

The App\_lication of  
Insightful Strategy

2024. Book 01.  
Annual Report, ESG Review +  
Financial Highlights







His Majesty  
King Hamad bin Isa Al Khalifa

The King of the  
Kingdom of Bahrain



His Royal Highness  
Prince Salman bin Hamad Al Khalifa

Crown Prince, Deputy Supreme  
Commander and Prime Minister  
of the Kingdom of Bahrain

# Book 01

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Financials

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# History + Founding

GFH Financial Group was founded in 1999 in the Kingdom of Bahrain and has grown strategically to become one of the region's leading financial services brands. The first overseas office in Dubai helped GFH address the needs of its clientele in the Emirates. GFH continues to add to its geographic footprint. Our well-established market positions are supported by on-the-ground staff in strategically positioned office locations in the UK, KSA and Kuwait.

Global Headquarters ■

GFH House, Sea Front, 2nd Floor,  
Block 346, Road 4626, Manama,  
Kingdom of Bahrain.

Global Offices ■

UAE  
401 Level 4, Precinct Building 3, DIFC,  
Gate District, Dubai. United Arab Emirates.

KSA  
Floor 22, Kingdom Tower, King Fahad Rd,  
Riyadh. Kingdom of Saudi Arabia.

Kuwait  
Burj Alshaya  
01, 24th Floor, Mirqab, Kuwait.

UK  
73-77 Brook Street, Mayfair London.  
England. United Kingdom



01:

# The Business

A 54 Page Executive Review of  
our Group's Performance in 2024

# An Established Legacy

A growing financial services leader, GFH Financial Group is a global brand with an extensive regional footprint across the GCC. The Group implements a diversified asset allocation strategy to effectively navigate the numerous challenges in an ever-changing macroeconomic environment while also maintaining a leading investment position in the Gulf.

Head-quartered in Bahrain, GFH's innovative approach to Islamic investment banking services has been recognised internationally for over two decades. GFH has developed a strong and consistent ability to identify, successfully bring to market and capitalise on a wide range of solid investment opportunities in some of the world's most dynamic markets and sectors. This approach signifies the Group's investment insights and commitment to increase the value of its assets and financial returns to its investors and shareholders.

Since the Group's inception in 1999, GFH's assets under management reached to US\$22 billion from its strong client base in three main activity areas:

- Investment Management
- Commercial Banking
- Treasury & Proprietary Investments

GFH is listed on four stock exchanges in the GCC, including the Bahrain Bourse, Boursa Kuwait, Abu Dhabi Securities Exchange (ADX) and Dubai Financial Market (DFM) where it is one of the most liquid and actively traded stocks. GFH's operations are principally focused on US, GCC, Europe and UK, along with a prime focus in KSA and UAE.

## **Diversification**

An integral aspect of GFH's Group vision is the adoption of a dynamic, entrepreneurial investment approach, one underpinned by solid foundation of professional credentials. Furthermore, the Group pursues a diversified asset allocation strategy to adapt to the multitude of challenges in an ever-changing macro environment whilst working closely with our stakeholders to realistically meet expectations.

In terms of asset class diversification, GFH has participated in and brought privileged access to unique investments in wide-ranging sectors that are essential to daily life such as real estate, hospitality, retail, healthcare, industrial, education and technology. Geographically, GFH initially had an investment focus on the Middle East and North Africa, but in recent years the Group has further diversified its holdings across the U.S., Europe and U.K. to take advantage of emerging opportunities in these markets.

GFH's technical strength continued to grow as evidenced by our new AI-powered App, which puts smart financial tools into our clients' hands.



# 22

GFH's assets under management (AUM) reached to US\$22b.



# Revenue Lines

Our Group provides our clients with comprehensive and tailored financial solutions suited to their unique preferences and requirements, covering Investment Management, Commercial Banking and Treasury & Proprietary Investments.

GFH's dynamic strategy ensures we capture emerging global opportunities within sectors with reliable fundamentals.

## **Leadership in Investment Management**

We are committed to advancing our regional leadership in investment management by expanding our diverse portfolio of assets and services. Our dedicated Investment Management team focuses on acquiring, managing and optimizing investments to consistently surpass benchmark returns. Our primary focus is private equity, real estate and private credit, offered to our clients via a diverse range of investment opportunities. Our portfolio covers four areas designed to cater to different investment preferences and objectives. These range from Private Equity and Asset Management to Education and Tech Platforms. We expand on these in more detail here.

## **Diverse Offerings from Commercial Banking**

We are excited about the ambitions of our future-looking, wholly-owned Islamic banking subsidiary, Khaleeji Bank B.S.C. This progressive commercial bank strives for excellence in customer experience and has a slew of ambitious moves in the pipeline for the coming year. Driven by a new and well-defined business strategy, Khaleeji has been diligently pursuing comprehensive digital transformation. This is coupled with the implementation of innovative strategies, enhancing the customer experience while delivering products and services that deliver greater profitability and income generation.

Khaleeji comprises key components that cater to distinct financial needs. Consumer Finance serves individual customers, offering personal loans, mortgages and credit card service. Corporate Banking provides tailored financial

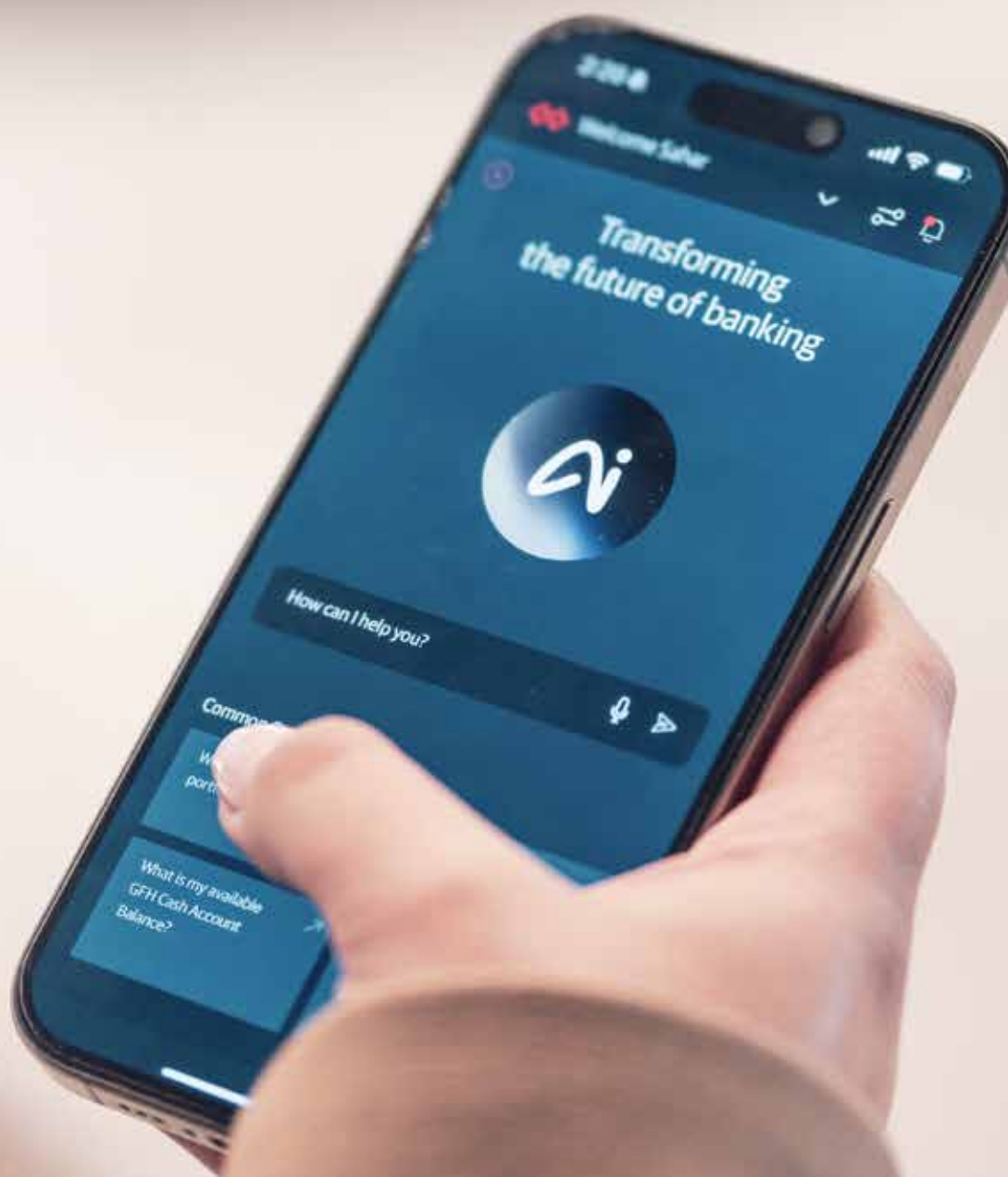
business services, including lending, cash management and trade finance. Private Banking caters to HNIs (high net worth individuals) with personalised wealth management and investment services. Finally, the Treasury function manages the bank's financial assets and liabilities, including foreign exchange, money markets and risk management. Together, these components form a comprehensive suite of financial services designed to meet the growing demands needs of retail and corporate clients alike.

## **Treasury and Proprietary Investments Strategies**

These investment teams are responsible for liquidity and management operations, including fundraising and investment activities, with the aim of ensuring the GFH has optimal liquidity while maximizing shareholder returns.

Our investments span a variety of portfolios, including the Liquid Treasury Portfolio (LTP), which is tailored to enhance liquidity and efficiently manage cash flow.

Additionally, we actively manage and monetise our current proprietary investments to maximise returns and mitigate risks. Our approach includes utilising financing, allowing us to secure capital through a combination of debt and equity, thus enhancing our investment opportunities and potential for growth.



Transforming  
the future of banking



How can I help you?

Common

What is my available  
GFH Cash Account  
Balance?

# Achievements + Recognition

2024

Euromoney  
Forbes  
Global Finance Awards  
The Banker

Market Leader in Investment Banking  
Top 30 Asset Managers  
World's Best Islamic Investment Bank  
Best Private Bank in Bahrain (2025)  
Top 1000 World Banks  
Top 100 Arab Bank

2023

Global Finance Awards  
Euro Money  
Global Business Outlook  
Arabian Business  
CEO Middle East  
The Banker Middle East  
MEA Finance  
Work Economic Magazine  
Fortune Arabia

World's Best Islamic Investment Bank  
Market Leader in Investment Banking - Bahrain  
Best Investment Bank - Bahrain  
100 Most Inspiring Leaders  
CEO of the Year - Financial Services  
Top Islamic Financial Institutions - Tier 1 Capital  
Best Real Estate Investment Firm  
Best Investment Bank GCC  
Top 500 Arab Companies

2022

MEA Finance  
Forbes  
Euromoney  
Arabian Business  
MEA Finance  
Global Finance  
GIFA  
International Business  
International Finance

Best Private Bank  
Best Investment Management Firm  
Top 30 Asset Management Companies in ME  
Best Investment Bank - Bahrain,  
Investment Banking Market Leader  
CEO of the Year - Financial Services  
Best Real Estate Investment Firm  
World's Best Islamic Asset Manager  
Best Islamic Investment Bank  
Best Investment Bank - Middle East  
Most Innovative Investment Bank - Bahrain

GFH is proud to be recognised as a leader in the Middle East's financial sector. Over the last 18 years, the Group won numerous accolades from some of our industry's most notable international awards bodies; the Group has also been lauded by many top-ranked global authorities.

2022	<ul style="list-style-type: none"> <li>Forbes (Middle East)</li> <li>Asia Money (Euromoney)</li> <li>MEA Finance</li> <li>MEA Finance</li> <li>Global Finance</li> </ul>	<ul style="list-style-type: none"> <li>Middle East's 30 Biggest Asset Managers - #10</li> <li>Best Corporate &amp; Investment Bank Middle East</li> <li>Best Investment Bank - Islamic,</li> <li>Best Sukuk Deal of the Year</li> <li>World's Best Islamic Asset Manager</li> </ul>
2021	<ul style="list-style-type: none"> <li>MEA Finance</li> <li>MEA Finance</li> <li>International Business</li> <li>Global Business Outlook</li> </ul>	<ul style="list-style-type: none"> <li>Best Private Bank</li> <li>Best Investment Management Firm</li> <li>Best Investment Bank - Middle East</li> <li>Most Innovative Diversified Investment Portfolio</li> </ul>
2019	<ul style="list-style-type: none"> <li>Banker Middle East</li> <li>CPI Financial</li> <li>CEO Middle East</li> </ul>	<ul style="list-style-type: none"> <li>Best Investment Management Services</li> <li>Best Investment Bank</li> <li>Investment Bank CEO of the Year</li> </ul>
2018	<ul style="list-style-type: none"> <li>Islamic Business &amp; Finance</li> <li>Banker Middle East</li> <li>Banker Middle East</li> <li>Banker Middle East</li> </ul>	<ul style="list-style-type: none"> <li>Best Investment Bank - Middle East</li> <li>Best Asset Manager - Middle East</li> <li>Fastest Growing Bank - Middle East</li> <li>Best Investment Bank - Middle East</li> </ul>
2017	<ul style="list-style-type: none"> <li>Global Brands Magazine</li> <li>Middle East Industry</li> </ul>	<ul style="list-style-type: none"> <li>Best Islamic Financial Group</li> <li>Best Investment Bank</li> </ul>
2016	<ul style="list-style-type: none"> <li>Islamic Business &amp; Finance</li> <li>Banker Middle East</li> </ul>	<ul style="list-style-type: none"> <li>Best Investment Bank - Middle East</li> <li>Best Wealth Management Firm</li> </ul>
2015	<ul style="list-style-type: none"> <li>CPI Financial</li> <li>Banker Middle East</li> </ul>	<ul style="list-style-type: none"> <li>Fastest Growing Bank - Bahrain</li> <li>Best Wealth Management Firm</li> </ul>
2014	<ul style="list-style-type: none"> <li>CPI Financial</li> </ul>	<ul style="list-style-type: none"> <li>Best Islamic Investment Bank - Bahrain</li> </ul>
2006 - 2012	<ul style="list-style-type: none"> <li>Euromoney</li> <li>Euromoney</li> <li>Banker Middle East</li> </ul>	<ul style="list-style-type: none"> <li>Best Investment Bank</li> <li>Best Islamic Investment Bank</li> <li>Deal of the Year</li> </ul>

# Portfolio Segmentation

One

## Commercial Banking

–  
P18 + 21

Khaleeji Bank is a leading Bahraini commercial Islamic bank offering a range of banking products. GFH owns a majority stake in the bank which has been undertaking a dramatic repositioning recently with an ambitious new direction.

Two

## Infrastructure

–  
P22 + 27

GFH is expanding its investments in renewable energy and sustainable infrastructure. As energy-intensive AI becomes more prevalent, power demand continues to rise as does the need for innovative and solutions.

Three

## Private Credit

–  
P28 + 31

Private credit markets in the GCC, U.S. and EU are experiencing strong growth, driven by high interest rates and tighter bank lending. It's likely that all three markets will see sustained growth due to increased liquidity in the mid term.

Four

## Education

–  
P32 + 35

GFH's education investments span K-12 and higher education institutions. This includes Britus Education, our dedicated K-12 platform, and UTB (University of Technology Bahrain), the Kingdom's first technology-focused learning centre.

GFH's holdings have grown into a strategically diverse portfolio spanning eight key segments, providing a balance of risk with robust upside potential. GFH offers customized financial solutions across these eight segments through Investment Management, Commercial Banking and Treasury & Proprietary Investments, tailored to our client's unique needs. In this section, you'll find a detailed analysis of these portfolio segments.

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## Five Technology

–  
P36 + 41

GFH is invested in various technology holdings, including the revenue-generating UAE-based app, the Entertainer. We see this sector as a vital growth area for the Group in the coming period.

---

## Six Consumer & Hospitality Infrastructure

–  
P42 + 45

Our consumer & hospitality infrastructure segment comprises holdings in Food & Beverage as well as Tourism. The region is experiencing rapid development in both segments due to population growth and technological advances.

---

## Seven Logistics

–  
P46 + 49

GFH's logistics portfolio comprises a range of income-generating, mission-critical assets strategically positioned in key distribution hubs across the United States, the UK, Europe, and the Gulf region; focusing on assets that meet growing market demands.

---

## Eight Living Sector

–  
P50 + 57

Our living sector investments are diversified across dynamic sub-sectors with proven long-term fundamentals such as student housing and multifamily, allowing us to capitalize on high-demand properties that deliver strong returns.

---

## Nine Healthcare

–  
P58 + 63

The healthcare sector is evolving rapidly, driven by advancements in digital health infrastructure and the localisation of pharmaceutical manufacturing. The region continues to roll out medical innovations in genomic medicine and robotic-assisted healthcare.

# Commercial Banking

## 01/9

# 10.15



The bank has completed a milestone-filled year, with exceptional achievements that contributed to a 10.15% increase in the number of clients, positively impacting Net Profits Attributable to the Shareholders.

The past year delivered a positive performance for Khaleeji in which GFH own a majority stake. We are excited about the continued ascent of this future-focussed, Islamic banking subsidiary, which reflects an unwavering commitment to sustainable growth and enhanced shareholder value. The bank continues to pursue excellence in customer experience and its transformation continues with new offerings expected in the coming year.



Khaleeji has undergone broad changes to its brand positioning, customer profiling and service provisioning as part of a wide ranging strategic shift and digital transformation.

Driven by a new and well-defined business strategy, the bank has been diligently pursuing comprehensive digital transformation, alongside the implementation of innovative strategies to enhance client satisfaction, while delivering products & services that support increased profitability and income generation.

We are delighted to report positive financial results for the fifth consecutive year for Khaleeji Bank. The growth in revenue and net profits underscores the quality of the bank's financial services and excellence in delivering comprehensive banking solutions, instilling greater optimism in all of us for the future. These results come despite the global increase in the cost of financing due to rising global profit rates and their impact on local profit rates, which is reflected in the performance of many establishments working in the banking sector.

We recognize the challenges posed by high profit rates and their impact on growth, and we are confident that Khaleeji will be prepared to take a proactive approach so that it can adapt to new global transformations. We have allocated our resources towards overcoming these challenges and maintaining the bank's profitability, based on the Kingdom's favourable economic environment which is of great importance to the prosperity and excellence of all banks.

#### **An Ambitious Brand**

The year 2024 marked the second year since this prestigious institution has re-branded from "Khaleeji Commercial Bank" to "Khaleeji Bank", reflecting its vision for the banking sector and ambitions for the future, particularly in providing the foundations for the success of valued clients and always being an integral part of their achievements and stories.

The bank has completed a milestone-filled year, with exceptional achievements that contributed to a 10.15% increase in the number of clients, positively impacting Net Profits Attributable to the Shareholders. The bank has also recorded a 54.48% increase in Total Comprehensive Income Attributable to the Parent Company's Shareholders compared to the previous year, while total income shows an increase of 16.09% in 2024 compared to 2023.

Khaleeji is adhering to an ambitious strategy based on innovation and creativity to provide the best banking products & services, which have an important impact in achieving the bank's visions in line with its new identity to achieve their clients' ambitions and pave the way for them to excel and succeed. Throughout the year, Khaleeji has continued to forge strategic partnerships with various public and private sector entities across key industries, including real estate development, housing, education, and investment.

### **Sustainability and ESG**

Sustainability and ESG integration emerge as pivotal themes within the banking sector. As companies progressively prioritize environmental, social, and governance factors, banks strategically align themselves with sustainability goals. This entails investing in green projects, assessing climate risks, and integrating ESG principles into lending decisions. Beyond mere compliance, ESG has become a strategic imperative, influencing operational effectiveness, risk management, and reputation. Banks play an important role in advancing global de-carbonization efforts, while navigating the ever-changing financial landscape.

Khaleeji has focused its efforts on supporting four key sectors: Education, Environment, Youth, and Sports. This included backing numerous initiatives and leading institutions such as INJAZ Bahrain, the Bahrain Institute of Banking and Finance (BIBF), Youth City 2030, and the Shaikh Ebrahim bin Mohammed Al Khalifa Center for Culture & Research.

The bank also supported several esteemed schools, along with the Bahrain Football Association, the Bahrain Basketball Association, and the Bahrain Paralympic Committee, in addition to sponsoring major local, regional, and international sporting events hosted in the Kingdom of Bahrain. Meanwhile, the bank remains committed to supporting the Kingdom's national objective of achieving net-zero carbon emissions by the year 2060 through the adoption of various innovative programs and initiatives.

### **Digital Transformation**

Digital Transformation in the banking sector is expected to continue growing throughout 2025, driven by evolving consumer behaviors and expectations around digital financial services. Banks are accelerating the implementation and adoption of digital technologies to improve operational efficiency and re-imagine the customer journey, as well as adapt to the rapidly evolving market landscape. The convergence of these trends will reshape how banks operate and serve customer needs for years to come.

Khaleeji has launched its enhanced Open Banking services, providing clients with unprecedented flexibility and a comprehensive overview of their accounts, cards, and financial resources via the "Khaleeji" App. Furthermore, the bank has introduced "Hafeez" which is an innovative digital banking platform designed specifically to meet corporate client needs. The platform was updated with new features to streamline processes and enhance efficiency, delivering an integrated and advanced banking experience. In recognition of these accomplishments, Khaleeji has received several prestigious awards on local and regional levels.

### **Profit Rate Environment**

Over the past few years, central banks worldwide implemented steep profit rate increases to reduce inflationary pressure. These high profit rates have tested economies, as they impacted both individuals and businesses with the inclusion of global markets, as well as overall investment dynamics. As expectations for high inflation are being scaled back and global inflation gradually easing rate cuts are expected. However, the timing depends on various economic factors. Overall, the profit rate landscape remains dynamic.



Khaleeji launched an enhanced Open Banking service, providing their clients with unprecedented flexibility and a comprehensive overview of all their bank accounts, cards and financial resources through their own App.



# Infrastructure

## 02/9

# 22



Resulting energy consumption of US data centers to grow 22% from 147 TWh in 2023 to 606 TWh by 2030.

International energy markets are projected to report a substantial rise in electricity demand across both the US and EU markets. Growth is being fuelled largely by the rapid expansion of large scale data centres and the trend towards growing adoption of electric vehicles. Additionally, the transition to electrification in heating, transportation, domestic manufacturing and industrial expansion is further accelerating energy needs.



With strong public support for net zero and EU regulations driving adoption, renewable energy assets are increasingly attractive to investors.

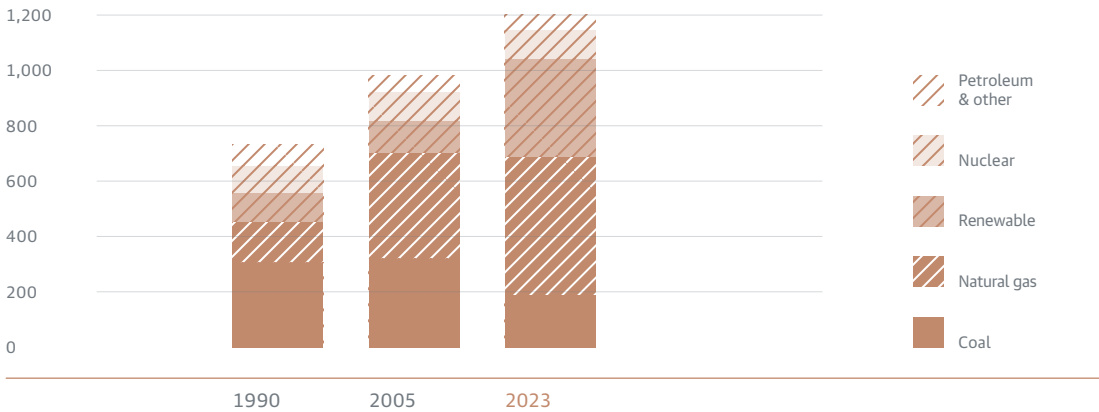
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## US Infrastructure Sector (Power Grid, Renewables & Data Centers)

The International Energy Agency (IEA) anticipates US electricity demand to increase significantly primarily driven by accelerating data center energy consumption, rising adoption of electric vehicles (EVs), industrial mega projects and resurgence in manufacturing activity.

The US energy mix has shifted over the past few decades, particularly in recent years. There has been a clear shift from usage of traditional fossil fuels toward renewable energy sources.

## US utility-scale electricity generation capacity by major energy source, 1990, 2005, and 2023



Source: U.S. Energy Information Administration, Annual Energy Review 2011 and Electric Power Monthly, February 2024, preliminary data for 2023

Note: Utility scale includes power plants with at least 1,000 kilowatts of electricity generation capacity. Capacity is net summer capacity. Hydroelectric includes conventional and pumped-storage hydro. Petroleum includes petroleum liquids and petroleum coke. Other includes all other sources.

The US is forecasted to add ~950GW of renewables capacity over 2023–2030, which equates to a step-up increment by c. 4.8x. Such additions are due to ambitions in net zero emissions policies and retirement of traditional energy sources. Bloomberg mentions that achieving net zero emissions in 2050 will require c. 13x growth in renewables capacity from 2023; and the US is estimated to retire c. 160 GW of fossil and nuclear energy this decade.

Resulting energy consumption of US data centers to grow 22% from 147 TWh in 2023 to 606 TWh by 2030. Data centers' share of total US electricity demand could increase from 3.7% to 11.7% during the period. Although data center capacity is currently concentrated in a limited set of states—EPRI notes that 80% of capacity is in just 15 states, including Virginia, Texas, California, Illinois, Oregon, and Arizona—the industry's expansion may disperse this concentration over time.

Furthermore, electricity load growth drivers such as AI-fueled data center growth, residential & transportation electrification and industrial mega projects in the US are expected to further support increases in renewables capacity. These load growth drivers are expected to increase demand for peak load across the US Mid-Atlantic; where the 10-year CAGR from 2024 is forecasted at 5.5%, a step-up increment by c. 11x from the 10-year CAGR forecasted from 2021 at 0.5%.

### Impact of EV Adoption on the Grid

Rapid EV adoption will affect power demand. The National Renewable Energy Laboratory estimates that there will be 33 million EVs on the road by 2030 and 28 million EV charging ports will be needed to support them. According to RaboResearch, this could translate into an additional 100 TWh to 185 TWh of electricity usage per year, equivalent to 2.5–4.6% of the total annual consumption. EV charging during peak hours could cause capacity issues to the current grid infrastructure. This increase in electricity demand necessitates grid modernization and investment in energy infrastructure particularly into Renewable Energy.

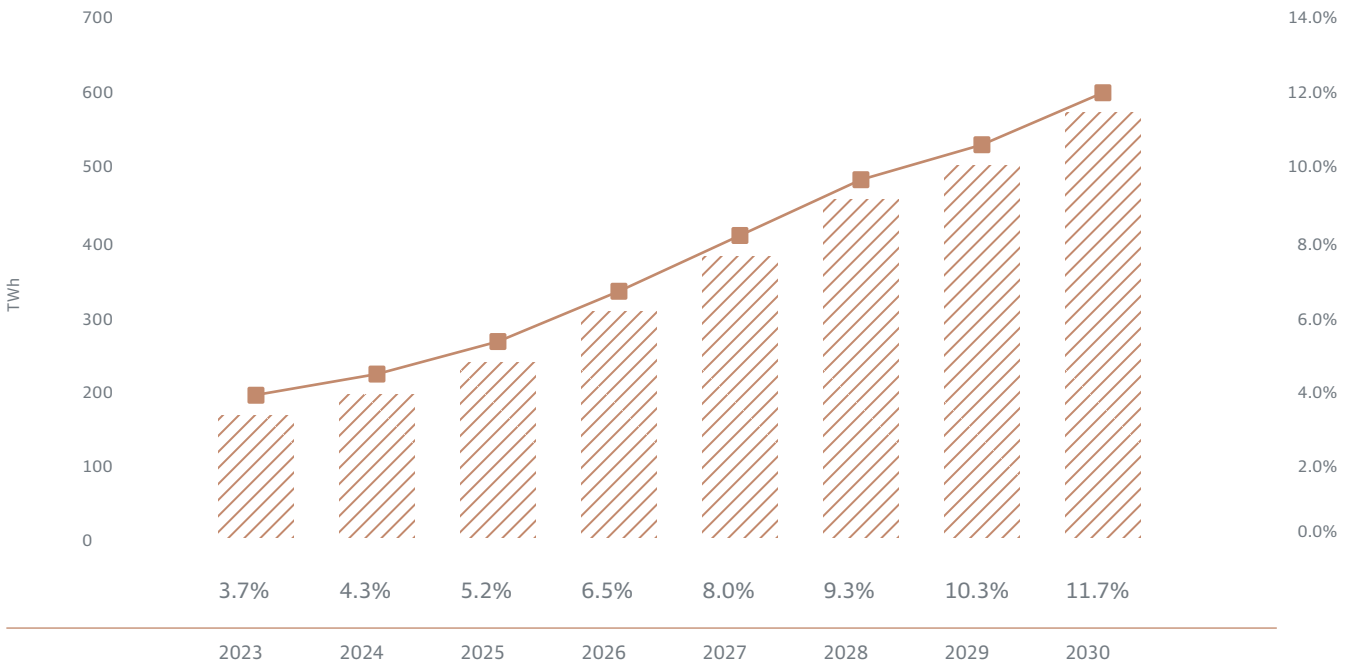
### Rising Data Center Demand and Its Energy Implications

The rapid advancement and growing adoption of AI are driving an urgent need for expanded data center infrastructure. These centers serve as the backbone of AI, enabling the processing, storage, and analysis of vast amounts of data required for machine learning models, real-time decision-making, and AI-driven innovation. As AI-driven workloads, cloud services, and digitalization accelerate, data centers are experiencing a significant surge in energy consumption. Digitalization has emerged as a powerful global growth driver for electricity demand, with data centers playing a key role in this trend. According to McKinsey, data center demand in the US is expected to increase at 21% CAGR from 25 GW in 2024 to more than 80 GW in 2030. As technology continues to evolve, robust data center networks will be pivotal in supporting AI's transformative impact across industries, from healthcare to finance and beyond.

### Capacity Planning and Long-term Outlook

Historically, capacity additions have kept pace with demand. However, meeting surging power demands is leading to significant investment going into this space. Accelerating demand from data centers, industrialization and EVs is driving further investment. Energy storage is one of the key enablers of this transformation. Battery storage, along with other long-duration energy storage (LDES) technologies help smooth intermittent renewable generation and maintain reliability. Continued investments in grid modernization, digital infrastructure, and storage are key to secure a stable and flexible US power system.

## US Data Center Energy Consumption



Source: Global Energy Perspectives 2023, McKinsey

US data center energy consumption

Share of total US power demand

## Europe Infrastructure Sector (Power Grid, Renewables & Data Centers)

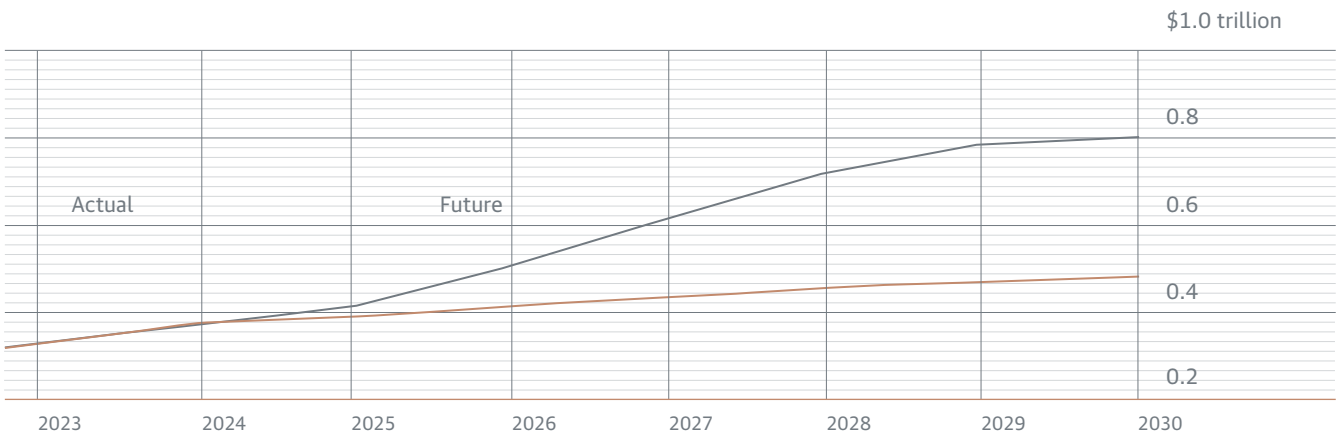
### Power Grid

Europe's power grid is undergoing a significant transformation to support decarbonization, integrate renewable energy, and enhance grid resilience, essential for achieving the EU's climate neutrality goal by 2050. Under the European Green Deal, the EU has increased its 2030 greenhouse gas reduction

target from 40% to 55% and aims for at least 42.5% of final energy consumption from renewables. These targets align with the Clean Energy for All Europeans Package (CEP), which establishes ambitious milestones for energy efficiency (32.5%) and renewable penetration and are supported by the Renewable Energy Directive (RED III).

### Grid Investment Diverging from Net-Zero Trajectory

Global annual grid investment in 2023 versus BNEF's Net and Economic Transition Scenarios



Source: BloombergNEF

Note: Scenarios from BNEF's New Energy outlook 2024

Economic Transition Scenario

Net Zero Scenario

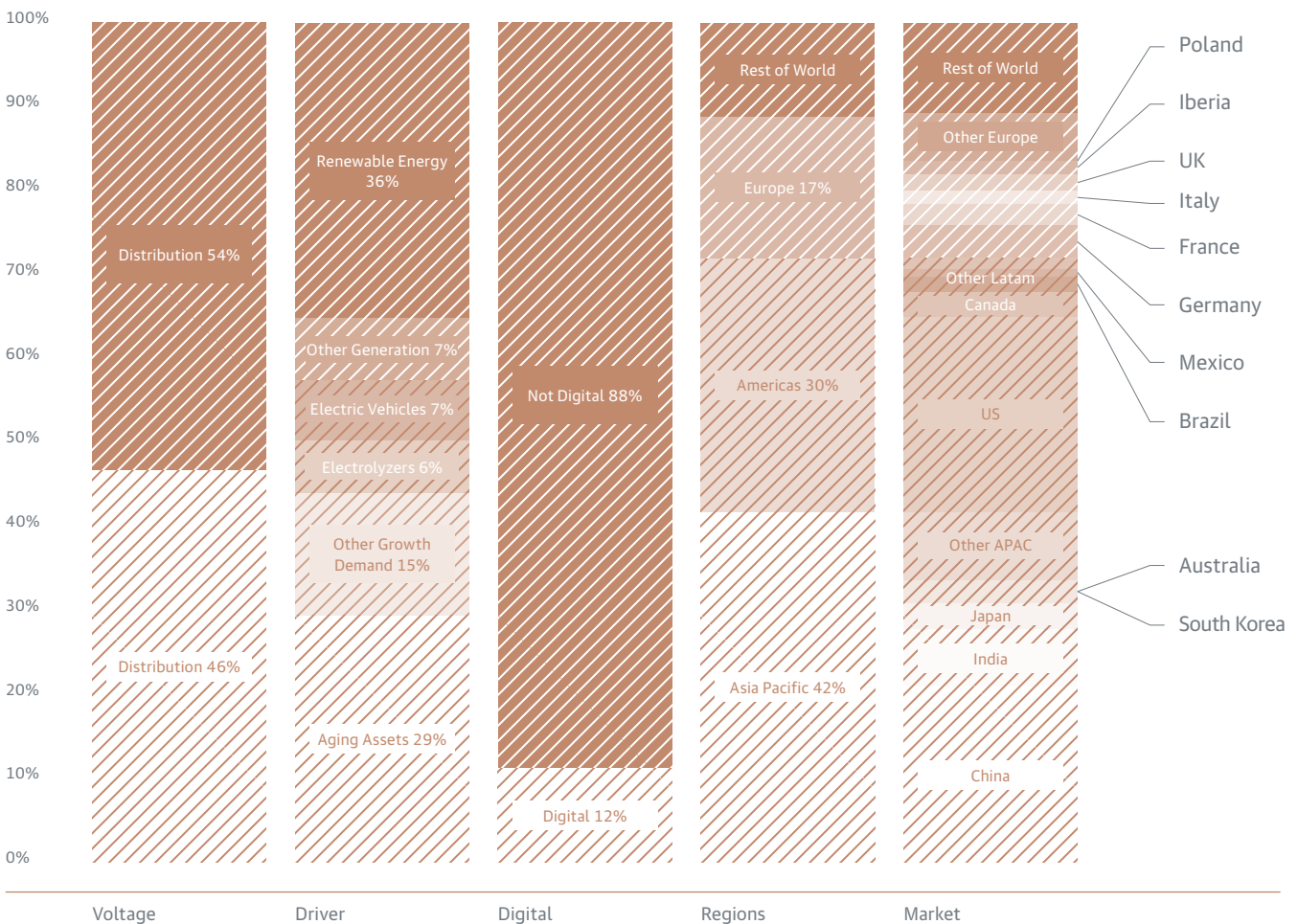
Achieving these objectives will require significant investment. The European Commission estimates that meeting these targets will require €584 billion in grid investments by 2030. The EU Grid Action Plan aims to secure over USD 600 billion in grid modernization investments within the next six years, while BloombergNEF forecasts annual grid investments could reach as high as \$811 billion by 2030, due to the adoption of clean energy and electric vehicles.

To manage the decentralization of energy systems, the CEP introduces institutional arrangements such as Regional Coordination Centers (RCCs) for improved coordination among Transmission System Operators (TSOs) and the creation of an EU Distribution System Operator (DSO) to facilitate distributed energy resources' integration. Europe is heavily investing in battery energy storage systems (BESS) to stabilize the grid and support the integration of renewable energy. Multiple projects are underway to expand storage capacity.

**Renewables expansion and grid modernization**

The rapid increase in renewable energy capacity is central to Europe's transition. Denmark, Germany, and Spain already source 40-50% of their electricity from renewables. By 2024, renewables are set to play a significant role in the region's energy mix, supported by the EU's aim for 600 GW of solar PV by 2030.

Breakdown of cumulative power grid investment in BNEF's Net Zero Scenario, 2024 - 2050



Source: BloombergNEF  
 Note: APAC refers to Asia Pacific

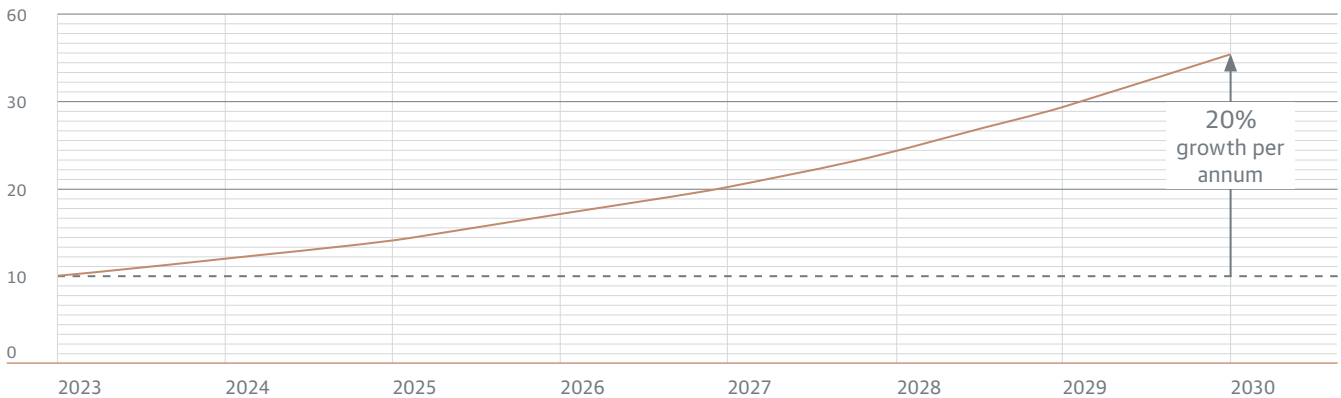
### Data Centers

The digitalization of Europe's economy driven by the rise of cloud computing, AI applications, and 5G connectivity is driving growth in data center demand. According to McKinsey, Europe's data center power consumption is expected to triple by 2030, reaching 150 terawatt-hours (TWh) annually and necessitating \$250 to \$300 billion in infrastructure investments. By 2030, data centers are expected to account for 5% of Europe's total power consumption and 15–25% of Europe's new power demand.

Artificial intelligence and advanced analytics, though economically transformative (potentially unlocking up to \$10 trillion in global value by 2030), are energy intensive. Ensuring that data center growth aligns with Europe's renewable and climate goals is imperative. With strategic investments in renewables, advanced grid systems, and storage, Europe is sustainably supporting the digital boom, and positioning itself as a leader in both clean energy and digital transformations.

Data center growth in Europe could reach 35 gigawatts by 2030, increasing by 20 percent per annum.

Estimated data center demand (IT load), Europe, gigawatts (GW)<sup>1</sup>



Source: DC Byte; McKinsey data center demand model

<sup>1</sup>IT load excluding demand for crypto-mining data centers. Assuming London constitutes 90% of the United Kingdom's demand, and Frankfurt and Berlin together constitute 91% of Germany's demand.



Artificial intelligence and advanced analytics, though economically transformative (potentially unlocking up to \$10 trillion in global value by 2030), are energy intensive.

# Private Credit

## 03/9

# 3.5



Moody's projects global AUM in private credit space to reach USD 3.5 trillion before 2028, driven by strong investor demand and borrowers preference for non-bank financing.

Private credit has grown rapidly solidifying its role as a key pillar of the broader credit markets, with global assets reaching USD 2.02 trillion as of June 2024, of which the US holds 62% (USD 1.25 trillion).



Private credit continues to provide GFH Financial Group with a robust and reliable revenue source. The sector is expected to grow in line with expanding demand over the mid term.

Moody's projects global AUM in private credit space to reach USD 3.5 trillion before 2028, driven by strong investor demand and borrowers preference for non-bank financing. It is increasingly recognized as a vital financing alternative, particularly for leveraged buyouts (LBOs) and mid-market to large cap businesses looking for flexible capital solutions.

This expansion is set to continue in 2025, driven by lower interest rates, declining default risks, and resilient economic conditions—particularly in the US and Europe and GCC. McKinsey estimates that the addressable private credit market in the US alone could exceed USD 30 trillion. Private credit's appeal to investors is largely driven by its attractive yield premiums over public markets.

Over the past decade, GCC issuers have largely depended on banks, bonds, and sukuk for funding, however private credit solutions have emerged to bridge financing gaps left by traditional banks and offering flexible and adaptive financing solutions tailored to evolving borrower needs. Accordingly, private capital financing raised by GCC issuers has surged, rising from USD 10.4 billion between 2015 and 2019 to USD 54.8 billion between 2020 and 2024, with further growth expected. Driven by economic diversification, regulatory reforms, and rising institutional investment, the sector is projected to register a CAGR of 15-30% in the next 5 to 6 years.

Banks in the GCC region have high loan-to-deposit ratios, limiting their lending capacity, and have also traditionally been constrained by being overly focused on larger corporates or government lending. With conventional financing options becoming increasingly constrained and given inflexibility of traditional lending space; businesses in the mid-market to large cap space are turning to private credit to meet their evolving funding needs.

Private credit continued emergence in the GCC as an alternative funding source is supported by evolving banking regulations and a push for diversified capital markets. As seen in the US and European markets, the region has seen increased private credit participation in infrastructure and energy projects, particularly in Saudi Arabia and the UAE. Institutional investors are expanding their exposure, and partnerships between banks and private credit firms are growing to enhance liquidity. Regulatory developments are expected to support structured credit solutions, creating opportunities for both local and international investors.

In Europe, according to the European Central Bank (ECB), private credit financed 81% of leveraged buyouts in 2023, up from 56% in 2021, as syndicated loan markets tightened following stricter post-2008 regulations. Institutional interest is rising, with firms like M&G and Oaktree expanding their presence.

The next phase of private credit growth will be driven by its expansion beyond corporate lending into asset-backed finance, infrastructure, and real estate. Additionally the sector will see strategic partnerships between banks, asset managers, and insurers to enhance liquidity and deal flow.

30 

McKinsey estimates that the addressable private credit market in the US alone could exceed USD 30 trillion.



The continued emergence of private credit in the GCC as an alternative funding source is supported by evolving banking regulations and a push for diversified capital markets.



# Education

## 04/9

55 

The K-12 segment represents approximately 55% of the market, accounting for \$4 trillion.

The global education market, valued at \$7.25 trillion, is poised for significant growth driven by rising demand for quality education, higher disposable incomes, and a focus on innovative learning methods. The K-12 segment represents approximately 55% of the market, accounting for \$4 trillion.



Educational assets like GFH's investee University of Technology Bahrain (UTB) prove themselves to be very positive sources of revenue for the Group.

In the GCC region, the private K-12 education market is projected to grow at a CAGR of 6.95% from \$20.78 billion in 2024 to \$29.07 billion by 2029. This growth is supported by favourable government policies, robust economic conditions, and an expanding youth population. Saudi Arabia and the UAE stand out as key markets, driven by Vision 2030 reforms and strong government support for education infrastructure. By 2030, Saudi Arabia anticipates the need for up to 2.1 million additional school seats, driven by a growing population and an expected rise in the expat community. Similarly, policies like 100% foreign ownership in the education sector are attracting private investments across the GCC.

Government budget allocations underscore the region's commitment to education. For 2025, Saudi Arabia allocated 15.6% of its budget (SAR 201 billion) for education,

focusing on digital transformation, school expansions, and infrastructure upgrades. Similarly, the UAE allocated 15.3% of its federal budget (AED 10.914 billion) to public and higher education. Other GCC countries have earmarked 9-17% of their total budgeted expenditure for education. This is significantly higher than global education hubs like US, UK and Australia.

The region's young and growing population is a critical demand driver. With the GCC's school-age population (0-19 years) projected to rise from 16.3 million in 2023 to 17.7 million by 2030, demand for K-12 education is set to remain strong, particularly for schools offering international curricula and holistic learning experiences. In Saudi Arabia and Oman, individuals under 19 years account for 31% of the population. Other countries in the region, including the UAE and Qatar, are also experiencing an influx of expatriates, further boosting

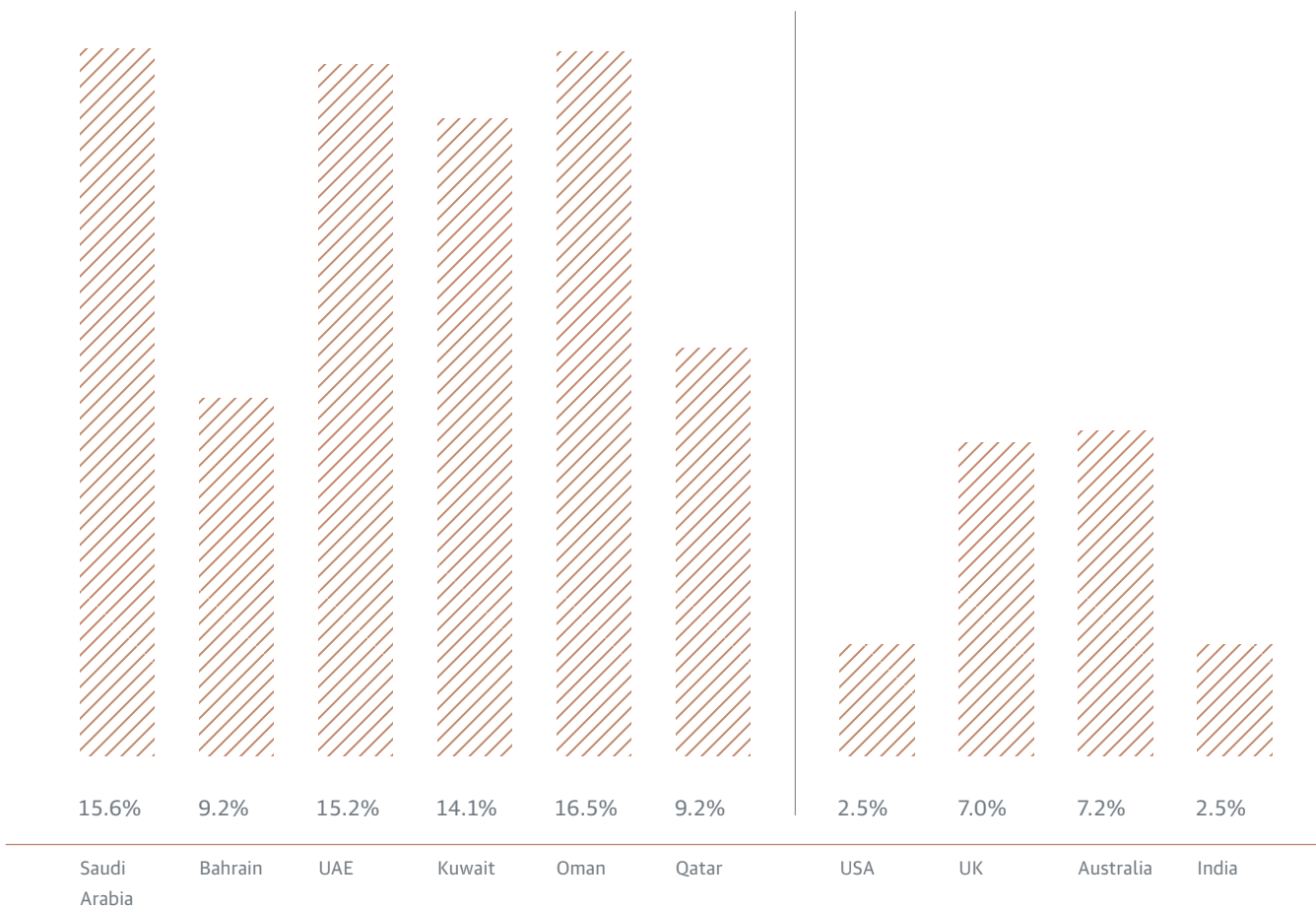
demand for private education options. Strong GDP growth, supported by hydrocarbon revenues and a thriving private sector, is enabling governments to enhance education investment and infrastructure development, ensuring robust sectoral growth.

Private and international schools, catering to both local families and expatriates, have witnessed significant expansion. These schools are favoured for their advanced facilities, smaller class sizes, and diverse curricula aligned with global college placements. The GCC's demand for high-quality tertiary education has attracted renowned universities to establish regional campuses, reducing outbound mobility and fostering local careers. Key examples include NYU Abu Dhabi, Weill Cornell Medicine-Qatar, Georgetown University Qatar,

and the University of Birmingham Dubai, all of which enhance educational infrastructure and equip students for thriving in a knowledge-based economy. Technology is transforming education delivery through innovations like VR simulations, AI-driven adaptive learning, and digital libraries, particularly in Saudi Arabia and the UAE.

GCC's education sector has experienced a significant rise in M&A activity over the past five years, driven by sector liberalization and increased privatization. Larger operators are focusing on intra-regional acquisitions and EdTech investments to enhance profitability.

Government Expenditure on Education as a % of Total Budgeted Expenditure - 2025



Source: Ministry of Finance of respective countries

Note: Data for Bahrain is as of 2024



# Technology

## 05/9

90 

Gartner predicts that by 2027, 90% of organizations will implement a hybrid cloud approach.

The technology sector remains a global driver of economic growth as well as market performance, largely due to rapid innovation and evolving market dynamics. Gartner expects global IT spending to grow to \$5.74 trillion in 2025, a 9.3% increase from that in 2024.



The GCC region's mobile and internet penetration rates are among the highest in the world, making digital financial services more accessible and fueling fintech adoption.

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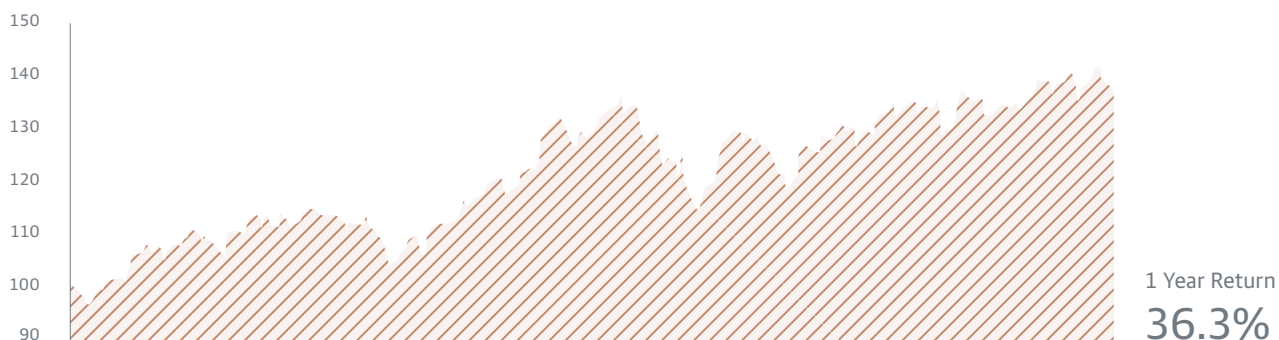
## USA Technology Sector

This reflects a robust demand in IT services and the sector's critical role in modernizing economies. Sectors such as cloud computing, enterprise software, cyber security, and artificial intelligence (AI) remain at the forefront of technological advancement, redefining industries and opening avenues for unparalleled growth opportunities.

### **Comparison of S&P 500 IT and S&P 500**

The technology sector has continued its strong performance trajectory in 2024. During the year, the S&P IT sector outpaced the broader S&P index, delivering a return of 36.3%, compared to 26.8% for the broader market. Over the past five years, the IT sector has consistently outperformed the broader market, reinforcing its position as a key driver of long-term market growth.

## S&P 500 Information Technology



Dec 2023   Jan 2023   Feb 2024   Mar 2024   Apr 2024   May 2024   Jun 2024   Jul 2024   Aug 2024   Sep 2024   Oct 2024   Nov 2024   Dec 2024

## S&P 500



Dec 2023   Jan 2023   Feb 2024   Mar 2024   Apr 2024   May 2024   Jun 2024   Jul 2024   Aug 2024   Sep 2024   Oct 2024   Nov 2024   Dec 2024

## S&P 500 Information Technology

USDm

	2024 Spending	2024 Growth (%)	2025 Spending	2025 Growth (%)
Cloud Application Infrastructure Services (PaaS)	171,565	19.1	208,644	21.6
Cloud Application Services (SaaS)	250,804	18.1	299,071	19.2
Cloud Desktop-as-a-Service (DaaS)	3,466	7.7	3,849	11.1
Cloud System Infrastructure Services (IaaS)	169,818	21.3	211,856	24.8
<b>Total Market</b>	<b>595,652</b>	<b>19.2</b>	<b>723,421</b>	<b>21.5</b>

Source: Gartner

### Cloud Computing

Cloud computing remains a fundamental driver of digital transformation, enabling enterprises worldwide to achieve scalability, agility, and cost-efficiency. Key drivers for cloud computing demand include the growing usage of mobile devices, the expansion of internet access, and the increasing importance of big data analytics. Furthermore, the integration of AI and ML technologies into cloud platforms is significantly enhancing capabilities

According to Gartner, global spending on public cloud services is expected to reach \$723.4 billion in 2025, up from \$595.7 billion in 2024, with all cloud segments predicted to record double-digit growth in 2025.

A notable trend in the cloud computing domain is the growing adoption of multi-cloud strategies. Gartner predicts that by 2027, 90% of organizations will implement a hybrid cloud approach.

### Enterprise Software

Enterprise software solutions have become indispensable for businesses aiming to streamline operations, enhance productivity, and gain competitive advantages through data-driven insights. Emerging technologies, including AI and Robotic Process Automation (RPA), are shaping how organizations operate.

Gartner projects that the global enterprise application software market will increase to \$662 billion in 2028 from \$387 billion in 2024, at a CAGR of 14.4%. This growth will be primarily driven by digital transformation initiatives, with organizations investing in technologies that enhance operational resilience and customer engagement. AI integration is also a key growth catalyst in the enterprise software space. According to IBM, 45% of enterprises identify

advancements in AI tools as a key enabler of adoption, while 42% cite cost reduction and process automation as primary motivators. Additionally, 59% of enterprises plan to increase investments in AI technologies, underscoring its pivotal role in shaping the future of enterprise software.

Concurrently, software service providers are increasingly shifting to Software-as-a-Service (SaaS) business models, prioritizing the recurring revenue streams, and enhancing customer retention.

### Cyber security

Persistent cyber attacks, the rapid adoption of generative AI, and the shift to cloud computing are compelling organizations to sustain high levels of security spending. According to McKinsey, the global cyber security market is projected to expand from \$200 billion in 2024 to approximately \$280 billion by 2027, at a CAGR of 12.4%.

The rapid rise of AI, especially generative AI, is reshaping the cyber security landscape. While organizations are increasingly adopting AI to streamline operations, it also introduces new vulnerabilities that cyber criminals are exploiting through advanced tactics such as deep-fakes and realistic phishing attacks. This evolving threat environment is driving significant demand for sophisticated cyber security solutions to mitigate risks tied to AI integration.

Despite strong market growth, current cyber security solutions meet only about 10% of customer demands in areas, including automation, pricing, and services. This low penetration means a \$2 trillion addressable market for providers willing to adapt and close these gaps. Adapting strategies to leverage AI-driven solutions and improving overall service capabilities will be key to unlocking this immense growth opportunity.

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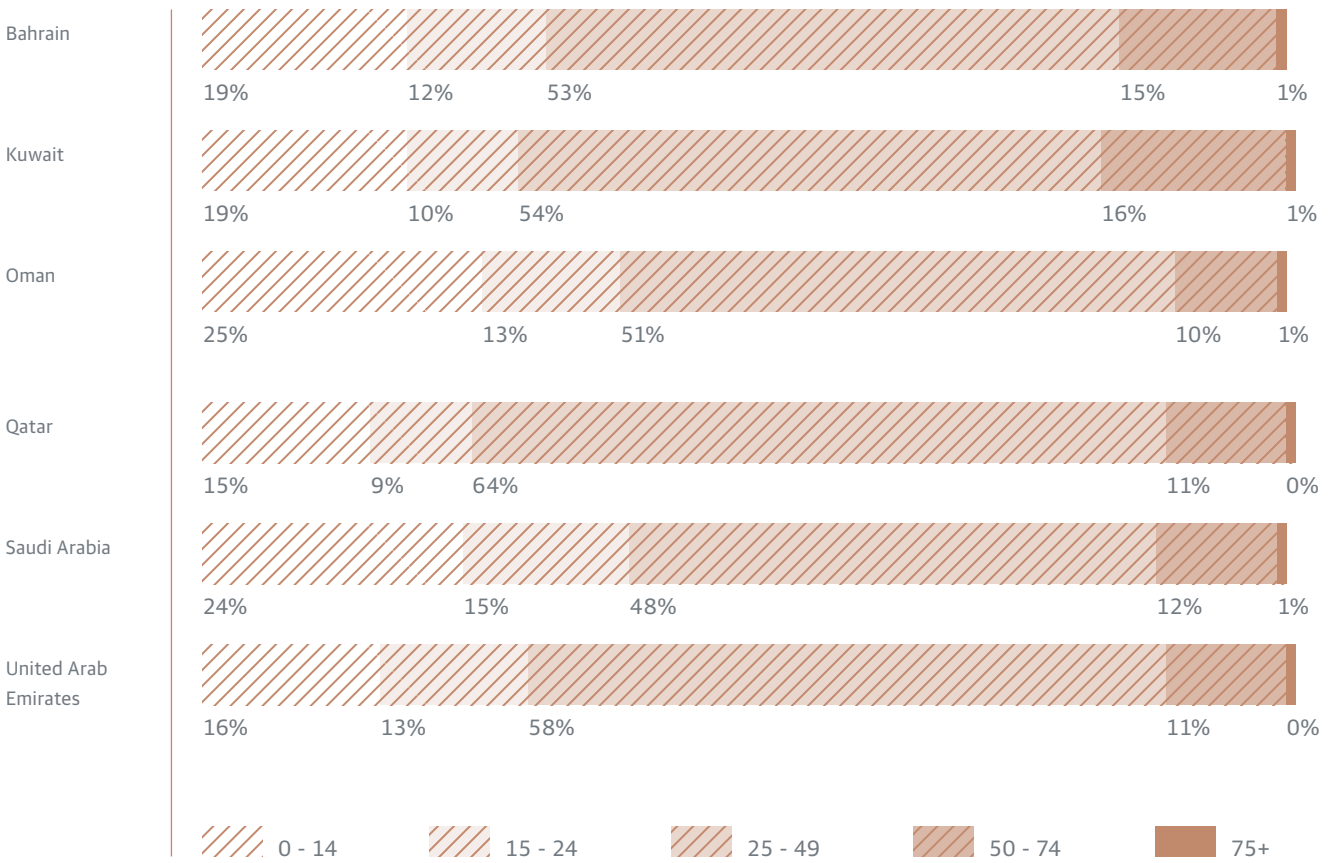
## GCC Fintech Sector

The global fintech landscape is undergoing transformative growth, driven by technological advancements, shifting consumer preferences, and evolving regulatory frameworks. As per the Global Payments Report, digital wallets and cards now dominate point-of-sale (POS) payments, accounting for 80% of global transactions in 2023, while cash usage is expected to decline from 16% in 2023 to 11% by 2027. The GCC fintech market mirrors this global trend, driven by government-led economic diversification initiatives, a young and tech-savvy population, and strong regulatory support. With a median age of just 32, the GCC population is young and digitally engaged.

The region's mobile and internet penetration rates are among the highest in the world, making digital financial services more accessible and fueling fintech adoption.

Policies promoting digital transformation, such as Saudi Arabia's goal of achieving 70% non-cash payments by 2025 and the UAE's \$80 billion fintech investment target by 2030, are attracting significant investor interest.

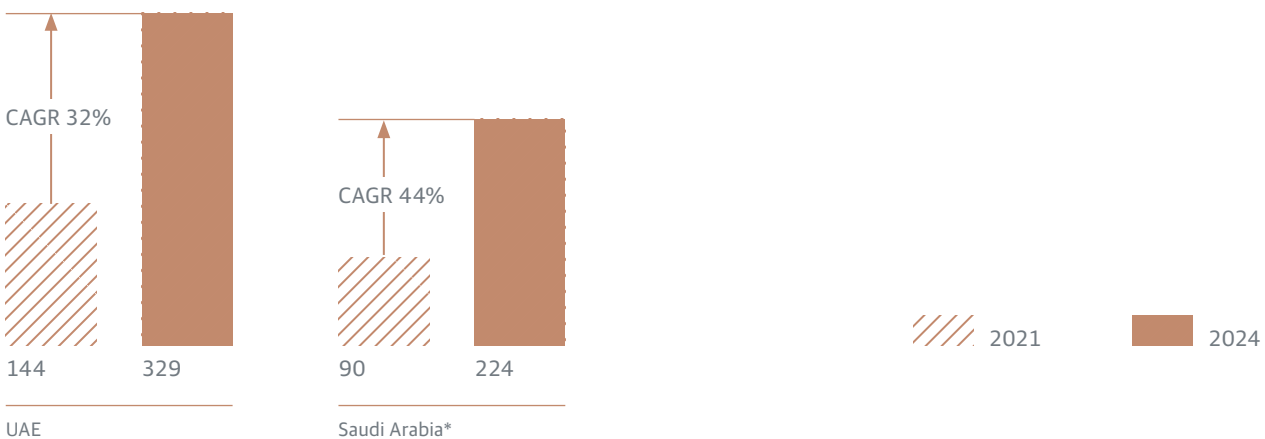
## % of total population by Age Group



Source: United Nations

Fintech companies in the UAE grew from 144 in 2021 to 329 in 2024. In Saudi Arabia, the number rose from 90 to 224, surpassing the target of 168. The Kingdom aims for 525 fintech firms by 2030.

## Number of Fintechs



\*2024 data for Saudi Arabia is as of H2 2024

Regulatory sandboxes and hubs, including DIFC Fintech Hive, ADGM RegLab, and Fintech Saudi, provide environments to foster innovation. For instance, these sandboxes enable fintech firms to test solutions under a controlled regulatory framework, mitigating risks while supporting growth. Additionally, Bahrain's progressive approach has positioned it as a hub for cryptocurrency initiatives, and the UAE's frameworks continue to attract blockchain-based businesses. This regulatory support, combined with a tech-savvy population, highlights a key macro tailwind for the sector's expansion.

AI-driven innovations, payments, and emerging technologies are pivotal to fintech growth. A survey conducted by Visa revealed that 73% of GCC fintech companies consider AI a key factor for future growth, and 58% recognize payments as the most prominent emerging space. The region also shows strong growth in Buy Now, Pay Later (BNPL) solutions, stable-coins, and central bank digital currencies (CBDCs).

A significant 90% of MENA fintechs are eyeing the UAE and Saudi Arabia as key growth markets over the next two years due to their large market size, advanced regulatory frameworks, tax benefits, and funding support. Additionally, 56% of GCC fintechs have geographical expansion on their business roadmap.

Emerging trends, including embedded fintech, robo-advisors, blockchain applications, and ESG-aligned financial tools, highlight the sector's growing alignment with global fintech innovations. Notable examples include a partnership between Marshal, a payment technology company, and FILS to integrate sustainable payment solutions. This collaboration focuses on integrating sustainable practices into digital payment platforms, enabling users to track and reduce their carbon footprint, aligning financial services with global environmental goals. Additionally, financing models have evolved to support the sector's growth. Innovative approaches such as securitization and receivables-backed financing are enabling fintech firms to leverage transaction fees and subscriptions for funding. With ambitious investment goals, such as Saudi Arabia's target to host 525 fintech firms by 2030, the region is well-positioned as a global hub for fintech innovation.

Deal activity in the GCC fintech sector has risen significantly. A notable recent deal: Brookfield Asset Management Ltd. Acquired 100% of Network International Holdings plc in the UAE for \$2.6 billion in September 2024.



Emerging trends, including embedded fintech, robo-advisors, blockchain applications and ESG-aligned financial tools, highlight the fintech sector's growing alignment with global payments and financial innovations.

# Consumer & Hospitality Infrastructure

06/9

61 

Saudi Arabia ranked third globally in international arrivals, with a 61% surge in early 2024, aligning with Vision 2030's goal of establishing the Kingdom as a premier destination.

The GCC countries are rapidly expanding their tourism sector to reduce their reliance on oil revenues. By 2030, the sector's GDP contribution is projected to grow from USD 130 billion in 2023 to over USD 340 billion, accounting for more than 10% of the region's economy.



Hotel and leisure is broadly in demand and new signings to our Group include a partnership with Accor Hotels to bring the Raffles Al Areen Palace Bahrain to our shores.

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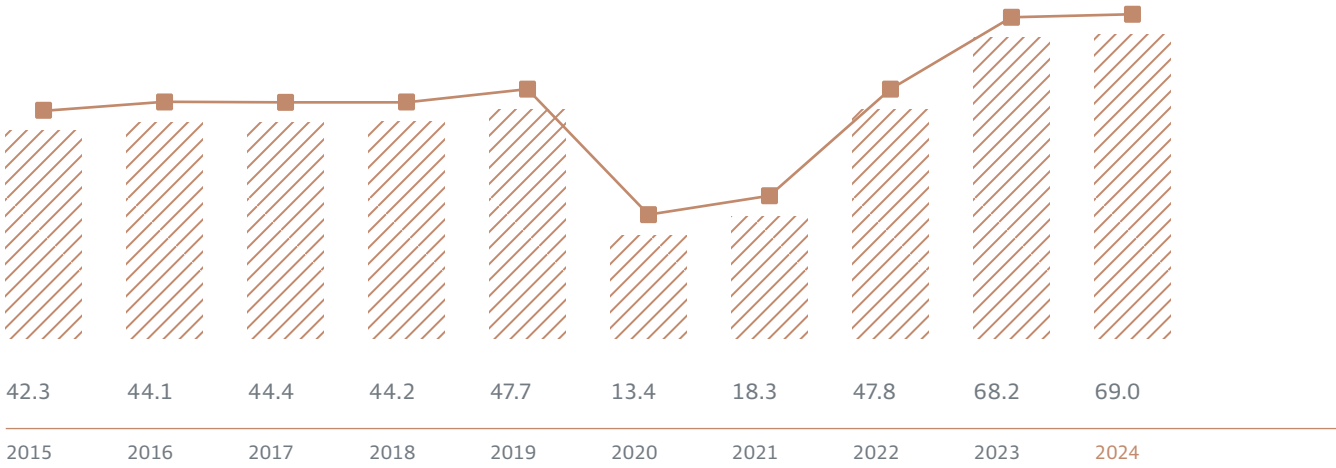
## GCC Tourism Sector

Targeting 128.7 million visitors by 2030, the GCC's unified tourism strategy includes a single visa system, joint promotional campaigns and sustainable tourism initiatives. The UAE and Saudi Arabia are emerging as global tourism leaders, ranking among the world's top 10 destinations for growth in 2023, according to UNWTO. Saudi Arabia ranked third globally in international arrivals, with a 61% surge in early 2024, aligning with Vision 2030's goal of establishing the Kingdom as a premier destination. Meanwhile,

the UAE's tourism sector is projected to contribute over AED 275 billion to the GDP by 2034 and create more than 928,000 jobs.

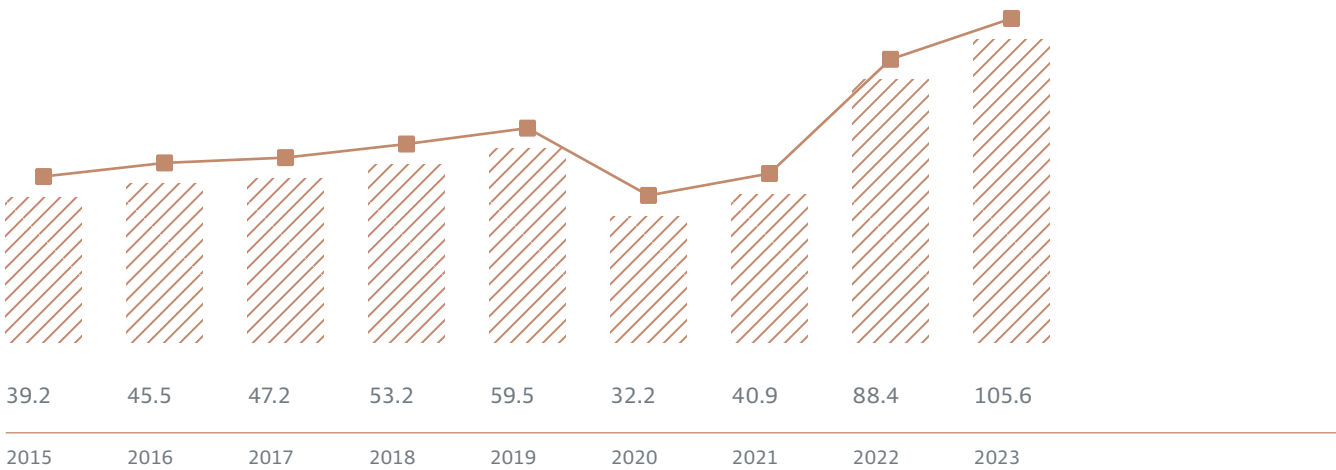
Leisure tourism dominates the GCC's tourism landscape, contributing over 60% of international arrivals and 83% of total travel spending. In Saudi Arabia, leisure tourism growth has been fueled by mega-projects such as the Red Sea Project, and Diriyah Gate, a UNESCO heritage site developed into a

### GCC International Tourist Arrivals (millions)



Source: UN Tourism

### GCC International Tourist Receipts (USD bn)



Source: UN Tourism

cultural and hospitality hub. Religious tourism remains a cornerstone, particularly in Saudi Arabia, where initiatives aim to host 30 million Hajj and Umrah pilgrims annually by 2030. This momentum has been bolstered by landmark events like Expo 2020 Dubai and the FIFA World Cup 2022. Looking ahead, the region is set to host prestigious international events, including the 2029 Olympic Asian Winter Games, Riyadh Expo 2030, and the 2034 FIFA World Cup, which are expected to attract global attention and further accelerate the growth of tourism as well as F&B sector.

According to a report released by Alpen Capital, the GCC hospitality sector is set for a 7.5% CAGR from 2023 to 2028, expecting to reach USD 48.1 billion. Mega projects such as Saudi Arabia's Qiddiya and King Salman Park, Dubai's futuristic landmarks, and Kuwait's island resorts are redefining the regional hospitality landscape. The UAE's hospitality sector

has been particularly robust, averaging a hotel occupancy rate of 77.8% in the first nine months of 2024, placing it among the highest globally. The GCC is making massive investments in transport and tourism infrastructure, including expanded airport capacities, new rail networks, and innovative attractions. The region's position as a bridge between East and West further enhances its global appeal.

The introduction of the GCC unified visa, expected in 2024-2025, will simplify travel across member states and strengthen economic integration. Coupled with strategic marketing campaigns, this initiative aims to boost tourist spending by 8% annually and increase the length of stay and overall visitor expenditure. These measures are expected to drive significant growth in the tourism and F&B sectors, positioning the GCC as a leading global destination.

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## GCC Food & Beverages Sector

The GCC's food and beverages (F&B) industry is experiencing robust growth, with the market projected to expand at a CAGR of 6.1% from 2024 to 2029, reaching an estimated value of \$128.2 billion by 2029. This growth is fueled by a booming population, surging tourism, and evolving consumer preferences. Historically dependent on imports, the region now focuses on self-sufficiency through government initiatives, reducing supply chain disruptions and enhancing sustainability. In the UAE, the F&B sector has been thriving. It is expected to grow further, focusing on enhancing food safety, sustainability, and infrastructure.

The F&B Market in Saudi Arabia is undergoing significant transformation in line with Vision 2030. The country is focusing on food technology, delivery platforms, and sustainability to diversify its economy. Saudi Arabia also leads the GCC in food consumption, due to its population size.

The GCC's F&B sector is driven by a diverse and rapidly expanding population, including a large youth and expatriate demographic.

Digital transformation is also reshaping the sector, with increased use of delivery apps, online reservations, and AI-driven solutions like menu customization and supply chain optimization. Food tourism is booming as visitors seek local culinary experiences, creating opportunities for businesses to offer unique dining options such as food festivals and street food markets.

Governments across the GCC are actively supporting the industry. For instance, Saudi Arabia is investing SAR 94 billion in food manufacturing to boost self-sufficiency, while the UAE aims to lead the Global Food Security Index by 2051.

The growing F&B market presents numerous opportunities for entrepreneurs and investors. Innovations in food technology, such as delivery platforms, management tools, and sustainable practices, are on the rise. Ancillary services like logistics, packaging, and food safety also offer avenues for growth and innovation, making the GCC a dynamic and evolving market for the F&B industry.



The F&B Market in Saudi Arabia is undergoing significant transformation in line with Vision 2030. The country is focusing on food technology, delivery platforms, and sustainability to diversify its economy.

# Logistics

## 07/9

# 5.7



GCC freight and logistics market was valued at approximately USD 172.08 billion, with projections indicating a compound annual growth rate (CAGR) of 5.70%, reaching USD 293.2 billion by 2033.

GFH's logistics segment includes a variety of income-producing, essential assets strategically located in major distribution hubs throughout the United States, the United Kingdom, mainland Europe and the Gulf region. These assets are vital for ensuring the efficient meeting of growing supply demands and the facilitation of economic growth.



The rails on which all sectors run, Logistics has rebounded strongly from Pandemic lows with robust growth mirroring improvements in global trade.

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## The GCC logistics and industrial sectors

The GCC logistics and industrial sectors continue to experience significant expansion, driven by strategic government initiatives, large-scale infrastructural developments, and technological advancements. Saudi Arabia (KSA) and the United Arab Emirates (UAE) remain key players in this growth representing approximately 70-80% of the total logistics market, leveraging their strategic locations and ambitious national programs to enhance logistics capabilities and industrial competitiveness.

### **GCC Market Overview**

As of 2024, the GCC freight and logistics market was valued at approximately USD 172.08 billion, with projections indicating a compound annual growth rate (CAGR) of 5.70%, reaching USD 293.2 billion by 2033. This expansion is fueled by the rapid adoption of digital technologies, sustainability initiatives, and the facilitation of cross-border trade, reinforcing the region's position as a global logistics hub.

### Saudi Arabia Logistics Market

Saudi Arabia continues to invest significantly in logistics infrastructure, aligning with its Vision 2030 objectives to diversify the economy and enhance trade competitiveness. Key developments include:

- Plans to establish 18 new logistics zones, strengthening the Kingdom's position as a leading regional and global logistics center.
- The construction sector is expected to reach USD 150 billion by 2025, further driving demand for logistics, warehousing, and transportation services.
- Government-led rail, port, and road infrastructure projects are set to improve connectivity and freight efficiency across the region.

### UAE Logistics Market

The UAE's logistics sector is on an accelerated growth trajectory, underpinned by its world-class infrastructure and trade-friendly policies. Key market insights include:

- In 2024, the UAE logistics sector generated revenues of USD 169.7 billion, with expectations of a CAGR of 6.1% from 2025 to 2030, reaching USD 241.6 billion by 2030.
- Transportation services continue to dominate the market, while warehousing and distribution services are projected to be the fastest-growing segments.
- Strategic projects such as Etihad Rail, connecting all seven emirates and linking the UAE to Saudi Arabia, are expected to enhance freight connectivity and efficiency.

