Building tomorrow, delivering today

2024 ANNUAL REPORT

بنك الإسكان
ESKAN BANK

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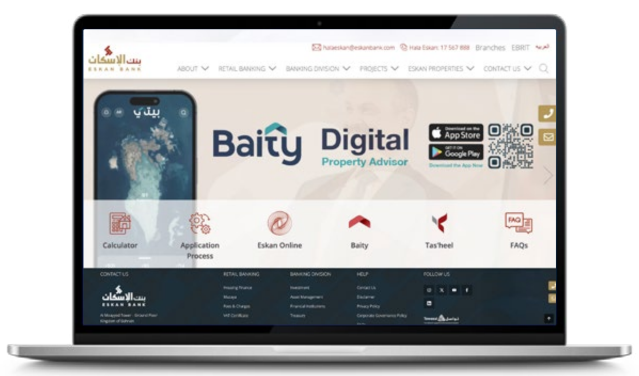

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Restricted Conventional Retail Bank Licensed and Regulated by the Central Bank of Bahrain

His Majesty King Hamad bin Isa Al Khalifa

The King of the Kingdom of Bahrain

His Royal Highness Prince Salman bin Hamad Al Khalifa

The Crown Prince and Prime Minister

Eskan Bank B.S.C (closed) Annual Report 2024

Overview

Enriching the lives of our citizens.

Eskan Bank ("EB" or the "Bank") was established in 1979, with a unique social role to provide subsidized mortgages for low-to-middle income citizens of the Kingdom of Bahrain, as well as engage in community-related property development activities and facilities management.

The Government of Bahrain is the sole owner of the Bank which acts as the Ministry of Housing & Urban Planning's strategic partner and financial advisor. Both work together towards the continuous development of sustainable, best industry practice social housing programs and solutions. These combined facilitate Bahraini citizens access to a quality family home in a safe community, strengthening the fabric of our society, while driving innovation and economic growth.

The Bank, over time, has evolved to become a facilitator that connects financiers, landlords, developers and homebuyers in an innovative and comprehensive ecosystem constantly being optimized to ensure a housing solution that is a global benchmark.

Today the Bank is contributing more than ever to the social housing agenda. As we move forward, our focus will remain about optimizing Government resources while exploring smarter business models, in our never-ending quest to better support all stakeholders and meet the housing needs of our citizens while enriching their lives.

Our Vision

Lead the provision of innovative and sustainable housing solutions.

The Bank, over time, has evolved to become a facilitator that connects financiers, developers and homebuyers in an innovative and comprehensive ecosystem constantly being optimized to ensure a housing solution that is a global benchmark.

Today, the Bank plays a pivotal role in advancing the social housing agenda. It is dedicated to fostering collaboration and establishing strong partnerships with local banks to drive housing development forward, empowering Bahraini citizens to easily and flexibly achieve homeownership. This initiative aligns with the Kingdom's Vision 2030 and supports national goals aimed at enhancing housing accessibility and promoting residential welfare.

Our Mission

- Work in collaboration with the Ministry of Housing & Urban Planning and government bodies towards achieving the housing sector objectives of the Government of Bahrain.
- Strengthen partnerships with the private sector for funding social housing beneficiaries and enhancing the supply of housing units.
- Lead in benchmarking socio-economic and environmentally sustainable housing developments.
- Enhance the welfare and empower the Bank's human capital towards realizing its full potential.

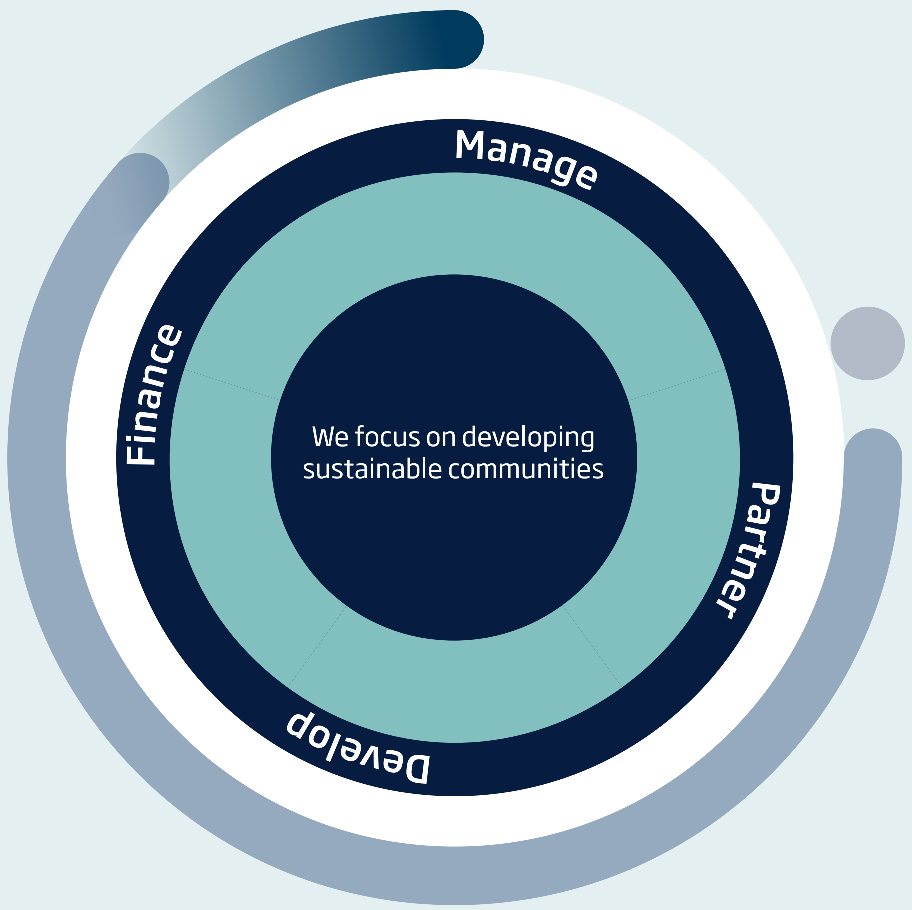
Our Values

- **Ownership**
  Our team takes responsibility for achieving successful outcomes and are accountable for the end result.
- **Respect**
  Respect is weaved into the way we treat our employees, the level of service we deliver to our customers, and the quality of our solutions.
- **Innovation**
  We continuously strive to do things better, in the creation and delivery of our products and services.
- **Integrity**
  We are guided by a moral compass and implement ethical principles and practices in our relationships with employees, partners and customers, and in everything we do.

Business Model

Our business model is the means by which we can deliver on our strategic objectives. As with everything we do, serving our stakeholders is at the heart of our business model, which aligns with the customer journey and experience.

What we do



Key Resources

Collaboration

Eskan Bank works very closely with the Ministry of Housing & Urban Planning by empowering citizens with access to more social housing finances, helping them find the right home.

Partnerships

Eskan Bank believes in strong partnerships connecting financiers, developers and homebuyers in an innovative and comprehensive ecosystem.

Assets

Eskan Bank has invested in resources, people and technologies that help transform processes into assets that yield considerable returns for all stakeholders.

Financial stability

Eskan Bank is backed by strong fundamentals that have sustained its operations and ensured continued stability.

Our team

Eskan Bank recognises the power of human resources in exploring new horizons in combining business with a social angle.

Value Creation

Communities

We are firmly committed to providing citizens with more empowering and flexible financing solutions and access to suitable homes.

Stakeholders

Our focus will remain to better support all stakeholders and meet the housing needs of our citizens while enriching their lives.

Employees

We aim to support and engage our most valuable assets by providing them with a working environment that promotes health, well being and personal development.

Partners

Develop innovative & effective frameworks of partnerships with the private sector for funding social housing beneficiaries and enhancing the supply of housing units.

Financial Highlights

Net Income BD Million	30.2
Return on Equity (%)	6.6%
Earnings per share BD (Fils)	12.3
Total Assets BD Million	1,154.5
Operating Income BD Million	40.3
Total Equity BD Million	455.7

Net Income BD Million

2024	30.2
2023	35.8
2022	32.9
2021	29.9

Return on Equity (%)

2024	6.6%
2023	8%
2022	8.2%
2021	8.2%

Earnings per share BD (Fils)

2024	12.3
2023	14.3
2022	30.3
2021	27.6

Total Assets BD Million

2024	1,154.5
2023	1,013.1
2022	1,008.6
2021	934.2

Operating Income BD Million

2024	40.3
2023	45
2022	41
2021	38

Total Equity BD Million

2024	456
2023	445
2022	402
2021	365

Board of Director's Report

Sustainability is at the core of our social strategy, driving our efforts to meet the aspirations of Bahraini families through innovative housing solutions.

On behalf of the Board of Directors, I am pleased to present the Annual Report and Consolidated Financial Statements for the year ended 31st December, 2024.

As we continue our transformative journey, Eskan Bank remains steadfast in its commitment to innovation and excellence. Our ongoing investments in technology have significantly enhanced our operational performance, allowing us to redefine work methodologies, improve efficiency, and accelerate sustainable growth.

At the national level, we reaffirm our dedication to supporting sustainable urban development. Through the implementation of real estate projects, we aim to create vibrant residential neighborhoods that not only enhance the quality of life for citizens but also stimulate economic growth. Sustainability is at the core of our social strategy, driving our efforts to meet the aspirations of Bahraini families through innovative housing solutions.

In doing so, we remain true to our social mandate as the strategic partner and financial advisor to the Ministry of Housing and Urban Planning. Our role goes beyond developing affordable housing solutions to include subsidized housing finance for low to middle income Bahraini citizens, community related property development and facilities management.

Digital Transformation & Enhanced Services

Our digital transformation journey has proven invaluable. It has simplified our processes, and enabled us to serve our customers more efficiently. The introduction of "Eskan Online" platform is set to revolutionize our service delivery by enabling electronic transactions, thereby reducing the need for branch visits.

In line with this digital evolution, we launched "Baity" real estate platform in February 2024, complemented by an upgraded version of baity.bh website at the 3rd Housing Financing Exhibition. As the first national digital property advisor, its launch embodies the collaborative partnership between the private and public sectors offering citizens the ability to search for properties, conduct virtual visits, calculate financing options, and submit applications seamlessly.

This initiative has garnered recognition, receiving the award for "Best Digital Initiative in Retail Banking Services in the Kingdom of Bahrain" by the Bahrain Association of Banks at the Digital Transformation Awards 2024, underscoring its success and positive impact.

Board of Director's Report (Continued)

The successful launch of Tas'heel provided a strong springboard for growth and demonstrated how collaborating with commercial banks can be mutually beneficial for all involved.

Our digital transformation journey has proven invaluable. It has simplified our processes, and enabled us to serve our customers more efficiently.

Financial & Housing Achievements

The year 2024 has been marked by notable achievements in our housing programs. The "Mazaya" program continues to thrive, alongside the Tas'heel Aqari," "Tas'heel Al Bait Al Oud', and "Tas'heel Ta'awon", all of which have seen substantial growth.

Our total operating income for the year reached BD 40.3 million while expenses stood at BD 9.9 million. Equity touched BD 455.7 million while the return-on-equity attributable to the Bank's shareholder stood at 6.6%.

The continued success of "Tasheel" program highlights the importance of collaboration with commercial banks to provide innovative housing solutions. We will continue exploring many more opportunities with other private sector entities, and hope to extend partnerships in project development and financial services. We are also excited about the immense possibilities available through the Government Land Development Program (GLDP) initiative which aims to utilize unused land for major housing projects in partnership with the private sector.

A Word of Thanks and Appreciation

In conclusion, I would like to extend my heartfelt gratitude to Dr. Khalid Abdulla for his invaluable contributions during his tenure as General Manager of the Bank. His distinguished leadership has been instrumental, particularly during the challenges posed by the COVID-19 pandemic.

I also wish to warmly welcome Mr. Abdulla Taleb to his new role as General Manager of Eskan Bank. I am confident that under his leadership, the Bank will continue to pursue new horizons of growth and innovation. Together with our dedicated team, we remain committed to achieving our vision and serving the needs of our community.

On behalf of the Board of Directors, I would like to express our gratitude to His Majesty King Hamad bin Isa Al Khalifa, the King of the Kingdom of Bahrain; and to His Royal Highness, Prince Salman bin Hamad Al Khalifa, the Crown Prince and Prime Minister for their visionary leadership.

H.E. Mrs. Amna bint Ahmed Al Rumaihi
Minister of Housing and Urban Planning
Chairperson of Eskan Bank

First: Board of directors' remuneration details

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others*	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others**	Total			
First: Independent Directors													
1- Mohammed Hussain Bucheeri	-	8,000	-	8,000	-	-	-	-	-	-	-	8,000	-
2- Najla Mohammed AlShirawi	-	6,500	-	6,500	-	-	-	-	-	-	-	6,500	-
3- Isa Abdulla Zainal	-	8,000	-	8,000	-	-	-	-	-	-	-	8,000	-
4- Nabeel Saleh Ali Ebrahim Abdulaal	-	8,000	-	8,000	-	-	-	-	-	-	-	8,000	-
5- Mubarak Nabeel Mattar	-	8,000	-	8,000	-	-	-	-	-	-	-	8,000	-
6-Reem Abdulghaffar Al Alawi	-	6,500	-	6,500	-	-	-	-	-	-	-	6,500	-
7-Abdullatif Khalid Abdullatif	-	8,000	-	8,000	-	-	-	-	-	-	-	8,000	-
8-Balsam Ali Alsalman	-	8,000	-	8,000	-	-	-	-	-	-	-	8,000	-
Second: Non-Executive Directors													
9-H.E Mrs. Amna Bint Ahmed AlRumaihi	-	8,000	-	8,000	-	-	-	-	-	-	-	8,000	-
Third: Executive Directors													
Total	**-**	**69,000**	**-**	**69,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**69,000**	**-**

Note: All amounts are in Bahraini Dinars.

Other remunerations:

* It includes in-kind benefits – specific amount - remuneration for technical, administrative and advisory works (if any).

** It includes the board member's share of the profits - Granted shares (insert the value) (if any).

Second: Top six remunerations for executives, including GM and AGM Financial Control

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus) in 2024*	Any other cash/ in kind remuneration for 2024	Aggregate Amount
Top 6 remunerations for executives, including GM and AGM Financial Control.	874,606	193,028	-	1,067,634

Note: All amounts are in Bahraini Dinars.

* This bonus is for the year 2024 that will be paid in 2025.

H.E. Mrs. Amna Bint Ahmed Al Rumaihi
Minister of Housing and Urban Planning
Chairperson of Eskan Bank

Isa Abdulla Zainal
Director

Board of Directors

H.E. AMNA BINT AHMED Al RUMAIHI
Minister of Housing & Urban Planning,
Chairperson of Eskan Bank
Chairperson of Remuneration, Nomination and Corporate Governance Committee

Non-Independent Director

MR. MOHAMMED A.R. HUSAIN BUCHEERI
Vice Chairperson,
Chairman of Executive Committee

Non-independent Non-Executive Director

MRS. NAJLA MOHAMMED ALSHIRAWI
Board Member,
Member of Executive Committee

Independent Non-Executive Director

MRS. REEM ABDULGHAFFAR AL ALAWI
Board Member,
Member of Audit, Risk and Compliance Committee

Independent Non-Executive Director

MR. ISA ABDULLA ZAINAL
Board Member,
Chairperson of Audit, Risk and Compliance Committee

Independent Non-Executive Director

MR. NABEEL SALEH ABDULAAL
Board Member,
Member of the Remuneration, Nomination and Corporate Governance Committee

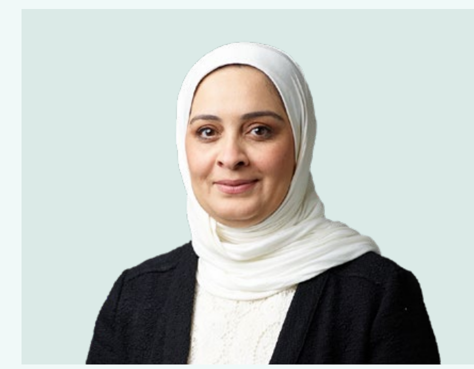
Independent Non-Executive Director

MR. MUBARAK NABEEL MATTAR
Board Member,
Member of the Remuneration, Nomination and Corporate Governance Committee

Independent Non-Executive Director

MR. ABDULLATIF KHALID ABDULLATIF
Board Member,
Member of Audit, Risk and Compliance Committee

Independent Non-Executive Director



MRS. BALSAM ALI ALSALMAN
Board Member,
Member of the Executive Committee

Independent Non-Executive Director

Clear Priorities
Community Building

Community Building

Eskan Bank plays a pivotal role in building sustainable and safe communities in Bahrain by focusing on the development of high-quality residential projects that cater to the needs of families. By integrating eco-friendly practices into their housing solutions, the bank not only provides safe living environments but also promotes environmental stewardship. Their commitment to innovative financing options enables families to access affordable housing, fostering a sense of ownership and community pride.

General Manager's Statement

The launch of the "Tas'heel" program through participating banks marked a significant step in enhancing private sector engagement in innovative housing solutions.

BD 143.3 m

The total amount of finances disbursed during 2024

The bank's strategy today is centered around the foundational pillars of the government's program, aimed at achieving sustainability in the social housing sector. It leverages the bank's full capabilities and resources to deliver innovative banking solutions that enhance the private sector's role in housing finance programs and real estate development projects. This approach supports economic growth in the Kingdom and strengthens the bank's increasing involvement in the urban and construction movement in Bahrain, aligning with the needs of citizens and the government's development plans, as articulated in its founding legislation.

Sustainability serves as the cornerstone for developing promising financing solutions, enriching the bank's journey and facilitating desired growth in serving a broad segment of citizens. Housing finance services have emerged as the leading offerings in this sector, characterized by their developmental advantages and expansion potential across various dimensions, including diverse purposes, timely delivery, streamlined procedures, and increased choices for citizens. Concurrently, these services sustain the economic cycle and invigorate the real estate market, ensuring the longevity of national resources through innovative solutions and enhanced service quality achieved via more efficient operations. Consequently, financing services have become a pivotal driver for advancing social housing initiatives.

Innovation has paved an ambitious path to sustainability and has been the catalyst for many of the bank's significant projects and successful initiatives in recent years.

In 2024, these initiatives gained further momentum, laying the groundwork for additional accomplishments that solidify our reputation as a trusted provider of innovative financing and sustainable social housing solutions.

As an extension of the Ministry of Housing and Urban Planning, we are dedicated to refining our real estate strategy. This commitment reflects the bank's contribution to achieving the integration of social housing pillars by providing financing and facilitating access to it, aiming to increase the availability of housing units for citizens within a sustainable construction framework that prioritizes the creation of vibrant residential neighborhoods.

Eskan Bank achieved a record number of disbursements through its "Tas'heel" housing finance program, with total disbursements reaching BHD 122 million in 2023 and concluding 2024 with BHD 143.3 million. This remarkable shift from an annual average of BHD 25-30 million to this record level is a clear testament to the success of these innovative, Sharia-compliant financing solutions.

"Tas'heel" program exemplifies the continuation of collaborative initiatives with government agencies and private institutions, aimed at developing effective financing solutions for social housing.

The launch of "Tas'heel" program through partner banks marked a significant step in enhancing private sector engagement in innovative housing solutions. The program's success has inspired plans to expand private sector involvement in additional social housing initiatives.

General Manager's Statement (Continued)

Eskan Bank is dedicated to implementing modern environmental practices and sustainability solutions in its new projects. Through its subsidiary, Eskan Real Estate Company, the bank has developed the "Saar Greens" project—a striking landmark featuring an extensive green area surrounded by 20 meticulously designed retail outlets.

Regarding the private sector's contribution, its pivotal role in executing Eskan Bank's strategy extends beyond merely providing banking facilities. It encompasses the development of social projects under the oversight of Eskan Bank, which offers legal, financial, and administrative support for these housing initiatives. This collaboration helps reduce overall construction costs, making housing units more accessible to eligible citizens.

In line with the bank's digital transformation journey, operations and programs gained further traction with the launch of the "Bayti" mobile platform—an advanced digital real estate platform designed to facilitate affordable housing purchases for Bahraini citizens, offering a seamless and user-friendly experience. With its intuitive interface, citizens can access a diverse range of real estate and financing programs from the Ministry of Housing and Urban Planning and exclusive housing solutions from participating financing banks, effectively meeting the needs and aspirations of Bahraini citizens.

Upon its launch in February 2024, the Bayti platform achieved remarkable success in the Bahraini real estate market, facilitated by robust collaboration with public and private sector entities. The app boasts over 23,000 users, more than 20,000 listed properties, 1,500 financing applications, and partnerships with 53 developers and real estate brokers, along with 7 financing banks. More than 360 employees from real estate brokerage firms, developers, and financing banks utilize the platform, which has recorded over 800,000 property views and 100,000 clicks on the financial calculator. The "Bayti" app has transformed the property search experience for Bahraini citizens, employing cutting-edge technology and smart automation. The platform ensures the availability of suitable housing and enables simultaneous financing calculations and application submissions through the Ministry of Housing and Urban Planning, Eskan Bank, and seven financing banks.

The success of the "Bayti" app has been widely recognized within the real estate sector, particularly for its role in enhancing the decision-making process for home seekers and providing a seamless digital experience for all stakeholders.

We take pride in our team's efforts to support Eskan Bank's strategic digital transformation goals, which earned the bank the "Best Digital Initiative in Retail Banking" award at the 2024 Digital Transformation Awards from the Bahrain Association of Banks.

Our primary motivation remains focused on enhancing the customer experience, aiming to serve the largest possible segment of citizens and promote positive interactions to elevate the bank's innovative services, performance, and quality.

We are committed to fostering growth and sustainability through ongoing innovation and investment in technology to meet citizens' housing needs, leveraging the latest smart technologies. Technology is an effective means to facilitate beneficiaries' access to our services, ensuring that all procedures can be completed remotely from anywhere.

Believing in its role within the housing sector, the bank has actively contributed to the "Government Land Development Rights Program," which grants usufruct rights on government lands for housing project development, aiming to deliver housing solutions to eligible citizens. This initiative is expected to catalyze social housing projects on various government lands in collaboration with the private sector, contributing to national economic growth in both the real estate and banking sectors.

We take pride in our team's efforts to support Eskan Bank's strategic digital transformation goals, which earned the bank the "Best Digital Initiative in Retail Banking" award at the 2024 Digital Transformation Awards from the Bahrain Association of Banks.

Moreover, Eskan Bank is dedicated to implementing modern environmental practices and sustainability solutions in its new projects. Through its subsidiary, Eskan Real Estate Company, the bank has developed the "Saar Greens" project—a striking landmark featuring an extensive green area surrounded by 20 meticulously designed retail outlets. Sixteen of these outlets have been leased as of December 2024, supporting a variety of commercial activities for residents and visitors. Meanwhile, the "Seef Greens" mixed-use project is still in its early stages. The launch of these projects highlights our commitment to developing mixed-use real estate characterized by modern design and environmental sustainability.

Eskan Bank recently celebrated Bahraini Youth Day, reaffirming its commitment to nurturing national talent and preparing young employees for leadership roles by fostering academic development and enhancing practical experience.

We take pride in the pioneering achievements and contributions that this national entity has made to the housing sector. I am honored to assume the position of General Manager at this pivotal moment in Eskan Bank's history.

