the Group's financial liabilities, including issued financial guarantee contracts, and unrecognised financing commitments on the basis of their earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. The Group's expected cash flows on these instruments may vary significantly from this analysis. The expected maturity profile of assets and liabilities are set out in note 30.

	Gross undiscounted cash flows						
31 December 2024	***Up to 3 months USD '000***	***3 to 6 months USD '000***	***6 months to 1 year USD '000***	***1 to 3 years USD '000***	***Over 3 years USD '000***	***No Fixed Maturity USD '000***	***Total USD '000***
Liabilities							
Employee accruals	**89**	**-**	**18**	**201**	**-**	-	**308**
Ijarah liability	**-**	**-**	**98**	**-**	**3,421**	-	**3,519**
Other liabilities	**617**	**449**	**4,164**	**16,225**	**5**	-	**21,460**
Total financial liabilities	**706**	**449**	**4,280**	**16,426**	**3,426**	**-**	**25,287**
Commitments and contingencies	**-**	**-**	**18,674**	**18,964**	**-**	**-**	**37,638**

	Gross undiscounted cash flows						
31 December 2023	*Up to 3 months USD '000*	*3 to 6 months USD '000*	*6 months to 1 year USD '000*	*1 to 3 years USD '000*	*Over 3 years USD '000*	*No Fixed Maturity USD '000*	*Total USD '000*
Liabilities							
Employee accruals	43	-	-	-	214	-	257
Ijarah liability	-	-	93	-	3,519	-	3,612
Other liabilities	323	5,863	7,468	22,814	89	-	36,557
Total financial liabilities	366	5,863	7,561	22,814	3,822	-	40,426
Commitments and contingencies	-	-	17,806	3,009	-	-	20,815

33 *RISK MANAGEMENT AND CAPITAL ADEQUACY (continued)*

d) Market risk

Market risk is the risk that changes in market prices, such as profit rate, equity prices, foreign exchange rates and credit spreads will affect the Group's income or the value of its holdings of financial instruments. Market risk comprises four types of risk: currency risk, profit rate risk, equity price risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Profit rate risk

Profit rate risk arises due to different timing of re-pricing of the Group's assets and liabilities. The Group's significant financial assets and liabilities sensitive to profit rate are placements with financial institutions, financing receivables and financing payables. The Group's exposure to profit rate risk is limited due to the relatively short-term nature of these assets.

Overall, profit rate risk positions are managed by the Group's Treasury, which uses placements from / with financial institutions to manage the overall position arising from the Group's activities.

(ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to currency risks on certain financing receivables and listed investments denominated in Kuwaiti Dinars, Great Britain Pounds and Turkish Lira. The Group seeks to manage currency risk by continually monitoring exchange rates and exposures.

The Group had the following significant currency exposures as of 31 December:

	31 December 2024 USD '000	*31 December 2023 USD '000*
Kuwaiti Dinars	**7**	99
Great Britain Pounds	**171**	332
Turkish Lira	**5,172**	14,029

33 *RISK MANAGEMENT AND CAPITAL ADEQUACY (continued)*

d) Market risk (continued)

(ii) Currency risk (continued)

The table below indicates the currencies to which the Group had significant exposure at 31 December 2024 and 31 December 2023 on its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against the US Dollar with all other variables held constant on the consolidated statement of income (due to the fair value of currency sensitive non-trading monetary assets and liabilities) and equity. A negative amount on the table below represents a potential net reduction in the consolidated statements of income or equity, while a positive amount reflects a net potential increase.

		31 December 2024		*31 December 2023*	
	Change in currency rates	***Effect on income USD '000***	***Effect on equity USD '000***	*Effect on income USD '000*	*Effect on equity USD '000*
Kuwaiti Dinars	+10%	**1**	**1**	10	10
Great Britain Pounds	+10%	**17**	**17**	33	33
Turkish Lira	+10%	**517**	**517**	1,403	1,403
Kuwaiti Dinars	-10%	**(1)**	**(1)**	(10)	(10)
Great Britain Pounds	-10%	**(34)**	**(34)**	(66)	(66)
Turkish Lira	-10%	**(517)**	**(517)**	(1,403)	(1,403)

(iii) Other price risk

The Group’s investments at fair value through equity are carried at cost are exposed to risk of changes in equity values. Refer note 4 for significant accounting judgements and estimates in relation to impairment assessment of these investments carried at cost. The Group manages exposure to other price risks by actively monitoring the performance of the equity securities.