### Key Trends and Growth Prospects for 2025

- E-commerce Expansion: The GCC's e-commerce boom is significantly influencing logistics demand, driving the need for efficient last-mile delivery solutions, fulfillment centers, and digital logistics platforms.
- Infrastructure Development: Ongoing mega projects such as Etihad Rail in the UAE and new logistics hubs in Saudi Arabia are set to improve regional and global trade flows, enhancing the efficiency of freight transportation networks.
- Sustainability Initiatives: The adoption of electric vehicles (EVs), fuel-efficient logistics operations, and green warehousing solutions is increasing, in line with global environmental and ESG (Environmental, Social, and Governance) standards.
- Technological Advancements: Investments in automation, artificial intelligence (AI), blockchain for supply chain transparency, and real-time tracking systems are transforming logistics operations, enhancing operational efficiency, and reducing costs.

The GCC logistics and industrial market, particularly in Saudi Arabia and the UAE, is poised for substantial growth in 2025 and beyond. Government-led initiatives, increased e-commerce penetration, sustainability-focused policies, and advanced technological integration are driving the region's transformation into a leading global logistics hub. As these factors continue to shape the industry, the GCC will play an increasingly vital role in global trade and supply chain networks.

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## Global Logistics and Industrial Sector: 2024 Overview and 2025 Outlook

In 2024, the global logistics and industrial sectors experienced significant transformations driven by technological advancements, evolving consumer behaviors, and geopolitical shifts. This commentary provides an overview of the key growth factors, demand and supply trends, and the impact of U.S. tariffs on Chinese imports, culminating in prospects for 2025.

### Key Growth Factors in 2024

1. E-commerce Expansion: The surge in online shopping continued to drive demand for efficient logistics services, particularly in last-mile delivery and warehousing. The global logistics market reached a value of \$9.41 trillion in 2023 and is projected to grow at a compound annual growth rate (CAGR) of 6.4% between 2023 and 2032, reaching \$15.98 trillion by 2032.

2. Technological Advancements: Integration of automation, robotics, artificial intelligence (AI), and the Internet of Things (IoT) enhanced supply chain visibility and operational efficiency. These technologies enabled real-time tracking, predictive analytics, and streamlined processes, contributing to more agile and responsive supply chains.
3. Sustainability Initiatives: Growing environmental awareness led companies to adopt sustainable practices, such as optimizing transportation routes, reducing emissions, and implementing eco-friendly packaging. The green logistics market was valued at \$1.28 trillion in 2024 and is expected to reach \$1.91 trillion by 2029, growing at a CAGR of 8.29%.

### Trends in Demand and Supply

1. **Supply Chain Resilience:** In response to geopolitical tensions and trade uncertainties, businesses prioritized building resilient supply chains. Strategies included diversifying suppliers, nearshoring production, and investing in technologies to enhance flexibility and adaptability.
2. **Labour Shortages and Automation:** The industry faced challenges due to labour shortages, prompting increased investment in automation and robotics to maintain operational efficiency and meet rising demand.
3. **Geopolitical Influences:** Trade tensions and policy changes, particularly involving major economies like the U.S. and China, impacted global supply chains. Companies navigated these complexities by reassessing sourcing strategies and exploring alternative markets to mitigate risks associated with tariffs and trade barriers.

### Impact of U.S. Tariffs on Chinese Imports

In May 2024, the U.S. administration announced tariff hikes on an additional \$18 billion of Chinese goods, including semiconductors and electric vehicles, resulting in an additional tax increase of \$3.6 billion. These measures aimed to protect domestic industries but also heightened tensions between the two nations.

### Prospects for 2025:

- Looking ahead, the global logistics and industrial sectors are expected to continue evolving in response to these developments. Key considerations for 2025 include:
- **Supply Chain Diversification:** Companies are likely to further diversify their supply chains to mitigate risks associated with geopolitical tensions and tariffs.
- **Technological Investment:** Continued investment in automation and digital technologies is anticipated to enhance efficiency and address labour shortages.
- **Sustainability Focus:** Environmental considerations will remain a priority, with companies adopting greener practices to meet regulatory requirements and consumer expectations.
- **Tariff Implications:** The impact of U.S. tariffs on Chinese imports will continue to influence global trade dynamics, potentially leading to shifts in sourcing and production strategies.

The global logistics and industrial sectors are navigating a complex landscape shaped by technological innovation, sustainability imperatives, and geopolitical challenges. Companies that proactively adapt to these trends are well-positioned to thrive in the evolving market environment.

# 18



U.S. administration announced tariff hikes on an additional \$18 billion of Chinese goods, including semiconductors and electric vehicles, resulting in an additional tax increase of \$3.6 billion.

# Living Sector

## 08/9

# 131



According to a report published by Amber, a long-term accommodation booking platform for students, the market was valued at \$131 billion as of January 2024.

The UK and US student housing markets are projected to experience significant growth, driven by increasing demand and rising rental rates. In 2024 alone, UK private developers signed a record 22 land deals for purpose-built student accommodation, totalling £473 million, with rental prices increasing by 9%. Meanwhile, in the US, average rent per bed reached \$909, the highest on record; annual rental income growth achieved a 3.8% increase.



With rising student populations, the need for purpose-built student housing increases, proving student housing to be a robust asset class for the foreseeable future.

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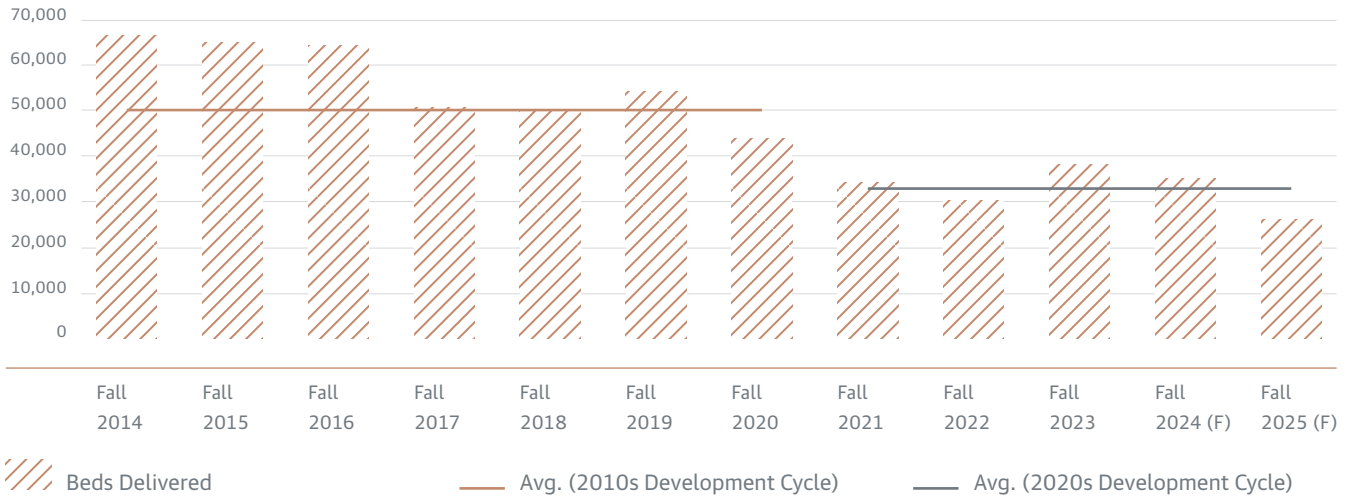
## The US Student Housing Market

The US student housing sector proved to be a resilient and high-performing asset driven by strong fundamentals. According to long-term student accommodation booking platform Amber, in January 2024, the market value was \$131 billion. Their report highlighted the average monthly rent rose to \$942, marking a 9.78% increase YOY. Additionally, occupancy rates remained high at 95%.

### Supply/Demand Dynamics

Enrollment growth has been a key demand driver, with undergraduate enrollment rising 3% in 2024. In the academic year 2023–24, approximately 1.09 million international students enrolled in the US, generating \$17.6 billion for the student housing sector. Universities with strong academic and athletic programs, particularly in the South, such as the

## U.S. Off Campus Purpose-Built Housing: New Beds Delivered + Expected Supply



Source: Real Page Market Analytics for Student Housing

University of Mississippi and the University of Tennessee, have shown exceptional housing performance. Meanwhile, supply has tightened, with annual deliveries down 35% compared to the 2010s. Only 3% of the existing student housing stock was new in Fall 2024, compared to 8% annually in the previous decade, according to PWC. As illustrated in the chart below, supply in 2025 is projected to hit its lowest level in a decade, despite strong demand.

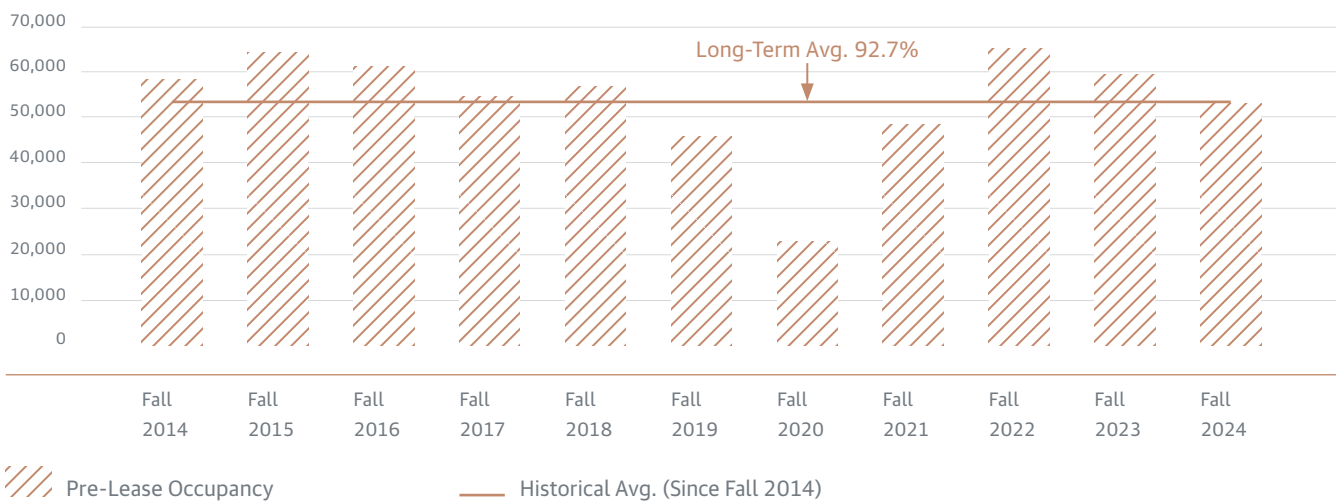
Privately-owned off-campus housing has gained significant traction, with purpose-built student housing near campuses becoming increasingly popular due to its modern amenities, flexible leasing options, and proximity to academic institutions. Of the total 8.56 million student housing beds across the US, Purpose-Built Student Accommodation (PBSA) accounts for 2.8 million beds, divided into 0.48 million on-campus beds and 2.32 million off-campus beds. Additionally, university halls provide

1.46 million beds, while other off-campus options, including build-to-rent, co-living, and single-family housing, contribute 4.3 million beds.

### Pre-leasing and Rental Growth

The student housing sector has maintained strong occupancy rates, especially in purpose-built developments located near top universities. Properties located within one mile of campuses achieved pre-leasing rates exceeding 92% and experienced an average rent growth of 7.3%, compared to 5.8% for properties farther away. As indicated in the chart below, pre-leasing activity for 2024 has fallen short of the record levels seen in 2022 and 2023. However, it remains in line with long-term historical averages, signaling stability despite ongoing economic uncertainties. This positive trend is most evident at Tier 1 universities, which continue to experience steady demand from students.

## U.S. Off Campus Purpose-Built Housing: Pre-Lease Occupancy (Through August Each Year)

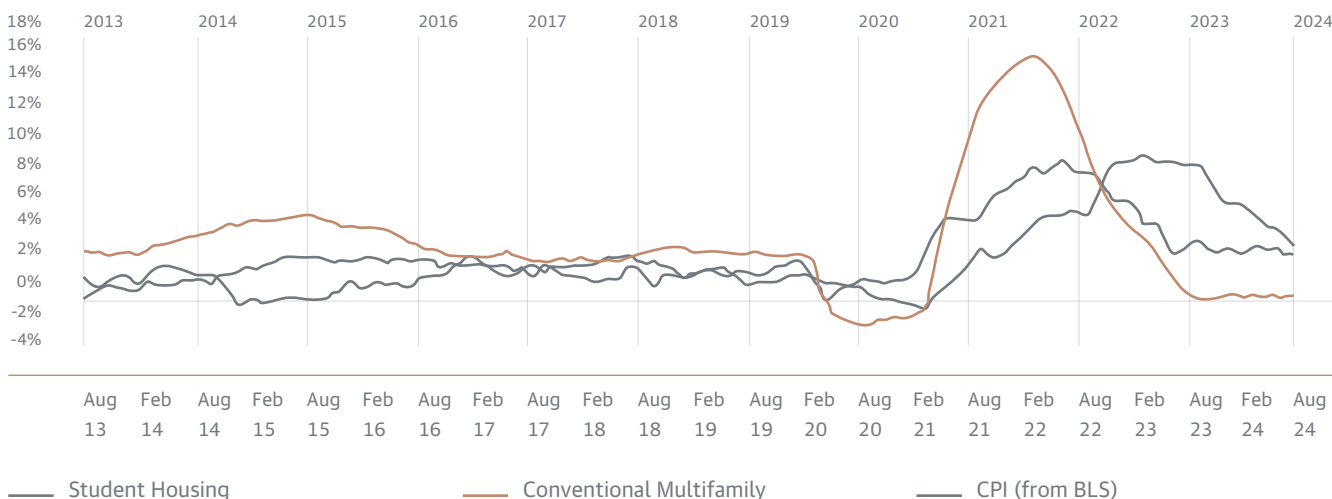


Source: Real Page Market Analytics for Student Housing

The student housing sector leads the U.S. real estate market in rental growth, exceeding historical averages. In 2023, it achieved a record annual rent growth of 7.8%, the highest for this period. According to PwC's 2025 Emerging Trends in Real Estate report, student housing rent growth has outpaced

conventional multifamily housing in 34 of 56 months since early 2020. This momentum continued into 2024 with a solid 5.0% growth. While rent growth remains well above long-term averages, the sector is normalizing due to the increased availability of competitive housing options.

### U.S. Student Housing YoY Effective Asking Rent Change



Source: Real Page Market Analytics for Student Housing; Bureau of Labour Statics & FRED (CPI data)

In terms of yield, student housing offers a 9.05% average rental yield, with the Northeast achieving the highest yield at 9.97%. Cap rates, currently at 5%, remain higher than those of conventional multifamily housing and are expected to increase. Higher education enrollment often rises during economic downturns, further stabilizing demand.

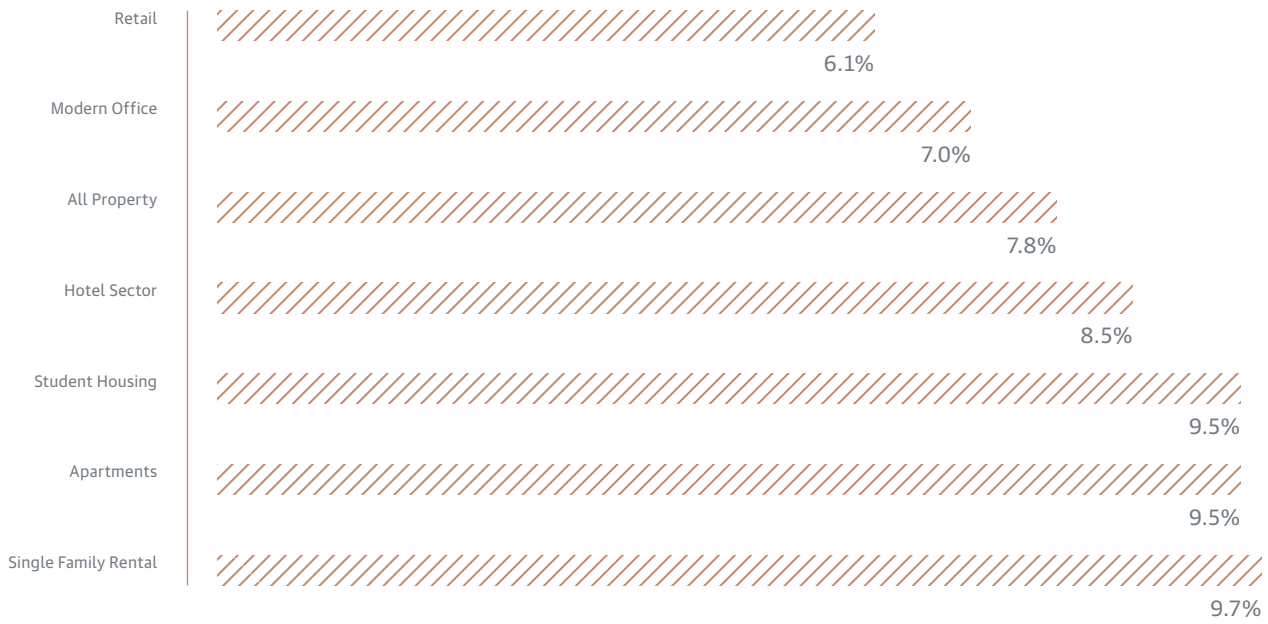
#### Public-Private Partnerships and Transaction activity

Public-Private Partnerships (PPPs) have played a critical role in development. By working together with universities, local governments, and private investors, these partnerships find great locations, speed up approval processes, and design projects to meet the needs of the academic community. Blackstone REIT's portfolio company American Campus Communities (ACC) has completed over 115 projects with 65 universities across the US since its inception 30 years ago. PBSA project applications and approvals have surged, with a total valuation of \$672.8 million in key regions, highlighting the sector's growth.

Despite its strengths, challenges persist, including rising construction and labor costs, reliance on private partnerships for new dormitories, and competition from the "shadow market" of conventional apartments near campuses. Approximately 350,000 student-competitive beds were vacant as of August 2024, increasing competition for PBSA operators, as noted by RealPage.

The sector is maturing, characterized by stable returns, reduced volatility, and growing consolidation among ownership groups. In 2022, Blackstone acquired ACC, one of the last major public REITs specializing in student housing. With no public student housing REITs remaining, the market has drawn increased interest from private buyers and large investment groups. High occupancy rates, robust rent growth, and strong institutional interest, particularly in Tier 1 markets, position the US student housing sector as a compelling investment opportunity. As per Amber, the sector's total return is projected to be 9.5% from 2023 to 2028, outperforming other key real estate asset classes such as retail, modern office spaces, and hotels.

Projected ROI US Student Housing vs. Real Estate Sector (2023-2028)



Source: Amber

## The UK Student Housing Market

The UK student housing market is grappling with a widening gap between demand and supply, primarily driven by a surge in student numbers and insufficient development of purpose-built student accommodation (PBSA). According to Higher Education Statistics Agency (HESA), the number of full-time university students has risen nearly 25% over five years to reach 2.36 million in 2022-23, with the strongest growth recorded among first-year UK undergraduates, international students, and postgraduates. As per JLL, the number of full-time international students increased 81% since 2014-15, with the number of non-EU students growing 121% and EU students declining 22%. As a result, core demand (number of students expected to be living in PBSA) for PBSA now accounts for 61% of the UK’s full-time student population, increasing the need for suitable accommodation. Additionally, widening participation strategies and the declining real-terms cost of tuition fees have encouraged participation of students from lower-income households, further fueling demand.

### Supply-Demand Mismatch

Despite increased PBSA supply, the market remains undersupplied. In 2022-23, 764k PBSA beds were available, covering just 53% of core demand, down from 56% five years ago, as highlighted by JLL. This shortfall is expected to worsen, with coverage dropping to 50% by 2030-31. The potential obsolescence of 107k beds due to energy standards further worsens the issue. According to CBRE, 100k PBSA beds serve 400k students in London, with similar shortages in cities like Bristol, Manchester, and Nottingham. Nationwide, unmet demand is estimated at 600k beds. New PBSA delivery has slowed, with just 9k new beds in 2023 and 14k expected in 2024, far below the historic average of 30k. Rising construction and regulatory costs, including the Building Safety Act, have made new developments unfeasible except in high-value markets (£200+ per week).

### Rental Growth and Policy Measures

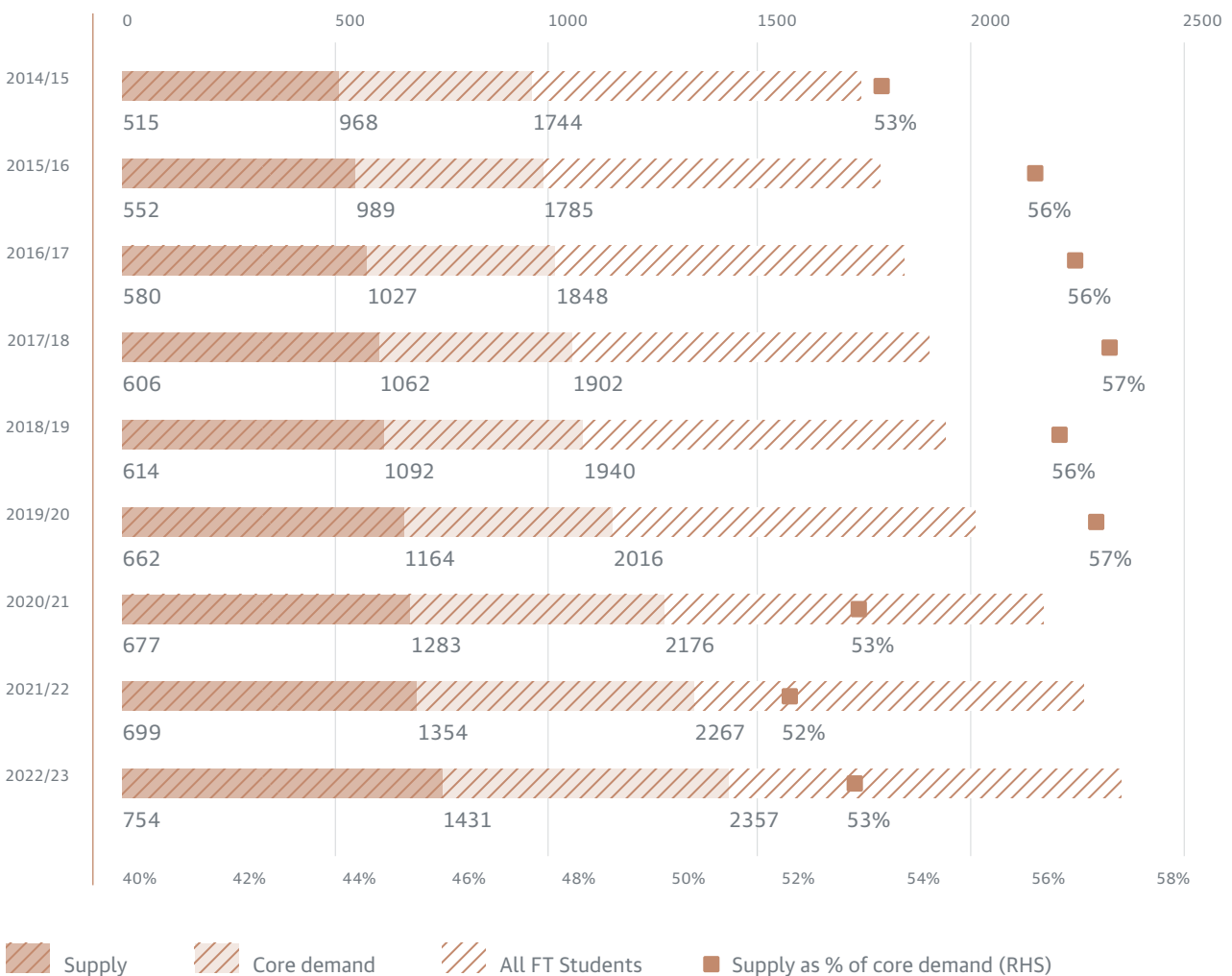
The scarcity of PBSA has fueled significant rental growth. CBRE reports that over the past six years, average rents for en-suite rooms have increased 27%, reaching £8,700 per year, while studio rents have risen 37% to £11,950 annually. Projections indicate that just 59k new PBSA beds will be delivered by 2029, potentially increasing the shortfall to 620k bedspaces. Meanwhile, the private rental sector, a key alternative for student housing, faces increasing strain. Legislative changes, such as reduced tax relief and higher stamp duty, have led to a sharp decline in private buy-to-let activity, with new mortgages down 39% compared to the long-term average. Houses of Multiple Occupation (HMOs), a vital component of student housing, have seen a 10% reduction in supply between 2018-19 and 2022-23, equating to 146k fewer beds. Conversion of long-term rentals into short-term holiday lets has also impacted the private rental sector, with an estimated 175,000 properties now unavailable for permanent tenants.

The UK government is tackling the student housing mismatch by offering incentives to private developers, allocating sites near universities for PBSA, and allowing the conversion of buildings like old offices into student accommodation. It also promotes high-density housing to maximize space and collaborates with universities to align development with housing needs.

### Investment Activity

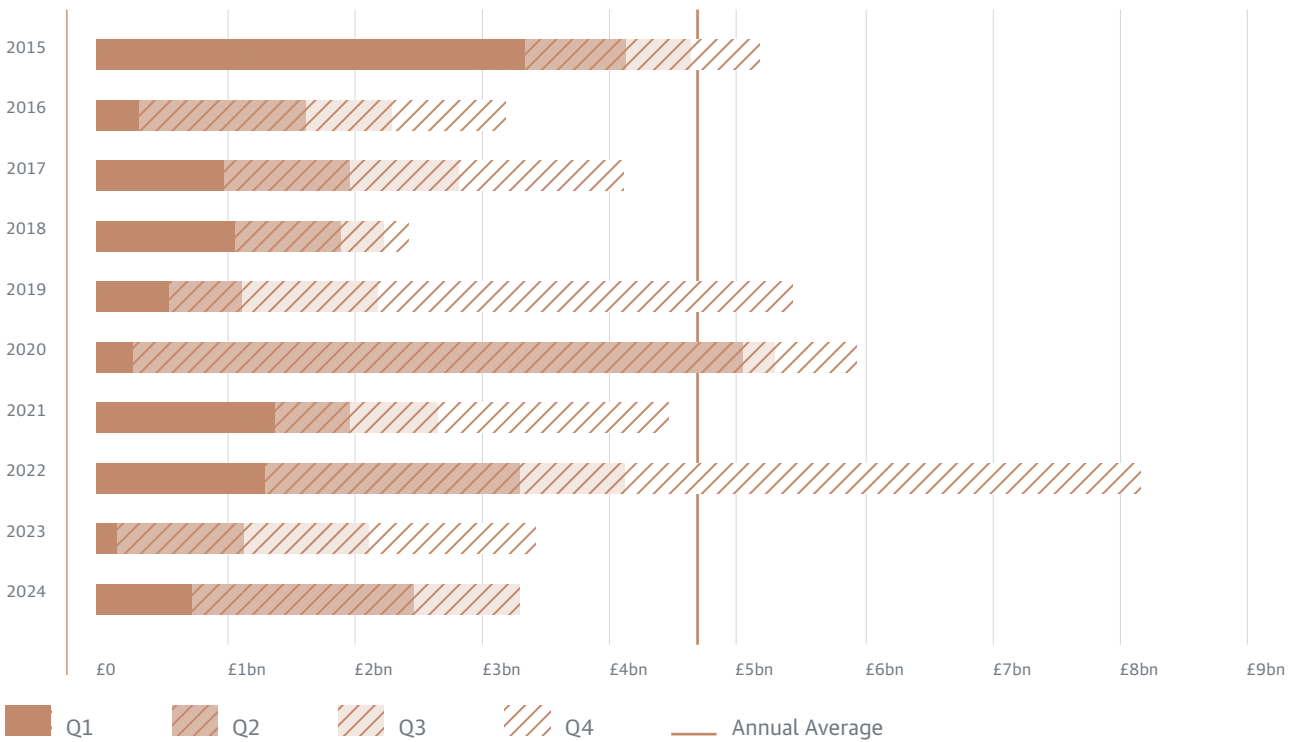
As per Knight Frank research, the PBSA sector continues to attract significant investment. In 2024, investment totaled £3.3 billion by Q3, surpassing the £2 billion recorded at the same point in 2023. However, 30% of 2024's investment volume was tied to a single transaction: Singaporean-based Mapletree's acquisition of the Cuscaden Peak Portfolio. In 2023, overseas investors increasingly participated in the UK market, accounting for 46% of PBSA deals. Institutional investors, both domestic and international, remain optimistic about the sector's potential.

PBSA supply and demand ('000s)



Source: JLL Research, HESA

Fig 1 : UK PBSA investment volumes quarterly

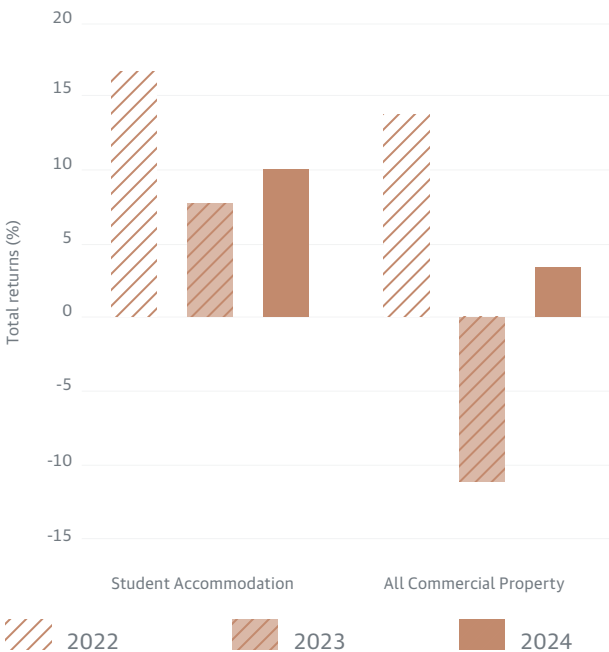


Source: Knight Frank Research

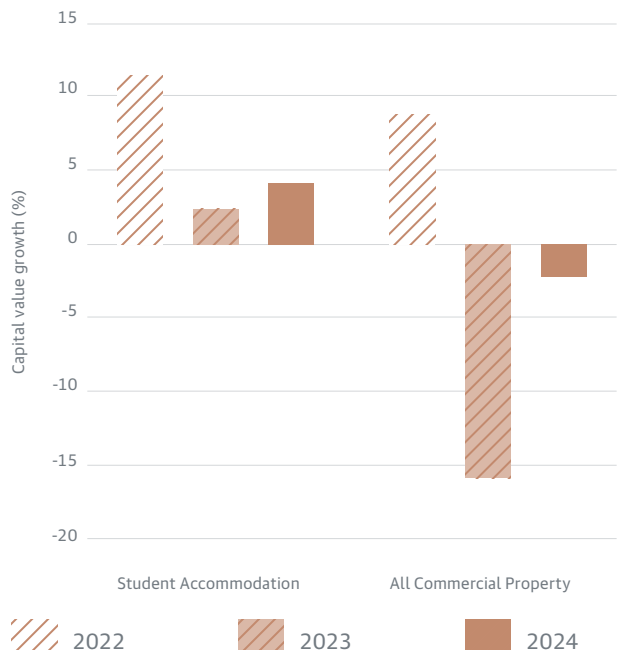
Addressing the chronic undersupply of student housing will require leveraging investment opportunities and aligning policy with the growing demand for high-quality, purpose-built accommodation. Such measures are critical not only for supporting the student population but also for alleviating pressure on local residential markets.

The CBRE ava Index reports a total return of 9.8% in the year to September 2024, outperforming all commercial property, which saw a return of 3.5%. In 2023, nearly £4 billion was invested in the sector, with the same index reporting strong average total investment returns of 10.8% over the past 12 years. PBSA outperformed all commercial properties for three consecutive years.

Asset class - total return



Asset class - capital growth



Source: CBRE Research, Q3 2024



University Edge MSU is a 792-bed purpose-built, student housing community serving Michigan State University ("MSU") and its approximate 50,000 students.

# Healthcare

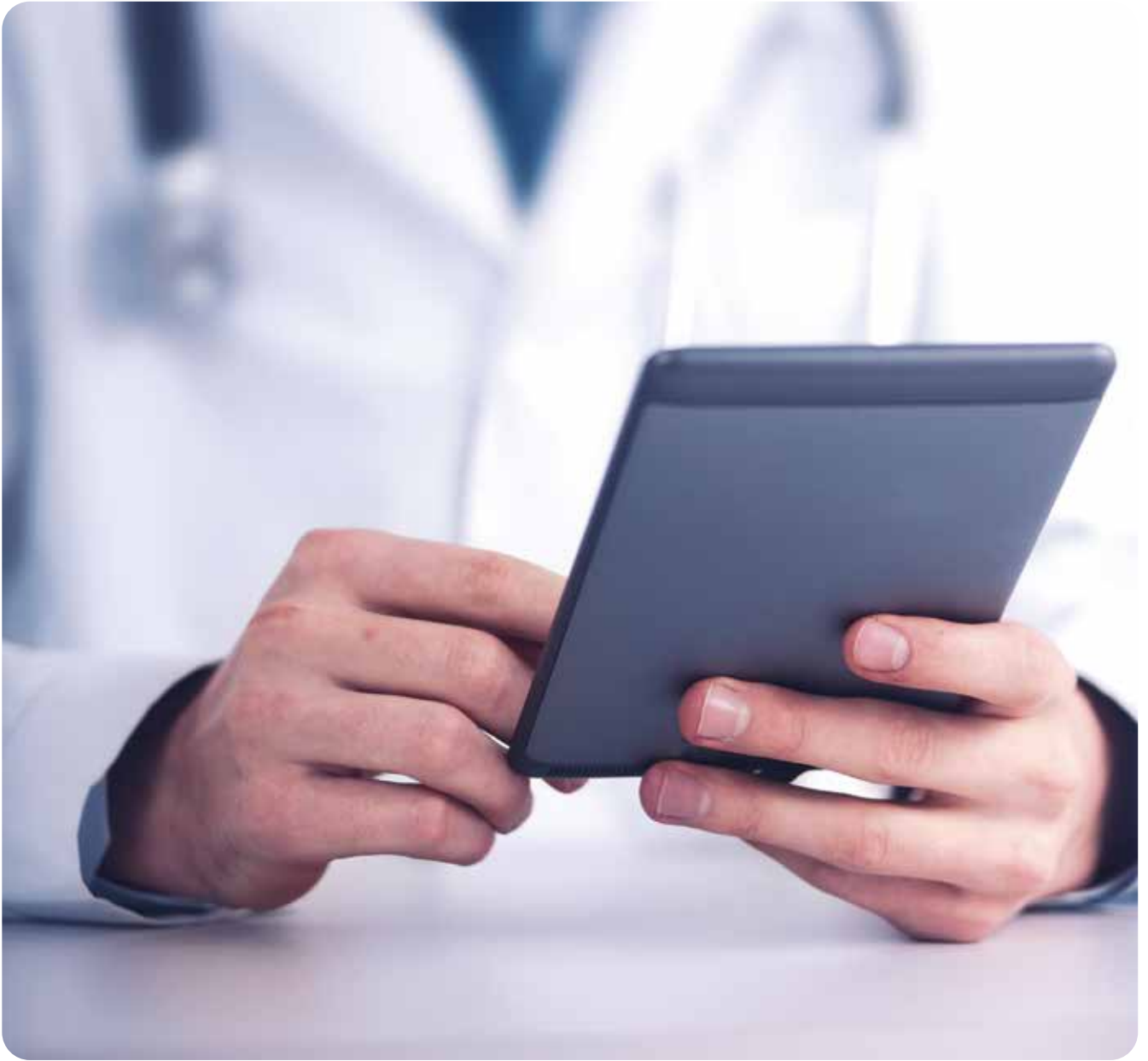
## 09/9

# 13.10



Saudi Arabia is also making significant strides, with projections indicating a CAGR of 13.10% through 2034.

The healthcare sector is a rapidly evolving sector, driven by advancements in digital health infrastructure and the localisation of pharmaceutical manufacturing. The region continues to roll out wide-ranging medical innovations in areas like genomic medicine and robot-assisted healthcare.



Globally and locally, healthcare technologies are being widely adopted with enhanced health outcomes from a growing range of medical applications.

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## GCC Healthcare Sector

Governments are actively implementing reforms and incentivizing private sector participation to modernize healthcare systems, improve efficiency, and enhance service delivery. Visionary programs like Saudi Vision 2030, We the UAE 2031, and Qatar National Vision 2030 underscore the commitment to modernize healthcare, enhance efficiency, and meet the region's growing healthcare demands. Saudi Arabia has allocated \$69.2 billion (20% of its total expenditure

for 2025) to health and social development, with a strong focus on digital health advancements and preventive care. Similarly, the UAE has dedicated 8% of its overall 2025 budget to healthcare and community prevention services.

The GCC region's strategic location at the crossroads of Europe, Asia, and Africa, combined with favourable travel policies and the availability of specialized treatments, has solidified its position

as a growing hub for medical tourism. The UAE leads the region with initiatives like Dubai Healthcare City and Abu Dhabi's Medical Tourism e-portal, integrating top-tier medical services with tourism. Saudi Arabia is also making significant strides, with projections indicating a CAGR of 13.10% through 2034.

When it comes to wellness tourism, the UAE, ranked 18th globally, has emerged as a leader not only within the GCC but across the Middle East. Its wellness tourism expenditure surged from \$3.9 billion in 2019 to \$7.2 billion in 2023, reflecting an impressive annual growth rate of 43.1%. Saudi Arabia, ranked 34th globally, has also played a pivotal role in driving the region's remarkable expansion in wellness tourism.

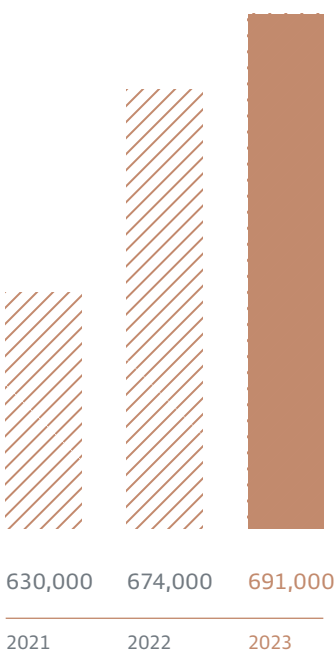
Key trends shaping the sector include building a digital health infrastructure and localization of pharmaceutical and MedTech manufacturing. Saudi Arabia is leading with over \$50 billion in digital health investments in initiatives like creating the world's largest health information exchange and telemedicine platforms such as the Seha Virtual Hospital. The UAE is advancing with the Wareed electronic health record system and digital twin projects that support precision medicine. Bahrain and Oman are also contributing to regional innovation through genomic medicine and robotics applications, enhancing specialized care and treatment outcomes. Localization of pharmaceutical and

MedTech manufacturing is another critical trend, projected to drive annual growth of 9-10% in MedTech, particularly for diagnostics and patient monitoring devices.

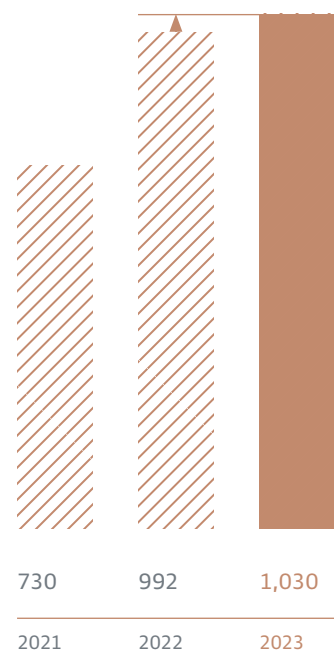
The private sector has immense potential to alleviate government healthcare spending in the GCC, by providing innovative funding solutions, advanced technologies, and efficient service delivery. For the private sector, PPPs provide attractive investment opportunities with predictable cash flows and long-term returns, particularly in healthcare, where demand is consistent. Moreover, PPPs allow the private sector to commercialize services traditionally funded by governments, unlocking new revenue streams and ensuring financial viability.

The sector is experiencing increased mergers and acquisitions and private equity activity, driven by regional and international players targeting scalable assets. Investment momentum continues to grow, reflecting strong investor confidence, particularly in health technology innovations such as AI-powered radiology and decentralized diagnostic testing. Private equity firms are increasingly focusing on assets aligned with localization goals and digital transformation, while health technology innovations, including AI-powered radiology and decentralized diagnostic testing, are drawing significant investments.

The following charts show the number of health tourists and their spending on healthcare services in Dubai in the last 3 years:

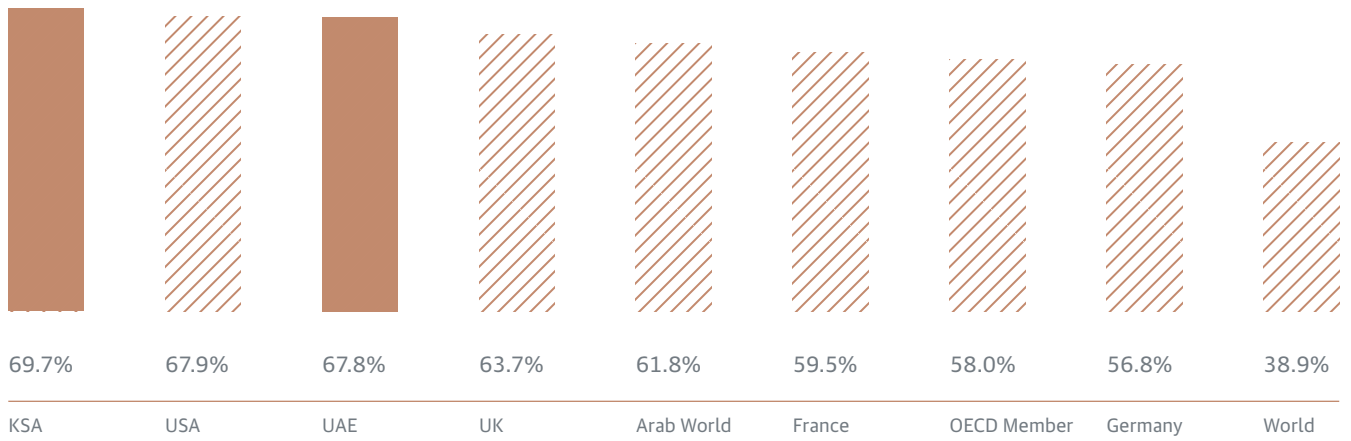


No of tourists

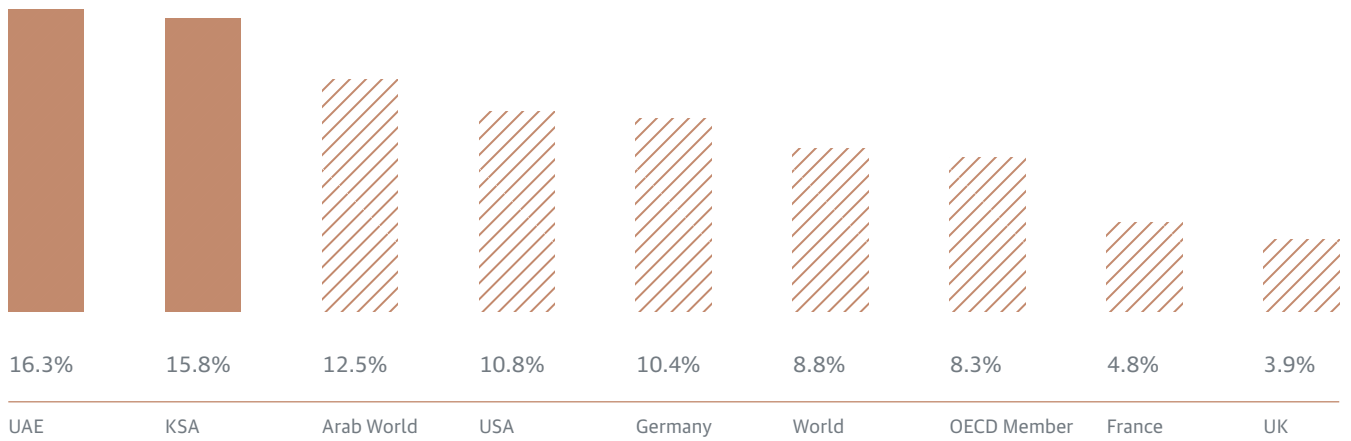


Amount Spend (AEDm)

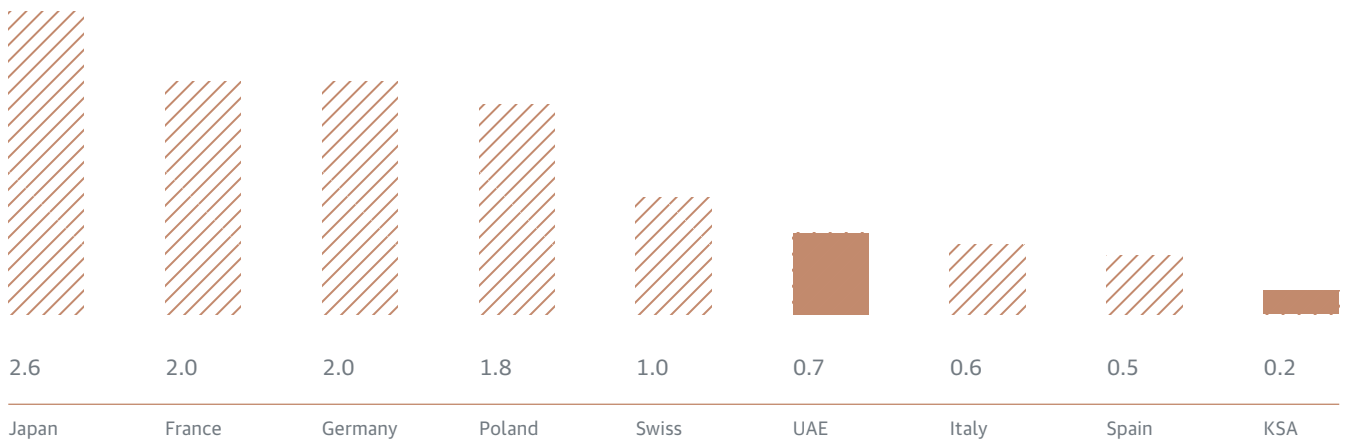
Obesity (% of total population)



Diabetes (% of total population)



PAC Beds per Capita



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## US Healthcare Real Estate

The healthcare real estate sector in the US is experiencing significant growth, driven by several key factors. The aging population is a major driver, with the entire baby boomer generation reaching retirement age by 2030, increasing the share of senior citizens to 20% of the US population. This demographic shift is expected to increase outpatient healthcare spending by 31%, reaching nearly \$2 trillion. Seniors typically require more frequent medical care, which drives demand for medical office buildings (MOBs) and other healthcare facilities.

Healthcare spending in the US is projected to exceed \$6.8 trillion by 2030. This growth is fueled by the increasing prevalence of chronic diseases and the need for ongoing medical care. As a result, there is a steady demand for healthcare real estate, making it a stable investment even during economic fluctuations.

The decentralization of healthcare services is another significant trend. Medical outpatient buildings (MOBs) are increasingly being developed outside traditional hospital campuses to bring healthcare services closer to residential populations. This trend is driven by consumer preferences for more convenient access to healthcare and the need to reduce operational costs.

Technological advancements are transforming the healthcare industry. New technologies, such as artificial intelligence, are being used to alleviate pressures on the healthcare workforce and improve efficiency. This technological shift is also contributing to the demand for modern healthcare facilities that can accommodate these innovations.

The healthcare real estate market is characterized by a high level of fragmentation. Health systems own a significant portion of medical office square footage, while real estate investment trusts (REITs) own a smaller share. This fragmentation presents opportunities for private investors to achieve significant aggregation through off-market transactions.

The increased demand for outpatient services is a significant trend in the healthcare real estate sector. The aging population, advancements in medical technology, and patient preferences for convenience are driving this demand. Outpatient facilities are often located closer to residential areas, reducing the need for

long hospital stays and making it easier for patients to access the care they need.

The COVID-19 pandemic has accelerated the shift towards outpatient care. Health systems have moved many ambulatory and administrative uses out of hospital facilities to limit the transmission of the virus and prepare for potential surges in inpatient demand. This trend is expected to continue, creating a wave of demand for medical office space in the near term.

The financial performance of outpatient facilities has been strong. They have shown resilience during economic downturns and have become a stable asset class for investors. The increased demand for outpatient services has led to higher occupancy rates and rental growth in medical office buildings.

The outpatient care market in the United States is expected to see a significant rise in revenue, projected to reach \$0.78 trillion by 2025. The number of outpatient visits per 1,000 population has been steadily increasing, while inpatient admissions have been decreasing. This trend is expected to continue, driven by advancements in medical technology, efficiency in outpatient facilities, and patient preferences for more convenient care.

The growing demand for outpatient services is influencing the types of healthcare real estate in demand. Real estate developers are now prioritizing outpatient facilities over traditional hospitals. Medical outpatient buildings (MOBs) are well-positioned to benefit from trends such as an aging population, growing healthcare spending, and transformative technologies. The overall MOB vacancy rate fell in 2024, as average asking rents rose despite a robust pipeline of deliveries. This trend is expected to continue, creating a wave of demand for medical office space in the near term.

Overall, the growth of outpatient services is reshaping the healthcare real estate landscape, making it a compelling investment opportunity with strong long-term fundamentals. The increased demand for outpatient services has led to higher occupancy rates, rental growth, and a shift in real estate development priorities.



Healthcare spending in the US is projected to exceed \$6.8 trillion by 2030. This growth is fueled by the increasing prevalence of chronic diseases and the need for ongoing medical care.



02:

# ESG Overview

A 36 Page Review of our Group's  
Environmental, Sustainability + Governance

GFH's framework  
approach +  
methodologies  
regarding our  
commitment to

An overview  
on our 2024  
activities +  
achievements

Environmental,  
Social +  
Governance.

# Our Approach Towards Achieving Our ESG Goals

The world is coming together as a single body, to address the vital societal and environmental issues like climate change, poverty and biodiversity loss. GFH is playing its part in this collective action and seeks new ways to minimise the potentially massive, negative impacts on communities as well as our natural world.

GFH Financial Group's ESG Framework rests upon our three core principles, which are: **Responsibility, Nurturing + Integrity**

<p>Responsible for our actions</p> <p>01</p>	<p>Nurturing + growing talent</p> <p>02</p>	<p>Operating with integrity</p> <p>03</p>
<p><b>Material Topics</b></p> <ul style="list-style-type: none"> <li>- Responsible Finance</li> <li>- Sustainable Performance</li> <li>- Environmental Management</li> <li>- Community Engagement</li> <li>- Social Responsibility</li> <li>- Sustainable Procurement</li> </ul>	<ul style="list-style-type: none"> <li>- Diversity and Inclusion</li> <li>- Health, Safety and Wellbeing</li> <li>- Talent Attraction and Management</li> </ul>	<ul style="list-style-type: none"> <li>- Governance, Business Ethics and Compliance</li> <li>- Data Privacy</li> <li>- Risk Management</li> <li>- Customer Experience and Relations</li> <li>- Digitalisation and Innovation</li> </ul>
<p><b>Bahrain Vision 2030</b></p>	<p>We aligned the ESG management process with National goals by incorporating key components of the Bahrain Vision 2030, these outline a sustainable path for the future.</p>	<p>Bahrain Vision 2030 sets out the Kingdom's importance on the global stage while providing insight into its unique challenges.</p>
<ul style="list-style-type: none"> <li>- Bahrain stimulates growth by enhancing productivity and skills</li> <li>- Bahraini nationals and residents enjoy a sustainable and attractive living environment</li> <li>- A high standard of social assistance gives all Bahrainis an equal start</li> </ul>	<ul style="list-style-type: none"> <li>- A predictable, transparent and fairly enforced regulatory system facilitates economic growth</li> <li>- All Bahraini nationals and residents have access to quality healthcare</li> <li>- Bahrain stimulates growth by enhancing productivity and skills</li> </ul>	<ul style="list-style-type: none"> <li>- A predictable, transparent and fairly enforced regulatory system facilitates economic growth</li> <li>- Bahrain stimulates growth by enhancing productivity and skills</li> <li>- A world-class infrastructure links Bahrain to the global economy</li> </ul>

# Stakeholders + Materiality Index

GFH Financial Group's stakeholder body includes our clients, shareholders, employees, regulators and the broader community. In 2024, a materiality assessment identified key ESG priorities, shaping our sustainability strategy and reporting. We actively collaborate with stakeholders to align our approach with their expectations.

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The Group's key stakeholders include:

**Shareholders:** Focus on delivering sustainable financial returns and transparent communication.

**Clients:** Providing innovative, Sharia-compliant investment solutions and exceptional service.

**Employees:** Fostering a culture of inclusion, career growth and wellbeing.

**Regulators:** Adhering to stringent compliance standards to maintain integrity and trust.

**Community:** Investing in societal growth through education, healthcare and sustainable development initiatives.

**GFH Material Topics:** GFH conducted a materiality assessment to identify Environmental, Social and Governance (ESG) priorities. These material topics align with Bahrain's Vision 2030 and the United Nations Sustainable Development Goals (SDGs):

- Governance, Business Ethics & Compliance
- Sustainable Performance
- Social Responsibility
- Diversity and Inclusion
- Customer Experience and Relations
- Environmental Management
- Talent Attraction and Management
- Health, Safety and Wellbeing
- Community Engagement
- Responsible Finance
- Risk Management
- Data Privacy
- Digitalisation and Innovation
- Sustainable Procurement

# 17 Sustainable Development Goals

Throughout 2024, GFH demonstrated its commitment to the SDGs with initiatives aligned to its core purpose. These 17 goals which the Group is actively pursuing are shared here and our activities are reflected in this ESG section of our report.

## Responsible Operations

06



Clean Water + Sanitation

07



Affordable + Clean Energy

08



Decent Work + Economic Growth

11



Sustainable Cities + Communities

12



Responsible Consumption + Production

13



Reduces Climate Impact

## Nurtured Talent

03



Good Health + Wellbeing

05



Promotes Gender Equality

10



Reduced Inequalities

## Integrity in Action

08



Decent Work + Economic Growth

09



Industry, Innovation + Infrastructure

16



Peace, Justice + Strong Institutions

17



Partnerships for Our Goals

# Enhancing our Group's Sustainability

During 2024, GFH Financial Group continued demonstrating its commitment to sustainability goals through our Environmental, Social and Governance initiatives. GFH's initiatives are designed in alignment with the Kingdom of Bahrain's Vision 2030 goals, aiming to affect positive change for its local, regional and global communities.

GFH's sustainability strategy is integrated into the Group's broader business strategy, focusing on long-term growth, environmental stewardship and social responsibility.

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## Sustainability Strategy

GFH's sustainability strategy is integrated into its broader business strategy, focusing on long-term growth, environmental stewardship and social responsibility. The strategy is built around key pillars:

### 1. Sustainable Investment:

Prioritizing investments in sectors with strong ESG foundations, such as healthcare, education and sustainable infrastructure:

- European Infrastructure
- Saudi South Hospital (Abha)
- Healian Healthcare
- HCLS I (Schroders)
- HCLS II (Schroders)
- Blackstone Renewables Deal

### Through our Asset Managers:

Roebuck entered into a JV with a Spanish developer to develop high quality, state of the art facilities which uses EV points for electric delivery vehicles and ensures BREEAM 'Very good' or 'Excellent' rated buildings, Student Quarters and Big Sky, which they follow an intensive ESG Frameworks (which we can provide).

### 2. Environmental Stewardship:

Reducing the environmental impact of operations through initiatives such as energy efficiency, waste reduction and afforestation projects:

- Preserving water resources: GFH supported the restoration of one of the oldest water springs in Bahrain
- Manage / offset Carbon Footprint: Partnered with Safa (an entity under Mumtalakat) to collaborate on carbon offset initiatives.

### 3. Social Responsibility:

Supporting the wellbeing of employees, customers and communities through education, health and community engagement initiatives:

- Marathon Run
- Celebrate Bahrain
- WBAF & Global Women Society
- Sponsoring Sports Clubs and Paralympic Committees in Bahrain
- Ramadan Community Engagement
- Cultural Center Sponsorship
- Tech Startups Support

### 4. Contributions to Local Talent Development:

GFH welcomed Summer Internship students for the 2024 programme. The initiative offers high achieving high school students practical experience in the financial sector through on-the-job training across multiple departments and subsidiaries. The initiative also aims to develop the knowledge and skills of the students, preparing them for higher education, future employment and, ultimately, contributions towards overall local and regional economic development.

# Our Group's Environmental Social Governance Philosophy

GFH Financial Group operates responsibly, integrating environmental protection into its vision and investment decisions. Committed to Bahrain's economic future, GFH uses innovative tools to minimise its impact while enhancing society and the environment.

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## A Commitment to Responsible Finance



We are committed to creating sustainable wealth for our investors by diversifying our portfolio of investments, contributing to the Bahrain Economic Vision 2030. GFH commits to incorporating ESG issues into investment analysis and decision-making processes.

GFH's Business Units are responsible for taking ESG forward and ensuring its implementation across the investment portfolio where possible and practical. The Business Units shall report regular progress updates regarding implementing this practice to the ESG Committee. Business Units shall analyse and set a dialogue on ESG objectives and risks before making a decision while taking into account the return on investments.

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## Driving Sustainable Performance



We pursue a diversified asset allocation strategy to adapt to many challenges in an ever-changing macro environment while working closely with our stakeholders to meet expectations realistically. We developed a strong and consistent ability to identify, successfully bring to market and capitalise on a wide range of solid investment opportunities in some of the world's most dynamic markets and sectors.

This approach signifies the Group's investment insights and commitment to increase the value of its assets and continue to achieve a solid financial performance that reflects its investors and shareholders.

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## Environmental Stewardship



GFH continues its efforts to integrate sustainable practices across its operations and investments to support the transition to a low-carbon economy. We have focused on exploring opportunities and creating partnerships related to offsetting carbon emissions, as well as in environmental and water restoration related projects.

Additionally, we continue to improve the energy efficiency of our offices and buildings by adopting energy-saving technologies, sustainable fixtures, and responsible waste management practices, reducing overall consumption and emissions while contributing to a greener future.

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## Driving Social Impact



GFH is committed to inclusive economic growth by fostering local talent, employee development, and community engagement. We prioritise local hiring to support national workforce development and invest in training programs for employees and university students to equip them with future-ready skills.

Through strategic partnerships with NGOs and social organizations, we support initiatives in education, healthcare, and workforce empowerment, aligning with national and international sustainable development goals. By working with key stakeholders, we extend our reach and amplify our positive impact, ensuring a more sustainable and resilient future for our communities.

# Our Group's efforts to reduce its impact on the Environment

GFH Financial Group embarked on a comprehensive journey towards environmental sustainability, integrating environmental considerations within its core business operations. During 2024, GFH continued to further enhance its environmental performance, focusing on energy efficiency, waste management & sustainable resource use.



We believe tackling environmental issues, such as climate change, environmental degradation and pollution, should be part of every responsible business agenda. GFH aspires to act in a manner that minimises the detrimental environmental impacts of its operations. We also take into account the environmental impact of our investments and financing activities, including greenhouse gas emissions, waste management and resource use.

Additionally, we seek to prioritise investment opportunities in renewable energy, low-carbon transportation and other sustainable infrastructure projects that contribute to the reduction of greenhouse gas emissions where possible and practical. We are committed to engage with our clients to encourage sustainable business practices and promote the transition to a low-carbon economy.



GFH Financial Group is committed to engage and inspire its clients to support sustainable business practices to help promote the transition to a low-carbon economy.

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## Environmental Project Spotlight

### **Offsetting Carbon Emissions:**

GFH partnered with Safa to explore innovative strategies for reducing environmental impact and integrating sustainability into corporate operations, this reflects a shared commitment to supporting Bahrain's 2035 and 2060 Net Zero goals, demonstrating leadership in environmental stewardship and corporate responsibility.

### **Water Spring Restoration:**

One of the flagship environmental projects in 2024 was the restoration of one of the oldest water springs in Bahrain, Ain AlHakeem, which involved drilling and laboratory process to test the water accessibility and purity. This was in partnership with Bahrain Authority and Culture Authority and Clean-up Bahrain.

### **Community Sustainability:**

GFH partnered with Al Areen Raffles to create a sustainable fruits and herbs garden at the property. Kicking off a series of planned initiatives was the planting of fruit trees at the hotel's garden during an Iftar event. The aim is to create a sustainable fresh source for Al Areen Raffles restaurants whilst contributing to the "greening" of the area.

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## Key Reduction Initiatives

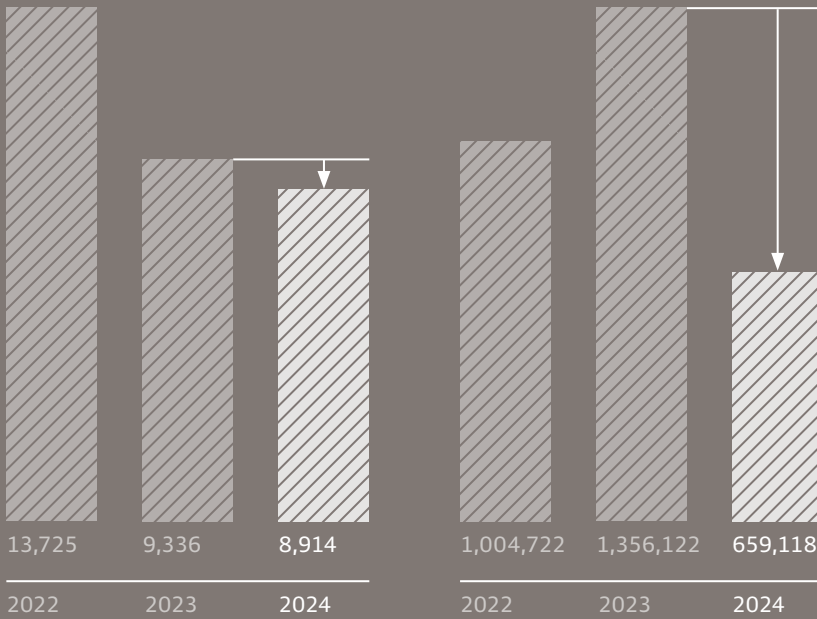
### **Energy Efficiency Upgrades:**

GFH implemented energy-efficient technologies across its facilities, including high-efficiency HVAC systems and LED lighting. These upgrades contributed significantly to the reduction in Scope 2 emissions by optimizing energy consumption.

### **Usage of Glass Water Bottles:**

Moved from plastic water bottles to glass water bottles for guests. Among the new initiatives started in 2024 was the usage of a new water purification system to reduce reliance on traditional water coolers and use existing water lines as source of drinking water.

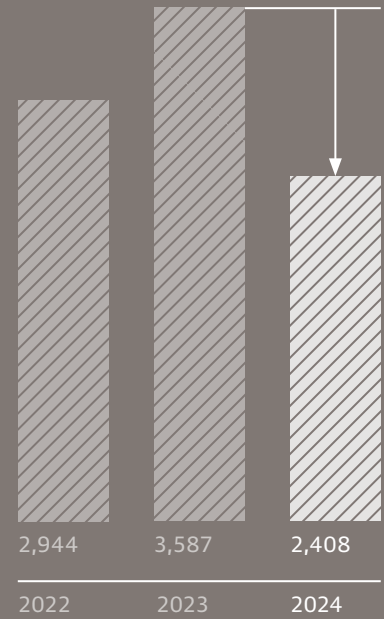
### Energy Consumption



51% Reduction

Electricity Consumption (kwh) for Group and new ventures inc. new and current offices, storage, facilities, etc.

### Water Consumption



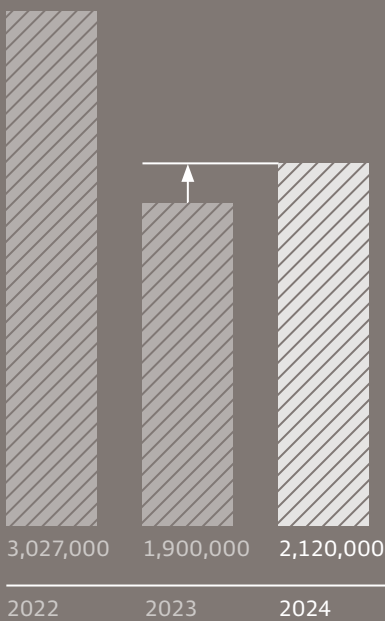
33% Reduction

Total Water Consumption (m3) for Group and new ventures including landscaping and increase in staff numbers.

5% Reduction

Petrol Consumption (Litres) for Group vehicle usage

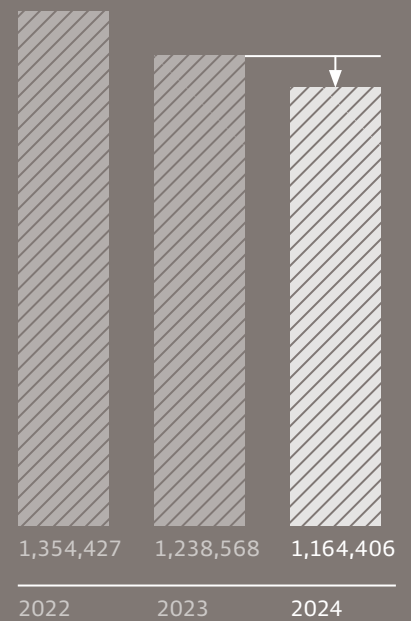
### Community Investment



10% Increase

Community Investment, units in US\$

### Procurement



6% Reduction

Procurement spending on local suppliers, units in BHD

# Group electricity consumption has been reduced

2024

kWh 659,118

2023

kWh 1,356,122

A 51% decrease in Group  
electricity consumption was  
achieved over the last 12 Months



# How our work provides developmental support to our shared Society

GFH is committed to improving communities daily by enhancing services and supporting charities, social infrastructure and essential causes. Our efforts include educational sponsorships, medical equipment and financial aid for those in need.



### **Brief about Employees**

GFH's workforce is one of its greatest assets, comprising a diverse group of professionals committed to excellence and innovation. Over the years, the number of employees has steadily grown, reflecting the Group's expansion and success. In 2024, GFH employed over 150 individuals across its global operations, with a strong focus on creating a supportive and inclusive work environment.

### **We Nurture Our Workforce**

At GFH, we believe that our employees are the key to our success. We offer advanced training and development opportunities for our employees so that they feel appreciated and valued. In addition to attracting the best talent, we strive to promote Bahrainisation as well. Moreover, we are dedicated to maintaining a diverse workforce and creating a safe and positive work environment.

In particular, we are committed to the following practices:

#### **Talent Attraction and Management**

We seek the best talent to participate in a special learning journey that is intended to give chosen participants the skills and exposure they need to start a successful career while building a talent pool of high-performance future employees. We invest in our employees' career development providing funds, time and resources for external training and development. Engaging with all employees and regularly monitoring and assessing employee satisfaction enables the continuous identification and implementation of continuous enhancement to employees' experience.

#### **Health, Safety and Wellbeing**

We regard presenting a healthy and safe work environment as an indispensable component of a successful business. We take reasonable precautions to promote health and safety in the workplace and create safe working conditions for all employees.

#### **Social Responsibility**

GFH is committed to promoting human rights and responsible labour practices. We will not invest in companies that violate internationally recognised human rights standards. We will prioritise investment opportunities in affordable housing, healthcare and education that contribute to social and economic development. GFH will consider the social impact of our investments, including job creation and the treatment of workers, when making investment decisions.

#### **Nationalisation**

In line with national agendas, GFH takes affirmative actions in hiring decisions. Employment decisions are made on merit and many other objective criteria, yet for candidates of similar calibre, this gives Bahraini citizens priority over others when making hiring decisions.

In coordination with the Bahrain Institute of Banking and Finance, we select top Bahraini prospects to undergo a unique learning journey designed to provide selected participants with the necessary tools and learning exposure to launch a successful career, while creating a pool of high-performance future talent.

GFH implemented Nationalisation programs in its Bahrain operations as part of its commitment to supporting local talent. These programs are designed to attract and retain National talent, providing them with the skills and opportunities needed to thrive in the financial services sector.

#### **Training and Development Highlight:**

We are aware that training and upskilling is an essential and continuous process for employees at every level to utilise their potential towards their personal development objectives and GFH's sustained success. Hence, we invest in our employees' career development, which includes training opportunities, providing funds, time and resources for external training and other opportunities.

GFH also provides employees with paid time off for attending training courses, exams, professional certification programs and relevant industry conferences and events. All employees are encouraged to pursue career development opportunities. In this respect, it is among line managers' responsibilities to help employees and to ensure all employees receive fair opportunities for career development opportunities.

We provide training, instructions and supervision for all employees in line with our Health and Safety Policy that is applicable to all our employees. We also take care of our employees' wellbeing, offering activities including sport activities and tournaments, as well as arrangements that promote work-life balance and that enhance physical and mental health in their free time and during working hours. Our goal is to create a supportive and inclusive work environment where our employees can thrive.

At GFH, our investment decision-making is in accordance with our ambition to transform the daily lives of the communities we're a part of. We are committed to creating sustainable wealth for our investors, primarily our employees, stakeholders and the communities we serve every day. We regard building a workplace environment that fosters equality, employee wellbeing, development and satisfaction as a crucial part of this commitment.

#### **Diversity and Inclusion**

GFH is committed to maintaining an equal opportunity workplace and ensuring diversity and representation across roles and responsibilities. We strive to bridge the gender gap and commend Bahrain's leadership for emphasising the role of women in advancing Bahraini society. As we aim to balance our workforce gender ratio, we are creating more opportunities for female employees each day. The Group also participates in a number of initiatives and events to raise awareness around gender equality and women empowerment.

#### **Anti-discrimination**

Our Anti-discrimination Policy assures respect for the personal dignity, privacy and personal rights of every employee. At GFH, we are committed to maintaining a workplace free from discrimination and harassment. In accordance with this, discrimination on the basis of origin, nationality, religion, race, gender, age, or engagement in any kind of verbal or physical harassment based on any of the above or any other reason is not tolerated. Employees who feel that their workplace does not comply with the above principles are encouraged to raise their concerns with the HR Department. These concerns or occurrences are dealt with in line with our Grievance Policy.



# Talent Management Principles

GFH's Talent Management Principles are designed to foster a culture of excellence, innovation & collaboration while empowering employees to thrive and ensure long-term success for the Group. These principles include:

## **Commitment to Excellence**

GFH is dedicated to recognising and rewarding excellence, providing employees with consistent opportunities to enhance their skills and achieve professional growth. By fostering a culture of continuous learning, GFH ensures its people are always advancing upwards with greater expertise, performance and rewards.

## **Innovation & Entrepreneurship**

These core pillars of GFH's business culture encourage employees to seek new knowledge, challenge themselves to improve and contribute ideas that drive meaningful improvements in our business. The Group values proactive thinking and a commitment to continuous advancement in all.

## **Empowerment**

GFH places great trust in its employees, respects their integrity and equips them with the skills and confidence needed to take the initiative, manage risks and adapt to change. Managers and supervisors are enabled to delegate responsibilities effectively, empowering teams while ensuring efficiency in decision-making.

## **Teamwork**

Collaboration is the key to success, and GFH's employees work together across departments and all levels to achieve shared goals. The team recognises the best solutions arise through collective effort and cooperation.

## **Knowledge & Information Sharing**

GFH fosters a culture of open knowledge sharing across teams and departments. By promoting collaboration and collective decision-making, the organisation ensures efficiency and maximises the value of shared expertise.

## **Family & Work Responsibilities**

GFH believes that supporting employees in balancing work and family responsibilities aligns with the values of its Sharia principles while enhancing team productivity. The company is committed to offering progressive benefit schemes that support both employees and their families.

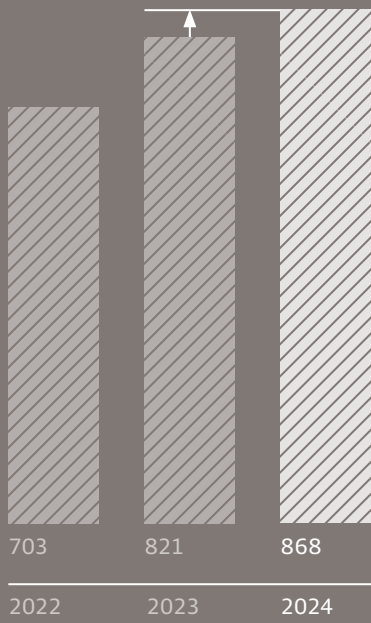
## **Respect**

GFH upholds a workplace culture built on respect, dignity, fairness and courtesy. Employees, clients and business partners are treated with professionalism and integrity and GFH remains committed to maintaining a discrimination-free work environment.

## **Corporate Social Responsibility**

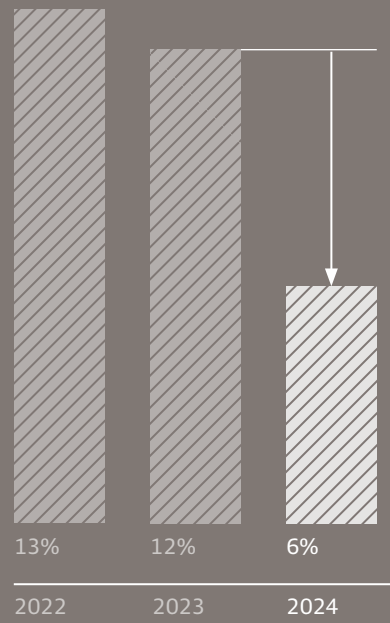
GFH actively supports charitable, educational and community service initiatives. Through the continuous efforts of the Staff Social Committee, the organisation remains dedicated to making a positive impact on society.

### GFH's total global workforce



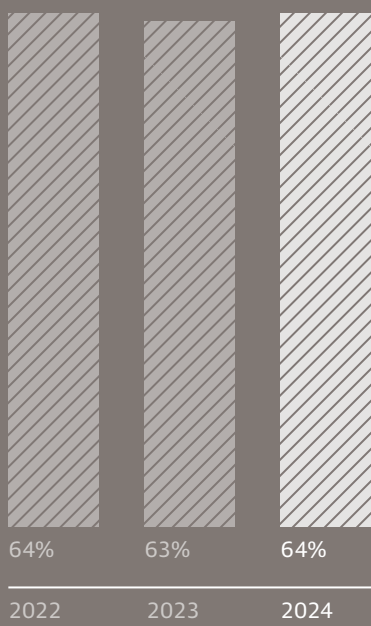
6% Increase

### Turnover



50% Reduction

### Workforce Gender

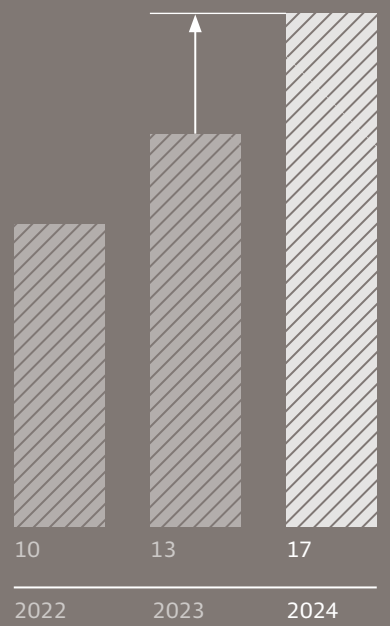


Gender Profile (Male)



Gender Profile (Female)

### Female Leadership



31% Increase

# Female leadership increased across the Group

2024

17%

2023

13%



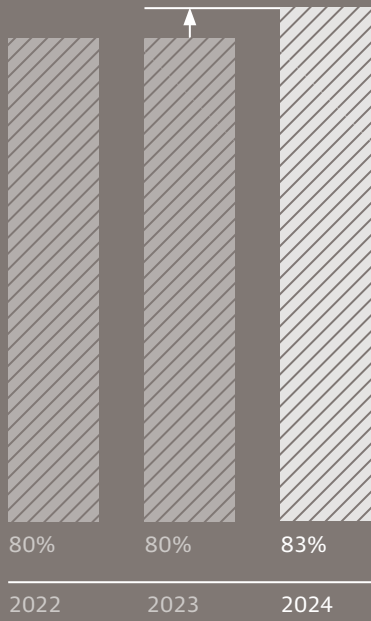
The representation of women  
in leadership positions moved  
positively with a 31% increase



# Acting with integrity

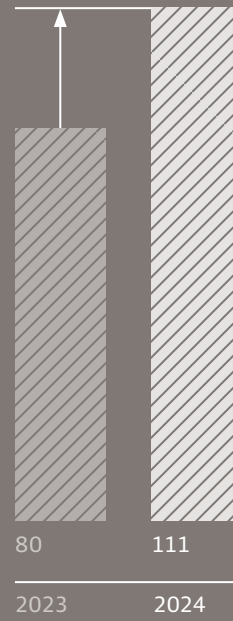
Transparency and honesty are at the heart of our Group's culture. GFH is committed to operating with integrity and continually enhancing our approach. To uphold the highest standards, we implement and regularly update strategies and policies that ensure compliance with the Group's regulatory and supervisory responsibilities.