I look forward to collaborating with the bank's exceptional team to realize Eskan Bank's vision of supporting the housing sector and creating innovative solutions that enable Bahraini citizens to secure suitable housing for themselves and their families.

In closing, I would like to express my heartfelt gratitude to Dr. Khalid Abdulla for his invaluable contributions to the bank's leadership over the past several years. His dedicated efforts have laid a strong foundation for a future where the bank's operations will thrive and its services will continue to flourish.

I also want to extend my sincere thanks to the bank's employees for their unwavering dedication to ensuring the bank's ongoing success.

Additionally, I express my appreciation for the continued support of the Ministry of Housing and Urban Planning, led by Her Excellency Amna bint Ahmed Al Rumaihi, Minister of Housing and Urban Planning, for her guidance and support. I also thank the bank's Board of Directors for their contributions and expertise, as well as all participating banks and real estate development companies for their collaboration and outstanding contributions to supporting the housing sector.

We are confident that the successes we achieved in 2024 will carry forward into 2025, and we at Eskan Bank are proud to be part of Team Bahrain.

Mr. Abdulla Taleb
General Manager

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Clear Priorities
Sustainability Driven

Eskan Bank is deeply committed to a green and sustainability-driven focus, which is integral to its mission of enhancing the quality of life for Bahraini citizens. The bank prioritizes eco-friendly practices in its housing developments, implementing energy-efficient technologies and sustainable materials to minimize environmental impact. By offering innovative financing solutions for green projects, Eskan Bank empowers families to invest in energy-efficient homes, thus promoting sustainable living.

Sustainability Driven

Business Review

Eskan Bank's credentials as a trusted financial institution has been largely shaped by its continuing focus on financial stability, regulatory compliance and strategic planning.

The strategic partnership with the Ministry of Housing & Urban Planning enables Eskan Bank to develop tangible plans that benefit financiers, landowners, developers, home buyers and other stakeholders in the real estate sector.

Eskan Bank remains on path to deliver its promise to be an organization driven by responsible growth, defined by consistent commitment to sustainability and innovation, and shaped by a social mandate inspired by the principles enshrined in Bahrain's Economic Vision 2030.

The strategic partnership with the Ministry of Housing & Urban Planning enables Eskan Bank to develop tangible plans that benefit financiers, developers, home buyers and other stakeholders in the real estate sector.

This section will provide insight on how each of the various departmental units contributed towards meeting Eskan Bank's commercial and national goals. Together they will provide a glimpse on how the Bank is playing a transformative role in the economy.

Financial Performance

In 2024, Eskan Bank continued to maintain healthy financial results that point to strong fundamentals at the operational level and present a much more confident outlook of the overall performance in the long term.

The numbers speak for themselves. The total operating income for the year was BD 40.3 million while total expenses were at BD 9.9 million. Equity was at BD 455.7 million while the return-on-equity attributable to shareholders was at 6.6%. The cost-to-income ratio for 2024 reached 24.5% compared to 19.3% in 2023.

Over 2,688 families benefited from finances totaling over BD 143.3 million during 2024. The total number of customers receiving the programs subsidy as of 2024 stood at 13,688 beneficiaries with 656 new customers added in the year.

The total programs subsidy paid was BD 226 million as of 31st December 2024.

Financial Control

Eskan Bank's credentials as a trusted financial institution has been largely shaped by its continuing focus on financial stability, regulatory compliance and strategic planning. The Financial Control Department plays a key role in turning these broad objectives into tangible action plans through its extensive work in financial & regulatory reporting, budgeting, business planning, strategic analysis, payment control and internal control.

Empowering Bahraini Families

This year 2,688 Bahraini families, were facilitated with home ownership disbursing a total of BD 143.3 million. Many of Eskan Bank's partnering banks supported 93 families with BD 6,385 million in Tas'heel financing. On the other hand, 436 families benefited from Mazaya Financing, totaling BD 35.201 million, and offered new Mazaya to 127 families disbursing BD 8 million.

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The departmental focus this year centered around achieving specific goals aimed at further enhancing the Bank's readiness in meeting all compliance and regulatory requirements.

Some of those goals included revamping of the financial modeling for budgeting and strategic planning in line with both Eskan Bank and MoHUP requirements; proactive liquidity management that saw the successful completion of the first BD 250 million funding around in H1 2024; financial structure optimization to help strengthen key transactions between the Bank, MoHUP and the Ministry of Finance & National Economy; governance and risk management that focused on improving operational efficiency; FAS 40 Islamic window compliance by engaging with the Central Bank of Bahrain in navigating complex regulatory challenges and initiating a comprehensive review of Islamic window book-keeping; support in financial modeling for land reclamation programs; and finally, strategic support to Eskan Bank's subsidiaries.

In addition, the department worked closely with external experts in improving VAT reporting, and completed all the regulatory reports way ahead of all the stipulated deadlines. The department was able to achieve higher level of report automation this year. In terms of increased inter-ministerial collaboration, new reports were added to the MoHUP pack that would help in strengthening coordination with teams from the Ministry of Housing and Urban Planning. With the finalization of the syndicated loan agreement, the department played an active role in structuring the first US dollar borrowing for the Bank. All strategic transactions were also considered for structuring as per advice given by the department.

Amongst the other highlights of the year was the increased coordination with other relevant departments in completing critical tasks on time for all regulatory reporting and financial planning. The department joined hands with the Information Technology department in maintaining a priority list that would ensure that all critical tasks are addressed on time.

Business Development & Government Programs

The Business Development & Government Programs Department plays a major role which has an ever-lasting impact on Bahrain's economy and real estate market, introducing programs such as Mazaya which has a growing portfolio of BD 1.4 billion and was able to serve more than 13K families to purchase their home. It has continued to develop new solutions and improve existing offerings, including the New Mazaya and Tas'heel initiatives delivered in partnership with financial institutions, and fosters strong relationships between the Government, partner banks, real estate developers, and beneficiaries to ensure that every program adheres to the core social agenda underlining the Eskan Bank's operations. Committed to Eskan Bank's core social mandate, the department maintains a close working relationship with MOHUP throughout the program lifecycles, from initial research and development to ongoing implementation.

The department undertakes regular market intelligence gathering and studies international practices, identifies areas for development, an approach that ensures the continuous integration of innovation and sustainability into the Bank's programs. A key achievement in 2024 was the development of a new Social Housing financing product, which is presently in the formal approval stage prior to its projected launch in Q2 2025. Additionally, the department has developed two solutions intended to assist MOHUP in addressing the needs of applicants on the waiting list, with implementation to be coordinated according to MOHUP's schedule.

Additionally, the department commenced work on the development of a financial model aimed at optimizing subsidy calculation, accelerating submission and delivery procedures and also oversaw system integration between MoHUP and Eskan Bank, concurrent with data reconciliation efforts involving various departments within the organization.

Retail Banking

The Retail Banking department continues to maintain a strong momentum in generating greater customer engagement and increased operational performance, and remains one of the most effective outreach channels to those seeking Eskan Bank's products, solutions and services. The success of the new category of the 'Mazaya Social Housing Scheme' launched last year set the tone for another momentous year for Eskan Bank, and ensured that the popularity of these products was reflected in the bottom line as well.

Many more citizens were empowered to own their dream house, and the process for doing so was accelerated through enhancements made possible in various digital transformation initiatives.

In 2024, the department delivered exceptional results and achieved significant milestones in housing finance and customer engagement. Tas'heel financing witnessed vigorous growth this year, and its success demonstrated the Retail Banking's ability to drive market growth in the real estate sector, enable homeownership for citizens, facilitate effective partnership between the Government and the public sector, and deliver exceptional customer service and financial solutions.

In terms of success stories, Tas'heel financing witnessed a significant increase in beneficiary numbers and total disbursal amounts in 2024 as compared to the previous financial year.

This year 2,688 Bahraini families, were facilitated with home ownership disbursing a total of BD 143.3 million. Many of Eskan Bank's partnering banks supported 93 families with BD 6,385 million in Tas'heel financing.

On the other hand, 436 families benefited from Mazaya Financing, totaling BD 35.201 million, and offered new Mazaya to 127 families disbursing BD 8 million.

Digital transformation continues to be a major priority across the organization, and this is reflected in some of the new innovations introduced in the department. Eskan Online is being developed with the goal of reducing footfall in the physical branches, and ensure that customers are able to conduct business from any remote location. The internal tracking system allows monitoring of internal process of customer applications in real time. One of the steps take to streamline operations was to bring enhancements to the internal tracking system.

Business Review (Continued)

Houses and Flats Distribution

Opened 1555 new housing accounts and 21 new apartment accounts.

Social Loans

BD143,337,871m
Social Loans disbursed to
2,688 Beneficiaries.

4,010
Additional services provided, including title deed, amanat, and settlement requests.

Tas'heel Program
(through Eskan Bank)

Aqari:
1,923 beneficiaries received BD113,484,252.42 in financing.

Al Bait Al Oud:
59 beneficiaries received BD 2,879,554.00 in financing.

Ta'awon:
51 beneficiaries received BD 2,636,409.00 in financing.

Mazaya

BD35.201 m
in financing disbursed through partner banks
436 beneficiaries
as of December 2024.

New Mazaya program
BD8.041m
disbursed to
127 beneficiaries
as of December 2024.

Tas'heel Program
(through partner Banks)

Aqari
BD6.385m
in financing provided to
93 Beneficiaries.

Hala Eskan
(Call Center)

85,764
Incoming calls

17,449
Outgoing calls

154
Cases resolved through effective complaints management.

Administration

The Administration Department's primary objective is to create a stimulating and productive work environment that prioritizes occupational safety, workplace hygiene and ethical safeguards within and around the Bank's premises. The department is tasked to ensure the efficiency of all systems, as well as provide logistic, comprehensive maintenance and support to all bank departments and its subsidiaries. In addition, the Administration Department plays a vital role in ensuring that all relevant insurance policies and vehicles are up-to-date and renewed promptly.

In 2024, a major reorganization of departmental offices and outlines were initiated involving substantial rearranging and restructuring of available space to help create a more enhanced and more comfortable place to work for all employees. Energy efficient lighting was also installed across all the offices to promote a healthy work space that's cost effective and environmentally friendly. New offices were added on the 28th floor of Eskan Bank's headquarters in Seef, and the department supervised the move and provided all necessary assistance for a smooth transition.

Another development was the initiation of the integration of the employee business card with the identity card incorporating additional data and technological advancements. This integration eliminates the need for printing, and thus resulting in cost savings and promoting environmental sustainability.

The Administration Department assumed complete responsibility over all Bahrain Tender Board (BTB) processes, and followed up on both external and internal tenders. By centralizing all tenders it was possible to ensure precision in confirmation and implementation of all the requirements and decisions of the BTB.

Additionally, all of the department's essential services were transferred to the new administrative services portal. This move was aimed at providing exceptional services of high quality and continuous follow-up.

Enhancing, renovation and re-arranging most of the bank's offices in the main office building which 70 % of our employees benefited of the department renovation and reallocating.

The new department services portal helped in developing work efficiency and innovating the best solutions by referring to the monthly reports which showed the speed of responses and completion of work in the required manner.

Manage to reduce the operational budget cost more than 15% of the approved budget of 2024 without any impact on the service and quality delivered to the bank departments.

Business Review (Continued)

Operations

The Operations Department performs key backend functions for Eskan Bank extending vital support for different departments and various business units to ensure their smooth and efficient operations.

Some of the department's key responsibilities are loan and finance disbursement, treasury back office, remittance, cheques clearing and subsidy processing, operational activities, customer repayment collection, transaction and reconciliation management, compliance reporting, regulatory adherence, and system testing and policy review.

In addition, the department is responsible for monitoring daily transaction processing with stringent controls to ensure compliance with turnaround time; managing and overseeing all transaction processing in strict adherence to approved policies and procedures; evaluating team performance and ensuring team members remain motivated and productive; and lastly, strategically planning to achieve the bank's objectives through optimal resource utilization and cost-effective processing.

In 2024, the department was faced with similar challenges as in 2023 since a significant focus was placed on transitioning to a digital platform, necessitating the structuring of various system-related data and stream lining processes. Considerable efforts were directed towards SLRB transaction reconciliation, enduring that balances in the core banking system matched the banks credit card used for SLRB transaction. The Mazaya salary review process was further enhanced, resulting in reduced processing time and cost effectiveness.

Some of the main highlights of the year included enhancing the accuracy and reliability of financial records as well as ensuring seamless operations and compliance through system balance reconciliation. The merger of future repayment deals helped in streamlining the repayment process, improving data accuracy, and enhancing customer account management. There were extensive testing for grace period interest accruals ensuring compliance with accounting standards for future financing deals bookings.

Additionally, we achieved a 35% cost saving compared to the budget for 2024, thanks to comprehensive process reengineering and efficient task management within existing resources, without the need for additional headcount.

Mazaya Social Housing Scheme

The success of the new category of the Mazaya launched last year set the tone for another momentous year for Eskan Bank, and ensured that the popularity of these products was reflected in the bottom line as well.

Internal Audit

The Internal Audit Department operates independently and reports to the Audit, Risk and Compliance Committee. The department provides assurance services by evaluating the effectiveness of the controls and providing recommendations for improvements. Based on a dynamic risk-based plan.

In addition to its core functions, Internal Audit also offers consultancy services to various departments. By providing a comprehensive view of their activities, Internal Audit helps identify and mitigate potential risks, thereby enhancing efficiency.

Key Achievements in 2024

New Financing Housing

Bookings and disbursals increased by

31%

Mazaya Salary Reviews

Requests increased by

6%

Direct Debit Mandates

Collection of repayment requests grew by

20%

Document Management Scanning (DMS)

Requests surged by 28%

Achievement of Departmental Goals

Online Customer Onboarding and Financing Services.

Streamlined Finance Disbursal Process.

Digitized Mazaya Bi-annual Salary Review Process.

Early Settlement Requests via Eskan Online Platform.

Business Review (Continued)

Property Development and Facilities Management

Eskan Properties Company (EPC), a wholly owned subsidiary of Eskan Bank, is responsible for property development and facilities management, and primarily serves beneficiaries of projects promoted by the Ministry of Housing & Urban Planning (MoHUP).

Some of EPC's main activities involve developing commercial entities that would provide essential services and meet the basic needs of citizens. These commercial entities are expected to be built within and around MoHUP developments spread across key locations in Bahrain. In addition, it also handles property development of housing units that are linked with MoHUP's housing files.

The Property & Facility Management (PFM) division of EPC is in charge of handling the leasing, maintenance, security and facility management of Eskan Bank branches, as well as properties sold and leased by Eskan Bank and MOHUP vertical developments.

The PFM department manages a commercial and leased property portfolio that includes 38 projects. These projects collectively offer 355 shops and 16 apartments, with an impressive current overall occupancy rate of 83%.

The department consists of six staff members along with in-house security personnel and technicians. The same team is also responsible for managing a total of 118 MoHUP vertical development projects, comprising 2,927 units. These projects provide affordable yet efficient facility management services and maintenance, including security guards, cleaning, lifts, fire alarms, generators, MEP, property insurance, landscaping, and over 450 outsourced maintenance contracts. Additionally, they offer general services such as painting works and water tank cleaning. This program is offered to all MOHUP buildings and is subsidized by MOHUP to ensure that the buildings are maintained to the highest standards.

Key Achievements in 2024

Completion of Zallaq Community Project with 8 retails shops.

Completion of Samaheej Community Project with

Completion of 9 Retail shops & start Leasing of Saar Greens.

Design completed for 4 community projects at East Sitra (3Plots) and Madinat Khalifa (1Plot)

Design Completed for 3 community projects at Nabi Saleh, Buhair & Malikya

Start the construction stage of 5 community projects at Madinat Salman.

Completion of GLDP evaluation reports of 2 projects (47 Housing Units at Hawrat Sanad & 76 Housing Units at Buhair)

Support MoHUP with the property management for the beneficiaries of housing apartment.

Completion of Seef Greens concept design with TIA approval and start the tendering for the detailed design of the project.

Business Review (Continued)

Key Achievements PFM in 2024

Managing a total of 118 MoHUP vertical development consisting of 2,927 units.

Leasing occupancy rate
83% out of a total of 371 units commercial/residential across 38 projects.

Overseeing more than 450 annual maintenance contracts/service providers.

Major enhancement works

Replacement of over
400 car park
shades at MoHUP buildings.

Repairting works at
23 MoHUP
buildings common areas.

Repainting works at
5 community projects.

Firefighting and electrical systems testing and maintenance carried out for all
118 MoHUP buildings.

Asset Management & Investments

There is a clear synergy in the way the Investment and Asset Management Departments operate, and support Eskan Bank's credentials as a trusted name in innovative and sustainable housing solutions. Together, they ensure that the Bank continues to remain a strong entity in both generating income and liquidity.

The task of the Investment Department is to actively identify and evaluate potential investment opportunities on lands owned by the Bank and private partnership ventures. It is also involved in conducting thorough due diligence, feasibility studies and financial modeling to assess viability and potential returns of any proposed investments. Department personnel work closely with legal and financial professionals to structure investment transactions, and are also involved in fund raising and syndication.

The Asset Management, on the other hand, regularly tracks and analyzes the financial performance of the Bank's income-generating assets, as well as develops and implements strategies to optimize the Bank's overall portfolio. They identify and evaluate opportunities to enhance the value of the Bank's assets through active management initiatives along with strategies to help evaluate the potential of those assets for future development and/or investment.

In 2024, BD 250 million was secured in dual currency syndicated facility which facilitated the repayment of the previous financing facility. There was significant progress with many of our projects – Saar Greens was completed as per schedule, three community projects were delivered, and leasing commenced for all the projects. Five new retail developments were approved in Madinat Salman with the expectation that the contractor would mobilize and start work during Q1 2025.

The liquidation of Danaat Al Baraka was also completed upon the successful closure of this iconic joint venture in which Eskan Bank acted as the investment manager while Eskan Property Company was the development manager. Finally, ERBIT unit holders were given a voluntary exit offer during the year, and many complied with the provisions of the offer.

Risk Management

The Risk Management Department is fundamental to the Bank's resilience and sustainable growth, safeguarding its financial well-being and operational integrity. This integrated function oversees key areas including Risk Management, Credit Administration, Information Security Management, Compliance and Anti-Money Laundering, and Remedial and Collections. In 2024, the department demonstrated its commitment to proactive risk management by enhancing operational efficiency through automation, strengthening customer focus through improved communication, and fostering a collaborative environment across the bank.

The Risk Management function provided critical insights to key committees, enabling informed strategic decisions and promoting a strong risk aware culture bank-wide.

Furthermore, strategic enhancements within Credit Administration unit have streamlined key processes and significantly strengthened the management and security of critical bank assets. Notably, the automation of title deed requests has improved both operational efficiency and customer experience.

The Remedial & Collections unit focused on optimizing recovery strategies through data driven approaches and technology, thereby protecting the bank's financial health and empowering its team to deliver effective solution.

Information Security Management maintained a strong proactive posture against potential threats by strategically addressing vulnerabilities, enhancing the security framework, and investing in specialized expertise.

The Compliance unit reinforced the Bank's commitment to regulatory compliance and ethical conduct through the automation of key processes and the promotion of a transparent and accountable environment for all stakeholders.

Information Security

Information Security is responsible for cybersecurity, personal data protection, and business continuity management. As part of its responsibilities, the department effectively mitigates security incidents, ensuring uninterrupted service to customers and stakeholders. It also ensures the Bank's business resilience remains high through effective controls and regular testing of business operations from the alternate BCM site.

The department has developed a robust framework to safeguard the Bank's continued operations. It is entrusted with data privacy and PDPL compliance, as well as ISO certifications for information security, quality, and business continuity. This includes vulnerability analysis, breach attack simulation, and penetration testing.

Achieving zero cybersecurity incidents in 2024 demonstrates the effectiveness of the cybersecurity control environment. This was made possible through various steps undertaken throughout the year.

The department successfully enhanced compliance with the Cybersecurity Rulebook requirements of the Central Bank of Bahrain (CBB) by implementing Privilege Access Management (PAM) and Network Access Control (NAC) solutions.

- **Privilege Access Management (PAM)**
  This solution was implemented to secure high-privilege accounts from being compromised. PAM adoption is expected to significantly reduce the risk associated with privileged accounts within the bank.
- **Network Access Control (NAC)**
  This solution prevents unauthorized computers and mobile devices from connecting to the Eskan Bank network without prior approval from the IT department. This automated solution ensures that only authorized systems are granted access to the Bank's IT resources, thereby reducing the risk of unauthorized network access.

Additionally, an AI/ML-based security incident and event management solution, coupled with endpoint detection and network detection solutions, provided comprehensive coverage for anomalous behavior detection and automated response. This resulted in the refinement of cybersecurity controls to fortify the Bank's cybersecurity defences.

Commercial and Leased Property Portfolio

83%

Property Development and Facilities Management Department manages a commercial and leased property portfolio that includes 38 projects. These projects collectively offer 355 shops and 16 apartments, with an impressive current overall occupancy rate of 83%.

Business Review (Continued)

Key Achievements in 2024

Completion of PAM and NAC Projects

Successfully implemented Privilege Access Management (PAM) and Network Access Control (NAC) solutions to enhance security and compliance.

Licensed Identity Protection Features

Introduced features to monitor and address identity-related risks, ensuring robust identity protection.

ISO Certifications

Achieved continued certification for ISO 9001:2015 and ISO 22301:2019, and recertification for ISO 27001:2022, demonstrating ongoing commitment to quality, business continuity, and information security standards.

Human Resources

The Human Resources Department plays a pivotal role in positioning Eskan Bank as an attractive destination for Bahraini professionals. The department commitment extended to fostering an environment that nurtures talent, encourages growth, and prioritizes personal and professional development.

Some of its key activities are recruitment and selection, onboarding and orientation, training and development, performance management, compensation and benefits, employee relations, employee engagement and retention, employee well-being and safety, succession planning, internal mobility, department restructuring, HR policies development, updating and compliance, HR technology and systems management, and finally HR reporting and analytics.

To support these activities, the department has undertaken initiatives to cultivate a culture of excellence, enhance employee engagement, and streamline operations towards increased efficiency through restructuring. Additionally, HR align their strategic objective with talent management to ensure sustained organization growth.

In 2024, the department launched new initiatives such as the Expanded Employee Wellness Programs that have positively impacted employee morale and productivity. focused efforts on restructuring and reorganizing certain functions and departments to increase efficiency and streamline processes, leading to better alignment with organizational goals and futuristic business strategies. There was greater focus on data-driven decision making: Utilized analytics to drive HR strategies, leading more informed decision-making processes. And finally, there was continuous enhancement of the remuneration system and employee benefits in line with the best market practices. Furthermore HRD contributed remarkably in the process of preparing the required ESG policy by CBB with the other stakeholders.

Key Achievements in 2024

Bahrainization

94%

Training Participation Rate

90%

of employees' participation with an average of 21 training hours per employee.

Conducting Employee Satisfactory Survey that showed, an Overall Employee Satisfaction Score

84%

Retention Ratio

Maintained a retention ratio of 97%, reflecting our commitment to employee retention efforts.

Kafa'at Six-months Practical Training Program

5 in 2024

Additional figures mentioned above reflect our commitment to enhancing the employees' experience and aligning with the bank's strategic objectives.

Promotion 21 & Salary Adjustments 37 employees

53%

are female employees

In relation to enhancement of employee welfare and complying with the updated policies of new 4 policies were introduced and 1 updated

Enhancement of PMR ratings to reflect the employees performance in more precise and accurate manner.