(iv) Equity price risk on quoted equities

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the value of individual companies’ shares. The effect on profit and equity, as a result of a change in fair value of trading equity instruments and equity instruments at fair value through equity, due to a reasonably possible change in equity indices or net asset values, with all other variables held constant, is as follows:

	31 December 2024		*31 December 2023*	
	Effect on income USD '000	***Effect on equity USD '000***	*Effect on income USD '000*	*Effect on equity USD '000*
Trading Securities	**257**	**257**	685	685

e) Operational risk

Operational risk is the risk of loss arising from systems and control failures, fraud and human errors, which can result in financial and reputation loss, and legal and regulatory consequences. The Group manages operational risk through appropriate controls, instituting segregation of duties and internal checks and balances, including internal audit and compliance. The Risk Management Department is in charge of identifying, monitoring and managing operational risk in the Bank. The Group has an approved policy for doing this and the organisational and physical infrastructure is in place.

33 *RISK MANAGEMENT AND CAPITAL ADEQUACY (continued)*

f) Capital management

The Bank's regulator, the CBB sets and monitors capital requirements for the Group as a whole. The Group is required to comply with the provisions of the Capital Adequacy Module of the CBB (based on the Basel III and the Islamic Financial Services Board "IFSB" frameworks) in respect of regulatory capital. In implementing current capital requirements, the CBB requires the Group to maintain a prescribed ratio of total capital to risk-weighted assets. The Bank's operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The Group's regulatory capital position was as follows based on the consolidated prudential information report for Islamic banks prepared by the Group's management as of the date of these consolidated financial statements:

	31 December 2024 USD '000	*31 December 2023 USD '000*
Total risk weighted assets	**311,258**	342,699
CET1 capital	**(23,007)**	(25,784)
Additional Tier 1 capital	**4,669**	5,140
Tier 2 capital	**327**	995
Total regulatory capital	**(18,011)**	(19,649)
Total regulatory capital expressed as a percentage of total risk weighted assets	**-5.79%**	-5.73%
Minimum requirement	**12.5%**	12.5%

Total Common Equity Tier 1 capital comprises of share capital, share premium, statutory reserve and retained earnings, minority interest in consolidated subsidiaries less gross unrealised loss arising from fair valuing equities.

Additional Tier 1 comprise the Subordinated mudharaba Sukuk issued by the Bank, which meet the criteria of AT1 and is perpetual with a loss absorbing / conversion feature.

Tier 2 capital comprises of unrealised gains arising from fair valuing equity securities supported by independent valuations. Certain adjustments are made to IFRS and AAOIFI based results and reserves, as prescribed by the CBB.

Total CAR amounting (5.79)% as of 31 December 2024, is in breach of the minimum requirement of 12.5% as prescribed under CA-2.2.1 of Volume 2 of the CBB rule book.

Tier 1 and CET1 CAR of (5.89)% and (7.39)% respectively, is also in breach of the minimum regulatory requirement of 10.5% as prescribed under CA-2.2.1 of Volume 2 of the CBB rule book.

The Bank received an exemption from the CBB for the breach in the Capital Adequacy Ratio in relation to paragraphs LM-11.1.4, LM-12.3.3 and CM-2.5.3 of the CBB Rulebook and also obtained the approval to increase the Regulatory Capital by issuing the Sukuk.

34 FAIR VALUE

Fair value
Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. This represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

As at 31 December 2024 and 31 December 2023, the fair value of bank balances, placements with financial institutions, other financial assets, and other financial liabilities are not expected to be materially different from their carrying values as these are short term in nature and are re-priced frequently to market rates, where applicable. Investment securities carried at fair value through income statement are carried at their fair values determined using quoted market prices and internal valuation models.

The table below analyses the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. as derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data; and

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity indices, EBITDA multiples and revenue multiples and expected price volatilities and correlations.

The Group uses proprietary valuation models, which are usually developed from recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Company believes that a third-party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and the counterparty where appropriate.

Model inputs and values are calibrated against historical data and published forecasts and, when possible, against current or recent observed transactions and broker quotes. This calibration process is inherently subjective, and it yields ranges of possible inputs and estimates of fair value, and management judgement is required to select the most appropriate point in the range.