### Nationalisation



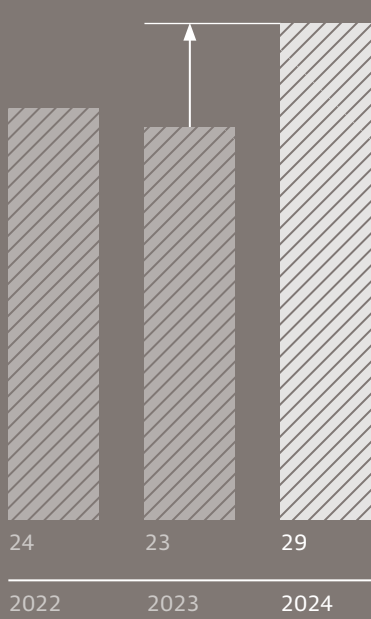
3% Increase

### Number of Staff Attending ESG Training



39% Increase

### Training and Development



26% Increase

Average training hours (Male)



7% Increase

Average training hours (Female)

# Community Development & Engagement

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## 2024's Key Initiatives Include:

### Education Support

GFH greatly expanded its partnership with local and regional educational institutions to further enhance the access to and provision of quality education.

The Group partnered with Britus International School to launch vocational training programs for young professionals. In 2024, GFH hosted a total of 11 student from Britus International School with the aim of providing high school students with valuable hands-on experience in the workplace, allowing them to apply theoretical knowledge in the working environment and assisting them in exploring and discovering their career interests.

### Healthcare Campaigns

GFH organised multiple health awareness drives aimed at fostering healthier communities.

During the last 12 months, GFH Financial Group launched a workplace wellness program that included Breast Cancer & Diabetes awareness sessions for the benefit of all staff.

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## Community Engagement

### Youth City 2030

GFH participated in this year's edition of Youth City 2030, which included the delivery of an intensive and practical workshop designed for Bahraini university students with the aim of guiding them through the challenges of entering the job market as fresh graduates. The partnership aims to contribute to the development of a highly qualified Bahraini workforce that is capable of actively contributing towards the growth journey that the Kingdom is witnessing across all sectors.

### World Diving Aquatics

Supporting the Bahrain Olympic Committee and World Aquatics, the Group hosted the first stop of the highly anticipated World Aquatics High Diving World Cup 2024 at its Harbour North. The partnership furthers GFH's ongoing support and backing for regional and global athletics and the attraction of sports tourism to Bahrain.

### Backing for Special Needs

GFH signed with the Bahrain Sports Federation for Disabilities to sponsor the upcoming 3X3 Wheelchair Basketball under the patronage of His Highness Shaikh Khalid bin Hamad Al Khalifa.

### Contributions to Local Talent Development

GFH welcomed Summer Internship students for the 2024 programme. The initiative offers high achieving high school students practical experience in the financial sector through on-the-job training across multiple business departments and subsidiaries. The initiative also aims to develop the knowledge and skills of the students, preparing them for higher education, future employment and, ultimately, contributions towards overall local and regional economic development.

### Support for Start-Ups

GFH signed as 'Investment Bank Sponsor' with World Business Angels Investment Forum (WBAF) in line with its commitment to support initiatives that drive sustainable growth and create opportunities within the global entrepreneurial landscape.

39 

A 39% growth in staff attending ESG training.



# How our Group operates within a framework of best practice Governance

GFH Financial Group believes our robust corporate governance is vital for the delivery of long-term stakeholder value. Our governance framework prioritises transparency, accountability and ethical decision-making, ensuring alignment with best practices and regulatory standards.



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## ESG Committees

In 2022, we formed a management-level ESG Committee to oversee the Group's overall Environmental, Social and Governance strategy, aiming to achieve optimal alignment with local and global regulations and standards.

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## Board of Directors

(Reports to)

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### Board Investment Committee

Establishes operating guidelines for reviewing and endorsing recommendations for investment strategies and products and services from MIC.

### Audit & Risk Committee

Responsible for assisting BOD oversight, including audit, financial reports, internal control, risk management and compliance (laws, regulations and codes of conduct).

### Nomination, Remuneration & Governance Committee

Oversees BOD composition, ensuring alignment with GFH's strategic goals. Evaluates skills & diversity requirements while leading selection & appointment.

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#### Committee Structure & Reporting Lines

The charter document of the ESG committee outlines the structure, responsibilities and authorities to ensure highest levels of governance. The members are representations from different internal departments in favour to provide consolidated and valuable contributions to oversee and continuously develop our ESG best practices and governance.

#### Governance Framework

GFH's governance structure is designed to ensure effective oversight and strategic direction. The Board of Directors supervises operational, financial and sustainability matters. We adhere to the highest ethical standards and prioritise transparency and inclusivity in our decision-making processes. Additionally, we pro-actively identify, manage and mitigate risks.

#### Governance and Ethics:

GFH aims to insure the utmost transparency, accountability and ethical conduct in all business dealings.

#### Board Composition and Roles

The GFH Board of Directors is composed of experienced professionals who bring a diverse range of skills and expertise to the Group. In 2024, a new Board of Directors was elected, with 80% of its members being independent directors. This composition ensures that the decisions made are well-informed and objective.

GFH has also enhanced gender diversity on its Board of Directors, with women now occupying 10% of board seats in addition to its Subsidiaries. This progress underscores GFH's commitment to advancing gender representation at the highest levels of governance.

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## Board Committees

In 2024, the GFH Board of Directors established three committees: the Board Investment Committee (BIC), the Audit & Risk Committee (ARC) and the Nomination, Remuneration and Governance Committee (NRGC).

### **The Board Investment Committee (BIC)**

BIC is responsible for establishing operating guidelines and reviewing and endorsing the recommendations for investment strategies and products and services from the CEO/Management Investment Committee (MIC).

It has the authority to make investment transaction decisions within the limits delegated by the Board of Directors. Additionally, the BIC reviews, monitors and approves investment and trading decisions made by the CEO/MIC and refers any investment decisions exceeding its own authority to the Board of Directors, along with its recommendations.

### **The Audit & Risk Committee (ARC)**

ARC is responsible for assisting the Board of Directors of the Group in fulfilling its oversight responsibilities. This includes overseeing the audit process, the financial reporting process, the system of internal control, the risk management framework and the Bank's processes for monitoring compliance with laws and regulations, as well as the respective codes of conduct.

### **The Nomination, Remuneration & Governance Committee (NRGC)**

NRGC is responsible for overseeing critical governance functions, ensuring that the Board's composition aligns with GFH's strategic goals. It evaluates the skills and diversity required for Board effectiveness and leads the selection and appointment process for new members.

Executive remuneration is structured to incentivise high performance, incorporating competitive benchmarks and linking compensation to financial and ESG performance indicators. The Committee also develops robust succession plans to identify future leaders and ensure business continuity, all while aligning with the Bahrain Corporate Governance Code and CBB guidelines.

This framework is designed to ensure effective governance, risk management and compliance within the organization.

### **Data Privacy**

GFH Financial Group aims to use digital technologies to its fullest extent to capitalise on the endless opportunities they offer. However, we are aware of the security and confidentiality risks these new technologies present.

We regard data privacy and security as one of our crucial duties towards our clients and society as a whole for maintaining the trust in our Group, thus for the sustainability of our activities. To manage these risks effectively, we follow a comprehensive privacy framework, the GFH Data Privacy Manual, prepared and updated in accordance with international regulations and standards. This manual outlines the guidance for obtaining the informed consent and for providing the notice for collecting and processing the personal/sensitive personal data.

GFH has appointed a Data Protection Officer, who is appointed by the management (subject to Board or Board Committee approval) to oversee our compliance with applicable data protection laws, other pertinent laws and issuances by the Data Protection Authority on data privacy and our Manual. For promoting a privacy culture and continuously improving our privacy performance, we provide new and existing employees trainings, set data security related KPIs to monitor compliance with the data privacy requirements for relevant personnel and submit periodic reports to the Management on latest developments in legislation, training, privacy resourcing and funding, violations and breaches if any and results of audits on the methods and means of processing.

### **Risk Management**

We are committed to taking a responsible approach to risk management to ensure the continuation of positive long-term growth for all stakeholders. GFH's risk and management framework adopts international best practices to deliver the highest possible level of corporate practice, governance and transparency.

### **Customer Experience and Relations**

We attach significant importance to customer satisfaction and we always strive to improve our practices in line with their feedback from our online portal and automated satisfaction survey directed at the investors. We aim to measure our customer satisfaction on a regular basis to track and monitor methods of enhancing and improving our customers' experiences.

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### **Key Governance Policies and Practices**

GFH's governance framework is aligned with applicable regulatory requirements and encompasses a comprehensive set of policies and charters. These include the following charters and policies:

- Board of Directors' Charter
- AML/CFT Policy
- Conflict of Interest Policy
- Complaint Policy
- Gift Policy
- Key Person Dealing Policy
- Insider Trading Policy
- ECL Policy
- Dividend Payout Policy
- Sanctions Policy
- Fraud Risk Policy
- FATCA & CRS Policy

# 6 ESG Committee Objectives

The management-level ESG Committee oversees the Group's Environmental, Social, and Governance strategy, ensuring alignment with regulations and standards. Its charter defines the structure, responsibilities, and authority needed for strong governance.

The members are comprised of representatives from different internal departments providing consolidated and valuable contributions, with the aim of overseeing and continuously developing our ESG best practices and governance.

01



## Review & Assessment:

Review and assess the implementation and effectiveness of GFH Financial Group's ESG Strategies.

02



## Performance Efficacy:

Review the Group's overall performance efficacy against its stated ESG objectives and targets.

03



## Coherent Alignment:

Ensure both business and ESG priorities are coherently aligned & effective.

04



## Continual Exploration:

Explore, advise and wherever possible, approve new ESG opportunities and initiatives.

05



## Recommend & Advise:

Make required board recommendations, including new policies implementations and the proposal of strategic initiatives.

06



## Maintain Relevance:

Be updated on regulatory requirements and laws pertaining to ESG and sustainability disclosures.



A standalone ESG report of 2024 will follow to cover further disclosures and reporting.

03:

# Our People

A 44 Page Summary of our  
Group's People + Performance

# Sharia Supervisory Board

The Sharia Supervisory Board reviews the Group's activities and products to ensure that all innovative products and investment transactions comply fully with the rules and principles of Islamic Sharia.

The Sharia Supervisory Board provides the Group with pragmatic Sharia opinions, approves the Group's financial statements and participates with management in the development of suitable investment products and services that support the Group's vision to develop a high-growth, diversified investment and commercial portfolio.

The Sharia Supervisory Board has full access to the Board and management personnel of the Group. This includes access to the Sharia Internal Audit department and Sharia Coordination and Implementation department who are pro-actively involved in reviewing and advising on the Sharia compliance of all products and investment projects, auditing the operations of

the Group from a Sharia point of view and producing reports to the Sharia Supervisory Board in order to ensure that the Group's activities are under oversight of Sharia guidelines.

The existence of the Sharia Supervisory Board contributes towards the assurance of our shareholders and investors and without any doubt, their confidence which is one of the most important success factors for the Group.

His Eminence Sheikh Abdulla Bin Suleiman Al-Menai	President	Adviser at the Royal Court with the rank of Minister, a judge in the Court in Makkah AL-Mukarramah (formerly) and a member of the Council of Senior Scholars (Saudi Arabia) and Chairman of the Sharia Supervisory Board for a number of Islamic banks.
His Eminence Sheikh Nizam Bin Muhammad Saleh Yaqoubi	Executive Member	Member of the Shari'a Supervisory Board at Central Bank of Bahrain, Abu Dhabi Islamic Bank, UAE, Sharjah Islamic Bank, UAE, Alsalam Bank, Kingdom of Bahrain, GFH Financial Group, Kingdom of Bahrain, ABC Islamic Bank, Kingdom of Bahrain, ABC Islamic Bank, London and others. Member of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).
His Eminence Farid Bin Muhammad Hadi	Executive Member	Holds a number of awards, First Degree Award of Capability for Islamic services within and outside Bahrain 2007, from the King of Bahrain, Euro Money Award for innovation in Islamic banking supervision, Malaysia 2007, Malaysia Award for contribution to Islamic banking. He has participated and been a speaker in a number of jurisprudence, educational, economic, intellectual, social and cultural conferences and seminars.
His Eminence Farid Bin Muhammad Hadi	Executive Member	Dr. Hadi is an Assistant Professor of Sharia, he was the head of department of Islamic Banking at College of Business Administration at University of Bahrain. He is the chairman of Bahrain Institute for Sharia Studies which is under the supervision of Ministry of Justice. He holds a PhD in Ibn Hazm's Methodology of Jahala from Edinburgh University and a PhD in Al-Bukhari's Methodology from the University of Mohammed V in Morocco. Dr. Hadi is also a member of the Sharia supervisory boards of a number of leading Islamic banks.
His Eminence Sheikh Abdul Aziz Al-Qassar	Executive Member	Dr. Alqassar was a Professor at the College of Fiqh and Department of Sharia and Islamic Studies at the University of Kuwait, Dr. Al Qassar holds a PhD in law and Sharia from Al-Azhar University in Cairo. He is also a member of the Fatwa and Sharia supervisory boards within a number of prominent institutions in Kuwait.

# Board of Directors

40 

Mr. Abdulmohsen is a highly experienced investment professional with a remarkable and distinguished career spanning more than 40 years.

GFH's Board of Directors comprises distinguished leaders from across the region who deliver strategic insight and expert oversight to guide our Group towards sustainable long-term growth.



↑  
Abdulmohsen Al Rashed  
Chairman

GFH Financial Group's chairman Mr. Abdulmohsen is a highly experienced investment professional with a remarkable and distinguished career spanning more than 40 years. His corporate experience covers a broad segment of the market with a keen focus on real estate and investment sectors.

Since 1982, Mr. Abdulmohsen has held the position of Managing Partner at world renowned Al-Rashed Group, showcasing his leadership and expertise in the demanding field of corporate group management. Throughout his distinguished career, Mr. Abdulmohsen has also served as a director on

numerous corporate boards as well as holding the executive director position in various companies across KSA.

Mr. Abdulmohsen pursued his education at the illustrious Seattle University (USA), where he earned a bachelor's degree in business administration. His academic background, combined with his extensive industry experience, has contributed to his success and rising prominence within the challenging field of corporate leadership.



**Ghazi Faisal Ebrahim AlHajeri**  
Vice Chairman

Mr. Ghazi Al Hajeri is the CEO of Wafra International Investment Company, a Kuwait-based asset management company with \$7BN in AUM. He brings 23 years of experience to the Group and is in charge of overall corporate direction and proprietary investments, leading the company's transformational growth strategy. In prior roles Mr Al Hajeri was deputy CEO at Touristic Enterprises Co., (Kuwait Investment Authority), one of the oldest and largest providers of recreation and entertainment in Kuwait. Mr. Al Hajeri was responsible for the Group's facility operations and development.

Mr. Hajeri was also Managing Director for Wafra InterVest Corp. In 2007 He established Wafra's regional office and remained Regional Director until 2017. He was responsible for the firm's regional business strategy and product development and served as a corporate liaison with the firm's largest clients. Mr. Ghazi Al Hajeri was responsible for directing the firm's largest client relationships. He devised strategic plans to grow the firm's expansion in assets from \$7 billion to \$20 billion in a period of 10 years. Mr. Al Hajeri managed complex projects for sovereign wealth and pension clients that included asset allocation, business development and investment planning.

Mr. Al Hajeri was a member of the Alternative Investments Division Investment Committee and responsible for reviewing and monitoring external investment managers while directing departmental strategy at Wafra Investment Advisory Group in New York from 2001- 2006. Mr. Al Hajeri holds a Bachelor's degree in Science (Bsc) in Business Administration from the University of Denver, USA.



**Hisham Alrayes**  
Member & Group CEO, Executive Director

Hisham Alrayes lead GFH's drive to become the region's most prominent, diversified financial Group, providing a dynamic platform delivering superior Wealth Management, Commercial Banking and Asset Management services. Hisham provides the Group with extensive expertise and banking knowledge to from more than 25 years in the industry. Hisham inspires and directs the Group's global investment strategy. He currently chairs and holds a number of directorships in financial, industrial and real estate companies including Esterad Investment Company, Khaleeji (Bank), GFH Capital and Infracorp. He is a Board Member of the Bahrain Association of Banks.

Hisham holds a master's degree with honours in Business Administration from the University of DePaul, Chicago (USA) and a bachelor's degree in electronic engineering with honours from the University of Bahrain. In 2023, he received a First-Class National Action Pioneers Medal from His Majesty King Hamad bin Isa Al Khalifa.

Other accolades include: Ranking 1st in the financial sector and 7th overall in Arabian Business Magazines '100 Most Inspiring Leaders in the Middle East', 'CEO of the Year - Financial Services' (CEO Middle East), ranked by Forbes in 2002 as one of the 'Top 100 CEOs in the Middle East', Arabian Business named him 'CEO of the Year - Financial Services', CEO Today Middle East Awards ranked him 'One of the Top Listed CEOs' In 2021, Global Economics named him 'Best CEO in the Investment Banking Sector-Bahrain 2021'. Honours by MEA Finance as 'Banker of the Year' in 2020, ranked by CEO Middle East as one of the 'Top CEOs in Financial Services & Investments - 2019' who also named Hisham 'Investment Bank CEO of the Year'.



**H.H. Shaikha Minwa Bint Ali Bin Khalifa Al Khalifa**  
Member, Independent Director

H.H. Shaikha Minwa Bint Ali Bin Khalifa Al Khalifa is a versatile professional who serves as the vice chairman of Global Express and is the founder of Saynario, a company and community-driven hub that fosters and promotes the appreciation of film as an art form in Bahrain and the wider region.

Additionally, Sh. Minwa is an accomplished content creator and podcaster, focusing on current media and culture. Sh. Minwa holds a bachelor's degree of Arts in Business Management from the University of Westminster, showcasing her academic foundation in the field.



**Ali Murad**  
Member, Independent Director

Mr. Ali Murad is the Managing Director and Co-Founder of Pinnacle W.L.L., Bahrain. He also serves as a board member in several companies including EAT App, Wavepoint Publishing W.L.L and Alareen Holding Company.

Throughout the 20 years of experience in his career, Mr. Murad occupied several positions in the banking sectors before he moved into the private sector. He commenced his banking career at Arab Banking Corporation where he remained for five years. During this time, he held the position of credit analyst of ABC Islamic Bank EC, money market dealer and thereafter, as a deputy manager of the Treasury and Marketable Securities Department. Mr. Murad then joined Unicorn Investment Bank (now, Bank Alkhair) in the Investment Development and Distribution Department and later First Energy Bank as a director in Investment Placement, where he placed numerous financial products and services to high-net-worth individuals, governments and quasi-governmental Organizations, publicly listed and unlisted companies, as well as numerous private banking clients.

Mr. Murad was part of the investment team, where he also worked on tailoring customised investment products catering to the tough market conditions at the time. In 2010, Mr. Murad embarked in a career in the private sector and founded Pinnacle W.L.L. as a holding company for stakes in various sectors including technology, music publishing, real estate to name a few. He continues to explore, review and monitor active and potential investments both regionally and internationally. Mr. Murad holds a Bachelor of Science and Business Administration in Marketing from Suffolk University, Boston, Massachusetts.



**Fawaz Talal AlTamimi**  
Member, Independent Director

Holding a B.S. degree in Marketing from California State University in Los Angeles on September 4, 2010 and completed Executive Education Programs at IMD & INSEAD. Fawaz has served the Group in various key position. He has been also appointed by the Board of Directors to represent the Group while negotiating new Joint Ventures and Investment opportunities. Mr. Al Tamimi is also heading the Corporate Governance Program and a member of the Group's Board of Directors and some of the Board's Committee's.



**Darwish Al Ketbi**  
Member, Independent Director

Mr. Darwish Al Ketbi is a highly motivated, analytical and focused young professional with built-up expertise on the stock market with in-depth knowledge on alternative investments, structured products and sophisticated trading strategies. Mr. Darwish Al Ketbi is the Investment and Portfolio Manager at Darwish Bin Ahmed & Sons, a board member at Union Properties PJSC - Dubai and Darwish Cybertech India Private Limited - India.

He holds Bachelor degree of Science in Business Major in Finance from Zayed University in Abu Dhabi. Over the past nine years, Mr. Al Ketbi gained vast experience in managing investments, real estate, corporate finance, placement, treasury, modelling and valuation of investment opportunities and monitoring and managing portfolios. With his experience and enthusiasm, Mr. Darwish is expected to add value to GFH's progressive growth and transformation.



**Abdulaziz AlBassam**  
Member, Independent Director

Mr. AlBassam is the CEO & Chief Investment Officer of Aljomaih Holding Co. in Saudi Arabia. He has successfully led the company's asset allocation and investment strategy, diversifying its portfolio internationally. With previous experience as the CEO of Abdulla Ibrahim Al Subeaei (AIMS) Investments and a portfolio manager at Saudi Aramco.

Mr. AlBassam brings a wealth of expertise. He holds directorships in various prestigious entities and holds an MBA from Harvard Business School, as well as being a CFA Charter holder.



**Abdulla Al Zain**  
Member, Independent Director

Mr. Al Zain is the Chairman of Infinity Capital, W.L.L., a prominent private investment holding company in Bahrain. With more than 21 years of executive expertise in private investments and wealth management, Mr. Al Zain is also involved in various other ventures. He serves as the Chairman of the Board of Directors at BAPCO Refining and is a member of the Board of Directors at BAPCO Energies.

Mr. Al Zain holds directorship positions in sports teams and is currently the President of Cordoba Football Club in Spain. He holds a bachelor's degree in business administration from Hult Business School in London, UK and is a member of the Young Presidents' Organization (YPO).



**Rashid Nasser Al Kaabi**

Member, Non- Executive Director

Rashid Nasser Sraiya Al Kaabi is the Vice Chairman and Chief Executive Officer of Al Sraiya Holding Group, one of Qatar's expanding, leading private family conglomerates.

Mr. Al Kaabi joined the family business in 1995, was appointed vice chairman of the board in 2006 and became group chief executive officer in 2010. In this capacity, Mr. Al Kaabi leads the group's growth strategy through leading investments within the group's four main clusters: Construction, Hotels & Hospitality, Industrial and Trading. Under his tenure, Mr. Al Kaabi has launched new businesses across Qatar, the Middle East, the UK, Europe and North America.

In addition to his role at Al Sraiya Holding Group, Mr. Al Kaabi serves on the board of several organizations in various sectors, i.e., Insurance, Real Estate, Finance and Investment. Mr. Al Kaabi serves as Chairman of the board of Inma Holding and AMLAK Holding, in addition to being member of the board of Msheireb Properties and Qatar Islamic Insurance Company. In addition to being Vice Chairman of Qatar International Islamic Bank (QIIB), he is member of the board of internationally acclaimed banks such as GFH Financial Group, QInvest and Bank Audi.

Mr. Al Kaabi joined the board of Qatar Chamber of Commerce & Industry (QCCI) in 2006, currently serving as the Chairman of its Banking & Investment Committee. He is actively involved in multiple other bilateral and multilateral chambers of commerce, focusing on fostering trade and investment relations. He serves as a member of the board of Arab-BelgianLuxembourg Chamber of Commerce (ABLCC), Arab Hellenic Chamber of Commerce & Development (AHCC), Arab-Swiss Chamber of Commerce and Industry (CASCI) and Union of Arab Chambers (UAC).



# Executive Team

100 

Forbes ranked Hisham Alrayes as one of the 'Top 100 CEOs in the Middle East' in 2022.



Hisham Alrayes  
Group CEO & Board Member

In 2023, our CEO Hisham Alrayes received the First-Class National Action Pioneers Medal from His Majesty King Hamad bin Isa Al Khalifa. Arabian Business also named him one of the top '100 Most Inspiring Leaders in the Middle East' and ranked Hisham first in the financial sector as well as seventh overall.



Hisham Alrayes is leading GFH forward towards its vision of becoming the region's most prominent, diversified financial Group and one that provides a remarkable platform for delivering superior asset management, commercial banking and investment services. As the Group CEO & Board Member, Hisham brings extensive expertise and banking knowledge to the Group and was instrumental in driving the creation and execution of the Group's regional and international investment strategy. With a distinguished career spanning over 26 years, Hisham's profound understanding of banking and investment strategies have been pivotal to the Group's success.

Under his stewardship, the Group has seen significant growth and expansion in its business lines and geographic footprint, demonstrating resilience even in challenging market conditions. Hisham's commitment to excellence is reflected in his active involvement in various directorships across financial, industrial and real estate sectors, including notable positions at Esterad Investment Company, Khaleeji Bank, GFH Capital, GFH Equities and Infracorp.

He holds a Master's degree (hons) in Business Administration from the University of DePaul, Chicago (USA) and a Bachelor's degree in Engineering (Hons) from University of Bahrain.

In 2023, Hisham received the First-Class National Action Pioneers Medal from His Majesty King Hamad bin Isa Al Khalifa. Moreover, Arabian Business also named him within the '100 Most Inspiring Leaders in the Middle East', ranking first in the financial sector and seventh overall. He was also named CEO of the Year in Financial Services by CEO Middle East. In 2022, Forbes ranked Hisham as one of the "Top 100 CEOs in the Middle East" while Arabian Business named him as "CEO of the Year - Financial Services".

In 2021, Hisham was ranked one of the "Top Listed CEOs" in the CEO Today Middle East Awards and "Best CEO in Investment Banking - Bahrain" from Global Economics. In 2020, Hisham was named "Banker of the Year" by MEA Finance in recognition of his role in steering the Group's diversification strategy which has seen the Group expand its business lines and geographic reach, while remaining resilient in the face of unprecedented market conditions. He was also ranked one of the top CEOs in Financial Services & Investments in 2019 and named "Investment Bank CEO of the Year" at CEO Middle East 2019.



**Sattam Algosaibi**

Chief Executive Officer, Khaleeji Bank

Mr. Algosaibi's experience in the banking sector spans for more than 26 years, through which he assumed several senior positions and witnessed many economic transformations and developments in the Kingdom of Bahrain's banking sector. This had a big impact on him acquiring deep understanding and practical knowledge of the Islamic Banking sector, in addition to best practices of the conventional banking sector. Before joining Khaleeji, Mr. Algosaibi was appointed as Group Chief Executive Officer for Bahrain Development Bank Group in 2017 and prior to that, he spent over 12 years in Kuwait Finance House - Bahrain BSC as an Executive Manager and Head of Corporate Banking Group. Mr. Algosaibi is a Board Member and Chairman of the Executive Committee of Seef Properties BSC (c) as well as Naseej BSC, Vice Chairman of Bahrain International Golf Course Company, Board Member at Binaa Al Bahrain BSC, Lama Real Estate WLL, Gulf Holding Company, Al-Areen Hotels, Durrat Resort Management, Locata Corporation PTY (Ltd) and Gulf Real Estate Company KSC.

He is also Chairman of the Board of Trustees in the University of Technology Bahrain, Vice Chairman of the Board of Trustees at Ibn Khuldoon National School, Board Member of Bahrain Association of Banks and Board Member of INJAZ Bahrain.

Mr. Algosaibi holds a Bachelor's degree in Accounting from King Fahad University of Petroleum & Minerals and an MBA degree from De Paul University.



**Salah Sharif**

Chief Operating Officer

A key player in the strategic management of the Group's core operational functions, Salah Sharif, Chief Operating Officer of GFH, is also responsible for ensuring the highest standards of operational excellence across the Group and its Special Purpose Vehicles and Project Companies. He has more than 32 years of regional and international exposure to conventional and Islamic banking and finance, with experience across commercial and wholesale banking and in industrial and infrastructure advisory sectors. In addition to his executive role at the Group, Salah also serves on a number of investee company boards. He is the Chairman of Falcon Cement Company, Vice Chairman of Infracorp and Vice Chairman of Gulf Holding Company and a Board Member of Khaleeji Commercial Bank, GBCorp and CapCorp.

Prior to his current role in GFH, Salah was seconded as the CEO of Cemena Holding Company (CHC), an industrial subsidiary of the Group, one of the largest cement holding companies in the MENA region. Previously, he held a number of senior roles in leading, global financial institutions, including American Express and Standard Chartered Bank where he held key executive positions.

Salah holds an MBA from the University of South Wales, UK. And most recently, he completed the Senior Executive Leadership Program offered by Harvard Business School, Boston, USA.



**Suryanarayanan Hariharan**  
Chief Financial Officer

Suryanarayanan Hariharan, Chief Financial Officer, works closely with the Group's executive management team and is responsible for the accounting, financial planning and analysis and stakeholder reporting, including regulatory reporting, for the Group and its owned subsidiaries. Surya has more than 18 years' experience in stakeholder reporting, audit services, business process improvement and transition and risk advisory.

Prior to his appointment at GFH, he was the Head of Finance for a private equity venture in Abu Dhabi backed by sovereign wealth funds and ultra high net worth individuals. Previous to this he was in audit services and real estate domain at KPMG in both Bahrain and Qatar and Pricewaterhouse Coopers in India.

He holds a bachelor's degree in Commerce from the University of Mumbai, India and is a Chartered Accountant (CA) from the Institute of Chartered Accountants of India and a Certified Management Accountant, USA.



**Bhaskar Mehta**  
Chief Risk Officer

Mr. Bhaskar Mehta is the Group's Chief Risk Officer. Mr. Bhaskar brings over a decade of risk management experience in financial services, including private investment and public markets across the Middle East and emerging markets. As CRO, he is responsible for the development and implementation of strategies and frameworks to effectively manage risks associated with the Group's various functions - including Credit, Market, Liquidity Information Security & Operational Risk. He serves in several of the Group's executive management committees and reports independently to the Board Audit & Risk Committee.

Prior to joining, he served as Head of Risk & Portfolio Analytics at Waha Capital in Abu Dhabi, overseeing developing and management of governance & risk.

Previously Mr. Mehta was at UBS (India), acting as a Senior Associate covering clients for structured products. He was responsible for developing the quantitative & risk models for Fixed Income & Rate structuring products. He also worked for Asset Managers building the risk management models & advance analytics. He began his career as a Programmer Analyst, BFSI (Banking, Financial Services and Insurance) Vertical at Cognizant Technology Solutions (India).

Mr. Mehta is an Financial Risk Management (FRM) Certified - GARP and holds an MBA in Finance & International Business from IMT (Ghaziabad). He also holds an International Diploma in Governance, Risk & Compliance from ICA (International Compliance Association) where he completed the Harvard Business School Executive Education program in Risk Management for Corporate Leaders.



**Dr. Mohamed Abdulsalam**  
Head of Sharia & Corporate Secretary

Head of Sharia and Corporate Secretary at GFH, Dr. Mohamed Abdulsalam supervises all Group transactions to ensure they are conducted in compliance and in accordance with the teachings of Islamic Sharia. Furthermore, Dr. Abdulsalam assumes the fiduciary duty of maintaining all records, meetings and minutes of GFH's Board and its committees in addition to moderating meetings and managing all record keeping activities for GFH's project companies. He joined the Group in 2006 with 21 years of Sharia experience. Prior to GFH, Dr. Abdulsalam worked with other Islamic financial institutions in Bahrain. He was a Sharia Auditor at Kuwait Finance House (KFH) and an Internal Auditor at Bahrain Islamic Bank (BisB).

Dr. Abdulsalam obtained his bachelor's degree in Islamic Accounting in 2003 from AL-Imam Mohammed Ibn Saud University. He also holds an MBA in Accounting and Financial Control and a Ph.D. in Accounting from the United States, California. He has also pursued additional qualifications including a Masters of Sharia and Accounting Standards from AAOIFI, courses in Sharia Control Fatwa for Islamic banks as well as successfully completing the third module of the International Arbitration Certificate from Bahrain Chamber for Dispute Resolution (BCDR-AAA) in 2014. Passionate about his field, Dr. Abdulsalam regularly attends specialised courses covering topics such as Sharia Auditing, Sharia Standards, Sharia Products and many others in order to expand his knowledge of Islamic finance on an ongoing basis.



**Pietro De Libero**  
Chief Legal Officer

Pietro de Libero is Chief Legal Officer at GFH, where he is responsible for the Group's legal activities relating to all general corporate, commercial and financing matters as well as managing relationships with external local and international counsel on issues pertaining to regulation, compliance and litigation. He is a seasoned lawyer with more than two decades of experience in Europe and the GCC managing, coordinating and executing complex multi-jurisdictional M&A transactions, negotiating joint venture agreements, advising on company law and coordinating intra-group reorganisations.

Prior to joining GFH, Pietro spent 22 years at Baker McKenzie. He began his career at the firm's offices in Milan, where he became a partner in 2007. He then relocated to Baker McKenzie's Dubai office, where he served as a partner between 2013 and 2022. During his tenure at the firm, he was a leading member of Baker McKenzie's Corporate and M&A practice and led the UAE's competition law practice. Pietro graduated summa cum laude from the Law School at Università degli Studi di Milano. He is admitted to practice law in England and Wales, Dubai and Italy.



**Baha Al-Marzooq**  
Chief Internal Audit

Baha Al-Marzooq, Chief Internal Audit, has more than two decades of auditing and banking experience. He is supporting the Group's strategic success by ensuring a systematic and disciplined approach to internal control, risk management and governance processes; reporting to the Board Audit & Risk Committee to maintain the internal audit function independency from the Group's management.

Prior to joining the Group in year 2006, Baha has worked with Ernst & Young (EY) - Bahrain, one of the 'Big Four' global auditing firms for several years, as Manager in the Assurance Services during which he also served in other regional offices of EY such as Kuwait, Qatar and Houston Texas - USA. During his tenor with EY, Baha was in charge of auditing a number of clients from different sectors namely Islamic Banks, Conventional Banks, Investment funds, Insurance, Oil & Gas, Hospitality and Government sectors.

He holds a B.Sc. in Accounting from Bahrain University and is a Certified Public Accountant (CPA) California, USA in 2001. He holds an Executive MBA from the University of Bahrain in addition to a number of specialised professional qualifications including, Certified Internal Auditor, Chartered Global Management Accountant and has a Certification in Risk Management Assurance. He has also participated in several technical, business and leadership programs and lately completed the Senior Executive Leadership Program from Harvard Business School.



**Hammad Younas**  
Co-CEO, GFH Capital &  
Chief Investment Officer- Private Equity

Hammad Younas is Chief Investment Officer - Private Equity where he leads the Group's investment business, including Private Equity, Corporate Investment and Asset Management. He serves on the Group's management committee and leads strategic initiatives expanding market share, increasing GFH's AUM, entering new markets, asset classes and business lines. Hammad has over 26 years experience across corporate finance, investment banking, private equity, structured credit, real estate and asset management. Hammad led several multi-billion dollar regional and cross-border transactions and exits across MENA, US, Europe and Asia in multiple sectors and asset classes. His expertise includes M&As, IPOs, listings, secondary offerings, private placements, special situations and debt raising. A growth strategy & business development expert, Hammad led the setup of several financial institutions and served on advisory and executive committees including several multi-portfolio company boards.

Hammad has deep understanding of complex, multi-jurisdictional structures. He delivered region-wide multi-strategy fundraising programs supported by extensive institutional investor interaction experience and his broad network of banking, private equity, sovereign and HNIs. Prior to joining in 2016, Hammad was a Partner at Ernst & Young (MENA) and their Transaction Advisory Leader for Bahrain. He was also CEO of Ernst & Young Corporate Finance (Bahrain) where he worked for 13 years advising clients across financial institutions, sovereign wealth funds, private equity, real estate investment firms, governments, family businesses and HNIs. Hammad holds a CFA charter from the CFA Institute (USA), a member of the Association of Chartered Certified Accountants (UK) and holds an FCA from the Institute of Chartered Accountants (Pakistan).

**Nael Mustafa**

Chief Executive Officer, GFH Partners  
Co-Chief Investment Officer - Real Estate

Nael Mustafa is the Chief Executive Officer of GFH Partners Ltd., the real estate asset management arm of GFH Financial Group that provides real estate asset management, investment and advisory services. Nael also serves as the Co-Chief Investment Officer - Real Estate of GFH Financial Group, where he is responsible for developing and executing the Group's global real estate investment strategy and oversight of its growing portfolio of assets across the Middle East, Europe and the US. Nael has more than 32 years of experience in investment banking with a proven record in regional and international alternative investments.

Prior to joining GFH in October 2020, Nael spent 17 years at Arcapita in a number of senior positions. Most recently, he was Managing Director for Strategic Investments & Business Development, a Member of the Global Investment Committee and a Board Member of Real Estate Funds and Private Equity. During his tenure at Arcapita, Nael led the Middle Eastern Real Estate platform which oversaw the launch and management of over \$1bn of logistics assets funds in the region, served as a member of the global real estate executive committee and help the board membership and active management position in a number of international real estate portfolios and businesses owned by Arcapita. Previously, Nael was the Head of Corporate Finance at SICO Bank in addition to working with BNP Paribas and GM TAIB Securities in Bahrain.

Nael is a Chartered Financial Analyst and holds a B.Sc in Accounting and Finance from the University of Bahrain and an MBA from Edinburgh Business School.

**Razi AlMerbati**

Chief Executive Officer, GFH Capital  
Group Chief Placement Officer

Razi Almerbati is the CEO of GFH Capital and the Group Chief Placement Officer of GFH Financial Group. He brings to his role more than 22 years of banking and finance experience including a significant track record in Islamic investments and advisory. His areas of expertise include private banking and wealth management as well as private equity. Before joining GFH, Razi was the Head of Investment Development & Distribution for the GCC region at The First Investor in Qatar, a subsidiary of Barwa Bank. Prior to that, he was the Regional Director of the Investment Advisory Group of Abu Dhabi Investment House.

Razi is currently a board member of Esterad Investment Company and the Chairman of the board's Audit & Risk Committee (ARC).



**Sh. Hala bint Mohammad Al Khalifa**  
Chief Executive Officer, Nuwah Foundation

Sheikha Hala bint Mohammed Al Khalifa serves as the CEO of Nuwah Foundation, bringing rich experience in the preservation of culture & heritage as well as community building and knowledge sharing. Her career comprised roles both as an artist and cultural sector leader. Through programs, exhibitions, public art and publications, she utilised her artistic insight and dedication to foster enlightenment, education and inspiration through art, impacting both local and international communities. Her dedication to the field of museums enriched her artistry, leading her to spearhead new programs and projects. Her deep passion for museum education is expressed as a commitment to leveraging diverse collections that enrich and educate. Sheikha Hala champions the role of cultural institutions in sharing knowledge and history's richness as well as nurturing creative minds as means to support community growth. Her vision emphasizes the importance of cultural institutions for storytelling, thematic development and the sharing of knowledge and beauty.

As CEO of Nuwah, Sheikha Hala spearheads the strategic development and nurturing of key partnerships, driving the Foundation's mission to support meaningful change in communities, both regionally & globally. Educated at Tufts University & The Museum School of Fine Arts (Boston), with a Bachelor's degree and MFA in Arts from The Slade School, UCL, (London), Sheikha Hala now actively engages in culture & arts. She has key roles in various institutions and grassroots projects, including the Fire Station Artist in Residence in Doha (Qatar) and educational programs for the Museum of Islamic Arts, Doha (Qatar). She also played a key role in the creation of two art and archaeology galleries at the Bahrain International Airport in Manama.



**Fatema Kamal**  
Chief Executive Officer, Britus Education

Fatema Kamal is the Chief Executive Offer at Britus Education and is a Senior Executive Director at GFH Financial Group, leading on the Group's education investments. She has played an instrumental role in the operational transformation of the British School of Bahrain and other education assets in GFH's portfolio. Fatema has 23 years of working experience and a strong track record of sourcing, structuring, advising and managing private equity. She has in depth field experience in the financial sector specializing in investment structuring, strategic and organizational planning, tax structuring oversight, Sharia product structuring, joint venture negotiation, business development and project management.

Prior to joining GFH, Fatema was holding the position of Senior Executive Director of Investment Banking in Global Banking Corporation BSC. She also worked as an auditor with KPMG Bahrain. Fatema holds a master's degree with honours in Business Administration from the University of Strathclyde, Glasgow, United Kingdom and a bachelor's degree in Accounting with honours from the University of Bahrain. Fatema is also a qualified and licensed CPA from The American Institute of Certified Public Accountants and CIA from The Institute of Internal Auditors.



**Majed Al Khan**  
Chief Executive Officer, Infracorp

Majed AlKhan is a renowned businessman who brings more than 24 years of extensive experience in real estate private equity and assets management to Infracorp. He is a recognised financial engineer with more than 1 million square meters of completed flagship developments under his leadership.

Majed's objective is to lead Infracorp to be recognised as one of the key international groups specializing in developing and investing in sustainable social infrastructure projects through creating a platform whereby stakeholders can achieve wealth optimization. Majed chairs and holds a number of directorships including Chairman of Gulf Holding Company (GHC), Chairman of ASK Real Estate W.L.L., board member of Balexco B.S.C, Falcon Cement B.S.C., Tunis Bay Project Company and Royal Parks Marrakech.

Majed holds a B.A. (with honours) in International Finance and Accounting from Newcastle's Northumbria University at Newcastle, England and had taken executive roles in HSBC Middle East and Inoest Bahrain prior joining Infracorp. He was also named one of Forbes Middle East's Most Impactful Real Estate Leaders of 2024, leading the Bahraini market.



**Dr. Ahlam Zainal**  
Chief Executive Officer, Al Areen Holding

Dr. Ahlam Zainal serves as the Chief Executive Officer of Al Areen Holding, a subsidiary of GFH Financial Group, dedicated to the development of the transformative Al Areen desert project in Bahrain. With over 16 years of experience in the real estate investment and development sector, Dr. Zainal has a notable history of bringing both public and private design and infrastructure projects to life. She has held various senior roles at leading Bahraini real estate companies, including Infracorp, Amlak Company, Bahrain Real Estate Investment Company (Edamah) and Ithmaar Development Company.

Appointed in 2023, Dr. Zainal leads the strategic development of Al Areen Holding, focusing on establishing it as a premier destination for hospitality, entertainment and healthcare. This involves overseeing the expansion of the Al Areen masterplan, which spans approximately two million square meters near the Al Areen Wildlife Park and Reserve. This ambitious plan includes significant attractions such as the Lost Paradise of Dilmun Water Park and the Raffles-operated Al Areen Palace and Spa.

Holding a Master's degree in Architecture in Urban Design from Harvard University and a doctorate in Urban Engineering from the University of Tokyo, Dr. Zainal's passion is focused on delivering solutions that foster a symbiotic interconnection between holistic sustainability and urban development.



**Khaldoun Haj Hasan**  
Chief Executive Officer, GFH Equities

Mr. Khaldoun Haj is the CEO of GFH Equities. He brings to his role more than 26 years of experience in private equity and entrepreneurship as well as having considerable experience in strategy, corporate governance and finance. He has also been recognised as one of the top 100 CEOs in the GCC region by TRENDS magazine.

Prior to joining GFH Equities, He was the Co-founder and Managing Partner of Ithmar Capital, a Dubai-based private equity firm, where he was instrumental in raising more than US\$1.2 billion targeting investments primarily across the GCC region. He is also the co-founder and served as the CEO of Amanat Holdings, an integrated healthcare and education Investment company, which he co-led the listing of on the Dubai Financial Market in 2014 with a paid up capital of approximately US\$ 700 million. Prior to that, he held other senior roles at Abraaj Capital, Sheikh Khalifa SMEs and Al-Bawardi Enterprises and Al-Fahim Group of Companies. He holds Bachelor's and Master's Degrees in Manufacturing Engineering and an MBA in Business Administration with honours from Boston University, USA.



**Salem Patel**  
Managing Director - Private Credit & Debt Markets

Salem Patel is Managing Director, Private Credit and Debt Markets for GFH Financial Group. He is responsible for managing the bank's proprietary private credit assets. Salem is also a member of the bank's Management Investment Committee and ALCO. He brings over 26 years of extensive local and international financial industry experience to the Group having previously worked in the Financial Services Division with Accenture in London and prior to this as a Financial Analyst with LongView Partners, London. Salem began his career working in Equity Research at UBS and Societe Generale.

Salem currently holds a number of Directorships including Roebuck Asset Management, Student Quarters and Big Sky Asset Management. He graduated from the City University Business School in London with a B.S.C (Hons) in Business Studies specializing in Finance and has obtained a number of certifications including: the Islamic Finance Qualification (IFQ) and the Securities and Futures Authorities Registered Representative (SFA). He has also passed all three levels of the Chartered Financial Analyst (CFA) program and recently completed the Senior Executive Leadership Program at Harvard Business School.



**Ayman A. Zaidan**

Group Chief- Treasury & Financial Institutions

Ayman Zaidan serves as the Group Chief of Treasury & Financial Institutions, leveraging over three decades of experience in the financial sector to drive strategic growth and operational excellence. His recent role as Deputy CEO & Chief Investment Officer at Qatar First Bank (QFB) was marked by significant achievements, including leading a strategic overhaul focusing on fee income business model that returned the bank to profitability and increased its assets under management by \$1 billion. Under his leadership, QFB saw a remarkable increase in fee income revenue, demonstrating his capacity to generate sustainable growth.

Prior to QFB, Mr. Zaidan excelled as General Manager of the Treasury Group at the National Bank of Kuwait, where he enhanced the bank's treasury operations and income diversification strategies. His career also includes transformative roles at First Energy Bank in Bahrain, where he was instrumental in developing Islamic finance products and improving the bank's funding strategies.

Mr. Zaidan's professional journey began at the Bank of Jordan, where he quickly rose to become Chief Dealer. He holds a BSc in Accounting and a minor in Business Administration from the University of Jordan. Fluent in both Arabic and English, Mr. Zaidan's blend of strategic vision and practical execution skills make him a key asset to our leadership team, guiding our financial strategies to new heights on the global stage.



**Osama Ali Nasr**

Chief Technology Officer  
GFH Financial Group & Khaleeji Bank

Mr. Nasr is a seasoned professional with more than two decades of experience in the banking industry, where he has honed his skills in the fields of technology and information. Over the course of his career, he has faced numerous challenges, rigorous transformations, continuous innovations and significant advancements in technology.

Mr. Nasr started his journey in the banking sector as a Senior System Analyst for 3 years, where he demonstrated exceptional technical expertise. He then transitioned into a functional consultant role, one where he served for 7 years and gained valuable experience in providing clients with strategic guidance.

After this, Mr. Nasr took on administrative roles at BisB where he served as Senior Manager, Assistant General Manager, Head of Information Technology and Chief Information Officer for a total of 15 years. During his tenure, he developed and implemented innovative solutions to streamline operations and enhance client experience.

Mr. Nasr's banking experience has continued to grow and he now holds newer responsibilities and positions at GFH Financial Group as Group Chief Technology Officer and at Khaleeji Bank as Chief Technology Officer. Mr. Nasr holds a bachelor's degree in Computer Science from Isra University and a master's degree in ISM from the University of Liverpool.



**Muneera Isa**  
Head of Human Resources

Muneera Isa, Head of Human Resources (HR), manages employee strategies, organizational development, talent acquisition, succession planning, leadership development, talent retention, career planning and progression, objectives and performance management, training, compensation, benefits and rewards, ESG, organizational culture, change management and employee experience in addition to regulatory compliance, policy making and the overall implementation of the HR strategy for the Group. Muneera is a seasoned HR professional, bringing the strength of more than 21 years of extensive experience to the Group having worked with regional and international financial institutions in the Kingdom of Bahrain including Bahrain Mumtalakat Holding Company, Capinvest and BNP Paribas.

She holds a bachelor's degree in English Literature from the University of Bahrain, a CIPD Level 5 Diploma in Human Resource Management from the Chartered Institute of Personnel and Development (CIPD) and a Master's Certificate in Human Resource Management from the Society for Human Resource Management (SHRM).

Muneera has also completed the "Strategic Leadership in the Era of Disruption" executive programme at Saïd Business School, University of Oxford.



**Mariam Jowhary**  
Head of Compliance & AML

Mariam Jowhary joined the Group in late 2019 as Head of Compliance and AML, responsible for establishing and maintaining a robust and effective compliance and corporate governance framework across the Group that complies with regulatory requirements and industry legislation. She works closely with the CEO and other members of the Group's executive management and reports independently to the Board Audit & Risk Committee.

Mariam is also assigned as the Complaint Handling Officer at the Group in addition to her responsibilities for ensuring compliance with the rules and regulations of the CBB, the Bahrain Bourse, the Dubai Financial Market, Abu Dhabi Securities Exchange, the UAE Securities and Commodities Authority, the Boursa Kuwait and the Kuwaiti Capital Markets Authority. Leveraging 21 years of professional experience, she has significant expertise in the field of compliance and has previously worked with Central Bank of Bahrain for more than 14 years. She holds a B.Sc. in Banking and Finance (with honours degree) from the University of Bahrain, Advanced Islamic Banking Diploma from BIBF, as well as APRM & CIPA Professional Certifications.



**Osama Janahi**

Head of Information Technology

Osama Janahi is the Head of Information Technology. He has more than 23 years of experience with an exceptional business understanding and excellent project management skills, who provides leadership, vision, direction and management to the entire IT department including application, development and infrastructure teams. Responsible for anticipating future needs and delivering enhanced solutions across all departments and subsidiaries. Customer orientated and capable of driving change through tracking, vetting and implementing creative and modern technology solutions that is relevant to the industry, security, efficiency and the business. A strong believer that IT should partner with business to improve productivity and efficiency of the organization.

Mr. Janahi holds a B.Sc. in Computer Science from the University of Bahrain along with other IT technical and non-IT professional certification like CISA, ITIL, Oracle and others. He has some specific banking business and accounting knowledge which he gained through his work in Al Baraka Bank and Arthur Anderson.



**Mohammed Abdulmalik**

Senior Executive Director- Placement Management  
(Qatar Market)

Mohammed Abdulmalik, Head of Placement Management, Placement & Relationship Management and Head of Qatar Market, shapes and implements placement strategies and develops business models designed to capitalise on current market dynamics and potentials. In addition to managing the placement function of the Group, he is currently a Board Member of Capital Real Estate Projects and Sheffield Private School.

A well-versed investment banker, Mohammed brings 24 years of industry experience, having held a number of roles both within GFH, where he leveraged his extensive network of HNWI, FI's and Sovereign Wealth Funds to market Group products and services and contribute to the investment placement business. Prior to joining the Group, he held a number of roles in financial control and auditing with Arthur Anderson, Ernst & Young and HSBC. He holds a B.Sc. in Accounting from the University of Bahrain.



**Ahmed Jamsheer**  
Head of Treasury Investments

Ahmed Jamsheer is the Head of Treasury Investments, where he is managing the Group's investments in fixed income, alternative investments, equities and structured products. Ahmed brings to his role more than 18 years of diverse experience in investments which includes managing direct and complex financial products, equities, alternative investments, special situations, debt capital, derivatives, asset management, restructuring, private equity and real estate.

Prior to joining the Group in 2016, he spent six years at Promoseven Holdings as Head of Investments and Finance, managing the company with an annual turnover of more than US\$1bn. Previously, he held other senior executive management roles at Fortuna Company and other regional corporations relating to investment management.

Ahmed holds a Master of Science in Finance with high distinction and a Bachelor of Science in Finance with honours from Bentley University, Waltham, MA, U.S.



**Khaled Basri**  
Senior Executive Director- Placement Management  
(UAE & Oman Market)

Khaled Basri is a Senior Executive Director in Placement & Relationship Management at the GFH Financial Group. He is responsible for implementing the Group's investment relationship management and marketing strategies and the meeting of targets for the sale of the Group's products and services. He focuses primarily on identifying, establishing and maintaining strong relationships with prospective and existing clients. Khaled brings nearly two decades of regional and international experience in finance and investment to the role across both conventional and Islamic markets.

Prior to joining GFH in 2018, Khaled served most recently as an Executive Director and Member of the Investment Committee at ADCORP where he oversaw client relationships and worked in close collaboration with the Investment Department in sourcing, structuring and the analysis of deals. Previously, he was a Senior Vice President, Client Coverage & Investment Banking at ADS Securities and a Senior Manager of Investments at Baniyas Investment & Development Company. Khaled has also held a number of other investment roles at European Islamic Investment Bank Plc and Esterad Investment Company BSC.

Khaled is a Chartered Financial Analyst and holds an Undergraduate (Honours) Degree from North Umbria University, Newcastle in Management (Newcastle Business School).



**Mohamed Khonji**

Senior Executive Director- Placement Management  
(Eastern Province)

Mohamed, a Senior Executive Director at GFH Capital Saudi Arabia, leads the Eastern Province team. With over 25 years of experience in relationship management, he has held various leadership roles in the financial sector. Previously, Mohamed was a Director of Arcapita's IRM team, Senior Executive Officer (SEO) at GFH Capital UAE and Executive Director at GFH Financial Group. He was also the Head of UAE and Oman at Qatar First Bank, First Energy Bank and International Investment Bank.

Mohamed holds an MBA from the University of Hull, UK and completed the Senior Executive Leadership Program ("SELP") at Harvard Business School, as well as the Civil Engineering Associated Diploma from University of Bahrain. He is a Harvard Alumni, Certified Islamic Financial Analyst (CIFA), holder of a Securities Market Regulation certificate (Series 79) and an Associated Member of the Chartered Wealth Management (CWM) at the International Academy of Finance Management.



**Mohamed Al Tamimi**

Senior Executive Director - Placement Management  
(Riyadh Market)

Mohamed Al Tamimi is a Senior Executive Director in the Placement & Relationship Management team, heading the Riyadh Market. He brings to his role more than 17 years of experience in the investment banking and retail banking sectors. Prior to joining GFH Financial Group, Mohamed held a position as Investment Advisor in Takaud Savings and Pensions, as well as positions at Ithmaar Bank and HSBC Bank.

Mohamed holds a Bachelor of Science degree in Financial Services from Bradford University in the United Kingdom. Mohamed is also a certified Series 7 license holder, with expertise in securities trading, wealth management, investment risk and equity.



**Dr. Mohamed Manasra**

CEO of Healian Healthcare Platform

Dr. Mohammad Manasra is a seasoned entrepreneur and healthcare executive with a distinguished career in the UAE's medical industry. He is the Founder and CEO of Trust Vision Investment LLC, formerly Golden Eagle Medical Facilities Management LLC, overseeing a network of 21 medical, dental, cosmetic, and beauty centers, a hospital, a primary care center, a pediatric rehabilitation facility, three dental labs, and four pharmacies.

His career began in 2004 when he established Al Madar Medical Center, growing it into a multi-branch entity across Al Ain, Dubai, and Ajman. He later served as CEO of Al Madar Medical Group & Al Noor Hospitals Group (2013-2016) and Regional Executive Director of Al Madar, Al Noor, and Mediclinic Hospitals Group (2016-2017).

Dr. Manasra holds a Doctor of Dental Surgery degree from Ajman University of Science and Technology and an MBA from Briston University. His leadership expertise spans business development, financial management, and healthcare administration. He is also actively engaged in social contributions through Emirates Red Crescent and the Authority of Social Contribution - Ma'an.

Dr. Manasra is currently expanding his business operations into Saudi Arabia, further solidifying his impact on the regional healthcare sector.



**Hugh Macdonald-Brown**  
Chief Executive Officer

**Nick Rhodes**  
Chief Operating Officer

Hugh is the Co-Founder and CEO of Roebuck Asset Management and has jointly led the company since its inception in 2009. Hugh is responsible for the overall investment strategy of Roebuck.

Hugh is an expert in UK and European capital markets, primarily in the logistics and office sectors and has transacted in excess of €3.25 bn. He has extensive knowledge of and key relationships, with investors, occupiers, developers and lenders, active across all of Roebuck's target investment markets.

Before founding Roebuck, Hugh worked for BNP Paribas Real Estate in the Logistics Capital Markets team, advising a variety of institutional clients on buy/sell investment and development opportunities.

Hugh has 18 years of experience in investment and asset management having commenced work in 2005 and is a fully qualified member of the Royal Institution of Chartered Surveyors. Hugh holds a BA History in University of Newcastle & MSc in Property Valuation & Law from Cass Business School, London.

Nick is the Co-Founder and COO of Roebuck Asset Management and has jointly led the company since its inception in 2009. Nick is primarily responsible for the management of all real estate transactions and corporate operational matters.

Nick has extensive experience in undertaking and structuring complex transactions in both the UK and Europe with a wide range of institutional capital partners. Nick also oversees all tax and corporate structuring during pre-acquisition due diligence and post-closing. Over his career, he has transacted more than €2.75 bn, predominantly in the logistics and offices sectors.

Before founding Roebuck Nick worked for a private investor and before that Cluttons LLP, where he worked in investment valuation and asset management where he gained significant transactional experience in the UK and Europe.

Nick has 18 years of experience in investment and asset management having commenced work in 2005 and is a fully qualified member of the Royal Institution of Chartered Surveyors. Nick holds a BA Geography in University of Newcastle & MSc in Property Valuation & Law from Cass Business School, London.





**Jason L. Signor**  
Founder and CEO

Jason is the Founder and CEO of Big Sky Asset Management. He has spent his career exclusively in the healthcare real estate industry and is a well-established thought leader in the medical office and senior living sectors. Jason began his career as a civil engineer designing hospitals in Nashville, Tennessee. After graduate school, he ventured into medical office development and found his niche organizing physicians into real estate partnerships. Since then, he has developed or acquired over seven mn square feet of healthcare real estate in 24 states valued at more than \$2 bn. Jason follows a hands-on approach capitalizing on his deep understanding of the underlying drivers of value.

Prior to starting Big Sky, Jason founded Caddis Partners, LLC in early 2008 and was its CEO, largest shareholder and sole managing partner from its inception until May 2020. During his tenure, Jason grew Caddis from a small boutique developer to one of the largest Healthcare Real Estate platforms in the United States.

Jason graduated with a BS in Civil Engineering from Texas A&M University and an MBA with honours from Southern Methodist University.



**Andy Feinour**  
President & CEO

Andy founded Student Quarters in 2013 and has led the firm as President & CEO since its inception.

Under Andy's leadership, the company has assembled a portfolio of over 9,000 beds and is now recognised as one of the leaders in the student housing sector. Andy's primary responsibilities include building the Student Quarters' team and raising capital. In addition Andy serves on both the Investment Committee and the Board of Directors.

Prior to starting Student Quarters Andy was a Senior Vice President at Carter (2009-2012) and a Vice President at Holder Properties (2001-2008). Andy also spent four years as a Project Leader at The Boston Consulting Group, before getting into real estate.

Andy earned a Bachelor of Science in Commerce from the University of Virginia in 1992 and a Master of Business Administration (MBA) from the Darden School of Business at the University of Virginia in 1997.



# Financial Dashboard

In 2024, our financial results illustrate how we continued to outperform investor expectations + our applied strategy continues to deliver across all our Group's revenue lines.

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## Portfolio Composition

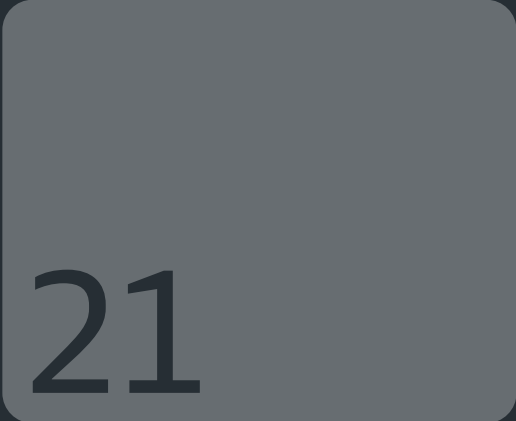


Portfolio Size + Growth



\$22b (+4%)

2024



\$21b (+19%)

2023



\$18b (+32%)

2022



\$13b (+22%)

2021



\$11b (+38%)

2020

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4.9 

# Treasury Portfolio

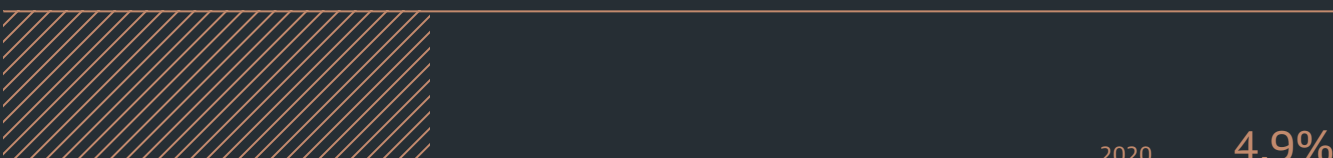
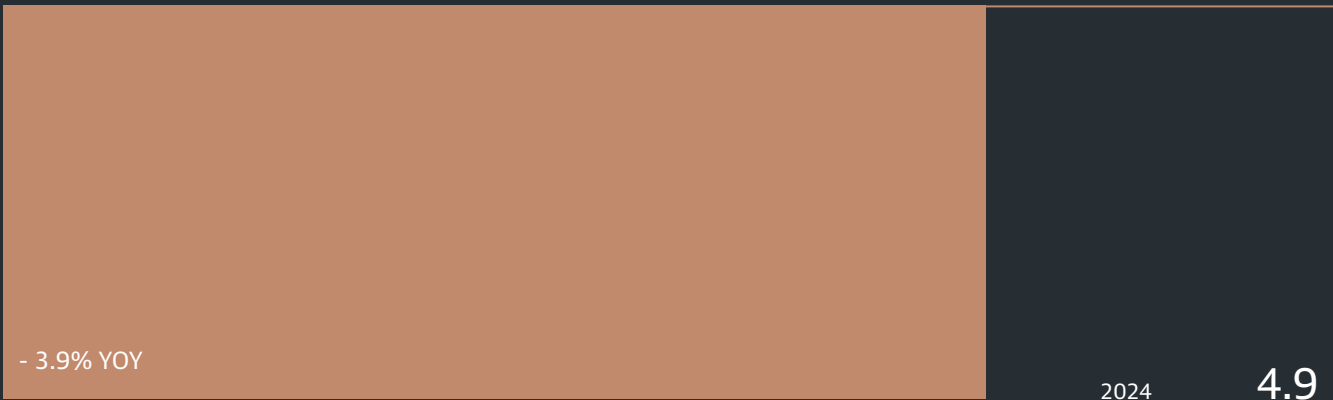
The Group's treasury portfolio has reached to 4.9b in 2024.

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+22 

# Return on Equity

The Group's Return on Equity has experienced positive growth increasing 22.4% over the last 12 months.



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17 

# Capital Adequacy

Capital Adequacy ratio reached 17% in 2024.

---

+40% 

# Turn Over

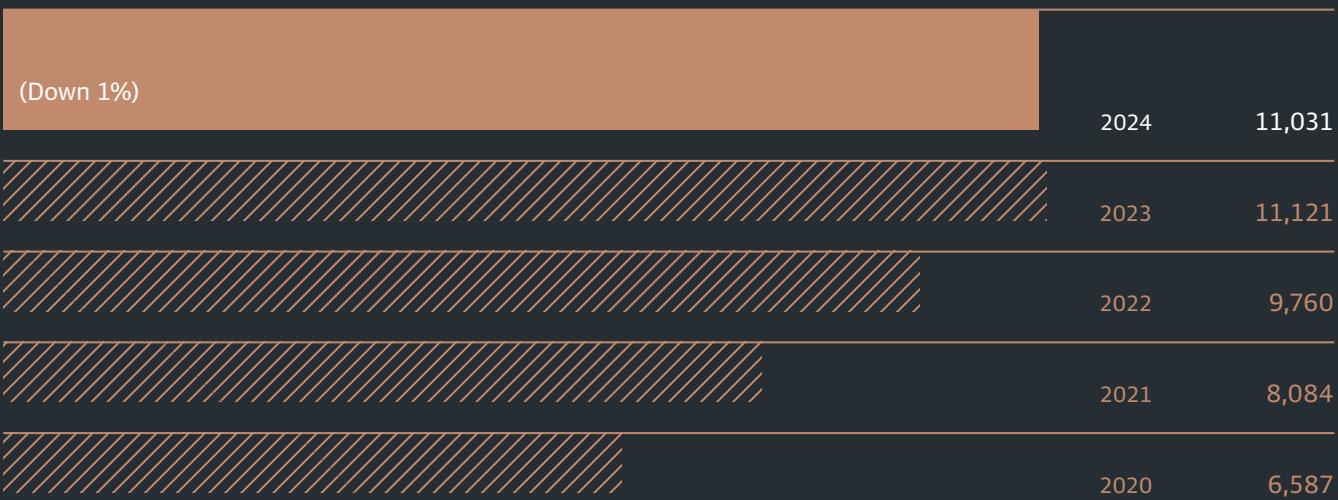
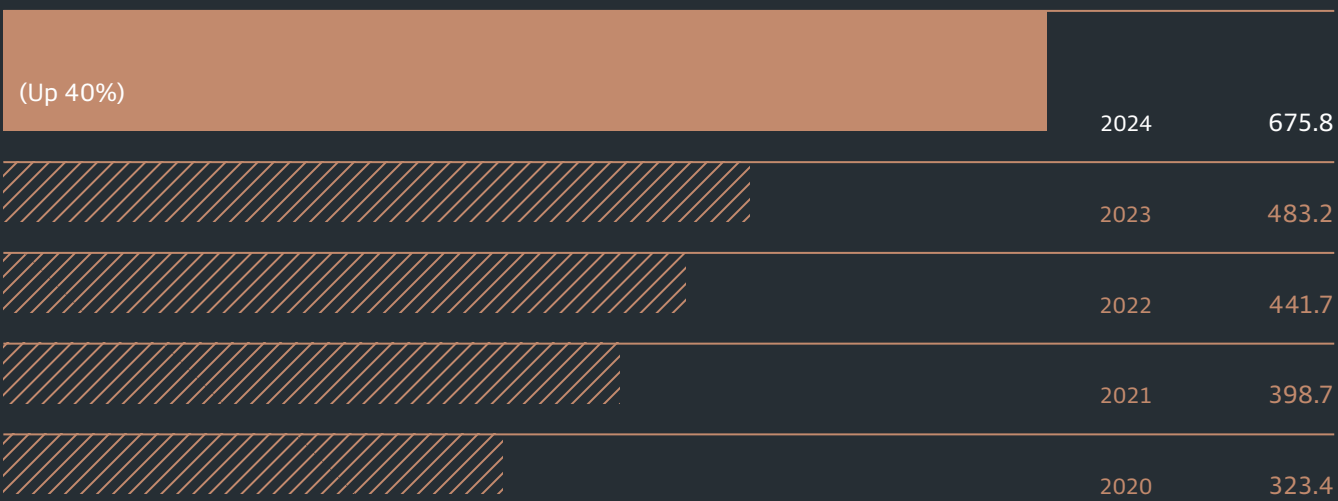
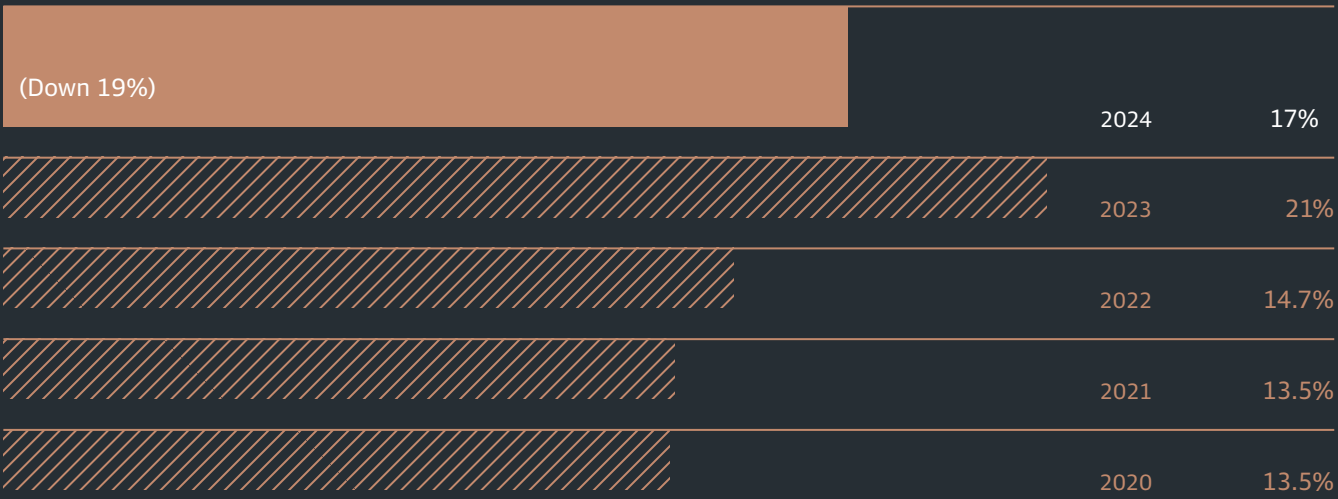
Total Turnover grew from \$483.2mn to 675.8mn.

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# Assets

Total Assets reached to 11.03bn in 2024.



# Our Chairman's Report

GFH's Chairman reviews the Group's recent market performance over the report's twelve-month period. In this time frame, the Group has further extended its reach into new segments and markets via strategic partnerships with leading firms from across our key territories.



↑  
Abdulmohsen Al Rashed  
Chairman

## **Dear Shareholders,**

On behalf of the Board of Directors of GFH Financial Group, I am pleased to present the Group's Directors' Report for the fiscal year ended 31 December 2024. The report underscores the significant strides we have taken as part of our ongoing pursuit of greater opportunities for growth and value generation, further solidifying our position as a leading diversified regional financial group.

## **A Strategic Drive to Deliver**

Underpinned by a strategy aimed at delivering greater value to our shareholders, our performance in 2024 saw the continued expansion of our global footprint through a growing network of partners and investments, as well as of our dedicated thematic sector-driven platforms - from healthcare, living and renewable energy to technology and logistics. This expansion was supported by our focus on investing in well-performing defensive sectors in both regional and international high-growth markets.

The culmination of our strategy was rewarded in 2024 and has allowed us to achieve resilient and sustainable top and bottom-line growth across our core business lines.

### **Sustainable Growth Through Impact**

In 2024, GFH has maintained its commitment to creating long-term value by focusing on investments that are both impactful and resilient. By aligning with macroeconomic trends, we have strategically expanded our portfolio of income-generating assets, particularly in the GCC, UK, and US markets – where our on-the-ground expertise and deep market knowledge allow us to identify and capitalise on high-quality opportunities across a range of resilient thematic sectors.

We broadened our reach across key global markets, diversifying our portfolio with a focus on mature, stabilised investments that deliver consistent returns. Our strategic acquisitions of stakes in leading asset managers have further strengthened our ability to access promising opportunities across the GCC, UK, Europe, and the US. These investments underscore our focus on sectors that are not only defensive but also essential to modern living—sectors such as technology, education, healthcare, logistics, and sustainable infrastructure. By prioritizing these sectors, we continue to offer risk-averse, value-driven opportunities for our investors while contributing positively to communities.

A key milestone in 2024 was the continued success of GFH Partners, our dedicated global Dubai based investment arm. With deals placed across the GCC, US and UK markets, GFH Partners exemplifies our vision of delivering impactful investments in life critical sectors. Its portfolio spans logistics hubs, affordable student and multifamily housing, and medical facilities across the GCC, US, Europe and UK – areas that are vital to both economic resilience and societal wellbeing. These investments reflect our belief in combining financial performance with meaningful contributions to essential services, ensuring long-term stability and value creation.

Furthermore, the Group's Private Equity investments in 2024 contributed to the expansion of GFH's regional and international footprint. These include investments in regional healthcare, the maritime industry as well as increased investments in sustainable infrastructure and renewable energy.

Additionally, and in line with our commitment to deliver strong and timely returns to our investors, our Private Equity team achieved notable exits in 2024. This included an early exit from GFH's joint investment in Citrix, which was exited 18 months ahead of its projected three-year horizon.

The investment's strong performance exceeded expectations, leading to an early refinancing and a full exit which resulted in an internal rate of return (IRR) of approximately c. 7.3% for our investors over just c. 1.5 years. Further, GFH signed to sell its leading GCC-based K-12 education platform, Britus Education, to the Saudi Education Fund, managed by the private equity arm of EFG Hermes.

Our treasury and proprietary investments also delivered robust contributions, benefiting from well-executed capital deployment strategies and income from structured placements. Additionally, our commercial banking business continued its upward trajectory, supporting growth through disciplined restructuring and enhanced efficiency.

### **Strong Financial Performance**

Our dedication, focus, and robust business strategy sustained strong financial performance for 2024. We reported enhanced profits and significantly increased income. The Group's total consolidated revenue was US\$675.8 million compared with US\$ 483 million in 2023, reflecting a year-on-year increase of 39.9%. The Group reported a consolidated net profit of US\$ 128.5million in 2024 compared to US\$105.2 million from the previous year, reflecting an increase of 22.1%, and a net profit attributable to shareholders of US\$ 118.5million compared with US\$102.9 million for the previous year, an increase of 15.2%.

The Group's total assets for the year remained stable at US\$11 billion from US\$11.12 billion in 2023. The Group's Total Assets and Funds Under Management (AUM) increased from US\$21.0 billion in 2023 to US\$22.0 billion in 2024, marking a year-on-year increase of 4.7%. The Group also ended the year with a Capital Adequacy Ratio of 17.03% and a Return on Equity (ROE) ratio of 12%.

In the twelve months ended December 2024, the Group successfully raised more than US\$6.10 billion across its investment banking and treasury business lines.

### **Credit Ratings Reaffirm Stable Performance**

Our strong financial performance and disciplined strategy were reaffirmed by top credit rating agencies, underscoring the strength of our business model and our commitment to sustainable growth. Fitch Ratings affirmed GFH's Long- and Short-Term Issuer Default Ratings (IDR) at 'B' with the Outlook on the Long-Term IDR remaining Stable.

Similarly, Capital Intelligence Ratings (CI) reaffirmed GFH's Long-Term Foreign Currency Rating (LT FCR) and Short-Term Foreign Currency Rating (ST FCR) at 'BB-' and 'B', respectively, with the Outlook on the LT FCR remaining Stable.

These ratings underscore our resilient business model, future-proof strategy and strong financial performance. We are proud of the confidence ratings agencies and shareholders have consistently shown in GFH.

### **Empowering Sustainability and Communities**

In 2024, GFH Financial Group reaffirmed its commitment to ESG principles by driving initiatives for sustainable growth, social inclusion, and community development. We focused on youth development, diversity, and inclusion, reflecting our dedication to fostering human capital and societal impact.

Our environmental stewardship was reinforced through partnerships advancing sustainability and preserving Bahrain's cultural heritage. These efforts align with GFH's mission to deliver long-term value to stakeholders and contribute to the communities we serve.

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The Group reported a consolidated net profit of US\$ 128.5million in 2024.

### Dividend Recommendation

As a result of our robust performance, the Board has recommended a total cash dividend of 6.2% on par value for our shareholders.

# 6.2



The Board has recommended a total cash dividend of 6.2% on par value for our shareholders.

### Moving Forward

As we move forward, we remain committed to leveraging our expertise, experience, and disciplined investment approach. Our strategy is anchored in identifying opportunities that balance growth with security, enabling us to continue delivering impactful and sustainable results for all our stakeholders. This unwavering focus positions GFH as a trusted partner for those seeking investments that not only perform but also make a difference.

### Acknowledgments

On behalf of the Board of Directors, we extend our deepest gratitude to His Majesty King Hamad bin Isa Al Khalifa and His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince, Deputy Supreme Commander, and Prime Minister, for their visionary leadership and unwavering commitment to fostering a stable and prosperous environment for the Kingdom of Bahrain's financial sector to flourish.

We also express our sincere appreciation to the Central Bank of Bahrain and the Government of the Kingdom of Bahrain for establishing an exemplary regulatory framework and a robust foundation that enables institutions such as GFH to innovate and grow with consistency and resilience.

To our investors and shareholders, we thank you for your trust and confidence in GFH's vision, strategy, and operational model. Your enduring support inspires us to consistently deliver value and achieve excellence.

Finally, we take immense pride in the remarkable efforts of the entire GFH team. Their expertise, dedication, and commitment were instrumental in delivering another year of strong performance in 2024, and we remain confident in their ability to continue driving success in the years ahead.



We remain committed to leveraging our expertise, experience, and disciplined investment approach. Our strategy is anchored in identifying opportunities that balance growth with security.



First:

# Remuneration of the Board of Directors

## First: Remuneration of the Board of Directors:

In line with the requirements of Article 188 of the Commercial Company Law, we are pleased to attach the remuneration of members of the Board of Directors and the Executive Management for the fiscal year ending 31 December 2024.

Name	Fixed remunerations			Total	Aggregate amount (Does not include expense allowance)
	Remunerations of the Chairman and BOD	Total allowance for attending Board and Committee	Others		
Abdulmohsen Alrashed	131,950	100,000	-	231,950	231,950
Ghazi Alhajeri	94,250	50,000	-	144,250	144,250
Ali Murad	94,250	50,000	-	144,250	144,250
Abdulla Alzain	94,250	50,000	-	144,250	144,250
Abdulaziz AlBassam	94,250	50,000	-	144,250	144,250
Fawaz Al Tamimi	75,400	50,000	-	125,400	125,400
Darwish AlKetbi	75,400	50,000	-	125,400	125,400
H.H Shaikha Minwa Al Khalifa	75,400	50,000	-	125,400	125,400
Rashed Alkaabi	75,400	50,000	-	125,400	125,400
Hisham Alrayes	94,250	50,000	-	144,250	144,250
<b>Total</b>	<b>904,800</b>	<b>550,000</b>	<b>-</b>	<b>1,454,800</b>	<b>1,454,800</b>

## Notes:

1. All amounts in Bahraini Dinars.
2. The Bank does not have any variable remuneration payments, end of service benefits, or expense allowances paid to its directors.
3. Salaries and other benefits in their capacity as employee is reported in the second table below.