Business Review (Continued)

Key Achievements in 2024

Successful Implementation of a New HRMS
Streamlined HR processes and enhanced data accuracy. Going Live with 3 modules.

Actively engaging with the development of the ESG policy, framework and reporting as per the CBB requirements.

Ensuring integration of ESG considerations in all HR related policies and activities to be aligned with the Bank's overall sustainability goals.

Diversity and Inclusion Metrics Improvement
Achieved around 50% representation of women in our workforce, aligning with our ESG goals.

Kafa'at Program
Conducted a six-months Practical Training Program for Bahraini graduates in line with the CBB's requirements, through formal training, mentoring, self-directed learning, online learning, or other tools to allow the intern to develop their skills and knowledge.

Supporting CSR activities by engaging in community outreach programs.
training program organized for 15 university student and 49 school students

Bahrainization Rate:
Maintained a high ratio of Bahrainization at approximately 94%, reflecting our commitment to local talent development.

Employee Satisfaction Survey Results
Conducted a staff satisfaction survey, achieving an overall satisfaction rate of 84%, reflecting positive employee sentiment and engagement.

Retention Rate
Achieved an impressive retention ratio of 97%, demonstrating our commitment to employee retention efforts.

Promoting the value of professional growth and encouraging staff members to pursue professional qualifications. The number of employees studying professional qualification in 2024 increased by 114% compared to 2023.

Information Technology

The Information Technology Department remains a key pillar in Eskan Bank's on-going digital transformation drive across the organization. It has been three years since the Bank took steps to launch a concerted digital push in all of its processes, operations, services and interactions with customers and stakeholders.

Today, there have been significant milestones that have shaped the Bank's march towards sustainability, efficiency and customer engagement. Below are some of the highlights from 2024:

- Completed eKYC IDV and eKYC review certification.
- Integration with MoHUP to receive approved services requests and status updates.
- Upgrade existing whistle blowing system.
- Implementation of Anti Money Alerting System (AML)
- Implemented PERFORM portal to avail Business Process Automation and Digital Signing of Customers documents.
- Enhancements to Mazaya system to
  - Salary review process automation.
  - Process automation Exchange of property
  - Process automation Changing Bank
- Implement an electronic portal for receiving requests for Legal and Administration departments
- Hyperconverged Infrastructure Adoption: Continued migration of critical services to a hyperconverged infrastructure platform. This strategic move significantly improved performance, reduced latency, and enhanced resource utilization, leading to greater efficiency and agility.

Sharia Compliance

Eskan Bank is committed to follow all the regulations governing its operations.

The Sharia Compliance Review Department is responsible for ensuring compliance with Sharia principles across the Bank's Sharia-compliant transactions, products, and services. The department reviews new products to align with Sharia guidelines and provides necessary training and awareness for staff on Sharia products and their sequences.

Through its commitment to Sharia compliance and auditing, the department contributes to ethical and sustainable development.

The Bank remains steadfast in its commitment to developing and enhancing its product portfolio to accommodate innovative social housing finance solutions. With each development the focus has always been to align it with core values that guide Eskan Bank, and to adhere to Islamic principles. Furthermore, the Sharia review and approval processes have undergone a comprehensive streamlining process.

Complaints Management

Complaints Management team is responsible for resolving customer complaints received through various channels. The department is guided by Eskan Bank's customer centric principles, that ensures the road to customer satisfaction starts with listening to feedback and responding in a timely manner.

Customer concerns are taken seriously and comprehensive solutions are formulated to minimize complaints. The complaints are analyzed to identify the root cause and only then necessary corrective actions are taken

Customer excellence is at the core of all actions taken.

The team draws inspiration from the Bank's principles of accountability, respect as a guiding principle in customer service, and continuous improvement to enhance customer satisfaction.

In 2024, customer excellence was improved through reduction in the number of complaints submitted by customers to the Central Bank of Bahrain. The number of complaints and enquiries and complaints received in 2024 were lower compared to the previous year, which reflects an increase in customer awareness and improvement in customer service.

Among the highlights of the year was Eskan Bank's listing on the Tawasul Program.

Customer concerns are taken seriously and comprehensive solutions are formulated to minimize complaints. The complaints are analyzed to identify the root cause and only then necessary corrective actions are taken.

Enabling homeownership for citizens

Tas'heel financing witnessed vigorous growth this year, and its success demonstrated the Retail Banking's ability to drive market growth in the real estate sector, enable homeownership for citizens, facilitate effective partnership between the Government and the public sector, and deliver exceptional customer service and financial solutions.

Business Review (Continued)

Sale of Housing Projects as of 2024

100%
of Deerat Al Oyoun - Phase 1

100%
of Al Msayyan

100%
of Suhail

99.1%
of Danaat Al Lawzi

100%
of Danaat Al Baraka

100%
of Sehla Gate

99.5%
of Deerat Al Oyoun - Phase 2

81%
of Deerat Al Oyoun - Phases 3 and 4

Sales Collection of Housing Projects as of 2024

100%
of Deerat Al Oyoun - Phase 1

100%
of Al Msayyan

99.2%
of Deerat Al Oyoun - Phase 2

93.2%
of Suhail

100%
of Danaat Al Baraka

100%
of Sehla Gate

96.1%
of Deerat Al Lawzi

CSR Activities in2024

Participation in UOB Career Day, BIBF Career Day, Ahlia University Career Day

Sponsorship of Design Thinking Forum, The Real Estate Forum, BAB's Digital Transformation Award, BAB's Sustainability Awareness Campaign, UOB/Eskan Bank 10th Anniversary Booklet, Activities of the Bahrain Women Union

Planting Tree Week

Collaboration with MoHUP in 2024

GLDP Summit

The Third Housing Finance Exhibition

Baity Development and Campaign

Ta'sheel Campaign

Success Stories

Successfully inaugurated and marketed the 3rd Housing Financing Exhibition at Bahrain City Center, fostering collaborations with the Ministry, partnered banks, agencies, and developers under the patronage of His Excellency. Shaikh Khalid bin Abdulla. This event showcased Eskan Bank's leadership in the housing finance sector and strengthened our relationships with key stakeholders

Sponsorship of Design Thinking Forum, The Real Estate Forum, , BAB's Sustainability Awareness Campaign, UOB/Eskan Bank 10th Anniversary Booklet, Activities of the Bahrain Women Union

Development, launch and marketing campaign for Baity

Baity real estate platform recieved the "Best Digital Initiative in Retail Banking" award at the BAB Digital Transformation Awards.

Successful marketing campaign for Ta'sheel

Baity Highlights

23,000
users

Over
20,000
properties listed on Baity.bh, representing a
420%
growth from last year.

53
listed agencies and listed developers.

Over
1,500
financing applications

Over
800,000
in-app property views

Over
100,000
financing calculator clicks

Business Review (Continued)

Corporate Website Highlights

High User Interaction
With

732,444

total Interactions, users are actively engaging with the content and features.

Consistent Traffic

The website maintains a healthy flow of visitors, evidenced by

262,370

total page hits and

66,811

unique users.

Sales and Corporate Communications

Eskan Bank has maintained a solid reputation as a champion for innovation, sustainability and customer centricity. The Sales and Corporate Communications Department has played a prominent role in communicating these values, upholding Eskan Bank's brand integrity, attracting customers to its various housing projects and programs, while ensuring that the promotions and offers through Eskan Bank or partner banks yield desired results amongst its target audience.

The department drives sales growth by identifying new opportunities and engaging directly with clients. Strategic marketing initiatives are developed to reach potential customers incorporating targeted campaigns and data driven insights such as market research, advertising, digital marketing, sponsorships, CSR programs and event participation.

Active collaboration with the Ministry of Housing & Urban Planning and other private sector entities has enabled the department to extend support to the Bank's goals of providing innovative and sustainable housing solutions while maintaining a strong commitment to community and environmental responsibility.

In 2024, the department successfully inaugurated and marketed the 3rd Housing Financing Exhibition at Bahrain City Center. This event was organized in partnership with the Ministry, and held under the patronage of His Excellency Shaikh Khalid bin Abdulla Al Khalifa Deputy Prime Minister. Baity mobile app and website was developed, launched and successfully marketed, earning the award for "Best Digital Initiative in Retail Banking in Bahrain."

Tas'heel financing experienced significant growth throughout the year, driven by successful marketing and influencer campaigns. These campaigns effectively increased program awareness and adoption, showcasing the effectiveness of our marketing strategies. In addition, the department achieved 100% sales for multiple housing projects, including Deerat Al Oyoun - Phase 1, Danaat Al Baraka, Al Msayyan, Sehla Gate, and Suhail. Reflecting effective sales and collection management practices.

Subsidiaries, Associates & Strategic Investments

Subsidiaries

Eskan Properties Company B.S.C. (C)

Eskan Properties Company (EPC) is registered in the Kingdom of Bahrain with Eskan Bank holding 100% stake in the company. Serving as the development arm of the Bank, EPC is closely involved in successfully executing various housing and community projects. In addition, the company carries out management and maintenance work for different real estate properties owned by the Ministry of Housing, Eskan Bank and other entities. It also provides advisory services to the Ministry of Housing and Urban Planning in relation to commercial areas located in some of the new cities.

Associates

EBDAA Microfinance Company B.S.C

Ebdaa Microfinance Company is involved in disbursing micro-financing to low and middle-income Bahraini families. Eskan Bank was a founding shareholder in the company when it was established in 2009 and holds a 17.1% stake. The company provides beneficiaries with the opportunity to start a new business, become financially independent, and enhance their quality of life.

Eskan Bank Realty Income Trust (EBRIT)

Eskan Bank Realty Income Trust (EBRIT) is the first listed real estate investment trust in Bahrain that was established by Eskan Bank in fourth quarter of 2016. EBRIT has a net asset value of BD 11.56 million as of 31st December 2024, of which 46.66% is held by Eskan Bank.

The inaugural properties of EBRIT includes, Segaya Plaza along with the commercial components of Danat Al Madina. As EBRIT's investment manager, Eskan Bank is seeking to add more properties to the Trust and has been active in seeking additional opportunities to grow and diversify the portfolio of assets.

Strategic Investment

Naseej B.S.C. (C)

Naseej was established in 2009 by prominent investors from the public and private sectors with Eskan Bank holding a 3% stake in it as a strategic investment. The Bank is also a founding shareholder in the company that plays a pioneering role as a catalyst in addressing affordable housing needs in Bahrain.

Our Projects

دانات الرفاع
Danaat Al Riffa

دانات المدينة
Danaat Al Madina

دانات اللوزي
Danaat Al Lawzi

دانات السيف
Danaat Al Seef

دانات البركة
Danaat alBaraka

SUHAIL

ديرة العيون
DEERAT AL OYOUN

AL MSAYYAN
المسيان

Executive Management

Abdulla Taleb
General Manager

Ahmad Tayara
Chief Business Officer
Deputy General Manager

Parween Ali
Assistant General Manager - Retail Banking

Samar Agaiby
Assistant General Manager - Business Development and Government Programs

Adnan Fathalla Janahi
Assistant General Manager – Human Resources & Administration

Haifa Al Madani
Assistant General Manager - Legal Affairs and Corporate Secretary

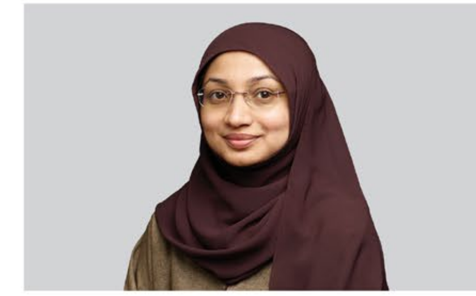
Deepak Patel
Assistant General Manager - Operations

Aqeel Mayoof
Assistant General Manager - Information Technology

Hani Nayem
Assistant General Manager - Internal Audit

Muhammed Saeed Butt
Assistant General Manager - Financial Control

Abeer Albinali
Assistant General Manager - Risk Management



Sarah Qasim
Assistant General Manager - Project Management and Strategic Planning

Eskan Properties Company

Eyad Faisal Mohammed
Acting General Manager

Hasan Abdulrahim
Senior Project Manager

Ahmed Sameei
Senior Manager – Property & Facility Management

Clear Priorities
Community Building, Sustainability Driven

Community Building and Sustainability

Eskan Bank is firmly focused on clear priorities that emphasize community building and sustainability. By investing in affordable housing and infrastructure development, the bank plays a pivotal role in enhancing the quality of life for citizens while fostering inclusive communities. The sustainability-driven approach ensures that projects are not only economically viable but also environmentally responsible, promoting a greener future.

Corporate Governance Report

1. Corporate Governance Policy

Eskan Bank's "the Bank" Board of Directors "the Board" has adopted the Bank's Corporate Governance Policy, which is compliant with the Corporate Governance Code issued by the Central Bank of Bahrain and the Decree No. (19) of 2018 concerning the issuance of the Corporate Governance Code issued by Ministry of Industry, Commerce in 2018, and Decree No. (91) of 2022 Concerning the Amendments to Certain Provisions of the Corporate Governance Code. The Board also ensures that the Bank's business is conducted professionally and in accordance with the applicable laws and regulations of the Kingdom of Bahrain. The Remuneration, Nomination and Corporate Governance Committee of the Board is responsible to ensure that the Bank's Corporate Governance Policy's is constantly updated and adopting the new relevant regulations and laws and ensure the effective application of the corporate governance principles within the Bank. The Audit, Risk and Compliance Committee regularly reviews the Bank's policies approved by the Board of Directors. The Executive Committee is responsible for reviewing business aspects and recommendations for amending the Bank's policies related to strategies, project frameworks, investments, financial modules, and overall business operations. It then recommends these amendments to the Board of Directors for final approval.

The Board ensures that training is provided to Board members periodically. The chairman of the Board must ensure that each new director receives a formal and tailored induction to ensure his contribution to the board from the beginning of the term and should review the board's role and duties with the directors, particularly covering legal and regulatory requirements. The program for Directors includes meetings with senior management, visits to the bank's facilities, presentations regarding strategic plans, significant financial, accounting and risk management issues, compliance programs, its internal and external auditors and legal counsel.

2. Shareholder Information

Eskan Bank is wholly owned by the Government of the Kingdom of Bahrain. The Bank was established with an authorized capital of BD 40 million and an issued and paid-up capital of BD 15 million. In 2011, the Bank increased its capital with the Cabinet's approval (Order No. 2113-05). And , in 2023, the Bank's capital was increased with the Cabinet's approval (Order No. 2714-05). As a result, the Bank's authorized capital reached BD 400 million, and the paid-up capital was estimated at BD 250 million. The capital increase was funded by the Bank's retained profits.

- Shareholders Notification

The Board of Directors submits decisions requiring shareholder approval to the Cabinet, in accordance with the Bank's Statute.

Given the unique nature of Eskan Bank, being fully owned by the Government of the Kingdom of Bahrain, and pursuant to Legislative Decree No. 4 of 1979 regarding the Establishment of Eskan Bank, as amended by Law No. 75 of 2006, the Cabinet is the sole authority responsible for appointing Board Members. Consequently, the Bank is not required to hold an Annual General Meeting. All key resolutions issued by the Bank that would typically require the approval of an Ordinary or Extraordinary General Assembly are replaced with Cabinet approval.

- Periodic Reports

Performance and activities report, along with financial statements of Eskan Bank, are submitted to the Ministry of Housing and Urban planning, Ministry of Finance and National Economy, The Ministry of Industry and Commerce, and the Central Bank of Bahrain.

The Bank is committed to seeking the approval of the Tender Board for procuring goods and services valued over 50,000 Bahraini Dinars, in accordance with Legislative Decree No. 36 of 2002 with regarding the Regulating Government Tenders and Purchases. In addition, the Bank must obtain the approval of the Legislation and Legal Opinion Commission for any contracts that result in financial obligations exceeding 300,000 Bahraini Dinars.

Additionally, the bank is required to obtain board approval for unbudgeted revenue expenditures and capital expenditures transactions with a value exceeding BD 100,001. Furthermore, Board approval is necessary for real estate acquisitions and project cost transactions exceeding BD 300,001. Project costs include consultancy, construction, and other related expenses. If the original project cost is expected to exceed the initially approved amount by 10% or more, or by BD 1,000,000 (whichever is lower), the matter must be referred to the Executive Committee and the Board of Directors for approval. The Bank is also subject to the supervision and scrutiny of the National Audit Court.

3. Board of Directors Information

- Board composition

Eskan Bank's Board was appointed by virtue of Cabinet Decree No. 63 of 2022, dated 8 December 2022, for a three-year term. This appointment is in line with Legislative Decree No. 4 of 1979 regarding the establishment of Eskan Bank, as amended by Law No. 75 of 2006. According to this Cabinet Decree, eight leading Bahraini banking and finance professionals were appointed for a renewable three-year term, with the Minister of Housing and Urban Planning serving as the Chairman.

- Board Member's Remunerations

The remuneration (consist the sitting fees) of the chairperson and members of the Board has been regulated and Disbursed pursuant to the Cabinet Decree, which has been capped by BD 8,000 annually bases for each Director, according to last paragraph at the article No. (11) of the Legislative Decree No. 4 of 1979 with respect to the establishment of the Eskan Bank amended by Law No. 75 of 2006, which stipulates that the Board's chairperson, vice chairperson and members shall be determined upon approval from the Cabinet of Ministers.

During the year 2024, the bank has paid setting fees a total of BD 69,000 to the Chairperson and members for attending Board and Board Committees meetings, including the sitting fees paid to the RNCG committee's members for the same period.

- Board Secretary

The Board is supported by the Board Secretary who provides administrative and legal support to the Board and Board committees. The appointment of the Board Secretary is subject to the approval of the Board and the Central Bank of Bahrain.

- Director's Roles and Responsibilities

The Board of Directors is responsible for the overall corporate governance of Eskan Bank, which is in line with CBB corporate governance principles ensuring that the Bank is run in an efficient and effective manner. The Board meets regularly throughout the year and maintains full and effective control over strategic, finance, operational, internal control and compliance issues. The Board's remit includes charting the direction of the Bank, setting objectives, formulating strategy, establishing policy guidelines. The Board has full authority to take decisions on setting annual operating plans and

Corporate Governance Report (Continued)

3. Board of Directors Information (continued)

budgets, authority levels, major capital expenditure, divestitures, mergers and acquisitions, certain strategic investments, disposal of assets, capital expenditure, appointing of external auditors and the implementation of corporate ethics and the code of conduct. In-addition the board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and monitoring Management and the running of the business according to an agreed framework. The Board is ultimately accountable and responsible for the affairs and performance of the Bank. The resolutions of the Board of Directors shall be valid immediately after their issuance with exception of resolutions relating to matters stated in Article 17 of Eskan Bank's Establishment Law and Articles of Association in which such resolutions shall only be deemed valid after being approved by the Council of Ministers. The Board of Directors in practice has delegated certain duties to the General Manager.

- Whistle-Blowing Policy

The Bank has a whistle-blowing policy whereby Management has designated officials to whom employees can approach. The policy provides adequate protection to the employees for any reports in good faith; EB executive management have periodically reviewed the policy.

- Code of Conduct & Conflict of Interest

The Bank has adopted Code of Conduct and other internal policies and guidelines designed to guide all employees and directors through best practices in compliance with all laws, rules and regulations that govern the Bank's business operations. The Code of Conduct contains rules on conduct, ethics and on avoiding conflict of interest applicable to all the employees and directors of the Bank. The Bank has an annual declaration of Conflict-of-Interest statement for Board members, whereby each director has the responsibility to disclose any material interest related to business transactions and agreements.

- Annual Disclosure for controlled functions Persons

The Bank has maintained a requirement within the adopted Corporate Governance Policy, for the annual disclosure to the Board of Directors, regarding the employment of relatives of the approved persons occupying controlled functions within bank.

Pursuant to this section, The General Manager has disclosed to the Board of Directors that there are no relatives of any member occupying approved person in-controlled functions within the Bank for the year 2024.

- Annual Performance Evaluation of Board Members and its Committees

In accordance with the Corporate Governance Policy, the Board has adopted performance evaluation models for both Board Members and Board Committees. The Corporate Secretary has circulated the performance evaluation form for the year 2024 to the Board Members to assess the performance of the Board of Directors and Committees for the year 2024. The results will be discussed during the first Board meeting of 2025.

4. Board Committees

The Board has three committees with specific delegated responsibilities, which include the Executive Committee, Audit, Risk and Compliance Committee, and Remuneration, Nomination and Corporate Governance Committee.

- Board Committees composition, roles and responsibilities

Executive Committee	
Members: (*) 1. Mr. Mohammed Hussein Bucheeri (Chairperson) 2. Mrs. Najla Mohamed AlShirawi 3. Eng. Balsam Ali Alsalman	**Summary terms of reference:** • The committee is formed with a minimum of three members, which consist mostly of independent non-executive members to be appointed by the Board. • The Committee shall meet at least quarterly or as frequently as required to perform its role effectively. (The Committee held four meetings during 2024). • Majority of the Members are required to attend the meetings to ensure a quorum. • Concerned Chiefs, Assistant General Managers and Managers are invited to attend the meetings (If required). **Summary of responsibilities:** The role of the committee is to assist the Board in carrying out its duties. Therefore, the committee is to exercise its roles and responsibilities as required by the terms of reference or assigned by the Board of Directors from time to time. The Committee is specifically delegated with recommending to the board or taking decisions relating to broad policy and planning matters relating to the administration of the Bank, Review strategy, annual budget forecasts, performance vis-a-vis budgets and the budget variances, review any major change which is expected to have a significant economic impact on the organization, approve lending decisions, and taking on of funded and non-funded financial risk exposures and financial outlays, specific provisioning of doubtful debts or the write-offs up to its Delegated Authority, where the credit risk lies with the Bank, delegation of Financial Authority, and provide oversight and good governance of the investment activities of the Bank.

Corporate Governance Report (Continued)

4. Board Committees (continued)

Audit, Risk and Compliance Committee

Members: (*)

1. Mr. Isa Abdulla Zainal (Chairperson)
2. Mrs. Reem Abdulghaffar Alalawi
3. Mr. Abdullatif Khalid Abdullatif

Summary terms of reference:

- The committee is formed with a minimum of three members, which consists mostly of independent non-executive members to be appointed by the Board.
- A minimum number of four meetings are required to be held each year, (the Committee held Four meetings during 2024)
- At least two Members are required to attend the meetings to ensure a quorum.
- General Manager and concerned Chiefs, Assistant General Managers and Managers are invited to attend the meetings. (If required)

The committee should meet at least twice with the external auditor in the absence of the Bank's executive management.

Summary of responsibilities:

The primary function of the committee is to assist the Board in fulfilling its supervisory responsibilities by reviewing the Bank's financial statements that are to be submitted to the concerned authorities and reviewing the internal monitoring framework established by the Board of Directors.

Remuneration, Nomination & Corporate Governance Committee

Members: (*)

1. H.E. Mrs. Amna Bint Ahmed AlRumaihi
2. Mr. Nabeel Saleh Ali Ebrahim Abdulaal
3. Mr. Mubarak Nabeel Mattar

Summary terms of reference:

- The committee is formed with a minimum of three members, which consists mostly of independent non-executive members to be appointed by the Board.
- A minimum number of two meetings are required to be held each year, (the Committee held one meetings during 2024).
- At least two Members are required to attend the meetings to ensure a quorum.
- General Manager and concerned Chiefs, Assistant General Managers and Managers are invited to attend the meetings (if required).