The table below analyses financial instruments, measured at fair value as at the year-end, by level in the fair value hierarchy into which the fair value measurement is categorized:

34 *FAIR VALUE (continued)*

31 December 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
	USD '000	**USD '000**	**USD '000**	**USD '000**
Investment securities carried at:				
- fair value through income statement	-	2,572	14,555	**17,127**
	-	**2,572**	**14,555**	**17,127**

31 December 2023	Level 1	Level 2	Level 3	Total
	USD '000	USD '000	USD '000	USD '000
Investment securities carried at:				
- fair value through income statement	6,811	42	14,114	20,967
- fair value through equity	-	-	5,017	5,017
	6,811	42	19,131	25,984

The following table shows a reconciliation of the opening and closing amount of Level 3 financial assets:

	31 December 2024	*31 December 2023*
	USD 000	*USD 000*
At 1 January	**19,131**	19,216
Fair value losses recognised in the consolidated statement of income	**(378)**	(3,489)
Impairment recognised during the year	**(291)**	(6,424)
Fair value reserve	**-**	(492)
Sale of investments during the year	**(8,592)**	(4,552)
Transfers from level 3 to level 1	**-**	(6,811)
Transfers from level 3 to level 2 *	**(566)**	-
Additions during the year	**2,880**	5,264
Investments received on sukuk issuance	**2,371**	16,419
At 31 December	**14,555**	19,131

* During the year, the Bank successfully listed one of its major investments. Accordingly, this investment has been reclassified from level 3 proprietary investment to a level 2.

The potential effect of using reasonable possible alternative assumptions for fair valuing certain equity investments classified as level 3 are summarised below:

Type	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Investment securities at FVTPL and FVTE	Discounted cash flows: The valuation model considers the present value of the expected cash flows, discounted using a risk-adjusted discount rate.	Expected cash flows Risk adjusted discount	The estimated fair value would increase (decrease) if: - the expected cash flows were higher (lower); or - the risk-adjusted discount rate were lower (higher).
	Market comparison technique: The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of non-marketability of the equity securities, and revenue and EBITDA of the investee.	EBITDA multiple Discount for lack of marketability	The estimated fair value would increase (decrease) if: - the EBITDA multiple were higher (lower); or - the discount for lack of marketability were lower (higher).
	Adjusted net assets values of investee where major assets valued at fair value	Adjusted net assets	The estimated fair value would increase (decrease) if: - the adjusted net assets were higher (lower)
	Comparable transaction prices	Not applicable	The estimated fair value would increase (decrease) if: the Comparable transaction prices were higher (lower)

34 *FAIR VALUE (continued)*

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effect:

	31 December 2024 USD 000	*31 December* ***2023*** *USD 000*
Profit or loss		
WACC (1% increase)	**(898)**	(1,169)
Comparable transaction price (10% increase)	**61**	215
Non-marketability factor (10% increase)	**(8)**	(116)
Net asset value (10% increase)	**216**	225
At 31 December	**(629)**	(845)
WACC (1% decrease)	**1,090**	1,394
Comparable transaction price (10% decrease)	**(61)**	(215)
Non-marketability factor (10% decrease)	**12**	105
Net asset value (10% decrease)	**(216)**	(225)
At 31 December	**825**	1,059

35 BAHRAIN DOMESTIC MINIMUM TOP-UP TAX

On 1 September 2024, Bahrain issued the Decree Law (11) of 2024 which introduces a Domestic Minimum Top-Up Tax (“DMTT”) for Multinational Enterprises (“MNEs”) (hereinafter referred to as the “DMTT Law”). If the Ultimate Parent Entity of the MNE group is domiciled and operates in the Kingdom of Bahrain, a minimum tax of 15% will be levied on the taxable income of the Bahrain resident entities of the MNE group for fiscal years commencing on or after 1 January 2025.

As per the group’s assessment of applicability of the DMTT law, it has assessed and concluded that it is not in scope for the Bahrain DMTT law or the OECD Global Anti-Base Erosion Pillar Two Model Rules (‘GloBE rules’). The reason for this conclusion is:

a. The Group is not an MNE group as it only operates in Bahrain

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

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

36 COMPARATIVE FIGURES

Certain prior year's figures have been regrouped to confirm to the presentation adopted in the current year. Such regrouping did not affect the previously reported profit for the year or total owners equity.