Board remuneration represents allocation of proposed remuneration for 2024 subject to approval of the Annual General Meeting.

Second:

# Remuneration of the Board of Directors

## Second: Executive Management Remuneration Details for Top 6 Executives:

Executive Management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2023	Aggregate Amount
Remunerations of top 6 executives, including CEO* and CFO**	1,517,928	1,157,609	1,736,413	4,411,950

\* All amounts in Bahraini Dinars.

The highest authority in the executive management of the company, the name may vary: (CEO, President, General Manager (GM), Managing Director...etc.

\*\* The company's highest financial officer (CFO, Finance Director, ...etc)

### Notes:

1. A significant portion of executive management remuneration are subject to deferral over a minimum period of 3 years as per regulations of the Central Bank of Bahrain. In addition to the paid benefits reported above, the Bank also operates a long-term share incentive scheme award that allows employees to participate in a share-ownership plan. The Bank allocates shares awards that vest over a period of 6 years under normal terms and are subject to future performance conditions. Refer Notes 24 for the non-cash accounting charge recognised for share-based payment disclosures in the Annual Report for a better understanding of the Bank's variable remuneration framework components.
2. Remuneration information above excludes any Board remuneration earned by executive management from their role in the board of investee companies or other subsidiaries.

Abdulmohsen Al Rashed  
Chairman  
GFH Financial Group

# Our CEO's Report

In 2024, GFH embraced new investment opportunities that spurred innovation, impact and discovery – marking its leadership in the region and beyond.



Hisham Alrayes  
Group CEO & Board Member

The past year stands as an important chapter in GFH's journey, characterized by strategic expansion and solid growth while deepening our partnerships across the globe. Amidst the transformative changes we are witnessing, rising innovation, and technological advancements, our Group has successfully risen as a market leader, embracing the new wave of digital transformation and emerging as a key player within emerging markets. Our strides in 2024 have set a new benchmark for the markets in which we operate as well as our Group itself as we continue to drive forward with an unwavering focus on creating value for our shareholders, clients, and the communities we serve.

Reflecting on the past year, we are confident in our Group's growth trajectory, as we have successfully seized multiple opportunities across borders and sectors. Throughout the past year, we have witnessed market shifts, market disruptors and AI integration across all sectors and areas of life. This offers unprecedented opportunities for innovation and development – principles that we have embraced as part of our investment journey.

Our focus throughout the year was to deliver sustainable returns, enhance our financial standing and drive value creation for all stakeholders; and it is a focus that we aim to continue within the coming years. At the heart of our accomplishments lies our unified vision to discover, innovate and realize value potential across thematic sectors through capitalizing on diverse investment opportunities in some of the world's most compelling and high-growth markets. This strategic alignment and our continuous pursuit of growth, innovation and impact solidifies our vision and themes from the year.

### **Strategic Growth and Diversification**

The year 2024 was a testament to GFH's dynamic growth strategy, reaching over \$22 billion in assets under management, a new milestone for the Group. Our commitment to strategic diversification and expansion saw us deepen our footprint in key markets across the GCC, UK, Europe and the US, with a keen focus on sectors poised for long-term growth and sustainability.

Our investment philosophy in 2024, centered on identifying and capitalizing on attractively valued assets in thematic sectors, bore fruit. Investment banking continued to be a major contributor to profitability, supported by asset management growth and new deal-related income, reinforcing our position as a leader in the sector. Our treasury and proprietary investments also delivered strong results, supported by strategic capital deployment and structured placement income. Additionally, our commercial banking segment maintained its upward momentum, fostering expansion through disciplined restructuring and improved operational efficiency.

For the year, we delivered healthy growth in profitability, with net profit attributable to shareholders reaching \$118.50 million, a 15.21% increase from the previous year. Our total income for the year reached an impressive \$675.82 million, an increase of 40% from the previous year, demonstrating strong growth across all business lines. Further to these solid results, our Board of Directors proposed a cash dividend of 6.2% on par value for 2024, reinforcing our promise to delivering shareholder value as well as our confidence in the future of the Group and our performance.

### **Operational Excellence and Market Expansion**

In 2024, we delivered strong financial performance and stability, leveraging deep industry expertise and an innovative approach to expanding our asset base. We also enhanced our service offerings across our three core business lines – investment banking, commercial banking, and treasury and proprietary investments.

The Group reported an investment banking deal income of US\$180.13 million. Our Investment Management teams were at the forefront of this charge, orchestrating strategic deals that further strengthened and diversified the Group. During the year, the Group's real estate investment subsidiary, GFH Partners, successfully secured A-Class purpose-built student housing assets worth US\$300 million in the United States, bringing our US student housing platform to more than 5,500 beds and assets under management worth approximately US\$900 million.

During the year, we launched the US\$96 million US AI Infrastructure Fund, building on opportunities in the rapidly growing digital real estate sector, focusing on AI-driven data

centers and data mobility platforms. The Fund is strategically investing in five leading platforms—Vantage Data Centers, DataBank, Switch, Vertical Bridge, and Novva—through two reputable partners, ensuring exposure to scalable, high-demand infrastructure.

Additionally, GFH Partners launched the £44 million UK Food Logistics Fund, investing in a mission-critical, income-generating food processing and cold storage facility in the UK. The Fund involves acquiring a 780,000-square-foot regional distribution center in Bridgwater, fully leased to Morrisons, the UK's 5th largest grocer, and serving 92 regional stores across the Southwest and Wales.

Moreover, we signed a Head of Terms with Gulf Warehousing Company (GWC), one of the GCC's top logistics providers, whereby GFH will power GWC's expansion plans by developing 200,000 square meters of Grade 'A' logistics facilities across key locations in Saudi Arabia. Further building on our presence in the GCC logistics market is our strategic partnership with Panattoni Saudi Arabia for the development of 500,000 square meters of state-of-the-art logistics facilities in the Kingdom of Saudi Arabia.

Our commercial banking arm, Khaleeji, has not only continued its upward growth trajectory but also played a pivotal role in GFH's broader success story, contributing 22% to the Group's total income this year. With total assets reaching BHD 1,496.13 million and a total income of BHD 11.852 million for the year, Khaleeji has demonstrated resilience and forward momentum amidst the challenges presented by fluctuating global profit rates. Khaleeji's positive performance further solidifies our position as leaders in the Islamic banking sector.

Our treasury portfolio continued to deliver sound contributions supported by robust investment income, showcasing our strategic allocation and management of capital. During this year, we conducted a successful sale of a number of the Group's proprietary investments, including a stake in Raffles Al Areen Bahrain Palace for US\$33 million and shares in Amwaj for US\$40 million. We also signed with Kempinski, in partnership with Infracorp, to launch Harbour Heights Kempinski Hotel and exclusive branded residences. During this period, we successfully launched OUTLIVE, an innovative real estate venture operating across MENA and Europe, that is focused on creating masterplanned communities and mixed-use projects where health and well-being flourish.

### **Embracing Responsibility: ESG and Community Engagement**

At GFH, we want to ensure that our investments create long-term value creation and returns by mitigating environmental risks and supporting global efforts towards securing a sustainable future. We act in accordance with the belief that sustainable finance is essential in today's world as it fosters innovation, opens new markets and creates opportunities for responsible investment.

In 2024, our investment strategies were deeply aligned with our ESG principles, evident in our strategic acquisitions and initiatives. We partnered with regulators to advance climate action and sustainability initiatives in the Kingdom, contributing to the Bahraini government's forward thinking climate agenda. Our investments play a key role in advancing sustainability, powering clean energy solutions and contributing to global net-zero emissions goals and objectives.

Through targeted investments in renewable energy and sustainable infrastructure, we have played a pivotal role in driving the transition toward a low-carbon economy.

We participated in key events that advance the global agenda towards building a sustainable future. Our participation in the World Economic Forum (WEF) Annual Meeting 2025 for the second year signifies our commitment to collaborate with global partners and deliberate on the most pressing issues that are impacting the world's climate and economic agenda. In addition, we took part in the Future Investment Initiative for the third year, which unites policymakers and global leaders in finance, innovation and sustainability to explore today's evolving investment landscape.

#### Looking Forward: A Pathway to Sustained Excellence

As we reflect on a year of continuous achievements, GFH is not just poised for the future – we are actively shaping it through strategic investments that are transforming key sectors. Our investment philosophy goes beyond traditional metrics, focusing on sustainable growth that creates lasting value while addressing tomorrow's challenges.

The resilience, innovation and foresight that have guided us through 2024 have become more than just principles – they are woven into the fabric of our success. With our carefully diversified portfolio, sharp strategic direction, and a team of talented professionals, we are well-positioned to not only navigate but capitalize on the evolving landscape of opportunities ahead.

I extend my heartfelt appreciation to our team at GFH for investing their time and energy into making the past year a success. I'd also like to express my gratitude to our clients, partners and stakeholders that were part of our journey. Your confidence in GFH has been the cornerstone of our achievements, enabling us to push boundaries and set new standards in investment excellence. Your trust drives us to reach higher, think bolder and deliver stronger results.

On behalf of GFH Financial Group, I look forward to accelerating our momentum and reinforcing our position as a vanguard in investment banking. Together, we will continue to pioneer innovative solutions, generate robust returns, and create enduring value that resonates across generations. Our journey of excellence continues, and I am confident that our shared commitment to visionary leadership and sustainable growth will unlock unprecedented opportunities for all our stakeholders.

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The Group reported an investment banking deal income of US\$180.135 million.



It was a proud moment as we launched the £44 million UK Food Logistics Fund investing in a mission-critical, income-generating food processing and cold storage facility in the UK.



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04:

# Performance

A 13 Page Summary of our  
Group's Financial Performance

# Digital Banking + Technology

GFH is committed to our ongoing digital transformation, and our newly launched app is one major step forward on our journey towards a fully streamlined digital investment experience.

## **Our Goal & Commitment**

GFH is committed to driving innovation and excellence across the business. To this end, we have 3 core strategic pillars and initiatives focused on key projects that will enhance our processes and improve satisfaction. These are:

**Pillar 1 – Enhance our Customer Experience:** By introducing mobile-friendly platforms such as an app, chatbot and Open AI integration; and improving user interfaces for seamless interactions.

**Pillar 2 – Digitize our Internal Processes:** By a thorough review of our business operations to find recommendation for process digitization and automation.

**Pillar 3 – Leverage Data Analytics With a Focus on AI & ML:** By analyzing our Group's existing datasets, we can provide insights and the necessary reports and recommendations for continuous improvement across the Group.

## **Highlights of GFH's New App Release (2024)**

- Improved UI and UX
- Realtime registration & onboarding open to all GCC
- Seamless subscription & payment
- GFH Visa Infinite Privilege Credit Card for Ultra High Net Worth Individuals ("UHNWI")
- Text and voice enabled AI-powered virtual assistant

## **GFH App Features**

### **AI-Powered Virtual Assistant**

- GFH's AI-driven virtual assistant, powered by OpenAI, provides 24/7 customer support, answering investment and account queries, offering quick tips and assisting with transactions
- This enables us to ensure we provide our clients with prompt and efficient support

### **Portfolio Management**

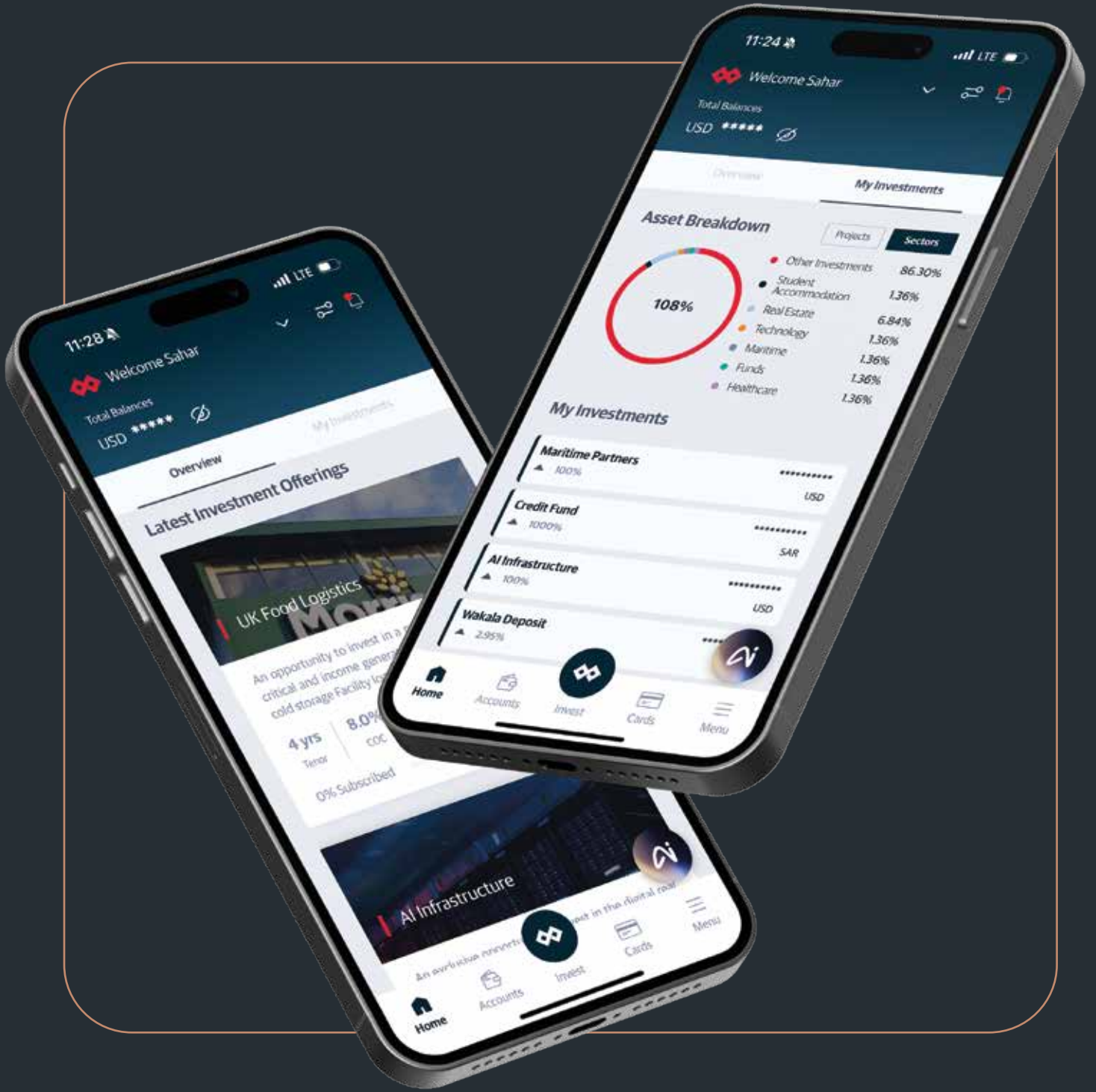
- GFH's app allows our customers to view & manage their portfolios where they can download their statements directly and view the latest progress reports and project NAVs
- This provides our customers with greater flexibility and control over their portfolios

### **Mobile Payment Digital & Crypto Wallet Integration**

- GFH's app is set to integrate with digital wallets like Apple Pay, Samsung Pay, Binance Pay and Crypto.com, enabling customers to make instant payments, transfer funds, or invest directly from their digital wallet
- This is set to streamline our customer's transactions, making it easier for them to manage their investments and account funding in one place

### **GFH Visa Infinite Privilege Credit Card**

- We are offering our UHNWI with the privilege to apply for "GFH Visa Infinite Privilege Credit Card" managed by Khaleeji Bank within the app
- The credit card allows us to provide our valued UHNW clients with additional advantages and benefits for investing with us



# Management Review

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The Saudi Arabian logistics market generated a revenue of US\$ 136.3 billion in 2024 and is expected to reach US\$ 198.9 billion by 2030.

In 2024, our strategic focus on diversified investments continued to drive significant growth in assets and revenues, delivering stable and robust returns to our investors and shareholders. This year marked a pivotal period of value creation and portfolio enhancement, underscoring GFH's commitment to providing investment opportunities that prioritise stability, long-term growth, and impactful sectors.



GFH Financial Group continues to expand its operational presence and market reach beyond its regional base to global markets, from Asia to Europe and the US.

GFH Financial Group remains a leading financial group in the GCC region, recognised for its pioneering approach and diversified offerings. With a legacy spanning over two decades, the Group has consistently excelled in identifying and delivering high-quality, stabilised investment opportunities within defensive sectors across key global markets. Our business lines encompass a broad spectrum of the financial services value chain, from sophisticated investment products to robust commercial banking operations. Below, we outline the key highlights of our core business activities and operations in 2024.

### **Investment Management**

The Group is actively transforming, driven by a strategy of dynamic diversification and a focus on creating value. GFH is expanding its global investment portfolio, aiming for strong returns for both the Group and its investors. Furthermore, GFH has unlocked value by diversifying across various asset classes, sectors, and markets, expanding its portfolio in both GCC and international markets.

## I. Private Equity

GFH's Private Equity (PE) business is a full-spectrum global and regional private markets platform, engaging in direct investments, international co-investments with top-tier global asset managers, secondary investments, strategic GP partnerships, and Sharia-compliant structured equity and credit solutions.

With a versatile investment strategy and a disciplined approach, GFH's PE business focuses on sectors resilient to economic cycles, employing optimised deal structures to prioritise downside protection while maximizing value creation for investors. Its direct investment strategy is centered on high-growth, thematic opportunities across multiple sectors, including Healthcare & Life Sciences, Education, Technology, Business Services, Logistics, and Infrastructure.

GFH's PE platform has established itself as a key player in regional buyouts and growth investments, while expanding strategic partnerships with top-tier global asset managers to enhance access to high-quality investment opportunities globally.

Building on its strong track record, the PE business has consistently generated value, leveraging its investment expertise to capitalise on market opportunities, reinforcing its commitment to generating sustainable returns for the Group and its investors.

GFH's PE business has continued to expand Healian, its flagship Middle East & Africa-focused healthcare impact platform. Uniquely positioned to provide quality, affordable care in underserved, high-growth markets, Healian benefits from defensive characteristics and operates as an integrated healthcare provider, covering the entire value chain - from preventive to tertiary care.

The platform targets high-growth assets in strategic markets, primarily in Saudi Arabia (KSA) and the UAE. Its investment pipeline includes actionable opportunities at various stages of the acquisition process, with a deep focus on value creation and a clear exit strategy. Trust Vision Investment LLC was the platform's first major investment, laying the foundation for a regional healthcare champion. This was followed by another milestone with Saudi South Hospital representing the second flagship investment comprising a state-of-the-art 300-bed facility which is considered as one of the most advanced hospitals in the Southern Region of Asir in KSA.

These investments align with GFH's broader vision of cultivating a robust regional healthcare ecosystem, addressing critical healthcare needs, and advancing medical services across the region. The key drivers behind GFH's healthcare strategy entails low healthcare penetration in emerging markets, increasing life expectancy and prevalence of non-communicable diseases, mandatory health insurance expansion, overburdened public health systems, and driving demand for private sector solutions.

Leveraging GFH's successful track record of thematic investing across multiple sectors including Healthcare & Life Sciences, Education, Technology, and Business Services; GFH expanded into the Logistics sector with the launch of the GFH Logistics Platform (GLP), focusing on Saudi Arabia - the largest logistics market in the MENA region.

KSA's Vision 2030 program is accelerating infrastructure investments, transportation networks, e-commerce growth, and supply chain modernization, positioning the logistics sector for significant expansion.

GLP's investment strategy is centered on aggregating logistics businesses across the value chain, enhancing operational efficiencies and economies of scale, leveraging cross-platform synergies to drive earnings growth, and achieving portfolio premium through consolidated market positioning. Under this strategy, GFH successfully acquired Gulf Central Company, a market-leading premium food services and logistics business in KSA. The company operates an integrated supply chain network, including state-of-the-art warehouses, vehicle fleets, and a diverse portfolio of 1,000+ blue-chip customers.

Furthermore, GFH is actively pursuing additional acquisitions across the logistics ecosystem, targeting companies in complementary sectors such as Energy, Construction, Infrastructure, and Industrial sectors to enhance service capabilities and market reach.

Having significantly strengthened GFH's global private equity investments platform, further to GFH's earlier strategic partnership with Schroders Capital; GFH has continued to expand this strategy by undertaking investments with top-tier global managers including its recent investment in Invenergy through Blackstone. Blackstone is the world's largest asset manager in alternative investments that manages c. US\$1 trillion in AUM.

Invenergy is the largest privately held developer, owner, and operator of clean energy solutions. With headquarters in the U.S., Invenergy has a 20-year track record of responsibly developing, building, owning and operating wind, solar, and natural gas generation projects, and energy storage facilities, in the Americas, Europe, and Asia with over 2600 employees and a deeply experienced management team.

In line with GFH's focus on market-leading businesses in sectors with strong macro tailwinds and impact investing strategy, Invenergy comes with a high-conviction investment theme. The current macro environment in the US creates a favourable backdrop for renewable energy investments.

Complementing GFH's thematic focus, this investment benefits from energy transition trends, the US's 2050 Net Zero targets, industrial mega projects and the growth of artificial intelligence, whilst generating stable and recurring cash flows stemming from a strong growth in development pace and renewables demand.

GFH is continuing to actively pursue strategic investment opportunities within the energy sector ecosystem, recognizing its critical role in supporting global economic growth. The increasing adoption of AI technologies and advanced digital infrastructure is driving a significant rise in energy demand. As a key part of GFH's long-term strategy, GFH is focusing on areas that contribute to a resilient and adaptable energy supply, positioning GFH to support the evolving needs of the global energy landscape.

In the build-up of this theme, GFH earlier completed its co-investment under a strategic partnership with Schroders Capital into Saber Power which is a fully integrated electrical infra services platform. Schroders Capital has an AUM of c. US\$94 bn, and is the private markets investment division of Schroders plc, a global asset management group that manages c. US\$956 bn of assets on behalf of its clients.

Under the global private equity investments platform strategy, GFH will continue to undertake investments across a range of defensive and downturn-resistant sectors such as healthcare, life sciences, technology, and infrastructure including energy transition and renewable energy.

GFH has significantly expanded its global technology investment portfolio, backing over 25 high-growth, late-stage technology companies in disruptive sectors, including cloud & enterprise software, cyber security, fintech & digital payments, E-commerce & AI-driven platforms. As part of active portfolio management, GFH executed key tech sector exits across the portfolio, realizing value from full exits from Snowflake & Rubrik and partial exits from UiPath, DoorDash, and Klaviyo.

GFH's technology strategy is also closely aligned with emerging trends, including AI-driven fintech innovation, quantum computing in payments, and next-gen digital infrastructure investments (e.g., data centers and renewable energy-powered digital ecosystems). This comes on the back of multiple major investment drivers such as the ongoing North American "supercycle" in infrastructure, fuelled by the reshoring of manufacturing and supply chains, AI capacity expansion & cloud computing growth, surging data usage & digital economy transformation. With cloud service revenues projected to triple in the next five years, GFH continues to strategically invest in digital infrastructure, fintech, and technology-driven growth platforms.

Building on GFH's successful track record in Sharia-compliant credit investments and capitalizing on the elevated M&A activity as well as the structural economic and demographic shifts in key markets including GCC, US and Europe, GFH continues to actively pursue its Private Credit strategy. The strategy entails high quality businesses with strong long term prospects that are undergoing significant transitions, resulting in liquidity needs for significant business expansion and growth related costs, buyouts and industry consolidation.

GFH further demonstrated its successful execution of strategic divestments through exit from Citrix deal in just 18 months. Citrix entailed GFH co-investment with the Carlyle Group, one of the largest private equity asset managers globally, in connection with the take-private of Citrix and merger with TIBCO - both leaders in their respective technology segments.

Another significant milestone achieved during the year, GFH announced that it has successfully entered into definitive agreements for the sale of its leading GCC-based education platform, Britus Education, comprising of seven K-12 international schools, to the Saudi Education Fund ("SEF"), managed by the private equity arm of EFG Hermes. This strategic exit not only highlights GFH commitment to fostering innovation in education but also delivers returns to its investors.

GFH's Private Equity business remains focused on high-growth, resilient sectors while leveraging a sector-focused, thematic strategy to maximise value creation. Through active portfolio management, disciplined capital deployment, and strategic exits, GFH continues to deliver long-term value for investors and stakeholders.

Existing investments currently managed by the Private Equity business unit are:

- University of Technology Bahrain
- Britus International School for Special Education, Bahrain
- The Entertainer
- Marshal FinTech
- Saudi Food Logistics
- Healian Healthcare platform
- Saudi South Hospital
- US & Global Tech Fund I
- Global Tech Opportunities II
- Healthcare and Life Sciences Buy-Out Fund (I & II)
- European Infrastructure Opportunity
- Saber Power Investments
- GFH Renewable Energy

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Schroders plc is a global asset management group that manages c. US\$956 bn of assets on behalf of its clients.

## II. Real Estate Investment

GFH Partners Ltd. ("GFHP" or "GFH Partners") is a fully owned subsidiary of GFH Financial Group B.S.C. (the "Group") and is focused on the Group's global real estate asset management business which includes (1) the full investment cycle of sourcing, acquiring, structuring, managing, and exiting real estate investments, and (2) the acquisition of minority and majority stakes in quality real estate asset managers across the globe.

GFHP is incorporated and headquartered in the Dubai International Financial Centre and is regulated by the Dubai Financial Services Authority, GFHP also has offices in London, UK and in the Kingdom of Bahrain. GFHP manages approximately US\$ 6.5 billion worth of assets across the United States, GCC, and the United Kingdom where it aims to capture and capitalise on fundamentals supporting its sectors of focus across diversified investment tools and instruments such as equity, debt, and structured equity.

GFH Partners employs a thematic approach, focusing on sectors where it has a proven track record. These sectors include industrial and logistics, living, as well as healthcare real estate. These themes and sectors are chosen based on fundamentals and solid tailwinds that provide investors with a range of investment opportunities that offer attractive risk-adjusted returns. GFHP is also dynamic in the sense that it continuously explores the market for opportunities and introduces new concepts such as recently introducing data infrastructure products within real estate.

While the first half of 2024 was characterised by cautious investment activity due to high interest rates and economic uncertainties, the latter half witnessed some level of improvement as central banks began to cut interest rates and market volatility slightly eased. The US commercial real estate investment market demonstrated robust growth in 2024, according to CBRE, commercial real estate investment volume increased by 24% year-over-year in the fourth quarter alone, reaching US\$121 billion. This surge was driven by strong leasing activity and a resurgence in investor confidence. [1]

Overall, the US commercial real estate market in 2024 exhibited a strong recovery, with increased investment volumes and a resurgence in lending activity toward Q4 2024, especially within our thematic focus sector.

- **Industrial and Logistics:**

- **United States:** In 2024, the US industrial and logistics market demonstrated resilience amid various economic challenges, including high interest rates, inflation, and election uncertainties. The overall vacancy rate increased by 20 basis points to 6.7% in the fourth quarter, marking the smallest quarterly increase since the market cool down began in late 2022.[2] This trend suggests that the market may be approaching peak vacancy levels. More specifically, the transportation logistics sector experienced significant growth and transformation, the market reached a valuation of US\$ 200 billion in 2024, solidifying its position as a key component of the commercial real estate landscape[3]. The industrial and logistics market in 2025 is continued to experience moderate growth, driven predominantly by technological advancements, and a focus on supply chain resilience.

- **UAE:** The UAE logistics market generated a revenue of US\$ 169.7 billion in 2024 and is expected to reach US\$ 241.6 billion by 2030, reflecting a compound annual growth rate ("CAGR") of 6.1% from 2025 to 2030.[4] The UAE's strategic location as a global trade hub, coupled with significant investments in infrastructure, positions it as a central player in regional logistics. The government's initiatives to enhance trade and investment further bolster the sector's growth prospects[5].

- **KSA:** The Saudi Arabian logistics market generated a revenue of US\$ 136.3 billion in 2024 and is expected to reach US\$ 198.9 billion by 2030, with a projected CAGR of 6.5% from 2025 to 2030.[6] Saudi Arabia's strategic location at the crossroads of Europe, Asia, and Africa enhances its role as a major logistics hub. The government's substantial investments in logistics infrastructure, including logistics parks, ports, and inter-modal connectivity, are central to its Vision 2030 plan to establish the kingdom as a logistics hub.[7]

- **Medical Clinics:**

- The US medical office buildings market is projected to reach approximately \$22.04 billion by 2030, with a CAGR of 6.6% from 2024 to 2030[8]. CBRE's 2025 US Healthcare Real Estate Outlook anticipates rising rents and lower vacancy rates for medical outpatient buildings. The overall vacancy rate is expected to decline slightly to 9.46% by the end of 2025, down from 9.57% in the third quarter of 2024. Additionally, asking rents are projected to increase by up to 1.8% in both 2025 and 2026[9]. In summary, the medical office building market in 2025 is expected to experience sustained growth, driven by demographic trends, technological advancements, and evolving patient preferences.

- **Living Sector (Student Housing)**

- The student housing market has demonstrated resilience, with a 50% increase in dedicated student housing property transactions in 2024 compared to the previous year. The US student accommodation market is expected to reach a projected revenue of US\$ 3.9 billion by 2030, with a CAGR of 4.4% from 2025 to 2030[10]. With approximately 22% of undergraduate students residing on campus, this highlights a strong preference for off-campus accommodations[11]. Pre-leasing for the 2025-26 academic year has commenced robustly, with pre-leasing reaching 47.1% in December 2024 for the Yardi 200 schools, up from 39.7% in December 2023[12].

### Affiliates of GFH Partners

In addition to real estate investments, GFHP has built its capabilities and competitive advantage by acquiring strategic stakes in quality real estate asset managers across the globe. In line with the company's thematic investment approach, partners are selected based on their exceptional track record within our targeted sectors. These partners offer a strong on-the-ground presence to assist in overseeing operations as well as an exclusive pipeline of investment opportunities offered at attractive entry points. These affiliations allow GFHP to offer unique and attractive investment products across a greater variety of sectors and geographies.

### Roebuck ("Roebuck")

A specialised pan-European logistics and commercial real estate asset manager based in the UK. The firm's primary focus has been on the acquisition and management of logistics real estate assets with more than 100 assets under management valued at \$2.7 billion spread across 7 countries. Roebuck has managed to gain additional expertise by managing assets on behalf of an extensive and diverse group of institutional investors and UHNWIs from the UK, Europe, South Korea, South Africa, India, and Malaysia.

### Big Sky Asset Management ("Big Sky")

An established US-based asset manager specialised in medical clinics and life sciences real estate. The founder of Big Sky brings more than 20 years of experience in investing and managing healthcare assets in the US. Big Sky currently manages 46 assets in 17 states spread across 3.2 million square feet of real estate, amounting to an AUM that exceeds \$1 billion.

### SQ Asset Management ("SQ")

A US-based asset and property manager focused on the residential for rent sector in general while specializing in purposely built student housing. Since its founding in 2013, SQ has built a meaningful portfolio in its target markets. SQ currently has US\$1.5 billion in AUM, comprised of 35 student housing properties with more than 13,000 beds under management spread across 23 university campuses.

### GFH Partners MANNRE REIT

GFH Partners MANNRE REIT is the leading logistics REIT in the UAE with over 1,000,000 square feet under management across 21 properties. Established in 2018 as the first logistics focused REIT in the UAE, GFH Partners MANNRE REIT provides its investors with access to high-quality, diversified and institutional-grade commercial real estate. The company has future plans of expanding into the Kingdom of Saudi Arabia.

### Cedarstone Capital Partners

A UK-based real estate investment and asset manager, specializing in the living sectors in the UK and Ireland. Cedarstone was established in 2023 with a management team of over 30 years combined experience in real estate investment and finance. The team has extensive experience in deal origination, development, structuring, risk management, portfolio management, reporting, and disposing of assets; and is specialised in built-to-rent, co-living, purpose-built student accommodation, and senior living properties.

1. CBRE US Quarterly Figures
2. Cushman & Wakefield, US Industrial Reports, Q4 2024
3. Excelsior Capital, Why Industrial Outdoor Storage Is The Next Big Trend In Commercial Real Estate
4. Horizon Grand View Research, UAE Logistics Market Size & Outlook
5. 6Wresearch UAE Logistics Market Outlook
6. Horizon Grand View Research, KSA Logistics Market Size & Outlook
7. CSS Group Saudi Arabia: Freight Forwarding Outlook for 2025
8. Horizon Grand View Research, US Medical Office Buildings Market Size & Outlook
9. CBRE US Healthcare Real Estate Outlook
10. Horizon Grand View Research, US Student Accommodation Market Size & Outlook
11. Amber US Student Housing Market: Trends and Forecast
12. Yardi Matrix

### Infrastructure: Infracorp

Infracorp, the leading real estate and infrastructure developer, continues to forge ahead with ground breaking projects and innovative ventures that are reshaping skylines and redefining luxury living across the globe. The company's recent achievements serve as a testament to its unwavering commitment to excellence and its visionary approach to urban and sustainable development.

- At the forefront of Infracorp's impressive portfolio is the highly anticipated Marina Bay project in Reef Island, Bahrain. This masterplan development represents a new frontier in waterfront living, blending cutting-edge architecture with the natural beauty of the Arabian Gulf. The ground breaking ceremony for Marina Bay marked a significant milestone as it promises to elevate Bahrain's status as a premier destination for luxury real estate and tourism.
- Simultaneously, Infracorp has made substantial progress on its California Village project in Dubai, with the commencement of Phase 3 construction. This development exemplifies Infracorp's dedication to creating sustainable, community-oriented living spaces that cater to the evolving needs of modern urban dwellers. The California Village project stands as a shining example of how thoughtful urban planning can foster a sense of community.
- In a bold move that diversifies its offerings, Infracorp has ventured into a new hospitality sector with the launch of Roka, the inaugural restaurant in its newly formed hospitality division. This strategic expansion demonstrates Infracorp's ability to identify and capitalise on emerging market trends, setting new benchmarks for dining experiences that complement its real estate ventures.
- Further solidifying its position in the luxury hospitality market, Infracorp has successfully completed the construction of the Kempinski Hotel and Residences at Bahrain Harbour. Set to open its doors in the coming year, this opulent establishment promises to be a jewel in Bahrain's hospitality crown, offering unparalleled luxury and world-class amenities to discerning guests and residents alike.
- Adding to its list of completed projects, Infracorp has recently handed over the Pearlhouse Residences, which are now fully operational. These state-of-the-art serviced apartments represent the latest addition to Infracorp's masterplan, providing residents with a perfect blend of comfort, convenience, and sophistication in a prime location.
- As the company continues to expand its portfolio and venture into new territories, it remains steadfast in its mission to create sustainable, innovative, and community-centric developments that stand the test of time and set new standards for excellence in the global real estate and infrastructure landscape.

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Big Sky currently manages 46 assets in 17 states spread across 3.2 million square feet of real estate.

### **Education: Britus Education**

During the year, GFH announced that it had successfully entered into definitive agreements for the sale of Britus Education to the Saudi Education Fund ("SEF"), managed by the private equity arm of EFG Hermes. GFH launched Britus Education in 2019 as part of GFH's investments in education, striving to provide the region's booming middle class with access to affordable premium education. Britus Education's mandate was to invest in the K-12 education sector with a mandate that focuses on identifying and investing in performing schools that can be further improved through maximizing student capacity and enhancing student academic.

Britus Education owned 10 schools across the MENA region with a student base of approximately 8,000. Under GFH's oversight, the schools witnessed significant growth in enrolment, enhanced levels of operational efficiency, and the adoption of innovative educational offerings.

The schools include:

- Sheffield Private School
- Britus International School Bahrain
- The British International School of Tunis
- Britus International School, Al Olaya
- Britus International School - Special Education
- Education Castle International Schools
- Education Gate International School - Al Murabba
- Education Gate International School - Al Rawdha
- Bright Life International School
- Belveder British School and Nursery

### **Commercial Banking: Khaleeji Bank**

Khaleeji Bank BSC (Khaleeji) represents the Commercial Banking arm of the GFH Financial Group. Khaleeji is headquartered in the Kingdom of Bahrain and operates under a Retail Islamic Banking license granted by the Central Bank of Bahrain (CBB). Khaleeji was established in 2004 by GFH, and is a Public Bahraini Shareholding Company listed on the Bahrain Bourse. Khaleeji offers a range of innovative and high-quality products and services to retail clients, high-net-worth individuals, corporate entities, and financial institutions. These include retail banking, corporate banking, wealth management, structured investment products and project financing facilities. GFH as of 31st December 2024 owns 82.95% of Khaleeji.

Khaleeji Bank has achieved Net Profit Attributable to the Shareholders worth BD 3.469 million in the final quarter of 2024, compared to a loss of BD 402 thousand for the same period in 2023, an increase of 963.29%. Total Income amounted to BD 13.816 million during the final quarter of 2024, compared to BD 10.692 million for the same period in 2023, an increase of 29.22%.

Equity Attributable to parent's shareholders reached BD 128.06 million in 2024 compared to BD 101.49 million in 2023, an increase of 26.18%. Meanwhile, the Bank's assets slightly decreased by 0.42%, reaching BD 1,496.13 mn, compared to BD 1,502.42 mn in 2023, and the Bank's capital adequacy has reached 22.71%.

Additionally, the Bank maintains a healthy liquidity coverage ratio of 182.02% and a net stable funding ratio of 105.34% for the fiscal year ending 31st December 2024. Net Income attributed to average total owners' equity has reached 7.34% and the net income attributed to average total assets reached 0.70%. Investment in Sukuk had a minor decrease of 3.94%,

reaching BD 502.14 mn in 2024, compared to BD 522.7mn in 2023. Moreover, total deposits increased by 1.87% to reach BD 1,346.9 mn, compared to BD 1,322.2 mn last year.

The Bank is committed to presenting its valued shareholders with the best returns through reliance on operational plans that keep pace with modern trends and global changes at various levels with a steady pace forward and a proactive approach in various aspects. The Bank adheres to its innovative strategy of developing banking activities and accelerating digital transformation, which enhances client satisfaction with new and innovative products and services. Khaleeji is a leading Islamic bank that strives to achieve clients' aspirations through an Islamic banking model that offers a comprehensive range of high-quality Sharia-compliant banking services and investment opportunities to individuals and companies.

### **Distribution to Fund Investors**

Throughout 2024, GFH delivered distributions and dividend payments to investors in line with the Group's progressive dividend policy. Dividends amounting to US\$133 mn were paid across all our managed investments to our investors.

Furthermore, market recognition of GFH's business strength and the Group's efforts to enhance results and financial position have led to positive assessments. Capital Intelligence Ratings affirmed GFH's Long-Term Foreign Currency Rating (LT FCR) and Short-Term Foreign Currency Rating (ST FCR) at 'BB-' and 'B', respectively. The Outlook on the LT FCR remains Stable. Fitch Ratings affirmed GFH's Long- and Short-Term Issuer Default Ratings (IDR) at 'B' with an Outlook on the Long-Term IDR remaining Stable.



# Treasury + Proprietary Investments

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Treasury & Capital Markets boosted profitability in 2024 by generating \$346 million in revenues.

One of GFH's key contributing business lines over the last 12 months was Treasury & Capital Markets, achieving \$346mn in revenues over the period.



The department's significant contribution comes as a result of its strong performance in 2024 in generating robust revenue streams despite geopolitical events. Treasury & Capital Markets showed resilience in delivering solid revenues, hence proving the solid foundation and sustainability of its investment model and presence within local and global markets. In 2024, Treasury activities for the Group contributed \$346mn to the Group's total income with positive contributions from investments such as interbank lending, fixed income and alternative investments.

**Treasury and Capital Markets mainly focus on:**

- Optimizing the level of liquidity available by providing the necessary funding to the Group.
- Deploying the Group's liquidity while diligently analysing risk and return trade-offs.
- Engaging in proprietary book investments in regional and international opportunities to capitalise on market opportunities.

**Treasury and Capital Markets' main lines of investment are:**

- Interbank Lending through Murabaha and Wakala
- Fixed Income
- Alternative Investments

**Institutional Financial Services:**

- Establishing vital partnerships with international financial institutions granting access to a range of products and services across key asset classes

**Proprietary Investments**

The Proprietary Investment ('PI') business line delivered exceptional performance throughout 2024, successfully executing several strategic exits and structured transactions that generated a total income of c. US\$ 92 million from real estate asset sales and structured exit transactions. This performance underscores the Group's ability to identify, structure, and execute complex transactions across diverse asset classes.

A landmark achievement was the strategic exit from Raffles Hotel, valued at US\$ 250 million, which exemplified GFH's expertise in creating and capturing value through sophisticated partnership arrangements and optimal exit timing. Another significant milestone was the structured exit of the Charthouse investment, completed during the second quarter through an innovative multi-component transaction structure. Throughout the year, the Group demonstrated its structuring capabilities by successfully executing various transaction types, including leveraged-financing buyouts, strategic asset exchanges, and structured payment plans that optimised value realization and timing.

The Group achieved complete monetization of its Dubai land portfolio, generating substantial cash income streams and demonstrating its ability to execute on its asset realization strategy. Strategic partnerships continued to play a vital role in value creation, particularly through the collaboration with Edamah for the Surf Park development and strengthened relationships with leading Dubai developers. PI successfully established and launched the Private Placement Memorandum (PPM) for the Surf Park project with a fund size of US\$ 49 million.

The portfolio's performance was further enhanced by steady recurring income streams from existing yielding operational assets and the newly acquired retail portfolio, which provided stable returns throughout the year.

The PI team has successfully diversified the investors based on the Exchangeable Hybrid Capital Certificates issued by Infracorp Sukuk Limited to expand to regional institutional investors, insurance companies, strategic collaborative investors and consortiums.

The hospitality asset portfolio in the international markets is outperforming due to the increasing tourism and leisure activities. Moreover, the development of hotels and resorts under the brand of Kempinski is progressing for the opening during 2025 which will accelerate the values and will generate the key opportunities to monetise the assets and enhance the investors in the international markets.

Looking ahead, the Proprietary Investment strategy maintains its focus on identifying and structuring value-accretive opportunities while adhering to a disciplined approach in exits and partnerships. The robust pipeline of deals and strategic alliances developed during 2024 positions the Group favourably for continued growth and value creation in the coming periods.

# 250



A landmark achievement was the strategic exit from Raffles Hotel, valued at US\$ 250 million.





Download now from your  
favourite App store

[gfh.com](http://gfh.com)

04:

# Performance

A 13 Page Summary of our  
Group's Financial Performance

# Digital Banking + Technology

GFH is committed to our ongoing digital transformation, and our newly launched app is one major step forward on our journey towards a fully streamlined digital investment experience.

## **Our Goal & Commitment**

GFH is committed to driving innovation and excellence across the business. To this end, we have 3 core strategic pillars and initiatives focused on key projects that will enhance our processes and improve satisfaction. These are:

**Pillar 1 – Enhance our Customer Experience:** By introducing mobile-friendly platforms such as an app, chatbot and Open AI integration; and improving user interfaces for seamless interactions.

**Pillar 2 – Digitize our Internal Processes:** By a thorough review of our business operations to find recommendation for process digitization and automation.

**Pillar 3 – Leverage Data Analytics With a Focus on AI & ML:** By analyzing our Group's existing datasets, we can provide insights and the necessary reports and recommendations for continuous improvement across the Group.

## **Highlights of GFH's New App Release (2024)**

- Improved UI and UX
- Realtime registration & onboarding open to all GCC
- Seamless subscription & payment
- GFH Visa Infinite Privilege Credit Card for Ultra High Net Worth Individuals ("UHNWI")
- Text and voice enabled AI-powered virtual assistant

## **GFH App Features**

### **AI-Powered Virtual Assistant**

- GFH's AI-driven virtual assistant, powered by OpenAI, provides 24/7 customer support, answering investment and account queries, offering quick tips and assisting with transactions
- This enables us to ensure we provide our clients with prompt and efficient support

### **Portfolio Management**

- GFH's app allows our customers to view & manage their portfolios where they can download their statements directly and view the latest progress reports and project NAVs
- This provides our customers with greater flexibility and control over their portfolios

### **Mobile Payment Digital & Crypto Wallet Integration**

- GFH's app is set to integrate with digital wallets like Apple Pay, Samsung Pay, Binance Pay and Crypto.com, enabling customers to make instant payments, transfer funds, or invest directly from their digital wallet
- This is set to streamline our customer's transactions, making it easier for them to manage their investments and account funding in one place

### **GFH Visa Infinite Privilege Credit Card**

- We are offering our UHNWI with the privilege to apply for "GFH Visa Infinite Privilege Credit Card" managed by Khaleeji Bank within the app
- The credit card allows us to provide our valued UHNW clients with additional advantages and benefits for investing with us



# Management Review

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The Saudi Arabian logistics market generated a revenue of US\$ 136.3 billion in 2024 and is expected to reach US\$ 198.9 billion by 2030.

In 2024, our strategic focus on diversified investments continued to drive significant growth in assets and revenues, delivering stable and robust returns to our investors and shareholders. This year marked a pivotal period of value creation and portfolio enhancement, underscoring GFH's commitment to providing investment opportunities that prioritise stability, long-term growth, and impactful sectors.



GFH Financial Group continues to expand its operational presence and market reach beyond its regional base to global markets, from Asia to Europe and the US.

GFH Financial Group remains a leading financial group in the GCC region, recognised for its pioneering approach and diversified offerings. With a legacy spanning over two decades, the Group has consistently excelled in identifying and delivering high-quality, stabilised investment opportunities within defensive sectors across key global markets. Our business lines encompass a broad spectrum of the financial services value chain, from sophisticated investment products to robust commercial banking operations. Below, we outline the key highlights of our core business activities and operations in 2024.

### **Investment Management**

The Group is actively transforming, driven by a strategy of dynamic diversification and a focus on creating value. GFH is expanding its global investment portfolio, aiming for strong returns for both the Group and its investors. Furthermore, GFH has unlocked value by diversifying across various asset classes, sectors, and markets, expanding its portfolio in both GCC and international markets.

## I. Private Equity

GFH's Private Equity (PE) business is a full-spectrum global and regional private markets platform, engaging in direct investments, international co-investments with top-tier global asset managers, secondary investments, strategic GP partnerships, and Sharia-compliant structured equity and credit solutions.

With a versatile investment strategy and a disciplined approach, GFH's PE business focuses on sectors resilient to economic cycles, employing optimised deal structures to prioritise downside protection while maximizing value creation for investors. Its direct investment strategy is centered on high-growth, thematic opportunities across multiple sectors, including Healthcare & Life Sciences, Education, Technology, Business Services, Logistics, and Infrastructure.

GFH's PE platform has established itself as a key player in regional buyouts and growth investments, while expanding strategic partnerships with top-tier global asset managers to enhance access to high-quality investment opportunities globally.

Building on its strong track record, the PE business has consistently generated value, leveraging its investment expertise to capitalise on market opportunities, reinforcing its commitment to generating sustainable returns for the Group and its investors.

GFH's PE business has continued to expand Healian, its flagship Middle East & Africa-focused healthcare impact platform. Uniquely positioned to provide quality, affordable care in underserved, high-growth markets, Healian benefits from defensive characteristics and operates as an integrated healthcare provider, covering the entire value chain - from preventive to tertiary care.

The platform targets high-growth assets in strategic markets, primarily in Saudi Arabia (KSA) and the UAE. Its investment pipeline includes actionable opportunities at various stages of the acquisition process, with a deep focus on value creation and a clear exit strategy. Trust Vision Investment LLC was the platform's first major investment, laying the foundation for a regional healthcare champion. This was followed by another milestone with Saudi South Hospital representing the second flagship investment comprising a state-of-the-art 300-bed facility which is considered as one of the most advanced hospitals in the Southern Region of Asir in KSA.

These investments align with GFH's broader vision of cultivating a robust regional healthcare ecosystem, addressing critical healthcare needs, and advancing medical services across the region. The key drivers behind GFH's healthcare strategy entails low healthcare penetration in emerging markets, increasing life expectancy and prevalence of non-communicable diseases, mandatory health insurance expansion, overburdened public health systems, and driving demand for private sector solutions.

Leveraging GFH's successful track record of thematic investing across multiple sectors including Healthcare & Life Sciences, Education, Technology, and Business Services; GFH expanded into the Logistics sector with the launch of the GFH Logistics Platform (GLP), focusing on Saudi Arabia - the largest logistics market in the MENA region.

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Invenergy is the largest privately held developer, owner, and operator of clean energy solutions. With headquarters in the U.S., Invenergy has a 20-year track record of responsibly developing, building, owning and operating wind, solar, and natural gas generation projects, and energy storage facilities, in the Americas, Europe, and Asia with over 2600 employees and a deeply experienced management team.

In line with GFH's focus on market-leading businesses in sectors with strong macro tailwinds and impact investing strategy, Invenergy comes with a high-conviction investment theme. The current macro environment in the US creates a favourable backdrop for renewable energy investments.

Complementing GFH's thematic focus, this investment benefits from energy transition trends, the US's 2050 Net Zero targets, industrial mega projects and the growth of artificial intelligence, whilst generating stable and recurring cash flows stemming from a strong growth in development pace and renewables demand.

GFH is continuing to actively pursue strategic investment opportunities within the energy sector ecosystem, recognizing its critical role in supporting global economic growth. The increasing adoption of AI technologies and advanced digital infrastructure is driving a significant rise in energy demand. As a key part of GFH's long-term strategy, GFH is focusing on areas that contribute to a resilient and adaptable energy supply, positioning GFH to support the evolving needs of the global energy landscape.

In the build-up of this theme, GFH earlier completed its co-investment under a strategic partnership with Schroders Capital into Saber Power which is a fully integrated electrical infra services platform. Schroders Capital has an AUM of c. US\$94 bn, and is the private markets investment division of Schroders plc, a global asset management group that manages c. US\$956 bn of assets on behalf of its clients.

Under the global private equity investments platform strategy, GFH will continue to undertake investments across a range of defensive and downturn-resistant sectors such as healthcare, life sciences, technology, and infrastructure including energy transition and renewable energy.

GFH has significantly expanded its global technology investment portfolio, backing over 25 high-growth, late-stage technology companies in disruptive sectors, including cloud & enterprise software, cyber security, fintech & digital payments, E-commerce & AI-driven platforms. As part of active portfolio management, GFH executed key tech sector exits across the portfolio, realizing value from full exits from Snowflake & Rubrik and partial exits from UiPath, DoorDash, and Klaviyo.

GFH's technology strategy is also closely aligned with emerging trends, including AI-driven fintech innovation, quantum computing in payments, and next-gen digital infrastructure investments (e.g., data centers and renewable energy-powered digital ecosystems). This comes on the back of multiple major investment drivers such as the ongoing North American "supercycle" in infrastructure, fuelled by the reshoring of manufacturing and supply chains, AI capacity expansion & cloud computing growth, surging data usage & digital economy transformation. With cloud service revenues projected to triple in the next five years, GFH continues to strategically invest in digital infrastructure, fintech, and technology-driven growth platforms.

Building on GFH's successful track record in Sharia-compliant credit investments and capitalizing on the elevated M&A activity as well as the structural economic and demographic shifts in key markets including GCC, US and Europe, GFH continues to actively pursue its Private Credit strategy. The strategy entails high quality businesses with strong long term prospects that are undergoing significant transitions, resulting in liquidity needs for significant business expansion and growth related costs, buyouts and industry consolidation.

GFH further demonstrated its successful execution of strategic divestments through exit from Citrix deal in just 18 months. Citrix entailed GFH co-investment with the Carlyle Group, one of the largest private equity asset managers globally, in connection with the take-private of Citrix and merger with TIBCO - both leaders in their respective technology segments.

Another significant milestone achieved during the year, GFH announced that it has successfully entered into definitive agreements for the sale of its leading GCC-based education platform, Britus Education, comprising of seven K-12 international schools, to the Saudi Education Fund ("SEF"), managed by the private equity arm of EFG Hermes. This strategic exit not only highlights GFH commitment to fostering innovation in education but also delivers returns to its investors.

GFH's Private Equity business remains focused on high-growth, resilient sectors while leveraging a sector-focused, thematic strategy to maximise value creation. Through active portfolio management, disciplined capital deployment, and strategic exits, GFH continues to deliver long-term value for investors and stakeholders.

Existing investments currently managed by the Private Equity business unit are:

- University of Technology Bahrain
- Britus International School for Special Education, Bahrain
- The Entertainer
- Marshal FinTech
- Saudi Food Logistics
- Healian Healthcare platform
- Saudi South Hospital
- US & Global Tech Fund I
- Global Tech Opportunities II
- Healthcare and Life Sciences Buy-Out Fund (I & II)
- European Infrastructure Opportunity
- Saber Power Investments
- GFH Renewable Energy

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Schroders plc is a global asset management group that manages c. US\$956 bn of assets on behalf of its clients.

## II. Real Estate Investment

GFH Partners Ltd. ("GFHP" or "GFH Partners") is a fully owned subsidiary of GFH Financial Group B.S.C. (the "Group") and is focused on the Group's global real estate asset management business which includes (1) the full investment cycle of sourcing, acquiring, structuring, managing, and exiting real estate investments, and (2) the acquisition of minority and majority stakes in quality real estate asset managers across the globe.

GFHP is incorporated and headquartered in the Dubai International Financial Centre and is regulated by the Dubai Financial Services Authority, GFHP also has offices in London, UK and in the Kingdom of Bahrain. GFHP manages approximately US\$ 6.5 billion worth of assets across the United States, GCC, and the United Kingdom where it aims to capture and capitalise on fundamentals supporting its sectors of focus across diversified investment tools and instruments such as equity, debt, and structured equity.

GFH Partners employs a thematic approach, focusing on sectors where it has a proven track record. These sectors include industrial and logistics, living, as well as healthcare real estate. These themes and sectors are chosen based on fundamentals and solid tailwinds that provide investors with a range of investment opportunities that offer attractive risk-adjusted returns. GFHP is also dynamic in the sense that it continuously explores the market for opportunities and introduces new concepts such as recently introducing data infrastructure products within real estate.

While the first half of 2024 was characterised by cautious investment activity due to high interest rates and economic uncertainties, the latter half witnessed some level of improvement as central banks began to cut interest rates and market volatility slightly eased. The US commercial real estate investment market demonstrated robust growth in 2024, according to CBRE, commercial real estate investment volume increased by 24% year-over-year in the fourth quarter alone, reaching US\$121 billion. This surge was driven by strong leasing activity and a resurgence in investor confidence. [1]

Overall, the US commercial real estate market in 2024 exhibited a strong recovery, with increased investment volumes and a resurgence in lending activity toward Q4 2024, especially within our thematic focus sector.

- **Industrial and Logistics:**

- **United States:** In 2024, the US industrial and logistics market demonstrated resilience amid various economic challenges, including high interest rates, inflation, and election uncertainties. The overall vacancy rate increased by 20 basis points to 6.7% in the fourth quarter, marking the smallest quarterly increase since the market cool down began in late 2022.[2] This trend suggests that the market may be approaching peak vacancy levels. More specifically, the transportation logistics sector experienced significant growth and transformation, the market reached a valuation of US\$ 200 billion in 2024, solidifying its position as a key component of the commercial real estate landscape[3]. The industrial and logistics market in 2025 is continued to experience moderate growth, driven predominantly by technological advancements, and a focus on supply chain resilience.

- **UAE:** The UAE logistics market generated a revenue of US\$ 169.7 billion in 2024 and is expected to reach US\$ 241.6 billion by 2030, reflecting a compound annual growth rate ("CAGR") of 6.1% from 2025 to 2030.[4] The UAE's strategic location as a global trade hub, coupled with significant investments in infrastructure, positions it as a central player in regional logistics. The government's initiatives to enhance trade and investment further bolster the sector's growth prospects[5].

- **KSA:** The Saudi Arabian logistics market generated a revenue of US\$ 136.3 billion in 2024 and is expected to reach US\$ 198.9 billion by 2030, with a projected CAGR of 6.5% from 2025 to 2030.[6] Saudi Arabia's strategic location at the crossroads of Europe, Asia, and Africa enhances its role as a major logistics hub. The government's substantial investments in logistics infrastructure, including logistics parks, ports, and inter-modal connectivity, are central to its Vision 2030 plan to establish the kingdom as a logistics hub.[7]

- **Medical Clinics:**

- The US medical office buildings market is projected to reach approximately \$22.04 billion by 2030, with a CAGR of 6.6% from 2024 to 2030[8]. CBRE's 2025 US Healthcare Real Estate Outlook anticipates rising rents and lower vacancy rates for medical outpatient buildings. The overall vacancy rate is expected to decline slightly to 9.46% by the end of 2025, down from 9.57% in the third quarter of 2024. Additionally, asking rents are projected to increase by up to 1.8% in both 2025 and 2026[9]. In summary, the medical office building market in 2025 is expected to experience sustained growth, driven by demographic trends, technological advancements, and evolving patient preferences.

- **Living Sector (Student Housing)**

- The student housing market has demonstrated resilience, with a 50% increase in dedicated student housing property transactions in 2024 compared to the previous year. The US student accommodation market is expected to reach a projected revenue of US\$ 3.9 billion by 2030, with a CAGR of 4.4% from 2025 to 2030[10]. With approximately 22% of undergraduate students residing on campus, this highlights a strong preference for off-campus accommodations[11]. Pre-leasing for the 2025-26 academic year has commenced robustly, with pre-leasing reaching 47.1% in December 2024 for the Yardi 200 schools, up from 39.7% in December 2023[12].

### Affiliates of GFH Partners

In addition to real estate investments, GFHP has built its capabilities and competitive advantage by acquiring strategic stakes in quality real estate asset managers across the globe. In line with the company's thematic investment approach, partners are selected based on their exceptional track record within our targeted sectors. These partners offer a strong on-the-ground presence to assist in overseeing operations as well as an exclusive pipeline of investment opportunities offered at attractive entry points. These affiliations allow GFHP to offer unique and attractive investment products across a greater variety of sectors and geographies.

### Roebuck ("Roebuck")

A specialised pan-European logistics and commercial real estate asset manager based in the UK. The firm's primary focus has been on the acquisition and management of logistics real estate assets with more than 100 assets under management valued at \$2.7 billion spread across 7 countries. Roebuck has managed to gain additional expertise by managing assets on behalf of an extensive and diverse group of institutional investors and UHNWIs from the UK, Europe, South Korea, South Africa, India, and Malaysia.

### Big Sky Asset Management ("Big Sky")

An established US-based asset manager specialised in medical clinics and life sciences real estate. The founder of Big Sky brings more than 20 years of experience in investing and managing healthcare assets in the US. Big Sky currently manages 46 assets in 17 states spread across 3.2 million square feet of real estate, amounting to an AUM that exceeds \$1 billion.

### SQ Asset Management ("SQ")

A US-based asset and property manager focused on the residential for rent sector in general while specializing in purposely built student housing. Since its founding in 2013, SQ has built a meaningful portfolio in its target markets. SQ currently has US\$1.5 billion in AUM, comprised of 35 student housing properties with more than 13,000 beds under management spread across 23 university campuses.

### GFH Partners MANNRE REIT

GFH Partners MANNRE REIT is the leading logistics REIT in the UAE with over 1,000,000 square feet under management across 21 properties. Established in 2018 as the first logistics focused REIT in the UAE, GFH Partners MANNRE REIT provides its investors with access to high-quality, diversified and institutional-grade commercial real estate. The company has future plans of expanding into the Kingdom of Saudi Arabia.

### Cedarstone Capital Partners

A UK-based real estate investment and asset manager, specializing in the living sectors in the UK and Ireland. Cedarstone was established in 2023 with a management team of over 30 years combined experience in real estate investment and finance. The team has extensive experience in deal origination, development, structuring, risk management, portfolio management, reporting, and disposing of assets; and is specialised in built-to-rent, co-living, purpose-built student accommodation, and senior living properties.

1. CBRE US Quarterly Figures
2. Cushman & Wakefield, US Industrial Reports, Q4 2024
3. Excelsior Capital, Why Industrial Outdoor Storage Is The Next Big Trend In Commercial Real Estate
4. Horizon Grand View Research, UAE Logistics Market Size & Outlook
5. 6Wresearch UAE Logistics Market Outlook
6. Horizon Grand View Research, KSA Logistics Market Size & Outlook
7. CSS Group Saudi Arabia: Freight Forwarding Outlook for 2025
8. Horizon Grand View Research, US Medical Office Buildings Market Size & Outlook
9. CBRE US Healthcare Real Estate Outlook
10. Horizon Grand View Research, US Student Accommodation Market Size & Outlook
11. Amber US Student Housing Market: Trends and Forecast
12. Yardi Matrix

### Infrastructure: Infracorp

Infracorp, the leading real estate and infrastructure developer, continues to forge ahead with ground breaking projects and innovative ventures that are reshaping skylines and redefining luxury living across the globe. The company's recent achievements serve as a testament to its unwavering commitment to excellence and its visionary approach to urban and sustainable development.

- At the forefront of Infracorp's impressive portfolio is the highly anticipated Marina Bay project in Reef Island, Bahrain. This masterplan development represents a new frontier in waterfront living, blending cutting-edge architecture with the natural beauty of the Arabian Gulf. The ground breaking ceremony for Marina Bay marked a significant milestone as it promises to elevate Bahrain's status as a premier destination for luxury real estate and tourism.
- Simultaneously, Infracorp has made substantial progress on its California Village project in Dubai, with the commencement of Phase 3 construction. This development exemplifies Infracorp's dedication to creating sustainable, community-oriented living spaces that cater to the evolving needs of modern urban dwellers. The California Village project stands as a shining example of how thoughtful urban planning can foster a sense of community.
- In a bold move that diversifies its offerings, Infracorp has ventured into a new hospitality sector with the launch of Roka, the inaugural restaurant in its newly formed hospitality division. This strategic expansion demonstrates Infracorp's ability to identify and capitalise on emerging market trends, setting new benchmarks for dining experiences that complement its real estate ventures.
- Further solidifying its position in the luxury hospitality market, Infracorp has successfully completed the construction of the Kempinski Hotel and Residences at Bahrain Harbour. Set to open its doors in the coming year, this opulent establishment promises to be a jewel in Bahrain's hospitality crown, offering unparalleled luxury and world-class amenities to discerning guests and residents alike.
- Adding to its list of completed projects, Infracorp has recently handed over the Pearlhouse Residences, which are now fully operational. These state-of-the-art serviced apartments represent the latest addition to Infracorp's masterplan, providing residents with a perfect blend of comfort, convenience, and sophistication in a prime location.
- As the company continues to expand its portfolio and venture into new territories, it remains steadfast in its mission to create sustainable, innovative, and community-centric developments that stand the test of time and set new standards for excellence in the global real estate and infrastructure landscape.

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Big Sky currently manages 46 assets in 17 states spread across 3.2 million square feet of real estate.

### **Education: Britus Education**

During the year, GFH announced that it had successfully entered into definitive agreements for the sale of Britus Education to the Saudi Education Fund ("SEF"), managed by the private equity arm of EFG Hermes. GFH launched Britus Education in 2019 as part of GFH's investments in education, striving to provide the region's booming middle class with access to affordable premium education. Britus Education's mandate was to invest in the K-12 education sector with a mandate that focuses on identifying and investing in performing schools that can be further improved through maximizing student capacity and enhancing student academic.

Britus Education owned 10 schools across the MENA region with a student base of approximately 8,000. Under GFH's oversight, the schools witnessed significant growth in enrolment, enhanced levels of operational efficiency, and the adoption of innovative educational offerings.

The schools include:

- Sheffield Private School
- Britus International School Bahrain
- The British International School of Tunis
- Britus International School, Al Olaya
- Britus International School - Special Education
- Education Castle International Schools
- Education Gate International School - Al Murabba
- Education Gate International School - Al Rawdha
- Bright Life International School
- Belveder British School and Nursery

### **Commercial Banking: Khaleeji Bank**

Khaleeji Bank BSC (Khaleeji) represents the Commercial Banking arm of the GFH Financial Group. Khaleeji is headquartered in the Kingdom of Bahrain and operates under a Retail Islamic Banking license granted by the Central Bank of Bahrain (CBB). Khaleeji was established in 2004 by GFH, and is a Public Bahraini Shareholding Company listed on the Bahrain Bourse. Khaleeji offers a range of innovative and high-quality products and services to retail clients, high-net-worth individuals, corporate entities, and financial institutions. These include retail banking, corporate banking, wealth management, structured investment products and project financing facilities. GFH as of 31st December 2024 owns 82.95% of Khaleeji.

Khaleeji Bank has achieved Net Profit Attributable to the Shareholders worth BD 3.469 million in the final quarter of 2024, compared to a loss of BD 402 thousand for the same period in 2023, an increase of 963.29%. Total Income amounted to BD 13.816 million during the final quarter of 2024, compared to BD 10.692 million for the same period in 2023, an increase of 29.22%.

Equity Attributable to parent's shareholders reached BD 128.06 million in 2024 compared to BD 101.49 million in 2023, an increase of 26.18%. Meanwhile, the Bank's assets slightly decreased by 0.42%, reaching BD 1,496.13 mn, compared to BD 1,502.42 mn in 2023, and the Bank's capital adequacy has reached 22.71%.

Additionally, the Bank maintains a healthy liquidity coverage ratio of 182.02% and a net stable funding ratio of 105.34% for the fiscal year ending 31st December 2024. Net Income attributed to average total owners' equity has reached 7.34% and the net income attributed to average total assets reached 0.70%. Investment in Sukuk had a minor decrease of 3.94%,

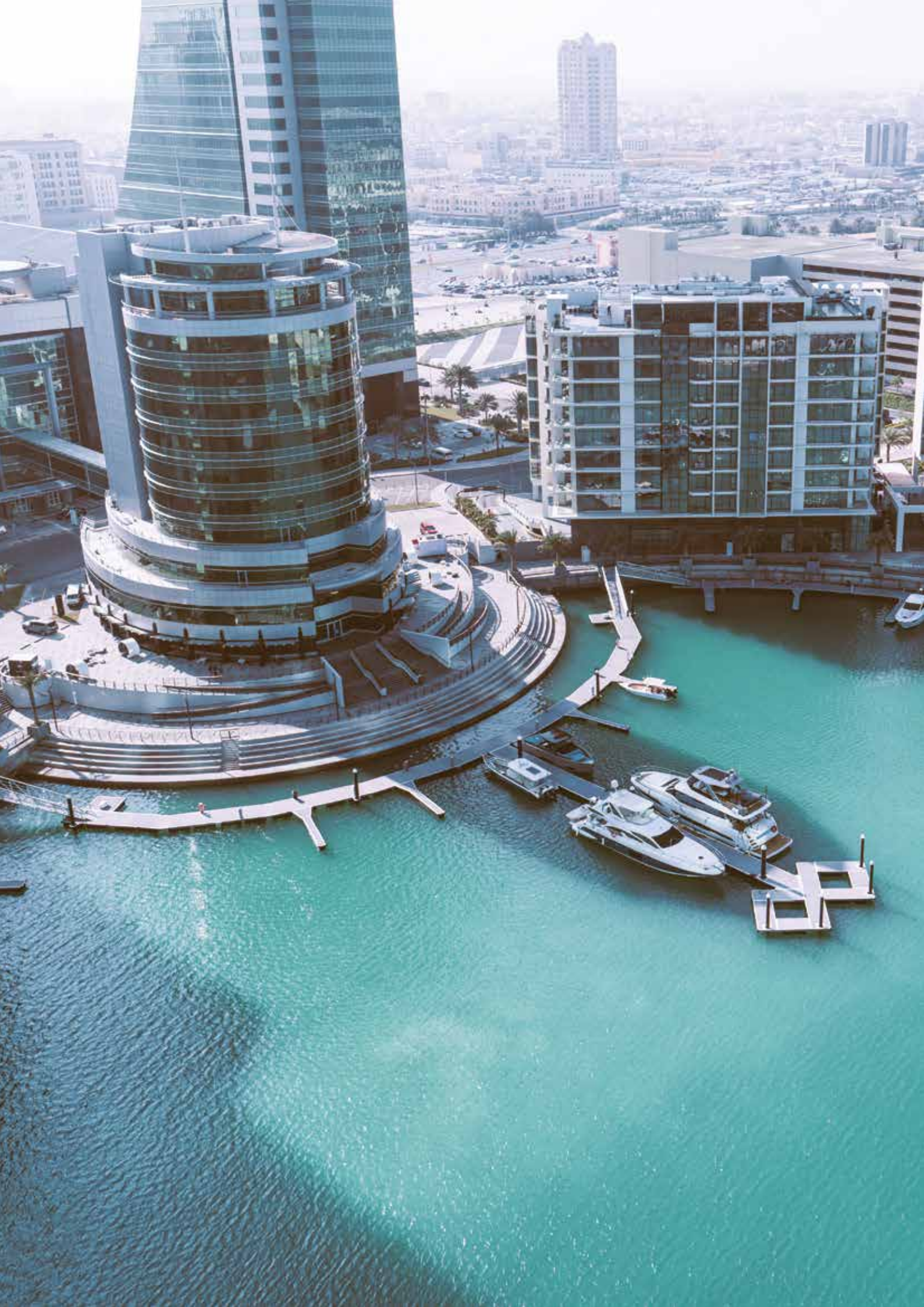
reaching BD 502.14 mn in 2024, compared to BD 522.7mn in 2023. Moreover, total deposits increased by 1.87% to reach BD 1,346.9 mn, compared to BD 1,322.2 mn last year.

The Bank is committed to presenting its valued shareholders with the best returns through reliance on operational plans that keep pace with modern trends and global changes at various levels with a steady pace forward and a proactive approach in various aspects. The Bank adheres to its innovative strategy of developing banking activities and accelerating digital transformation, which enhances client satisfaction with new and innovative products and services. Khaleeji is a leading Islamic bank that strives to achieve clients' aspirations through an Islamic banking model that offers a comprehensive range of high-quality Sharia-compliant banking services and investment opportunities to individuals and companies.

### **Distribution to Fund Investors**

Throughout 2024, GFH delivered distributions and dividend payments to investors in line with the Group's progressive dividend policy. Dividends amounting to US\$133 mn were paid across all our managed investments to our investors.

Furthermore, market recognition of GFH's business strength and the Group's efforts to enhance results and financial position have led to positive assessments. Capital Intelligence Ratings affirmed GFH's Long-Term Foreign Currency Rating (LT FCR) and Short-Term Foreign Currency Rating (ST FCR) at 'BB-' and 'B', respectively. The Outlook on the LT FCR remains Stable. Fitch Ratings affirmed GFH's Long- and Short-Term Issuer Default Ratings (IDR) at 'B' with an Outlook on the Long-Term IDR remaining Stable.



# Treasury + Proprietary Investments

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Treasury & Capital Markets boosted profitability in 2024 by generating \$346 million in revenues.

One of GFH's key contributing business lines over the last 12 months was Treasury & Capital Markets, achieving \$346mn in revenues over the period.



The department's significant contribution comes as a result of its strong performance in 2024 in generating robust revenue streams despite geopolitical events. Treasury & Capital Markets showed resilience in delivering solid revenues, hence proving the solid foundation and sustainability of its investment model and presence within local and global markets. In 2024, Treasury activities for the Group contributed \$346mn to the Group's total income with positive contributions from investments such as interbank lending, fixed income and alternative investments.

**Treasury and Capital Markets mainly focus on:**

- Optimizing the level of liquidity available by providing the necessary funding to the Group.
- Deploying the Group's liquidity while diligently analysing risk and return trade-offs.
- Engaging in proprietary book investments in regional and international opportunities to capitalise on market opportunities.

**Treasury and Capital Markets' main lines of investment are:**

- Interbank Lending through Murabaha and Wakala
- Fixed Income
- Alternative Investments

**Institutional Financial Services:**

- Establishing vital partnerships with international financial institutions granting access to a range of products and services across key asset classes

**Proprietary Investments**

The Proprietary Investment ('PI') business line delivered exceptional performance throughout 2024, successfully executing several strategic exits and structured transactions that generated a total income of c. US\$ 92 million from real estate asset sales and structured exit transactions. This performance underscores the Group's ability to identify, structure, and execute complex transactions across diverse asset classes.

A landmark achievement was the strategic exit from Raffles Hotel, valued at US\$ 250 million, which exemplified GFH's expertise in creating and capturing value through sophisticated partnership arrangements and optimal exit timing. Another significant milestone was the structured exit of the Charthouse investment, completed during the second quarter through an innovative multi-component transaction structure. Throughout the year, the Group demonstrated its structuring capabilities by successfully executing various transaction types, including leveraged-financing buyouts, strategic asset exchanges, and structured payment plans that optimised value realization and timing.

# 250



A landmark achievement was the strategic exit from Raffles Hotel, valued at US\$ 250 million.

The Group achieved complete monetization of its Dubai land portfolio, generating substantial cash income streams and demonstrating its ability to execute on its asset realization strategy. Strategic partnerships continued to play a vital role in value creation, particularly through the collaboration with Edamah for the Surf Park development and strengthened relationships with leading Dubai developers. PI successfully established and launched the Private Placement Memorandum (PPM) for the Surf Park project with a fund size of US\$ 49 million.

The portfolio's performance was further enhanced by steady recurring income streams from existing yielding operational assets and the newly acquired retail portfolio, which provided stable returns throughout the year.

The PI team has successfully diversified the investors based on the Exchangeable Hybrid Capital Certificates issued by Infracorp Sukuk Limited to expand to regional institutional investors, insurance companies, strategic collaborative investors and consortiums.

The hospitality asset portfolio in the international markets is outperforming due to the increasing tourism and leisure activities. Moreover, the development of hotels and resorts under the brand of Kempinski is progressing for the opening during 2025 which will accelerate the values and will generate the key opportunities to monetise the assets and enhance the investors in the international markets.

Looking ahead, the Proprietary Investment strategy maintains its focus on identifying and structuring value-accretive opportunities while adhering to a disciplined approach in exits and partnerships. The robust pipeline of deals and strategic alliances developed during 2024 positions the Group favourably for continued growth and value creation in the coming periods.

05:

# Governance + Risk

A 56 Page Review of Governance  
and Risk Management

# Corporate Governance

GFH believes that compliance with corporate governance principles enhances its value through providing a suitable framework for the GFH Board, Board Committees and Management to perform their duties in a manner that serves the interests of the bank and its shareholders.

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In recent years, the Group has grown to manage over US\$22 billion in assets

As our Group grows, so does the need to exercise best practice and provide authentic oversight in adherence of the strictest standards global investment standards.



GFH Financial Group BSC ("GFH" or the "Bank") is an Islamic Wholesale bank that was established in 1999 in the Kingdom of Bahrain. GFH's business activities are carried in accordance with the principles of Islamic Sharia which include financial services, investment and commercial transactions, negotiable financial instruments, in addition to structured finance, securities and liquidity management designed to achieve profitable returns for investors.

In 2004, GFH Financial Group was converted from a closed shareholding company to a public shareholding company. Its shares are currently listed on the Bahrain Bourse, Boursa Kuwait, Dubai Financial Market, and Abu Dhabi Securities Exchange. Since its transformation into a public shareholding company, GFH has not only listed its shares on all four major stock exchanges in the GCC, but also strategically expanded its investment portfolio across the globe. In recent years, the Group has grown to manage over US\$22 billion in assets, with pivotal expansions including the establishment and acquisition of its subsidiaries GFH Partners and GFH Capital. This growth underlines the Group's commitment to diversifying investments and maximizing returns in alignment with Islamic Sharia principles.

GFH's innovative strategies have garnered international acclaim. In recent accolades, The Group has been acknowledged as a "Market Leader in Investment Banking" by Euromoney and listed among the "Top 30 Asset Managers" of 2024 by Forbes. Additionally, it has been honored as the "World's Best Islamic Investment Bank" by the Global Finance Awards. Furthermore, "The Banker" has included GFH in their "Top 1000 World Banks" list of 2024 and the "Top 100 Arab Banks".

Previously, GFH secured its position as one of the Middle East's Top 30 Biggest Asset Managers by Forbes in both 2021 and 2022. Euromoney recognized it as Bahrain's Investment Banking Market Leader for 2022 and 2023. Further testament to its leadership, in 2022, Forbes ranked Mr. Hisham Alrayes, the Group CEO of GFH Financial Group, as one of the "Top 100 CEOs in the Middle East". Furthermore, Mr. Alrayes was honored as the Financial Services' CEO of the Year by Arabian Business consecutively in 2021, 2022, and 2023, highlighting GFH's prominent role in shaping the financial services landscape.

In October 2024, GFH announced the successful pricing of a \$500 million 5-year Sukuk, marking the extension of its international Sukuk Programme whereby the final order-book closed at more than US\$2 billion, representing an over subscription of more than 4 times.

As a Public Shareholding Company, GFH's corporate governance framework is based on the guidelines issued by Ministry of Industry and Commerce (MOIC) under the Commercial Companies Law promulgated by Decree No. (21) for the year 2001 ("Companies Law") and the amendments thereto, the regulations of MOIC's Corporate Governance Code of 2018 promulgated by Decree No. (19) for 2018 and Ministerial Decree No. (91) of 2022 concerning the amendments to certain provisions of the Corporate Governance Code, the High-Level Controls Module ("HC Module") issued by the Central Bank of Bahrain (CBB) under its Rulebook - Volumes 2 and 6 and the amendments thereto and the Listing Rules approved by the Board of Directors of Bahrain Bourse in its meeting (4/2019) dated 08/10/2019 and the amendments thereto.