Summary of responsibilities:

The purpose of the committee is to recommend human resources policies and procedures for the Bank; assist the Board in reviewing and approving the Bank's policy for the remuneration of employees, directors, Board Committee members, the General Manager, Executive Management and staff; to follow up the policies, rules, and the best practices of corporate governance.

Eskan Bank B.S.C (closed) Annual Report 2024

Corporate Governance Report (Continued)

5. Board Meetings and Attendance 2024

The Board of Directors is required to hold at least four meetings during each fiscal year upon the invitation of the Chairman. A Board of Directors meeting shall be deemed valid if attended by majority of the Directors who shall attend in person, provided the Chairman or Vice Chairman shall attend in person. The Board held four meetings during 2024. The below schedule shows dates of meetings and attendance of Board Members:

- Board of Directors Meetings During 2024

Members	6 March 2024 (1st Meeting)	9 June 2024 (2nd Meeting)	25 Sep. 2024 (3rd Meeting)	12 Dec. 2024 (4th Meeting)
H.E. Mrs. Amna Bint Ahmed AlRumaihi (Chairman)	✓	✓	✓	✓
Mr. Mohammed Hussein Bucheeri (Vice Chairman)	✓	✓	✓	✓
Mrs. Najla Mohamed Al Shirawi	✓	✓	✓	X
Mr. Isa Abdulla Zainal	✓	✓	✓	✓
Ms. Reem Abdulghaffar Al Alawi	✓	X	✓	✓
Mr. Abdullatif Khalid Abdullatif	✓	✓	✓	✓
Mr. Nabeel Saleh Ali Ebrahim Abdulaal	✓	✓	✓	✓
Mr. Mubarak Nabeel Mattar	✓	✓	✓	✓
Eng. Balsam Ali Alsalman	✓	✓	✓	✓

- Executive Committee Meetings

The Executive Committee held four meetings during 2024, the below schedule shows dates of meetings and attendance of Board Members:

Members	28 Feb. 2024 (1st Meeting)	3 June 2024 (2nd Meeting)	3 Sep. 2024 (3rd Meeting)	3 Dec. 2024 (4th Meeting)
Mr. Mohammed Hussein Bucheeri (Chairperson)	✓	✓	✓	✓
Mrs. Najla Mohamed Al Shirawi	✓	✓	✓	✓
Eng. Balsam Ali Alsalman	✓	✓	✓	✓

- Audit, Risk and Compliance Committee Meetings

The Audit, Risk and Compliance Committee held Four meetings during 2024, the below schedule shows dates of meetings and attendance of Board Members:

Members	19 Feb. 2024 (1st Meeting)	6 May. 2024 (2nd Meeting)	25 Aug. 2024 (3rd Meeting)	4 Nov. 2024 (4th Meeting)
Mr. Isa Abdulla Zainal (Chairperson)	✓	✓	✓	✓
Ms. Reem Abdulghaffar Alalawi	✓	✓	✓	✓
Mr. Abdullatif Khalid Abdullatif	✓	✓	✓	✓

Corporate Governance Report (Continued)

5. Board Meetings and Attendance 2024 (continued)

- Remuneration, Nomination and Corporate Governance Committee Meetings

The Remuneration, Nomination and Corporate Governance Committee held four meetings during 2024 and an aggregated amount paid to each committee member is BD 6000. The below schedule shows dates of meetings and attendance of Board Members:

Members	21 Feb. 2024 (1st Meeting)	6 June 2024 (2nd Meeting)	24 September 2024 (3rd Meeting)	10 Dec. 2024 (4th Meeting)
H.E. Mrs. Amna Bint Ahmed AlRumaihi (Chairman)	✓	✓	✓	✓
Mr. Nabeel Saleh Ali Ebrahim Abdulaal	✓	✓	✓	✓
Mr. Mubarak Nabeel Mattar	✓	✓	✓	✓

The Remuneration, Nomination and Corporate Governance Committee also held four meetings during 2023 and an aggregated amount paid to the committee members is BD 6000 for the year ended 2023.

6. Shari'a Supervisory Board (SSB)

The Bank's Board of Directors has established a Shari'a Supervisory Board (SSB), has been re-appointed for a period of 3 years, starting from January 2022 to December 2024.

Members	Summary of Responsibilities
Shaikh Dr. Nedham Mohamed Yaqoobi (Chairperson)	The Shari'a Supervisory Board is an independent body responsible for directing, reviewing and supervising the Islamic activities in Eskan bank in order to ensure that they are in compliance with Islamic Shari'a rules and Principles.
Shaikh Dr. Abdulaziz Khalifa Al-Qassar (Vice Chairperson)	
Shaikh Dr. Abdulnaser Omar Al-Mahmood (Executive Member)	

- Shari'a Supervisory Board Meetings

The Shari'a Supervisory Board held four meetings during 2024, the below schedule shows dates of meetings and attendance of the Shari'a Board Members:

Members	21 April 2024 (1st Meeting)	31 July 2024 (2nd Meeting)	10 Sep. 2024 (3rd Meeting)	4 Dec. 2024 (4thmeeting)
Shaikh Dr. Nedham Mohamed Yaqoobi (Chairperson)	✓	✓	✓	✓
Shaikh Dr. Abdulaziz Khalifa Al-Qassar (Vice Chairperson)	✓	✓	✓	✓
Shaikh Dr. Abdulnaser Omar Al-Mahmood (Executive Member)	✓	✓	✓	✓

- Shari'a Supervisory Board Member's Remuneration

The disbursement of Shari'a Supervisory Board Member's Remuneration has been determined in accordance with Eskan Bank's Board of Director's Resolution No. 11/4 for the year 2021, which states that the remuneration of 10,000 US Dollars is to be disbursed annually to the Shari'a Supervisory Board Members. In addition, BD 3,780 per annum is disbursed to Sh. Abdul Nasser Al-Mahmood the Shari'a Supervisory Board Executive Member due to the nature of his position which requires him to provide direct and immediate support to the relevant departments of the Bank.

Aggregate remuneration paid to Shari'a Supervisory Board members in 2024 was BD 13,340 Bahraini Dinars.

Corporate Governance Report (Continued)

7. Management

The Board appointed Mr. Abdulla Taleb in the capacity of General Manager of Eskan Bank on 15 April 2024, whereby the Board delegated him with the authority to manage the Group business. The General Manager is responsible for the day-to-day performance and operations of the Bank and is supported by a well-qualified and experienced Management Team.

The Bank's day-to-day operations are guided by several management committees, which have been formed by virtue of Administration Decisions with respect to Restructuring of Eskan Bank's Internal Committees issued by the General Manager. Eskan Bank's Internal Committees include the Management Committee, Risk Management Committee, Asset & Liability Management Committee, IT Steering Committee, Internal Tender Committee, Human Resources Committee, Investment & Credit Committee, and the New Product Committee.

The General Manager has disclosed to the Board of Directors that he does not have any relatives of any approved persons occupying controlled functions within the Bank or with any of the board members.

The General Manager issued Administrative Resolution with respect to Re-structuring the Internal Committees of Eskan Bank as follows:

Management Committee

Summary of responsibilities:

The role of the Management Committee is to ensure the proper functioning of the business divisions and support functions of the Bank.

The Committee shall consist of members with the following designation:

1. General Manager (Chairman)
2. Chief Business Officer & Deputy General Manager
3. Acting General Manager – Eskan Properties Company
4. Assistant General Manager - Business Development & Government Programs Department
5. Assistant General Manager - Legal Affairs & Corporate Secretary
6. Assistant General Manager - Risk Management
7. Assistant General Manager - Retail Banking
8. Assistant General Manager - Financial Control
9. Assistant General Manager - Internal Audit
10. Assistant General Manager – HR & Administration
11. Assistant General Manager - Information Technology
12. Assistant General Manager - Operations
13. Manager - Corporate Communications

Secretary - Senior Manager - Information Security

The Committee will be chaired by the General Manager who will appoint the Vice Chairperson.

The General Manager may appoint any other member at his discretion.

Investment & Credit Committee

Summary of responsibilities

Review, approve, and recommend to the Executive Committee and Board of Directors all proposals for investments and credit activities in relation to joint ventures, private equity, and real estate developments (excluding social loan activities), in line with the approved authority matrix.

The Committee shall consist of members with the following designations:

1. General Manager (Chairman)
2. Chief Business Officer & Deputy General Manager
3. Acting General Manager – Eskan Properties Company
4. Assistant General Manager - Risk Management
5. Assistant General Manager - Financial Control

Secretary: Clerk - Asset Management

The General Manager may appoint any other member at his discretion.

The Committee will be chaired by the General Manager who will appoint the Vice Chairperson.

Corporate Governance Report (Continued)

7. Management (continued)

Risk Management Committee

Summary of responsibilities:
The responsibility of the committee is to review and manage the credit, market, and operational risks of the Bank, and to recommend on matters brought to it for consideration, including credit proposals for approvals.

The Committee shall consist of the members with the following designation:

1. General Manager (Chairman)
2. Chief Business Officer & Deputy General Manager
3. Acting General Manager – Eskan Properties Company (Non-Voting member)
4. Assistant General Manager - Risk Management
5. Assistant General Manager - Retail Banking
6. Assistant General Manager - Legal Affairs & Corporate Secretary
7. Assistant General Manager - Operations
8. Assistant General Manager - Financial Control
9. Assistant General Manager - Information Technology

Secretary – Manager - Risk Management

The General Manager may appoint any other member at his discretion.

The Committee will be chaired by the General Manager who will appoint the Vice Chairperson.

Asset & Liability Management Committee

Summary of responsibilities:
The function of the committee is to develop and institute an active and integrated approach to managing the Bank's financial position within regulatory and other guidelines on structure and on capital adequacy. Asset & Liability Management Committee sets and monitors the liquidity and market risk strategy policies of the Bank, as well as reviewing and allocating capacity on the financial position.

The Committee shall consist of members with the following designation:

1. General Manager (Chairman)
2. Chief Business Officer & Deputy General Manager
3. Assistant General Manager - Risk Management
4. Assistant General Manager - Financial Control
5. Manager - Treasury

Secretary - Manager – Financial Control

The General Manager may appoint any other member at his discretion.

The Committee will be chaired by the General Manager who will appoint the Vice Chairperson.

IT Steering Committee

Summary of responsibilities:
The committee is responsible for overseeing the IT strategic direction of Eskan Bank; and for providing effective and secure IT services across the Bank through assessing opportunities to practically manage IT resources and knowledge and acquire best IT solutions to meet the growth of the Bank.

The Committee shall consist of members with the following designation:

1. Chief Business Officer & Deputy General Manager (Chairman)
2. Assistant General Manager - Retail Banking
3. Assistant General Manager - Financial Control
4. Assistant General Manager - Information Technology
5. Assistant General Manager - Operations
6. Assistant General Manager - Risk Management

Secretary – Senior Manager - Information Technology

The General Manager may appoint any other member at his discretion.

The Committee will be chaired by the Chief Business Officer and Deputy General Manager who will appoint the Vice Chairperson.

Corporate Governance Report (Continued)

7. Management (continued)

Human Resources Committee

Summary of responsibilities
The function of the committee is to provide a forum for consultation and exchange of ideas and decision making, on all matters relating to the planning and management of the Bank's human capital.

The Committee shall consist of members with the following designations:

1. General Manager (Chairman)
2. Chief Business Officer & Deputy General Manager
3. Acting General Manager - Eskan Properties Company
4. Assistant General Manager - Retail Banking
5. Assistant General Manager – HR & Administration
6. Assistant General Manager - Legal Affairs & Corporate Secretary
7. Assistant General Manager - Information Technology

Secretary: Senior Manager - Human Resources

The General Manager may appoint any other member at his discretion.

The Committee will be chaired by the General Manager who will appoint the Vice Chairperson.

Internal Tender Committee

Summary of responsibilities
The Committee reviews and oversees all the internal tender related matters of Eskan Bank & the subsidiaries, and issues approvals for internal tenders to be selected, in addition to approving the renewal of contracts.

The Committee shall consist of members with the following designation:

1. General Manager (Chairman)
2. Chief Business Officer & Deputy General Manager
3. Acting General Manager – Eskan Properties Company
4. Assistant General Manager – HR & Administration
5. Assistant General Manager - Legal Affairs & Corporate Secretary

Secretary – Manager – Administration Department

The General Manager may appoint any other member at his discretion.

The Committee will be chaired by the General Manager who will appoint the Vice Chairperson.

The Committee Members have been duly appointed by virtue of the approval issued by the Tender & Auctions Board.

New Product Committee

Summary of responsibilities
The Committee oversees the development of new and existing customer products and services for treasury, asset management, commercial banking, property development, mortgage finance, and other areas of the Bank, assesses reputation, operational, IT, Risk, Legal, Compliance, staffing and fee sharing issues and approves such products and services.

The Committee shall consist of members with the following designation:

1. Chief Business Officer & Deputy General Manager (Chairman)
2. Assistant General Manager – Business Development and Government Programs.
3. Assistant General Manager - Retail Banking
4. Assistant General Manager - Operations
5. Assistant General Manager - Information Technology
6. Manager - Compliance & MLRO (Non-Voting member)

Secretary – Manager – Sales & Corporate Communications.

The General Manager may appoint any other member at his discretion.

The Committee will be chaired by the Chief Business Officer and Deputy General Manager who will appoint the Vice Chairperson.

Corporate Governance Report (Continued)

7. Management (continued)

Remedial Credit Committee	
Summary of responsibilities The Remedial Credit Committee has been formed to review, monitor, and manage the loans portfolio and community shops of the Bank and to assist Risk Management in driving control across the business, assessing & managing the risks to the business. The Committee discusses the proposed recommendations and course of actions by the Remedial Department to control and reduce the Non-Performing Finances and mitigate the non-performing loans portfolio. The Remedial Credit Committee ensures appropriate policies, controls and measures are in place and adhered to support this, and to give appropriate management oversight to ensure conformance.	The Committee shall consist of members with the following designation: 1. General Manager (Chairman) 2. Chief Business Officer & Deputy General Manager 3. Acting General Manager - Eskan Properties Company 4. Assistant General Manager - Legal Affairs & Corporate Secretary 5. Assistant General Manager - Risk Management 6. Assistant General Manager - Retail Banking **Secretary** – Senior Manager - Remedial and Collections The General Manager may appoint any other member at his discretion. The Committee will be chaired by the General Manager who will appoint the Vice Chairperson.

IFRS 9 Steering Committee	
Summary of responsibilities IFRS 9 Steering committee ("Committee") is the main forum where specific matters related to provisioning will be discussed. The committee is also responsible for ensuring proper integration of IFRS 9 throughout the Bank and providing review and recommendations/ approval of key decisions. The Committee has the primary responsibility of overseeing the Bank's Expected Credit Loss ("ECL") models. The committee is also responsible for ensuring the adequacy of the processes, controls, and governance frameworks around reviewing and monitoring the elements that would impact the computation of ECL and recommend changes if needed.	The Committee shall consist of members with the following designation: 1. General Manager (Chairman) 2. Chief Business Officer & Deputy General Manager 3. Assistant General Manager - Financial Control 4. Assistant General Manager - Risk Management 5. Assistant General Manager - Information Technology 6. Assistant General Manager - Internal Audit (non-voting member) **Secretary –** Manager - Risk Management Department The General Manager may appoint any other member at his discretion. The Committee will be chaired by the General Manager who will appoint the Vice Chairperson.

Environmental, Social and Governance Committee (ESGC)	
Summary of Responsibilities: The role of the committee is to oversee matters related to the implementation of environmental, social, and corporate governance (ESG) principles across all administrative aspects, business development, and interactions with beneficiaries, in alignment with the directives of the Central Bank of Bahrain and relevant authorities. The committee also aims to establish a unified vision for the bank's ESG aspects and to oversee the integration of these aspects into the business strategy and decision-making process. The committee prioritizes the discussion of issues related to the bank's requirements and the recommendations of the Board of Directors and the General Manager, in accordance with the bank's corporate governance policy.	The Committee shall consist of members with the following designation: 1. General Manager (Chairman) 2. Chief Business Officer & Deputy General Manager 3. Acting General Manager – Eskan Properties Company 4. AGM of HR &Administration 5. AGM of Risk Management 6. Senior Manager - Investment 7. Senior Manager - Human Resources 8. Assistant Manager - Administration **Secretary** – Manager – Compliance & MLRO The General Manager may appoint any other member at his discretion. The Committee will be chaired by the General Manager who will appoint the Vice Chairperson.

Corporate Governance Report (Continued)

7. Management (continued)

- Senior Management Remuneration

The Remuneration, Nomination and Corporate Committee is authorised by the Board to recommend the remuneration policy of the Bank and the remuneration of those senior executives whose appointment requires Board approval.

The Bank's remuneration policies are applicable to all employees including General Manager. The remuneration primarily consists of the monthly salary and allowances.

The total aggregate remuneration paid for senior management during 2024 is BD1,630,287.973

8. Compliance and Anti-money Laundering

Compliance with regulatory and statutory requirements is an ongoing process. The Bank is conscious of its responsibilities in observing all regulatory provisions and best international practices in its functioning. The Bank has established Compliance function in accordance with CBB guidelines. The unit act as a focal point for all regulatory compliance and for adapting other best practice compliance principles. The Bank continuously strives to improve the level of compliance in all its activities.

Compliance with CBB anti-money laundering requirements and measures forms an important area of the Compliance Function. As per CBB requirements, the anti-money laundering function is regularly audited by the external and internal auditors, and copies of the reports are presented to the Audit, Risk and Compliance Committee.

The CBB performs periodic inspections of the Bank's compliance with anti-money laundering regulations.

9. Communication Strategy

The Bank has adopted a Disclosure policy consistent with CBB requirements. The Banks' annual reports for at least three years are published on the website. The Bank uses a newsletter and emails for the purpose of communicating with its employees on general matters and sharing information of common interest and concern.

10. Internal Audit role

The role of internal auditor is to provide an independent and objective review of the efficiency of the Bank's operations to help the Audit, Risk and Compliance Committee perform its responsibilities effectively. It includes performing a review of the accuracy and reliability of the accounting records and financial reports, as well as a review of the adequacy and effectiveness of the Bank's risk management, internal controls, and corporate governance.

The Assistant General Manager of Internal Audit is appointed by and reports directly to the Audit, Risk and Compliance Committee.

Shari'a Supervisory Board

Shaikh Dr. Nedham Mohamed Yaqoobi
Chairman

- Member of Shari'a Supervisory Board for the Accounting and Auditing Organization for the Islamic Financial Institutions (AAOIFI).
- Member of Central Shari'a Supervisory Board.
- Chairman and member of several Shari'a Supervisory Boards around the world.
- PhD in Islamic Law.
- Master from McGill University in Canada.

Shaikh Dr. Abdulaziz Khalifa Al Qassar
Deputy Chairman

- Professor of Comparative Jurisprudence at the Faculty of Sharia and Islamic Studies at Kuwait University.
- PhD in Comparative Jurisprudence from the Faculty of Sharia and Law – Al-Azhar University – Cairo – Arab Republic of Egypt in 1997 AD.
- Faculty member at the Faculty of Sharia and Islamic Studies at Kuwait University from 1997 – 2017.
- He served as Associate Dean for Academic Affairs and Graduate Studies and Research at the Faculty of Sharia and Islamic Studies at Kuwait University from the period 2001-2005 AD.
- Member of several Shari'a Supervisory Boards around the world.
- A lecturer in Islamic Finance has many research and religious studies in Islamic Jurisprudence and Contemporary Financial Transactions.

Shaikh Dr. Abdulnaser Omar Al-Mahmood
Executive member

- Senior Executive Manager of Sharia Compliance – Khaleeji Bank.
- Member of several Shari'a Supervisory Boards around the world.
- Participant and speaker in several conferences and symposiums on Jurisprudence and Economics.
- PhD in Islamic Finance – International Islamic University Malaysia.
- Over 33 years of Experience in Sharia Audit and Islamic Banking.
- High Diploma in Islamic Commercial Studies - BIBF Institute.
- CSAA Certificate - Accounting and Auditing Organization for the Islamic Financial Institutions (AAOIFI).
- Certified Islamic Banker – General Council for Islamic Banks and Financial Institutions (CIBAFI).
- Recognized Lecturer and Trainer – BIBF and several professional and Financial Institutions.

Shari'a Supervisory Board Report
For the year ended 31 December 2024

2 Ramadan. 1446 BC coinciding 2nd March 2025

Praise be to Allah, and May peace and blessing be upon Prophet Mohammed, his family, and his companions

To the members of the Sharia Board of Directors of ESKAN Bank

Assalam Alaikum Wa Rahmat Allah Wa Barakatuh

In compliance with the letter of appointment, we are required to submit the following report:

During the year ended 31 December 2024, we have reviewed the principles and contracts relating to the transactions and applications conducted by the Bank (Islamic Products), and treasury department products carried out by the Bank. We have also conducted our review to form an opinion as to whether the Bank has complied with Shari'a Rules and Principles and with specific Fatwas, rulings and guidelines issued by us.

We believe that ensuring the conformity of the Bank's activities with the provision of Islamic Shari'a is the sole responsibility of the Bank's Management, while the Shari'a Supervisory Board is only responsible for expressing an independent opinion based on our review of the operations of the Bank, and for reporting to you.

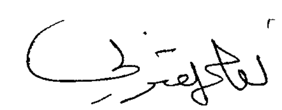
We conducted our review, which included examining on a test basis of each type of Islamic products transactions, the relevant documentation and procedures carried out by the Bank in concluding Islamic transactions.

We planned and performed our review directly through the Internal Shari'a Auditor to obtain all information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the Bank has not violated Islamic Rules and Principles.

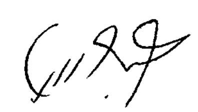
In our opinion:

Contracts, transactions and dealings related to Islamic products entered into by the Bank during the year ended 31 December 2024 that we have reviewed complies with the Islamic Shari'a Rules and Principles.

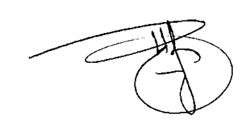
We pray that Allah may grant all of us further success and prosperity.



Sh. Dr. Nedham Mohamed Yaqoobi
Chairman



Sh. Dr. Abdul Aziz Khalifa Al Qassar
Vice Chairman



Sh. Dr. Abdulnaser Omar Al-Mahmood
Executive Member

Annexure A: Shari'a Compliant Assets and Liabilities

On 7 August 2012, the Bank obtained a no objection letter from CBB to offer Shari'a compliant products to its customers. The Bank offers various Shari'a compliant banking products, through its existing conventional departments / branches, whose accounts are not separated from those of the conventional unit

The Islamic banking activities of the Bank are conducted in accordance with Islamic Shari'a Principles, and are subject to the supervision and approval of a Shari'a Supervisory Board ("SSB"). The SSB consists of three members appointed by the board of directors of the Bank.

The Bank does not commingle funds relating to Islamic financial services with funds relating to conventional financial services. The Bank utilises Shari'a compliant sources of funding and its own fund to finance its Shari'a compliant assets. Surplus Shari'a funds, pending deployments if any, are invested into short-term money market instruments using Shari'a compliant structures.

The Bank does not have any revenues or expenditures prohibited by Shari'a rules and principles related to funds mobilised according to the Shari'a rules and principles. The Bank is not required to collect and pay zakah on behalf of its customers and / or shareholder.

The sources and uses of Islamic funds including its equivalent current conventional caption under IFRS as at 31 December 2024 are presented below:

Islamic assets (application of funds)	Notes	2024 BD	2023 BD
Loans			
Finance lease assets - net	a	**434,404,610**	344,495,429
Cash and bank balances			
Wakala placements	b	-	3,999,888
Other assets			
Finance lease income receivables		**175,220**	122,733
Wakala income receivable		-	15,167
Total assets		**434,579,830**	348,633,217

a) The amount reported is net of impairment provision of BD 17,428,142 (2023: BD 16,045,324)

b) The amount reported is net of impairment provision of nil (2023: BD 112)

Islamic Liabilities (source of funds)	Notes	2024 BD	2023 BD
Interbank borrowing			
Commodity Murabaha liability		-	4,000,000
Term loan			
Commodity Murabaha term financing		**220,037,546**	75,000,000
Customer current accounts		**6,430,867**	5,887,619
Other liabilities			
Profit payable on Murabaha financing		**414,682**	979,552
Wakala profit payable		-	15,889
Total liabilities		**226,883,095**	85,883,059

The total funds raised and financed by the Group under Shari'a rules and principles comprise of 38% of the total assets of the Bank as of 31 December 2024 (2023: 34%) and 32% (2023: 15%) of the total liabilities.

Annexure A: Shari'a Compliant Assets and Liabilities (Continued)

The Shari'a-compliant income and expenses recognised during the year were as follows:

	2024 BD	2023 BD
Income		
Finance lease income, net	**12,670,275**	9,888,777
Income from wakala assets	**722**	29,187
Expense		
Profit on Commodity Murabaha financing	**(8,131)**	(88,031)
Net impairment loss		
Release of expected credit loss	**132,569**	109,675

Revenue recognition and measurement for Shari'a compliant assets

Islamic financing assets include residential mortgage financing which are classified under Loans in the consolidated financial statements and are carried at amortised costs less impairment provision. Profits from Islamic financing lease contracts (Ijarah Muntahia Bittamleek) are recognised in the income statement as it accrues, taking into account the effective yield of the asset.

Other Islamic financing assets include short term Shari'a compliant money market placements which are classified under cash and bank balances in the consolidated financial statements and are carried at amortised costs less impairment provision. Profit on Murabaha and Wakala placements are recognised on effective yield basis over the contract term. Shari'a compliant assets include investment in Ijarah sukuk which are classified under investment in the consolidated financial statements and are carried at amortised cost less impairment provision. Income from sukuk is recognised using effective yield rate over the term of the instrument. The accounting treatment is not significantly different to AAOIFI requirements.

Consolidated Financial Statements

As at 31 December 2024

Contents

Independent Auditors' Report

To the Shareholders of ESKAN BANK B.S.C. (c)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Eskan Bank B.S.C. (c) (the "Bank") and its subsidiary (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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 financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA 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 IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Report of the Board of Directors

Other information consists of the information included in the Report of the Board of Directors, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. Prior to the date of this auditor's report, we obtained the Report of Board of Directors which will form 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 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 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, 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 the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards 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.

Auditor's 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 auditor's 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 ISAs 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.

Independent Auditors' Report (continued)

To the Shareholders of ESKAN BANK B.S.C. (c)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Group's Audit Committee 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.

Report on Other Legal and Regulatory Requirements

As required by the Bahrain Commercial Companies Law and Volume 1 of the Central Bank of Bahrain (CBB) Rule Book, 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 Report of the Board of Directors is consistent with the consolidated financial statements;

c) we are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain and Financial Institutions Law, the CBB Rule Book (Volume 1 and applicable provisions of Volume 6) and CBB directives, or the terms of the Bank's memorandum and articles of association during the year ended 31 December 2024 that might have had a material adverse effect on the business of the Bank or on its consolidated financial position; and d) satisfactory explanations and information have been provided to us by management in response to all our requests.

d) satisfactory explanations and information have been provided to us by management in response to all our requests.

Ernst + Young

Partner's registration no.45
28 February 2024
Manama, Kingdom of Bahrain

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 BD	2023 BD
ASSETS			
Cash and bank balances	6	**41,270,971**	25,514,762
Investments	7	**3,222,274**	3,273,418
Loans	8	**1,007,840,540**	882,636,503
Investment in an associate	9	**5,393,827**	4,182,288
Investment properties	10	**65,564,921**	66,335,547
Development properties	11	**28,447,434**	28,709,412
Other assets	12	**2,731,349**	2,453,133
TOTAL ASSETS		**1,154,471,316**	1,013,105,063
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from banks and other institutions		**2,020,804**	10,000,000
Customer current accounts		**28,750,712**	8,286,353
Government account	13	**441,930,329**	467,813,912
Term loans	14	**220,037,546**	75,000,000
Other liabilities	15	**6,035,621**	7,076,835
TOTAL LIABILITIES		**698,775,012**	568,177,100
EQUITY			
Share capital	16	**250,000,000**	250,000,000
Contribution by the shareholder		**45,064,459**	44,362,959
Statutory reserve		**61,062,394**	58,040,253
General reserve		**60,000,000**	-
Fair value deficit		**(350,568)**	(195,998)
Retained earnings		**39,920,019**	92,720,749
TOTAL EQUITY		**455,696,304**	444,927,963
TOTAL LIABILITIES AND EQUITY		**1,154,471,316**	1,013,105,063

H.E. Mrs. Amna Bint Ahmed Al Rumaihi
Housing & Urban Planning Minister
Chairperson of Eskan Bank

Isa Abdulla Zainal
Director

Abdulla Abdulaziz Taleb
General Manager

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2024

	Notes	**2024 BD**	2023 BD
Interest income	17	**37,873,453**	38,253,877
Interest expense	18	**(287,087)**	(256,632)
Net interest income		**37,586,366**	37,997,245
Income from properties	19	**1,276,843**	6,001,559
Net share of profit from investment in an associate	9	**350,295**	263,094
Other income		**1,127,427**	899,106
Total operating income		**40,340,931**	45,161,004
Staff costs		**(6,741,101)**	(5,912,425)
Other expenses	20	**(3,122,641)**	(2,799,573)
Total operating expenses		**(9,863,742)**	(8,711,998)
Profit before net impairment loss		**30,477,189**	36,449,006
Net impairment loss	21	**(255,778)**	(665,433)
Profit for the year		**30,221,411**	35,783,573
Other comprehensive loss Fair value loss on equity instruments designated at fair value through other comprehensive income	7	**(154,570)**	(87,863)
Total comprehensive income for the year		**30,066,841**	35,695,710

H.E. Mrs. Amna Bint Ahmed Al Rumaihi
Housing & Urban Planning Minister
Chairperson of Eskan Bank

Isa Abdulla Zainal
Director

Abdulla Abdulaziz Taleb
General Manager

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Notes	**Share capital BD**	**Contribution by the shareholder BD**	**Statutory reserve BD**	**General reserve BD**	**Fair value deficit BD**	**Retained earnings BD**	**Total equity BD**
As at 1 January 2024		**250,000,000**	**44,362,959**	**58,040,253**	**-**	**(195,998)**	**92,720,749**	**444,927,963**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**30,221,411**	**30,221,411**
Other comprehensive loss	7	-	-	**-**	**-**	**(154,570)**	**-**	**(154,570)**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**(154,570)**	**30,221,411**	**30,066,841**
Dividend	16	**-**	**-**	**-**	**-**	**-**	**(20,000,000)**	**(20,000,000)**
Transfer of land, net	10,11	**-**	**701,500**	**-**	**-**	**-**	**-**	**701,500**
Transfer to statutory reserves		**-**	**-**	**3,022,141**	**-**	**-**	**(3,022,141)**	**-**
Transfer to general reserves		**-**	**-**	**-**	**60,000,000**	**-**	**(60,000,000)**	**-**
As at 31 December 2024		**250,000,000**	**45,064,459**	**61,062,394**	**60,000,000**	**(350,568)**	**39,920,019**	**455,696,304**

	Notes	Share capital BD	Contribution by the shareholder BD	Statutory reserve BD	General reserve BD	Fair value deficit BD	Retained earnings BD	Total equity BD
As at 1 January 2023		108,300,000	36,914,617	54,461,896	-	(108,135)	202,215,533	401,783,911
Transfer from retained earnings		141,700,000	-	-	-	-	(141,700,000)	-
Profit for the year		-	-	-	-	-	35,783,573	35,783,573
Other comprehensive loss		-	-	-	-	(87,863)	-	(87,863)
Total comprehensive income for the year		-	-	-	-	(87,863)	35,783,573	35,695,710
Transfer of land, net	10,11	-	7,448,342	-	-	-	-	7,448,342
Transfer to statutory reserves		-	-	3,578,357	-	-	(3,578,357)	-
As at 31 December 2023		250,000,000	44,362,959	58,040,253	-	(195,998)	92,720,749	444,927,963

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 BD	2023 BD
OPERATING ACTIVITIES			
Profit for the year		**30,221,411**	35,783,573
Adjustments for:			
Net share of profit from investment in an associate	9	**(350,295)**	(263,094)
Net impairment loss	21	**255,778**	665,433
Gain on sale of development properties	19	**(578,254)**	(5,354,294)
Depreciation and amortization	20	**724,927**	619,720
Operating profit before working capital changes:		**30,273,567**	31,451,338
Disbursement of loans, net		**(72,473,148)**	(64,283,793)
Decrease in other assets		**123,653**	202,678
Decrease in development properties		**1,970,432**	17,441,500
Increase in investment properties		**(1,368)**	(109,303)
Decrease / (increase) in restricted bank balance		**210,850**	(189,850)
Decrease in interbank borrowing		**(7,979,196)**	-
Increase / (decrease) in customer current accounts		**464,359**	(980,890)
Decrease in other liabilities		**(1,507,979)**	(249,797)
Net movement in government account		**(62,515,516)**	(18,563,903)
Net cash used in operating activities		**(111,434,346)**	(35,282,020)
INVESTING ACTIVITIES			
Maturity of debt securities		**482,866**	1,614,452
Investment in debt securities		**(586,292)**	(482,866)
Deposit with financial institution with original maturity of more than 90 days		**-**	10,000,000
Dividend received on investment in associate		**93,219**	270,636
Purchase of equipment		**(330,381)**	(197,849)
Investment in an associate		**(1,369,572)**	(69,682)
Net cash (used in) / generated from investing activities		**(1,710,160)**	11,134,691
FINANCING ACTIVITIES			
Proceeds from term loans		**285,037,546**	-
Repayment of term loans	14	**(140,000,000)**	-
Payment to and on behalf of government, net		**(15,926,093)**	(28,355,016)
Net cash generated from / (used in) financing activities		**129,111,453**	(28,355,016)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**15,966,947**	(52,502,345)
Cash and cash equivalents at 1 January*	6	**25,299,524**	77,801,869
CASH AND CASH EQUIVALENTS AT 31 DECEMBER*	6	**41,266,471**	25,299,524

* The balances at 31 December 2024 and 31 December 2023 are gross of the expected credit loss of BD nil and BD 112 respectively.

Non-cash activities			
Dividend	16	**20,000,000**	-
Transfer between investment and development properties	10,11	**1,488,231**	2,371,831
Transfer of land from the shareholder, net	10,11	**701,500**	7,448,342
Subsidy and waivers provision	7	**19,419,223**	7,805,289
Expected credit loss for social loans	12(i)	**7,502,970**	5,462,223
MOHUP houses and flats	12(g)	**64,474,279**	9,890,665

Notes to the Consolidated Financial Statements

As at 31 December 2024

1. REPORTING ENTITY

Incorporation

Eskan Bank B.S.C. (c) (the "Bank") is a closed joint stock company registered and incorporated by Amiri Decree No. 4 of 1979. The Bank operates under a restricted commercial banking license issued by the Central Bank of Bahrain (the "CBB"). The Bank's shares are fully owned by the Government of Kingdom of Bahrain (the "Government") in accordance with the Articles of Association.

Activities

The Bank's principal activities include granting housing loans to Bahrain nationals as directed by the Ministry of Housing and Urban Planning ("MOHUP"), developing / construction projects within the Kingdom of Bahrain. Further, the Bank also acts as an administrator for the MOHUP in respect of housing facilities and certain property related activities. As an administrator, it enters into various transactions in the ordinary course of business related to housing loans, rents and mortgage repayments and property administration. The Bank receives funds from the Ministry of Finance and National Economy ("MOFNE") based on annual budgetary allocations for housing loans. The Bank also records certain transactions based on instructions from the MOHUP and the MOFNE and decisions taken by the Government.

The consolidated financial statements include results of the Bank and its subsidiaries (together The" Group") and these were approved by the Board of Directors on 26 February 2025.

2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements of the Group has been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

b) Basis of measurement

The consolidated financial statements have been prepared under the cost convention except for investments classified as fair value through other comprehensive income which are measured at fair value.

c) Functional and presentation currency

The consolidated financial statements are presented in Bahraini Dinars (BD), which is also the functional currency of the Group.

d) Basis of presentation

The Group presents its consolidated statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the consolidated statement of financial position date (current) and more than 12 months after the statement of financial position date (non-current) is presented in note 28.

e) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group losses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any resulting gain or loss arising on the loss of control is recognised in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

Non-controlling interest

Interests in the equity of subsidiaries not attributable to the Bank are reported in consolidated statement of financial position as non-controlling interests. Profits or losses and other comprehensive income attributable to non-controlling interests are reported in the consolidated statement of profit or loss and other comprehensive income as profit or loss and other comprehensive income attributable to non-controlling interests. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Notes to the Consolidated Financial Statements

As at 31 December 2024

2. BASIS OF PREPARATION (continued)

e) Basis of consolidation (continued)

(i) Subsidiaries (continued)

The following are the principal subsidiaries of the Group that are consolidated:

Subsidiaries	Ownership for 2024	Ownership for 2023	Year of incorporation/ acquisition	Country of incorporation/ acquisition
Eskan Properties Company B.S.C.(c) ('EPC')				
The principal activity of the Company is to develop and manage projects for development of properties on behalf of Eskan Bank B.S.C (c) (the ""Parent""), MOHUP and third parties, and facility management to Ministry of Houses.	**100%**	100%	2007	Kingdom of Bahrain
Dannat Al Luzi B.S.C ©				
(Liquidated 10th January 2024)				
Development and sale of private property in Dannat Al Luzi.	-	100%	2014	Kingdom of Bahrain

(ii) Interest in equity-accounted investees

The Group's interest in equity-accounted investees comprise of interest in an associate. an associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

These are initially recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the investees after the date of acquisition until the date such significant influence cease. Distributions received from an investee reduce the carrying amount of the interest in an associate. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the investees arising from changes in the investee's equity or impairment, if any.

When the Group's share of losses exceeds its interest in an equity-accounted investee, 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.

If the Group lost significant influence but still retains any interest in the previous equity accounted associate, then such interest is measured at fair value at the date in which significant influence is lost. Subsequently it is accounted in accordance with the Group's accounting policy for financial instruments.

(iii) Transactions eliminated / adjusted for on consolidation and equity accounting

Intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, 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.

The reporting period of the Group's subsidiaries and equity-accounted investees are identical and their accounting policies conform to those used by the Bank for like transactions and events in similar circumstances except for valuation of investment properties in the books of its equity accounted investee. Adjustments are made in the consolidated financial statements where appropriate to ensure the accounting policies of the equity-accounted investees is consistent with the policies adopted by the Group.

f) Comparatives

Certain prior period amounts have been regrouped to conform to current year's presentation. Such regrouping did not affect the previously reported profit or equity.

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

3.1 Standards effective for the year

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in previous year, except for the adoption of the new and amended standards and interpretations, applicable to the Group, and which are effective for annual periods beginning on or after 1 January 2024.

The group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

Notes to the Consolidated Financial Statements

As at 31 December 2024

3. MATERIAL ACCOUNTING POLICIES (continued)

3.1 Standards effective for the year (continued)

International Tax Reform–Pillar Two Model Rules - Amendments to IAS 12

The OECD Global Anti-Base Erosion Pillar Two Model Rules ('GloBE rules') apply to multinational enterprise (MNE) groups with total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

In line with the requirements of GloBE rules, the Kingdom of Bahrain 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 Group for fiscal years commencing on or after 1 January 2025.

As per the Group's preliminary assessment, it has concluded that it is not in scope for the Bahrain DMTT law or the GloBE rules as:

- it is not an MNE group as it only operates in Bahrain; and/or
- 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.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's consolidated financial statements.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's consolidated financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Group's consolidated financial statements as it does not have any such arrangements.

3.2 New and amended standards and interpretations issued but not yet effective

New and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Amendments to IAS 21: Lack of exchangeability: effective for annual reporting periods beginning on or after 1 January 2025;

IFRS 18 - Presentation and Disclosure in Financial Statements : replacing IAS 1 - Presentation of Financial Statements: effective for annual reporting periods beginning on or after 1 January 2027;

Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments: effective for annual reporting periods beginning on or after 1 January 2026; and

IFRS 19 - Subsidiaries without Public Accountability : Disclosures effective for annual reporting periods beginning on or after 1 January 2027.

Notes to the Consolidated Financial Statements
As at 31 December 2024

4. MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of the consolidated financial statements of the Group has been consistently applied from prior year.

a. Right-of-use assets and lease liabilities

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payment made at or before the commencement date, less any lease incentives received;
- any initial direct cost incurred by the lessee; and
- estimated cost to dismantle and to remove the underlying asset, or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liability is measure as the present value of the future lease payments that are not paid at the commencement date. The lease payments are discounted based on the Group's incremental borrowing rate. Lease liability comprises the following:

- fixed payments, including in-substance fixed payments;
- amounts expected to be payable under a residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Lease liabilities are carried at amortised cost using effect interest rate method. Lease liabilities are reduced by repayment of the principal amount while the finance charge component of the lease payment is charged directly to the statement of profit or loss and other comprehensive income.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and for leases of low-value assets.

b. Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances held with banks, CBB and placements with financial institutions and CBB with original maturity of less than 90 days. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position less expected credit loss.

c. Placements with banks

Placements with Banks are financial assets which are placed through interbank and have fixed or determinable payments with fixed maturities that are not quoted in an active market. Placements are usually for short term and are stated at amortised cost less provision for impairment, if any.

d. Financial assets and liabilities

i. Financial assets

Initial recognition and measurement

All regular way transactions of financial assets are recognised on the settlement date i.e. the date the asset is delivered to or received from the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Other financial assets are initially recognised on trade date, when the Group becomes party to the provision of the contract.

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification

On initial recognition, a financial asset is classified at amortised cost; fair value through other comprehensive income (""FVOCI"") – debt security; FVOCI – equity security; or fair value through profit or loss ("" FVTPL""), based on the business model in which a financial assets is managed and its contractual cash flows. Assessment of the business model within which the assets are held and assessment of whether the contractual term of the financial assets are solely payment of principal and interest on the principal amount outstanding required significant estimate and judgement (refer to sections ""business model assessment"" and "" assessment whether contractual cash flow are solely payment of principal and interest"" below).

Notes to the Consolidated Financial Statements
As at 31 December 2024

4. MATERIAL ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

i. Financial assets (continued)

Classification (continued)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at FVOCI - debt securities

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- its is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at FVOCI - equity securities

On initial recognition of an equity security that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on a security-by-security basis.

Financial assets measured at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within hat business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Notes to the Consolidated Financial Statements
As at 31 December 2024

4. MATERIAL ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

i. Financial assets (continued)

Classification (continued)

Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features; prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

Financial assets at FVTPL.	These assets are subsequently measured at fair value. Net gains and losses, arising from changes in fair value including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost.	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt securities at FVOCI.	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
Equity securities at FVOCI.	These assets are subsequently measured at fair value. Gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Impairment of financial assets and loan commitment

The Group recognises loss allowances for ECL on:

- financial assets measured at amortised cost;
- debt securities measured at FVOCI; and
- loan commitments.

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt 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.

Notes to the Consolidated Financial Statements
As at 31 December 2024

4. MATERIAL ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

i. Financial assets (continued)

Impairment of financial assets and loan commitment (continued)

Significant increase in credit risk

When determining whether the credit risk of a financial asset has increased significantly since initial recognition when estimating ECL, 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 a financial asset has increased significantly since initial recognition if contractual payments are past due more than 30 days. This assumption will always hold true unless the Bank can prove, through reasonable and fact-based information, the risk has not increased significantly after being past due more than 30 days.

The Group considers a financial asset to be in default when either or all of the following events have taken place:

- 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 financial assets has been charged / written off ;or
- the financial asset 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.

Life time ECL are the ECL that result from all possible default events over the expected life of the financial instruments or the maximum contractual period of exposure.

12-month ECL are the portion of life time ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk."

Measurement of ECLs

The Group recognises loss allowances for ECL on social loans, commercial loans, balances with banks, debt securities and loan commitments. Loss allowance for ECL relating to social loans are reimbursed by the Government pursuant to agreement with MOHUP (note 13 i) and total allowance are presented net of these reimbursement in the statement of profit or loss and other comprehensive income.

The Group applies a three-stage approach to measuring expected credit losses (ECL) on financial assets carried at amortised cost, debt securities at FVOCI and loan commitments. These items migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12 month ECL: includes financial assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are 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: Life time ECL - not credit impaired: includes financial assets that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial asset. Expected credit losses are the weighted average credit losses with the probability of default ('PD') as the weight.

Stage 3: Life time ECL - credit impaired: includes financial instruments that have objective evidence of impairment at the reporting date. This stage has obligors that already are impaired (defaulted). However, regulatory requirements for credit impaired accounts will continue to apply under Stage 3.

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).

Notes to the Consolidated Financial Statements
As at 31 December 2024

4. MATERIAL ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

i. Financial assets (continued)

Impairment of financial assets and loan commitment (continued)

ECLs are discounted at the effective interest rate of the financial asset.

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.

PD estimates are estimates at a certain date, PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

LGD is the magnitude of the likely loss if there is a default. The Group has set LGD parameters based on the regulatory estimates.

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.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost, debt securities at FVOCI and loan commitments are credit-impaired. A financial asset 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 a financial asset 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 loan or advance by the Group on terms that the Group would not consider otherwise; or it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Credit impaired financial assets are subject to cooling of period of 7 months from the first date of becoming regular in payment.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost and debt securities at FVOCI are deducted from the gross carrying amount of the assets.

Write-off

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. For individual customers, the gross carrying amount when the financial asset is 3 years past due is written off (except for customers who are individually assessed for restructuring) based on historical experience of recoveries of similar assets. 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.

Modification of financial assets

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

Restructured exposures

Restructured exposures due to credit risk reasons are classified as stage 2 for a minimum period of 3 months from the date the restructured facility is performing. If the terms of an exposures subject to credit risk are renegotiated or modified or an existing exposures subject to credit risk is replaced with a new one due to financial difficulties of the borrower, the exposures subject to credit risk should be derecognised and ECL is calculated using the cash shortfalls from the existing exposures subject to credit risk that are discounted from the expected date of derecognition to the reporting date using the original effective profit rate of the existing exposures subject to credit risk.

Notes to the Consolidated Financial Statements
As at 31 December 2024

4. MATERIAL ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are initially recognised, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder. A financial liabilities is measured initially at fair value of the consideration received.

Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense relating to term loan are reimbursement by the Government pursuant to agreement with MOHUP (note 12 n) and total interest expense are presented net of these reimbursement in the statement of profit or loss and other comprehensive income. Other interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss."

e. Impairment of non financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount and impairment losses are recognised in the consolidated statement of profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed in the profit or loss only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed the recoverable amount nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

f. Offsetting of financial instruments

Financial assets and financial liabilities are only offset and the net amounts reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Group intends to either settle these on a net basis, or intends to realise the asset and settle the liability simultaneously.

g. Government accounts

Transactions with the MOFNE and the MOHUP are recorded by the Group as financial liabilities under caption "government accounts". Government accounts are non interest bearing and are not payable on demand.

Transactions are recorded at the fair value of the consideration received, less amounts repaid or adjustments made as per the instructions of MOFNE or MOHUP.

Notes to the Consolidated Financial Statements
As at 31 December 2024

4. MATERIAL ACCOUNTING POLICIES (continued)

h. Fair values

Fair value' is 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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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

i. Income recognition

The Group recognises revenue to depict the transfer of promised goods or services to its customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

To determine whether to recognise revenue, the Group follows a 5-step process:

1- Identifying the contract with a customer;

2- Identifying the performance obligations;

3- Determining the transaction price;

4- Allocating the transaction price to the performance obligations; and

5- Recognising revenue when/as performance obligation(s) are satisfied.

The Group often enters into transactions involving a range of the Group's services and products. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations and customer obtain control of goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations or if the Group has a right to an amount of consideration that is unconditional before the Group transfers a good or service to the customers and reports these amounts as deferred income in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due."

Interest income

Interest income on loans is recognised using the effective interest method, which is the rate that exactly discounts estimated future cash or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Rental income

Rental income from investment properties is recognised on a straight line basis over the term of the lease.

Service income

Service income is recognised overtime when the performance obligation is satisfied and services are rendered by the Group.

Dividend income

Dividend income is recognised when the Group's right to receive the payment is established.

Revenue from sale of development properties

It is recognised at point in time when the Group transfer control of the property sold to its customer and satisfies its performance obligation, i.e. upon completion of property construction and hand over to the customer.

Notes to the Consolidated Financial Statements
As at 31 December 2024

4. MATERIAL ACCOUNTING POLICIES (continued)

j. Employee benefits

(i) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) 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, and to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. Contributions by the Group are recognised as an expense in the statement of profit or loss and other comprehensive income when they are due.

Expatriate employees on fixed contracts are entitled to leaving indemnities payable under the Bahraini Labour Law, 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 "defined benefit scheme" and any increase or decrease in the benefit obligation is recognised in the statement of profit or loss and other comprehensive income.

The Group also operates a voluntary employees 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 statement of profit or loss and other comprehensive income when they are due.

k. Development properties

Development properties consist of project under construction for lease and land being developed for sale in the ordinary course of business. It includes direct costs (including financing cost) incurred in bringing such land to its saleable condition. Development properties are stated at the lower of cost and net realisable value. Any projects under construction for lease purpose will be transferred to investment properties upon completion of the construction.

l. Investment properties

Investment properties held for rental, or for capital appreciation purposes, or both, are classified as investment properties. Investment properties are carried at cost less depreciation and impairment allowances, if any. Cost includes expenditure that is directly attributable to the acquisition of the investment properties. Investment property includes plots of land held for housing project development in future, capital appreciation purposes, and community shops held for earning rentals.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of profit or loss and other comprehensive income in the period of derecognition.

m. Land transferred from the shareholder

Land from various parts of the Kingdom of Bahrain are transferred from the shareholder to the Group from time to time, in kind. These are initially recognised at fair value and categorised either as investment properties or development properties, based on condition and intended use. Subsequent measurement is based upon categorisation. The transfer in kind, is not accounted for as a government grant as it is a transaction with the Shareholder and recognised as an equity contribution.

n. Contingent liabilities and contingent assets

Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is probable.

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefits is probable.

o. Statutory Reserve

In accordance with the requirements of the Commercial Companies Law and the Central Bank of Bahrain regulations, 10% of the net profit for the year is transferred to statutory reserve. The Group may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital. The reserve is not distributable, but may be utilised as security for the purpose of a distribution in such circumstances as stipulated in the Commercial Companies Law and following the approval of the Central Bank of Bahrain.

p. General Reserve

The reserve has been created to underline the shareholders' commitment to enhance the strong equity base of the Group for the future sustainability and strategic growth of the Group.

Notes to the Consolidated Financial Statements
As at 31 December 2024

5. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of certain assets, liabilities, revenue, expenses and the disclosure of contingent liabilities as of the reporting date. However, uncertainty about these judgement, assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Such estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most material effect on the amounts recognised in the financial statements are described below:

Reasonableness of Forward Looking Information

Judgement is involved in determining which forward looking information variables are relevant for particular financing portfolios and for determining the sensitivity of the parameters to movements in these forward-looking variables. The Group derives a forward looking "base case" economic scenario which reflects the Group's view of the most likely future macro-economic conditions.

The Group has previously performed historical analysis and identified key economic variables impacting credit risk and ECL for each segment, applying expert judgement in this process. These economic variables and their associated impact on PD and EAD vary by customer segment. Forecast of these economic variables (the "base, upside and downside economic scenario") are obtained externally on an annual basis, unless there is significant change in credit risk.

Macro-economic variables are checked for correlation with the probability of default and only those variables for which the movement can be rationalised statistically are used.

Probability weights

Management judgement is involved in determining the probability weighting of each scenario considering the risks and uncertainties surrounding the base case scenario.

In making estimates, the Group assessed a range of possible outcomes by stressing the previous basis (that includes upside, base case and downside scenarios).

As with any economic forecasts, the projections and likelihoods of the occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projections.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Classification of financial assets

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. (refer to section "business model assessment" in note 4 d (i)).

Classification of government accounts

Balances with the MOHUP and MOFNE are recorded under government accounts. The Bank has determined, based on an evaluation of the terms and conditions of the arrangements, such as intent to repay and terms of the arrangement that these balances form as debt for the Bank.

Impairment of financial assets and loan commitment

Refer to section ""impairment of financial assets and loans commitment"" in note 4 d (i).

Estimate

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

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 management engages 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
As at 31 December 2024

5. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Fair value measurement

Measurement of fair value instruments with significant unobservable input. Refer to note 25."

Inputs, assumptions and techniques used for estimating impairment. Refer to section "impairment of financial assets and loan commitment" in note 4 d (i).

6. CASH AND BANK BALANCES

	2024 BD	2023 BD
Cash in hand	**175,399**	162,391
Balances with banks	**333,723**	212,652
Balances with the CBB	**3,761,849**	3,139,831
Placements with banks and other institutions	**-**	4,000,000
Placements with the CBB (with an original maturity of 90 days or less)	**37,000,000**	18,000,000
	41,270,971	25,514,874
Less: expected credit loss	**-**	(112)
Total cash and bank balances	**41,270,971**	25,514,762
Less: Restricted bank balance *	**(4,500)**	(215,350)
Add: expected credit loss	**-**	112
Total cash and cash equivalents**	**41,266,471**	25,299,524

* Refer note 15.2

** The balances at 31 December 2024 and 31 December 2023 are net of the expected credit loss of nil and 112 respectively.

7. INVESTMENTS

	Equity securities FVOCI	**Debt securities Amortised cost**	**Total**
At 1 January 2024	2,790,552	482,866	**3,273,418**
Purchases during the year	-	586,292	**586,292**
Matured during the year	-	(482,866)	**(482,866)**
	2,790,552	586,292	**3,376,844**
Net change in fair value	(154,570)	-	**(154,570)**
At 31 December 2024	**2,635,982**	**586,292**	**3,222,274**

	Equity securities FVOCI	Debt securities Amortised cost	Total
At 1 January 2023	2,878,415	1,614,452	4,492,867
Purchases during the year	-	482,866	482,866
Matured during the year	-	(1,614,452)	(1,614,452)
	2,878,415	482,866	3,361,281
Net change in fair value	(87,863)	-	(87,863)
At 31 December 2023	2,790,552	482,866	3,273,418

Notes to the Consolidated Financial Statements
As at 31 December 2024

8. LOANS

	2024 BD	2023 BD
(i) Social loans		
Gross loans	**1,347,614,902**	1,210,099,060
Less: subsidy and waivers (note 13 (h))	**(289,332,730)**	(269,913,507)
	1,058,282,172	940,185,553
Less: expected credit loss (note 13 (i))	**(53,548,250)**	(61,051,220)
	1,004,733,922	879,134,333
(ii) Commercial loans		
Gross loans	**3,484,004**	4,104,304
Less: expected credit loss	**(377,386)**	(602,134)
	3,106,618	3,502,170
Total loans	**1,007,840,540**	882,636,503

(iii) Following table shows the stage wise exposures to social and commercial loans and movement in ECL:

31 December 2024:

(a) Social loans:

	Stage 1 BD	Stage 2 BD	Stage 3 BD	Total BD
Exposure subject to ECL				
Social loans (net of subsidy and waivers)	980,886,928	38,626,366	38,768,878	**1,058,282,172**
Expected credit loss				
At 1 January	9,605,485	13,752,045	37,693,690	**61,051,220**
Net transfer between stages	13,546,283	(5,201,914)	(8,344,369)	**-**
Write off during the year	(26,965)	(131,976)	(2,756,009)	**(2,914,950)**
(Release) / charge for the year (note 21)	(14,874,965)	3,883,848	6,403,097	**(4,588,020)**
At 31 December	8,249,838	12,302,003	32,996,409	**53,548,250**
Net carrying value	**972,637,090**	**26,324,363**	**5,772,469**	**1,004,733,922**

31 December 2024:

(b) Commercial loans:

	Stage 1 BD	Stage 2 BD	Stage 3 BD	Total BD
Exposure subject to ECL				
Commercial loans	2,929,469	160,608	393,927	**3,484,004**
Expected credit loss				
At 1 January	38,007	116,007	448,120	**602,134**
Net transfer between stages	139,925	(52,169)	(87,756)	**-**
Write off during the year	-	-	(51,885)	**(51,885)**
(Release) / charge for the year (note 21)	(167,640)	(32,569)	27,346	**(172,863)**
At 31 December	10,292	31,269	335,825	**377,386**
Net carrying value	2,919,177	129,339	58,102	**3,106,618**
Total net carrying value	**975,556,267**	**26,453,702**	**5,830,571**	**1,007,840,540**

Notes to the Consolidated Financial Statements
As at 31 December 2024

8. LOANS (continued)

31 December 2023:

(a) Social loans:

	Stage 1 BD	Stage 2 BD	Stage 3 BD	Total BD
Exposure subject to ECL				
Social loans (net of subsidy and waivers)	868,053,833	27,955,940	44,175,780	940,185,553
Expected credit loss				
At 1 January	8,077,825	24,498,174	35,920,608	68,496,607
Net transfer between stages	25,122,317	(15,258,083)	(9,864,234)	-
Write off during the year	(16,124)	(117,448)	(1,849,592)	(1,983,164)
(Release) / charge for the year (note 21)	(23,578,533)	4,629,402	13,486,908	(5,462,223)
At 31 December	9,605,485	13,752,045	37,693,690	61,051,220
Net carrying value	858,448,348	14,203,895	6,482,090	879,134,333

(b) Commercial loans:

	Stage 1 BD	Stage 2 BD	Stage 3 BD	Total BD
Exposure subject to ECL				
Commercial loans	3,252,827	305,867	545,610	4,104,304
Expected credit loss				
At 1 January	43,726	69,803	517,742	631,271
Net transfer between stages	54,107	30,800	(84,907)	-
Write off during the year	-	-	(12,669)	(12,669)
(Release) / charge during the year (note 21)	(59,826)	15,404	27,954	(16,468)
At 31 December	38,007	116,007	448,120	602,134
Net carrying value	3,214,820	189,860	97,490	3,502,170
Total net carrying value	861,663,168	14,393,755	6,579,580	882,636,503

c) Social loans

Social loans are stated after writing off the following reductions / waivers:

(i) Under a Cabinet decision issued in April 1992, a reduction of 25% ("1992 Reduction") was granted on monthly installments with effect from 1 May 1992, and subsequently restricted to social loans granted prior to 31 December 1998.

(ii) On 16 December 2000, an additional reduction of 25% ("2000 Reduction") was granted on monthly installments for social loans that were outstanding as of 15 December 2000.

(iii) On 15 February 2002, His Majesty, King Hamad Bin Isa Bin Salman Al Khalifa, announced a waiver of 50% ("2002 Reduction") of the social loans granted.

Management also waived all resultant balances of BD 1,000 and below, as of 15 February 2002 arising from the above reductions and the subsidy mentioned in (v) below. Management have assumed that the 2002 Reduction included borrowers whose loans had been approved on or before 15 February 2002, but not disbursed.

In implementing the 2002 Reduction, referred to in (iii) above, the 2000 Reduction was also recalculated in 2002 to apply the reduction only to installments that were due after 15 December 2000 and not to overdue installments.

(iv) On 16 December 2006, His Majesty, King Hamad Bin Isa Bin Salman Al Khalifa, announced a waiver of 50% ("2006 Reduction") of the social loans installments.

Notes to the Consolidated Financial Statements
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8. LOANS (continued)

(v) The provision of this subsidy which was made in earlier years, represents a waiver of 50% of monthly installments relating to eligible loans covered by Amiri Decree No. 18/1977. The waivers / reductions mentioned in (iv) and (vi) have also been applied to the eligible loans.

(vi) On 26 February 2011, His Majesty, King Hamad Bin Isa Bin Salman Al Khalifa, announced a waiver of 25% ("2011 Reduction") on installments of social loans and a 25% reduction on outstanding balances of housing units and flats.

9. INVESTMENT IN AN ASSOCIATE

	2024 BD	2023 BD
At 1 January	4,182,288	4,120,148
Additional investment in an associate*	1,369,572	69,682
Share of profit	350,295	263,094
Dividend received	(193,427)	(270,636)
Impairment	(314,901)	-
At 31 December	5,393,827	4,182,288

During the year, the Group acquired additional shares in the associate from small investors at a price higher than the Net Asset Value (NAV). Following this acquisition, the majority of the investors in the associate are now institutional investors.

The principal associate of the Group is:

		Carrying Value	
Name	***Country of Incorporation***	**2024 BD**	2023 BD
Eskan Bank Reality Income Trust (EBRIT)	Kingdom of Bahrain	5,393,827	4,182,288
		5,393,827	4,182,288

		Ownership for	
Name	***Nature of activities***	**2024**	2023
Eskan Bank Reality Income Trust (EBRIT)	A real estate investment trust operating and managing real estate assets.	46.66%	37.13%

The following table illustrates the summarised financial information of the Group's investment in EBRIT as of 31 December:

	2024 (unaudited) BD	2023 (unaudited) BD
Summarised statement of financial position		
Non-current assets	10,640,000	10,575,000
Current assets	1,172,082	949,494
Current liabilities	(252,948)	(260,887)
Net assets	11,559,134	11,263,607
Proportion of the Group's ownership	46.66%	37.13%
Group's ownership in equity	5,393,827	4,182,288
Carrying amount of the investment	5,393,827	4,182,288

Notes to the Consolidated Financial Statements
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9. INVESTMENT IN AN ASSOCIATE (continued)

	2024 (unaudited) BD	2023 (unaudited) BD
Summarised statement of profit or loss		
Income	1,276,960	1,279,948
Operating expenses	481,858	491,506
Operating profit	795,102	788,442

Shares of Eskan Bank Reality Income Trust are listed on the Bahrain Stock Exchange and its quoted price as on 31 December 2024 was 60 fils (2023: 60 fils). The fair value of the investment based on this quoted price is BD 5.5 million (2023: BD 4.411 million).

10. INVESTMENT PROPERTIES

	2024 BD	2023 BD
Balance at 1 January	66,335,547	61,523,172
Transferred from development properties	1,015,633	109,094
Transferred to development properties*	(2,503,864)	(2,480,925)
Transfer of land by the shareholder	1,020,500	7,547,864
Transfer of land to the shareholder	-	(99,522)
Impairment loss on land (note 21)	(68,189)	(152,966)
Additions during the year	1,368	109,303
Depreciation charge for the year	(236,074)	(220,473)
Balance at 31 December	65,564,921	66,335,547

** net of impairment loss of BD 216,623.*

Notes to the Consolidated Financial Statements
As at 31 December 2024

10. INVESTMENT PROPERTIES (continued)

Investment properties comprise the following:

	2024 BD	2023 BD
Land at Bander Al-Seef	29,296,874	29,296,874
Land at Hamad town	10,610,854	11,716,477
Land at Muharraq	9,023,519	9,023,519
Land at Sanabis	3,355,882	3,355,882
Land at Nabih Saleh	108,000	108,000
Land at Madinat Salman	3,403,300	3,243,300
Land at Askar	-	1,499,864
Land at Sitra	3,096,000	3,096,000
Land at Hoora	232,000	232,000
Land at Hidd	751,000	291,000
Land at Madinat Khalifa	210,700	210,700
Land at Riffa	51,000	51,000
Land at Salmabad	109,631	109,631
Land at Malkiyah	35,000	35,000
Land at Samaheej	59,500	-
Land at Al Ramli	131,000	-
Land at Hamala	95,000	-
Shops (net of accumulated depreciation)	8,141,673	7,354,176
	68,710,933	69,623,423
Impairment loss on lands and shops	(3,146,012)	(3,287,876)
	65,564,921	66,335,547

	2024 BD	2023 BD
Vacant land:		
Cost	60,569,260	62,269,247
Impairment loss	(2,746,928)	(2,912,852)
	57,822,332	59,356,395
Shops:		
Cost	10,655,835	9,632,264
Accumulated Depreciation	(2,514,162)	(2,278,088)
Impairment loss	(399,084)	(375,024)
	7,742,589	6,979,152
	65,564,921	66,335,547

The fair value of investment properties, based on independent market valuations, as at 31 December 2024 was BD 183 million (2023 BD: 178 million).

The valuations were performed by independent valuers accredited by Real Estate Regulatory Authority (RERA) with recognised and relevant professional qualifications and with recent experience in the location and category of the investment properties being valued. The Group's investment properties are categorised in level 2 of the fair value hierarchy as at 31 December 2024 and 31 December 2023. No transfers were made from level 1 to level 2 or from level 1 or level 2 to level 3 during the year ended 31 December 2024 and 31 December 2023.

Notes to the Consolidated Financial Statements
As at 31 December 2024

11. DEVELOPMENT PROPERTIES

	2024 BD	2023 BD
Balance at 1 January	28,709,412	39,093,708
Additions during the year	1,136,498	4,975,945
Properties sold during the year	(2,528,676)	(17,063,151)
Adjustment to the value of land from the shareholder	(319,000)	-
Transferred to investment properties	(1,015,633)	(109,094)
Transferred from investment properties*	2,503,864	2,480,925
Impairment loss (note 21)	(39,031)	(668,921)
Balance at 31 December	28,447,434	28,709,412

** net of impairment loss of BD 216,623.*

Development properties comprise the following:

	2024 BD	2023 BD
Projects for lease	3,182,797	3,469,458
Projects for sale	25,264,637	25,239,954
	28,447,434	28,709,412

12. OTHER ASSETS

	2024 BD	2023 BD
Equipment and intangibles (net book value)	723,414	667,945
Staff loans	550,024	500,895
Right-of-use assets	458,284	205,460
Interest receivable	399,817	384,516
Prepayments and advances	251,622	213,158
Advance for acquisition of development properties*	127,900	67,500
Receivable from Ministry of Housing and Urban Planning	-	17,700
Balance with investment manager	-	153,452
Other receivables	220,288	242,507
	2,731,349	2,453,133

* This represent advance paid to purchase development properties. The transaction is expected to complete upon handover of the properties and transfer of title deed.

Notes to the Consolidated Financial Statements
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13. GOVERNMENT ACCOUNTS

The Bank's transactions with the MOHUP and MOFNE are recorded in a single account "Government Accounts" and are non-interest bearing.

	Notes	2024 BD	2023 BD
At 1 January		**467,813,912**	505,202,068
Movement during the year:			
Waiver reimbursements	(a)	**4,000,000**	8,000,000
Collection from MOHUP rental flats	(b)	**309,319**	358,853
Reduction and write off decrees	(c & d)	**(14,157,327)**	(13,683,727)
Mazaya and Tas'heel subsidy – net impact	(e)	**(28,069,262)**	22,239,830
Payment to Government	(f)	**-**	(20,000,000)
MOHUP houses and flats	(g)	**64,474,279**	9,890,665
Waivers and subsidy	(h)	**(43,382,457)**	(31,326,972)
Expected credit loss for social loans	(i)	**4,588,020**	5,462,223
Charge-off, net – social loans	(j)	**2,613,635**	3,368,885
Repayment of proceeds on sale of Deerat Al Oyoun units	(k)	**(333,697)**	(3,467,897)
Payment to Sharaka for Housing Projects	(l)	**-**	(9,875,000)
Finance cost relating to syndicated term loan	(m)	**(11,735,653)**	(7,323,482)
Ferjan project	(n)	**(3,450,827)**	-
Others	(o)	**(739,613)**	(1,031,534)
At 31 December		**441,930,329**	467,813,912

a) Annual reimbursement received for 2006 waiver decree.

b) Collection of rental installments from beneficiaries of MOHUP rental flats.

c) Installment reduction decrees issued by the MOHUP from time to time.

d) Write offs and waivers approved by MOHUP on a case by case basis.

e) Reimbursement paid for monthly Mazaya subsidy to beneficiaries based on MOHUP approved list.

f) Represents payments to Ministry of Finance vide Board of Directors of the Bank approval dated 9 December 2021.

g) In line with the agreement signed with MOHUP dated 23 December 2017, receivables from MOHUP housing units (houses and flats) allocated to beneficiaries have been booked on-balance sheet with corresponding impact to government account with effect from 1 April 2017.

h) In line with the agreement with MOHUP signed on 23 December 2017, the impact of wavier 2006 decree and wavier 2011 decree and 1977 military subsidy on principal portion of the installment have been charged against loans and corresponding amount is reduced from the government account with effect from 31 December 2017 and related interest portion of the installment is charged to government account on each installment date.

i) In line with the agreement signed with MOHUP on 23 December 2017, the expected credit loss on social loans portfolio is borne by the Government with effect from 1 January 2018. Reduction in provision on social loans under IFRS 9, if any is charged back to the government account.

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13. GOVERNMENT ACCOUNTS (continued)

j) This is a specific charge off related to troubled social loans with minimal chances of recovery. The movement in the account represents the new social loans charged off, net of recoveries and write backs (if any) during the period / year. This charge-off does not entail closure of beneficiary account and all the applicable remedial procedures will continue to be apply.

k) Advance from customers from sale of Deerat Al Oyoun units net of expenses incurred for the sale of units.

l) During 2023 the Group made payment of BD 9.9 million on behalf of MOHUP towards their commitment to Sharaka for acquisition of a housing project by MOHUP consisting of 155 social housing units located in Madinat Salman.

m) In line with agreement signed with MOHUP on 23 December 2017, all finance cost (i.e. interest expense / profit and other finance fees on the syndicated bank term loan) relating to social housing project shall be borne and charged to the government account (refer note 18 and 14).

n) Includes payments related to the rehabilitation of two old neighbourhoods in Muharraq, namely Fereej Bin Hendi and Fereej Al Qamra. The initiative is part of an overall governmental strategy to preserve and repopulate historical neighbourhoods in Muharraq.

o) Includes other payments, reimbursements on expenses / transactions undertaken by the Bank on behalf of MOFNE / MOHUP.