### **GFH's Corporate Governance Philosophy**

The corporate governance framework is focused on assisting GFH to successfully meet its strategic objectives and maintain steady growth whilst remaining fully cognizant of our stakeholders and shareholders' interests.

GFH believes that compliance with corporate governance principles enhances its value through providing a suitable framework for the Board, Board Committees and Management to perform their duties in a manner that serves the interests of the bank and its shareholders. For this reason, GFH strives to achieve the highest levels of transparency and accountability by adopting and executing strategies, goals and policies which are aimed to comply with the regulatory requirements.

The Board of Directors are accountable to shareholders for the creation and delivery of strong sustainable financial performance and long-term shareholder value. To achieve this, the Board implements and monitors the Bank's strategy and performance, within a framework of sound corporate governance. The Chairman of the Board is responsible for leading the Board, ensuring its effectiveness, monitoring the performance of the CEO, and maintaining a dialogue with the bank's stakeholders. The control functions such as Internal Audit, Risk Management and Compliance & AML report directly to the Board Audit and Risk Committee ("ARC").

## Compliance with Regulations (High Level Control Module - CBB Rulebook, Volume 6)

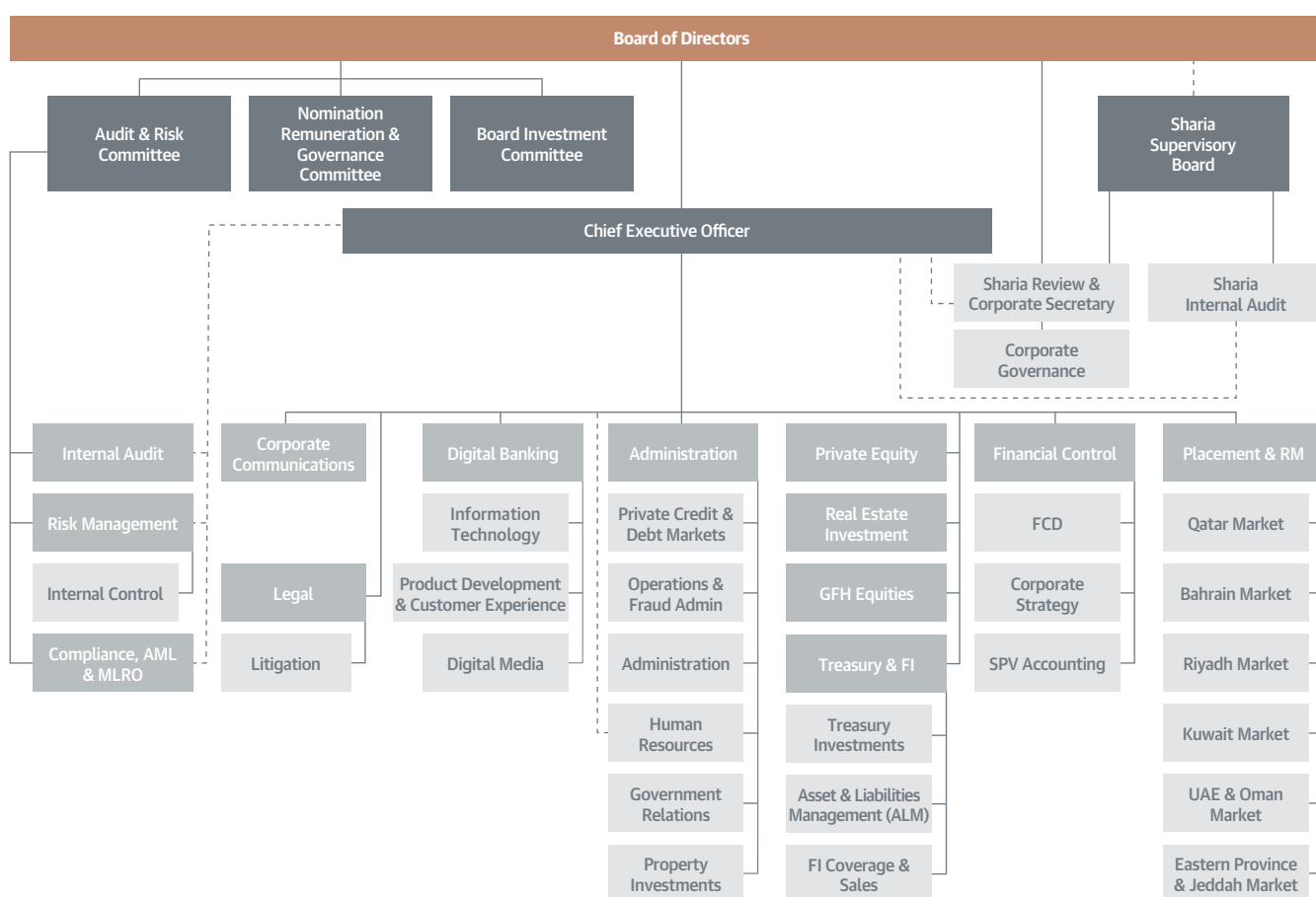
In 2024, GFH continued the implementation of the Corporate Governance rules and the requirements of 'High Level Control Module of the CBB Rulebook Volume 6 (HC Module)'.

As per rule HC-A.1.12 of the HC Module with reference to the disclosure of the rule must be complied with by those to whom the content is addressed and non-compliance events (Comply or Explain Principle) which stipulates the need to elucidate the non-compliance cases and provide clarification on the same in event non-compliance with the rules and guidelines of the HC Module, GFH wishes to disclose the following:

- The Nomination, Remuneration and Governance Committee does not include a Sharia Scholar (a member of Sharia Supervisory Board) as recommended under guidance note HC-9.2.4 (b).
- The Corporate Governance Committee, which is combined with the Nomination and Remuneration Committee currently consists of two independent directors and one non-executive director, instead of three independent directors as recommended under guidance note HC-1.8.6.
- The shareholders' meeting has been attended by three Board members only, and not by all Board Members as recommended by guidance note HC-7.4.2, due to unforeseen circumstances.

## Organizational Structure

As of 31st December 2024



### GFH's Corporate Governance framework:

GFH's Corporate Governance framework remains in line with the applicable regulatory requirements and is comprised of GFH's Board of Directors' Charter, Code of Conduct for the Directors, Conflict of Interest Policy, Gift Policy, Whistleblowing Policy, Public Disclosures & Communication Policy, Client Charter, Code of Business Ethics & Conduct for the Management & staff members, NRG Charter, Anti Bribery Corruption Policy, Insider Trading Policy, Complaint Policy, Key Person Dealing Policy, Risk Management Framework, SSB Charter, and Fraud Risk Management Policy.

Furthermore, the Mechanism of Performance Evaluation of the Board, Board Committees, and Individual Board of Directors, as well as the other internal policies of the Bank, are in line with the regulations and guidelines issued by the CBB and international best practices.

As part of the disclosure requirements indicated in HC Module, GFH presents the following facts:

#### 1. Ownership of shares

##### 1.1. Distribution of shareholdings according to nationality

As of 31st December 2024, the shareholders register shows that there are 7,000 shareholders who own 3,832,593,838 shares at a nominal value of US\$ 0.265 per share, as follows:

Nationality	% of outstanding shares	No. of Shares	No. of Shareholders
Emirati	32.78	1,256,474,447	1,343
Kuwaiti	23.95	917,916,791	3,467
Bahraini	19.23	736,995,264	629
Saudi	11.26	431,648,850	254
Cayman Islands	3.56	136,555,002	2
American	3.33	127,669,477	34
Qatari	1.4	53,595,713	72
Others	4.48	171,738,294	1,199
<b>Total</b>	<b>100</b>	<b>3,832,593,838</b>	<b>7,000</b>

##### 1.2. Distribution of ownership according to the percentage of shareholding

The below table shows the distribution of ownership according to the percentage of shareholding as of 31st December 2024:

Particulars	No. of Shareholders	No. of Shares	% of outstanding shares
Less than 5%	6,998	3,447,108,985	89.94%
5% to less than 10%	2	385,484,853	10.06%
10% and more	0	0	0
<b>Total</b>	<b>7,000</b>	<b>3,832,593,838</b>	<b>100%</b>

##### 1.3. Ownership of shares by Government entities

Authority Name	Government	Shares Owned	% of Shares Owned
General Pension and Social Security Auth	Bahrain	31,386,606	0.82
California Public Employees' Retirement	USA	5,054,756	0.13
Utah State Retirement Systems	USA	86,309	0.002
Beit Alquran	Bahrain	8,516	0.0002

##### 1.4. Names of shareholders who own 5% or more

As of 31st December 2024, the following shareholders owned 5% or more of the Group's shares:

1. Keypoint (GFH Employee Benefit Trust).
2. Mr. Ahmad Bin Mohammad Al Qassimi.

## 2. GFH Board of Directors

### 2.1. Board of Directors Composition\*

The Board of GFH is composed of ten (10) Directors as of 31st December 2024.

Board of Directors	Designation	Representation	Start Date	Term
Mr. Abdulmohsen Rashed Alrashed	Chairman - Independent Director	NA	24-Mar-24	First
Mr. Ghazi Faisal Alhajeri	Vice Chairman - Independent Director	NA	1-Mar-17	Third
Mr. Hisham Ahmed Alrayes	Member - Executive Director	NA	5-Apr-16	Fourth
Mr. Rashid Nasser AL-Kaabi	Member - Non-Executive Director	NA	1-Mar-17	Third
Mr. Ali Murad Ali Murad	Member - Independent Director	NA	31-Mar-20	Second
Mr. Abdulla Jihad Alzain	Member - Independent Director	NA	24-Mar-24	First
Mr. Abdulaziz Abdulhamid Albassam	Member - Independent Director	NA	24-Mar-24	First
Mr. Fawaz Talal Altamimi	Member - Independent Director	NA	30-Sep-20	Second
Mr. Darwish Abdulla Alketbi	Member - Independent Director	NA	3-Apr-22	Second
H.H Shaikha Minwa Bint Ali AlKhalifa	Member - Independent Director	NA	24-Mar-24	First

\*10% of the Board Members is represented by women.

\*90% of the Board Members is represented by men.

\*80% of the Board Members are independent directors.

### 2.2. Independence of Board of Directors

In compliance with the CBB requirements, which mandates at least one third of the members of the Board of Directors to be Independent Directors; as of 31st December 2024, the Board was comprised of eight Independent Directors which includes the Chairman of the Audit and Risk Committee and the Chairman of the Nomination, Remuneration and Governance Committee.

To ensure the independence of members, all Board of Directors are required to inform the Board about any changes that may occur in their capacity which may affect the assessment of their independence by the Board of Directors. They should also ensure that their membership of the Board is not in conflict with any of their other interests and enables them to devote their time and attention to the Board. Before starting any Board meeting, the Chairman instructs the Board of Directors to abstain from voting on any resolution that pose a conflict of interest; this is in addition to the annual disclosure submitted to the Board of Directors in compliance with the conflict-of-interest policy applicable in GFH.

The Nomination, Remuneration and Governance Committee is responsible, along with its role in the identification, assessment, and selection of candidates for membership of the Board of Directors, for the verification of the independence of members through the controls established by the regulations in this regard. In the selection process, the Committee ensures that the executive and non-executive candidates have wide expertise in different fields of business and support services. Independent Directors are chosen from different sectors to ensure diversified views and expertise within the Board, as the current independent Directors come from financial, commercial and government sectors.

### 2.3. Function of Board and responsibilities of the Board of Directors

The Articles of Association of GFH Financial Group stipulate the responsibilities of the Chairman and members of the Board of Directors as well as the guidelines of corporate governance with respect to the distribution of responsibilities between the Board of Directors and executive management. The BOD oversees all the business activities in consultation with the executive management team. The BOD also discusses and agrees with GFH Financial Group's business strategy. Additionally, the BOD is responsible for risk management and the preparation of consolidated financial statements in accordance with AAOFI standards as modified by the CBB and corporate governance issues. The matters which require the approval of the Board include long-term strategic and annual business plan, matters pertaining to corporate governance, acquisition, and disposal of investments, exit of projects. This is along with the main role of the Board which is to ensure adherence to the values of GFH Financial Group, including the values set forth in its internal regulations.

When appointed, the Board of Directors are provided with the necessary detailed information to enable them to effectively perform their main role of overseeing the strategic, operational, financial, and compliance affairs as well as corporate governance controls in GFH Financial Group. The corporate governance framework allows a member of the Board of Directors to seek independent advice when necessary.

With respect to the channels of communication between the BOD and executive management, the Board of Directors can always contact and request information from the executive management.

#### **2.4. System for Election and Termination of Directors**

The system for the election and termination of Directors is governed by Article 176 – 179 of the CCL-2001 and the amendments thereto and Articles 24 - 28 of AOA.

As per the contract signed with the Directors, GFH may terminate the Director's appointment with immediate effect if the Director has:

- 1) committed any serious or repeated breach or non-observance of his obligations to GFH (which includes an obligation not to breach any fiduciary duties) including those arising under this agreement; or
- 2) been guilty of any fraud or dishonesty or acted in any manner which, in the opinion of GFH, brings or is likely to bring the Director or GFH into disrepute or is materially averse to the interests of GFH; or
- 3) been declared bankrupt or have arranged with or for the benefit of his creditors, or any similar or analogous act or event; or
- 4) been disqualified from acting as a director for any reason; or
- 5) been absent without a valid reason for more than four (4) consecutive board meetings.

Furthermore, in line with Article 179 of CCL-2001 and Articles 29 and 31 of AOA, in case of vacancy of one of the board members becomes vacant, he shall be replaced by the member next to him in the number of votes in the latest elections of the board. The new member shall complete the unexpired term of his predecessor. In cases other than this, the board shall elect by secret ballot a member to replace him from among the candidates nominated by two of the board members, at least until the next meeting of the general assembly.

#### **2.5. The Right of Shareholders to appoint Directors of the Board**

Under Article 175 of the Commercial Companies Law of 2001 (CCL-2001) and the amendments thereto and Article 27 of GFH's Amended and Restated Articles of Association (AOA) of the Bank, each shareholder who owns 10% or more of the capital is entitled to appoint his representative in the BOD in proportion to the number of Directors of the Board.

#### **2.6. Letter of Appointment of Board Members**

Upon appointment, the Directors are required to sign a written agreement (letter of appointment) with GFH. The agreement contains details of the responsibilities and powers of the Directors as well as the information required by the regulations. Upon appointment, the Board of Directors is presented with a comprehensive official introduction specifically designed for this purpose. It includes, among other things, a review of the Board's role in general and the duties and roles of the Board of Directors in particular, in addition to meeting with the executive management, presentation of GFH's strategy, financial performance, risks and legal issues and other related matters.

During the term of membership, a member of the Board of Directors must be fully aware of all aspects of the business, including the Bank's policies relating to corporate governance.

#### **2.7 Induction of New Directors and Continuous development of the Board**

GFH conducts an orientation program for new Directors that features presentations from senior management. These presentations address the Group's strategic plans, key financial and accounting challenges, risk management practices, compliance initiatives, operational details, the Code of Conduct, the management hierarchy, executive officers, and both internal and external auditors.

The Charter of the Board of Directors serves as a reference point for the Board activities. The Charter outlines the demarcation of the roles, functions, responsibilities and powers of the Board, various Board committees of GFH and matters reserved for final decision-making or pre-approval by the Board and the policies and practices of the Board in respect of matters such as conflicts of interest and convening of Board meetings.

The Board Charter sets up a detailed Board Training guide which provides a framework for the induction/orientation of new Board of Directors. The new Board of Directors are provided with a presentation pack containing overview/highlights of GFH.

All the members of the Board at the time of appointment should sign a directors contract, which contains the terms of the appointment, duties and responsibilities of the members, membership and time commitment, conflicts of interest, resignation and termination, confidentiality of information, requirement for the completion of professional development trainings and other details which the Board of Directors must abide by during their tenure.

Furthermore, the Board of Directors are required to attend a minimum of fifteen (15) hours of professional development training per annum in line with the requirements of the Training and Competency Module of the CBB Rulebook Volume 2.

#### **2.8 Separation between the position of Chairman/Deputy Chairman and Chief Executive Officer**

In compliance with the CBB requirements, the position of the Chairman/Deputy Chairman and that of the Chief Executive Officer are segregated and there is no amalgamation of responsibilities in these two positions.

### **2.9 Transactions Requiring Board Approval**

As part of their central leadership and designated authority, the Board of Directors discuss and approve matters pertaining to Strategic Planning, Business Plan, Policies and Procedures, Annual Report, Financial Statements, Appointment of External Auditors and Strategic Partnerships. Furthermore, other matters such as strategic decisions, investment fund proposals, provisions and write-off limits or credit and exposure limits may require the Board's approval as per the internal designated authority limits.

### **2.10 Board's Performance Evaluation**

At GFH, a comprehensive Board Performance Evaluation Pack (framework for the annual self-assessment process by the Board, the Board Committees, and Individual Directors) is in place which is in line with the CBB guidelines (HC Module).

The evaluation is to be used to assess Board effectiveness and support in identifying the need for:

- A revised mix of skills/experience on the Board.
- Board training and/or professional support.
- Replacement of Individual Directors whose contribution is deemed inadequate.

#### ***The Board Performance Evaluation Framework is based on the following - Principles:***

- The Board shall, through the Nomination, Remuneration and Governance Committee (NRGC), undertake a formal and rigorous annual evaluation of its own performance and that of its Committees and Individual Directors.
- The Chairman will act on the results of the performance evaluation by recognizing the strengths and addressing the weaknesses of the Board. The Chairman of the NRGC will be responsible for the performance evaluation of the Chairman, considering the views of other Board of Directors.
- The evaluation process will be used constructively as a mechanism to improve Board effectiveness, maximize strengths, and tackle weaknesses.
- The results of Board evaluation will be shared with the Board as a whole, while the results of individual assessments will remain confidential between the Chairman and the concerned Director.
- Key results indicators derived from the strategic plans and objectives, should be used to measure the Board's performance.

#### ***The Board Performance Evaluation Framework is based on the following - Methodology:***

- Each Director is required to complete the 'Board Performance Evaluation Form' and the "Individual Director's Self Evaluation Form".
- The Chairman of the Board will also individually evaluate each of the Directors.
- NRGC will collate the ratings of the Board (Board Performance Evaluation Form) completed by each Director; accordingly, to reach the final result.
- Each Committee Member will also perform rating of their respective committee(s).
- Similarly, NRGC will collate the ratings of each Committee (NRGC/BIC/ARC); to reach the results of that given committee.

### **2.11 Remuneration of the Board of Directors**

Remuneration of the Board of Directors is recommended to the Board of Directors by the Nomination, Remuneration & Governance Committee and the Board of Directors then makes the recommendation to the shareholders at the annual general meeting.

The Board of Directors' remuneration takes into consideration the performance of the Bank as well as an assessment of compliance of individual members with their performance agreement and individual responsibilities. During the year 2024, the Board was paid fees as stated in the Chairman's Report accompanying the consolidated financial statements.

### **2.12 Board Code of Conduct**

The Board has approved a code of conduct for all staff of the Bank and the Board of Directors. The Code includes guidance on dealing with conflict of interests, insider trading, key person dealing, receiving gifts, system & controls framework, confidentiality etc. It also binds the Directors, Executive Management, and staff to the highest standard of professionalism and diligence in discharging their duties. All Board of Directors and senior management of the Bank have affirmed compliance with the Code of Conduct. The Board of Directors are excluded from dealings in matters related to an external entity where they hold a position. Any breach of the code is reported to the Board NRGC by the Corporate Secretary, Head of Compliance, or the Head of Human Resources. The Board NRGC is responsible to take the necessary action.

### **2.13 Board Conflict of Interest**

Any conflict of interest that might arise from the Board of Directors is governed by the Board Conflict of Interest Policy. Each Director is required to annually disclose any potential conflict of interest that might arise during the term of their membership. Any transaction that has occurred during their term as a Director must be disclosed to the Board through the Conflict-of-Interest Reporting Form. Any conflict of interest arising from any Director must be ratified by the Board, and the respective Director will be refrained from voting on that matter.

#### 2.14 Board of Directors Meeting and Attendance

The meetings of the Board of Directors and the Board committees are held whenever the need arises, but under the regulations, the BOD should meet at least four times during a single fiscal year. The BOD held four (4) meetings during 2024. The shareholders' meeting was held on 24th March 2024 and 9th October 2024.

In addition to official meetings, several urgent resolutions were also passed by circulation in 2024 via e-mail to the Board of Directors.

As for the agenda of the meetings of the Board of Directors, it is sent to the Directors at a suitable time before the date of the meeting, to provide them with the necessary information, reports and documents for their information and review. The Board of Directors is notified of all topics and key events that arise and may require their approval. The executive management is responsible for informing the Board of Directors of the performance of GFH at each meeting.

Board of Directors	13 Feb 24	14 May 24	12 Aug 24	12 Nov 24	Attendance %
Mr. Abdulmohsen Rashed Alrashed	-*	✓	✓	✓	100%
Mr. Ghazi Faisal Alhajeri	✓	✓	✓	✓	100%
Mr. Hisham Ahmed Alrayes	✓	✓	✓	✓	100%
Mr. Rashid Nasser Al-Kaabi	✓	✓	✓	✓	100%
Mr. Ali Murad Ali Murad	✓	✓	✓	✓	100%
Mr. Abdulla Jehad Alzain	-*	✓	✓	-	66.60%
Mr. Abdulaziz Abdulhamid Albassam	-*	✓	✓	✓	100%
Mr. Fawaz Talal Altamimi	✓	✓	-	✓	75%
Mr. Darwish Abdulla Alketbi	✓	✓	✓	✓	100%
H.H Shaikha Minwa Bint Ali AlKhalifa	-*	-	✓	✓	66.60%
Mr. Edris Mohd Alrafi**	✓	-	-	-	***
Mr. Yusuf Abdulla Taqi**	✓	-	-	-	***

✓ Attended physically

✓ Attended via phone/video conference

\* Directors were not elected as Board directors prior to 24 March 2024. Their term commenced on 24 March 2024.

\*\* Directors whose three-year membership term ended on 24 March 2024.

\*\*\* Percentages will not be counted as these members' three-year terms ended on 24 March 2024.

#### 2.15 Quorum required for adoption of Board resolutions.

The required quorum for the meetings of the Board of Directors and the Annual General Meeting shall be in accordance with the provisions of the Articles of Association of GFH. The Board of Directors may pass its resolutions via post, e-mail, fax, conference call, video call or any other means of audio or video communication pursuant to the provisions of Article 33-e of the Articles of Association of the Bank.

## 2.16 GFH Board of Directors and their other memberships

The table below shows the composition of the Board of Directors, the other memberships of the Directors and membership of the committees as of 31st December 2024:

Board of Directors	Number of memberships in other Boards of Directors	Number of memberships in other Boards of Directors in Bahrain	Number of memberships in other Boards of Directors of banks in Bahrain	Number of memberships in Board Committees
Mr. Abdulmohsen Rashed Alrashed	28	1	-	-
Mr. Ghazi Faisal Alhajeri	4	-	-	1
Mr. Hisham Ahmed Alrayes	34	16	1	1
Mr. Rashid Nasser AL-Kaabi	7	-	-	1
Mr. Ali Murad Ali Murad	7	4	1	1
Mr. Abdulla Jihad Alzain	32	20	-	1
Mr. Abdulaziz Abdulhamid Albassam	12	-	-	1
Mr. Fawaz Talal Altamimi	7	-	-	2
Mr. Darwish Abdulla Alketbi	6	-	-	1
H.H Shaikha Minwa Bint Ali Alkhalifa	7	7	-	1

## 2.17 Ownership of the Members of the Board in GFH shares

The table below shows the change in the ownership of members of the Board of Directors of the shares of GFH Financial Group, as of 31st December 2024 compared to that of 31st December 2023:

Board of Directors	Shares owned as of 31st December 2023	Shares owned as of 31st December 2024	Percentage of ownership as of 31st December 2024
Mr. Abdulmohsen Rashed Alrashed	-	66,788,056	1.74%
Mr. Ghazi Faisal Alhajeri	-	-	-
Mr. Hisham Ahmed Alrayes	171,027,448	179,353,273	4.68%
Mr. Rashid Nasser AL-Kaabi	-	-	-
Mr. Ali Murad Ali Murad	161,167,124	168,049,784	4.39%
Mr. Abdulla Jihad Alzain	-	-	-
Mr. Abdulaziz Abdulhamid Albassam	-	-	-
Mr. Fawaz Talal Altamimi	-	-	-
Mr. Darwish Abdulla Alketbi	-	-	-
H.H Shaikha Minwa Bint Ali Alkhalifa	-	40,777,778	1.06%

## 2.18 Directors' trading of the Bank's shares and distribution of ownership on an individual basis during the year 2024

Board of Directors	Total no. of shares held as of 31st Dec 2023	Transactions – within the period 1st Jan – 31st Dec 2024			Total no. of shares held as of 31st Dec 2024	% of ownership
		Sold	Transferred for settlement #	Additional Position		
Mr. Abdulmohsen Rashed Alrashed	-	-	-	66,788,056	66,788,056	1.74%
Mr. Ghazi Faisal Alhajeri	-	-	-	-	-	-
Mr. Hisham Ahmed Alrayes	171,027,448	43,221,495	3,818,599	55,365,919	179,353,273	4.68%
Mr. Rashid Nasser Al-Kaabi	-	-	-	-	-	-
Mr. Ali Murad Ali Murad	161,167,124	-	-	6,927,660	168,049,784	4.39%
Mr. Abdulla Jihad Alzain	-	-	-	-	-	-
Mr. Abdulaziz Abdulhamid Albassam	-	-	-	-	-	-
Mr. Fawaz Talal Altamimi	-	-	-	-	-	-
Mr. Darwish Abdulla Alketbi	-	-	-	-	-	-
H.H Shaikha Minwa Bint Ali Alkhalifa	-	-	-	40,777,778	40,777,778	1.06%

#Certain of the bank's share schemes include a leverage component, and any settlement within the Group share scheme policies are reduced from employee holdings.

### 3. Board Committees

GFH Board has formed three Committees, each with clearly defined roles and responsibilities. These Standing Committees are the Board Investment Committee, Audit and Risk Committee, and the Nomination, Remuneration, and Governance Committee. The following section provides a summary of the Committees' activities in 2024, including meeting dates, Director attendance, and a brief outline of each Committee's primary responsibilities.

#### 3.1 The Board Investment Committee

The Board Investment Committee (BIC) is responsible for establishing operating guidelines and reviewing and endorsing the recommendations for investment strategies, products and services.

It has the authority to make investment transaction decisions within the limits delegated by the Board of Directors.

The BIC was re-established in 2024. During the fiscal year 2024, the Committee held one meeting as detailed below. In addition to the meeting, most decisions were made by circulation.

#### No Minimum Number of Meetings Required

BIC Members	Designation	14 May 24	Attendance %
Mr. Hisham Ahmed Alrayes	Chairman – Executive Director	✓	100%
Mr. Ali Murad Ali Murad	Independent Director	✓	100%
Mr. Abdulla Jihad Alzain	Independent Director	✓	100%
Mr. Abdulaziz Abdulhamid Albassam	Independent Director	✓	100%

✓ Attended physically

✓ Attended via phone/video conference

### 3.2 Audit and Risk Committee

The Audit & Risk Committee (ARC) is responsible for assisting the Board of Directors of the Group in fulfilling its oversight responsibilities. This includes overseeing the audit process, the financial reporting process, the system of internal control, the risk management framework, and the Bank's processes for monitoring compliance with laws and regulations, as well as the respective codes of conduct.

During the fiscal year 2024, the Committee held five meetings, as detailed below:

Minimum Number of Meetings Required = 4

ARC Members	Designation	12 Feb 24	12 Apr 24	13 May 24	11 Aug 24	5 Nov 24	Attendance %
Mr. Ghazi Faisal Alhajeri	Chairman – Independent Director	–*	✓	✓	✓	✓	100%
Mr. Fawaz Talal Altamimi	Independent Director	–*	✓	✓	✓	✓	100%
Mr. Darwish Abdulla Alketbi	Independent Director	✓	✓	✓	✓	✓	100%
Mr. Edris Mohd Alrafi**	Independent Director	✓	–	–	–	–	–***
Mr. Yusuf Abdulla Taqi**	Independent Director	✓	–	–	–	–	–***

✓ Attended physically

✓ Attended via phone/video conference

\* Directors were not appointed as members in the ARC prior to 13 February 2024.

\*\* Directors whose three-year membership term ended on 24 March 2024.

\*\*\* Percentages will not be counted as these members' three-year terms ended on 24 March 2024.

### 3.3 The Nomination, Remuneration & Governance Committee

The Nomination, Remuneration & Governance Committee (NRGC) is responsible for recruitment, rewards, incentive compensation of employees and the preparation of internal policies to manage human resources and other administrative matters. It is also responsible for overseeing the governance framework of GFH Financial Group.

During the fiscal year 2024, the Committee held one meeting, as detailed below:

NRGC Members	Designation	12 Feb 24	Attendance %
Mr. Fawaz Talal Altamimi	Chairman – Independent Director	✓	100%
Mr. Rashid Nasser Al-Kaabi	Non-Executive Director	✓	100%
H.H Shaikha Minwa Bint Ali Alkhalifa	Independent Director	–*	–*
Mr. Ghazi Faisal Alhajeri**	Independent Director	✓	100%

✓ Attended physically

✓ Attended via phone/video conference

\* Directors were not appointed as members in the NRGC prior to 13 February 2024.

\*\* Directors whose membership in NRGC ended on 24 March 2024, due to re-election.

During the fiscal year 2023, the Committee held two meetings, as detailed below:

NRGC Members	Designation	9 Feb 23	30 Nov 23	Attendance %
Mr. Ghazi Faisal Alhajeri	Chairman – Independent Director	✓	✓	100%
Mr. Rashid Nasser Al-Kaabi	Non-Executive Director	✓	✓	100%
Mr. Fawaz Talal Altamimi	Independent Director	✓	✓	100%

✓ Attended physically

✓ Attended via phone/video conference

#### 4. Sharia Supervisory Board

In pursuance with the provisions of its Article of Association, GFH Financial Group has always carried out its banking activities in compliance with Islamic Sharia principles that constitute an integral part of the entire policies of the Bank. GFH Sharia Supervisory Board (SSB) is comprised of seasoned Sharia experts whose advise and guidance allows the Group to ensure due compliance.

##### 4.1 SSB Meetings and Attendance

During the fiscal year 2024, the SSB held four meetings, as detailed below:

Members	Designation	11 Feb 24	13 Jun 24	10 Sep 24	2 Dec 24	Attendance %
H.E. Sheikh Abdullah Bin Sulaiman Al Meneea	Chairman	✓	✓	✓	✓	100%
Sheikh Nedham Mohamed Yaqoobi	Executive Member	✓	✓	✓	✓	100%
Sheikh Fareed Mohamed Hadi	Executive Member	✓	✓	✓	✓	100%
Sheikh Abdulaziz Khalifa Al Qassar	Executive Member	✓	✓	✓	✓	100%

✓ Attended physically

✓ Attended via phone/video conference

According to rule SG-2.3.17 of the HC Module, the Sharia Supervisory Board (SSB) must meet with the Board of Directors of the Bahraini Islamic bank licensee at least once a year to discuss issues of common interest. Such meetings must have a clear and specific agenda including the difficulties faced by both parties and ways to resolve them.

GFH held a joint meeting between the SSB and its Board of Directors on November 12, 2024.

##### 4.2 SSB Remuneration

During 2024, the total remuneration paid to Sharia Supervisory Board was USD400,000.

## 5. Executive Management

### 5.1 Executive Management Profile

Our Executive Management and Senior Leadership Team represent a renowned group of financial and managerial specialists. Their combined international experience and deep-rooted regional expertise underpin the confidence and ambition with which we continue to build our diversified structure.

Name & Designation	Profession	Experience in years	Qualifications
<b>Hisham Alrayes</b> Group CEO & Board Member	Asset Management, Banking & Investment	Over 26	<ul style="list-style-type: none"> <li>Master's with honors in Business Administration, University of DePaul University – USA.</li> <li>BSc. in engineering with honors, University of Bahrain.</li> <li>Honored by His Majesty King Hamad bin Isa Al Khalifa with the National Action Pioneers Medal (First Degree) for being among Bahrain's pioneers for their dedication in serving the nation.</li> </ul>
<b>Sattam Algozaibi</b> Chief Executive Officer, Khaleeji Bank	Conventional & Islamic Banking	Over 26	<ul style="list-style-type: none"> <li>Master's in Business Administration, DePaul University – USA.</li> <li>BSc. in Accounting Science, King Fahad University of Petroleum &amp; Minerals – KSA.</li> </ul>
<b>Salah Sharif</b> Chief Operating Officer	Banking & Investment	Over 32	<ul style="list-style-type: none"> <li>MBA with Distinction, University of South Wales, UK.</li> <li>Completed Senior Executive Leadership Program, Harvard Business School, Boston, USA.</li> </ul>
<b>Suryanarayanan Hariharan</b> Group Chief Financial Officer	Accounting & Financial Planning	Over 20	<ul style="list-style-type: none"> <li>BSc. in commerce, University of Mumbai, India.</li> <li>Chartered Accountant (CA), the Institute of Chartered Accountants of India.</li> <li>Certified Management Accountant, USA.</li> </ul>
<b>Bhaskar Mehta</b> Chief Risk Officer	Risk Management	Over 18	<ul style="list-style-type: none"> <li>MBA in Finance &amp; International Business, IMT Ghaziabad.</li> <li>International Diploma in Governance, Risk &amp; Compliance, ICA (International Compliance Association).</li> <li>Certified FRM (Financial Risk Management), GARP.</li> <li>Completed Risk Management for Corporate Leaders program, Harvard Business School Executive Education.</li> </ul>
<b>Dr. Mohamed Abdulsalam</b> Head of Sharia & Corporate Secretary	Accounting & Sharia	Over 20	<ul style="list-style-type: none"> <li>BSc. in Islamic Accounting, Al-Imam Mohammed Ibn Saud University.</li> <li>MBA in Accounting and Financial Control.</li> <li>Ph.D. in Accounting, the United States, California.</li> </ul>
<b>Pietro De Libero</b> Chief Legal Officer	Legal	Over 22	<ul style="list-style-type: none"> <li>Graduated summa cum laude, the Law School at Universita' degli Studi di Milano.</li> </ul>
<b>Baha Al-Marzooq</b> Chief Internal Audit	Auditing & Banking	Over 22	<ul style="list-style-type: none"> <li>BSc. in Accounting, University of Bahrain.</li> <li>Executive MBA, University of Bahrain.</li> <li>Certified Public Accountant (CPA).</li> <li>Certified Internal Auditor.</li> <li>Chartered Global Management Accountant.</li> </ul>
<b>Hammad Younas</b> Co-CEO, GFH Capital & Chief Investment Officer - Private Equity	Investment Banking & Private Equity	Over 26	<ul style="list-style-type: none"> <li>CFA charter holder, the CFA Institute USA.</li> <li>A fellow member of the Association of Chartered Certified Accountants of the UK.</li> <li>FCA, the Institute of Chartered Accountants of Pakistan.</li> </ul>
<b>Nael Mustafa</b> Chief Executive Officer, GFH Partners & Co-Chief Investment Officer - Real Estate	Real Estate Asset Management & Investment	Over 32	<ul style="list-style-type: none"> <li>BSc. in Accounting and Finance, University of Bahrain.</li> <li>MBA, Edinburgh Business School.</li> <li>Chartered Financial Analyst.</li> </ul>

## 5. Executive Management (contd.)

### 5.1 Executive Management Profile (contd.)

Name & Designation	Profession	Experience in years	Qualifications
<b>Razi AlMerbati</b> Chief Executive Officer, GFH Capital & Group Chief Placement Officer	Placement & Relationship Management	Over 22	<ul style="list-style-type: none"> <li>BSc. in Business Informatics, AMA International University, Bahrain.</li> <li>Certified Series 7 license holder.</li> </ul>
<b>Sh. Hala bint Mohammad Al Khalifa</b> Chief Executive Officer, Nuwah Foundation	Art, Culture & History	Over 15	<ul style="list-style-type: none"> <li>Bachelor's degree, Tufts University &amp; The Museum School of Fine Arts in Boston.</li> <li>Master's in Arts, The Slade School, UCL, London.</li> </ul>
<b>Fatema Kamal</b> Chief Executive Officer, Britus Education	Education Investments, Private Equity & Finance	Over 23	<ul style="list-style-type: none"> <li>Master's with honors in Business Administration, University of Strathclyde, Glasgow, UK.</li> <li>BSc. in Accounting with honors, University of Bahrain.</li> <li>Qualified and licensed CPA, The American Institute of Certified Public Accountants.</li> <li>CIA, The Institute of Internal Auditors.</li> </ul>
<b>Majed Al Khan</b> Chief Executive Officer, Infracorp	Real Estate & Assets Management	Over 24	<ul style="list-style-type: none"> <li>B.A. with honors in International Finance and Accounting, Newcastle's Northumbria University at Newcastle, England.</li> </ul>
<b>Dr. Ahlam Zainal</b> Chief Executive Officer, Al Areen Holding	Real Estate Investment & Development Sector	Over 16	<ul style="list-style-type: none"> <li>Master's degree in Architecture in Urban Design, Harvard University</li> <li>Ph.D. in Urban Engineering, University of Tokyo.</li> </ul>
<b>Khaldoun Haj Hasan</b> Chief Executive Officer, GFH Equities	Private Equity & Investment	Over 26	<ul style="list-style-type: none"> <li>MBA in Business Administration with honors, Boston University, USA.</li> <li>Master's in manufacturing engineering.</li> <li>BSc. in manufacturing engineering.</li> </ul>
<b>Salem Patel</b> Managing Director, Private Credit & Debt Markets	Private Credit & Assets Management	Over 26	<ul style="list-style-type: none"> <li>BSc. in Business Studies, City University Business School in London.</li> <li>Completed the Senior Executive Leadership Program, Harvard Business School.</li> <li>Islamic Finance Qualification (IFQ).</li> <li>Chartered Financial Analyst (CFA) program.</li> </ul>
<b>Ayman A. Zaidan</b> Group Chief, Treasury & Financial Institutions	Treasury & Finance	Over 30	<ul style="list-style-type: none"> <li>BSc. in Accounting and a minor in Business Administration, University of Jordan.</li> </ul>
<b>Osama Ali Nasr</b> Chief Technology Officer GFH Financial Group & Khaleeji Bank	Information Technology & Banking	Over 22	<ul style="list-style-type: none"> <li>Master of Science in Information Systems Management, University of Liverpool - UK.</li> <li>B.Sc. in Computer Science, Isra University - Hashemite Kingdom of Jordan.</li> </ul>
<b>Muneera Isa</b> Head of Human Resources	Human Resources	Over 21	<ul style="list-style-type: none"> <li>BSc. in English Literature, University of Bahrain.</li> <li>Master's Certificate in Human Resource Management, the Society for Human Resource Management (SHRM).</li> <li>CIPD Level 5 Diploma in Human Resource Management, the Chartered Institute of Personnel and Development (CIPD).</li> <li>Completed the "Strategic Leadership in the Era of Disruption" executive programme at Saïd Business School, University of Oxford.</li> </ul>
<b>Mariam Jowhary</b> Head of Compliance & AML	Compliance	Over 20	<ul style="list-style-type: none"> <li>BSc. in Banking and Finance with honors, University of Bahrain.</li> <li>Advanced Islamic Banking Diploma from BIBF.</li> <li>APRM &amp; CIPA Professional Certifications.</li> </ul>

Name & Designation	Profession	Experience in years	Qualifications
<b>Osama Janahi</b> Head of Information Technology	Information Technology	Over 23	<ul style="list-style-type: none"> <li>BSc. in Computer Science, University of Bahrain.</li> <li>IT technical and non-IT professional certification like CISA, ITIL, Oracle.</li> </ul>
<b>Mohammed Abdulmalik</b> Senior Executive Director, Placement Management (Qatar Market)	Placement & Relationship Management	Over 24	<ul style="list-style-type: none"> <li>BSc. in Accounting, University of Bahrain.</li> </ul>
<b>Ahmed Jamsheer</b> Head of Treasury Investments	Treasury & Finance	Over 18	<ul style="list-style-type: none"> <li>Master's in Finance with high distinction.</li> <li>BSc. in Finance with honors, Bentley University, Waltham, MA, US.</li> </ul>
<b>Khaled Basri</b> Senior Executive Director, Placement Management (UAE & Oman Market)	Placement & Relationship Management	Over 19	<ul style="list-style-type: none"> <li>Undergraduate (Honours) Degree, North Umbria University, Newcastle in Management, Newcastle Business School.</li> </ul>
<b>Mohamed Khonji</b> Senior Executive Director, Placement Management (Eastern Province)	Placement & Relationship management	Over 25	<ul style="list-style-type: none"> <li>MBA, University of Hull, UK.</li> <li>Completed the Senior Executive Leadership Program ("SELP") at Harvard Business School.</li> <li>Civil Engineering Associated Diploma from University of Bahrain.</li> <li>Harvard Alumni, Certified Islamic Financial Analyst (CIFA), holder of a Securities Market Regulation certificate (Series 79).</li> <li>Associated Member of the Chartered Wealth Management (F32CWM) at the International Academy of Finance Management.</li> </ul>
<b>Mohamed Al Tamimi</b> Senior Executive Director, Placement Management (Riyadh Market)	Placement & Relationship management	Over 17	<ul style="list-style-type: none"> <li>BSc. in Financial Services, Bradford University in the United Kingdom.</li> <li>Certified Series 7 license holder.</li> </ul>
<b>Dr. Mohamed Manasra</b> CEO of Healien Healthcare Platform	Medicine & Healthcare	Over 21	<ul style="list-style-type: none"> <li>Doctor of Dental Surgery degree, Ajman University of Science and Technology.</li> <li>MBA, Briston University</li> </ul>

## 5.2 Remuneration of the Executive Management

Executive Management is entitled to a fixed remuneration as per their contractual agreements, and any other performance-related incentives/bonuses must be approved by the Board.

## 5.3 Executive Managers' trading of the Bank's shares and distribution of ownership on an individual basis during the year 2024

Name of Management & Approved Persons	Total no. of shares held as of 31st Dec 2023	Transactions - within the period 1st Jan - 31st Dec 2024			Total no. of shares held as of 31st Dec 2024
		Sold	Transferred for settlement #	Additional Position*	
Hisham Alrayes	171,027,448	43,221,495	3,818,599	55,365,919	179,353,273
Salah Sharif	6,680,119	4,941,558	603,554	6,890,003	8,025,010
Baha Al Marzooq	887,721	568,223	-	454,386	773,884
Hammad Younus	2,777,174	1,757,572	-	2,147,944	3,167,546
Nael Al Kujok	1,710,030	-	1,027,695	2,478,781	3,161,116
Suryanarayanan Hariharan	4,072,406	353,389	1,352,756	1,596,266	3,962,527
Razi Al Merbati	12,310,603	-	1,121,208	2,827,258	14,016,653
Pietro de Libero	615,157	-	-	759,989	1,375,146
Dr. Mohamed Abdulsalam	1,049,234	628,476	-	503,981	924,739
Muneera Isa	968,832	733,151	190,327	788,328	833,682
Ahmed Jamsheer	2,740,492	1,680,738	-	1,511,942	2,571,696
Osama Nasr	-	-	-	-	-
Mariam Jowhary	563,928	590,096	380,655	833,428	426,605
Bhaskar Mehta	369,094	-	-	735,191	1,104,285
Salem Patel	6,240,363	1,000,000	486,079	1,059,993	5,814,277
Ayman Zaidan	-	-	-	-	-
Mohammed Mattar	-	-	-	-	-
Waleed Hasan	-	-	-	-	-
Khalid Abdulrahman	-	-	-	-	-
<b>Total</b>	<b>212,012,601</b>	<b>55,474,698</b>	<b>8,980,873</b>	<b>77,953,409</b>	<b>225,510,439</b>

#Certain of the banks share schemes include a leverage component, and any settlement within the Group share scheme policies are reduced from employee holdings.

\* Includes the shares bought directly from market or/and the shares awarded/ vested under Employee Share Schemes or/and the stock dividend on such shares received during the year.

## 6. Audit fees and other services provided by the external auditor

During the Annual General Meeting held on 24th March 2024, the shareholders approved the re-appointment of KPMG as external auditors for the year ending 31st December 2024 and authorized the Board of Directors to determine their remuneration, accordingly KPMG and its network firms has provided GFH Financial Group and its subsidiaries with the following services:

Categories of services	Fees in BD (in thousands)	Main type of services included in each category
(a) Audit and review services of the Group consolidated financial statements	974.97	<ul style="list-style-type: none"> <li>Audit of the statutory AAOIFI FAS GFH Financial Group consolidated financial statements for the year ended 31 December 2024.</li> <li>Audit of the consolidated IFRS financial statements for the year ended 31 December 2023 with comparatives of 2022 and 2021 submitted for purposes of listing with the CMA.</li> <li>Audit of the statutory financial statements of GFH Financial Group's subsidiaries and affiliated entities (mainly asset holding entities).</li> <li>Review of condensed consolidated interim financial statements of GFH Financial Group and its subsidiaries for the period ended 31 March, 30 June, 30 Sep 2024.</li> </ul>
(b) Services other than Audit		
<ul style="list-style-type: none"> <li>Audit Related</li> <li>Tax</li> <li>Advisory</li> </ul>	<p>210.68</p> <p>64.49</p> <p>316.31</p>	<p>Audit related services</p> <ul style="list-style-type: none"> <li>Agreed Upon Procedures (AUPs) related to compliance requirements of CBB, MOIC and Capital Market for GFH Financial Group and its subsidiaries.</li> <li>Consolidation of accounting opinions as per requirements of CBB for the Group and its commercial banking subsidiary.</li> <li>Sharia compliance review for the year 2024.</li> <li>Review of raffle draws for commercial banking subsidiary.</li> <li>Assistance in review of translation of consolidated financial statements in Arabic.</li> </ul> <p>Tax related services</p> <ul style="list-style-type: none"> <li>Tax compliance services and corporate tax advisory to GFH Financial Group and its subsidiaries.</li> </ul> <p>Other non-audit services (advisory)</p> <ul style="list-style-type: none"> <li>Buy-side due diligence services to GFH Financial Group.</li> <li>Assistance for ICAAP and stress testing.</li> <li>GFH Sukuk issuance comfort letter 2024.</li> <li>Assistance in complying with revised FAS 1, profit distribution model, AT 1 capital sukuk redemption and Baseline review 2024.</li> </ul>

#The assessment of conflict and independence is subject to review by the Audit Committee of the Group and / or its sub-diaries, as applicable.

## 7. Other topics

### 7.1 Transactions with Related Parties

Details of transactions with related parties are indicated in detail in Note 26 of the consolidated financial statements for the fiscal year ended 31st December 2024. All related party transactions are approved by the Board of Directors and will be disclosed to the shareholders at the Annual General Meeting.

Below are the related party transactions:

- Early settlement of US\$80 million of Murabaha financing agreement by Esterad Investment Co. B.S.C.
- Sale of Infracorp Sukuk amounting to US\$27.5 million by GFH to Aljomaih Investment limited.
- Sale of Raffles for US\$250 million by the Group and settlement of Gullwing debt.
- Sale of 21,768,707 shares to Al Jomaih Holding and its related party.
- Sale of 95,814,846 shares to Al Rashed Family.

Below illustrates the instances whereby a Board Member has abstained from voting because of a conflict of interest:

Board Member Name	Abstaining from Voting Instances	Approval Authority	Status
Mr. Abdulmohsen Alrashed	1	Board of Directors	Approved
Mr. Hisham Alrayes	1	Board of Directors	Approved
Mr. Ali Murad	1	Board of Directors	Approved
Mr. Abdulaziz Albassam	2	Board of Directors	Approved

### **7.2 Approval process for Connected Counterparty Transactions**

All connected counterparty exposures (within the CBB defined limits) will be approved by the appropriate approving authority as per the Delegate Authority Limit (DAL). Where the approving authority as per DAL is connected/interested, the approval authority shall move to the next level.

In determining whether to approve a Connected Counterparty Transaction, the requesting and approving authority will consider, among other factors, the following factors to the extent relevant to the Connected Counterparty Transaction:

- Exposures to connected counterparties may be justified only when undertaken for the clear commercial advantage of the bank, when negotiated and agreed on an arm's length basis, and when included in the policy statement agreed with the Central Bank.
- No Islamic facilities provided by a bank to its own external auditors shall be permitted (External auditors include firm/partnership, the partners, the directors, and managers of the audit firm). In addition, unless provided for in the contract, off-balance sheet restricted investment accounts will not be permitted to participate in on-balance sheet corporate funding and vice versa and movement within restricted investment accounts is not permitted unless specifically permitted under a valid contract between the bank and the relevant client.
- Whether the terms of the Connected Counterparty Transaction are fair to the Bank and on the same basis as would apply if the transaction did not involve a Connected Counterparty.
- Whether there are business reasons for the Bank to enter the Connected Counterparty Transaction.
- Whether the Connected Counterparty Transaction would impair the independence of an outside director and;
- Whether the Connected Counterparty Transaction would present an improper conflict of interests for any director or executive officer of the Bank, taking into account the size of the transaction, the overall financial position of the director, executive officer or Connected Counter Party, the direct or indirect nature of the director's, executive officer's or Connected Party's interest in the transaction and the ongoing nature of any proposed relationship, and any other factors the ARC deems relevant.
- The bank must not undertake exposure to controllers as defined under Chapter GR-5 or to subsidiaries of such, however, smaller shareholders will be subject to normal exposure limits outlined under CM-4.4.5. Directors who are also controllers (or the appointed board representatives of such controllers) are subject to a 0% limit.
- The Central Bank's prior written consent should be obtained for any credit facilities provided to an employee where the amount of such facility, either singly or when added to an existing facility/existing facility outstanding to that employee at that date, would be equal to or more than BD 100,000 (Bahrain Dinars One Hundred Thousand), or its equivalent in foreign currency. Banks must notify the Central Bank in writing of any senior employee who fails to discharge his repayment obligations.
- Reciprocal crossholdings of capital between a bank and its "controllers", which artificially inflate the capital of license concerned, are not permitted. Any crossholdings that occur due to acquisitions or takeovers must be deducted from the concerned bank's capital. Any member of the Board who has an interest in the transaction under discussion will abstain from voting on the approval of the Connected Counterparty Transaction.

### **7.3 Employment of Relatives**

The Group maintains Employment of Relatives policy to prevent any potential for favouritism and conflict of interest in decision-making due to factors of kinship in relationships among employees within the Group regardless of difference in department and reporting line. The Group does not permit the employment of relatives (direct family of the employee up to fourth degree and up to the second degree for the employee's spouse) of current Employees. This restriction is not limited to recruitment and selection only but is also applicable to existing employees of the Group in case he/she marries another employee of the Group.

All Departmental Head are required to promptly report to Head of Human Resource any changes in status of their respective team-members. Also, all employees are urged, if in doubt, to consult with their respective supervisors and the Human Resource department.

### **7.4 Review of internal control and processes**

Internal control is a process affected by the Board of Directors, senior management, and all levels of personnel. It is not solely a procedure or policy that is performed at a certain point in time, but rather it is continually operating at all levels within the Bank. The Board of Directors and senior management are responsible for establishing the appropriate culture to facilitate an effective internal control process and for monitoring its effectiveness on an ongoing basis; however, everyone within an organization must participate in the process.

The main objectives of the internal control process can be categorized as follows:

1. Efficiency and effectiveness of activities (performance objectives).
2. Reliability, completeness, and timeliness of financial and management information (information objectives); and
3. Compliance with applicable laws and regulations (compliance objectives).

Also, the internal control system of the Bank consists of five (5) interrelated elements:

- i. Management oversight and control culture.
- ii. Risk recognition and assessment.
- iii. Control activities and segregation of duties.
- iv. Information and communication; and
- v. Monitoring activities and correcting deficiencies.

### **7.5 GFH's Client Charter**

In line with the CBB requirements, GFH has developed a client's charter which outlines the commitments made by GFH in respect of the quality of services and products delivered to its clients and shareholders. The client's charter, which is available on the bank's website, is an assurance that services provided by the Bank will comply with quality standards. Generally, quality standards are standards that will fulfill clients' and shareholders' needs and expectations.

The client charter also incorporates GFH's Complaints handling procedures and encourages the clients and its shareholders to report any alleged wrongful conduct, malpractice, or improper/ unethical behaviour of an employee of the bank.

#### **7.5.1 Dealing with Complaints**

GFH is committed to providing its clients with the highest standard of service. However, should a client complain because he/she feels GFH has failed to deliver what it has promised, GFH will do everything possible to ensure that such a complaint is dealt with fairly, promptly, and effectively. The information provided here will show you how to:

- i. Make a complaint.
- ii. Escalate if you are not satisfied with the response provided by GFH in response to your complaint.
- iii. Take further action if you are still dissatisfied with the outcome.

- **Mechanism for submitting Complaints:**

The complaint must be in writing and should be addressed to the Investors' Relations Department and must be marked to the GFH's Compliance Department.

In compliance with the directives of the Central Bank of Bahrain, GFH has appointed a Complaints Handling Officer, who is responsible for ensuring that the client complaint is acknowledged, properly investigated, and that the Bank's response is adequately communicated to the client.

- **Options for submitting Complaint:**

- a) Hand delivery to GFH's Office (reception) Second Floor, GFH House, Bahrain Financial Harbour, Manama
- b) Via Fax to the following number +973 17 540006
- c) Courier or post to the following address:  
Complaint Handling Officer,  
GFH Financial Group B.S.C.  
Second Floor, GFH House, Bahrain Financial Harbour  
PO Box 10006, Manama, Kingdom of Bahrain
- d) Or scan and email the written complaint to: [complaint@gfh.com](mailto:complaint@gfh.com)

- **What happens once your complaint is submitted?**

- a) Once a client complaint has been submitted, we will acknowledge it within five (5) working days.
- b) The client complaint will be referred to the concerned person/department which will investigate it thoroughly and a written response detailing the outcome of our investigation and our decision shall be provided within four (4) weeks of receiving the complaint.
- c) In the unlikely event that the complaint is not answered within the timeframe mentioned in point (b), we will write the reasons why there has been a delay and the additional action that we will take including when we anticipate having concluded our investigation.
- d) After receiving the final response to the complaint, and if the client is still not satisfied, he/she can write directly to the Consumer Protection Unit of the Central Bank of Bahrain or he/she can submit the case through the "Complaint form" available on the Central Bank of Bahrain website [www.cbb.gov.bh](http://www.cbb.gov.bh), within 30 calendar days from the date of receipt of our final response.
- e) All correspondence in relation to the complaint and records must be retained by GFH for a period of five (5) years from the date of receipt of the complaint.

### 7.5.2 Whistle-blowing

#### • Report an Incident

Whistleblowers are encouraged to report any observed wrongful conduct, malpractice, or an improper/unethical behaviour to the Bank through the following means:

Report to 'Head of Compliance' or 'Head of Internal Audit' by sending an email at [whistleblow@gfh.com](mailto:whistleblow@gfh.com); alternatively, send a letter by post at the below address:

Head of Compliance / Head of Internal Audit  
GFH Financial Group B.S.C,  
Bahrain Harbour. GFH House. Floor 6,  
P.O. Box 10006, Manama, Kingdom of Bahrain

#### • Protection Rights for Whistleblowers

- a) GFH is committed to the protection of Whistleblowers against any possible retaliation or reprisals, whether actual or threatened because of their whistleblowing.
- b) The Whistleblower's identity, the nature of the report, and the suspected person's identity are strictly confidential.
- c) Retaliation against an individual, who in good faith, had made a complaint, disclosed information relating to a complaint or otherwise participated in an investigation relating to a complaint is prohibited regardless of the outcome of the investigation.
- d) The Board Audit & Risk Committee of the bank will be responsible for assessing the incident reported and will decide the course of action.

### 7.6 Details of penalties paid

In 2024, Capital Market Authority ("CMA") of Kuwait imposed a financial penalty of KWD 10,000 on GFH Financial Group for purchase of treasury shares on Kuwait Bourse without obtaining CMA's prior approval.

### 7.7 Systems and controls for compliance with Sharia and AAOIFI standards

In pursuance with the provisions of its Articles of Association, GFH Financial Group has always carried out its banking activities in compliance with Islamic Sharia principles that constitute an integral part of the entire policies of the Bank. Tasks managed by Sharia Department of GFH include the followings:

1. Ensuring that the necessary approvals of the SSB have been obtained for each project.
2. Ensuring compliance of projects with the Sharia provisions indicated in the Prospectus and the approved structure of the project.
3. Reviewing the financial statements and other issues related to the projects and ensuring that they are in compliance with the Sharia principles.
4. Ensuring that the projects are in compliance with Fatwas and recommendations of the SSB of GFH and the other Sharia Boards, if any.
5. Ensuring that the approval of the SSB is obtained for each financial instrument (such as sale transactions, financing, currency conversion, Sukuks, deposits, etc.), including the approved and concluded contracts and agreements.
6. Reviewing the financial statement to ensure full compliance with the Sharia principles and the requirements and provisions of the Accounting & Auditing Organisation for Islamic Financial Institutions (AAOIFI) as modified by the CBB.
7. Ensuring that all the products and the structures thereof are compliant with AAOIFI's standards.

For earnings prohibited by Sharia, please refer to note 29 of the consolidated financial statements for the fiscal year ended 31st December 2024.

### 7.8 Remuneration strategy

It is GFH's basic compensation philosophy to provide a competitive level of total compensation to attract and retain qualified and competent employees. GFH's variable remuneration policy will be driven primarily by a performance-based culture that aligns employee interests with those of the shareholders of GFH. The variable remuneration policy helps ensure effective alignment of remuneration with prudent risk-taking by senior management in the conduct of business.

A robust and effective governance framework ensures that GFH operates within clear parameters of its compensation strategy and policy. All compensation matters, and overall compliance with regulatory requirements, are overseen by the CEO and the Nomination and Remuneration Committee of the Board (NRGC).

The quality and long-term commitment of all our employees is fundamental to our success. We therefore aim to attract, retain, and motivate the very best people who are committed to maintaining a career with GFH, and who will perform their role in the long-term interests of our shareholders. GFH's reward package is comprised of the following key elements:

1. Fixed pay;
2. Benefits.
3. Annual performance bonus;
4. Commission for sales staff.
5. Co-investment plans;
6. Remuneration for senior management from participation in boards of investee entities; and
7. The long-term performance incentive plan

GFH's remuneration policy considers the role of each employee and has set guidance on whether an employee is a Material Risk Taker and/or an Approved Person in a business line, control, or support function. An Approved Person is an employee whose appointment requires prior regulatory approval because of the significance of the role within GFH and an employee is considered a Material Risk Taker if they are the Head of a significant business line or any individuals within their control who has a material impact on GFH's risk profile.

To ensure alignment between what we pay our people and our business strategy, we assess individual performance against annual and long-term financial and non-financial objectives summarized in our performance management system. This assessment also considers adherence to GFH's values, risks, and compliance measures and above all integrity. Altogether, performance is therefore judged not only on what is achieved over the short and long term but also importantly on how it is achieved, as the NRCG believes the latter contributes to the long-term sustainability of the business.

#### ***NRGC role and focus***

The NRCG has oversight of all reward policies for GFH's employees. The NRCG is the supervisory and governing body for compensation policy, practices, and plans. It is responsible for determining, reviewing, and proposing variable remuneration policy for approval by the Board. It is responsible for setting the principles and governance framework for all compensation decisions. The NRCG ensures that all persons must be remunerated fairly and responsibly. The remuneration policy is reviewed on a periodic basis to reflect changes in market practices, compliance with regulations, the business plan, long-term objectives, and risk profile of GFH.

The responsibilities of the NRCG with regards to GFH's variable remuneration policy, as stated in its mandate, include but are not limited to, the following:

- a) Review, monitor and approve the remuneration policies for the approved persons and material risk-takers, which must be consistent with GFH's corporate values and strategy to ensure that they operate as intended.
- b) The committee should be responsible for retaining and overseeing outside consultants or firms for the purpose of reviewing the remuneration of approved persons and material risk-takers, administering remuneration plans, or related matters.
- c) Ensure that the remuneration of approved persons and material risk-takers is sufficient to attract and retain persons of the quality needed to run GFH successfully, and the bank avoids paying more than is necessary for that purpose.
- d) Approve the individual remuneration amounts, packages and total compensation for each approved person and material risk-taker and make recommendations to the Board of the total variable remuneration (bonus pool) to be distributed, taking account the total remuneration, including salaries, fees, expenses, bonuses, and other employee benefits.
- e) Evaluate the performance of approved persons and material risk-takers considering GFH's corporate goals, agreed strategy, objectives, and business plans.
- f) The committee shall be responsible to the Board for the overview of any employee benefit trust (EBT) or similar arrangements adopted for the purpose of administering the deferred incentive arrangements (including share schemes) of GFH.
- g) Ensure that variable remuneration for material risk-takers forms a substantial part of the total remuneration of approved persons and material risk-takers (other than the risk management, internal audit, operations, financial controls, internal Sharia review/audit, AML, and compliance functions personnel).
- h) Ensure that for approved persons in risk management, internal audit, operations, financial controls, internal Sharia review/audit, AML and compliance functions the mix of fixed and variable remuneration is weighted in favour of fixed remuneration.
- i) Ensure that the system includes effective controls including stress testing and back testing results of the remuneration policy and that the system's practical operation is regularly reviewed for compliance with regulations, internal policies, and bank procedures.
- j) Review remuneration outcomes, risk measurements and risk outcomes regularly for consistency with the Board's approved risk appetite, for submission for the Board for its review.
- k) Review cases where any ex-ante risk adjustments are to be used to consider severe but plausible scenarios to the variable remuneration as per GFH's variable remuneration policy.
- l) Review cases where the bonus is diminished by exercise of Malus and Clawback adjustments.
- m) Question payouts for income that cannot be realized or whose likelihood of realization remains uncertain at the time of payout.
- n) Ensure appropriate compliance mechanisms are in place to ensure that employees commit themselves to not using personal hedging strategies or remuneration-and liability-related insurance to undermine the risk alignment affects embedded in their remuneration arrangements.

**Use of consultants:**

GFH engaged external consultants to benchmark pay and grading structure and review it against market practices. A consultant was also engaged to review the issuances of long-term Incentive Plan (LTIP) and benchmark it against the market which has been discussed and reviewed by the Board's NRCG committee.

**Scope of application of the remuneration policy**

The principles of this remuneration policy apply on a group-wide basis. However, application of deferral requirements and issue of non-cash instruments for each subsidiary of GFH will be determined by applicable local regulations and market norms. Currently, deferral arrangements are applicable only to Bahrain domiciled banking entities within the Group.

**Board remuneration**

GFH will determine board remuneration in line with the provisions of Article 188 of the Commercial Companies Law, 2001. The Board of Directors' remuneration will be capped so that variable remuneration in any financial year (sitting fees is not part of variable remuneration) does not exceed 10% of GFH's net profit, after all required deductions outlined in Article 188 have been made. Remuneration of non-executive directors will not include performance-related elements such as grants of shares, share options or other deferred stock-related incentive schemes, bonuses, or pension benefits. Board remuneration is subject to approval of the shareholders in the annual general meeting.

**Variable remuneration for staff**

Variable remuneration is performance related and consists primarily of the annual performance bonus award. As part of our staff's variable remuneration, the annual bonus rewards delivery of operational and financial targets set each year, the individual performance of the employees in achieving those targets, and their contribution to delivering GFH's strategic objectives.

GFH has adopted a Board approved framework to develop a transparent link between variable remuneration and performance. The framework is designed based on meeting both satisfactory financial performance targets and the achievement of other non-financial factors, that will, all other things being equal, deliver a target bonus pool for employees, prior to consideration of any allocation to business lines and employees individually. In the framework adopted for determining the variable remuneration pool, the NRCG aims to balance the distribution of GFH's profits between shareholders and employees.

Key performance metrics at GFH level include a combination of short-term and long-term measures and include profitability, solvency, liquidity, risk diversification, strategy implementation and growth indicators. The performance management process ensures that all goals are appropriately cascaded down to respective business units and employees.

In determining the quantum of variable remuneration, GFH has implemented a hybrid model by defining a Top Down (profit based) bonus pool funding for its staff. The total bonus pool is capped at a percentage of profit before being assessed for risk. This approach is a starting position and the NRCG may choose to implement a discretionary award for a given year based on affordability for GFH and its assessment of GFH's current and future resource requirements. The bonus pool is adjusted to take account of risk via the use of risk-adjusted measures (including forward-looking considerations), subject to the final discretion of the NRCG. In addition to the annual bonus plan, the Board from time-to-time approves LTIP awards with performance and service conditions to retain key management and incentive achievement of long-term performance and strategic measures. These awards vest ratably on an annual basis and can be accelerated or cancelled based on the extent of achievement of targets set for each year.

Under the variable remuneration policy of GFH, placement fees, sales commission or incentives for sales staff is not considered to be part of the variable remuneration (subject to deferral) as it is an integral part of the overall pay structure of the sales and placement staff. Further, these payments are not considered variable remuneration as they are not directly or indirectly linked to GFH-wide performance and are considered activity-based payments.

The NRCG carefully evaluates practices by which remuneration is paid for potential future revenues whose timing and likelihood remain uncertain. NRCG demonstrates that its decisions are consistent with an assessment of GFH's financial condition and prospects. A special pool is also considered for recoveries made against any legacy investments and legal cases and is approved on a case-by-case basis by the Board of Directors. GFH uses a formalized and transparent process to adjust the bonus pool for quality of earnings. If the quality of earnings is not strong, the profit base could be adjusted based on the discretion of the NRCG.

For the overall Bank to have any funding for distribution of a bonus pool, threshold financial targets must be achieved. The performance measures ensure that total variable remuneration is generally considerably contracted where subdued or negative financial performance of GFH occurs. Furthermore, the target bonus pool as determined above is subject to risk adjustments in line with the risk assessment and linkage framework.

**Remuneration of control and support functions**

The remuneration level of staff in the control and support functions allows GFH to employ qualified and experienced personnel in these functions. GFH ensures that the mix of fixed and variable remuneration for control and support function personnel is weighted in favour of fixed remuneration. In exceptional cases, the approval of the NRCG shall be obtained. The variable remuneration of control functions is to be based on function-specific objectives and is not determined by the financial performance of the business areas they monitor to avoid conflict of interests related to the business unit they are overseeing.

GFH's performance management system plays a major role in deciding the performance of the support and control units based on the objectives set for them. Such objectives are more focused on non-financial targets that include risk, control, compliance, and ethical considerations as well as the market and regulatory environment apart from value added tasks which are specific to each unit.

#### ***Variable compensation for business units***

The variable remuneration of the business units is primarily determined by key performance objectives set through the performance management system of GFH. Such objectives contain financial and non-financial targets, including risk control, compliance, and ethical considerations as well as market and regulatory requirements. The consideration of risk assessments in the performance evaluation of individuals ensures that any two employees who generate the same short-run profits but take different amounts of risk on behalf of GFH are treated differently by the remuneration system.

#### ***Risk assessment framework***

The purpose of risk linkages to the reward framework is to align variable remuneration to the risk profile of GFH. In its endeavour to do so, GFH considers both quantitative measures and qualitative measures in the risk assessment process. Both quantitative measures and human judgment play a role in determining any risk adjustments. The risk assessment process encompasses the need to ensure that the remuneration policy as designed reduces employees' incentives to take excessive and undue risks, is symmetrical with risk outcomes and delivers an appropriate mix of remuneration that is risk aligned.

GFH's NRCG considers whether the variable remuneration policy is in line with GFH's risk profile and ensures that through GFH's ex-ante and ex-post risk assessment framework and processes, remuneration practices where potential future revenues whose timing and likelihood remain uncertain are carefully evaluated.

Risk adjustments consider all types of risk, including intangible and other risks such as reputation risk, liquidity risk, the cost of capital and strategic measures. GFH undertakes risk assessments to review financial and operational performance against business strategy and risk performance prior to distribution of the annual bonus. GFH ensures that total variable remuneration does not limit its ability to strengthen its capital base.

The bonus pool considers the performance of GFH which is considered within the context of GFH's risk management framework. This ensures that the variable pay pool is shaped by risk considerations and Bank-wide notable events. The size of the variable remuneration pool and its allocation within GFH considers the full range of current and potential risks, including:

- a) The cost and quantity of capital required to support the risks taken;
- b) The cost and quantity of the liquidity risk assumed in the conduct of business; and
- c) Consistency with the timing and likelihood of potential future revenues incorporated into current earnings.

The NRCG keeps itself abreast of GFH's performance against the risk management framework. The NRCG will use this information when considering remuneration to ensure returns, risks and remuneration are aligned. Since 2021 has been an unusual year after the effects of the global pandemic and consequential market impact, the NRCG has adopted a more qualitative approach in their assessment of performance and rewards.

#### ***Risk adjustments***

GFH has an ex-post risk assessment framework which is a qualitative assessment to back-test actual performance against prior risk assumptions.

In years where GFH suffers material losses in its financial performance, the risk adjustment framework will consider the following:

- Need for a considerable contraction of GFH's total variable remuneration.
- At an individual level, poor performance by GFH will mean individual KPIs are not met and hence employee performance ratings may be lower.
- Reduction in the distribution of amounts previously earned, through increased deferred compensation, which may be paid once GFH's performance improves.
- Reduction in the value of deferred shares or awards.
- Possible changes in vesting periods and additional deferral applied to unvested rewards.
- Lastly, if the qualitative and quantitative impact of a loss incident is considered significant, a malus or clawback of previous variable awards may be considered.
- The NRCG, with the Board's approval, can rationalize and make the following discretionary decisions:
  - Take no action.
  - Increase/reduce the ex-ante adjustment.
  - Consider additional deferrals or an increase in the quantum of non-cash awards.
  - Recovery through malus and clawback arrangements.

### *Malus and Clawback framework*

GFH's malus and clawback provisions allow GFH's Board of Directors to determine that, if appropriate, unvested elements under the deferred bonus plan can be forfeited/ adjusted or the delivered variable remuneration recovered in certain situations. The intention is to allow GFH to respond appropriately if the performance factors on which reward decisions were based turn out not to reflect the corresponding performance in the longer term. All deferred compensation awards contain provisions that enable GFH to reduce or cancel the awards of employees whose individual behavior has had a materially detrimental impact on GFH during the concerned performance year.

Any decision to take back an individual's awards can only be taken by GFH's NRC. GFH's NRC considers the advice of the CEO, Risk, Finance and HR Departments as appropriate.

GFH's malus and clawback provisions allow GFH's Board to determine that, if appropriate, vested/unvested elements under the deferred bonus plan can be adjusted/cancelled in certain situations. These events include, but not limited to, the following:

- Reasonable evidence of misbehaviour or material error by the employee causing harm to GFH's reputation or where his/her/their actions have amounted to misconduct, incompetence, or negligence.
- The employees' business unit suffers a material downturn in its financial performance or a material restatement of the financial statements of GFH.
- The employee's business unit suffers a material risk management failure.
- An employee deliberately misled the market and/or shareholders in relation to the financial performance of GFH.
- A significant deterioration in the financial health of GFH.

Clawback can be used if the malus adjustment on the unvested portion is insufficient given the nature and magnitude of the issue.

Macro-economic impacts (such as COVID-19 related disruptions) that are specific or idiosyncratic to GFH are not considered as basis for malus or clawback.

### *Components of Variable remuneration*

GFH's variable remuneration framework provides for the following key components:

Upfront cash	The portion of the variable compensation that is awarded and paid out in cash on conclusion of the performance evaluation process for each year.
Deferred Cash	The portion of variable compensation that is awarded and paid in cash on a pro-rata basis over a period of minimum three years.
Upfront share awards	The portion of variable compensation that is awarded and issued in the form of shares on conclusion of the performance evaluation process for each year but released after a retention period of six months.
Deferred annual bonus (DAB) share awards	The portion of variable compensation that is awarded and paid in the form of shares on a pro-rata basis over a period of minimum three years and an additional retention period of six months once vested. DAB shares are not subject to any additional performance conditions.
Future performance awards (FPA)	<p>The portion of variable compensation which is awarded to selected employees for future performance conditions. The awards are contingent on the delivery of set performance targets for GFH as well as service conditions for part of the employees. These awards comprise individually or a combination of the following:</p> <p><b>Long-term Incentive Plan (LTIP) Shares</b>, where the employees are compensated in the form of shares as a percentage on achievement of some pre-determined performance conditions.</p> <p><b>Profit share</b>, where the employees are compensated based on a specified percentage of targeted profit for a transaction, distributable on achievement of targeted return.</p> <p><b>Carried Interest</b>, where the employees are compensated a specified percentage of fair value gain on investments once it achieves a specified hurdle rate on realization.</p> <p><b>Co-investment</b>, wherein a portion of variable remuneration is awarded in the form of an investment made by GFH which is encashable by employee on Bank's exit from the investment.</p> <p><b>Sales/recovery incentive</b>, where the employee or a team is compensated based on a specified percentage of the sales value of an investment on successful exit or recovery of an asset.</p>

### Employee Share Ownership Loan Scheme

GFH may also implement an employee share ownership loan scheme (ESOL Scheme) from time to time to be implemented under any of the Share Incentive Scheme it develops. Such ESOL Scheme, if implemented, shall allow employees to increase their participation in GFH Shares through the utilization of financing advanced by GFH and the right to acquire GFH shares at the pricing determined in accordance with the applicable ESOL Scheme. The ESOL Scheme is designed to enable eligible participants to increase their holdings of GFH shares on favourable terms but under the funding of the participants themselves. The existing LTIP plans include embedded leverage options.

### Establishment of the Trust Instrument

GFH has established a GFH Employee Benefit Trust instrument and GFH LTIP Trust to hold and manage its deferred staff benefits related to the Variable Remuneration policy. The Trustees shall undertake all the duties set out in the Bahrain Trust Law and the Trust Instrument.

### Deferred compensation

All approved persons and material risk-takers earning over BHD 100,000 in total compensation are subject to deferral of variable remuneration as follows:

Element of variable remuneration	CEO, his deputies and other 5 most highly paid business line employees	Other covered staff	Deferral period	Retention	Malus	Clawback
Upfront cash	40%	50%	immediate	-	-	✓
Upfront shares	-	0%-10%	immediate	6 months	✓	✓
Deferred cash	0%-10%	-	Over 3 years	-	✓	✓
Deferred share awards	0%-50%	0%-50%	Over 3 years	6 months	✓	✓
Other Non-Cash Awards or FPA	0%-60%	0%-50%	Performance linked	6 months	✓	✓

The NRGC, based on its assessment of role profile and risk taken by an employee, could increase the coverage of employees that will be subject to deferral arrangements. For calculation of benefits, the value of employee benefit on date of the issuance of the award (and to be recognized in the P&L) is considered for the purposes of calculation of total variable compensation and all other measures under the variable remuneration policy.

All deferred and future performance awards are subject to malus provisions. All share awards and related dividends are released to the benefit of the employee after a six-month retention period from the date of vesting. The number of equities share awards is linked to GFH's share price as per the rules of GFH's Share Incentive Scheme.

# Risk & Capital Management

Managing risk on behalf of our investors is a key responsibility in the business. GFH applies the right approach on the risk-reward to decide the asset allocation and employs cutting-edge risk infrastructure and governance to manage risk across the Group.

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In 2024, GFH's total Capital Adequacy Ratio was standing safely at 17.03%.

GFH's Risk & Capital Management practices ensure inflows and outflows are duly processed to ensure all risks are mitigated in line with international benchmarks.



## 1. EXECUTIVE SUMMARY

This report contains a description of the Bank's risk management and capital adequacy practices and processes, including detailed information on the capital adequacy process. The report is prepared in accordance with Pillar III disclosure requirements prescribed by the Central Bank of Bahrain, herein referred to as "CBB". CBB's Basel III capital rules and guidelines became effective on 1st January 2015 as the common framework for the implementation of the Basel Committee on Banking Supervision's (Basel Committee) Basel III capital adequacy framework for banks incorporated in the Kingdom of Bahrain.

The disclosures in this report are in addition to or in some cases, serve to clarify the disclosures set out in the consolidated financial statements for the year ended 31 December 2024, presented in accordance with the Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). To avoid any duplication, information required under PD module but already disclosed in other sections of Annual Report has not been reproduced. These disclosures should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2024.

The Bank's Tier I and total capital adequacy ratios comply with the minimum capital requirements under the CBB's Basel III / IFSB for Islamic financial institutions framework.

The Group's total risk weighted assets as at 31 December 2024 amounted to USD 6,032,659 thousand. Credit risk accounted for 87.89%, operational risk 9.90%, and market risk 2.21% of the total risk weighted assets respectively. Tier I and total regulatory capital were USD 989,542 thousand and USD 1,027,212 thousand respectively, as at 31 December 2024.

At 31 December 2024, Group's CET1 and T1 capital adequacy ratios were at 16.35% and 16.40%, respectively, and total capital adequacy ratio was at 17.03%.