14. TERM LOANS

	2024 BD	2023 BD
Non - current portion of term loan	**220,037,546**	75,000,000
	220,037,546	75,000,000

In June 2024, the Group secured a syndicated Murabaha facility for general corporate purpose. It comprises a USD 266 million term facility and a BD 150 million facility divided into a BD 50 million term facility and a BD 100 million revolving facility. The Group drew down immediately the full USD 266 million term facility and the full BD 50 million to settle the existing BD 140 million facility with Al Salam Bank (formerly known as Kuwait Finance House).

The USD facility is repayable as a bullet repayment in June 2027, with a two-year extension option. BHD facilities are repayable as a bullet repayment in June 2029, with a two-year extension option. The Government, as per the agreement signed with the Ministry of Housing on December 23, 2017, bears the profit on Eskan Bank borrowings. (refer note 13 m).

15. OTHER LIABILITIES

	Notes	2024 BD	2023 BD
Employee savings scheme		**2,072,618**	1,809,092
Accrued expenses		**1,427,791**	1,219,820
Staff related accruals		**613,196**	651,422
Lease liabilities	15.1	**487,730**	242,518
Accrued interest payable		**433,642**	1,017,038
Accounts payable		**208,320**	1,012,256
Contractor retentions		**109,628**	69,703
Advances from customers		**4,000**	119,247
Others	15.2	**678,696**	935,739
		6,035,621	7,076,835

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15. OTHER LIABILITIES (continued)

15.1 LEASE LIABILITIES

	2024 BD	2023 BD
Maturity analysis – contractual undiscounted cash flow		
Less than one year	**237,652**	250,115
More than one year	**294,717**	-
Total undiscounted lease liabilities at end of year	**532,369**	250,115
Total discounted lease liabilities at end of year	**487,730**	242,518

15.2 Includes proceeds from sale of one project on behalf of third party BD 4,500 (31 December 2023: BD 215,350).

16. SHARE CAPITAL

	Number of shares	2024 BD
31 December 2024		
Authorised ordinary share capital of BD 100 each	**4,000,000**	**400,000,000**
Issued and fully paid up ordinary share capital of BD 100 each	**2,500,000**	**250,000,000**

	Number of shares	2023 BD
31 December 2023		
Authorised ordinary share capital of BD 100 each	4,000,000	400,000,000
Issued and fully paid up ordinary		
share capital of BD 100 each	1,083,000	108,300,000
Issued during the year	1,417,000	141,700,000
	2,500,000	250,000,000

Dividend

On 4 September 2024, the Board of Directors approved a dividend distribution of BD 20 million to the Government of Bahrain ("the Shareholder") for the fiscal year 2024, representing 8.0% of the Bank's paid-up capital.

	2024 BD	2023 BD
Cash dividend of 8 fils per share	**20,000,000**	-

17. INTEREST INCOME

	2024 BD	2023 BD
Interest income on social loans	**36,039,340**	33,935,541
Interest income on commercial loans	**341,256**	432,461
Interest income on placements with financial institutions	**1,460,975**	3,856,354
Interest income on debt securities	**31,882**	29,521
	37,873,453	38,253,877

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18. INTEREST EXPENSE

	2024 BD	2023 BD
Interest expense on term loans	**11,735,653**	7,323,482
Interest expense on interbank borrowing	**32,088**	141,481
Interest expense on borrowing from other financial institutions	**107,725**	-
Interest expense on leased agreements	**30,107**	17,267
Other interest and similar expense	**117,167**	97,884
	12,022,740	7,580,114
Reimbursement from Government, note 13 (m)	**(11,735,653)**	(7,323,482)
	287,087	256,632

19. INCOME FROM PROPERTIES

	2024 BD	2023 BD
Revenue from sale of development properties	**3,106,930**	22,417,445
Cost of development properties sold	**(2,528,676)**	(17,063,151)
Gain on sale of development properties (note 19.1)	**578,254**	5,354,294
Rental income - net	**698,589**	647,265
	1,276,843	6,001,559

Note 19.1

During the year, the Group has recorded gain on sale of development properties upon satisfaction of the performance obligations i.e. complete construction and hand over of the properties to the customers.

20. OTHER EXPENSES

	2024 BD	2023 BD
Depreciation and amortization	**724,927**	619,720
Information technology	**515,609**	454,308
Legal and professional	**405,702**	352,785
Marketing cost	**336,450**	350,096
Property management	**331,176**	299,629
VAT expenses	**246,172**	156,031
Premises	**107,184**	102,687
Investment Management Cost	**100,208**	141,961
Transportation and communication	**98,508**	89,163
Directors remuneration	**69,000**	63,116
Electricity	**58,421**	53,790
Insurance	**26,451**	24,332
Others	**102,833**	91,956
	3,122,641	2,799,573

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21. NET IMPAIRMENT LOSS

	2024 BD	2023 BD
Release for the year- social loans	**4,588,020**	5,462,223
Release for the year - commercial loans	**172,863**	16,468
Recoveries on loans written off - commercial loans	**48,136**	163,940
Charge for the year - other receivables	**(54,768)**	(27,720)
Release for the year - bank balances	**112**	3,766
Net impairment loss - expected credit loss	**4,754,363**	5,618,677
Charge for the year - investment properties	**(68,189)**	(152,966)
Charge for the year - investment in associate	**(314,901)**	-
Charge for the year - development properties	**(39,031)**	(668,921)
	4,332,242	4,796,790
Release back to government for ECL on social loan	**(4,588,020)**	(5,462,223)
	(255,778)	(665,433)

22. COMMITMENTS AND CONTINGENCIES

	2024 BD	2023 BD
Commitments		
Housing loan commitments approved by MOHUP (note 22.1)	**46,843,774**	49,194,378
Commitments - development properties	**4,493,626**	8,390,370
	51,337,400	57,584,748

Note 22.1

Each year, MOH issues social loan decrees for the approved beneficiaries in coordination with the Bank. Social loans that remain undisbursed at the end of the year are disclosed as a commitment.

As part of the Bank's operation from time to time the Bank may issue guarantee to the developer of the projects to buy back housing units at agreed price if they remain unsold. Based on management assessment, there is a remote likelihood that these guarantees will be called.

Contingencies

In the normal course of business, legal cases are filed by the Bank against its customers or suppliers and against the Bank by its customers, suppliers or employees. The Group's management engages with in-house legal counsel and external legal counsel depending on the nature of the cases. A periodic assessment is carried out to determine the likely outcome of these legal cases and is reported to the senior management and Board of directors.

Based on the opinion of the Group's in-house and external legal counsels, management and the Board of Directors have assessed that no legal obligations are likely to arise from the legal cases against the Group.

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23. RELATED PARTY TRANSACTIONS

Related parties represent shareholder, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of the transactions relating to these related parties are approved by Board of Directors and shareholder representative. The amounts due to and from related parties are settled in the normal course of business.

The Group's transactions with related parties comprise transactions with the shareholder represented by (the MOFNE and the MOH) and transactions with subsidiaries, associates, key management personnel and Board of Directors, in the ordinary course of business. Balances and transactions with Government and investments in associates are disclosed on the face of the consolidated statement of financial position and the consolidated statement of profit or loss and other comprehensive income and the notes therein.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel of the Group comprise the General Manager, Chief Business Officer, Head of Finance, Head of Risk and executive management of the Group.

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

	31 December 2024			
	Shareholder*	**Associate**	**Directors**	**Key management**
Assets				
Loans	-	-	18,290	18,458
Investments in associate	-	5,393,827	-	-
Other assets	-	-	-	31,100
Liabilities				
Current accounts	20,000,000	-	95	2,400
Government account	441,930,329	-	-	-
Other liabilities	-	-	2,200	335,420

*During the year, the shareholder transferred land plots to the Bank amounting to BD 1,020,500 (2023: BD 7,547,864).

	For the year ended 31 December 2024			
	Shareholder	**Associate**	**Directors**	**Key management**
Share of profit of associates	-	350,295	-	-
Fees and commission	72,935	15,000	-	-
Staff cost	-	-	-	1,165,249
Other expense	-	100,208	-	-
Directors' and Shari'ah board remuneration and sitting fees (note 20)	-	-	69,000	-

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23. RELATED PARTY TRANSACTIONS (continued)

	31 December 2023			
	Shareholder	Associate	Directors	Key management
Assets				
Loans	-	-	19,994	21,873
Investments in an associate	-	4,182,288	-	-
Other assets	17,700	1,375	-	54,850
Liabilities				
Current accounts	-	-	95	2,174
Government account	467,813,912	-	-	-
Other liabilities	-	-	3,700	385,131

	For the year ended 31 December 2023			
	Shareholder	Associate	Directors	Key management
Share of profit from investment in an associate	-	263,094	-	-
Fees and commission	228,440	15,000	-	-
Staff cost	-	-	-	1,058,122
Other expense	-	141,961	-	-
Directors' remuneration and sitting fees	-	-	72,000	-

24. CLASSIFICATION OF FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments held by the Group:

At 31 December 2024	**Amortised cost BD**	**FVOCI BD**	**Total BD**
Financial assets			
Cash and bank balances	**41,270,971**	**-**	**41,270,971**
Investments	**586,292**	**2,635,982**	**3,222,274**
Loans	**1,007,840,540**	**-**	**1,007,840,540**
Other assets	**1,298,029**	**-**	**1,298,029**
	1,050,995,832	**2,635,982**	**1,053,631,814**

	At amortised cost BD
Financial liabilities	
Deposits from financial and other institutions	**2,020,804**
Customer current accounts	**28,750,712**
Government accounts	**441,930,329**
Term loans	**220,037,546**
Other liabilities	**2,858,077**
	695,597,468

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As at 31 December 2024

24. CLASSIFICATION OF FINANCIAL INSTRUMENTS (continued)

At 31 December 2023	Amortised cost BD	FVOCI BD	Total BD
Financial assets			
Cash and bank balances	25,514,762	-	25,514,762
Investments	482,866	2,790,552	3,273,418
Loans	882,636,503	-	882,636,503
Other assets	1,366,570	-	1,366,570
	910,000,701	2,790,552	912,791,253

	At amortised cost BD
Financial liabilities	
Deposits from financial and other institutions	10,000,000
Government accounts	467,813,912
Term loans	75,000,000
Customer current accounts	8,286,353
Other liabilities	4,254,556
	565,354,821

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

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

Level 1	Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
Level 2	Inputs other than quoted prices included within level 1 that are observable either directly (i.e as prices) or indirectly (i.e. derived from prices).
Level 3	Inputs which have a significant effect on the recorded fair value that are based on unobservable market data.

The FVOCI investments comprise of investments in unquoted equity shares which do not have a quoted market price in an active market, and whose fair value was derived based on market approach using unobservable market data and therefore considered level 3 fair value. The investments are located in the Kingdom of Bahrain.

The Group determines the fair values of unquoted investments by using valuation methods and techniques generally recognized as standard within the industry. The inputs into these models are primarily market multiples (Price / book, Price / sale, Enterprise value / sales). Models use observable data, to the extent practicable. However, areas such as use of market comparable, forecasted cash flows, credit risks, liquidity risks and model risks require management to make estimates.

Fair value estimates are made at a specific point in time, based on market conditions and information about the investee companies. These estimates involve uncertainties and matters 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.

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25. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following sensitivity analysis has been done by calculating the impact of change in key variables used for valuation (relevant market multiple) as applicable. However, these do not necessarily indicate an absolute impact on valuation as the final outcome would be determined by selecting a point estimate within the range of possible outcomes.

Valuation technique	Key variable	Sensitivity	Impact on FV 2024	Impact on FV 2023
Market multiple	Price / Sale	25%	**57,906**	74,883
Market multiple	Enterprise value / Sale	25%	**44,548**	89,534
Market multiple	Price / Book	25%	**53,358**	104,925

26. RISK MANAGEMENT

Overview

Risk is inherent in the Group's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each business unit is accountable for the risk exposures relating to their responsibilities. The Group is exposed to credit risk, liquidity risk, market risk and operational risk.

Risk management framework

Board of Directors

The Board of Directors is responsible for the overall risk management approach and ensuring that an effective risk management framework is in place. The Board of Directors approves and periodically reviews the risk management policies and strategies.

Risk Management Committee

The responsibility of the Risk Management Committee is to review and manage the credit, market and operational risks of the Group and to recommend on matters brought to it for consideration, including credit proposals or approvals.

Risk Management Department

The key element of the Group's 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 RMD is overseen by the Head of Risk.

The RMD, 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 Review report to the Board Audit, Risk and Compliance Committee. The Risk Review report describes the potential risk factors and comments as to how risk factors are being addressed by the Group.

Board Audit, Risk and Compliance Committee

The Board Audit, Risk and Compliance Committee assists the Board in carrying out its responsibilities with respect to assessing the quality and integrity of financial reporting and risk management, the audit thereof, the soundness of the internal controls of the Group, the measurement system of risk assessment relating to the Group's capital.

Internal Audit

All key operational, financial and risk management processes are audited by internal audit according to risk based auditing standards. Internal Audit examines the strategies of the Group, the adequacy of the relevant policies and procedures and the Group's compliance with internal policies and regulatory guidelines. Internal audit discusses the result of all assessments with management and reports its findings and recommendations to the Board Audit, Risk and Compliance Committee.

Treasury

Group Treasury is responsible for managing the Group's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

Notes to the Consolidated Financial Statements
As at 31 December 2024

26. RISK MANAGEMENT (continued)

Risk Measurement

The Group uses the standardised approach to measure its credit risk and market risk and the basic indicator approach for operational risk. In addition, the Group also applies various stress testing methodologies to assess its credit, liquidity, interest rate and market risk.

Risk Mitigation

The Board has put in place various limits and ratios to manage and monitor the risks in the Group. The Group uses suitable strategies to ensure the risk is maintained within the risk appetite levels as laid down by the Board.

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 commercial loans, placements with financial institutions and receivables.

Monitoring of credit risk

Generating the term structure of PD

Ageing buckets based on days past due ("Ageing buckets") 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 type of product and borrower as well as by ageing buckets.

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.

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.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when loan is past due for more than 30 days (2023: 30 days) and more. 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).

The Group renegotiates loans 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, loan forbearance 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.

For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

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. A customer needs to demonstrate consistently good payment behavior over a period of 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.

Notes to the Consolidated Financial Statements
As at 31 December 2024

26.RISK MANAGEMENT (continued)

a) Credit risk (continued)

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 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.

Key macro-economic indicators include: Real GDP growth, inflation, volume of imports and exports of goods and services, unemployment rate, general government revenue and expenditure, domestic credit growth, general government gross debt, oil price, total investments and gross national savings as percentage of GDP.

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.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, 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 expert credit assessment and including forward-looking information.

i) Management of credit risk

Credit risk is actively managed and rigorously monitored in accordance with well-defined credit policies and procedures.

Housing loans under Ministry's Housing Loan Program

The decision to grant the loan is determined by the Ministry of Housing and communicated to the Group to make disbursements to the borrowers. There is credit risk to the Group arising out of these loans. Losses, if any, arising from the impairment of such loans can be claimed from the Government. The Group monitors the sanctioned housing loans regularly and non performing loans are aggressively pursued by the Group and are written-off based on ministerial order. The housing loans under the Ministry's Housing Loan Program as at 31 December 2024 is BD 1,001 million (31 December 2023: BD 879 million).

Other loans

Housing loans extended on a commercial basis to individuals are under a retail lending program approved by the Board of Directors with specific credit criteria being required to be met. Prior to the approval of a credit proposal, a detailed credit risk assessment is carried out to ensure that the loan proposal meets certain pre-approved credit criteria. Commercial loans have been discontinued by the Group since 2015.

ii) Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position.

	Gross maximum exposure 2024 BD	Gross maximum exposure 2023 BD
Balances and placements with CBB and other financial institutions	**41,095,572**	25,352,483
Loans - social loans	**1,058,282,172**	940,185,553
Loans - commercial loans	**3,484,004**	4,104,304
Investments in debt securities	**586,292**	482,866
Other receivables	**1,631,826**	1,645,599
	1,105,079,866	971,770,805

There were BD 7.8 million renegotiated loans during the year ended 31 December 2024 (2023: BD 12 million).

Risk concentration of the maximum exposure to credit risk

The maximum credit exposure to any client, or counterparty, or group of closely related counterparties as of 31 December 2024 is nil (31 December 2023: nil).

Notes to the Consolidated Financial Statements
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26.RISK MANAGEMENT (continued)

a) Credit risk (continued)

iii) Collateral

The Group holds collateral against loans in the form of mortgages on residential property. Management assessed that collateral value is above carrying value. Collateral is not usually held against placements.

The Group did not take possession of any collateral as a result of a default during either the year ended 31 December 2024 or 31 December 2023.

iv) Credit quality per class of financial assets

The Group has laid down framework for classifying its credit exposures by number of days past due and staging. The following is an analysis of credit quality by class of financial assets:

Following table shows the stage-wise exposures of each type of exposures and by aging buckets:

A. Social loans

	31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Current	980,781,287	1,567,030	3,357,027	985,705,344
1 - 30 days	105,641	-	-	105,641
31 - 59 days	-	29,347,172	579,404	29,926,576
60 - 89 days	-	7,712,164	1,487,799	9,199,963
90 days - 1 year	-	-	18,738,863	18,738,863
1 year - 3 years	-	-	14,605,785	14,605,785
Gross carrying value	**980,886,928**	**38,626,366**	**38,768,878**	**1,058,282,172**
Expected credit loss	(8,249,838)	(12,302,003)	(32,996,409)	(53,548,250)
Net carrying value	**972,637,090**	**26,324,363**	**5,772,469**	**1,004,733,922**

B. Commercial loans

	31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Current	2,768,021	-	-	2,768,021
1 - 30 days	161,448	-	-	161,448
31 - 59 days	-	97,549	23,225	120,774
60 - 89 days	-	63,059	59,245	122,304
90 days - 1 year	-	-	40,551	40,551
1 year - 3 years	-	-	270,906	270,906
Gross carrying value	**2,929,469**	**160,608**	**393,927**	**3,484,004**
Expected credit loss	(10,292)	(31,269)	(335,825)	(377,386)
Net carrying value	**2,919,177**	**129,339**	**58,102**	**3,106,618**

C. Balances and placement with CBB and other financial institutions

	31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Current*	41,095,572	-	-	41,095,572
Gross carrying value	**41,095,572**	**-**	**-**	**41,095,572**
Expected credit loss	-	-	-	-
Net carrying value	**41,095,572**	**-**	**-**	**41,095,572**

*Includes BD 41 million balances with CBB which are classified under stage 1 and no ECL has been recognised against these balances.

Notes to the Consolidated Financial Statements

As at 31 December 2024

26.RISK MANAGEMENT (continued)

a) Credit risk (continued)

D. Investment in debt securities

	31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Current	586,292	-	-	586,292
Gross carrying value	**586,292**	**-**	**-**	**586,292**
Expected credit loss	-	-	-	-
Net carrying value	**586,292**	**-**	**-**	**586,292**

All investment in debt securities are current with no past due as of 31 December 2024 (2023: Nil). The Bank's investment in debt securities are classified under stage 1 and no ECL has been recognised on debt investments as it comprise sukuk, government bonds and T-bills with CBB.

E. Other assets

	31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Other assets	1,201,853	-	429,973	1,631,826
Gross carrying value	**1,201,853**	**-**	**429,973**	**1,631,826**
Expected credit loss	-	-	(333,797)	(333,797)
Net carrying value	**1,201,853**	**-**	**96,176**	**1,298,029**

*Other assets classified under stage 1 are short term in nature and hence no ECL has been recognised.

A. Social loans

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Current	867,980,510	2,454,473	6,811,212	877,246,195
1 - 30 days	73,323	-	-	73,323
31 - 59 days	-	19,711,467	871,212	20,582,679
60 - 89 days	-	5,790,000	1,482,215	7,272,215
90 days - 1 year	-	-	21,539,164	21,539,164
1 year - 3 years	-	-	13,461,946	13,461,946
3-5 years	-	-	10,031	10,031
Gross carrying value	868,053,833	27,955,940	44,175,780	940,185,553
Expected credit loss	(9,605,485)	(13,752,045)	(37,693,690)	(61,051,220)
Net carrying value	858,448,348	14,203,895	6,482,090	879,134,333

Notes to the Consolidated Financial Statements

As at 31 December 2024

26.RISK MANAGEMENT (continued)

a) Credit risk (continued)

B. Commercial loans

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Current	3,042,515	23,306	43,359	3,109,180
1 - 30 days	210,312	-	-	210,312
31 - 59 days	-	235,956	-	235,956
60 - 89 days	-	46,605	80,227	126,832
90 days - 1 year	-	-	182,651	182,651
1 year - 3 years	-	-	239,373	239,373
Gross carrying value	3,252,827	305,867	545,610	4,104,304
Expected credit loss	(38,007)	(116,007)	(448,120)	(602,134)
Net carrying value	3,214,820	189,860	97,490	3,502,170

C. Balances and placement with CBB and other financial institutions

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Current*	25,352,483	-	-	25,352,483
Gross carrying value	25,352,483	-	-	25,352,483
Expected credit loss	(112)	-	-	(112)
Net carrying value	25,352,371	-	-	25,352,371

*Includes BD 18 million balances with CBB which are classified under stage 1 and minimal ECL has been recognised.

D. Investment in debt securities

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Current	482,866	-	-	482,866
Gross carrying value	482,866	-	-	482,866
Expected credit loss	-	-	-	-
Net carrying value	482,866	-	-	482,866

E. Other assets

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Other assets	1,317,637	-	348,974	1,666,611
Gross carrying value	1,317,637	-	348,974	1,666,611
Expected credit loss	-	-	(279,029)	(279,029)
Net carrying value	1,317,637	-	69,945	1,387,582

v) Concentration risk

Concentration risk arises when a number of counterparties are engaged in similar economic activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group's assets and liabilities are concentrated in the Kingdom of Bahrain.

Notes to the Consolidated Financial Statements
As at 31 December 2024

26.RISK MANAGEMENT (continued)

b) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to adverse changes in market variables such as interest rates, foreign exchange rates, equity prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

i) Management of market risks

The Group does not assume trading positions on its assets and liabilities, and hence the entire consolidated statement of financial position is a non-trading portfolio.

ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of the financial instruments. The Group's assets and liabilities that are exposed to interest rate risk include placements with CBB and other financial institutions, loans, investment in debt securities, deposits from financial and other institutions and term loans. Interest rate risk is managed principally through monitoring interest rate gaps.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown.