## 2. INTRODUCTION

The Basel III framework consists of three mutually reinforcing pillars:

- i. **Pillar I:** Minimum capital requirements for credit risk, market risk and operational risk.
- ii. **Pillar II:** Supervisory review of capital adequacy including Internal Capital Adequacy Assessment process (ICAAP)
- iii. **Pillar III:** Market discipline including rules for disclosure of risk management and capital adequacy.

### 2.1. Pillar I

Pillar I prescribes the basis for the calculation of the regulatory capital adequacy ratio. Pillar I defines the regulatory minimum capital requirements for each bank to cover the credit risk, market risk and operational risk inherent in its business model. It also defines the methodology for measurement of these risks and the various elements of qualifying capital. The capital adequacy ratio is calculated by dividing the regulatory capital base by the total Risk Weighted Assets (RWAs).

The resultant ratio is to be maintained above a predetermined and communicated level. The CBB also requires banks incorporated in Bahrain to maintain a 12.5% minimum Total Adequacy Ratio including the above Capital Conservation Buffer (CCB) requirement of 2.5%.

In the event that the capital adequacy ratio falls below 12.5% (consolidated), additional prudential reporting requirements apply, and a formal action plan setting out the measures to be taken to restore the ratio above the target level is to be formulated and submitted to the CBB. Consequently, the CBB requires GFH to maintain a minimum capital adequacy ratio of 12.5% (consolidated).

The table below summarizes the Pillar I risks and the approaches used by the Bank to calculating the RWAs in accordance with the CBB's Basel Capital Adequacy Framework.

Risk Type	Approach used by GFH
Credit risk	Standardised Approach
Market risk	Standardised Approach
Operational risk	Basic Indicator Approach

## 2.2. Pillar II

Pillar II deals with the Supervisory Review and Evaluation Process (SREP). It also addresses the Internal Capital Adequacy Assessment Process (ICAAP) to be followed by Banks to assess the overall capital requirements to cover all material risks (including those covered under Pillar I).

The ICAAP enables the bank to review the capital impact of assessed Pillar I and Pillar II risks as well as to examine new risk dimensions coming out of existing and new businesses / products. It acts as a mechanism for the evaluation of the long-term strategic growth plans and the short-term annual business plans based on projected risk profile and capital under both expected and adverse scenarios.

The Bank has decided to adopt a Pillar I + Pillar II approach for capital estimation as recommended under CBB guidelines and Basel framework. Under this approach, the banking institutions calculate the Pillar I capital or minimum regulatory capital requirements in accordance to CBB's CAR guidelines under the Basel III framework. Secondly, additional capital or pillar II capital requirement is calculated separately based on an "add-on" approach, where the additional capital requirements are added onto the calculated Pillar I capital requirements, to arrive at the Bank's internal capital requirements.

GFH conducts periodic stress testing of its portfolio as part of the ICAAP process. GFH's objective of stress testing for its ICAAP is to ensure that the Bank can always meet its capital requirements in a forward-looking manner, including throughout a reasonably severe economic recession or other scenarios specific to the Bank's portfolio and risk profile. The results of the stress tests assist the Bank in ascertaining whether it has sufficient capital in periods of stress.

## 2.3. Pillar III

In the CBB's Basel framework, Pillar III prescribes how, when, and at what level information should be publicly disclosed about an institution's risk management, governance and capital adequacy practices. The disclosures comprise detailed qualitative and quantitative information. The purpose of the Pillar III disclosure requirements is to complement the first two Pillars and the associated supervisory review process. The disclosures are designed to enable stakeholders and market participants to assess an institution's risk appetite and risk exposures and to encourage all banks, via market pressures, to move towards more advanced forms of risk management.

The current regulations require partial disclosure consisting mainly of quantitative analysis during half year reporting and fuller disclosure during year end to coincide with the financial year-end reporting.

## 3. OVERALL RISK AND CAPITAL MANAGEMENT

### 3.1. Risk Management Framework

GFH perceives strong risk management capabilities to be the foundation in delivering results to customers, investors, and shareholders. The Bank will continue to enhance its existing framework and adopt international best practices of risk management, corporate governance and the highest level of market discipline.

The primary objectives of the Enterprise risk management framework of the Bank are to:

- Identify & Manage risks inherent in the Bank's activities in line with the risk appetite of the Bank;
- Strengthen the Bank's risk management practices to reflect the industry best practices;
- Align internal capital requirements with risk materiality; and
- Assign the teams to mitigate the existing & emerging risks in the business

The risk strategy is articulated through the limit structures and targets for individual risks. These limits are based on the Bank's business plans, its risk appetite and guided by regulatory requirements and guidance in this regard. The risk limits reflect the level of risk that GFH is prepared to take in order to achieve its objectives. The Bank reviews and realigns its risk limits as per its evolving business plan and taking into consideration changes in economic and market scenarios. The Bank also assesses its tolerance for specific risk categories and its strategy to manage these risks. The limits outline the Bank's risk exposures and define its tolerance levels towards accepting or rejecting these risks. Tolerance levels are reflected in the limits defined by the Bank for each risk area.

### 3. OVERALL RISK AND CAPITAL MANAGEMENT (contd.)

#### 3.1. Risk management framework (contd.)

##### Building Blocks of Risk Management Framework:

The Board of Directors has overall responsibility for establishing risk culture and ensuring that an effective risk management framework is in place.

The diagram below represents the Bank's overall risk management framework and its components:

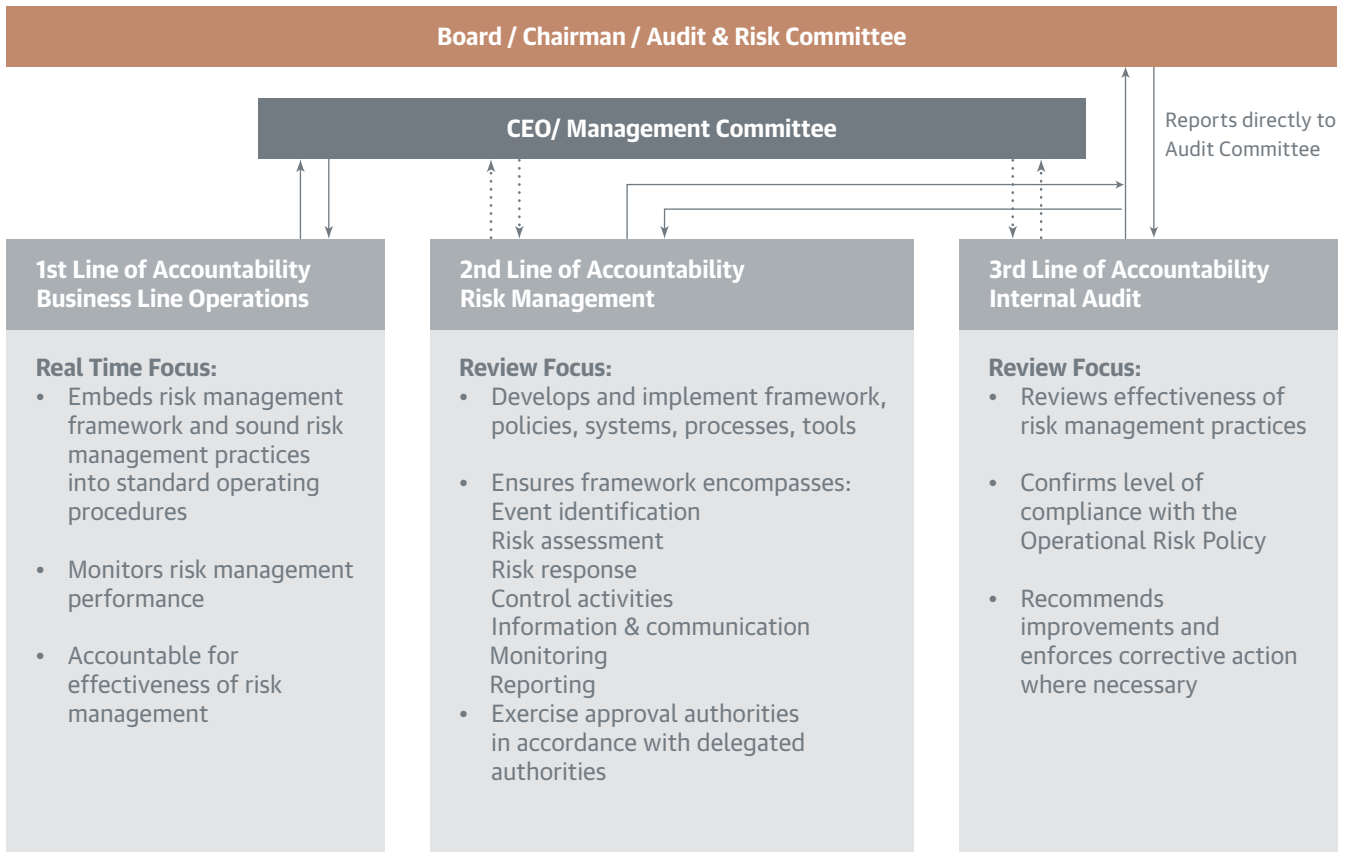


The risk management framework of the Bank encapsulates the spirit of the following key principles for Risk Management as articulated by Basel and CBB:

- Active Board and senior management oversight and control;
- Independent Risk Management function;
- Board driven sound risk management culture and ownership;
- Appropriate policy, procedures and limits;
- Risk recognition and assessment;
- Control activities and segregation of duties;
- Information and communication;
- Monitoring Risk Management activities and correcting deficiencies;
- Comprehensive and timely identification, measurement, mitigation, controlling, monitoring and reporting of risks;
- Appropriate MIS at a business and Bank-wide level; and
- Comprehensive internal controls.

### Three Lines of Accountability

To ensure effective governance across all processes and functions, GFH has adopted a 'Three Lines of Accountability' approach, as illustrated below. The structure clearly reflects the requisite independence between the three functions.



### Risk Heat Map

As part of risk identification, measurement and analysis, RMD uses a two-dimensional heat map to visualize the risks identified based on the likelihood/probability and impact. It allows the department to track the risks, prioritize the risks and develop an action or a mitigation plan accordingly. In addition, it helps in identifying what risks are material and imposes a threat to the Bank.



### Risk Appetite Framework

Risk appetite is defined as "the amount and type of risk that GFH is willing to take to meet their strategic objectives." It identifies key parameters to monitor the risks and put limits for each of these risks in order to monitor them effectively. To implement the Risk Appetite Framework GFH identifies various types of risks under which it operates and the key factors/thresholds to measure these risks. GFH then identifies its current risk profile and its capacity to take risks. An acceptable risk appetite is then set up for each of the risks and every endeavour should be made to grow the business within the risk appetite framework. In the Risk Appetite Framework the Bank identifies how these risks are managed prudently to keep them under control and wherever possible to reduce exposure to these risks.

### 3. OVERALL RISK AND CAPITAL MANAGEMENT (contd.)

#### 3.2. Risk Monitoring & Oversight

The Risk monitoring & oversight is throughout the Bank structure as depicted by the following diagram:

<b>Level 1</b>	Board of Directors Sharia Supervisory Board	Internal Audit
<b>Level 2</b>	Board Committees <ul style="list-style-type: none"> <li>• Board Nomination, Remuneration and Governance Committee (NRGC)</li> <li>• Board Investment Committee</li> <li>• Board Audit and Risk Committee (ARC)</li> </ul>	
<b>Level 3</b>	Senior Management Committees <ul style="list-style-type: none"> <li>• Management Committee (MANCOM)</li> <li>• Management Investment Committee</li> <li>• Assets Liability Management Committee (ALCO)</li> <li>• Valuation Committee</li> <li>• Wakala Committee</li> <li>• Policies &amp; Procedure Committee</li> </ul>	
<b>Level 4</b>	Risk Management Department <ul style="list-style-type: none"> <li>• Credit and Investment Risk</li> <li>• Market Risk</li> <li>• Liquidity Risk</li> <li>• Operational Risk</li> <li>• Information Security</li> <li>• Internal Control</li> </ul>	
<b>Level 5</b>	Desktop level procedures, systems and control in day-to-day business	

Our Board of Directors has overall responsibility for establishing our risk culture and ensuring that an effective risk management framework is in place. The Board of Directors approves and periodically reviews our risk management policies and strategies. The Board Audit & Risk Committee ('ARC') is responsible for providing an independent assurance to the Board about the effectiveness of risk management, internal controls, the accounting policies, financial reporting and disclosure practices of the Bank by organizing and managing the internal and external audits and examination of the entire spectrum of the Bank's activities and reporting the findings of such audits and examination to the Board.

The key element of our risk management philosophy is for the Risk Management Department ('RMD') to provide independent monitoring and control while working closely with the business units which ultimately own the risks. The Chief Risk Officer reports to the Board Audit & Risk Committee and administratively to the Group CEO.

#### Risk Management Responsibilities

The RMD plays a pivotal role in monitoring the risks associated with various activities of the Bank. The principal responsibilities of the department are:

- Monitoring and reporting the Bank's risks against the Board approved risk appetite.
- Developing and reviewing risk management policies in accordance with the risk management guidelines issued by the CBB, Basel Guidelines, IFSB and international best practices.
- Implementation of risk policies and ensuring that risk policies and practices are adequately built in Business Unit's departmental policies.
- Identifying and recommending risk analysis tools and techniques as required under guidelines issued by Basel, CBB and IFSB and in accordance with best business practices.
- Reviewing the adequacy of the risk limits and providing feedback to the relevant authorities.
- Preparing quarterly risk reports and other risk items and MIS reports for review by various Board and Senior Management level committees.
- Supports the Business Units in identification and management of risks.
- Developing systems and resources to review the key risk exposures of the Bank and communicating the planned/ executed corrective actions to various Board and Senior Management level Committees.
- Adherence to regulatory risk reporting requirements and monitor the same.

### 3.3. Capital Management

The Bank's policy is to maintain a strong capital base and meet the capital requirements imposed by the regulator (CBB), so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also monitored and the Bank recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The allocation of capital is primarily driven by regulatory requirements. The Bank seeks to maximise return on capital while satisfying all the regulatory requirements.

The Bank has put in place a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) that includes Board and Senior Management oversight, monitoring, reporting and internal control reviews, to identify and measure the various risks that are not covered under Pillar I risks and to regularly assess the overall capital adequacy considering the risks and the Bank's planned business strategies. The non-Pillar I risks covered under the ICAAP process include concentration risk, investment risk, liquidity risk, profit rate risk in the banking book and other miscellaneous risks.

The Group does not have a trading book. The Group aims to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Central Bank of Bahrain (CBB) sets and monitors capital requirements for the Bank and the Group. In implementing current capital requirements CBB requires the Bank and the Group to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Bank's regulatory capital is analysed into two tiers:

- **Tier 1 capital:** includes CET1 and AT1  
CET1 comprise of ordinary share capital that meet the classification as common shares for regulatory purposes, disclosed reserves including share premium, general reserves, legal / statutory reserve, common shares issued by consolidated banking subsidiaries of the Bank and held by third parties, retained earnings after regulatory adjustments relating to goodwill and items that are included in equity which are treated differently for capital adequacy purposes.

AT1 comprise of instruments that meet the criteria for inclusion in AT1, instruments issued by consolidated banking subsidiaries of the Bank held by third parties which meet the criteria of AT1, and regulatory adjustments applied in calculation of AT1.

- **Tier 2 capital:**  
Includes instruments issued by the Bank that meet the criteria for inclusion in Tier 2 capital, stock surplus resulting from issue of Tier 2 capital, instruments issued by consolidated banking subsidiaries of the Bank held by third parties that meet the criteria for inclusion in Tier 2, general provisions held against unidentified losses on financing and qualify for inclusion within Tier 2, asset revaluation reserve from revaluation of fixed assets and instruments purposes and regulatory adjustments applied in the calculation of Tier 2 capital.

The regulations prescribe higher risk weights for certain exposures that exceed materiality thresholds. These regulatory adjustments required for certain items such as goodwill on mortgage service right, deferred tax assets, cash flow hedge reserve, gain on sale of related securitization transactions, defined benefit pension fund assets and liabilities, investment in own shares and reciprocal cross holdings in the capital of Banking and financial entities, investment in the capital of banking and financial entities that are outside the scope of regulatory consolidation and where the Bank does not own more than 10% of issued common shares capital of the entity and significant investments in the capital of banking and financial entities that are outside the scope of regulatory consolidation.

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.

### 3.4. Risk types

The Bank is exposed to various types of risk.

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<b>Risks in Pillar I</b>	<ul style="list-style-type: none"><li>• Credit risk</li><li>• Market risk</li><li>• Operational risk</li></ul>
<b>Risks in Pillar II</b>	<ul style="list-style-type: none"><li>• Liquidity risk</li><li>• Investment Risk</li><li>• Concentration risk</li><li>• Profit rate risk in banking book</li><li>• Reputational risk</li><li>• Other risks - including strategic risk, pillar 1 residual risks etc.</li></ul>

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The details of components of risks and how they are managed are discussed in the following sections of this document.

### 3. OVERALL RISK AND CAPITAL MANAGEMENT (contd.)

#### 3.5. Monitoring and reporting

The RMD, together with the Internal Audit, provide independent assurance that all types of risk are being measured and managed in accordance with the policies and guidelines set by the Board of Directors. The monitoring and reporting frequency depends on the severity and volatility of the risk factor as set out in the respective policies. Risk reports are regularly presented to the Senior Management committees, ARC and Board as per the reporting requirements set in the risk policies. In addition, the RMD submits a quarterly Risk Overview Report (ROR) to the Board Audit & Risk Committee. The ROR describes the potential issues for a wide range of risk categories and classifies the risks. The ROR also provides management comments as to how risk factors are being addressed and mitigated by the Bank. The Bank has established an adequate system for monitoring and reporting risk exposures and capital adequacy requirements. These reports aim to provide the Senior Management and Board level committees with an up-to-date view of the risk profile of the Bank.

#### 3.6. Group Structure

The consolidated financial statements for the year comprise of the financial statements of the Bank and its subsidiaries (together referred to as "the Group") as at 31 December 2024. The Group's financial statements are prepared and published on a full consolidation basis, with all material subsidiaries being consolidated in accordance with AAOIFI. Please refer to notes 4 in the consolidated financial statements for more details on the accounting policies for investments, including subsidiaries and associates of the Bank.

The principal subsidiaries and associates as at 31 December 2024 and their treatment for capital adequacy purposes are as follows:

Entity Name*	Entity classification as per CBB Rules & Guidelines	Treatment by the Bank	
		Consolidated basis	Solo basis
Khaleeji Bank B.S.C	Bank subsidiary	Full consolidation	Full deduction from capital
GFH Equities B.S.C (c) (Previously known as GBCORP B.S.C (c))	Financial entity	Full consolidation	Full deduction from capital
GFH Sukuk Limited	Financial entity	Full consolidation	No impact as no direct investment by the Bank and the entity is a securitisation vehicle.
GFH Partners Ltd	Financial entity	Full consolidation	Full deduction from capital
GFH Capital Limited KSA	Financial entity	Full consolidation	Full deduction from capital
Delmon Lost Paradise Project Company 1 WLL	Commercial entities		
Delmon Lost Paradise Project Company 2 WLL	Commercial entities		
Harbour North 1 Real Estate WLL	Commercial entities		
Harbour North 2A Real Estate WLL	Commercial entities	Risk weighting (look through approach) approved by the CBB on 12 June 2019.	
Harbour North 2B Real Estate WLL	Commercial entities		
Harbour North 3 Real Estate WLL	Commercial entities		
Harbour Row 4 Real Estate WLL	Commercial entities		
Britus Internal School for Special Education W.L.L	Commercial entity	Risk weighting of investment exposure	
GBCORP Tower Real Estate WLL	Commercial entity	Risk weighting of investment exposure	
Harbour House Row Towers W.L.L	Commercial entity	Risk weighting of investment exposure	
Al Areen Project companies	Commercial entity	Risk weighting of investment exposure	
TEI Holdings	Commercial entity	Risk weighting of investment exposure	
C.Y. Holdings	Commercial entity	Risk weighting of investment exposure	
Ain El Aouda Properties W.L.L. (Formerly Naseej Rabat W.L.L.)	Commercial entity	Risk weighting of investment exposure	

\* The above list does not include subsidiaries and other SPE holding companies of the Bank set up to supplement the activities of the Bank.

<b>Associates*</b>	<b>Entity classification as per CBB Rules &amp; Guidelines</b>	<b>Treatment by the Bank for Consolidated and Solo basis</b>
Infracorp BSC (c)**	Commercial entity	Risk weighting of investment exposure
Al Areen Leisure & Tourism The Lost Paradise of Dilmun Waterpark ("LPOD") and Domina	Commercial entity	Risk weighting of investment exposure
Enshaa Development Real Estate BSC (c)	Commercial entity	Risk weighting of investment exposure
Capital Real Estate Projects BSC (C)	Commercial entity	Risk weighting of investment exposure

\* Does not include investments that were fully impaired and that do not have an impact on Form PIRI

\*\*Risk weighting of investment exposure in accordance with the CBB approval dated 15 February 2024 for Infracorp

Investments in subsidiaries and associates are subject to Large Exposure and Connected Counter party limits and guidelines set by the CBB. Significant investment in banking subsidiaries and financial entities that exceed the threshold for deduction from capital, the excess should be deducted from the capital of the Group.

- i) During the period, as a part of sale of RSRED Real Estate subsidiary, the Bank has subscribed to USD 100 Million perpetual sukuk issued by the Infracorp BSC (c), the Bank had sought approval to exempt the Infracorp exposure including the additional USD 100 Million perpetual sukuk from large exposure limit of 15% and from risk weighting the excess exposure at 800%, and exemption from connected counterparty.

Accordingly, in a letter from CBB dated 15 February 2024, the request for exemption has been approved for a period of one year, subject to annual re-assessment."

Khaleeji Bank B.S.C ("Khaleeji"), a banking subsidiary of the Bank, is a locally incorporated commercial bank and the specific quantitative and qualitative disclosures pertaining to all the risks of Khaleeji have been disclosed in the Risk Management Disclosures of Khaleeji as at 31 December 2024, which is not reproduced in this document and can be accessed through the Annual Report of Khaleeji. This document provides the Risk and Capital Management Disclosures of the Bank.

This document intends to combine the risk and capital management disclosures of the Bank and its involvement with its subsidiaries and associates. The quantitative disclosures in these documents provide further details of the exposures used for capital calculation purposes (where some entities are consolidated, and some may be risk weighted) and accordingly will not match with the consolidated financial statements of the Group.

There are no restrictions for transfer of capital other than those applicable to licensed financial entities and process of commercial companies' law of respective jurisdictions.

## 4. COMPOSITION OF CAPITAL

### 4.1. 3 steps approach to reconciliation between balance sheet in published financial statements and the composition of capital disclosure template

Statement of financial position under the regulatory scope of consolidation and reconciliation of published financial statements to regulatory reporting as at 31 December 2024

The table below shows the link between the statement of financial position in the published financial statements (accounting statement of financial position) and the regulatory statement of financial position.

US\$ 000's

As at 31 December 2024	Consolidated Statement of Financial Position as in published financial statements	Consolidated Statement of Financial Position as per Regulatory Reporting	Reference
<b>ASSETS</b>			
Cash and bank balance	459,966	451,329	
Of which Expected Credit Losses (ECL) resulting from adoption of FAS 30	(50)	(50)	A
Treasury portfolio	4,851,634	4,849,310	
Of which Expected Credit Losses (ECL) as per FAS 30	(27,563)	(15,010)	A
Financing assets	2,058,157	2,058,157	
Of which Expected Credit Losses (ECL) as per FAS 30	(56,891)	(17,459)	A
Real estate investments	1,391,135	1,274,713	
Proprietary investments	779,368	935,749	
Of which Expected Credit Losses (ECL) as per FAS 30	(3,046)	(13)	A
Of which non-significant investments in financial entities	1	1	B
Of which significant investments in the common stock of financial entity	838	838	C
Co-investments	260,164	260,164	
Of which Expected Credit Losses (ECL) as per FAS 30	-	-	A
Receivables and prepayments	1,173,386	1,087,611	
Of which Expected Credit Losses (ECL) as per FAS 30	(21,006)	(837)	A
Property and equipment	57,215	22,211	
<b>Total assets</b>	<b>11,031,025</b>	<b>10,939,244</b>	
<b>LIABILITIES</b>			
Clients' fund	204,192	204,192	
Placements from financial institutions	2,444,459	2,444,459	
Placements from non-financial institutions and individuals	1,392,804	1,392,804	
Customer current accounts	308,540	308,540	
Term financing	2,149,758	2,137,018	
Other liabilities	435,364	444,937	
<b>Total liabilities</b>	<b>6,935,117</b>	<b>6,931,950</b>	
<b>Equity of investment account holders</b>	<b>2,980,817</b>	<b>2,980,817</b>	

US\$ 000's

As at 31 December 2024	Consolidated Statement of Financial Position as in published financial statements	Consolidated Statement of Financial Position as per Regulatory Reporting	Reference
<b>OWNERS' EQUITY</b>			
Share capital	1,015,637	1,015,637	D
Treasury shares	(90,692)	(90,692)	D
Statutory reserve	59,368	59,368	E
Fair value reserve	(40,546)	(40,546)	F
Other reserves	(26,189)	-	
Retained earnings	56,918	56,918	G
Share grant reserve	6,440	6,440	H
<b>Total equity attributable to shareholders of the Bank</b>	<b>980,936</b>	<b>1,007,125</b>	
Non-controlling interests	134,155	19,352	
Of which Total minority interest in banking subsidiaries given recognition in CET1 capital	-	19,352	I
<b>Total owners' equity</b>	<b>1,115,091</b>	<b>1,026,477</b>	
<b>Total liabilities, equity of investment account holders and owners' equity</b>	<b>11,031,025</b>	<b>10,939,244</b>	

The table below shows the total assets and shareholders' equity of the Bank's subsidiaries as at 31 December 2024 which are not consolidated for capital adequacy calculation purposes. For principal activities of these subsidiaries refer to Note 1 of the consolidated financial statements as at 31 December 2024.

US\$ 000's

Entity Name	Principal activities	Total Assets *	Total Shareholders' equity *
Britus International School for Special Education W.L.L	Educational services	2,533	1,384
GBCORP Tower Real Estate WLL	Own & lease real estate	48,837	46,144
Harbour House Row Towers W.L.L.	Own & lease real estate	18,904	8,161
The Entertainer	Entertainment services	42,963	23,121
Ain El Aouda Properties W.L.L. (Formerly Naseej Rabat W.L.L.)	Real Estate	21,034	21,072
C.Y. Holdings	Management and development of Commercial and Residential Real Estate properties	41,223	35,861
Al Areen Holding	Hospitality management services	32,508	6,525

\* The numbers disclosed are before considering intercompany eliminations.

#### 4. COMPOSITION OF CAPITAL (contd.)

##### Composition of Regulatory Capital as at 31 December 2024

US\$ 000's

	Component of regulatory capital reported by bank	Source based on reference letters of the statement of financial position under the regulatory scope of consolidation
<b>Common Equity Tier 1 capital: instruments and reserves</b>		
Directly issued qualifying common share capital plus related stock surplus (Net of Treasury Shares of USD 90,692)	924,945	D
Retained earnings	56,918	G
Accumulated other comprehensive income (and other reserves)	25,262	E+F+H
Not applicable		
Common share capital issued by subsidiaries and held by third parties (amount allowed in Group CET1)	19,352	I
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>1,026,477</b>	
<b>Common Equity Tier 1 capital: regulatory adjustments</b>		
Prudential valuation adjustments	-	
Goodwill (net of related tax liability)	14,792	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	25,368	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Cash-flow hedge reserve	-	
Shortfall of provisions to expected losses	-	
Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	-	
Not applicable		
Defined-benefit pension fund net assets	-	
Investments in own shares	-	
Reciprocal cross-holdings in common equity	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	
Mortgage servicing rights (amount above 10% threshold)	-	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
Amount exceeding the 15% threshold	-	
of which: significant investments in the common stock of financials	-	
of which: mortgage servicing rights	-	
of which: deferred tax assets arising from temporary differences	-	
CBB specific regulatory adjustments	-	
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>-</b>	
<b>Common Equity Tier 1 capital (CET1)</b>	<b>986,317</b>	

## Composition of Regulatory Capital as at 31 December 2024

US\$ 000's

	Component of regulatory capital reported by bank	Source based on reference letters of the statement of financial position under the regulatory scope of consolidation
<b>Additional Tier 1 capital: instruments</b>		
Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-	
of which: classified as equity under applicable accounting standards	-	
of which: classified as liabilities under applicable accounting standards	-	
Directly issued capital instruments subject to phase out from Additional Tier 1	-	
Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in Group AT1)	3,225	
of which: instruments issued by subsidiaries subject to phase out	-	
<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>3,225</b>	
<b>Additional Tier 1 capital: regulatory adjustments</b>		
Investments in own Additional Tier 1 instruments	-	
Reciprocal cross-holdings in Additional Tier 1 instruments	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
CBB specific regulatory adjustments	-	
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
Total regulatory adjustments to Additional Tier 1 capital	-	
<b>Additional Tier 1 capital (AT1)</b>	<b>-</b>	
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>989,542</b>	
<b>Tier 2 capital: instruments and provisions</b>		
Directly issued qualifying Tier 2 instruments plus related stock surplus	-	
Directly issued capital instruments subject to phase out from Tier 2	-	
Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in Group Tier 2)	4,301	
of which: instruments issued by subsidiaries subject to phase out	-	
Provisions	33,369	A
<b>Tier 2 capital before regulatory adjustments</b>	<b>37,670</b>	

#### 4. COMPOSITION OF CAPITAL (contd.)

##### Composition of Regulatory Capital as at 31 December 2024

US\$ 000's

	Component of regulatory capital reported by bank	Source based on reference letters of the statement of financial position under the regulatory scope of consolidation
<b>Tier 2 capital: regulatory adjustments</b>		
Investments in own Tier 2 instruments	-	
Reciprocal cross-holdings in Tier 2 instruments	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	
Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
National specific regulatory adjustments	-	
<b>Total regulatory adjustments to Tier 2 capital</b>	<b>-</b>	
<b>Tier 2 capital (T2)</b>	<b>37,670</b>	
<b>Total capital (TC = T1 + T2)</b>	<b>1,027,212</b>	
<b>Total risk weighted assets</b>	<b>6,032,659</b>	
<b>Capital ratios and buffers</b>		
Common Equity Tier 1 (as a percentage of risk weighted assets)	16.35%	
Tier 1 (as a percentage of risk weighted assets)	16.40%	
Total capital (as a percentage of risk weighted assets)	17.03%	
Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus D-SIB buffer requirement, expressed as a percentage of risk weighted assets)	N/A	
of which: capital conservation buffer requirement	N/A	
of which: bank specific countercyclical buffer requirement	N/A	
of which: D-SIB buffer requirement	N/A	
Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	16.40%	
<b>National minima including CCB (where different from Basel III)</b>		
CBB Common Equity Tier 1 minimum ratio	9.00%	
CBB Tier 1 minimum ratio	10.50%	
CBB total capital minimum ratio	12.50%	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
Non-significant investments in the capital of other financials	1	B
Significant investments in the common stock of financials	838	C
Mortgage servicing rights (net of related tax liability)	-	
Deferred tax assets arising from temporary differences (net of related tax liability)	-	
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to 9 standardized approach (prior to application of cap)	33,369	A
Cap on inclusion of provisions in Tier 2 under 9 standardized approach	-	
N/A	-	
N/A	-	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2019 and 1 Jan 2024)</b>		
Current cap on CET1 instruments subject to phase out arrangements	NA	
Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	NA	
Current cap on AT1 instruments subject to phase out arrangements	NA	
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	NA	
Current cap on T2 instruments subject to phase out arrangements	NA	
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	NA	

<b>Disclosure template for main features of regulatory capital instrument</b>	
Issuer	GFH Financial Group B.S.C
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	GFH (DFM) GFH (ADX) GFH (BHB) GFH (KSE)
Governing law(s) of the instrument Regulatory treatment	All applicable laws and regulations in the Kingdom of Bahrain.
<b>Regulatory treatment</b>	
Transitional CBB rules	Common Equity Tier 1
Post-transitional CBB rules	Common Equity Tier 1
Eligible at solo/group/group & solo	Group and solo
Instrument type (types to be specified by each jurisdiction)	Common equity shares
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	USD 1,016 million
Par value of instrument	USD 0.265
Accounting classification	Shareholders' equity
Original date of issuance	1999
Perpetual or dated	Not applicable
Original maturity date	Not applicable
Issuer call subject to prior supervisory approval	Not applicable
Optional call date, contingent call dates and redemption amount	Not applicable
Subsequent call dates, if applicable Coupons / dividends	Not applicable
Dividends	Dividends as decided by the shareholders
Coupon rate and any related index	Not applicable
Existence of a dividend stopper	Not applicable
Fully discretionary, partially discretionary or mandatory	Fully discretionary
Existence of step up or other incentive to redeem	Not applicable
Noncumulative or cumulative	Not applicable
Convertible or non-convertible	Not applicable
If convertible, conversion trigger (s)	Not applicable
If convertible, fully or partially	Not applicable
If convertible, conversion rate	Not applicable
If convertible, mandatory or optional conversion	Not applicable
If convertible, specify instrument type convertible into	Not applicable
If convertible, specify issuer of instrument it converts into	Not applicable
Write-down feature	Not applicable
If write-down, write-down trigger(s)	Not applicable
If write-down, full or partial	Not applicable
If write-down, permanent or temporary	Not applicable
If temporary write-down, description of write-up mechanism	Not applicable
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable
Non-compliant transitioned features	Not applicable
If yes, specify non-compliant features	Not applicable

## 5. CAPITAL STRUCTURE AND CAPITAL ADEQUACY RATIO

### 5.1. Capital adequacy

The Bank's regulator CBB sets and monitors capital requirements for the Bank as a whole (i.e. at a consolidated level). The banks are required to maintain minimum capital adequacy ratio (CAR) of 12.5% on a consolidated basis [ i.e. CET1 - 6.5%, AT1-1.5%, Tier 2 - 2% and CCB - 2.5%] and a capital adequacy ratio (CAR) of 8% on a solo basis [ i.e. CET1 - 4.5%, AT1 - 1.5% and Tier 2- 2%]. Banking operations are categorised as either a 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 Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business.

The Bank has adopted the standardised approach to credit and market risk and basic indicator approach for operational risk management under the Capital Adequacy Framework.

The Group's regulatory capital position at 31 December 2024 was as follows:

	US\$ 000's
<b>Total Capital</b>	<b>31 December 2024</b>
<b>Common Equity Tier 1 (CET 1)</b>	
Issue and fully paid ordinary shares	1,015,637
Less: Treasury shares	(90,692)
Statutory reserve	59,368
Retained earnings	(71,596)
Current interim cumulative net profit	128,514
Other reserves	(34,106)
<b>Total CET1 capital before minority interest</b>	<b>1,007,125</b>
Total minority interest in banking subsidiaries given recognition in CET1 capital	19,352
<b>Total CET1 capital prior to the regulatory adjustments</b>	<b>1,026,477</b>
Less: Investment in own shares	-
<b>Total CET1 capital after to the regulatory adjustments</b>	<b>1,026,477</b>
Less Goodwill	(14,792)
Less: Intangibles other than mortgage servicing rights	(25,368)
Less: Cash flow hedge reserves	-
<b>Total CET 1 capital after the regulatory adjustments above (CET1)</b>	<b>986,317</b>
Other capital - Additional Tier 1 (AT1) & Tier 2 (T2) capital	
Instruments issued by banking subsidiaries to third parties	
- AT1	3,225
- T2	4,301
General financing loss provisions	
- T2	33,369
<b>Total Available AT1 &amp; T2 capital</b>	<b>40,895</b>
<b>Total Capital</b>	<b>1,027,212</b>
<b>Risk weighted exposures</b>	<b>31 December 2024</b>
Credit risk	5,302,171
Market risk	133,389
Operational risk	597,099
<b>Total Risk Weighted Exposures</b>	<b>6,032,659</b>
CET1 ratio	16.35%
T1 ratio	16.40%
<b>Total Capital Adequacy ratio (Total Capital)</b>	<b>17.03%</b>

Total and Tier 1 Capital ratios of Khaleeji Bank BSC (c) (significant banking subsidiary of GFH) as at 31 December 2024 are as follows:

	31 December 2024
Capital adequacy ratio (CET1 and T1)	21.72%
Capital adequacy ratio (T1)	21.72%
<b>Total capital Adequacy ratio (Total capital)</b>	<b>22.74%</b>

The Bank's paid-up capital consists only of ordinary shares which have proportionate voting rights.

## Pillar I Risks

### 6. CREDIT RISK

#### 6.1. Introduction

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Bank's placements with financial institutions, financing assets, investment in Treasury products and other receivables balances. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country, and sector risk).

The Bank does not have a trading book and hence all of its equity investments are classified in the banking book and are subject to credit risk weighting under the capital adequacy framework. For regulatory capital computation purposes, the Bank's equity investments in the banking book include investments carried at fair value through equity, investments designated at fair value through profit or loss, significant and majority investments in commercial entities and associate investments in non-significant financial and non-financial entities (as significant financial entities which qualify as associates are treated separately for regulatory purposes).

#### 6.2. Credit risk management

The Bank is primarily exposed to credit risk from placements with other financial institutions, investment in Treasury products, receivables from its investment banking services and in respect of funding made (both in the form of financing and short-term liquidity facilities) to its projects and other direct credit facilities provided.

The Bank has an established internal process for assessing credit risk. The Bank has established investment and credit risk policies covering credit risk identification and assessment, risk reporting, documentation and legal procedures, and compliance with regulatory and statutory requirements. The policies are supplemented by an internal authorization structure for the approval and renewal of investment and credit facilities. Authorization limits for credit facilities are as per the Board approved Delegated Authority Limits (DAL). The RMD helps the team to assess all investment and credit proposals prior to investments / facilities being committed. RMD lists down its concerns, performs internal rating and provides final risk comments on all applications prior to circulation for sign off. Renewals and reviews of investments / facilities are subject to the same review process. Investment updates are periodically reviewed by the Board of Directors. Regular audits of Business Units and credit processes are undertaken by Internal Audit.

Please refer to Note 37 of the consolidated financial statements for additional details on the processes for measuring and managing credit risk.

#### 6.3. Risk grading of exposure

The Group allocates each exposure to credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. The Bank relies on the ratings issued by ECAI such as S&P, Moody's and Fitch that are approved by the Central Bank of Bahrain mainly for Financial Institutions & Sovereign. If there are two assessments by ECAIs, the lowest rating will be applied while if there are three assessments by ECAIs, the middle rating will be applied. Ratings from selected ECAIs will be used regularly for the ongoing monitoring of the exposures which may result in an exposure being moved to a different credit risk grade. The credit risk grade for unrated exposures will be based on qualitative and quantitative factors which may vary depending on the nature of the exposure and the type of borrower.

Please refer to Note 37(a) of the consolidated financial statements for additional details on the processes for measuring and managing credit risk.

## 6. CREDIT RISK (contd.)

### 6.4. Capital requirements for credit risk

To assess its capital adequacy requirements for credit risk in accordance with the CBB requirements, the Bank adopts a standardised approach. According to standardised approach, on and off-balance sheet credit exposures are assigned to various defined categories based on the type of counterparty or underlying exposure. Risk Weighted Assets (RWAs) are calculated based on prescribed risk weights by CBB.

Following is the Group's analysis for credit risk as computed for regulatory capital adequacy purposes:

US\$ 000's

Exposure class	Gross Credit Exposure	Credit Risk Mitigant	Credit Risk Exposure after Credit Risk Mitigant	Average Risk weights	Total Credit risk Weighted Exposure
<b>Self-financed assets</b>					
Cash items	9,918	-	9,918	0%	-
Total claims on sovereign and PSEs treated as sovereign	2,386,680	-	2,386,680	0%-100%	70,205
Standard Risk Weights for Claims on Banks	912,594	-	912,594	20%-150%	514,024
Short term Claims on Banks	301,539	-	301,539	20%	60,308
Preferential Risk Weight for Claims on Banks	5,194	-	5,194	20%	1,039
Claims on Corporates	3,273,236	(282,737)	2,990,499	0%-100%	2,886,210
Regulatory Retail Portfolio	122,345	(36,093)	86,252	75%	64,689
Mortgage	267,687	-	267,687	35%	93,690
Past Due Facilities	139,167	(19,098)	120,069	100%-150%	172,071
Investments in Equity Securities and Equity Sukuk	283,132	-	283,132	100%-250%	374,687
Holding of Real Estate	95,469	-	95,469	100%	95,469
Other Assets	185,415	-	185,415	100%	185,415
<b>Total self-financed assets (A)</b>	<b>7,982,376</b>	<b>(337,928)</b>	<b>7,644,448</b>	<b>0%-250%</b>	<b>4,517,807</b>
<b>Total regulatory capital required - self-financed assets (A x 12.5%)</b>				<b>12.50%</b>	<b>564,726</b>
<b>Financed by EIAH</b>					
Total claims on sovereign and PSEs treated as sovereign	354,117	-	354,117	0%-100%	270,220
Standard Risk Weights for Claims on Banks	330,655	-	330,655	20%-100%	167,371
Claims on Corporates	2,163,285	(86,485)	2,076,800	20%-150%	2,041,666
Regulatory Retail Portfolio	14,097	-	14,097	75%	10,573
Past Due Facilities	15,182	-	15,182	150%	22,773
Investment in Equity Securities and Equity Sukuk	28,213	-	28,213	100%	28,213
Holding of Real Estate	73,737	-	73,737	100%	73,737
<b>Total financed by EIAH (B)</b>	<b>2,979,286</b>	<b>(86,485)</b>	<b>2,892,801</b>	<b>0%-150%</b>	<b>2,614,553</b>
<b>Considered for credit risk (C) = (B x 30%)</b>				<b>30%</b>	<b>784,366</b>
<b>Total regulatory capital required - financed by EIAH (C x 12.5%)</b>				<b>12.50%</b>	<b>98,046</b>
<b>Total Credit Risk Assets (A+C)</b>					<b>5,302,173</b>
<b>Minimum regulatory capital required (at 12.5%)</b>					<b>662,772</b>

## 6.5. Quantitative information on credit risk

### 6.5.1. Gross and average credit exposure

The following are gross credit risk exposures considered for Capital Adequacy Ratio calculations of the Group classified as per disclosure in the consolidated financial statements:

	US\$ 000's			
Balance sheet items	Self-finance	EIAH	Total credit exposure	Average credit exposure*
Cash and bank balances	220,812	239,154	459,966	370,664
Treasury portfolio	3,223,499	1,628,135	4,851,634	4,671,395
Financing assets	1,091,133	1,039,024	2,058,157	1,933,665
Real estate investments	1,347,480	43,655	1,391,135	1,241,950
Proprietary investments	748,519	30,849	779,368	1,070,875
Co-investments	260,164	-	260,164	275,680
Receivables and prepayments	1,173,386	-	1,173,386	1,062,413
Property and equipment	57,215	-	57,215	227,676
<b>Total funded exposure</b>	<b>8,050,208</b>	<b>2,980,817</b>	<b>11,031,025</b>	<b>10,854,318</b>
Commitments	253,437	-	253,437	174,680
<b>Total unfunded exposure</b>	<b>253,437</b>	<b>-</b>	<b>253,437</b>	<b>174,680</b>

\* Average gross credit exposures have been calculated based on the average of balances outstanding on a quarterly basis during the year ended 31 December 2024. Assets funded by EIAH are geographically classified in GCC countries, MENA, Asia, Europe and North America. Cash and Bank Balances that are funded by EIAH are placed with Banks and financial institutions having maturity profile of up to 3 months.

### 6.5.2. Credit exposure by geography

he classification of credit exposure by geography, based on the location of the counterparty, was as follows:

	US\$ 000's					
31 December 2024	GCC Countries	MENA	Asia	North America	Others	Total
<b>Assets</b>						
Cash and bank balances	445,753	361	111	2,873	10,868	459,966
Treasury portfolio	3,942,597	491,188	-	264,984	152,865	4,851,634
Financing contracts	2,039,007	-	-	3,073	16,077	2,058,157
Real estate investment	1,382,506	-	6,845	-	1,784	1,391,135
Proprietary investment	777,740	-	-	1,628	-	779,368
Co-Investments	182,281	-	505	19,426	57,952	260,164
Receivables & prepayments	1,079,725	22,552	3,855	57,504	9,750	1,173,386
Property and equipment	57,215	-	-	-	-	57,215
<b>Total assets</b>	<b>9,906,824</b>	<b>514,101</b>	<b>11,316</b>	<b>349,488</b>	<b>249,296</b>	<b>11,031,025</b>
Quasi Equity	2,826,589	6,714	4,054	-	143,460	2,980,817
<b>Off-balance sheet items</b>						
Commitments	240,287	-	-	13,150	-	253,437
Off-balance sheet investment accounts	-	-	-	-	1,685,279	1,685,279

## 6. CREDIT RISK (contd.)

### 6.5. Quantitative information on credit risk (contd.)

#### 6.5.3. Credit exposure by industry

The classification of credit exposure by industry was as follows:

US\$ 000's

31 December 2024	Banks and financial institutions	Real Estate	Others	Total
<b>Assets</b>				
Cash and bank balances	420,470	28,476	11,020	459,966
Treasury portfolio	3,700,900	169,925	980,809	4,851,634
Financing contracts	278,153	718,489	1,061,515	2,058,157
Real estate investments	1,161,281	193,888	35,966	1,391,135
Co-investment	130,347	129,817	-	260,164
Proprietary investment	687,089	77,871	14,408	779,368
Receivables and prepayments	1,042,783	8,450	122,153	1,173,386
Property and equipment	8,786	32,774	15,655	57,215
<b>Total assets</b>	<b>7,429,809</b>	<b>1,359,690</b>	<b>2,241,526</b>	<b>11,031,025</b>
Quasi Equity	1,620,308	111,223	1,249,286	2,980,817
<b>Off-balance sheet items</b>				
Commitments	16,578	61,648	175,211	253,437
Off-balance-sheet investment accounts	-	1,079,674	605,605	1,685,279

#### 6.5.4. Credit exposure by maturity

The maturity profile of credit exposures based on expected maturity was as follows:

US\$ 000's

31 December 2024	Up to 3 Months	3 to 6 Months	6 Months to 1 Year	1 to 3 Years	Over 3 Years	Total
<b>Assets</b>						
Cash and bank balances	419,818	16,849	22,286	1,013	-	459,966
Treasury portfolio	1,098,149	869,530	295,129	1,147,694	1,441,132	4,851,634
Financing contracts	193,599	228,295	105,369	352,584	1,178,310	2,058,157
Real estate investment	-	-	-	-	1,391,135	1,391,135
Proprietary investments	-	-	-	749,968	29,400	779,368
Co-investments	-	-	-	260,164	-	260,164
Receivables and prepayments	226,539	354,130	265,036	175,371	152,310	1,173,386
Property and equipment	-	-	-	-	57,215	57,215
<b>Total assets</b>	<b>1,938,105</b>	<b>1,468,804</b>	<b>687,820</b>	<b>2,686,794</b>	<b>4,249,502</b>	<b>11,031,025</b>
Quasi Equity	1,776,009	197,079	139,945	292,655	575,129	2,980,817
<b>Off-balance sheet items</b>						
Off-balance sheet items	-	-	-	-	-	-
Commitments	42,759	7,188	39,061	164,403	26	253,437

The table above shows the maturity profile of the Group's assets and unrecognized commitments on the basis of their contractual maturity. For other items, (including past due receivables), the maturity profile is on the basis of their expected realization/ settlement profile for assets and liabilities respectively. The total assets are reconciled to the gross credit exposures considered for capital adequacy computation purposes.

## 6.6. Large Exposures

The CBB has set a single exposure limit of 15% of the Bank's total capital base on exposures to individual and a combined exposure limit of 25% of total capital base of closely connected counterparties. The excess amount of any exposure above the mentioned thresholds must be risk weighted at 800%, unless it is an exempt exposure in accordance with the requirements of CBB rulebook.

During the period, as a part of sale of RSRED Real Estate subsidiary, the Bank has subscribed to USD 100 Million perpetual sukuk issued by the Infracorp BSC (c), the Bank had sought approval to exempt the Infracorp exposure including the additional USD 100 Million perpetual sukuk from large exposure limit of 15% and from risk weighting the excess exposure at 800%, and exemption from connected counterparty. Accordingly, in a letter from CBB dated 15 February 2024, the request for the exemption has been approved for a period of one year, subject to annual reassessment.

All large exposures in excess of 15% of capital base as at 31 December 2024 has been risk weighted at 800%. Also, the combined exposures in excess of 25% of total capital base of closely connected counterparties have been risk weighted at 800%.

As at 31 December 2024, the Group did not report a single large exposure which is in excess of 15% of Capital Base.

## 6.7. Impaired facilities and past due exposures

The Bank classifies credit exposures into two broad categories "Unimpaired" and "Impaired", reflecting risk of default and the availability of collateral or other credit risk mitigation. The Bank does not perform a collective assessment of impairment for its credit exposures as the credit characteristics of each exposure are considered to be different. Credit and investment exposures are subject to regular reviews by the Investment Units and RMD.

The definition and details of impaired assets, past due but not impaired exposures and policy for establishing an allowance account and write-off of an exposure is provided for in Note 37 to the consolidated financial statements. The details of changes in impairment allowances for financial assets are provided for in the notes to the consolidated financial statements.

All impaired and past due credit exposures at 31 December 2024 mainly relate to the treasury, other receivables and real estate sectors.

## 6.8. Credit risk mitigation

The credit risk exposures faced by the Bank are primarily related to placements with other financial institutions, investments in sukuks, other credit facilities and in respect of investment-related funding made to its projects. The funding made to the projects are based on the assessment of the underlying value of the assets and the expected streams of cash flows.

The Bank shall conduct all necessary due diligence irrespective of obtaining credit risk mitigates. As a principle, the Bank should try, on a best effort basis, not to extend facilities without any security / collateral. Only eligible collaterals as per the CBB guidelines shall be considered for reducing the capital requirement though the Bank can continue to take non-eligible collaterals to safeguard its exposure subject to obtaining requisite approvals. As a matter of principle, collateral should not replace a careful assessment of the borrower's ability to repay.

## 6.9. Regulatory capital requirements by type of financing contracts

US\$ 000's

Financing Contracts	Exposure		Credit Risk Weighted Assets		Capital Requirement @ 12.5%	
	Self-finance	IAH	Self-finance	IAH	Self-finance	IAH
Murabaha	413,342	1,003,846	585,048	308,958	73,130	38,621
Ijarah Assets	600,414	35,785	249,692	21,172	31,212	2,647
Musharaka	-	-	-	-	-	-
Mudharabah	18,085	-	-	-	-	-
Wakala	-	-	-	-	-	-
<b>Total</b>	<b>1,031,841</b>	<b>1,039,631</b>	<b>834,740</b>	<b>330,130</b>	<b>104,343</b>	<b>41,268</b>

## 6.10. Related party and intra-group transactions

Related counterparties are those entities which are connected to the Bank through significant shareholding or control or both. The Bank has entered into business transactions with such counterparties in the normal course of its business. For the purpose of identification of related parties, the Bank strictly follows the guidelines issued by Central Bank of Bahrain and definitions as per FAS issued by AAOIFI. Detailed break-up of exposure to related parties has been presented in Note 26 to the consolidated financial statements.

## 6.11. Exposure to highly leveraged and other high-risk counterparties

The Bank has no exposure to highly leveraged and other high-risk counterparties as per definition provided in the CBB rule book PD 1.3.24.

## 6. CREDIT RISK (contd.)

### 6.12. Restructured Facilities

In certain cases, on a need basis, the Bank supports its projects by providing credit facilities. These facilities are provided based on assessment of cash flow requirements of the projects and the projects' ability to repay the financing amounts based on its operating cash flows. The assessment is independently reviewed by the RMD. The terms of the renegotiation primarily include extension of the repayment period. The facilities are provided as viewed necessary based on periodic impairment assessments.

### 6.13. Equity investments held in banking book

The Bank does not have a trading book and hence all of its equity investments and other investments are classified in the banking book and are subject to credit risk weighting under the capital adequacy framework. For regulatory capital computation purposes, the Bank's equity investments in the banking book include available-for-sale investments, significant and majority investments in commercial entities and associate investments in non-significant financial and non-financial entities (i.e. significant financial entities which qualify as associates are treated separately for regulatory purposes).

Please refer to the notes to the consolidated financial statements for policies covering the valuation and accounting of equity holdings, including the accounting policies and valuation methodologies used, key assumptions and practices affecting valuation.

The Bank provides review of all transactions. A fair evaluation and impairment assessment of investments takes place. Investment updates are periodically reviewed by the Board of Directors. Regular audits of business units and processes are undertaken by Internal Audit.

The Bank's equity investments are predominantly in its own projects, which include venture capital, private equity, asset management, real estate development and development infrastructure investment products. The intent of such investments is a later stage exit along with the investors principally by means of sell-outs at the project level or through initial public offerings. The Bank also has a strategic financial institutions investment and treasury portfolio which is aligned with the long-term investment objectives of the Group.

Information on equity investments	US\$ 000's
Privately held	897,564
Quoted in an active market	126,825
Dividend income, net	38,312
Realised gain/ (loss) during the year	(1,146)

The following are the categories under which equity investments are included in the capital adequacy computations as per the requirements of the CBB rules:

	US\$ 000's					
	Gross exposure		Risk weighted exposure		Capital Charge 12.5%	
	Self-finance	EIAH	Self-finance	EIAH	Self-finance	EIAH
Claims on Banks	-	276,434	-	129,098	-	4,841
Other Corporates Including Category 3 Investment Firms - unrated	377,823	-	377,823	-	47,228	-
Listed equity investment	98,613	-	98,613	-	12,327	-
Unlisted equity investment*	186,251	-	279,376	-	34,922	-
Significant investment in the common shares of financial entities >10%	838	-	2,095	-	262	-
Investments in unrated funds - listed	-	28,213	-	28,213	-	1,058
Investments in unrated funds - unlisted	-	-	-	-	-	-
Investment in unlisted real estate companies	25,368	30,849	56,400	9,255	7,050	347
Other Assets	-	-	-	-	-	-
<b>Total</b>	<b>688,893</b>	<b>335,496</b>	<b>814,307</b>	<b>166,565</b>	<b>101,789</b>	<b>6,246</b>

\*Includes amounts of risk weighted assets arising from full consolidation of Khaleeji

### 6.14. Geographical and sector wise break up of impairment allowances and impaired and past due accounts

During the period, there is no credit impaired or past due accounts.

## 7. MARKET RISK

### 7.1. Introduction

Market risk is the risk of loss due to factors like foreign exchange rates, profit rates, equity prices, sukuk prices and commodity prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. As a matter of general policy, the Bank does not assume trading positions on its assets and liabilities, and hence the entire balance sheet is a non-trading portfolio (banking book). The Bank has adopted a standardised approach for measurement of market risk under the CBB capital adequacy framework. The CBB's standardised approach capital computation framework requires risk weighted assets to be computed for price risk, equities position risk, Treasury products risk, foreign exchange risk and commodities risk. Hence, from a capital computation perspective the Bank's market risk measurement is limited to foreign exchange risk in the banking book. The Bank is also exposed to profit rate risk in the banking book which is managed separately.

### 7.2. Foreign exchange risk management

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank seeks to manage currency risk by continually monitoring exchange rates. The Board of Directors approves policies and strategies related to the management of FX risk. The Assets and Liabilities Committee ('ALCO') supports the Board in managing FX risk by recommending policies, setting limits and guidelines and monitoring the FX risk of the Bank on a regular basis. ALCO provides guidance for day-to-day management of FX risk and also approves hedging programs. The management of the day-to-day FX position of the Bank is the responsibility of the Treasury. The Treasury department shall ensure adequate FX liquidity to meet the maturing obligations and growth in assets while ensuring that all limits and guidelines set by the Board and ALCO are complied with; and shall implement hedging and other approved strategies for managing the risk. The Risk Management Department on an ongoing basis reviews the limits set and ensures that the concerned department(s) is complying with all limits set as per the risk appetite of the Bank. The Group has reported net exposures denominated in various foreign currency as of 31 December 2024 from various financial instruments and structural foreign currency exposure arising from unhedged equity investments in its foreign subsidiaries and investments (refer to Note 37 (c) of the consolidated financial statements).

The management of foreign exchange risk against net exposure limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various foreign exchange scenarios. Standard scenarios that are considered include a 5% plus / minus increase in exchange rates, other than GCC pegged currencies. An analysis of the Bank's net foreign exchange position and its sensitivity to an increase or decrease in foreign exchange rates (assuming all other variables, primarily profit rates, remain constant) has been presented in Note 37 to the consolidated financial statements.

### 7.3. Capital requirements for market risk

To assess its capital adequacy requirements for market risk in accordance with the CBB capital adequacy module for Islamic Banks, the Bank adopts the standardised approach. A foreign exchange risk charge is computed based on 8% of overall net open foreign currency position of the Group.

US\$ 000's

Self Financed	31 December 2024	Maximum during the year	Minimum during the year
Foreign exchange risk - [A]	10,671	12,128	6,103
Risk weighted assets - [B] = (A*12.5)	133,389	151,595	76,284
Capital requirement - (B*12.5%)	16,674	18,949	9,536

## 8. OPERATIONAL RISK

### 8.1. Introduction

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk is an inherent part of normal business operations. The Bank has adopted the Basic Indicator Approach for measurement of operational risk under the Basel Framework and CBB capital adequacy computation framework.

### 8.2. Operational risk management

Whilst operational risk cannot be eliminated entirely, the Bank endeavors to minimize it by ensuring that a strong control infrastructure is in place throughout the organization. Various procedures and processes used to manage operational risk include effective staff training, appropriate controls to safeguard assets and records, regular reconciliation of accounts and transactions, close monitoring of risk limits, segregation of duties, and financial management and reporting. The Risk Management Department manages the framework and facilitates the process of operational risk management.

The Bank has an operational risk management framework which includes components such as Key Risk Indicators (KRIs), operational loss data and Risk & Control Self-Assessment (RCSA) across the Bank.

The Bank's definition of operational risk also incorporates legal and Sharia'a compliance risk. This is defined as an operational risk facing Islamic banks which can lead to, loss of reputation, non-recognition of income and loss of revenue. This definition excludes strategic, liquidity, credit, market and reputational risks. Whilst operational risk excludes losses attributable to traditional banking risks (credit, market and liquidity), the Bank recognises that operational risk is attached to the management of those traditional risks. For example, operational risk includes legal and compliance related risks attached to the management of credit and market risk. Operational risks are attached to the management of business as usual as well as to changes such as the introduction of new products, projects or program activities.

### 8.3. Legal compliance and litigation

The Bank has established approved policies in relation to legal, regulatory and compliance risk; and has dedicated Compliance and Legal departments in place.

All contracts, documents, etc. have to be reviewed by the Legal department as well. For information on contingencies, refer to Note 36 of the consolidated financial statements.

### 8.4. Sharia Compliance

The Sharia Supervisory Board (SSB) is entrusted with the duty of directing, reviewing and supervising the activities of the Bank in order to ensure that they are in compliance with the rules and principles of Islamic Sharia and specific fatwas, rulings and guidelines issued. The Bank also has a dedicated Sharia audit function, who performs an ongoing independent review of the compliance with the fatwas and rulings of the SSB on products and processes and also reviews compliance with the requirements of the Sharia standards prescribed by AAOIFI while the Coordination and Implementation function assists the SSB in issuing Sharia pronouncements/ resolutions about the products and services offered by the Group. The SSB reviews and approves all products and services before launching and offering to the customers and also conducts periodic reviews of the transactions of the Bank. An annual audit report is issued by the SSB confirming the Bank's compliance with Sharia rules and principles.

### 8.5. Capital requirements for operational risk

The Bank adopts the Basic Indicator Approach to evaluate operational risk charge in accordance with the approach agreed with the CBB. The Bank's average gross income for the last three financial years is multiplied by a fixed coefficient alpha of 15% set by CBB and a multiple of 12.5x is used to arrive at the risk weighted exposure that are subject to capital charge of 12.5%.

US\$ 000's

	Average gross income	Risk weighted exposure	Capital charge at 12.5%
Operational risk	318,453	597,099	74,637

## 9. OTHER TYPES OF RISK

### 9.1. Introduction

Apart from the risks listed in the previous sections, the Bank is also exposed to other types of risks which it identifies and manages as part of its risk management framework. Although these risks do not directly form part of the Tier 1 risks, they are identified and captured by the ICAAP under pillar II risks.

### 9.2. Liquidity risk

Liquidity risk is the inability of the Bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. This also includes the inability of the Bank to liquidate its assets at their expected prices in a reasonable period. The Group's approach to managing liquidity is to ensure that it should 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 Bank has a liquidity risk policy in place, which describes the roles and responsibilities of various committees, Treasury and other concerned departments in management of liquidity. The Liquidity Risk policy and Liquidity Risk appetite limits stipulate various liquidity ratios to be maintained by the Bank, as well as gap limits for time bucket of the maturity ladder.

The liquidity position is closely monitored and stressed to cover both normal and severe bank specific and market specific conditions. Daily reports cover the liquidity position of the Bank. Moreover, periodic reports are submitted to the Asset and Liability Management Committee of the Bank (ALCO), Audit & Risk Committee (ARC) and to the Board of Directors for review and strategic decision. For maturity profile of assets and liabilities refer to Note 32 of the consolidated financial statements.

The following are the key liquidity ratios which reflect the liquidity position of the Group:

	US\$ 000's		
Liquidity Ratios	31 December 2024	Maximum	Minimum
Liquid assets : Total assets	49.05%	49.05%	45.31%
Liquid assets : Total deposits	140.99%	168.81%	138.80%
Short-term assets : Short-term liabilities	46.32%	46.55%	40.12%
Illiquid assets : Total assets	50.95%	54.69%	50.95%

### 9.3. Management of profit rate risk in the banking book (PRRBB)

Profit rate risk is the exposure of a bank's financial condition to adverse movements in profit rates. Changes in profit rates affect a bank's earnings by changing its net profit income and the level of other profit-sensitive income and operating expenses. Changes in profit rates also affect the underlying value of the bank's assets, liabilities, and off-balance-sheet (OBS) instruments because the present value of future cash flows change when profit rates change.

The sources of profit rate risk relevant for Bank's balance sheet size and complexity comprises mainly of:

- **Repricing Risk:** The primary form of profit rate risk arises from timing differences in the maturity (for fixed-rate) and repricing (for floating-rate) of bank assets, liabilities, and OBS positions.
- **Basis Risk:** Another important source of profit rate risk arises from imperfect correlation in the adjustment of the rates earned and paid on different instruments with otherwise similar repricing characteristics. When profit rates change, these differences can give rise to unexpected changes in the cash flows and earnings spread between assets, liabilities and OBS instruments of similar maturities or repricing frequencies.
- **Yield Curve Risk:** Yield curve risk is the risk associated with either a flattening or steepening of the yield curve. Mismatch in maturity or repricing dates of assets, liabilities and off-balance sheet items expose the Bank to risks that arises from non-parallel shift in yield curve.
- **Optionality Risk:** This risk arises from the discretion that a Bank's customers and counterparties have in respect of their contractual relations with the bank in the form of financial instruments. Embedded options are diverse and bank-specific and include prepayment risk on fixed rate loans and deposits and switching risk on non-interest-bearing current accounts.

The Board is responsible for the overall management of the profit rate risk. ALCO helps the Board in determining the borrowing and funding strategy of the Bank in order to optimize risk return trade off. It supports the Board in managing profit rate risk by recommending policies, setting limits and guidelines and monitoring the risk on a regular basis.

## 9. OTHER TYPES OF RISK (contd.)

### 9.3. Management of profit rate risk in the banking book (PRRBB) (contd.)

The objective of profit rate risk measurement is to maintain the Bank's profit rate risk exposure within risk appetite limits. The process of establishing profit rate risk limits and describing the risk-taking guidelines provides the means for achieving the objective. Such a process defines the boundaries for the level of profit rate risk for the Bank. The limit structure also ensures that positions that exceed certain predetermined levels receive prompt management attention.

The limit system enables management to control profit rate risk exposures, initiate discussion about opportunities and risks, and monitor actual risk taking against predetermined risk tolerance.

The management of profit rate is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard profit rate scenarios.

#### 9.3.1 Management of profit rate risk in the banking book (PRRBB)

A Summary of the Bank's profit rate gap position at 31 December 2024 is as follows:

The management of profit rate risk against profit rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard profit rate scenarios. Standard scenarios that are considered include a 100 basis points (bps) parallel fall or rise in yield curves and a 50 bps rise or fall of all yield curves.

An analysis of the Group's sensitivity to an increase or decrease in market profit rates (assuming no asymmetrical movement in yield curves and a constant statement of financial position) is as below:

	US\$ 000's	
	100bp parallel increase/decrease	50bps increase/decrease
At 31 December 2024	±8,694	±4,347
Average for the period	±11,235	±5,617
Maximum for the period	±12,717	±6,358
Minimum for the period	±8,694	±4,347

200 bps parallel increase / (decrease)	US\$ 000's
At 31 December 2024	±17,389
Average for the period	±22,470
Maximum for the period	±25,434
Minimum for the period	±17,389

### 9.4. Concentration risk

This risk arises from exposure to a common set of factors that can produce losses large enough to threaten the Bank's health or ability to maintain its core business. Concentration risk can arise from exposure to specific classes of assets, sector, country, revenue streams, counterparty, a group of counterparties, etc. Concentration risk is mitigated by limits, diversification by assets, geography, counterparty quality etc. The industry sector and geographical concentration of credit exposures has been disclosed in Notes 33 (a) and 33 (b) of the consolidated financial statements respectively.

### 9.5. Counterparty credit risk

Counterparty credit risk is the risk that a counterparty to a contract in the profit rate, foreign exchange, equity and credit markets defaults prior to maturity of the contract. In addition to the identified credit risk exposures the Bank's counterparty credit risk from markets as such is limited to the fair value of contracts of foreign exchange risk management instruments the overall exposure to which is usually not significant. For other credit market transactions (primarily inter-bank placements), the Bank has established a limit structure based on the credit quality (assessed based on external rating) of each counter party bank to avoid concentration of risks for counterparty, sector and geography. The Bank is constantly reviewing and monitoring the positions to ensure proper adherence to the limits and defined policies of the Bank. As at 31 December 2024, the Bank did not have any open positions on foreign exchange contracts.

### 9.6. Reputational risk (non-performance risk)

Reputation risk is the risk that negative perception regarding the Bank's business practices or internal controls, whether true or not, will cause a decline in the Bank's investor base, leading to costly litigation that could have an adverse impact on the liquidity or capital of the Bank. Being an Islamic Investment Bank, reputation is an important asset and among the issues that could affect the Bank's reputation is the inability to exit from investments, lower than expected returns on investments and poor communication to investors. A well developed and coherently implemented communication strategy helps the Bank to mitigate reputational risks.

### **9.7. Displaced commercial risk**

Displaced Commercial Risk (DCR) refers to the market pressure to pay returns that exceed the rate that has been earned on the assets financed by the liabilities, when the return on assets is under performing as compared with competitor's rates. The returns to investors on the funds are based on returns earned from short-term placements and hence the Bank is not exposed to a significant repricing risk or maturity mismatch risk in relation to these accounts. In relation to the DCR that may arise from its investment banking and restricted investment account products, the risk is considered limited as the Bank does not have any obligation to provide fixed or determinable returns to its investors. The Bank is currently in the process of drafting a DCR policy, however the Bank constantly monitors all potential risks that may arise from all such activities as part of its reputational risk management.

### **9.8 Cybersecurity and Data Protection Risk**

Cybersecurity risk refers to the potential loss or damage resulting from cyberattack or data breaches. For the Bank, cybersecurity remains a top priority, crucial for safeguarding client data and institutional assets. The Bank has enhanced its security posture through comprehensive risk management strategies, regular system assessments, and the deployment of advanced threat prevention and detection tools. The Information Security Team has diligently ensured compliance with international standards and local regulatory requirements, achieving the highest levels of data protection and operational resilience.

The Bank's cyber resilience practices to safeguard the clients' data and services include implementing state-of-the-art cybersecurity measures aligned with international standards, providing continuous security monitoring and response, and ensuring compliance with regulations such as those from the Central Bank of Bahrain (CBB) and the Bahrain Data Protection Law (PDPL). Information Security best practices are embedded into the organisational culture, utilize advanced systems and cyber threat intelligence to defend against emerging threats, and detect and eliminate online impersonation and phishing attempts targeting GFH and its subsidiaries.

### **9.9. Other risks**

Other risks include strategic, fiduciary risks, regulation risks etc. which are inherent in all business activities and are not easily measurable or quantifiable. However, the Bank has policies and procedures to mitigate and monitor these risks. The Bank's Board is overall responsible for approving and reviewing the risk strategies and significant amendments to the risk policies. The Bank's Senior Management is responsible for implementing the risk strategy approved by the Board to identify, measure, monitor and control the risks faced by the Bank. The Bank as a matter of policy regularly reviews and monitors financial and marketing strategies, business performance, new legal and regulatory developments and its potential impact on the Bank's business activities and practices.

## **10. ICAAP CONSIDERATIONS**

The ICAAP incorporates a review and evaluation of risk management and capital relative to the risks to which the bank is exposed. GFH has developed an ICAAP which involves identification and measurement of risks to maintain an appropriate level of internal capital in alignment to the Bank's overall risk profile and business plan. An ICAAP policy and framework has been developed to address major components of the Bank's risk management, from the daily management of material risks including risk types which are not covered under Pillar I including liquidity risk, profit rate risk in the banking book, concentration risk, strategic risk, reputational risk etc. The Bank uses the ICAAP document for internal capital monitoring purposes.

## **11. PRODUCT DISCLOSURES**

### **11.1. Product descriptions and consumer awareness**

The Bank offers a comprehensive mix of Sharia compliant investment banking products primarily to high net worth and sophisticated investors. This includes a range of innovative structured investment products like funds, repackaged products and structured restricted investment accounts. The investment department of the Bank has expertise in creating innovative high-end and value-added products offering a wide range of structures, expected returns, tenors and risk profiles.

A proposal for any new product is initiated by individual business lines within the Bank. The Management Investment Committee of the Bank reviews such proposals to ensure that the new product/ business is in line with the Bank's business and risk strategy. All new products will need the approval of the respective authorities as per the Delegated Authority Limits (DAL) as well as the Sharia Supervisory Board of the Bank.

### **11.2. Customer complaints**

GFH is dedicated to providing a high standard of service and to maintaining its reputation for honesty and integrity in all its dealings. The Bank takes all disputes and complaints from its customers and business partners very seriously. The Bank has a comprehensive policy on handling external complaints, approved by the Board. All employees of the Bank are aware of and abide by this policy. The complaint handling process is disclosed on the Bank's website and also in all printed prospecting materials. Complaints are normally investigated by persons not directly related to the subject matter of the complaint.

### 11.3. Equity of Investment Account Holders (EIAHD)/URIA

The current EIAH deposits have been accepted on a case-by-case basis considering the Bank's relationship with its customers.

The EIAH holder authorises the Bank to invest the funds in any investments approved by the Bank's Sharia Board without any preconditions. All EIAH accounts are on profit sharing basis, but the Bank does not guarantee any particular level of return. In accordance with the principles of Sharia, the entire investment risk is on the investor. Any loss arising from the investment will be borne by the customer except in the case of the Bank's negligence. The Bank charges a Mudarib fee as its share of profit. Early withdrawal is at the discretion of the Bank and is subject to the customer giving reasonable notice for such withdrawal and agreeing to forfeit a share of the profit earned on such account.

The Bank has only one type of financing for URIA which is Murabaha. Currently, the Bank comingles the EIAH funds with its funds for investments only into interbank placements and hence is not subject to any significant profit re-pricing or maturity mismatch risks. As a part of the internal monitoring, the Bank monitors the amount invested under EIAH. The Bank has an element of displaced commercial risk on EIAH which is mitigated by setting up and maintaining an appropriate level of Profit Equalisation Reserve (PER) and Investment Risk Reserve (IRR) to smoothen return to EIAH holders. Profit Equalisation Reserve (PER) is created by allocations from gross income of the Mudarabah before adjusting the Mudarib (Bank) share. Investment Risk Reserves (IRR) comprises amounts appropriated out of the income of investment account holders after deduction of the Mudarib share of income.

Administrative expenses incurred for management of the funds are borne directly by the Bank and are not charged separately to investment accounts. All terms of the EIAH are agreed upfront with the customers and form part of the agreement with the customer. For the last one year, the Bank has not made any withdrawals on PER or IRR. Any movements on these accounts are therefore only on account of additional reserves added.

For the qualitative disclosures pertaining to EIAH of Khaleeji, please refer to the annual report of Khaleeji. The quantitative disclosures below are pertaining to the EIAH from the Bank.

The details of Bank's income distribution to IAH holders for the last five years are given below:

	US\$ 000's				
As at 31 December	2024	2023	2022	2021	2020
Allocated income to IAH	91,412	63,926	2,597	11,548	15,330
Distributed profit	91,412	63,926	2,597	11,548	15,330
Mudarib fees*	0	0.2	0.3	0.3	0.3
Average rate of return earned	4.36%	4.42%	4.44%	5.77%	5.14%
IAH <sup>[1]</sup>	2,097,284	1,445,867	58,548	200,234	176,273
Profit Equalisation Reserve (PER)	10	9	9	9	9
Investment Risk Reserve (IRR)	6	6	6	6	6
Profit Equalisation Reserve-to-IAH (%)	-	-	-	-	-
Investment Risk Reserve-to-IAH (%)	-	-	-	-	-

[1] Represents average balance

\* Includes contribution towards deposit protection scheme

#### **11.4. Restricted investment accounts**

The Bank offers Restricted Investment Accounts ("RIAs") to both financial institutions and high net worth individuals in the GCC. All RIA product offering documents ("Offering Document") are drafted and issued with input from the Bank's Investment Banking, Sharia, Financial Control, Legal and Risk Management Departments to ensure that the Investors have sufficient information to make an informed decision after considering all relevant risk factors. The Bank has guidelines for the development, management and risk mitigation of its' RIA investments and for establishment of sound management and internal control systems to ensure that the interests of the investment account holders are protected at all times. Wherever it is necessary for the Bank establishes Special Purpose Vehicles (SPVs) for management of the investment. The Bank has a Board approved SPV Governance framework in place to equip the Board in ensuring that the management of such SPVs are conducted in a professional and transparent manner.

The Bank is aware of its fiduciary responsibilities in management of the RIA investments and has clear policies on discharge of these responsibilities. The Bank considers the following in discharge of its fiduciary responsibilities:

- Ensuring that the investment structure, Offering Documents and the investment itself are fully compliant with Islamic Sharia principles and the CBB regulations;
- Appropriately highlighting to the Investors, as part of the RIA Offering Document, of all the relevant and known risk factors and making it clear that the investment risk is to be borne by the Investor before accepting the investment funds;
- Completing all necessary legal and financial due diligence on investments undertaken on behalf of the Investors with the same level of rigor as the Bank requires for its' own investments;
- Ensuring that the funds are invested strictly in accordance with the provisions outlined in the Offering Documents;
- Preparing and disseminating periodical investment updates to Investors on a regular basis during the tenor of the investment;
- Distributing the capital and profits to the Investor in accordance with the terms of the offering document; and;
- In all matters related to the RIA, RIA SPV(s) and the investment, act with the same level of care, good faith and diligence as the Bank would apply in managing its own investments.

Within the Bank, the abovementioned responsibilities and functions are provided, managed and monitored by qualified and experienced professionals from the Investment Banking, Sharia, Financial Control, Legal, Investment Administration and the Risk Management Departments with Internal Audit oversight.

The restricted investment accounts primarily represent the investments in the projects promoted by the Bank and managed on a portfolio basis on behalf of investors.

There have been no annual distributions made in RIA for the past five years.

For the qualitative disclosures pertaining to RIA's of Khaleeji, please refer to the annual report of Khaleeji.

## **12. OTHER DISCLOSURES**

### **12.1. Details of Penalties Paid to CBB**

As at 31 December 2024, no penalties paid to CBB.

### **12.2. Earnings prohibited by Sharia**

The Group is committed to avoid recognising any income generated from non-sharia sources. Accordingly, all non-sharia income is credited to a charity account where the Group uses these funds for charitable means. Movements in non-sharia funds are shown in the statement of sources and uses of charity funds. The Group receives interest from deposits placed with the CBB and other incidental or required deposits. These earnings are utilised exclusively for charitable purposes and amount to US\$ 2,092 thousand (2023: US\$ 278 thousand). In addition, as at 31 December 2024, there were no Sharia violations that were identified and reported.

06:

# Financial Statements

A 96 Page Review of Group's  
Financial Statements

# Sharia Supervisory Board Report on the Activities of GFH Financial Group B.S.C

for the year ended 31 December 2024

11 February 2025  
12 Shaban 1446 AH

Prayers and Peace Upon the Last Apostle and Messenger, Our prophet Mohammed, His comrades and Relatives.

The Sharia Supervisory Board of GFH Financial Group has reviewed the Bank's investment activities and compared them with the previously issued fatawa and rulings during the financial year 31st December 2024.

## **Respective Responsibility of Sharia Supervisory Board**

The Sharia Supervisory Board believes that as a general principle and practice, the Bank Management is responsible for ensuring that it conducts its business in accordance with Islamic Sharia rules and principles. The Sharia Supervisory Board responsibility is to express an independent opinion on the basis of its control and review of the Bank's operations and to prepare this report.

## **Basis of opinion**

Based on Sharia Supervisory Board fatwas and decisions, AAOIFI standards and Sharia Audit plan, the Sharia Supervisory Board through its periodic meetings reviewed the Sharia Audit function reports and examined the compliance of documents and transactions in regards to Islamic Sharia rules and principles, in coordination with Sharia Implementation & Coordination function. Furthermore, the Bank's management explained and clarified the contents of Consolidated Balance Sheet, Consolidated Income Statement, Consolidated statement of Zakah and Charity fund, and attached notes for the financial year ended on 31st December 2024 to our satisfaction.

## **Opinion**

The Sharia Supervisory Board believes that,

- The contracts, transactions and dealings entered into by the Bank are in compliance with Islamic Sharia rules and principles
- The distribution of profit and allocation of losses on investments was in line with the basis and principles approved by the Sharia Supervisory Board and in accordance to the Islamic Sharia rules and principles
- Any earnings resulted from sources or means prohibited by the Islamic Sharia rules and principles, have been directed to the Charity account.
- Zakah was calculated according to the Islamic Sharia rules and principles, by the net assets method. It is to be noted that the responsibility of paying Zakah lies on the Shareholders of the Bank.
- The Bank was committed to comply with Islamic Sharia rules and principles, the Sharia Supervisory Board fatawa and guidelines, Sharia related policies and procedures, AAOIFI's Sharia standards, and Sharia directives issued by the CBB.

We extend our sincere thanks to all the regulatory authorities in the Kingdom of Bahrain and abroad for their support in the procedural matters.

Praise be to Allah, Lord of the worlds. Prayer on Prophet Mohammed (Peace Be Upon Him), all his family and Companions.

**Sheikh Nedham Yaqoubi**  
Executive Member

**Sheikh Abdulla Al Menai**  
President

**Sheikh Abdulaziz Al Qassar**  
Executive Member

**Sheikh Fareed Hadi**  
Executive Member

# Independent Auditors' Report to the Shareholders of

GFH Financial Group B.S.C, PO Box 10006, Manama, Kingdom of Bahrain

## Opinion

We have audited the accompanying consolidated financial statements of GFH Financial Group B.S.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, income and attribution related to quasi-equity, changes in owners' equity, cash flows, and changes in off-balance-sheet investment accounts, for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated results of operations, consolidated income and attribution related to quasi-equity, consolidated changes in owners' equity, consolidated cash flows, and consolidated changes in off-balance-sheet investment accounts for the year then ended in accordance with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI").

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 Opinion

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions ("ASIFIs") issued by AAOIFI. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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# Independent Auditors' Report to the Shareholders (contd.)

## Impairment Allowance on Financing Contracts

Refer accounting policy in note 4(h) and (p), use of estimates and judgments in note 5 (a) and management of credit risk in note 37 (a).

The key audit matter	How the matter was addressed in our audit
<p>We focused on this area because: Of the significance of financing contracts representing 19% of total assets.</p> <p>The estimation of expected credit losses ("ECL") on Financing contracts involve significant judgment and estimates. The key areas where we identified greater level of management judgment and estimates are:</p> <p><b>Use of Complex Models</b> Use of inherently judgmental complex models to estimate ECL which involves determining Probabilities of default ("PD"), Loss Given Default ("LGD") and Exposure At default ("EAD"). The PD models are considered the drivers of the ECLs.</p> <p><b>Economic Scenarios</b> The need to measure ECLs on an unbiased forward-looking basis incorporating a range of economic conditions. Significant management judgment is applied in determining the economic scenarios used and the probability weightings applied to them.</p> <p><b>Management Overlays</b> Adjustments to the ECL model results are made by management to address known impairment model limitations or emerging trends or risks. Such adjustments are inherently uncertain and significant management judgment is involved in estimating these amounts.</p>	<p>Our procedures, amongst others, included: Evaluating the appropriateness of the accounting policies adopted based on the requirements of applicable accounting standards, regulatory guidance, our business understanding and industry practice.</p> <p>Confirming our understanding of management's processes, systems and controls over the ECL calculation process.</p> <p><b>Control Testing</b> We performed process walkthroughs to identify the key systems, applications and controls associated with the ECL calculation processes.</p> <p>Key aspects of our controls testing involved the following:</p> <ul style="list-style-type: none"><li>• Testing controls over the transfer of data between underlying source systems and ECL models that the Group operates.</li><li>• Performing a detailed credit risk assessment for a sample of performing corporate contracts to test controls over the credit rating and monitoring process.</li><li>• Testing controls over the review and approval of post model adjustments and management overlays and the governance process over such overlays;</li><li>• Testing controls over the modelling process, including governance over model monitoring, validation and approval.</li></ul> <p><b>Tests of details</b> Key aspects of our testing involved:</p> <ul style="list-style-type: none"><li>• Reviewing a sample of credit files for performing accounts and evaluating the financial performance of the borrower, source of repayment and eligible collateral and on this basis assess the appropriateness of credit rating and staging</li><li>• Sample testing over key data inputs used in estimating the ECL and assessing the completeness, accuracy and relevance of data used.</li><li>• Re-performing key elements of the Group's model calculations and assessing performance results for accuracy.</li><li>• Sample testing over factors used to determine whether significant increase in credit risk has been appropriately identified.</li><li>• Selecting a sample of post model adjustments and management overlays to assess the reasonableness of the adjustments by challenging key assumptions, testing the underlying calculation and tracing a sample back to the source data.</li></ul> <p>Assessing the adequacy of provisions against individually impaired financing contracts (stage 3) in accordance with the applicable FAS.</p>

# Independent Auditors' Report to the Shareholders (contd.)

## Impairment allowance on financing assets (contd.)

The key audit matter	How the matter was addressed in our audit
	<p><b>Use of specialists</b></p> <p>For the relevant portfolios examined, we have involved KPMG specialists to assist us in assessing IT system controls and challenging key management assumptions used in estimating expected credit losses. Key aspects of their involvement included the following:</p> <ul style="list-style-type: none"><li>• We involved our Information Technology Audit specialists to test the relevant General IT and Applications Controls over key systems used for data extraction as part of the ECL process;</li><li>• We involved our Financial Risk Management (FRM) specialists to assist us in:<ol style="list-style-type: none"><li>a. Evaluating the appropriateness of the Groups' ECL methodologies (including the staging criteria used);</li><li>b. On a test basis, re-performing the calculation of certain components of the ECL model (including the staging criteria);</li><li>c. Evaluating the appropriateness of the Group's methodology for determining the economic scenarios used and the probability weights applied to them; and</li><li>d. Evaluating the overall reasonableness of the management forward- looking estimates by comparing it to external market data and our understanding of the underlying sector and macroeconomic trends.</li></ol></li></ul> <p><b>Disclosures</b></p> <p>We assessed the adequacy of the Group's disclosures in relation to use of significant estimates and judgement and credit quality of financing assets by reference to the requirements of relevant accounting standards</p>

## Valuation of unquoted equity investments

Refer accounting policy in note 4g(iv), (q) and Note 35 relating to fair value of level 3 financial instruments.

The key audit matter	How the matter was addressed in our audit
<p>We considered this as a key audit area we focused on because the valuation of unquoted equity securities held at fair value (level 3) requires the application of valuation techniques which often involve the exercise of significant judgment by the Group and the use of significant unobservable inputs and assumptions</p>	<p>Our procedures included:</p> <p>we involved our own valuation specialists to assist us in:</p> <ul style="list-style-type: none"><li>• evaluating the appropriateness of the valuation methodologies used by comparing with observed industry practice.</li><li>• evaluating the reasonableness of key input and assumptions used by using our knowledge of the industries in which the investees operate and industry norms</li><li>• comparing the key underlying financial data and inputs used in the valuation to external sources, investee company financial and management information, as applicable.</li></ul> <p><b>Disclosures</b></p> <p>Evaluating the adequacy of the Group's disclosures related to valuation of unquoted equity instruments by reference to the relevant accounting standards.</p>

# Independent Auditors' Report to the Shareholders (contd.)

## **Other Information**

The board of directors is responsible for the other information. The other information comprises the annual report but does not include the consolidated financial statements and our auditors' report thereon. Prior to the date of this auditors' report, we obtained the Chairman's report and other sections which forms part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

As part of an audit in accordance with ASIFIs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

# Independent Auditors' Report to the Shareholders (contd.)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performance for purposes of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Regulatory Requirements**

As required by the Commercial Companies Law 2001 (as amended) and Volume 2 of the Rulebook issued by the Central Bank of Bahrain, 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 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), applicable provisions of Volume 6 and CBB directives), the CBB Capital Markets Regulations and associated resolutions, the Bahrain Bourse rules and procedures or 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.

The engagement partner on the audit resulting in this independent auditors' report is Mahesh Balasubramanian.

## **KPMG Fakhro**

Partner Registration Number 137

13 February 2025

# Consolidated Statement of Financial Position

for the year ended 31 December 2024

US\$ 000's

	Note	31 December 2024	31 December 2023
<b>ASSETS</b>			
Cash and bank balances	6	459,966	376,884
Treasury portfolio	7	4,851,634	5,135,032
Financing contracts	8	2,058,157	1,544,810
Real estate investment	9	1,391,135	1,371,932
Co-investments	11	260,164	254,610
Proprietary investments	10	779,368	1,044,727
Receivables and other assets	12	1,173,386	825,331
Property and equipment	13	57,215	229,534
Assets held for sale	39	-	338,619
<b>Total Assets</b>		<b>11,031,025</b>	<b>11,121,479</b>
<b>LIABILITIES</b>			
Clients' funds		204,192	206,222
Placements from financial institutions		2,444,459	2,323,217
Placements from non-financial institutions and individuals	14	1,392,804	960,050
Customer current accounts		308,540	203,697
Term financing	15	2,149,758	2,124,307
Other liabilities	16	435,364	548,056
Liabilities directly associated with assets held for sale	39	-	230,562
<b>Total Liabilities</b>		<b>6,935,117</b>	<b>6,596,111</b>
<b>Quasi Equity</b>	18	<b>2,980,817</b>	<b>3,451,006</b>
<b>OWNERS' EQUITY</b>			
Share capital	19	1,015,637	1,015,637
Treasury shares		(90,692)	(125,525)
Statutory reserve		59,368	47,518
Investment fair value reserve		(40,546)	(46,103)
Cash flow hedge reserve		-	(2,135)
Other reserve		(26,189)	(13,612)
Retained earnings		56,918	105,831
Share grant reserve	20	6,440	7,930
<b>Total equity attributable to shareholders of Bank</b>		<b>980,936</b>	<b>989,541</b>
Non-controlling interests		134,155	84,821
<b>Total owners' equity</b>		<b>1,115,091</b>	<b>1,074,362</b>
<b>Total liabilities, quasi equity and owners' equity</b>		<b>11,031,025</b>	<b>11,121,479</b>

The consolidated financial statements were approved by the Board of Directors on 13 February 2025 and signed on its behalf by:

**Abdulmohsen Rashed Alrashed**  
Chairman

**Hisham Alrayes**  
Chief Executive Officer & Board Member

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

# Consolidated Income Statement

for the year ended 31 December 2024

US\$ 000's

	Note	2024	2023
<b>Investment banking income</b>			
Deal related income		105,052	182,719
Asset management		75,083	18,652
		<b>180,135</b>	201,371
<b>Commercial banking income</b>			
Income from financing		126,880	106,691
Treasury and investment income		105,063	94,254
Fee and other income		22,477	27,210
Commercial banking finance cost		(105,498)	(91,973)
		<b>148,922</b>	136,182
<b>Treasury and Proprietary Investments</b>			
Finance and treasury portfolio income, net		189,073	209,372
Direct investment income, net		127,102	37,142
Income from co-investments		38,312	67,505
Share of profit from equity-accounted investees		30,202	34,536
Income from sale of assets		92,063	7,959
Leasing and operating income		39,086	15,793
Other income	21	15,036	15,089
Finance expenses - Repo and FI		(184,108)	(241,727)
		<b>346,766</b>	145,669
<b>Total income</b>	22	<b>675,823</b>	483,222
<b>Expenses</b>			
Finance expense - Term financing and others		74,167	62,468
Impairment allowances	23	18,297	20,459
Other expenses	24 & 25	252,526	181,373
<b>Total expenses</b>		<b>344,990</b>	264,300
<b>Profit for the year before attribution to quasi equity</b>		<b>330,833</b>	218,922
Less: Net profit attributable to quasi-equity		(202,319)	(113,695)
<b>Profit for the year</b>		<b>128,514</b>	105,227
<b>Profit attributable to:</b>			
Shareholders of the Bank		118,504	102,863
Non-controlling interests		10,010	2,364
		<b>128,514</b>	105,227
<b>Earnings per share</b>			
Basic and diluted earnings per share (US cents)		<b>3.27</b>	2.95

**Abdulmohsen Rashed Alrashed**  
Chairman

**Hisham Alrayes**  
Chief Executive Officer & Board Member

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

# Consolidated Statement of Comprehensive Income

for the year ended 31 December 2024

US\$ 000's

	2024	2023
<b>Profit for the year</b>	128,514	105,227
<b>Other comprehensive income (OCI)</b>		
<b>Items that are or may be reclassified subsequently to statement of income</b>		
Fair value changes on debt investments carried at fair value through OCI	26,892	10,437
Fair value changes on equity investments carried at fair value through OCI	(19,956)	(6,022)
Equity-accounted investees - share of OCI	(12,577)	(13,612)
<b>Other comprehensive income for the year</b>	<b>(5,641)</b>	<b>(9,197)</b>
<b>Total comprehensive income</b>	<b>122,873</b>	<b>96,030</b>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the Bank	<b>113,619</b>	94,208
Non-controlling interests	<b>9,254</b>	1,822
	<b>122,873</b>	<b>96,030</b>

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

# Consolidated Statement of Income & Attribution Related to Quasi-Equity

for the year ended 31 December 2024

US\$ 000's

	2024	2023
<b>Net operating income attribution to quasi equity</b>	330,833	218,922
Adjusted for:		
Less: income not attributable to quasi-equity	(363,746)	(375,413)
Add: Profit expense on due to banks and non-banks	120,297	109,164
Add: expenses not attributable to quasi-equity	337,624	306,144
Less: institution's share of income for its own/ share of investments	(169,937)	(122,748)
Less: allowance for impairment allowances attributable to quasi-equity	1,942	-
<b>Total income available for quasi-equity holders</b>	<b>257,013</b>	136,069
Profit equalization reserve - net movement		
<b>Total income attributable to quasi-equity holders (adjusted for reserves)</b>	<b>257,013</b>	136,069
Less: Mudarib's share	(8,334)	(18,001)
Less: Wakala incentive	(46,360)	(4,373)
<b>Net income attributable to quasi-equity</b>	<b>202,319</b>	113,695
Investment risk reserve -net movement		
<b>Profit distributable to quasi-equity</b>	202,319	113,695
Other comprehensive income that may subsequently be classified to statement of income	1,962	-
<b>Total comprehensive income - attributable to quasi-equity</b>	<b>204,281</b>	113,695
Add: Other comprehensive income not subject to immediate distribution	<b>(1,962)</b>	-
<b>Net profit attributable to quasi-equity</b>	<b>202,319</b>	113,695

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Owners' Equity

for the year ended 31 December 2024

31 December 2024	Attributable to shareholders of the Bank			
	Share capital	Treasury shares	Statutory reserve	Cashflow hedge reserve
Balance at 1 January 2024	1,015,637	(125,525)	47,518	(2,135)
Profit for the year	-	-	-	-
Other comprehensive income	-	-	-	2,135
<b>Total comprehensive income for the year</b>	-	-	-	<b>2,135</b>
Share-based payments	-	-	-	-
Issue of shares under incentive scheme	-	-	-	-
Transfer to zakah and charity fund	-	-	-	-
Dividends declared for 2023	-	-	-	-
Transfer to statutory reserve	-	-	11,850	-
Purchase of treasury shares	-	(262,236)	-	-
Sale of treasury shares	-	297,069	-	-
Reduction in NCI due to additional stake in subsidiary	-	-	-	-
Additional NCI without a change in control	-	-	-	-
Additional NCI on acquisition of subsidiary	-	-	-	-
Sale of shares in subsidiary	-	-	-	-
<b>Balance at 31 December 2024</b>	<b>1,015,637</b>	<b>(90,692)</b>	<b>59,368</b>	-

\* Represents share of changes in reserves of equity accounted investee

31 December 2023	Attributable to shareholders of the Bank			
	Share capital	Treasury shares	Statutory reserve	Cashflow hedge reserve
Balance at 1 January 2023 (as previously reported)	1,015,637	(105,598)	36,995	-
Prior year adjustment	-	-	-	-
Balance as at 1 January 2023 (re-stated)	1,015,637	(105,598)	36,995	-
Profit for the year	-	-	-	-
Other comprehensive income	-	-	-	(2,135)
Total comprehensive income for the year	-	-	-	(2,135)
Share-based payments	-	-	-	-
Issue of shares under incentive scheme	-	-	-	-
Transfer to zakah and charity fund	-	-	-	-
Dividends declared for 2022	-	-	-	-
Transfer to statutory reserve	-	-	10,523	-
Purchase of treasury shares	-	(48,178)	-	-
Sale of treasury shares	-	28,251	-	-
Additional NCI without a change in control	-	-	-	-
Loss of control	-	-	-	-
<b>Balance at 31 December 2023</b>	<b>1,015,637</b>	<b>(125,525)</b>	<b>47,518</b>	<b>(2,135)</b>

\*\* Includes non-controlling interest of US \$ 16,470 classified under held for sale (note 39).

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

US\$ 000's

Attributable to shareholders of the Bank					Total	Non-controlling Interests (NCI)	Total owners' equity
Other reserve *	Investment fair value reserve	Retained earnings	Share grant reserve				
(13,612)	(46,103)	105,831	7,930	989,541	84,821	1,074,362	
-	-	118,504	-	118,504	10,010	128,514	
(12,577)	5,557	-	-	(4,885)	(756)	(5,641)	
<b>(12,577)</b>	<b>5,557</b>	<b>118,504</b>	<b>-</b>	<b>113,619</b>	<b>9,254</b>	<b>122,873</b>	
-	-	-	10,000	10,000	-	10,000	
-	-	-	(11,490)	(11,490)	-	(11,490)	
-	-	(7,037)	-	(7,037)	-	(7,037)	
-	-	(61,000)	-	(61,000)	-	(61,000)	
-	-	(11,850)	-	-	-	-	
-	-	-	-	(262,236)	-	(262,236)	
-	-	(31,328)	-	265,741	-	265,741	
-	-	(18,842)	-	(18,842)	(84,059)	(102,901)	
-	-	(37,360)	-	(37,360)	133,106	95,746	
-	-	-	-	-	30,790	30,790	
-	-	-	-	-	(39,757)	(39,757)	
<b>(26,189)</b>	<b>(40,546)</b>	<b>56,918</b>	<b>6,440</b>	<b>980,936</b>	<b>134,155</b>	<b>1,115,091</b>	

Attributable to shareholders of the Bank					Total	Non-controlling Interests (NCI)	Total owners' equity
Other reserve	Investment fair value reserve	Retained earnings	Share grant reserve				
-	(53,195)	95,831	6,930	996,600	74,794	1,071,394	
-	-	(22,753)	-	(22,753)	-	(22,753)	
-	(53,195)	73,078	6,930	973,847	74,794	1,048,641	
-	-	102,863	-	102,863	2,364	105,227	
(13,612)	7,092	-	-	(8,655)	(542)	(9,197)	
(13,612)	7,092	102,863	-	94,208	1,822	96,030	
-	-	-	6,600	6,600	-	6,600	
-	-	-	(5,600)	(5,600)	-	(5,600)	
-	-	(1,000)	-	(1,000)	-	(1,000)	
-	-	(56,261)	-	(56,261)	-	(56,261)	
-	-	(10,523)	-	-	-	-	
-	-	-	-	(48,178)	-	(48,178)	
-	-	(2,326)	-	25,925	-	25,925	
-	-	-	-	-	12,165	12,165	
-	-	-	-	-	(3,960)	(3,960)	
(13,612)	(46,103)	105,831	7,930	989,541	84,821	1,074,362	

# Consolidated Statement of Cash Flows

for the year ended 31 December 2024

US\$ 000's

	31 December 2024	31 December 2023
<b>OPERATING ACTIVITIES</b>		
Profit for the year	128,514	105,227
Adjustments for:		
Treasury and proprietary investments	(530,874)	(387,398)
Foreign exchange gain / (loss)	1,916	(1,199)
Finance expense	404,840	360,710
Impairment allowances	18,297	20,459
Depreciation and amortisation	12,791	11,244
	<b>35,484</b>	109,043
Changes in:		
Placements with financial institutions (original maturities of more than 3 months)	(129,242)	404,308
Financing contracts	(216,974)	(37,473)
Receivables and other assets	(93,822)	(174,768)
CBB Reserve and restricted bank balance	(9,316)	(6,758)
Clients' funds	(2,030)	82,922
Customer Current accounts	104,843	72,463
Placements from financial institutions	121,242	(1,467,653)
Placements from non-financial institutions and individuals	432,754	(104,208)
Quasi Equity	(470,189)	2,237,332
Other liabilities	(210,256)	(148,170)
<b>Net cash (used in)/ generated from operating activities</b>	<b>(437,506)</b>	967,038
<b>INVESTING ACTIVITIES</b>		
Sale / (Purchase) of property, plant and equipment, net	2,097	(5,546)
Sale / (Purchase) of proprietary and co-investments, net	91,230	(84,638)
Cash paid on acquisition of subsidiary, net	(39,534)	(5,654)
Cash transferred on deconsolidation of a subsidiary	(677)	(5,997)
Cash acquired on acquisition of Subsidiary	5,584	-
Sale / (Purchase) of treasury portfolio, net	219,912	(196,717)
Profit received on treasury portfolio and other income	181,399	200,877
(Purchase) / Sale of investment in real estate	(10,969)	37,182
Dividends received from proprietary and co-investments	70,615	80,886
Sale / (Purchase) of real estate asset	1,160	(12,026)
<b>Net cash from investing activities</b>	<b>520,817</b>	8,367

	31 December 2024	31 December 2023
<b>FINANCING ACTIVITIES</b>		
Term financing, net	(123,111)	198,820
Finance expense paid	(457,746)	(449,236)
Dividends paid	(60,636)	(58,400)
Sale/ (Purchase) of treasury shares, net	34,840	(19,926)
<b>Net cash used in financing activities</b>	<b>(606,653)</b>	<b>(328,742)</b>
Net (decrease) / increase in cash and cash equivalents	(523,342)	646,663
Cash and cash equivalents at 1 January*	1,687,727	1,041,064
<b>Cash and cash equivalents at 31 December</b>	<b>1,164,385</b>	<b>1,687,727</b>
Cash and cash equivalents comprise: *		
Cash and balances with banks (excluding CBB Reserve balance and restricted cash) (note 6)	374,501	300,736
Placements with financial institutions (original maturities of 3 months or less)	789,884	1,386,991
	<b>1,164,385</b>	<b>1,687,727</b>

\* net of expected credit loss of US\$ 50 thousand (31 December 2023: US\$ 27 thousand)

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Off-Balance-Sheet Investment Account

for the year ended 31 December 2024

US\$ 000's

	Opening balance	Additions during the year	Income	Wakala Fee	Distributions/ Withdrawal during the year	NAV Movement	Closing Balance
<b>31 December 2024</b>	<b>1,029,921</b>	<b>868,930</b>	<b>91,412</b>	<b>-</b>	<b>(201,457)</b>	<b>(103,527)</b>	<b>1,685,279</b>

	Opening balance	Additions during the year	Income	Wakala Fee	Distributions/ Withdrawal during the year	NAV Movement	Closing Balance
31 December 2023	633,454	457,152	41,669	(3,994)	(95,727)	(2,633)	1,029,921

*Off-Balance-Sheet investment account represents invests funds managed under discretionary wakala contracts (Nots 27)*

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

for the year ended 31 December 2024

## 1. REPORTING ENTITY

GFH Financial Group BSC ("the Bank") was incorporated as Gulf Finance House BSC in 1999 in the Kingdom of Bahrain under Commercial Registration No. 44136 and operates under an Islamic Wholesale Investment Banking license issued by the Central Bank of Bahrain ("CBB"). The Bank's shares are listed on the Bahrain, Kuwait, Dubai and Abu Dhabi Financial Market Stock Exchanges. The Bank's sukuk certificates are listed on London Stock Exchange.

The Bank's activities are regulated by the CBB and supervised by a Shari'a Supervisory Board. The principal activities of the Bank include investment advisory services and investment transactions which comply with Islamic rules and principles determined by the Bank's Shari'a Supervisory Board.

The consolidated financial statements for the year comprise the results of the Bank and its material subsidiaries (together referred to as "the Group"). The significant subsidiaries of the Bank which consolidated in these financial statements are:

Investee name	Country of incorporation	Effective ownership interests as at 31 December 2024	Activities
GFH Partners Ltd. (formally known as GFH Capital Limited)	United Arab Emirates	100%	Investment management
GFH Capital S.A.	Saudi Arabia	100%	Investment management
Khaleeji Bank BSC ('Khaleeji')*	Kingdom of Bahrain	82.95%	Islamic retail bank
GFH Equities B.S.C (c)**	Kingdom of Bahrain	76.63%	Investment firm (Islamic principles)

*\*During the quarter ended 30 June 2024, the Group's effective ownership was diluted to 57.95% from 85.41% as at 31 December 2023 due to capital increase in Khaleeji.*

*\*Subsequently during the quarter ended 30 September 2024, the Group purchased additional stake resulting in an increase in effective ownership to 82.95% as 31 December 2024.*

*\*\*During the year, the Group acquired additional stake in GFH Equities BSC (c) which resulted in increase in effective ownership as on 31 December 2024 to 76.63% (31 December 2023: 62.91%).*

*During the year, the Group has acquired additional stake in certain non-financial subsidiaries as part of its normal course of business. The detailed disclosures are presented in note 40 of the consolidated financial statements for further information.*

*The Bank has other Special Purpose Vehicles and holding companies which are set up to supplement the activities of the Bank and its principal subsidiaries, and hold assets and non-core operations which are not material to the Group.*

## 2. STATEMENT OF COMPLIANCE

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 2001 (as amended). 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 as issued by the International Accounting Standards Board (IFRS Accounting Standards).

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 3. BASIS OF MEASUREMENT

These consolidated financial statements are prepared on the historical cost basis except for the measurement at fair value of investment securities.

The Group classifies its expenses in the consolidated income statement by the nature of expense method. The consolidated financial statements are presented in United States Dollars (US\$), which is also the functional currency of the Group's operations. All financial information presented in US\$ has been rounded to the nearest thousands, except when otherwise indicated.

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Management believes that the underlying assumptions are appropriate, and the Group's consolidated financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The below paragraphs and tables describe the Group's significant lines of business and sources of revenue they are associated with.

### Activities:

The Group's primary activities include:

- a) to provide investment opportunities and manage assets on behalf of its clients as an agent,
- b) to provide commercial banking services,
- c) to undertake targeted development and sale of infrastructure and real estate projects for enhanced returns, and
- d) to co-invest with clients and hold strategic proprietary assets as a principal. In addition, the Group also manages its treasury portfolio with the objective of earning higher returns from capital and money market opportunities.

### Segments:

To undertake the above activities, the Group has organised itself in the following operating segments units:

<b>Investment banking</b>	<p>Investment banking segment focuses on private equity and asset management activities. Private equity activities include acquisition of interests in unlisted businesses at average prices with potential for growth. The Group acts as both a principal and an intermediary by acquiring, managing and realizing investments in investment assets for institutional and high net worth clients. The asset management unit is responsible for identifying and managing investments in income yielding real estate and leased assets in the target markets.</p> <p>Investment banking activities focuses on acquiring, managing and realizing investments to achieve and exceed benchmark returns.</p> <p>Investment banking activities produce fee-based, activity-based and asset-based income for the Group. Assets under this segment include investment banking receivables.</p>
<b>Commercial banking</b>	<p>This includes all sharia compliant corporate banking and retail banking activities of the Group provided through the Group's subsidiary, Khaleeji Bank BSC. The subsidiary also manages its own treasury and proprietary investment book within this operating segment.</p>
<b>Proprietary and treasury</b>	<p>All common costs and activities that are undertaken at the Group level, including treasury and residual proprietary and co-investment assets, is considered as part of the Proprietary and treasury activities of the Group.</p>

Each of the above operating segments, except commercial banking which is a separate subsidiary, has its own dedicated team of professionals and are supported by a common placement team and support units.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

The strategic business units offer different products and services and are managed separately because they require different strategies for management and resource allocation within the Group. For each of the strategic business units, the Group's Board of Directors (chief operating decision makers) review internal management reports on a quarterly basis.

The performance of each operating segment is measured based on segment results and are reviewed by the management committee and the Board of Directors on a quarterly basis. Segment results is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The Group classifies directly attributable revenue and cost relating to transactions originating from respective segments as segment revenue and segment expenses respectively. Indirect costs is allocated based on cost drivers/factors that can be identified with the segment and/ or the related activities. The internal management reports are designed to reflect revenue and cost for respective segments which are measured against the budgeted figures. The unallocated revenues, expenses, assets and liabilities related to entity-wide corporate activities and treasury activities at the Group level. Expenses are not allocated to the business segment.

## Sources of revenue:

The Group primarily earns its revenue from the following sources and presents its statement of income accordingly:

Activity/Source	Products	Types of revenue
Investment banking	Deal-by-deal offerings of private equity, income yielding asset opportunities	Deal related income, earned by the Group from structuring, sale and placement of assets.  Fee based income, in the nature of management fees, performance fee, acquisition fee and exit fee which are contractual in nature
Commercial banking	Islamic Shari'ah compliant corporate, institutional and retail banking financing and cash management products and services	Financing income, fees and investment income (net of direct funding costs)
Proprietary investments	Proprietary investments comprise the Group's strategic investment exposure. This also includes equity-accounted investees where the Bank has significant influence	Includes dividends, gain / (loss) on sale and remeasurement of proprietary investments and share of profit / (loss) of equity accounted investees  Income from restructuring of liabilities and funding arrangements are also considered as income from proprietary investments
Co-investment	Represent the Group's co-investment along with its clients in the products promoted by the Group	Dividends and gain / (loss) on co-investments of the Bank
Sale of assets	Proprietary holdings of real estate for direct sale, development and sale, and/ or rental yields. This also includes the Group's holding or participation in leisure and hospitality assets.	Development and sale income arises from development and real estate projects of the Group based on percentage of completion (POC) method.  Leasing and operating income, from rental and other ancillary income from investment in real estate and other assets.
Treasury operations	Represents the Bank's liquidity management operations, including its fund raising and deployment activities to earn a commercial profit margin.	Income arising from the deployment of the Bank's excess liquidity, through but not limited to short term placements with bank and financial institutions, money market instruments, capital market and other related treasury investments.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been applied consistently to all periods presented in the consolidated financial statements and have been consistently applied by the Group.

### (a) New standards, amendments, and interpretations effective for annual periods beginning on or after 1 January 2024

#### (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.

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:

- Primary statements introduced
- Statement of comprehensive income
- Statement of income and attribution related to quasi-equity
- Statement of changes in off-balance-sheet assets under management

As a result of adoption of FAS 1 certain figures have been regrouped or represented to be consistent with the current year presentation. Such regrouping did not affect previously reported net profits, total assets, total liabilities and total equity of the Group. Further the Group has elected to present statement of income and statement of comprehensive income as two separate statements.

### (b) New standards, amendments, and interpretations issued but not yet effective

#### (i) FAS 45: Quasi-Equity (Including Investment Accounts)

AAOIFI has issued Financial Accounting Standard (FAS) 45 "Quasi-Equity (Including Investment Accounts)" during 2023. The objective of this standard is to establish the principles for identifying, measuring, and presenting "quasi-equity" instruments in the financial statements of Islamic Financial Institutions "IFIs".

The standard prescribes the principles of financial reporting to participatory investment instruments (including investment accounts) in which an IFI controls underlying assets (mostly, as working partner), on behalf of the stakeholders other than owner's equity. This standard provides the overall criteria for on-balance sheet accounting for participatory investment instruments and quasi-equity, as well as, pooling, recognition, derecognition, measurement, presentation and disclosure for quasi-equity.

This standard shall be effective for the financial reporting 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.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## (ii) 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.

## (iii) 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.

## (iv) 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 to gifts is declared 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.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 4. SIGNIFICANT ACCOUNTING POLICIES (contd.)

### (b) New standards, amendments, and interpretations issued but not yet effective (contd.)

#### (vi) FAS 50: Financial reporting for Islamic Investment institutions (including investment funds)

This standard replaces "FAS 14 - Investment funds" and is not applicable to a) financial reporting for Sukuk holders and the Sukuk in the books of the originator; b) off-balance sheet assets under management that do not take form of a separate legal entity; c) investment institutions taking the form of a Waqf from Shari'ah perspective; and d) investment funds (e.g., participants' investment funds) managed by Takaful institutions.

If these are subject to financial reporting requirements as prescribed in the respective AAOIFI FAS.

This standard is effective for the financial periods beginning on or after 1 January 2027, with an option to early adopt.

The Group does not expect any significant impact on the adoption of this standard.

### (c) Basis of Consolidation

#### (i) Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the consolidated income statement.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in the consolidated income statement. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted within equity. Otherwise subsequent changes in the fair value of the contingent consideration are recognised in the consolidated income statement.

#### (ii) 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 duly funded by the Group itself and its quasi equity.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## (iii) 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.

## (iv) 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.

## (v) Assets Under Management

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. Information about the Group's fiduciary assets under management is set out in note 27. For the purpose of reporting assets under management, the gross value of assets managed are considered.

## (vi) Loss of Control

When the Group loses 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.

## (vii) 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 exist 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 ventures 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.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 4. SIGNIFICANT ACCOUNTING POLICIES (contd.)

### (b) New standards, amendments, and interpretations issued but not yet effective (contd.)

#### (viii) 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.

### (d) Assets held-for-sale

#### Classification

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use within twelve months. A subsidiary acquired exclusively with a view to resale is classified as disposal group held-for-sale and income and expense from its operations are presented as part of discontinued operation.

#### Measurement

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on re-measurement are recognised in profit or loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

If the criteria for classification as held for sale are no longer met, the entity shall cease to classify the asset (or disposal group) as held for sale and shall measure the asset at the lower of its carrying amount before the asset (or disposal group) was classified as held-for-sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held-for-sale and its recoverable amount at the date of the subsequent decision not to sell.

### (e) 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 US dollars, which is the Group's functional and presentation currency.

#### (ii) Transactions and Balances

Transactions in foreign currencies are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at the reporting date.

Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary items carried at their fair value, such as certain equity securities measured at fair value through comprehensive income, are included in investments fair value reserve.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## (iii) Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated into US\$ at exchange rates at the reporting date. The income and expenses of foreign operations are translated into US\$ at the exchange rates at the date of the transactions. Foreign currency differences are accumulated into foreign currency translation reserve in owners' equity, except to the extent the translation difference is allocated to NCI.

When foreign operation is disposed of in its entirety such that control is lost, cumulative amount in the translation reserve is reclassified to consolidated income statement as part of the gain or loss on disposal.

## (f) Offsetting of Financing 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 realize 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.

## (g) Investment Securities

Investment securities are categorized as proprietary investments, co-investments and treasury portfolio. (refer note 3 for categorisation).

Investment securities comprise debt type and equity type instruments but exclude investment in subsidiaries and equity-accounted investees (note 4 (c) (ii) and (vii)).

## (i) Categorization and Classification

The classification and measurement approach for investments in sukuk, shares and similar instruments that reflects the business model in which such investments are managed and the underlying cash flow characteristics. Under the standard, each investment is to be categorized as either investment in:

- a) equity-type instruments
- b) debt-type instruments, including:
  - monetary debt-type instruments; and
  - non-monetary debt-type instruments.
- c) other investment instruments

Unless irrevocable initial recognition choices as per the standard are exercised, an institution shall classify investments as subsequently measured at either of:

- amortised cost;
- fair value through comprehensive income (FVOCI) or
- fair value through income statement (FVTIS), on the basis of both:
  - the Group's business model for managing the investments; and
  - the expected cash flow characteristics of the investment in line with the nature of the underlying Islamic finance contracts.

The Group has an option on initial recognition to irrevocably designate a financial asset as at FVTIS if doing so eliminates or significantly reduces a measurement or recognition inconsistency - i.e. an 'accounting mismatch' - that would otherwise arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

## (ii) Recognition and De-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.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 4. SIGNIFICANT ACCOUNTING POLICIES (contd.)

### (g) Investment Securities (contd.)

#### (iii) 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 FVOCI 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 FVOCI are recognised in the consolidated statement of comprehensive income and presented as under "investment fair value reserve".

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

Investments at FVCOI 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.

#### (iv) 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 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.

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 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.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

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.

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.

## **(h) Financing Contracts**

Financing contracts comprise Shari'a compliant financing contracts with fixed or determinable payments. These include financing provided through Murabaha, Musharaka, Mudharaba, Istisna, Wakala contracts and lease-based financing contracts ("Ijarah assets"). Financing contracts are recognised on the date they are originated and are carried at their amortised cost less impairment allowances, if any.

### **Modification of Financing Contracts**

If the terms of the financing contracts are modified then the Group evaluates whether the cashflows of the modified asset are substantially different. If the cashflows are substantially different, then the contractual rights to cashflows from the original financing asset are deemed to have expired. In this case, the original financing contracts is derecognised and a new financing contracts is recognised at fair value plus any eligible transaction cost.

If the modification of a financing contract measured at amortized cost does not result in the derecognition of the financing contracts then the Group first recalculates the gross carrying amount of the financing contracts using the original effective profit rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

All Sharia compliant contracts are interpreted for accounting purposes in its entirety and all linked -contracts or promissory note arrangements are considered together with the main financing contract to reflect the single economic outcome and purpose of the contracts.

### ***(i) Murabaha Financing (trade-based-contracts)***

Murabaha is a contract whereby one party ("Seller") sells an asset to the other party ("Purchaser") at cost plus profit and on a deferred payment basis, after the Seller has purchased the asset based on the Purchaser's promise to purchase the same on such Murabaha basis. The sale price comprises the cost of the asset and an agreed profit margin. The sale price (cost plus the profit amount) is paid by the Purchaser to the Seller on instalment basis over the agreed finance tenure. Under the Murabaha contract, the Group may act either as a Seller or a Purchaser, as the case may be.

### ***(ii) Mudaraba Financing (participatory-based-contracts)***

Mudaraba is a contract between two parties whereby one party is a fund provider (Rab Al Mal) who would provide certain amount of funds (Mudaraba Capital), to the other party (Mudarib). Mudarib would then invest the Mudaraba Capital in a specific enterprise or activity deploying its experience and expertise for a specific pre-agreed share in the resultant profit. The Rab Al Mal is not involved in the management of the Mudaraba activity. The Mudarib would bear the loss in case of its default, negligence or violation of any of the terms and conditions of the Mudaraba contract; otherwise the loss would be borne by the Rab Al Mal. Under the Mudaraba contract, the Group may act either as Mudarib or as Rab Al Mal, as the case may be. The Group's financing contracts includes terms that delivers an effective profit rate based on agreed terms of repayment.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 4. SIGNIFICANT ACCOUNTING POLICIES (contd.)

### (h) Financing Contracts (contd.)

#### Modification of Financing Contracts (contd.)

#### (iii) Ijarah Asset (lease-based contracts)

Ijarah assets (Ijarah Muntahia Bittamleek) are stated at cost less accumulated depreciation and any impairment. Under the terms of lease, the legal title of the asset passes to the lessee at the end of the lease term (as a gift), provided that all lease instalments are settled. Depreciation is calculated using rates that systematically reduce the cost of the leased assets over the period of the lease in a pattern of economic benefits arising from these assets (usually similar to the effective profit method). The Group assesses at each reporting date whether there is objective evidence that the ijarah assets are impaired. Impairment loss is the amount by which the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses, if any, are recognised in the income statement. The estimates of future cash flows, when dependent on a single customer, takes into consideration the credit evaluation of the respective customer in addition to other factors.

#### (iv) POCI Financial Assets

Purchased or Originated Credit Impaired (POCI) financial assets are assets that are credit-impaired on initial recognition. For POCI assets, lifetime ECL are incorporated into the calculation of the effective profit rate on initial recognition. Consequently, POCI assets do not carry an impairment allowance on initial recognition. The amount recognized as a loss allowance subsequent to initial recognition is equal to the changes in lifetime ECL since initial recognition of the asset.

### (i) 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.

### (j) 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-to-day operations of the Group are not included in cash and cash equivalents.

### (k) Derivatives held for risk management purposes and hedge accounting.

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. All derivatives are measured at fair value in the statement of financial position.

The Group designates certain derivatives held for risk management as hedging instruments in qualifying hedging relationships.

#### Policy applicable generally to hedging relationships

On initial designation of the hedge, the Group formally documents the relationship between the hedging instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both on inception of the hedging relationship and on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a identified. For a cash flow hedge of a forecast transaction, the Group makes an assessment of whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

The Group normally designates a portion of the cash flows of a financial instrument for cash flow or fair value changes attributable to a benchmark profit rate risk, if the portion is separately identifiable and reliably measurable.

#### i. Fair Value Hedges

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in profit or loss. The change in fair value of the hedged item attributable to the hedged risk is recognised in profit or loss. If the hedged item would otherwise be measured at cost or amortised cost, then its carrying amount is adjusted accordingly.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

Any adjustment up to the point of discontinuation to a hedged item for which the effective profit method is used is amortised to profit or loss as an adjustment to the recalculated effective profit rate of the item over its remaining life. On hedge discontinuation, any hedging adjustment made previously to a hedged financial instrument for which the effective profit method is used is amortised to profit or loss by adjusting the effective profit rate of the hedged item from the date on which amortisation begins. If the hedged item is derecognised, then the adjustment is recognised immediately in profit or loss when the item is derecognised.

## *ii. Cash Flow Hedges*

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in equity and presented in the hedging reserve within equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in the hedging reserve is reclassified from equity to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the statement of profit or loss and equity.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. If the hedged cash flows are no longer expected to occur, then the Group immediately reclassifies the amount in the hedging reserve from equity to profit or loss. For terminated hedging relationships, if the hedged cash flows are still expected to occur, then the amount accumulated in the hedging reserve is not reclassified until the hedged cash flows affect profit or loss; if the hedged cash flows are expected to affect profit or loss in multiple reporting periods, then the Group reclassifies the amount in the hedging reserve from equity to profit or loss on a straight-line basis.

## **Other Non-Trading Derivatives**

Other non-trading derivatives are recognised on balance sheet at fair value. If a derivative is not held for trading, and is not designated in a qualifying hedging relationship, then all changes in its fair value are recognised immediately in profit or loss as a component of net income from other financial instruments at FVTIS.

## **(l) Investment Property**

Investment property comprise land plots and buildings. Investment property is property held to earn rental income or for capital appreciation or both but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes. Investment property is measured initially at cost, including directly attributable expenses. Subsequent to initial recognition, investment property is carried at cost less accumulated depreciation and accumulated impairment allowances (if any). Land is not depreciated, and building is depreciated over the period of 30 to 45 years.

A property is transferred to investment property when, there is change in use, evidenced by:  
end of owner-occupation, for a transfer from owner-occupied property to investment property; or  
commencement of an operating ijara to another party, for a transfer from a development property to investment property.

Further, an investment property is transferred to development property when, there is a change in use, evidenced by:  
commencement of own use, for a transfer from investment property to owner-occupied property;  
commencement of development with a view to sale, for a transfer from investment in real estate to development property.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the period in which the property is derecognised.

## **(m) Development Properties**

Development properties are properties held for sale or development and sale in the ordinary course of business. Development properties are measured at the lower of cost and net realisable value.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 4. SIGNIFICANT ACCOUNTING POLICIES (contd.)

### (n) 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:

Buildings and infrastructure on lease hold	30 – 50 years
Computers	3 – 5 years
Furniture and fixtures	5 – 8 years
Motor vehicles	4 – 5 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.

### (o) Intangible Assets

#### Goodwill

Goodwill that arises on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

#### Other Intangible Assets

Intangible assets acquired separately are initially measured at cost. The cost of intangible assets acquired in a business combination are their fair values as at the date of acquisition. Subsequently, intangible assets are recognised at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the consolidated income statement in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life of ten years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income in the expenses category consistent with the function of intangible assets.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Intangible assets with indefinite useful life consists of a license to construct and operate a cement plant in the Kingdom of Bahrain.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income when the asset is derecognised.

## **(p) Impairment of exposures subject to Credit Risk**

The Group recognises loss allowances for the expected credit losses "ECLs" on:

- Bank balances.
- Placements with financial institutions.
- Financing contracts;
- Lease rental receivables;
- Investments in Sukuk (debt-type instruments carried at amortised cost);
- Other receivables; and
- Undrawn financing commitments and financial guarantee contracts issued.

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 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 forward-looking information.

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 considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be BBB- or higher per S&P.

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**

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').

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 4. SIGNIFICANT ACCOUNTING POLICIES (contd.)

### (p) Impairment of exposures subject to Credit Risk (contd.)

#### 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 to 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.

#### *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.

### (q) Impairment of equity investments classified at fair value through comprehensive income (FVOCI)

In the case of investments in equity securities classified as FVOCI. 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 OCI and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are subsequently reversed through OCI.

### (r) 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.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## **(s) Clients' Funds**

These represents amounts received from customers for investments in SPEs or project companies formed as part of its investment management activities pending transfer to these entities. These funds are usually disbursed on capital calls from these entities based on its activities and requirements and are payable on demand. Such funds held by the Group are carried at amortised cost.

## **(t) Current Accounts**

Balances in current (non-investment) accounts are recognised when received by the Group. The transactions are measured at the cash equivalent amount received by the Group at the time of contracting. At the end of the accounting period, the accounts are measured at their book value.

## **(u) Term Financing**

Term financing represents facilities from financial institutions, and financing raised through Sukuk. Term financing is initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective profit rate method. Financing cost, dividends and losses relating to the term financing are recognised in the consolidated income statement as finance expense. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

## **(v) 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 to settle the liability, when a payment under the guarantee has become probable. The Group has issued financial guarantees to support its development projects (note 36).

## **(w) Dividends**

Dividends to shareholders is recognised as liabilities in the period in which they are declared.

## **(x) Share Capital and Reserves**

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.

## **Treasury Shares**

The amount of consideration paid including all directly attributable costs incurred in connection with the acquisition of the treasury shares are recognised in equity. Consideration received on sale of treasury shares is presented in the financial statements as a change in equity. No gain or loss is recognised on the Group's consolidated income statement on the sale of treasury shares.

## **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.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 4. SIGNIFICANT ACCOUNTING POLICIES (contd.)

### (y) Quasi Equity

Quasi Equity are funds held by the Group in unrestricted investment accounts, which it can invest at its own discretion. The investment account holder authorises the Group to invest the account holders' funds in a manner which the Group deems appropriate without laying down any restrictions as to where, how and for what purpose the funds should be invested.

The Group charges management fee (Mudarib fees) to investment account holders. Of the total income from investment accounts, the income attributable to customers is allocated to investment accounts after setting aside provisions, reserves (Profit equalisation reserve and Investment risk reserve) and deducting the Group's share of income as a Mudarib. The allocation of income is determined by the management of the Group within the allowed profit sharing limits as per the terms and conditions of the investment accounts. Only the income earned on pool of assets funded from quasi-equity are allocated between the owners' equity and investment account holders. Administrative expenses incurred in connection with the management of the funds are borne directly by the Group and are not charged separately to investment accounts.

The Group allocates specific provision and collective provision to owners' equity. Amounts recovered from these impaired assets is not subject to allocation between the quasi-equity and owners' equity.

Investment accounts are carried at their book values and include amounts retained towards profit equalisation, investment risk reserves, if any. Profit equalisation reserve is the amount appropriated by the Group out of the Mudaraba income, before allocating the Mudarib share, in order to maintain a certain level of return to the deposit holders on the investments. Investment risk reserve is the amount appropriated by the Group out of the income of investment account holders, after allocating the Mudarib share, in order to cater against future losses for investment account holders. Creation of any of these reserves results in an increase in the liability towards the pool of unrestricted investment accounts.

### 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 Mudaraba 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 and are disclosed under the Statement of Off-balance sheet investment accounts using the same measurement policies applied by the Group for its assets, liabilities, income and expenses.

### (z) 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:

#### Banking Business

Income from investment banking activities include deal related income and fee based income. Deal related income is earned by the Group from structuring and sale of assets at the time of placement of products. Fee based income, in the nature of management fees, performance fee, acquisition fee and exit fee, is recognised when the associated service is provided and income is earned.

Deal related income are embedded in the gains made from the placement of deals to investors and the portion of the gains relating to each performance obligations is recognized over the investment period. The Group has reviewed and analysed the terms of the contracts that it has entered into with its investors arising from the placement of its investments and has identified its performance obligations arising from its contracts with investors and its expected continuing involvement with such products. Based on this review, the Group has determined the following two types of performance obligations that the Group is expected to satisfy: (i) by the Group during the year from purchase to the placement of the investment with investors, including deal identification, evaluation, funding, underwriting, maintaining a placement infrastructure, preparing the marketing materials for each deal etc; and (ii) services provided, either on a continuous or adhoc basis, over the period of the investment. As part of its revenue recognition assessment, the Group allocates the gains from deal placements to each of the above distinct performance obligations. The Group completes all of its performance obligations described in (i) above before placing an investment with its investors. Accordingly, the fee relating to this performance obligation is recognized upfront upon placement of the investment with investors. This portion of the placement fee is included under "Deal related

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

income". A portion of placement gains received upfront for the performance obligation described in (ii) above is deferred to cover for future expected involvement with the investees and recognized over time, as part of Fees based income, over the expected period of managing the investments. The Group also offers additional participation benefits to its investors in the form of rebates in pricing of future asset programs. The participation rebates are considered executory contract obligations and is adjusted against future deal related income as and when the investors participate in required volumes in new products offered by the Group.

Asset Management fee is recognized as per contractual terms when services are rendered over the period of the contract. Acquisition fee and exit fee are recognized when earned on completion of the underlying transactions. Performance fees are only recognized once it is highly probable that there would be no significant reversal of any accumulated revenue in the future. Estimates are needed to assess the risk that achieved earnings may be reversed before realization due to the risk of lower future overall performance of the underlying investments.

Income from placements with / from financial institutions are recognised on a time-apportioned basis over the period of the related contract using the effective profit rate.

Dividend income from investment securities is recognised when the right to receive is established. This is usually the ex-dividend date for equity securities.

Finance income / expenses are recognised using the amortised cost method at the effective profit rate of the financial asset/liability.

Fees and commission income that are integral to the effective profit rate on a financial asset carried at amortised cost are included in the measurement of the effective profit rate of the financial asset. Other fees and commission income, including account servicing fees, sales commission, management fees, placement and arrangement fees and syndication fees, are recognised as the related services are performed.

Income from financing contracts are recognised on a time-apportioned basis over the period of the contract using the effective profit method.

Income from sukuk and income / expenses on placements is recognised at its effective profit rate over the term of the instrument.

## **Non-Banking Business**

Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. Revenue is recognised when the goods are provided to the customer, which was taken to be the point in time at which the customer accepted the goods and the related risks and rewards of ownership transferred. Revenue was recognised at that point provided that the revenue and cost could be measured reliably, the recovery of the consideration was probable and there was no continuing managerial involvement with the goods.

### **(aa) 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.

### **(bb) 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 quasi equity and other accounts is the responsibility of investment account holders.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 4. SIGNIFICANT ACCOUNTING POLICIES (contd.)

### (cc) Employees Benefits

#### 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.

#### Post Employment Benefits

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

Expatriate and certain Bahraini employees on fixed contracts are entitled to leaving indemnities payable, based on length of service and final remuneration. Provision for this unfunded commitment, has been made by calculating the notional liability had all employees left at the reporting date. These benefits are in the nature of a "defined benefit scheme" and any increase or decrease in the benefit obligation is recognised in the consolidated income statement.

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.

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

#### Share-based Employee Incentive Scheme

The Bank operates a share-based incentive scheme for its employees (the "Scheme") whereby employee are granted the Bank's shares as compensation on achievement of certain non-market based performance conditions and service conditions (the 'vesting conditions'). The grant date fair value of equity instruments granted to employees is recognised as an employee expense, with a corresponding increase in equity over the period in which the employees become unconditionally entitled to the share awards.

Non-vesting conditions are taken into account when estimating the fair value of the equity instrument but are not considered for the purpose of estimating the number of equity instruments that will vest. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value but are considered for the purpose of estimating the number of equity instruments that will vest. The amount recognised as an expense is adjusted to reflect the number of share awards for which the related service and non-market performance vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of share awards that do meet the related service and non-market performance conditions at the vesting date. Amount recognised as expense are not trued-up for failure to satisfy a market condition.

### (dd) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## **(ee) Onerous Contracts**

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

## **(ff) Trade 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.

## **(gg) Investment Account Holder Protection Scheme**

Funds held with the Group in unrestricted investment accounts and current accounts of its retail banking subsidiary are covered by the Deposit Protection Scheme (the Scheme) established by the Central Bank of Bahrain regulation in accordance with Resolution No (34) of 2010.

## **(hh) Income Tax**

The Group is exposed to taxation by virtue of operations of subsidiaries. Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be realised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Currently, the Group does not have any material current or deferred tax exposure that requires recognition in the consolidated financial statements.

## **(ii) Ijarah**

### **Identifying an Ijarah**

At inception of a contract, the Group assesses whether the contract is Ijarah, or contains an Ijarah. A contract is Ijarah, or contains an Ijarah if the contract transfers the usufruct (but not control) of an identified asset for a period of time in exchange for an agreed consideration.

At the commencement date, the Group shall recognise a right-of-use (usufruct) asset and a net Ijarah liability

### **i) Right-of-use (usufruct) asset**

On initial recognition, the lessee measures the right-of-use asset at cost. The cost of the right-of-use asset comprises of:

- The prime cost of the right-of-use asset;
- Initial direct costs incurred by the lessee; and
- Dismantling or decommissioning costs.

The prime cost is reduced by the expected terminal value of the underlying asset. If the prime cost of the right-of-use asset is not determinable based on the underlying cost method (particularly in the case of an operating Ijarah), the prime cost at commencement date may be estimated based on the fair value of the total consideration paid/ payable (i.e. total Ijarah rentals) against the right-of-use assets, under a similar transaction.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 4. SIGNIFICANT ACCOUNTING POLICIES (contd.)

### (ii) Ijarah (contd.)

#### Identifying an Ijarah (contd.)

##### i) Right-of-use (usufruct) asset (contd.)

After the commencement date, the lessee measures the right-of-use asset at cost less accumulated amortisation and impairment losses, adjusted for the effect of any Ijarah modification or reassessment.

The Group amortises the right-of-use asset from the commencement date to the end of the useful economic life of the right-of-use asset, according to a systematic basis that is reflective of the pattern of utilization of benefits from the right-of-use asset. The amortizable amount comprises of the right-of-use asset less residual value, if any.

The Group determines the Ijarah term, including the contractually binding period, as well as reasonably certain optional periods, including:

- Extension periods if it is reasonably certain that the Group will exercise that option; and/ or
- Termination options if it is reasonably certain that the Bank will not exercise that option.

The Group carries out impairment assessment to determine whether the right-of-use asset is impaired and to account for any impairment losses. The impairment assessment takes into consideration the salvage value, if any. Any related commitments, including promises to purchase the underlying asset, are also considered.

##### ii) Net Ijarah Liability

The net Ijarah liability comprises of the gross Ijarah liability, plus deferred Ijarah cost (shown as a contra-liability).

The gross Ijarah liability shall be initially recognised as the gross amount of total Ijarah rental payables for the Ijarah term.

The rentals payable comprise of the following payments for the right to use the underlying asset during the Ijarah term:

- Fixed Ijarah rentals less any incentives receivable;
- Variable Ijarah rentals including supplementary rentals; and
- Payment of additional rentals, if any, for terminating the Ijarah (if the Ijarah term reflects the lessee exercising the termination option).

#### Advance rentals paid are netted-off with the gross Ijarah liability.

Variable Ijarah rentals are Ijarah rentals that depend on an index or rate, such as payments linked to a consumer price index, financial markets, regulatory benchmark rates, or changes in market rental rates. Supplementary rentals are rentals contingent on certain items, such as additional rental charge after provision of additional services or incurring major repair or maintenance. As of 31 December 2024, the Group did not have any contracts with variable or supplementary rentals.

After the commencement date, the Group measures the net Ijarah liability by:

- Increasing the net carrying amount to reflect return on the Ijarah liability (amortisation of deferred Ijarah cost);
- Reducing the carrying amount of the gross Ijarah liability to reflect the Ijarah rentals paid; and
- Re-measuring the carrying amount in the event of reassessment or modifications to Ijarah contract, or reflect revised Ijarah rentals.
- The deferred Ijarah cost is amortised to income over the Ijarah terms on a time proportionate basis, using the effective rate of return method.

After the commencement date, the Group recognises the following in the income statement:

- Amortisation of deferred Ijarah cost; and
- Variable Ijarah rentals (not already included in the measurement of Ijarah liability) as and when the triggering events/ conditions occur.

#### Ijarah Contract Modifications

After the commencement date, the Group accounts for Ijarah contract modifications as follows:

- Change in the Ijarah term: re-calculation and adjustment of the right-of-use asset, the Ijarah liability, and the deferred Ijarah cost; or
- Change in future Ijarah rentals only: re-calculation of the Ijarah liability and the deferred Ijarah cost only, without impacting the right-of- use asset.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

An Ijarah modification is considered as a new Ijarah component to be accounted for as a separate Ijarah for the lessee, if the modification both additionally transfers the right to use of an identifiable underlying asset and the Ijarah rentals are increased corresponding to the additional right-of-use asset. For modifications not meeting any of the conditions stated above, the Group considers the Ijarah as a modified Ijarah as of the effective date and recognises a new Ijarah transaction. The Group recalculates the Ijarah liability, deferred Ijarah cost, and right-of-use asset, and de-recognise the existing Ijarah transaction and balances.

## Expenses Relating to underlying Asset.

Operational expenses relating to the underlying asset, including any expenses contractually agreed to be borne by the Group, are recognised by the Group in income statement in the period incurred. Major repair and maintenance, takaful, and other expenses incidental to ownership of underlying assets (if incurred by lessee as agent) are recorded as receivable from lessor.

## Recognition exemptions and simplified accounting for the lessee

The Group does not to apply the requirements of Ijarah recognition and measurement of recognizing right-of-use asset and lease liability for the following:

- Short-term Ijarah; and
- Ijarah for which the underlying asset is of low value.

Short-term Ijarah exemption is applied on a whole class of underlying assets if they have similar characteristics and operational utility. However, low-value Ijarah exemption is applied on an individual asset/ Ijarah transaction, and not on group/ combination basis.

## 5. JUDGEMENTS AND ESTIMATES IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and assumptions that effect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events.

### (a) Judgements

Establishing the criteria for determining whether credit risk on an exposure subject to credit risk has increased significantly since initial recognition, determining methodology for incorporating forward looking information into measurement of ECL and selection and approval of models used to measure ECL is set out in note 4(p) and note 37(a).

### (i) Classification of Investments

In the process of applying the Group's accounting policies, management decides on acquisition of an investment whether it should be classified as investments carried at fair value through income statement or investments carried at fair value through comprehensive income or investments carried at amortised cost. The classification of each investment reflects the management's intention in relation to each investment and is subject to different accounting treatments based on such classification (note 4g(i)).

### (ii) Special Purpose Entities

The Group sponsors the formation of special purpose entities (SPE's) primarily for the purpose of allowing clients to hold investments. The Group provides corporate administration, investment management and advisory services to these SPE's, 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 SPE's 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 intention and ability to make operational decisions for the SPE and whether the Group derives benefits from such decisions.

### (iii) Impairment of equity investments at fair value through comprehensive income (refer to note 4 (g) (iii))

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 5. JUDGEMENTS AND ESTIMATES IN APPLYING ACCOUNTING POLICIES (contd.)

### (b) Estimations

#### (i) Impairment of exposures subject to credit risk carried at amortised cost

Determining inputs into ECL measurement model including incorporation of forward-looking information is set out in note 4(p) and note 37(a).

#### (ii) Measurement of fair value of unquoted equity investments

The group determines fair value of equity investments that are not quoted in active markets by using valuation techniques such as discounted cashflows, income approach and market approaches. Fair value estimates are made at a specific point in time, based on market conditions and information about the investee companies. These estimates are subjective in nature and involve uncertainties and matter of significant judgment and therefore, cannot be determined with precision. There is no certainty about future events such as continued operating profits and financial strengths.

It is reasonably possible based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the investments. In case where discounted cash flows models have been used to estimate fair values, the future cashflows have been estimated by the management based on information form and discussion with representatives of investee companies and based on the latest available audited and unaudited financial statements. The basis of valuation has been reviewed by the management in terms of the appropriateness of the methodology, soundness of assumptions and correctness of calculations and have been approved by the board of directors for inclusion in the consolidated financial statements.

Valuation of equity investments are measured at fair value through comprehensive income which involves judgment and is normally based on one of the following:

- Valuation by independent external value for underlying properties / projects;
- Current fair value of another contract that is substantially similar;
- Present value of expected cash flows at current rates applicable for items with similar terms and risk characteristics; or
- Application of other valuation models.

#### (iii) Impairment of Investment Property

The Group conducts impairment assessment of investment property periodically using external independent property valuers to value the property. The fair value is determined based on the market value of the property using either sales comparable approach, the residual value basis, replacement cost or the market value of the property considering its current physical condition. The Group's investment properties are situated in Bahrain, UAE and Morocco. Given the dislocation in the property market and infrequent property transactions, it is reasonably possible, based on existing knowledge, that the current assessment of impairment could require a material adjustment to the carrying amount of these assets within the next financial year due to significant changes in assumptions underlying such assessments.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

#### **(iv) Impairment of Other Non-Financial Assets and Cash Generating Units**

Investment in associates and recognised goodwill are subject to an impairment based on indicators of performance and market conditions. Cash generating units include the Group's investments in certain subsidiaries and equity-accounted investees and investment property that generate cash flows that are largely independent from other assets and activities of the Group. The basis of impairment assessment for such cash generating units is described in accounting policy note 4 (r). For equity-accounted investees with indicators of impairment, the recoverable amount is determined based on higher of fair value less costs to sell (FVLCTS); and value in use.

The recoverable amount for the equity-accounted investees was determined using a combination of income and market approaches of valuations. The objective of valuation techniques is to determine whether the recoverable amount is greater than the carrying amount.

#### **(v) Estimating net realisable value of Development Property**

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

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 6. CASH AND BANK BALANCES

	US\$ 000's	
	31 December 2024	31 December 2023
Cash	9,924	8,193
Balances with banks	362,907	185,857
Balances with Central Bank of Bahrain:		
- Current account	2,366	107,524
- Reserve account*	84,769	75,310
	<b>459,966</b>	<b>376,884</b>

The reserve account with the Central Bank of Bahrain are not available for day-to-day operational purposes. The cash and bank balances are net of ECL of US\$ 50 thousand (2023: US\$ 27 thousand).

## 7. TREASURY PORTFOLIO

	US\$ 000's	
	31 December 2024	31 December 2023
<b>Placements with financial institutions</b>	990,666	1,458,368
<b>Profit rate swap and foreign currency forwards</b>	3,533	2,195
<b>Equity type investments</b>		
At fair value through comprehensive income		
- Quoted sukuk (b)	32,318	33,326
At fair value through income statement		
- Structured notes (a)	276,435	404,839
- Quoted fund (a)	28,213	27,099
<b>Debt type investments</b>		
At fair value through comprehensive income		
- Quoted sukuk (b)	1,144,013	827,239
At amortised cost		
- Quoted sukuk *	2,398,462	2,404,550
- Unquoted sukuk	5,557	3,494
Less: Impairment allowances (note 23)	(27,563)	(26,078)
	<b>4,851,634</b>	<b>5,135,032</b>

\* Short-term and medium-term facilities of US\$ 1,605,433 thousand (31 December 2023: US\$ 1,857,388 thousand) are secured by quoted sukuk of US\$ 2,571,205 thousand (31 December 2023: US\$ 2,762,506 thousand), structured notes of US\$ 276,435 thousand (31 December 2023: US\$ 404,839 thousand)

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## a) Investments - At Fair Value through Income Statement

	US\$ 000's	
	2024	2023
At 1 January	434,133	374,653
Additions	222,452	102,857
Disposals	(329,120)	(86,547)
Fair value changes, net	(19,284)	43,170
<b>At 31 December</b>	<b>308,181</b>	<b>434,133</b>

## b) Investments - At Fair Value through Comprehensive Income

	US\$ 000's	
	2024	2023
At 1 January	860,565	891,899
Additions	-	6,975
Disposals / Transfers	(156,539)	(38,328)
Reclassification	444,122	-
Restatement Impact	-	(15,271)
Fair value changes	28,183	15,290
<b>At 31 December</b>	<b>1,176,331</b>	<b>860,565</b>

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 8. FINANCING CONTRACTS

	US\$ 000's	
	31 December 2024	31 December 2023
Murabaha	1,455,942	1,029,324
Mudharaba	18,083	20,564
Ijarah assets	641,023	559,200
	2,115,048	1,609,088
Less: Impairment allowances	(56,891)	(64,278)
	<b>2,058,157</b>	<b>1,544,810</b>

Murabaha financing receivables are net of deferred profits of US\$ 38,103 thousand (2023: US\$ 41,727 thousand).

	US\$ 000's			
31 December 2024	Stage 1	Stage 2	Stage 3	Total
Financing contracts (gross)	1,753,546	208,446	153,056	2,115,048
Expected credit loss	(3,034)	(12,230)	(41,627)	(56,891)
<b>Financing contracts (net)</b>	<b>1,750,512</b>	<b>196,216</b>	<b>111,429</b>	<b>2,058,157</b>

	US\$ 000's			
31 December 2023	Stage 1	Stage 2	Stage 3	Total
Financing contracts (gross)	1,192,539	284,047	132,502	1,609,088
Expected credit loss	(4,788)	(18,310)	(41,180)	(64,278)
Financing contracts (net)	1,187,751	265,737	91,322	1,544,810

The movement on impairment allowances is as follows:

	US\$ 000's			
Impairment allowances	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2024	4,788	18,310	41,180	64,278
Net transfers	12,021	(14,093)	2,072	-
Net charge for the year (note 25)	(13,775)	8,013	7,373	1,611
Write-off	-	-	(8,998)	(8,998)
<b>At 31 December 2024</b>	<b>3,034</b>	<b>12,230</b>	<b>41,627</b>	<b>56,891</b>

	US\$ 000's			
Impairment allowances	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2023	18,046	11,990	34,336	64,372
Net transfers	(6,879)	(1,920)	8,799	-
Net charge for the year (note 25)	(6,379)	8,240	644	2,505
Write-off	-	-	(2,599)	(2,599)
At 31 December 2023	4,788	18,310	41,180	64,278

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 9. INVESTMENT IN REAL ESTATE

	US\$ 000's	
	31 December 2024	31 December 2023
Investment Property		
- Land	493,792	483,685
- Building	178,042	141,471
	<b>671,834</b>	625,156
Development Property		
- Land	167,140	165,565
- Building	552,161	581,211
	<b>719,301</b>	746,776
	<b>1,391,135</b>	1,371,932

### (i) Investment Property

Investment property includes land plots and buildings in GCC, Europe and North Africa.

The fair value of the Group's investment property at 31 December 2024 was US\$ 974,166 thousand (31 December 2023: US\$ 746,496 thousand) based on a valuation carried out by an independent external property valuers who have recent experience in the location and category of the asset being valued. These are level 3 valuations in fair value hierarchy.

	US\$ 000's	
	2024	2023
At 1 January	625,156	750,265
Additions during the year	150,714	69,737
Depreciation	(1,020)	(3,271)
Disposals / transfers	(103,016)	(191,575)
<b>At 31 December</b>	<b>671,834</b>	625,156

### (ii) Development Properties

This represent properties under development for sale.

	US\$ 000's	
	2024	2023
At 1 January	746,776	536,820
Additions	146,523	227,823
Disposals / transfers	(173,998)	(17,867)
<b>At 31 December</b>	<b>719,301</b>	746,776

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 10. PROPRIETARY INVESTMENTS

	US\$ 000's	
	31 December 2024	31 December 2023
<b>Equity type investments</b>		
Investment securities mandatorily measured at FVTIS		
- Unquoted securities (i)	17,292	2,942
- Listed securities (ii)	81,288	14,252
	<b>98,580</b>	17,194
Investment securities designated as at FVOCI - Equity Instruments		
- Listed securities (at fair value)	17,324	-
- Equity type Sukuk (ii)	442,207	827,012
- Unquoted equity securities (iii)	63,512	64,045
	<b>523,043</b>	891,057
Equity-accounted investees (iv)	160,791	137,390
<b>Total balance</b>	<b>782,414</b>	1,045,641
Impairment allowance	(3,046)	(914)
	<b>779,368</b>	1,044,727

### (i) Equity Type Investments - At Fair Value through Income Statement

	US\$ 000's	
	2024	2023
At 1 January	2,942	9,480
Additions	9,393	-
Disposals, net	(496)	(6,538)
Fair value changes	5,453	-
<b>At 31 December</b>	<b>17,292</b>	2,942

### (ii) Listed Equity Securities at fair value through Income Statement

	US\$ 000's	
	2024	2023
At 1 January	14,252	-
Additions	71,304	16,619
Disposals	(4,894)	-
Fair value	626	(2,367)
<b>At 31 December</b>	<b>81,288</b>	14,252

### (iii) Unquoted Equity Securities Fair Value through Comprehensive Income

	US\$ 000's	
	2024	2023
At 1 January	64,045	55,893
Additions	10,339	9,319
Disposal / Transfers	(10,872)	(1,167)
<b>At 31 December</b>	<b>63,512</b>	64,045

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## (iv) Equity-Accounted Investees

Equity-accounted investees represent investments in the following material entities:

Name	Country of incorporation	% Holding 2024	Nature of business
Capital Real Estate Projects Company B.S.C. (c)	Kingdom of Bahrain	30%	Real estate holding and development
Enshaa Development Real Estate B.S.C. (c)	Kingdom of Bahrain	33.33%	Holding plot of land in Kingdom of Bahrain.
Infracorp B.S.C. (c)	Kingdom of Bahrain	52.5%	Management of Real Estate
LPOD and Domina*	Kingdom of Bahrain	28.14%	Real estate holding and development

	US\$ 000's	
	2024	2023
At 1 January	137,390	103,471
Additions	33,372	37,024
Other reserves of equity accounted investee	(12,577)	(13,612)
Share of profit for the year, net	2,606	10,507
Impairment	(2,132)	-
<b>At 31 December 2024</b>	<b>158,659</b>	<b>137,390</b>

Summarised financial information of entities that have been equity-accounted investments not adjusted for the percentage ownership held by the Group (based on most recent management accounts):

	US\$ 000's	
	2024	2023
<b>Infracorp B.S.C. (c)</b>		
Total assets	2,274,122	1,645,707
Total liabilities	2,092,626	402,983
Equity type sukuk	500,000	900,000
Total revenues	358,461	216,075
Total profit (attributable to shareholders)	54,998	45,466
<b>Other equity-accounted investees</b>		
Total assets	44,167	27,757
Total liabilities	1,117	774
Total revenues	1,523	1,558
Total loss	(58)	1,300

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 11. CO-INVESTMENTS

	US\$ 000's	
	31 December 2024	31 December 2023
At fair value through comprehensive income		
- Unquoted equity securities	279,612	247,048
At fair value through income statement		
- Unquoted equity securities	9,394	9,168
Fair value changes	(28,842)	(1,606)
	<b>260,164</b>	<b>254,610</b>

	US\$ 000's	
	2024	2023
At 1 January	254,610	142,051
Additions	65,720	116,214
Disposals	(18,649)	(915)
Reclassification	(14,281)	-
Fair value change*	(27,236)	(2,740)
<b>At 31 December</b>	<b>260,164</b>	<b>254,610</b>

\*This includes MTM movement through P&L of US \$11,256 thousand and MTM through equity of US \$ 15,930 thousand.

## 12. RECEIVABLES AND OTHER ASSETS

	US\$ 000's	
	31 December 2024	31 December 2023
Investment banking receivables	225,512	307,597
Receivable from equity-accounted investees	162,442	93,318
Financing to projects, net	4,923	7,281
Receivable on sale of real estate	149,944	16,376
Advances and deposits	69,281	62,416
Employee receivables	21,700	7,443
Profit on sukuk receivable	20,908	19,948
Lease rentals receivable	3,050	4,025
Goodwill and intangibles*	83,812	45,187
Receivable from sale of investments	181,555	71,281
Prepayments and other receivables	271,265	198,407
Less: Impairment allowance	(21,006)	(7,948)
	<b>1,173,386</b>	<b>825,331</b>

\*Goodwill and intangibles mainly related to acquisitions of subsidiaries. (Refer note 40). During the amortization charge amounts to US \$ 4,160 thousand.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 13. PROPERTY AND EQUIPMENT

	US\$ 000's	
	31 December 2024	31 December 2023
Land	25,132	73,291
Buildings and other leased assets	9,897	113,354
Others including furniture, vehicles and equipment	22,186	42,889
	<b>57,215</b>	<b>229,534</b>

Depreciation on property and equipment during the year was US\$ 12,791 thousand (2023: US\$ 11,244 thousand).

## 14. PLACEMENTS FROM NON-FINANCIAL INSTITUTIONS AND INDIVIDUALS

These comprise placements in the form of murabaha and wakala contracts with financial, non-financial institutions, and individuals part of the Group's treasury activities. This includes US\$ 84.3 million (2023: US\$ 84.3 million) from a non-financial entity which is currently subject to regulatory sanctions.

## 15. TERM FINANCING

	US\$ 000's	
	31 December 2024	31 December 2023
Murabaha financing	1,625,186	1,880,910
Sukuk	522,774	241,777
Other borrowings	1,798	1,620
	<b>2,149,758</b>	<b>2,124,307</b>

	US\$ 000's	
	31 December 2024	31 December 2023
Current portion	842,173	757,075
Non-current portion	1,307,585	1,367,232
	<b>2,149,758</b>	<b>2,124,307</b>

### Murabaha Financing Comprise:

Short-term and medium-term facilities of US\$ 1,605,433 thousand (31 December 2023: US\$ 1,857,388 thousand) are secured by quoted sukuk of US\$ 2,571,205 thousand (31 December 2023: US\$ 2,762,506 thousand), structured notes of US\$ 276,435 thousand (31 December 2023: US\$ 404,839 thousand).

### Sukuk

During 2020, the Group raised US\$ 500,000 thousand through issuance of unsecured sukuk certificates with a profit rate of 7.5% p.a. repayable by 2025 till date. The Group has repurchased cumulative sukuk of US\$ 412,662 thousand. The outstanding sukuk also includes accrued profit of US\$ 2,803 thousand.

During 2024, the Group raised US\$ 500,000 thousand through issuance of unsecured sukuk certificates with a profit rate of 7.5% p.a. repayable by 2029 till date. The Group has repurchased cumulative sukuk of US\$ 75,390 thousand. The outstanding sukuk also includes accrued profit of US\$ 4,954 thousand.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 16. OTHER LIABILITIES

	US\$ 000's	
	31 December 2024	31 December 2023
Investment banking payables	167,544	173,297
Accounts Payables	61,610	45,511
Unclaimed dividends	2,676	2,312
Payables to equity-accounted investees	56,347	109,572
Other accrued expenses and payables	52,474	67,872
Deferred Income	3,654	32,240
Payables towards purchase of investments	43,910	63,068
Zakah and Charity Fund	10,375	6,331
Employee related accruals*	22,534	25,039
Mudaraba profit accrual	14,240	22,814
	<b>435,364</b>	<b>548,056</b>

\*This includes movement of employees' end of service benefits:

	US\$ 000's	
	31 December 2024	31 December 2023
At beginning of the year	4,889	3,858
Charge for the year	1,380	1,430
Paid during the year	(373)	(399)
Transferred to SIO during the year	(342)	-
	<b>5,554</b>	<b>4,889</b>

Total number of employees covered by the employees' end of service benefits as mentioned above:

	US\$ 000's	
	31 December 2024	31 December 2023
Bahrainis	37	34
Expatriates	30	32
	<b>67</b>	<b>66</b>

## 17. COMPARATIVES

Certain prior period amounts have been regrouped to be consistent with the current period presentation. Such regrouping does not impact previously reported profits, equity, asset, liabilities or quasi-equity balances.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 18. QUASI EQUITY

	US\$ 000's	
	31 December 2024	31 December 2023
Placements and borrowings from financial institutions - Wakala	1,617,818	2,312,153
Mudaraba	1,362,999	1,138,853
	<b>2,980,817</b>	<b>3,451,006</b>

The funds received from investment account holders have been commingled and jointly invested with the Group in the following asset classes as at 31 December:

	US\$ 000's	
	31 December 2024	31 December 2023
Balances with banks	154,385	303,771
CBB reserve account	84,769	75,310
Debt type instruments - sukuk	1,628,135	2,230,830
Financing contracts	1,039,024	722,808
Investment securities	30,849	71,334
Investment in real estate	43,655	45,618
Other assets	-	1,335
	<b>2,980,817</b>	<b>3,451,006</b>

As at 31 December 2024, the balance of profit equalisation reserve and investment risk reserve was Nil (2023: Nil).

The Group does not allocate non-performing assets to IAH pool. All the impairment allowances are allocated to owners' equity. Recoveries from non-performing financial assets are also not allocated to IAH accountholders. Only profits earned on pool of assets funded from IAH are allocated between the owners' equity and IAH. The Group did not charge any administration expenses to investment accounts.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 19. SHARE CAPITAL

	US\$ 000's	
	31 December 2024	31 December 2023
<b>Authorised:</b>		
9,433,962,264 shares of US\$ 0.265 each (2023: 9,433,962,264 shares of US\$ 0.265 each)	2,500,000	2,500,000
<b>Issued and fully paid up:</b>		
3,832,593,838 shares of US\$ 0.265 each (2023: 3,832,593,838 shares of US\$ 0.265 each)	1,015,637	1,015,637

The movement in the share capital during the year is as follows:

	US\$ 000's	
	2024	2023
At 1 January	1,015,637	1,015,637
Issue of bonus shares	-	-
<b>At 31 December</b>	<b>1,015,637</b>	<b>1,015,637</b>

As at 31 December 2024, the Bank held 258,344,619 (31 December 2023: 353,456,810) treasury shares.

### Additional information on Shareholding Pattern

- (i) The Bank has only one class of equity shares and the holders of these shares have equal voting rights.  
(ii) Distribution schedule of equity shares, setting out the number of holders and percentage in the following categories:

31 December 2024 Categories*	Number of shares	Number of Shareholders	% of total outstanding shares
Less than 1%	3,174,376,727	6,993	82.83%
1% up to less than 5%	427,939,664	7	11.17%
5% to less than 10%	230,277,447	1	6.0%
<b>Total</b>	<b>3,832,593,838</b>	<b>7,001</b>	<b>100%</b>

31 December 2023 Categories*	Number of shares	Number of Shareholders	% of total outstanding shares
Less than 1%	2,344,580,087	8,632	61.17%
1% up to less than 5%	1,239,114,234	17	32.33%
5% to less than 10%	248,899,517	1	6.50%
<b>Total</b>	<b>3,832,593,838</b>	<b>8,650</b>	<b>100%</b>

\* Expressed as a percentage of total outstanding shares of the Bank.

### Appropriations and changes in Capital Structure

Appropriations, if any, are made when approved by the shareholders.

#### Proposed Appropriations

The Board of Directors proposes the following appropriations for 2024 subject to shareholders' and regulatory approval:

- Cash dividend of 6.2% of the paid-up share capital net of treasury shares.
- To allocate an amount of US\$ 1,500,000 to charity activities and civil society organizations.
- Transfer of US\$ 11,850,400 to statutory reserve; and
- Board remuneration of US\$ 2,400,000.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 20. SHARE GRANT RESERVE

The Bank operates a share-based incentive scheme for its employees (the "Scheme") whereby employee are granted the Bank's shares as compensation on achievement of certain non-market based performance conditions and service conditions (the 'vesting conditions'). The grant date fair value of equity instruments granted to employees is recognised as an employee expense, with a corresponding increase in equity over the period in which the employees become unconditionally entitled to the share awards. During the year the Bank has recognized US\$ 1,240 thousands.

## 21. OTHER INCOME

Other income includes write back of liabilities no longer required of US\$ Nil million (2023: US\$ 4.35 million) after settlement arrangements were concluded for some of the non-banking subsidiaries and income of non-financial subsidiaries of US\$ 6.36million (2023: US\$ 9 million).

## 22. DISAGGREGATION OF REVENUE

	US\$ 000's	
	2024	2023
<b>Revenue recognized at a point in time</b>		
Deal related income	101,347	174,558
Fee and other income	18,599	23,725
Income from sale of assets	92,063	7,959
Income from Co-Investments	64,116	55,493
Income from sale of assets	127,445	33,518
	<b>403,570</b>	295,253
<b>Revenue recognized over time</b>		
Deal related income	3,705	8,161
Asset management	75,083	18,652
Fee and other income	3,878	3,485
Leasing and operating income	39,086	15,793
	<b>121,752</b>	46,091
Income recognized in accordance with IFRS 9	105,263	92,253
Share of profit/(loss) from equity-accounted investees	30,202	34,536
Other income	15,036	15,089
<b>Total income</b>	<b>675,823</b>	483,222

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 23. IMPAIRMENT ALLOWANCES, NET

	US\$ 000's	
	2024	2023
Bank balances	23	16
Treasury portfolio (note 7)	1,485	9,115
Financing contracts (note 8)	1,611	10,210
Co-investments (note 11)	-	1,606
Proprietary investments (note 10)	2,132	872
Other receivables (note 12)	13,058	(1,368)
Commitments and financial guarantees	(12)	8
	<b>18,297</b>	<b>20,459</b>

## 24. STAFF COST

	US\$ 000's	
	2024	2023
Salaries and short-term benefits	96,969	68,409
Social insurance and end of service benefits	4,239	2,728
Share-based payments	10,000	6,600
	<b>111,208</b>	<b>77,737</b>

As per the Group's Variable Incentive Policy, a portion of the annual performance bonus is issued in the form of share awards to its senior management employees. These awards include deferred incentives in the form of shares, share purchase plans and long-term incentive plans with different conditions. The terms of the award, including the type of plan, extent of funding, pricing and deferral period is determined for each year by the Board Nomination, Remuneration and Governance Committee of the Bank.

Performance year	Nature of award	Staff coverage	Summary of deferral and vesting conditions
Annual Awards	Employee Share Purchase Plan & Deferred Annual Bonus (DAB)	Covered persons in business and control functions who exceed total compensation thresholds as per CBB Remuneration Regulations and Bank's Variable Remuneration policy.	A portion of the annual incentive is issued in form of shares / awards and released rateably over the 3-year deferral period. The issue price is determined based on a defined adjustment to market price on the date of the award. No future performance conditions or service conditions associated with the DAB shares. DAB Shares are entitled to dividends, if any, but released over the deferral period.
2020 - 2024	Long term incentive plan (LTIP) share awards	Select Senior Management	Under the future performance awards structure of the Bank, an LTIP scheme was introduced where the employees are compensated in form of shares on achievement of certain pre-determined performance conditions. The LTIP sets performance and service conditions and has a rateable vesting schedule over a period of 3 - 6 years. Accelerated vesting may occur on exceeding performance conditions leading to true up of share-based payment charges. The issue price is determined based on a defined adjustment to market price on the date of the award. The LTIP shares include leverage features and are entitled to dividends, if any, released along with the vested shares.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

	2024		2023	
	No. of Shares	US\$ 000's	No. of Shares	US\$ 000's
Opening balance	149,075,180	33,209	203,507,210	28,657
Awarded during the period				
- DAB shares	6,302,880	1,271	7,584,540	1,518
- LTIP shares	38,325,937	9,660	36,260,502	8,580
Bonus shares received during the period				-
- DAB shares	-	-	-	-
- LTIP shares	-	-	-	-
Forfeiture and other adjustments	(756,300)	-	(1,300,687)	-
Transfer to employees / settlement	(70,477,840)	(14,794)	(96,976,385)	(5,546)
<b>Closing balance</b>	<b>122,469,857</b>	<b>29,346</b>	149,075,180	33,209

In case of the employee share purchase plans including LTIP, the US\$ amounts reported in the table above represents the gross vesting charge of the respective schemes as determined under IFRS 2 - Share-based payments at the date of the award and not the value of the shares. The release of these shares are subject to future retention, performance and service conditions. The number of shares included in the table above refer to the total employee participation in the various plans that remain unvested and undelivered as at the reporting date.

## 25. OTHER OPERATING EXPENSES

	US\$ 000's	
	2024	2023
Investment advisory expenses	18,713	18,895
Lease amortization	5,223	5,629
Professional and consultancy fees	14,287	12,510
Legal expenses	7,607	2,593
Depreciation	12,791	11,244
Expenses relating to non-banking subsidiaries	6,862	5,850
Registration Fees	1,566	1,842
Information Technology Expenses	6,444	5,020
Foreign Exchange	5,793	1,652
Benefit & Visa expenses	5,897	2,964
Advertising and Marketing expenses	9,242	9,242
Other operating expenses	46,893	26,195
	<b>141,318</b>	<b>103,636</b>

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 26. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Group exercises significant influence, major shareholders, directors and executive management of the Group. A significant portion of the Group's management fees are from entities over which the Group exercises influence (assets under management). Although these entities are considered related parties, 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 transactions with these entities are based on agreed terms.

The significant related party transactions during the year and balances as at year end included in these consolidated financial statements are as follows:

US\$ 000's

2024	Related parties			Assets under management including special purpose and other entities	Total
	Associates / Joint venture	Key management personnel	Significant shareholders / entities in which directors are interested		
<b>Assets</b>					
Treasury portfolio	521,440	-	-	57,842	<b>579,282</b>
Financing contracts	-	10,597	131,028	18,212	<b>159,837</b>
Real Estate Investment	-	-	142,670	-	<b>142,670</b>
Proprietary investment	442,207	-	6,058	-	<b>448,265</b>
Co investment	-	-	-	260,164	<b>260,164</b>
Receivables and other assets	162,442	7,008	134,534	225,512	<b>529,496</b>
<b>Liabilities</b>					
Current account	1,854	928	36,305	17,950	<b>57,037</b>
Placements from financial, non-financial institutions and individuals	-	6,469	2,772	-	<b>9,241</b>
Payables and accruals	61,610	7,468	-	167,544	<b>236,622</b>
Quasi Equity	844	5,695	65,014	-	<b>71,553</b>
<b>Income</b>					
Income from investment banking	1,451	-	-	181,831	<b>183,282</b>
Income from commercial banking					
- Income from financing	-	594	5,422	-	<b>6,016</b>
- Fee and other income					
- Less: Return to investment account holders	(48)	(223)	(10,483)	-	<b>(10,754)</b>
- Less: Finance expense	-	-	(279)	-	<b>(279)</b>
Income from Treasury and proprietary	51,925	-	59,799	96,587	<b>208,311</b>
<b>Expenses</b>					
Operating expenses	-	(1,143)	-	-	<b>(1,143)</b>
Staff Cost	-	(9,868)	-	-	<b>(9,868)</b>
Finance Cost	-	-	(14,446)	-	<b>(14,446)</b>

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

US\$ 000's

2023	Related parties			Assets under management including special purpose and other entities	Total
	Associates / Joint venture	Key management personnel	Significant shareholders / entities in which directors are interested		
<b>Assets</b>					
Treasury portfolio	-	-	-	70,546	70,546
Financing contracts	-	11,202	85,055	19,489	115,746
Proprietary investment	827,161	-	7,686	13,667	848,514
Co investment	-	-	-	254,610	254,610
Receivables and prepayments	93,318	6,731	1,507	307,597	409,153
<b>Liabilities</b>					
Current account	2,971	16	29,233	19,122	51,342
Placements from financial, non-financial institutions and individuals	-	5,602	8,622	-	14,224
Payables and accruals	109,572	7,196	0	173,297	290,065
Quasi Equity	2,485	5,027	44,145	14,422	66,079
<b>Income</b>					
Income from investment banking	-	-	-	182,173	182,173
Income from commercial banking	-	-	-	-	-
- Income from financing	-	790	8,536	-	9,326
- Fee and other income	-	-	-	-	-
- Less: Return to investment account holders	(37)	(249)	(14,257)	(16)	(14,559)
- Less: Finance expense	-	(271)	(11,655)	-	(11,926)
Income from proprietary and co-investments	-	-	-	-	-
Treasury and other income	35,069	-	-	6,333	41,402
<b>Expenses</b>					
Operating expenses	-	(1,180)	-	(151)	(1,331)
Staff Cost	-	(7,326)	-	-	(7,326)
Finance Cost	-	-	-	(3,188)	(3,188)

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 26. RELATED PARTY TRANSACTIONS (contd.)

### 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 and its significant banking subsidiary.

During the year, there were no direct participation of directors in investments promoted by the Group.

The key management personnel compensation is as follows:

	US\$ 000's	
	2024	2023
Board members' remuneration, fees and allowance	3,857	2,944
Salaries, other short-term benefits and expenses	8,888	6,938
Post-employment benefits	980	387

## 27. ASSETS UNDER MANAGEMENT AND CUSTODIAL ASSETS

- 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 consolidated financial statements. At the reporting date, the Group had assets under management of US\$ 10,744 million (31 December 2023: US\$ 9,852 million). During the year, the Group had charged management fees and performance fee amounting to US\$ 56,547 thousand (31 December 2022: US\$ 18,652 thousand).
- Custodial assets comprise assets of the discretionary portfolio management ('DPM') accounts amounting to US\$ 3,304,293 thousand (2023: US\$ 3,351,184 thousand), of which US\$ 1,689,273 thousand (2023: US\$ 1,033,915 thousand) relate to the Group's investment products and the balance is deployed in the Group's treasury products.

## 28. EARNINGS PER SHARE

### Basic Earnings Per Share

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of equity shares outstanding during the year.

The weighted average number of ordinary equity shares for the comparative periods presented are adjusted for the issue of shares during the year without corresponding change in resources.

	2024	2023
In thousands of shares		
Weighted average number of shares for basic and diluted earnings	3,619,933	3,493,154

### Diluted Earnings Per Share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Potential ordinary shares are considered to be dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase the loss per share.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 29. ZAKAH AND SOCIAL RESPONSIBILITY

Zakah is directly borne by the shareholders on distributed profits and investors in restricted investment accounts. The Bank does not collect or pay Zakah on behalf of its shareholders and investors in restricted investment accounts. Zakah payable by the shareholders is computed by the Bank on the basis of the method prescribed (net assets method) by the Bank's Shari'a Supervisory Board and notified to shareholders annually.

The Group discharges its social responsibilities through donations to charitable causes and social organisations.

	US\$ 000's	
	2024	2023
<b>Sources of zakah and charity fund</b>		
Contributions by the Group	6,019	2,471
Non-Sharia income (note 30)	2,092	278
<b>Total sources</b>	<b>8,111</b>	<b>2,749</b>
<b>Uses of zakah and charity fund</b>		
Contributions to charitable organisations	(3,027)	(2,120)
<b>Total uses</b>	<b>(3,027)</b>	<b>(2,120)</b>
<b>Surplus of sources over uses</b>		
Undistributed zakah and charity fund at beginning of the year	5,536	6,553
<b>Undistributed zakah and charity fund at 31 December (note 16)</b>	<b>5,536</b>	<b>6,553</b>
<b>Represented by:</b>		
Zakah payable	4,109	1,647
Charity fund	6,511	4,906
	<b>10,620</b>	<b>6,553</b>

## 30. EARNINGS PROHIBITED BY SHARIA

The Group is committed to avoid recognising any income generated from non-sharia sources. Accordingly, all non-sharia income is credited to a charity account where the Group uses these funds for charitable means. Movements in non-sharia funds are shown in the statement of sources and uses of charity funds. The Group receives interest from deposits placed with the CBB and other incidental or required deposits. These earnings are utilised exclusively for charitable purposes and amount to US\$ 2,092 thousand (2023: US\$ 278 thousand).

## 31. SHARIA SUPERVISORY BOARD

The Group's Shari'a Supervisory Board comprise four 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.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 32. MATURITY PROFILE

The table below shows the maturity profile of the Group's assets and unrecognised commitments on the basis of their contractual maturity. Where such contractual maturity is not available, the Group has considered expected realisation / settlement profile for assets and liabilities respectively. For undiscounted contractual maturity of financial liabilities, refer note 37.

US\$ 000's

31 December 2024	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	Total
<b>Assets</b>						
Cash and bank balances	419,818	16,849	22,286	1,013	-	459,966
Treasury portfolio	1,098,149	869,530	295,129	1,147,694	1,441,132	4,851,634
Financing contracts	193,599	228,295	105,369	352,584	1,178,310	2,058,157
Real estate investment	-	-	-	-	1,391,135	1,391,135
Proprietary investments	-	-	-	749,968	29,400	779,368
Co-investments	-	-	-	260,164	-	260,164
Receivables and prepayments	226,539	354,130	265,036	175,371	152,310	1,173,386
Property and equipment	-	-	-	-	57,215	57,215
<b>Total assets</b>	<b>1,938,105</b>	<b>1,468,804</b>	<b>687,820</b>	<b>2,686,794</b>	<b>4,249,502</b>	<b>11,031,025</b>
<b>Liabilities</b>						
Client's funds	143,773	-	60,419	-	-	204,192
Placements from financial institutions	917,787	767,814	678,009	80,850	(1)	2,444,459
Placements from non-financial institutions and individuals	574,931	133,285	224,136	4,888	455,564	1,392,804
Current account	145,811	2,610	4,857	9,716	145,546	308,540
Term financing	583,329	256,290	2,554	1,249,869	57,716	2,149,758
Payables and accruals	53,853	255,597	74,734	44,571	6,609	435,364
<b>Total liabilities</b>	<b>2,419,484</b>	<b>1,415,596</b>	<b>1,044,709</b>	<b>1,389,894</b>	<b>665,434</b>	<b>6,935,117</b>
<b>Quasi Equity</b>	<b>1,776,009</b>	<b>197,079</b>	<b>139,945</b>	<b>292,655</b>	<b>575,129</b>	<b>2,980,817</b>
Off-balance sheet items	-	-	-	-	-	-
Commitments	42,759	7,188	39,061	164,403	26	253,437

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

	US\$ 000's					
31 December 2023	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	Total
<b>Assets</b>						
Cash and bank balances	343,314	8,660	22,976	1,934	0	376,884
Treasury portfolio	2,490,581	68,210	62,469	787,230	1,726,542	5,135,032
Financing contracts	182,611	48,429	185,568	315,080	813,122	1,544,810
Real estate investment	-	-	0	-	1,371,932	1,371,932
Proprietary investments	-	-	0	177,006	77,604	254,610
Co-investments	-	-	0	1,044,727	-	1,044,727
Receivables and prepayments	99,635	10,548	244,732	69,265	401,151	825,331
Property and equipment	-	-	0	0	229,534	229,534
Asset held for sale	338,619	-	-	-	-	338,619
<b>Total assets</b>	<b>3,454,760</b>	<b>135,847</b>	<b>515,745</b>	<b>2,395,242</b>	<b>4,619,885</b>	<b>11,121,479</b>
<b>Liabilities</b>						
Client's funds	145,221	-	61,001	-	-	206,222
Placements from financial institutions	1,512,670	302,464	311,295	160,780	36,008	2,323,217
Placements from non-financial institutions and individuals	209,240	86,071	243,599	121,703	299,437	960,050
Current account	11,517	25,408	-	13,902	152,870	203,697
Term financing	606,741	149,239	1,095	1,089,757	277,475	2,124,307
Payables and accruals	206,274	137,068	14,519	85,524	104,671	548,056
Liabilities held for sale	230,562	-	-	-	-	230,562
<b>Total liabilities</b>	<b>2,922,225</b>	<b>700,250</b>	<b>631,509</b>	<b>1,471,666</b>	<b>870,461</b>	<b>6,596,111</b>
<b>Quasi Equity</b>	<b>2,031,934</b>	<b>272,393</b>	<b>656,972</b>	<b>395,218</b>	<b>94,489</b>	<b>3,451,006</b>
<b>Off-balance sheet items</b>						
Notional amount of Derivative	558,000	-	-	-	-	558,000
Commitments	92,478	18,366	33,483	59,232	138	203,697

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 33. CONCENTRATION OF ASSETS, LIABILITIES AND QUASI EQUITY

### (a) Industry Sector

US\$ 000's

31 December 2024	Banks and financial institutions	Real Estate	Others	Total
<b>Assets</b>				
Cash and bank balances	420,470	28,476	11,020	459,966
Treasury portfolio	3,700,900	169,925	980,809	4,851,634
Financing contracts	278,153	718,489	1,061,515	2,058,157
Real estate investments	1,161,281	193,888	35,966	1,391,135
Co-investment	130,347	129,817	-	260,164
Proprietary investment	687,089	77,871	14,408	779,368
Receivables and prepayments	1,042,783	8,450	122,153	1,173,386
Property and equipment	8,786	32,774	15,655	57,215
<b>Total assets</b>	<b>7,429,809</b>	<b>1,359,690</b>	<b>2,241,526</b>	<b>11,031,025</b>
<b>Liabilities</b>				
Client's funds	201,400	-	2,792	204,192
Placements from financial institutions	2,444,459	-	-	2,444,459
Placements from non-financial institutions and individuals	521,985	159,899	710,920	1,392,804
Customer accounts	345	10,655	297,540	308,540
Term financing	2,007,158	12,740	129,860	2,149,758
Payables and accruals	352,179	3,624	79,561	435,364
<b>Total liabilities</b>	<b>5,527,526</b>	<b>186,918</b>	<b>1,220,673</b>	<b>6,935,117</b>
<b>Quasi Equity</b>	<b>1,620,308</b>	<b>111,223</b>	<b>1,249,286</b>	<b>2,980,817</b>
<b>Off-balance sheet items</b>				
Commitments	16,578	61,648	175,211	253,437
Off- balance- sheet investment accounts		1,079,674	605,605	1,685,279

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

US\$ 000's

31 December 2023	Banks and financial institutions	Real Estate	Others	Total
<b>Assets</b>				
Cash and bank balances	359,436	13,253	4,195	376,884
Treasury portfolio	4,071,499	207,677	855,856	5,135,032
Financing contracts	90,540	735,117	719,153	1,544,810
Real estate investments	-	1,371,932	-	1,371,932
Proprietary investment	720,208	153,916	170,603	1,044,727
Co-investment	143,140	111,470	-	254,610
Receivables and prepayments	40,528	125,420	659,383	825,331
Property and equipment	4,927	78,683	145,924	229,534
Asset held for sale	-	338,619	-	338,619
<b>Total assets</b>	<b>5,430,278</b>	<b>3,136,087</b>	<b>2,555,114</b>	<b>11,121,479</b>
<b>Liabilities</b>				
Client's funds	203,341	-	2,881	206,222
Placements from financial institutions	2,323,217	-	-	2,323,217
Placements from non-financial institutions and individuals	4,027	-	956,023	960,050
Customer accounts	934	9,899	192,864	203,697
Term financing	2,110,286	14,021	-	2,124,307
Payables and accruals	414,074	-	133,982	548,056
Liabilities held for sale	-	-	230,562	230,562
<b>Total liabilities</b>	<b>5,055,879</b>	<b>23,920</b>	<b>1,516,312</b>	<b>6,596,111</b>
<b>Quasi Equity</b>	<b>348,787</b>	<b>166,159</b>	<b>2,936,060</b>	<b>3,451,006</b>
<b>Off-balance sheet items</b>				
Commitments	654	78,463	124,581	203,698
Off-balance-sheet investment accounts	-	646,088	383,833	1,029,921
Notional amount of Derivative	558,500	-	-	558,500

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 33. CONCENTRATION OF ASSETS, LIABILITIES AND QUASI EQUITY (contd.)

### (b) Geographic Region

	US\$ 000's					
31 December 2024	GCC countries	MENA	Asia	North America	Others	Total
<b>Assets</b>						
Cash and bank balances	445,753	361	111	2,873	10,868	459,966
Treasury portfolio	3,942,597	491,188	-	264,984	152,865	4,851,634
Financing contracts	2,039,007	-	-	3,073	16,077	2,058,157
Real estate investment	1,382,506	-	6,845	-	1,784	1,391,135
Proprietary investment	777,740	-	-	1,628	-	779,368
Co-investments	182,281	-	505	19,426	57,952	260,164
Receivables and prepayments	1,079,725	22,552	3,855	57,504	9,750	1,173,386
Property and equipment	57,215	-	-	-	-	57,215
<b>Total assets</b>	<b>9,906,824</b>	<b>514,101</b>	<b>11,316</b>	<b>349,488</b>	<b>249,296</b>	<b>11,031,025</b>
<b>Liabilities</b>						
Client's funds	201,400	-	-	-	2,792	204,192
Placements from financial,	2,442,112	-	-	-	2,347	2,444,459
Placements non-financial institutions and individuals	1,298,833	93,971	-	-	-	1,392,804
Customer accounts	259,950	-	170	-	48,420	308,540
Term Financing	2,058,461	-	-	-	91,297	2,149,758
Payables and accruals	296,887	1,490	-	70,739	66,248	435,364
<b>Total liabilities</b>	<b>6,557,643</b>	<b>95,461</b>	<b>170</b>	<b>70,739</b>	<b>211,104</b>	<b>6,935,117</b>
<b>Quasi Equity</b>	<b>2,826,589</b>	<b>6,714</b>	<b>4,054</b>	<b>-</b>	<b>143,460</b>	<b>2,980,817</b>
<b>Off-balance sheet items</b>						
Commitments	240,287	-	-	13,150	-	253,437
Off-balance sheet investment accounts					1,685,279	1,685,279

Concentration by location for assets is measured based on the location of the underlying operating assets and not based on the location of the investment (which is generally based in tax efficient jurisdictions).

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

	US\$ 000's					
31 December 2023	GCC countries	MENA	Asia	North America	Others	Total
<b>Assets</b>						
Cash and bank balances	322,098	361	82	50,188	4,155	376,884
Treasury portfolio	3,239,875	445,603	-	269,765	1,179,789	5,135,032
Financing contracts	1,497,272	-	-	31,514	16,024	1,544,810
Real estate investment	1,362,718	-	7,430	-	1,784	1,371,932
Proprietary investment	245,492	-	-	1,976	7,142	254,610
Co-investments	957,338	-	505	28,077	58,807	1,044,727
Receivables and prepayments	660,037	22,552	3,520	131,310	7,912	825,331
Property and equipment	229,534	-	-	-	-	229,534
Assets held for sale	338,619	-	-	-	-	338,619
<b>Total assets</b>	<b>8,852,983</b>	<b>468,516</b>	<b>11,537</b>	<b>512,830</b>	<b>1,275,613</b>	<b>11,121,479</b>
<b>Liabilities</b>						
Client's funds	203,341	-	-	-	2,881	206,222
Placements from financial,	2,323,217	-	-	-	-	2,323,217
Placements non-financial institutions and individuals	733,239	226,487	-	-	324	960,050
Customer accounts	149,968	-	-	-	53,729	203,697
Term Financing	1,629,941	-	-	-	494,366	2,124,307
Payables and accruals	414,283	-	-	82,590	51,183	548,056
Liabilities held for sale	230,562	-	-	-	-	230,562
<b>Total liabilities</b>	<b>5,684,551</b>	<b>226,487</b>	<b>53,729</b>	<b>82,590</b>	<b>548,754</b>	<b>6,596,111</b>
<b>Quasi Equity</b>	<b>3,360,289</b>	<b>2,329</b>	<b>4,218</b>	<b>-</b>	<b>84,170</b>	<b>3,451,006</b>
<b>Off-balance sheet items</b>						
Commitments	154,550	-	-	49,147	-	203,697
Off-balance sheet investment accounts	-	-	-	-	1,029,921	1,029,921
Notional amount of Derivative	-	-	-	558,500	-	558,500

Concentration by location for assets is measured based on the location of the underlying operating assets, and not based on the location of the investment (which is generally based in tax efficient jurisdictions).

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 34. OPERATING SEGMENTS

The Group has three distinct operating segments, Real Estate Development, Investment Banking and Commercial Banking, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different strategies for management and resource allocation within the Group. For each of the strategic business units, the Group's Board of Directors (chief operating decision makers) review internal management reports on a quarterly basis.

The following summary describes the operations in each of the Group's operating reportable segments:

- **Investment Banking:** The Banking segment of the Group is focused on private equity and asset management domains. The private equity activities include acquisition of interests in unlisted or listed businesses at prices lower than anticipated values. The asset management unit is responsible for identifying and managing investments in yielding real estate in the target markets of the GCC. The investment banking activities focuses on providing structuring capabilities in Islamic asset-backed and equity capital markets, Islamic financial advisory and mid-sized mergers and acquisition transactions.
- **Commercial Banking:** These include commercial and corporate banking, retail banking, wealth management, structured investment products and project financing facilities of the Group's commercial banking subsidiary.
- **Proprietary and Treasury** - All common costs and activities treasury and residual investment assets, excluding those that are carried independently by the reportable segments which are included within the respective segment, are considered as part of the proprietary and treasury activities of the Group.

The performance of each operating segment is measured based on segment results and are reviewed by the management committee and the Board of Directors on a quarterly basis. Segment results is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The Group classifies directly attributable revenue and cost relating to transactions originating from respective segments as segment revenue and segment expenses respectively. Indirect costs is allocated based on cost drivers/factors that can be identified with the segment and/ or the related activities. The internal management reports are designed to reflect revenue and cost for respective segments which are measured against the budgeted figures. The unallocated revenues, expenses, assets and liabilities related to entity-wide corporate activities and treasury activities at the Group level. Segment revenue and expenses were net-off inter segment revenue and expenses.

The Group has primary operations in Bahrain and the Group does not have any significant independent overseas branches/divisions in the banking business. The geographic concentration of assets and liabilities is disclosed in note 33 (b) to the consolidated financial statements.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

Information regarding the results of each reportable segment is included below:

US\$ 000's

31 December 2024	Investment banking	Commercial banking	Proprietary and Treasury	Total
Segment revenue	180,135	132,521	363,167	675,823
Segment expenses	(131,172)	(99,558)	(298,282)	(529,012)
Impairment allowance	-	(5,104)	(13,193)	(18,297)
<b>Segment result</b>	<b>48,963</b>	<b>27,859</b>	<b>51,692</b>	<b>128,514</b>
Segment assets	229,288	3,968,511	6,833,226	11,031,025
Segment liabilities	300,353	2,250,096	4,384,668	6,935,117
Quasi equity	-	1,377,179	1,603,638	2,980,817
Other segment information				
Equity accounted investees	-	17,285	143,506	160,791
Commitments	13,150	94,607	145,680	253,437

US\$ 000's

31 December 2023	Investment banking	Commercial banking	Proprietary and Treasury	Total
Segment revenue	201,371	67,793	214,058	483,222
Segment expenses (including impairment allowances)	(145,620)	(51,106)	(160,810)	(357,536)
Impairment allowance	-	(3,896)	(16,563)	(20,459)
Segment result	55,751	12,791	36,685	105,227
Segment assets	278,056	3,985,192	6,858,231	11,121,479
Segment liabilities	208,859	2,146,851	4,240,401	6,596,111
Quasi Equity	-	1,420,854	2,030,152	3,451,006
Other segment information				
Equity accounted investees	-	8,656	128,734	137,390
Commitments	49,147	154,550	-	203,697

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 35. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an orderly 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 values of bank balances, placements with financial institutions, receivables and other financial assets, clients' funds, placements from institutions and individuals, customer current accounts 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 profit or loss are carried at their fair values determined using quoted market prices.

The fair value of quoted Sukuk carried at amortised cost (net of impairment allowances) of US\$ 2,398,462 thousand (31 December 2023: US\$ 2,404,550 thousand) is US \$ 2,466,563 thousand (31 December 2023: US \$ 2,448,322). There are no material changes in the fair values of the Sukuk's carried at amortised cost subsequent to the reporting date until the date of signing the consolidated financial statements for the year ended 31 December 2024.

### Fair Value Hierarchy

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:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments measured at fair value.

	US\$ 000's			
31 December 2024	Level 1	Level 2	Level 3	Total
<b>(i) Proprietary investments</b>				
Investment securities carried at fair value through:				
- income statement	-	98,580	-	98,580
- comprehensive income	17,324	442,207	63,512	523,043
	<b>17,324</b>	<b>540,787</b>	<b>63,512</b>	<b>621,623</b>
<b>(ii) Treasury portfolio</b>				
Investment securities carried at fair value through:				
- income statement	-	308,181	-	308,181
- comprehensive income	1,176,331	-	-	1,176,331
	<b>1,176,331</b>	<b>308,181</b>	-	<b>1,484,512</b>
<b>(iii) Co-investments</b>				
Investment securities carried at fair value through comprehensive income	-	-	250,770	250,770
Investment securities carried at fair value through income statement	-	-	9,394	9,394
	-	-	<b>260,164</b>	<b>260,164</b>
	<b>1,193,655</b>	<b>848,968</b>	<b>323,676</b>	<b>2,366,299</b>

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

	US\$ 000's			
31 December 2023	Level 1	Level 2	Level 3	Total
<b>(i) Proprietary investments</b>				
Investment securities carried at fair value through:				
- income statement	-	17,194	-	17,194
- comprehensive income	-	827,012	64,045	891,057
	-	844,206	64,045	90,8251
<b>(ii) Treasury portfolio</b>				
Investment securities carried at fair value through:				
- income statement	-	434,133	-	434,133
- comprehensive income	860,565	-	-	860,565
	860,565	434,133	-	1,294,698
<b>(iii) Co-investments</b>				
Investment securities carried at fair value through comprehensive income	-	-	247,048	247,048
Investment securities carried at fair value through income statement	-	-	9,168	9,168
	-	-	256,216	256,216
	860,565	1,278,339	320,261	2,459,165

The table below shows the reconciliation of movements in value of investments measured using Level 3 inputs:

	US\$ 000's	
	<b>2024</b>	<b>2023</b>
At 1 January	320,261	197,944
Disposals at carrying value	(19,337)	(3,682)
Reclassification	(14,611)	-
Purchases	73,792	127,134
Fair value changes during the year		
- through P&L	(11,256)	(1,135)
- through Equity	(23,567)	-
<b>At 31 December</b>	<b>325,282</b>	<b>320,261</b>

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 35. FAIR VALUE OF FINANCIAL INSTRUMENTS (contd.)

### Fair Value Hierarchy (contd.)

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

#### As on 31 December 2024:

US\$ 000's

Valuation technique used	Key unobservable inputs	Fair value at 31 December 2024	Reasonable possible shift +/- (in average input)	Increase / (decrease) in valuation
Weighted Average	Weighted average cost of capital, Terminal Growth and Comparable Companies Multiples	13,339	+/- 5%	667 / (667)
Adjusted Net Asset Value	Weighted average cost of capital, Terminal Growth and NAV	5,365	+/- 5%	268 / (268)
Discounted cash flow	Weighted average cost of capital and Terminal Growth	79,261	+/- 5%	3,963 / (3,963)
Adjusted Net Asset Value	NAV	225,711	+/- 5%	11,366 / (11,366)
		<b>323,676</b>		

#### As on 31 December 2023:

US\$ 000's

Valuation technique used	Key unobservable inputs	Fair value at 31 December 2024	Reasonable possible shift +/- (in average input)	Increase / (decrease) in valuation
Market multiples approach	Comparable Companies trading Multiple and Discounted Cashflows	44,905	+/- 5%	2,245 / (2,245)
Market multiples approach	Comparable Companies Method	1,700	+/- 5%	85 / (85)
Discounted cash flow	Terminal growth rate	64,475	+/- 5%	3,224 / (3,224)
Discounted cash flow	Weighted average cost of capital	10,890	+/- 5%	544 / (544)
Weighted Average	Discounted Cashflows and NAV	18,543	+/- 5%	927 / (927)
Weighted Average	NAV and Comparable Transactions Multiple method	7,600	+/- 5%	380 / (380)
Adjusted Net Asset Value	NAV	172,148	+/- 5%	8,419 / (8,419)
		<b>320,261</b>		

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 36. COMMITMENTS AND CONTINGENCIES

The commitments contracted in the normal course of business of the Group are as follows:

	31 December 2024	31 December 2023
Undrawn commitments to extend finance	94,912	113,873
Financial guarantees	102,817	40,677
Capital commitments for infrastructure development projects	55,708	49,147
	<b>253,437</b>	<b>203,697</b>

### 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 Group has a number of claims and litigations filed against it in connection with projects promoted by the Bank in the past and with certain transactions. 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.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 37. FINANCIAL RISK MANAGEMENT

### Overview

Financial assets of the Group comprise bank balances, placements with financial and other institutions, investment securities and other receivable balances. Financial liabilities of the Group comprise investors' funds, placements from financial and other institutions, term financing and other payable balances. Accounting policies for financial assets and liabilities are set out in note 4.

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risks; and
- operational risk

This note presents information about the Group's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. The material subsidiaries consolidated in these financial statements have independent risk management frameworks which is monitored by the respective Board of Directors of the subsidiaries. Accordingly, such risk management policies, procedures and practices are not included in these consolidated financial statements.

### Risk Management Framework

The key element of our risk management philosophy is for the Risk Management Department ('RMD') to provide independent monitoring and control while working closely with the business units which ultimately own the risks. The Head of Risk Management reports to the Board Audit and Risk Committee.

The Board of Directors has overall responsibility for establishing our risk culture and ensuring that an effective risk management framework is in place. The Board has delegated its authority to the Board Audit and Risk Committee (ARC), which is responsible for implementing risk management policies, guidelines and limits and ensuring that monitoring processes are in place. The RMD, together with the Internal Audit and Compliance Departments, provide independent assurance that all types of risk are being measured and managed in accordance with the policies and guidelines set by the Board of Directors.

The RMD submits a quarterly Risk Overview Report along with a detailed Liquidity Risk Report to the Board of Directors. The Risk Overview Report describes the potential issues for a wide range of risk factors and classifies the risk factors from low to high. The Liquidity Risk Report measure the Group's liquidity risk profile against policy guidelines and regulatory benchmarks. An additional report is prepared by the respective investment units that give updated status and impairment assessment of each investment, a description of significant developments on projects or issues as well as an update on the strategy and exit plan for each project.

#### a) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's, placements with financial institutions, Financing contracts and other receivables from project companies. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country, sector risk and sector concentration risk, related party exposure, etc.).

The Group had updated its inputs and assumptions for computation of ECL (refer note 4 p).

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## ***Management of Investment and Credit Risk***

The Board of Directors has delegated responsibility for the management of credit risk to its Board Investment Committee (BIC). This committee establishes operating guidelines and reviews and endorses the Management Investment and Credit Committee recommendations for investment strategies, products and services. Its actions are in accordance with the investment policies adopted by the Board of Directors.

The RMD is responsible for oversight of the Group's credit risk, including:

- Ensuring that the Group has in place investment and credit policies, covering credit assessment, risk reporting, documentary and legal procedures, whilst the Compliance Department is responsible for ensuring compliance with regulatory and statutory requirements.
- Overseeing the establishment of the authorisation structure for the approval and renewal of investment and credit facilities. Authorisation limits are governed by the Board approved Delegated Authority Limits (DAL) Matrix.
- Reviewing and assessing credit risk. Risk Management department assesses all investment and credit exposures in excess of designated limits, prior to investments / facilities being committed. Renewals and reviews of investments / facilities are subject to the same review process.
- Ongoing review of credit exposures. The credit review of the commercial banking exposure is managed and governed by the Board of Directors of Khaleeji and is consistent with the practices appropriate for retail banks. The risk assessment approach is used by the Parent Bank in determining where impairment provisions may be required against specific investment/ credit exposures at its board. The current risk assessment process classifies credit exposures into two broad categories "Unimpaired" and "Impaired", reflecting risk of default and the availability of collateral or other credit risk mitigation. Risk is assessed on an individual basis for each investment / receivable and is reviewed at least once a year. The Group does not perform a collective assessment of impairment for its credit exposures as the credit characteristics of each exposure is considered to be different. Risk profile of exposures are subject to regular reviews.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of investment / credit risk.

The Risk Management Department works alongside the Investment Department at all stages of the deal cycle, from pre-investment due diligence to exit, and provides an independent review of every transaction. A fair evaluation of investments takes place periodically with inputs from the Investment department. Quarterly updates of investments are presented to the Board of Directors or their respective committees. Regular audits of business units and Group credit processes are undertaken by Internal Audit.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 37. FINANCIAL RISK MANAGEMENT (contd.)

### Risk Management Framework (contd.)

#### a) Credit Risk (contd.)

#### Exposures subject to Credit Risk

US\$ 000's

31 December 2024	Stage 1	Stage 2	Stage 3	Total
<b>Balances with banks and placements with financial institutions</b>				
Grade 1-3 Low Risk	468,074			468,074
Grade 4-6 Satisfactory	982,130	361	-	982,491
Gross carrying amount	<b>1,450,204</b>	<b>361</b>	-	<b>1,450,565</b>
Less expected credit losses	93	2		95
<b>Net carrying amount</b>	<b>1,450,111</b>	<b>359</b>	-	<b>1,450,470</b>
<b>Financing contracts</b>				
Grade 8 -10 Impaired	-	-	153,056	153,056
<b>Past due but not impaired</b>				
Grade 1-3 Low Risk	26,398	2,395	-	28,793
Grade 4-6 Satisfactory	153,475	47,284	-	200,759
Grade 7 Watch list	170	23,279	-	23,449
<b>Past due comprises:</b>				-
Up to 30 days	157,240	46,867	-	204,107
30-60 days	22,265	21,586	-	43,851
60-90 days	538	24,401	-	24,939
				-
<b>Neither past due nor impaired</b>				
Grade 1-3 Low Risk	521,002	16,488	-	537,490
Grade 4-6 Satisfactory	1,043,319	99,106	-	1,142,425
Grade 7 Watch list	9,180	-	-	9,180
Gross carrying amount	<b>1,753,544</b>	<b>208,448</b>	<b>153,056</b>	<b>2,115,048</b>
Less expected credit losses	3,032	12,230	41,629	56,891
<b>Net carrying amount</b>	<b>1,750,512</b>	<b>196,218</b>	<b>111,427</b>	<b>2,058,157</b>

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

	US\$ 000's			
31 December 2024	Stage 1	Stage 2	Stage 3	Total
<b>Investment in Sukuk</b>				
Grade 8 -10 Impaired	-	-	3,496	3,496
Grade 1-6 Low-Fair Risk	3,340,203	236,651	-	3,576,854
Gross carrying amount	<b>3,340,203</b>	<b>236,651</b>	<b>3,496</b>	<b>3,580,350</b>
Less: expected credit losses	15,000	9,067	3,496	27,563
Net carrying amount	<b>3,325,203</b>	<b>227,584</b>	-	<b>3,552,787</b>
<b>Commitments and financial guarantees</b>				
Grade 8 -10 Impaired	-	-	16	16
Grade 1-6 Low-Fair Risk	252,955	469	-	253,424
Grade 7 Watch list	-	-	-	-
Gross carrying amount (note 36)	<b>252,954</b>	<b>469</b>	<b>16</b>	<b>253,440</b>
Less: expected credit losses	-	3	-	3
<b>Net carrying amount</b>	<b>252,954</b>	<b>466</b>	<b>16</b>	<b>253,437</b>
Total net carrying amount	3,578,158	228,050	16	3,806,224

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 37. FINANCIAL RISK MANAGEMENT (contd.)

### Risk Management Framework (contd.)

#### a) Credit Risk (contd.)

#### Exposures subject to Credit Risk (contd.)

	US\$ 000's			
31 December 2023	Stage 1	Stage 2	Stage 3	Total
Balances with banks and placements with financial institutions				
Grade 1-3 Low Risk	5,013	3,992	-	9,005
Grade 4-6 Satisfactory	1,829,934	(3,631)	-	1,826,303
Gross carrying amount	1,834,947	361	-	1,835,308
Less expected credit losses	50	2	-	52
Net carrying amount	1,834,897	359	-	1,835,256
Financing contracts				
Grade 8 -10 Impaired	-	-	126,743	126,743
Past due but not impaired				
Grade 1-3 Low Risk	5,013	3,992	-	9,005
Grade 4-6 Satisfactory	46,374	125,014	-	171,388
Grade 7 Watch list	3,472	28,905	-	32,377
Past due comprises:				
Up to 30 days	51,422	51,310	-	102,732
30-60 days	2,681	62,491	-	65,172
60-90 days	756	67,610	-	68,366
Neither past due nor impaired				
Grade 1-3 Low Risk	483,793	11,687	-	495,480
Grade 4-6 Satisfactory	659,271	87,300	-	746,571
Grade 7 Watch list	204	4,027	-	4,231
Gross carrying amount	1,198,127	284,425	126,743	1,609,295
Less expected credit losses	(5,002)	(25,798)	(41,183)	(71,983)
Net carrying amount	1,193,125	258,627	85,560	1,537,312

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

	US\$ 000's			
31 December 2023	Stage 1	Stage 2	Stage 3	Total
<b>Investment in Sukuk</b>				
Grade 8 -10 Impaired	-	-	3,496	3,496
Grade 1-6 Low-Fair Risk	2,936,026	329,087	0	3,265,113
Gross carrying amount	2,936,026	329,087	3,496	3,268,609
Less: expected credit losses	4,317	18,265	3,496	26,078
Net carrying amount	2,931,709	310,822	-	3,239,035
<b>Commitments and financial guarantees</b>				
<b>Grade 8 -10 Impaired</b>				
Grade 1-6 Low-Fair Risk	198,705	5,072	16	203,793
Grade 7 Watch list	-	-	-	-
Gross carrying amount (note 36)	198,705	5,072	16	203,793
Less: expected credit losses	-	-	-	-
Net carrying amount	198,705	5,072	16	203,793
Total net carrying amount	4,323,539	574,521	85,576	4,983,636

## Significant increase in Credit Risk

When determining whether the risk of default on an exposure subject to credit risk has increased significantly since initial recognition, the Bank 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 Bank's historical experience and expert credit assessment and including forward-looking information.

In determining whether credit risk has increased significantly since initial recognition, the following criteria are considered:

- Downgrade in risk rating according to the approved ECL policy;
- Facilities restructured during previous twelve months;
- Qualitative indicators; and
- Facilities overdue by 30 days as at the reporting date subject to rebuttal in deserving circumstances.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 37. FINANCIAL RISK MANAGEMENT (contd.)

### Risk Management Framework (contd.)

#### a) Credit Risk (contd.)

##### Credit Risk Grades

The Group allocates each exposure to credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. Exposures are rated 1 to 10 with 1 to being good and 7 being watch list and 8, 9 and 10 default grades. The monitoring typically involves use of the following data.

##### Corporate Exposures

- Information obtained during periodic review of customer files- e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes
- Data from credit reference agencies, press articles, changes in external credit ratings
- Quoted bond and credit default swap (CDS) prices for the borrower where available
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities

##### Retail Exposures

- Internally collected data on customer behaviour -e.g. utilisation of credit card facilities
- Affordability metrics
- External data from credit reference agencies including industry-standard credit scores

##### All Exposures

- Payment record this includes overdue status as well as a range of variables about payment ratios
- Utilisation of the granted limit
- Requests for and granting of forbearance
- Existing and forecast changes in business, financial and economic conditions

##### Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading.

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

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro-economic indicators include: GDP growth, benchmark profit rates and oil price. For exposures to specific industries and/or regions. The analysis may extend to relevant commodity and/or real estate prices.

Based on advice from the Group Market Risk Committee and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (see discussion below on incorporation of forward-looking information). The Group then uses these forecasts to adjust its estimates of PDs.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## **Determining whether credit risk has increased significantly.**

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency. Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

Qualitative indicators, including different criteria used for different portfolios credit cards, commercial real estate etc.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

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

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

## **Definition of Default**

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);
- the borrower is more than 90 days past due on any material obligation to the Group; or
- It is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligation.

In assessing whether the borrower is in default, the Group considers qualitative and quantitative indicators. The definition of default aligns with that applied by the Group for regulatory capital purposes.

## **Incorporation of forward-looking information**

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the Group Market Risk Committee and economic experts and consideration of a variety of external actual and forecast information. The Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organisations such as the OECD and the International Monetary Fund, and selected private-sector and academic forecasters.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The economic scenarios used as at 31 December 2024 included the key indicators for the selected countries such as the unemployment rates, profit rates and the GDP growth.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 37. FINANCIAL RISK MANAGEMENT (contd.)

### Risk Management Framework (contd.)

#### a) Credit Risk (contd.)

##### Modified exposures subject to Credit Risk

The contractual terms of an exposure subject to credit risk may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer.

When the terms of a financial asset are modified and the modification does not result in de-recognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- Its remaining lifetime PD at the reporting date based on the modified terms; with
- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

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

The revised terms usually include extending the maturity, changing the timing of profit payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired / in default (refer note 4). A customer needs to demonstrate consistently good payment behaviour over a period of time (12 months) before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

#### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective profit rate of the exposure subject to credit risk.

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

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

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

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For Financing contracts secured by retail property, LTV ratios are a key parameter in determining LGD. They are calculated on a discounted cash flow basis using the effective profit rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 37. FINANCIAL RISK MANAGEMENT (contd.)

### Risk Management Framework (contd.)

#### a) Credit Risk (contd.)

##### Measurement of ECLs (contd.)

The following tables show reconciliations from the opening to the closing balance of the loss allowance: 12-month ECL, lifetime ECL and credit-impaired.

US\$ 000's

2024	12month ECL (Stage1)	Lifetime ECL not credit impaired (Stage2)	Lifetime ECL Credit impaired (Stage3)	Total 2024
Balance at 1 January	16,438	43,376	45,522	105,336
Transfer to 12-month ECL	13,821	(17,233)	3,412	-
Transfer to lifetime ECL non-credit-impaired	(605)	1,321	(716)	-
Transfer to lifetime ECL credit-impaired	(1,723)	(3,910)	5,633	-
Write-off	-	-	(2,231)	(2,231)
Charge for the period	(2,712)	(2,229)	21,106	16,165
<b>Balance at 31 December</b>	<b>25,219</b>	<b>21,325</b>	<b>72,726</b>	<b>119,270</b>

Breakdown of ECL by category of assets in the consolidated statement of financial position and off-balance sheet commitments:

2024	12month ECL (Stage1)	Lifetime ECL not credit impaired (Stage2)	Lifetime ECL Credit impaired (Stage3)	Total 2024
Balances with banks	16	14	-	30
Treasury portfolio	7,958	9,067	10,738	27,763
Financing contracts	3,329	12,239	48,000	63,568
Other financial receivables	13,749	3	13,999	27,751
Investment securities	-	-	-	-
Financing commitments and financial guarantees	167	3	(11)	159
<b>Balance at 31 December</b>	<b>25,219</b>	<b>21,326</b>	<b>72,726</b>	<b>119,271</b>

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

US\$ 000's

2023	12month ECL (Stage1)	Lifetime ECL not credit impaired (Stage2)	Lifetime ECL Credit impaired (Stage3)	Total 2023
Balance at 1 January	33,243	20,785	36,855	90,883
Transfer to 12-month ECL	(1,554)	2,429	(875)	-
Transfer to lifetime ECL non-credit-impaired	(4,562)	4,711	(149)	-
Transfer to lifetime ECL credit-impaired	(2,313)	(602)	2,915	-
Write-off	-	-	(3,528)	(3,528)
Charge for the period	(8,376)	16,053	10,302	17,979
Balance at 31 December	16,438	43,376	45,520	105,334

2023	12month ECL (Stage1)	Lifetime ECL not credit impaired (Stage2)	Lifetime ECL Credit impaired (Stage3)	Total 2023
Balances with banks	18	21	-	39
Treasury portfolio	4,300	18,265	3,513	26,078
Financing contracts	4,789	24,980	41,390	71,159
Other financial receivables	6,144	6,991	-	13,135
Investment securities	-	-	617	617
Financing commitments and financial guarantees	-	-	-	-
Balance at 31 December	15,251	50,257	45,520	111,028

Break down of ECL by category of assets in the consolidated statement of financial position and off-balance sheet commitments:

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 37. FINANCIAL RISK MANAGEMENT (contd.)

### Risk Management Framework (contd.)

#### a) Credit Risk (contd.)

##### Renegotiated Facilities

During the year, facilities of US\$ 73,775 thousand (2023: US\$ 84,172 thousand) were renegotiated, out of which BD 44,576 thousand (2023: US\$ 47,947 thousand) are classified as neither past due nor impaired as of 31 December 2024. The renegotiated terms usually require settlement of profits accrued till date on the facility and/or part payment of the principal and/or obtaining of additional collateral coverage. The renegotiated facilities are subject to revised credit assessments and independent review by the RMD.

##### Post model adjustments

The Group's Expected Credit Loss (ECL) model fully incorporates historical data, current conditions, and forward-looking macroeconomic scenarios. Based on management's review, no post-model adjustments (PMAs) were required, as the model was considered robust in capturing all material risks, including those related to macroeconomic uncertainties.

##### Allowances for impairment

The Group makes provisions for impairment on individual assets classified under grades 8,9 and 10. This is done on the basis of the present value of projected future cash flows from the assets themselves and consideration of the value of the collateral securities available. On a collective basis, the Bank has provided for impairment losses based on management's judgment of the extent of losses incurred but not identified based on the current economic and credit conditions.

##### Non-accrual basis

The Group classifies financing facility/Sukuk as non-accrual status, if the facility/Sukuk is past due greater than 90 days or there is reasonable doubt about the collectability of the receivable amount. The profits on such facilities are not recognized in the income statement until there are repayments from the borrower or the exposure is upgraded to regular status.

##### Write-off policy

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. During the year, the Group has written off financing facilities amounting to US\$ nil thousand (2023: US\$ 239 thousand) which were fully impaired. The Group has recovered US\$ 11,000 thousand from a financing facility written off in previous years (2023: US\$ 8,485 thousand).

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## Collaterals

The Group holds collateral against Financing contracts and receivables from assets acquired for leasing in the form of mortgage/ pledge over property, listed securities, other assets and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing. Valuation of collateral is updated when the loan is put on a watch list and the loan is monitored more closely. Collateral generally is not held against exposure to other banks and financial institutions. An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below. This includes the value of financial guarantees from banks, but not corporate and personal guarantees as the values thereof are not readily quantifiable. The collateral values considered for disclosure are restricted to the extent of the outstanding exposures.

US\$ 000's

	31 December 2024			31 December 2023		
	Financing contracts	Assets acquired for leasing (including lease rentals receivable)	Total	Financing contracts	Assets acquired for leasing (including lease rentals receivable)	Total
<b>Against impaired</b>						
Property	60,528	17,520	78,048	11,408	21,716	33,124
Other	1,294	-	1,294	1,973	-	1,973
<b>Against past due but not impaired</b>						
Property	64,538	66,265	130,803	157,111	36,719	193,830
Other	15,477	-	15,477	13,897	-	13,897
<b>Against neither past due nor impaired</b>						
Property	417,066	310,074	727,140	347,817	373,714	721,531
Other	58,700	-	58,700	22,499	-	22,499
<b>Total</b>	<b>617,603</b>	<b>393,859</b>	<b>1,011,462</b>	<b>554,705</b>	<b>432,149</b>	<b>986,854</b>

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 37. FINANCIAL RISK MANAGEMENT (contd.)

### Risk Management Framework (contd.)

#### a) Credit Risk (contd.)

##### Concentration Risk

The industry sector and geographical wise distribution of assets and liabilities are set out in notes 33 (a) and (b).

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 and constantly monitoring geographic and industry wise concentration limits.

An analysis of concentrations of credit risk of Financing contracts of the Group's business at the reporting date is shown below:

US\$ 000's

Concentration by Sector	31 December 2024			31 December 2023		
	Financing contracts	Assets acquired for leasing	Total	Financing contracts	Assets acquired for leasing	Total
Banking and finance	131,769	-	131,769	7,568	-	7,568
Real estate	263,770	525,199	788,969	187,324	478,212	665,536
Construction	75,905	-	75,905	152,557	-	152,557
Trading	171,586	-	171,586	159,735	-	159,735
Manufacturing	32,780	-	32,780	27,658	-	27,658
Others	746,148	111,000	857,148	461,777	69,979	531,756
<b>Total carrying amount</b>	<b>1,421,958</b>	<b>636,199</b>	<b>2,058,157</b>	<b>996,619</b>	<b>548,191</b>	<b>1,544,810</b>

#### b) 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.

##### Management of Liquidity Risk

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.

Treasury receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury then aims to maintain a portfolio of short-term liquid assets, largely made up of short-term placements with financial and other institutions and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

The liquidity requirements of business units are met through treasury to cover any short-term fluctuations and longer-term funding to address any structural liquidity requirements.

The daily liquidity position is monitored, and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by the Board of Directors. Daily reports cover the liquidity position of the Bank and is circulated to Management Committee (MANCOM). Moreover, quarterly reports are submitted to the Board of Directors on the liquidity position by RMD.

To manage the liquidity risk arising from financial liabilities, the Group aims to hold liquid assets comprising cash and cash equivalents, investment in managed funds and treasury shares for which there is an active and liquid market. These assets can be readily sold to meet liquidity requirements. Further, the Group is focussed on developing a pipeline of steady revenues and has undertaken cost reduction exercises that would improve its operating cash flows.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## Measures of Liquidity

Liquidity is managed at an entity level and is not a Group wide measure. The Bank follows certain internal measures of liquidity. These metrics are intended to better reflect the liquidity position from a cash flow perspective and provide a target for the Group. These are liquidity coverage ratio, net stable funding ratio and stock of liquid assets.

For this purpose, the liquidity coverage ratio is based on an internally defined management criteria which identifies the amount of liquid assets (including inter- bank placements) the Bank holds that can be used to offset the net cash outflows for 30, 60 and 90 days time horizon. The net stable funding ratio measures the amount of long-term, stable sources of funding employed by an institution relative to the liquidity profiles of the assets funded and the potential for contingent calls on funding liquidity arising from off-balance sheet commitments and obligations.

Details of the ratio of liquid assets to total assets at the reporting date and during the year were as follows:

	Liquid asset / Total asset	
	2024	2023
At 31 December	48.46%	49.56%
Average for the year	46.61%	47.57%
Maximum for the year	48.46%	49.56%
Minimum for the year	45.07%	46.16%

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

LCR is computed as a ratio of Stock of HQLA over the Net cash outflows over the next 30 calendar days. As of 31 December 2024, the Bank had an consolidated average LCR ratio for the year is 195%.

US\$ 000's

	Average balance for the year	
	31 December 2024	31 December 2023
Stock of HQLA	611,954	444,865
Net cashflows	314,670	196,313
LCR %	194%	233%
Minimum required by CBB	100%	100%

NSFR is to promote the resilience of banks' liquidity risk profiles and to incentivise a more resilient banking sector over a longer time horizon. The NSFR will require banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on-balance sheet and off-balance sheet items, and promotes funding stability.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 37. FINANCIAL RISK MANAGEMENT (contd.)

### Risk Management Framework (contd.)

#### b) Liquidity Risk (contd.)

##### Measures of Liquidity (contd.)

NSFR as a percentage is calculated as "Available stable funding" divided by "Required stable funding". As of 31 December 2024, the Bank had an consolidated NSFR ratio of 133%.

US\$ 000's

Item	No Specified Maturity	Less than 6 months	More than 6 months & less than one year	Over one year	Total weighted value
<b>As at 31 December 2024</b>					
<b>Available Stable Funding (ASF):</b>					
Capital:					
Regulatory Capital	970,191	-	-	37,669	1,007,860
Other Capital Instruments	-	-	-	-	-
Retail deposits and deposits from small business customers:					
Stable deposits		65,905	29,479	867	91,481
Less stable deposits	-	2,545,891	707,728	94,156	3,022,413
Wholesale funding:					
Operational deposits					
Other Wholesale funding	-	4,192,610	626,516	1,228,072	5,314,678
Other liabilities:					
NSFR Shari'a-compliant hedging contract liabilities		-	-	-	-
All other liabilities not included in the above categories	-	493,681	-	31,852	31,852
Total ASF	-	-	-	-	9,468,285
<b>Required Stable Funding (RSF):</b>					
Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	96,049
Deposits held at other financial institutions for operational purposes					
Performing financing and sukuk/ securities:	-	1,327,483	-	1,089,511	1,125,207
Performing financial to financial institutions by level 1 HQLA	-	-	-	-	-
Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	83,116	-	1,221,817	1,080,103
Performing financing to non- financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	-	353,642	97,683	456,441	522,349
With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	-	-	-	-
Performing residential mortgages, of which:	-	-	-	-	-
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	-	-
Securities/sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	700,060	-	487,126	837,156
Other assets:					
Physical traded commodities, including gold	-	-	-	-	-
Assets posted as initial margin for Shari'a-compliant hedging contracts contracts and contributions to default funds of CCPs	-	-	-	-	-
NSFR Shari'a-compliant hedging assets	-	-	-	-	3,536
NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted		-	-	-	-
All other assets not included in the above categories	3,354,998	-	-	-	3,354,998
OBS items	-	-	-	-	97,366
Total RSF	-	2,464,301	97,683	3,254,896	7,116,764
NSFR(%)	-	-	-	-	133%

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

	US\$ 000's				
Item	No Specified Maturity	Less than 6 months	More than 6 months and less than one year	Over one year	Total weighted value
As at 31 December 2023					
Available Stable Funding (ASF):					
Capital:					
Regulatory Capital	1,023,275	-	-	64,133	1,087,409
Other Capital Instruments	-	-	-	-	-
Retail deposits and deposits from small business customers:					
Stable deposits	-	159,304	36,446	3,763	189,725
Less stable deposits	-	1,964,119	518,381	503,663	2,737,913
Wholesale funding:					
Operational deposits					
Other Wholesale funding	-	4,157,571	544,672	1,438,472	5,452,622
Other liabilities:					
NSFR Shari'a-compliant hedging contract liabilities	-	-	-	-	-
All other liabilities not included in the above categories	-	481,509	-	36,139	36,139
Total ASF	-	-	-	-	9,503,808
Required Stable Funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	97,918
Deposits held at other financial institutions for operational purposes					
Performing financing and sukuk/ securities:					
Performing financial to financial institutions by level 1 HQLA	-	-	-	-	-
Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	19,610	934	1,041,445	895,500
Performing financing to non- financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	-	254,059	76,796	364,685	402,473
With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	-	-	-	-
Performing residential mortgages, of which:	-	-	-	-	-
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	-	-
Securities/sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	1,048,701	25,995	578,308	1,115,656
Other assets:					
Physical traded commodities, including gold	-	-	-	-	-
Assets posted as initial margin for Shari'a-compliant hedging contracts and contributions to default funds of CCPs	-	-	-	-	-
NSFR Shari'a-compliant hedging assets	-	-	-	-	2,195
NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted	-	-	-	-	-
All other assets not included in the above categories	2,908,175	-	-	-	2,908,175
OBS items	-	-	-	-	62,381
Total RSF	3,164,354	103,726	2,776,269	6,433,652	
NSFR(%)	-	-	-	-	148%

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 37. FINANCIAL RISK MANAGEMENT (contd.)

### Risk management framework (contd.)

#### c) Market Risks

Market risk is the risk that changes in market prices, such as profit rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Group's income, future cash flows or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

#### Management of Market Risks

As a matter of general policy, the Group shall not assume trading positions on its assets and liabilities, and hence the entire balance sheet is a non-trading portfolio. All foreign exchange risk within the Group is transferred to Treasury. The Group seeks to manage currency risk by continually monitoring exchange rates. Profit rate risk is managed principally through monitoring profit rate gaps and by having pre-approved limits for repricing bands. Overall authority for market risk is vested in the Board Audit and Risk Committee ('BARC'). RMD is responsible for the development of detailed risk management policies (subject to review and approval of the BARC).

#### Exposure to Profit Rate Risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market profit rates. Majority of the Group's profit based asset and liabilities are short term in nature, except for certain long term liabilities which have been utilised to fund the Group's strategic investments in its associates.

A summary of the Group's profit rate gap position on non-trading portfolios is as follows:

US\$ 000's

31 December 2024	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	Total
<b>Assets</b>						
Treasury portfolio	1,098,149	869,530	295,129	1,147,694	1,441,132	4,851,634
Financing contracts	193,600	228,294	105,369	352,584	1,178,310	2,058,157
<b>Total assets</b>	<b>1,291,749</b>	<b>1,097,824</b>	<b>400,498</b>	<b>1,500,278</b>	<b>2,619,442</b>	<b>6,909,791</b>
<b>Liabilities</b>						
Client's fund	143,772	-	60,420	-	-	204,192
Placements from financial institutions	917,786	767,814	678,009	80,850	-	2,444,459
Placements from non-financial institutions and individuals	574,931	133,285	224,136	4,888	455,564	1,392,804
Term financing	583,329	256,290	2,554	1,249,867	57,718	2,149,758
<b>Total liabilities</b>	<b>2,219,818</b>	<b>1,157,389</b>	<b>965,119</b>	<b>1,335,605</b>	<b>513,282</b>	<b>6,191,213</b>
<b>Quasi Equity</b>	<b>1,776,009</b>	<b>197,079</b>	<b>139,945</b>	<b>292,655</b>	<b>575,129</b>	<b>2,980,817</b>
<b>Profit rate sensitivity gap</b>	<b>(2,704,078)</b>	<b>(256,644)</b>	<b>(704,566)</b>	<b>(127,982)</b>	<b>1,531,031</b>	<b>(2,262,239)</b>

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

	US\$ 000's					
31 December 2023	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	Total
<b>Assets</b>						
Treasury portfolio	2,490,581	68,210	62,469	787,230	1,726,542	5,135,032
Financing contracts	183,833	48,429	185,568	315,080	811,900	1,544,810
<b>Total assets</b>	<b>2,674,414</b>	<b>116,639</b>	<b>248,037</b>	<b>1,102,310</b>	<b>2,538,442</b>	<b>6,679,842</b>
<b>Liabilities</b>						
Client's fund	145,221	-	58,971	-	-	204,192
Placements from financial institutions	1,512,670	302,464	432,537	160,780	36,008	2,444,459
Placements from non-financial institutions and individuals	209,240	86,071	676,353	121,703	299,437	1,392,804
Term financing	606,741	149,239	26,546	1,089,757	277,475	2,149,758
<b>Total liabilities</b>	<b>2,473,872</b>	<b>537,774</b>	<b>1,194,407</b>	<b>1,372,240</b>	<b>612,920</b>	<b>6,191,213</b>
Quasi Equity	2,031,934	272,393	656,972	395,218	94,489	3,451,006
Profit rate sensitivity gap	(1,831,392)	(693,528)	(1,603,342)	(665,148)	1,823,537	(2,969,873)

The management of profit rate risk against profit rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard profit rate scenarios. Standard scenarios that are considered include a 100 basis point (bp) parallel fall or rise in all yield curves worldwide. An analysis of the Group's sensitivity to an increase or decrease in market profit rates (assuming no asymmetrical movement in yield curves and a constant statement of financial position) is as follows:

	US\$ 000's	
100 bps parallel increase / (decrease)	2024	2023
At 31 December	± 8,694	± 14,324
Average for the year	± 11,235	± 15,798
Maximum for the year	± 12,717	± 20,633
Minimum for the year	± 8,694	± 7,971

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

The effective average profit rates on the financial assets, liabilities and unrestricted investment accounts are as follows:

	2024	2023
Placements with financial institutions	6.32%	3.80%
Financing contracts	7.02%	7.04%
Debt type investments Sukuk	5.53%	5.77%
Placements from financial institutions, other entities and individuals	5.85%	4.13%
Term financing	6.20%	5.81%
Quasi Equity	6.01%	4.64%

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 37. FINANCIAL RISK MANAGEMENT (contd.)

### Risk Management Framework (contd.)

#### c) Market Risks (contd.)

##### Derivatives held for Risk Management

(i) The following table describes the fair values of derivatives held for risk management purposes by type of risk exposure.

	2024		2023	
	Asset	Liability	Asset	Liability
<b>Profit rate</b>				
Designated in fair value hedges	-	-	58,500	-
Designated in cash flow hedges	-	-	-	500,000
<b>Total profit rate derivatives</b>	-	-	58,500	500,000

US\$ 000's

#### Exposure to Foreign Exchange Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Groups major exposure is in GCC currencies, which are primarily pegged to the US Dollar. The Group had the following significant net exposures denominated in foreign currency as of 31 December from its financial instruments except for exposure in GCC currencies:

	US\$ 000's Equivalent	
	2024	2023
Sterling Pounds	5,412	24,759
Euro	-	(625)
Kuwaiti Dinar	-	10,735
Turkish Lira	57,633	30,000
Egypt Pound	36,742	-

(\*) These currencies are pegged to the US Dollar.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

The management of foreign exchange risk against net exposure limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various foreign exchange scenarios. Standard scenarios that are considered include a 5% plus / minus increase in exchange rates, other than GCC pegged currencies. An analysis of the Group's sensitivity to an increase or decrease in foreign exchange rates (assuming all other variables, primarily profit rates, remain constant) is as follows:

	US\$ 000's Equivalent	
	2024	2023
Sterling Pounds	± 5,412	± 1,238
Euros	± (1,237)	± 31
Egyptian Pound	-	-
Kuwaiti dinar	± 6,975	± 537
Turkish Lira	± 30,000	± 30,000

## Exposure to Other Market Risks

Equity price risk on quoted investments is subject to regular monitoring by the Group. The price risk on managed funds is monitored using specified limits (stop loss limit, stop loss trigger and overall stop loss limit cap) set within the portfolio management contract for fund managers. The Group's equity type instruments carried at cost are exposed to risk of changes in equity values.

The significant estimates and judgements in relation to impairment assessment of fair value through comprehensive income investments carried at cost are included in note 5b(ii). The Group manages exposure to other price risks by actively monitoring the performance of the equity securities.

## d) Operational Risk

Operational risk is the risk of loss arising from systems and control failures, fraud and human errors, which can result in financial and reputation loss, and legal and regulatory consequences. The Group manages operational risk through appropriate controls, instituting segregation of duties and internal checks and balances, including internal audit and compliance. The Risk Management Department facilitates the management of Operational Risk by way of assisting in the identification of, monitoring and managing of operational risk in the Group.

During 2024, the Group did not have any significant issues relating to operational risks.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 38. CAPITAL MANAGEMENT

The Group's regulator Central Bank of Bahrain (CBB) sets and monitors capital requirements for the Group as a whole. In implementing current capital requirements CBB requires the Group to maintain a prescribed ratio of total capital to total risk-weighted assets. The total regulatory capital base is net of prudential deductions for large exposures based on specific limits agreed with the regulator. Banking 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 does not have a trading book.

The Group aims to maintain strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business.

The CBB sets and monitors capital requirements for the Bank as a whole. In implementing current capital requirements CBB requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets. Capital adequacy regulations of CBB is based on the principles of Basel III and the IFSB guidelines.

The Bank's regulatory capital is analysed into two tiers:

### **Tier 1 Capital: includes CET1 and AT1**

CET1 comprise of ordinary share capital that meet the classification as common shares for regulatory purposes, disclosed reserves including share premium, general reserves, legal / statutory reserve, common shares issued by consolidated banking subsidiaries of the Bank and held by third parties, retained earnings after regulatory adjustments relating to goodwill and items that are included in equity which are treated differently for capital adequacy purposes.

AT1 comprise of instruments that meet the criteria for inclusion in AT1, instruments issued by consolidated banking subsidiaries of the Bank held by third parties which meet the criteria of AT1, and regulatory adjustments applied in calculation of AT1.

### **Tier 2 Capital**

This includes instruments issued by the Bank that meet the criteria for inclusion in Tier 2 capital, stock surplus resulting from issue of Tier 2 capital, instruments issued by consolidated banking subsidiaries of the Bank held by third parties that meet the criteria for inclusion in Tier 2, general provisions held against unidentified losses on financing and qualify for inclusion within Tier 2, asset revaluation reserve from revaluation of fixed assets and instruments purposes and regulatory adjustments applied in the calculation of Tier 2 capital.

The regulatory adjustments are subject to limits prescribed by the CBB requirements, these deductions would be effective in a phased manner through transitional arrangements from 2015 to 2018. The regulations prescribe higher risk weights for certain exposures that exceeds materiality thresholds. These regulatory adjustments required for certain items such as goodwill on mortgage service right, deferred tax assets, cash flow hedge reserve, gain on sale of related securitization transactions, defined benefit pension fund assets and liabilities, investment in own shares and reciprocal cross holdings in the capital of Banking and financial entities, investment in the capital of Banking and financial entities that are outside the scope of regulatory consolidation and where the Bank does not own more than 10% of issued common shares capital of the entity and significant investments in the capital of banking and financial entities that are outside the scope of regulatory consolidation.

Banking 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.

To manage the effect of COVID-19, the CBB has allowed the aggregate of modification loss and incremental ECL provision for stage 1 and stage 2 for the period from March to December 2020 to be added back to Tier 1 capital for the two years ending 31 December 2020 and 31 December 2021 and to deduct this amount proportionately from Tier 1 capital on an annual basis for three years ended 31 December 2022, and ending 31 December 2023 and 31 December 2024.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

The Bank's regulatory capital position was as follows:

	US\$ 000's	
	31 December 2024	31 December 2023
CET 1 Capital before regulatory adjustments	989,543	1,023,275
Less: regulatory adjustments	-	-
CET 1 Capital after regulatory adjustments	989,543	1,023,275
T 2 Capital adjustments	37,669	64,133
<b>Regulatory Capital</b>	<b>1,027,212</b>	<b>1,087,408</b>
Risk weighted exposure:		
Credit Risk Weighted Assets	5,317,410	4,585,950
Market Risk Weighted Assets	130,673	90,135
Operational Risk Weighted Assets	584,364	506,408
<b>Total Regulatory Risk Weighted Assets</b>	<b>6,032,447</b>	<b>5,182,493</b>
Investment risk reserve (30% only)	2	2
Profit equalization reserve (30% only)	3	3
<b>Total Adjusted Risk Weighted Exposures</b>	<b>6,032,452</b>	<b>5,182,498</b>
Capital Adequacy Ratio	17.03%	20.98%
Tier 1 Capital Adequacy Ratio	16.40%	19.74%
Minimum required by CBB	12.50%	12.50%

The allocation of capital between specific operations and activities is primarily driven by regulatory requirements. The Group's capital management policy seeks to maximise return on risk adjusted capital while satisfying all the regulatory requirements. The Group's policy on capital allocation is subject to regular review by the Board of Directors. The Group has complied with the externally imposed capital requirements set by the regulator for its consolidated capital adequacy ratio throughout the year.

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 39. ASSETS AND LIABILITIES HELD FOR SALE

	US\$ 000's	
	31 December 2024	31 December 2023
Assets	-	338,619
Liabilities	-	230,562
Non-controlling interests	-	16,470

Assets and related liabilities held-for-sale represents the assets and liabilities of certain real estate investment and project entities within the group. The Group has an active plan approved by the Board, to sell its stake in these entities, and accordingly, the asset, liabilities and non-controlling interests acquired are classified as held-for-sale in the consolidated statement of financial position.

## 40. ACQUISITION OF SUBSIDIARIES

During the year, the Group acquired controlling stake in the below subsidiary.

	% Stake acquired	Place of incorporation	Nature of activities
TEI Holdings	50.1%	Cayman Islands	Investment in market leading mobile commerce-based discount offering business in UAE
C.Y. Holdings	80%	Kingdom of Bahrain	Management and development of Commercial and Residential Real Estate properties
Morocco Rabat	50%	Morocco	Real Estate

### Identifiable Assets Acquired and Liabilities Assumed

Entity acquired was considered as a business. The fair value of assets, liabilities, equity interests have been reported on a provisional basis. If new information, obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date, identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised. Revisions to provisional acquisition accounting are required to be done on a retrospective basis.

	US\$ 000's
	<b>2024</b>
Intangible assets	2,703
Tangible assets	2,102
Property and equipment's	55,648
Receivables	37,988
Cash and bank balances	7,272
<b>Total assets</b>	<b>105,713</b>
Accruals and other liabilities	27,414
Total liabilities	27,414
Non-controlling interests recognised	29,945
<b>Total net identifiable assets and liabilities (A)</b>	<b>48,354</b>
Cash paid	35,534
Investments in real estate	51,445
<b>Total consideration (B)</b>	<b>86,979</b>
Goodwill (B-A)	<b>38,625</b>

# Notes to the Consolidated Financial Statements (contd.)

for the year ended 31 December 2024

## 41. DECONSOLIDATION OF SUBSIDIARY

	US\$ 000's
	<b>2024</b>
<b>ASSETS</b>	
Cash and bank balances	677
Receivables & prepayments	48,295
Financing Asset	31,948
Property and equipment	207,969
<b>Total</b>	<b>288,889</b>
<b>LIABILITIES</b>	
Payables and accruals	94,388
<b>Total</b>	<b>94,388</b>
<b>Net assets transferred</b>	<b>194,501</b>
<b>Consideration received</b>	
Real Estate	249,528
<b>Net gain</b>	<b>55,027</b>

## Effect of disposal on the financial position of the Group

	US\$ 000's	
	31 December 2024	31 December 2023
<b>ASSETS</b>		
Cash and bank balances	677	237
Receivables & prepayments	48,295	50,665
Financing Asset	31,948	35,622
Property and equipment	207,969	181,651
<b>Total</b>	<b>288,889</b>	268,175
<b>LIABILITIES</b>		
Payables and accruals	94,388	65,696
<b>Total</b>	<b>94,388</b>	65,696
<b>Net Assets</b>	<b>194,501</b>	202,479

## 42. DOMESTIC MINIMUM TOPUP TAX

The Ultimate Parent Entity of the MNE group is domiciled and operates in the Kingdom of Bahrain which has issued and enacted Decree Law No. (11) of 2024 ('Bahrain DMTT law') on 1 September 2024 introducing a domestic minimum top-up tax ("DMTT") of up to 15% on the taxable income of the Bahrain resident entities of the 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 that it does not have total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

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





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