	31 December 2024 BD	Changes in basis points (+/-)	Effect on net profit (+/-)
Assets			
Placements with CBB and other financial institutions	**37,000,000**	**100**	**370,000**
Investments in debt securities	**586,292**	**100**	**5,863**
Loans - social loans	**1,347,614,902**	**100**	**13,476,149**
Loans - commercial loans	**3,484,004**	**100**	**34,840**
Liabilities			
Deposits from financial and other institutions	**2,020,804**	**100**	**(20,208)**
Term loans	**220,037,546**	**100**	**(2,200,375)**
Total			**11,666,269**

	31 December 2023 BD	Changes in basis points (+/-)	Effect on net profit (+/-)
Assets			
Placements with CBB and other financial institutions	22,000,000	100	220,000
Investments in debt securities	482,866	100	4,829
Loans - social loans	1,210,099,060	100	12,100,991
Loans - commercial loans	4,104,304	100	41,043
Liabilities			
Deposits from financial and other institutions	10,000,000	100	(100,000)
Term loans	75,000,000	100	(750,000)
Total			11,516,863

iii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to adverse changes in foreign exchange rates. Since the Group's assets and liabilities are denominated in the local currency and United States Dollars which is pegged to the Bahraini Dinar, the Group does not have any foreign exchange risk.

iv) Equity price risk

Equity price risk is the risk that the fair value of equities decreases as the result of adverse changes in the levels of equity prices and the value of individual stocks. Equity price risk arises from the Group's investment portfolio. The Group does not actively invest in private equity entities for trading purpose. Most of the investments are strategic in nature and the Group manages this risk through arranging representation on the Board of Directors within the investee company, wherever possible and by frequent monitoring via Risk Management.

Notes to the Consolidated Financial Statements
As at 31 December 2024

26.RISK MANAGEMENT (continued)

c) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial assets.

The Group's approach to managing liquidity is to ensure 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. Liquidity risk is managed by maintaining cash and cash equivalents, and obtaining financing facility from other banks at a high level to meet any future commitments.

The management of the Group has enhanced its monitoring of the liquidity and funding requirements. ALCO meetings are convened more frequently in order to carryout granular assessment of funding requirements with the objective to explore available lines of funding and to drawdown the existing funding lines as and when necessary to maintain enough liquidity at a reasonable cost of funding. Further information on the regulatory liquidity and capital ratios as at 31 December 2024 have been disclosed below and in notes 27 and 30 to the consolidated financial statements.

Analysis of liabilities

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2024 and 31 December 2023 based on contractual undiscounted repayment obligations.

At 31 December 2024	Less than 3 Months BD	3 to 12 Months BD	Over 1 Year BD	Total BD	Carrying value BD
Deposits from financial and other institutions	2,050,369	-	-	**2,050,369**	**2,020,804**
Customer current accounts	28,750,712	-	-	**28,750,712**	**28,750,712**
Government accounts	3,293,107	-	438,637,222	**441,930,329**	**441,930,329**
Term loans	516,864	1,544,973	257,501,623	**259,563,460**	**220,037,546**
Other liabilities	2,265,616	628,431	3,141,570	**6,035,617**	**6,035,617**
Total	**36,876,668**	**2,173,404**	**699,280,415**	**738,330,487**	**698,775,008**

At 31 December 2023	Less than 3 Months BD	3 to 12 Months BD	Over 1 Year BD	Total BD	Carrying value BD
Deposits from financial and other institutions	10,039,974	-	-	10,039,974	10,000,000
Customer current accounts	8,286,353	-	-	8,286,353	8,286,353
Government accounts	4,174,771	20,000,000	443,639,141	467,813,912	467,813,912
Term loans	2,742,746	5,387,536	91,985,433	100,115,715	75,000,000
Other liabilities	3,267,231	1,121,038	2,688,566	7,076,835	7,076,835
Total	28,511,075	26,508,574	538,313,140	593,332,789	568,177,100

Pursuant to the agreement with MOHUP dated 23 December 2017, the Government account is not consider payable on demand and hence there is no significant liquidity risk.

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26. RISK MANAGEMENT (continued)

c) Liquidity Risk (continued)

The Central Bank of Bahrain introduced Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) during 2019. 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. Effective from 30 June 2019, the Bank is required to maintain LCR greater than 100%. The Group had LCR ratio of 375% which represents the simple average of daily LCR for the fourth quarter (3 months) in 2024. 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.

NSFR as a percentage is calculated as "Available stable funding" divided by "Required stable funding". Effective from 31 December 2019, the Bank is required to maintain NSFR ratio greater than 100%. As of 31 December 2024 the Group had NSFR ratio of 147%.

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. In addition the Group trains Operational Risk Champions on a regular basis. The Group has undertaken an operational risk assessment in all divisions as part of internal risk assessment process as a part of its implementation of the Basle III Capital Accord.

The Group continuously enhances its risk management framework to align with evolving operational processes, technological advancements, and regulatory requirements. This includes monitoring changes in work models, customer interactions, digital transaction processing, and internal control mechanisms. The risk management department conducts regular assessments to ensure the effectiveness of existing controls, including segregation of duties, access management, authorization and reconciliation procedures, and staff education. Close coordination with the internal audit department ensures proactive identification and mitigation of operational risks. While operational risks cannot be entirely eliminated, the Group actively updates risk registers and assesses potential loss events to strengthen its control environment and operational resilience.

As of 31 December 2024, the Group did not have any significant issues relating to operational risks.

27. CAPITAL ADEQUACY

Capital management

The primary objectives of the Group's capital management are to ensure that the Group complies with regulatory capital requirements.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, issue new capital, or get new land as equity contribution from the Government. No changes were made in the objectives, policies and processes from the previous years.

The Group's capital adequacy ratio, calculated in accordance with the capital adequacy guidelines issued by the CBB, is as follows:

	2024 BD	2023 BD
Total eligible capital	**457,391,623**	441,810,685
Total regulatory capital (A)	**457,391,623**	441,810,685
Total Risk-weighted exposure (B)	**249,350,052**	256,833,693
Capital adequacy ratio (A/B)	**183.43%**	172.02%
Minimum requirement	**12.50%**	12.50%

Tier 1 capital comprises of ordinary share capital, contribution by a shareholder, statutory reserve and retained earnings brought forward. Certain adjustments are made to IFRS based results and reserves, as prescribed by the CBB.

Tier 2 capital, which includes ECL stage 1 and 2 subject to 1.25% RWA and the element of the fair value reserve relating to unrealised gains (losses) on equity instruments classified as FVOCI.

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28. MATURITY PROFILE OF ASSETS AND LIABILITIES

Maturities of assets and liabilities have been determined based on the expected maturity from the consolidated statement of financial position date. The maturity profile of the assets and liabilities was as follows:

At 31 December 2024	**Less than 12 months BD**	**Over 12 Months BD**	**Total BD**
Assets			
Cash and bank balances	**41,270,971**	**-**	**41,270,971**
Investments	**-**	**3,222,274**	**3,222,274**
Loans	**42,264,121**	**965,576,419**	**1,007,840,540**
Investment in associates	**-**	**5,393,827**	**5,393,827**
Investment properties	**-**	**65,564,921**	**65,564,921**
Development properties	**3,451,249**	**24,996,185**	**28,447,434**
Other assets	**1,540,126**	**1,191,223**	**2,731,349**
	88,526,467	**1,065,944,849**	**1,154,471,316**
Liabilities			
Deposits from financial and other institutions	**2,020,804**	**-**	**2,020,804**
Customer current accounts	**28,750,712**	**-**	**28,750,712**
Government accounts	**3,293,107**	**438,637,222**	**441,930,329**
Term loans	**-**	**220,037,546**	**220,037,546**
Other liabilities	**2,894,051**	**3,141,570**	**6,035,621**
	36,958,674	**661,816,338**	**698,775,012**
Net liquidity surplus	**51,567,793**	**404,128,511**	**455,696,304**

At 31 December 2023	Less than 12 months BD	Over 12 Months BD	Total BD
Assets			
Cash and bank balances	25,514,762	-	25,514,762
Investments	482,866	2,790,552	3,273,418
Loans	37,446,448	845,190,055	882,636,503
Investment in associates	-	4,182,288	4,182,288
Investment properties	-	66,335,547	66,335,547
Development properties	3,451,249	25,258,163	28,709,412
Other assets	1,449,283	1,003,850	2,453,133
	68,344,608	944,760,455	1,013,105,063
Liabilities			
Deposits from financial and other institutions	10,000,000	-	10,000,000
Customer current accounts	8,286,353	-	8,286,353
Government accounts	23,593,434	444,220,478	467,813,912
Term loans	-	75,000,000	75,000,000
Other liabilities	4,388,269	2,688,566	7,076,835
	46,268,056	521,909,044	568,177,100
Net liquidity surplus	22,076,552	422,851,411	444,927,963

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29.FUTURE FUNDING REQUIREMENTS

The Group's continued operations are dependent upon annual collections from the mortgage portfolio and MOH social housing units' distributions portfolio, as well as financing arrangements with local and regional banks from time to time.

30.NET STABLE FUNDING RATIO

The CBB's Net Stable Funding Ratio (NSFR) regulations became effective on 31st December 2019. The objective of the NSFR is to promote the resilience of banks' liquidity risk profile and to incentivise a more resilient banking sector over a longer time horizon. The NSFR requires banks to maintain a stable funding profile in relation to assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood of disruptions to a bank's regular sources of funding that 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 over-reliance 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. The NSFR is calculated in accordance with the Liquidity Risk Management module guidelines issued by CBB. The minimum NSFR ratio is 100%.

The below table provides information on the bank's consolidated NSFR as of 31 December 2024:

	Unweighted Values (before applying factors)				
Available Stable Funding (ASF)	No Specified maturity BD	Less than 6 months BD	More than 6 months and less than one year BD	Over one year BD	Total Weighted Value BD
Capital:					
Common equity tier 1	455,696,304	-	-	-	455,696,304
Additional tier 1 capital	-	-	-	-	-
Tier 2 capital	-	-	-	2,147,338	2,147,338
Stable deposits	-	-	-	-	-
Less stable deposits:					
Demand deposits provided by retail customers	-	8,569,753	-	-	7,712,777
Demand deposits provided by small business customers	-	180,959	-	-	162,863
Secured and unsecured funding	-	-		-	-
Funding from sovereigns, PSEs, and multilateral and national development banks	-	20,000,000	-	-	10,000,000
Financial Institutions	-	2,020,804	-	220,037,546	220,037,546
Other	-	14,732,149	-	-	-
Other liabilities and equity not included in the above categories	-	9,328,721	-	438,637,224	438,637,224
Total ASF	455,696,304	55,556,222	-	660,822,108	1,134,394,052

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30. NET STABLE FUNDING RATIO (continued)

	Unweighted Values (before applying factors)				
Required Stable Funding (RSF)	No Specified maturity BD	Less than 6 months BD	More than 6 months and less than one year BD	Over one year BD	Total Weighted Value BD
Coins and bank notes	175,400	-	-	-	-
All claims on central banks	-	40,761,849	-	-	-
Marketable securities:					
Central Bank of Bahrain	586,292	-	-	-	29,315
Loans:					
Unencumbered Loans to retail and small business customers, and loans to sovereigns and PSEs	-	21,227,482	21,740,512	-	21,483,997
Unencumbered residential mortgages with a risk weight of less than or equal to 35%	-	-	-	977,717,799	635,516,569
Other unencumbered loans and deposits with a risk weight of less than or equal to 35%	-	-	-	-	-
Other unencumbered performing loans and not included in the above categories, excluding loans to financial institutions, with a risk weight of than or equal to 35%	-	-	-	2,775,605	2,359,264
Unencumbered loans to and deposits with financial institutions	-	333,723	-	-	50,058
Unlisted investments not included in the above categories	-	-	-	-	-
Investment in subsidiaries	-	-	-	-	-
Investment in associates	5,393,827	-	-	-	5,393,827
Other unlisted investments	2,635,982	-	-	-	2,635,982
Non-performing loans	4,972,544	-	-	-	4,972,544
All other assets including fixed assets, items deducted from regulatory capital, insurance assets and defaulted securities.	96,743,706	-	-	-	96,743,706
All other off-balance sheet exposures not included above	51,337,400	-	-	-	2,566,870
Total RSF	161,845,151	62,323,054	21,740,512	980,493,404	771,752,132
NSFR (%) as at 31 December 2024					147%

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30. NET STABLE FUNDING RATIO (continued)

The below table provides information on the bank's consolidated NSFR as of 31 December 2023:

	Unweighted Values (before applying factors)				
Available Stable Funding (ASF)	No Specified maturity BD	Less than 6 months BD	More than 6 months and less than one year BD	Over one year BD	Total Weighted Value BD
Capital:					
Common equity tier 1	440,020,658	-	-	-	440,020,658
Additional tier 1 capital	-	-	-	-	-
Tier 2 capital	-	-	-	2,278,080	2,278,080
Stable deposits	-	-	-	-	-
Less stable deposits:					
Demand deposits provided by retail customers	-	8,097,530	-	-	7,287,777
Demand deposits provided by small business customers	-	188,823	-	-	169,941
Other deposits and funding from:					
Financial Institutions	-	10,000,000	-	75,000,000	75,000,000
Other liabilities (not included in the categories above):					
Other liabilities and equity not included in the above categories	-	34,444,357	20,000,000	444,220,479	444,220,479
Total ASF	440,020,658	52,730,710	20,000,000	521,498,559	968,976,935
Required Stable Funding (RSF)					
Coins and bank notes	162,391	-	-	-	-
All claims on central banks	-	21,139,831	-	-	-
Marketable securities:					
Central Bank of Bahrain	482,866	-	-	-	24,143
Loans:					
Unencumbered loans to retail and small business customers, and loans to sovereigns and PSEs	-	18,834,260	19,412,113	-	19,123,187
Unencumbered residential mortgages with a risk weight of less than or equal to 35%	-	-	-	859,668,990	558,784,843
Other unencumbered performing loans and not included in the above categories, excluding loans to financial institutions, with a risk weight of than or equal to 35%	-	-	-	3,233,606	2,748,565
Unencumbered loans to and deposits with financial institutions	-	4,212,540	-	-	631,881
Investment in subsidiaries	18,868,503	-	-	-	18,868,503
Investment in associates	4,182,288	-	-	-	4,182,288
Other unlisted investments	2,790,552	-	-	-	2,790,552
Listed investments not included in the above categories		-	-		
Non-performing loans	4,999,077		-	-	4,999,077
All other assets including fixed assets, items deducted from regulatory capital, insurance assets and defaulted securities.	97,498,090	-	-	-	97,498,081
All other off-balance sheet exposures not included above	57,584,748	-	-	-	2,879,237
Total RSF	186,568,515	44,186,631	19,412,113	862,902,596	712,530,357
NSFR (%) as at 31 December 2023					136%

Pillar-III Disclosures

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1. EXECUTIVE SUMMARY

This report has been prepared in accordance with the Public Disclosure Module ("PD Module") Volume 1 of the Central Bank of Bahrain ("CBB") Rulebook. The report has been designed to provide the stakeholders of Eskan Bank B.S.C (c) ("the Bank") with comprehensive information on the Bank's approach in managing capital and risk management framework, highlighting key risk exposures and mitigation strategies, and considering the impact of the operating environment.

The disclosures in this report are in addition to the disclosures set out in the consolidated financial statements for the year ended 31 December 2024, which are prepared in accordance with International Financial Reporting Standards ("IFRSs").

2. INTRODUCTION TO BASEL III FRAMEWORK

The CBB's Basel III capital framework is based on three pillars consistent with the Basel III framework developed by the Basel Committee on Banking Supervision ("BCBS"), as follows:

- Pillar I: defines the methodology for calculation of the Risk Weighted Assets ("RWAs") and minimum regulatory capital requirement.
- Pillar II: encompasses the supervisory review process, including the Internal Capital Adequacy Assessment Process ("ICAAP"), which requires banks to assess their risks and determine their internal capital needs.
- Pillar III: focuses on rules for the disclosure of risk management and capital adequacy information.

Pillar I

Pillar I prescribes the basis for the calculation of the regulatory capital adequacy ratio. Specifically, it sets out the definitions and calculations for RWAs and the derivation of regulatory capital. Capital adequacy ratios are calculated by dividing regulatory capital by total RWAs, indicating capital strength relative to risk-weighted assets.

Basel III focuses on enhancing both the quantity and quality of Bank's capital. To this end, Tier 1 capital ("T1") is designated as the main component of regulatory capital, with the predominant form of T1 capital being Common Equity Tier 1 ("CET1"), comprising common shares and retained earnings. Regulatory adjustments and prudential filters are primarily applied to CET1. The remainder of T1 capital must be comprised of instruments that are subordinated, have fully discretionary noncumulative dividends or coupons, and have neither a maturity date nor an incentive to redeem. In addition, Tier 2 capital ("T2") instruments are subject to restriction and limitations on their contribution to total regulatory capital.

Furthermore, Basel III introduced a number of capital buffers: Capital Conservation Buffer "CCB" to ensure that banks conserve capital, and the countercyclical capital buffer mandating that banks build up additional capital during periods of favorable economic conditions, which can be used to absorb losses during periods of stress.

The CBB's minimum required total capital adequacy ratio is set at 12.5 percent, inclusive of CCB. The CBB also stipulates limits and minima on CET1 of 9 percent (including CCB) and T1 capital of 10.5 percent (including CCB). In the event that the total capital adequacy ratio falls below 12.5 percent, additional prudential reporting requirements apply, and a formal action plan setting out the measures to be taken to restore the ratio above the minimum required level is to be formulated and submitted to the CBB.

The table below summarizes the approaches available for calculating RWAs for each risk type in accordance with the CBB's Basel III capital adequacy framework:

Credit Risk	Market Risk	Operational Risk
Standardized Approach	Standardized Approach	Basic Indicator Approach
	Internal Models Approach	Standardized Approach

The Bank applies the following approaches for calculating RWAs for each risk type:

(i) Credit Risk

For regulatory reporting purposes, the Bank uses the Standardized Approach for credit risk. Under this approach RWAs are determined by multiplying credit exposure by risk weight factors. These factors are assigned based on the type of counterparty and the counterparty's external rating, where available.

(ii) Market Risk

For the regulatory market risk capital requirement, the Bank uses the Standardized Approach.

(iii) Operational Risk

The CBB requires all banks incorporated in Bahrain to apply the Basic Indicator Approach for operational risk, unless approval is granted to use the Standardized Approach. For regulatory reporting purposes, the Bank is currently using the Basic Indicator Approach whereby, the operational risk-weighted exposures and regulatory capital requirement are calculated by applying an alpha coefficient of 15 percent to the average gross income for the preceding three financial years.

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2. INTRODUCTION TO BASEL III FRAMEWORK (continued)

Pillar II

Pillar II defines the process of supervisory review of an institution's risk management framework and, ultimately, its capital adequacy. Under the CBB's Pillar II guidelines, all banks incorporated in Bahrain are required to maintain a total capital adequacy ratio above 12.5 percent.

Pillar II comprises two processes:

- an ICAAP, and
- a supervisory review and evaluation process ("SREP").

A key tool for the Bank's capital planning is the annual ICAAP through which the Bank assesses its projected capital supply and demand relative to regulatory requirements and its capital targets. The ICAAP has a three-year horizon and covers various scenarios, including stress scenarios of differing scope and severity. The Bank has adopted a risk management strategy and appetite framework which are reviewed periodically.

The SREP represents the CBB's review of the Bank's capital management and an assessment of internal controls and corporate governance. SREP is designed to ensure that institutions identify their material risks, allocate adequate capital, and employ sufficient management processes to support such risks. The SREP also encourages institutions to develop and apply enhanced risk management techniques for the measurement and monitoring of risks in addition to the credit, market and operational risks addressed in the core Pillar I framework. Other risk types which are not covered by the minimum capital requirements in Pillar I include liquidity risk, interest rate risk in the banking book, strategic risk, concentration risk, reputational risk, Shari'ah risk, and residual risk. These are covered either by capital, or risk management and mitigation processes under Pillar II.

The Bank conducts stress tests to evaluate the potential impact of adverse scenarios on its capital adequacy. This helps the Bank assess its vulnerability to risks, identify weaknesses in its capital, and create plans to mitigate the impact of adverse events.

Pillar III

Pillar III focuses on market discipline guidelines of the regulator to ensure adequate disclosure of risk management practices, corporate governance standards, and capital adequacy information. The Bank disseminates regulatory disclosures periodically and as part of its Annual Report.

The disclosures comprise comprehensive qualitative and quantitative information. The purpose of the Pillar III disclosure requirements is to complement the first two pillars and the associated SREP. 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 to move towards more advanced forms of risk management.

Under the current regulations, partial disclosure consisting mainly of quantitative analysis is required during half year reporting, whereas full disclosure is mandated at the financial year-end reporting.

a) Scope of Application

The name of the Bank in the Group, to which these regulations apply is Eskan Bank B.S.C. (c) which is a closed joint stock company registered and incorporated by the Amiri Decree No. 4 of 1979, together with its subsidiaries (the "Group"). The Bank operates under a Restricted Banking License issued by the CBB. The Bank is wholly owned by the Government of the Kingdom of Bahrain.

b) Subsidiaries of the Bank

Eskan Properties Company B.S.C. (c) ("EPC")

EPC is a wholly owned subsidiary of Eskan Bank. EPC was established to execute various housing and community projects undertaken by both EPC and the Bank. The principal activity of the company is to develop and manage property development projects for development for Eskan Bank, the Ministry of Housing and Urban Planning ("MOHUP"), and other third parties.

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2. INTRODUCTION TO BASEL III FRAMEWORK (continued)

c) Associate Companies of the Bank

- **Eskan Bank Realty Income Trust ("EBRIT")**

EBRIT, established in Q4 2016 by Eskan Bank, is the first listed Real Estate Investment Trust in Bahrain. As of 31 December 2024, EBRIT has a net asset value of BD 11.56 million, of which the Bank holds 46.66%. The inaugural properties of EBRIT include Segaya Plaza along with the commercial components of Danaat Al Madina. Eskan Bank, as EBRIT's Investment Manager, is actively pursuing opportunities to add more expand and diversify the Trust's asset portfolio.

d) Treatment of Subsidiaries and Associates for Capital Adequacy Calculation

a) EPC is consolidated with the Bank's financials for the purpose of Capital Adequacy calculation. The treatment of other subsidiaries and associate companies is as per the below table.

Table 1: Interests in Entities Risk Weighted Rather Than Deduction / Group-Wide Method

Subsidiaries / Associates	Country of Incorpora-tion / Residence	Percentage of Ownership	Risk Weight
Eskan Bank Realty Income Trust (EBRIT)	Kingdom of Bahrain	46.66%	200%

3. FINANCIAL PERFORMANCE AND POSITION

During 2024, the Bank achieved steady growth and maintained its profitability during the year despite numerous challenges, including a rigorous reorganization of government funding. The performance for the year is the result of the Bank's focus on meeting its business objectives, maintaining asset quality, judicious deployment of available liquidity at best possible yields and efficiently managing the operating expenses. The Bank posted a total net income for 2024 of BD 30.2 million (2023: BD 35.7 million). Total operating costs, stood at BD 9.9 million representing a cost to income ratio of 24.5%.

As of 31 December 2024, total equity of the Bank stood at BD 455.7 million (2023: BD 444.9 million), while the return on equity stood at 6.6%. The Bank's total balance sheet stood at BD 1.2 billion at the end of 2024, representing an increase of 14% compared to prior year. Capital adequacy ratio increased from 172% to 183%, while the Bank's balance sheet continues to boast healthy liquidity.

a) Asset Growth and Quality:

- **Asset Growth:**
- The total balance sheet of the Bank stood at BD 1.154 billion as of 31 December 2024, compared to BD 1.013 billion as at the previous year-end. The Bank's loans and advances as of 31 December 2024 stood at BD 1.008 billion, a 14% increase compared to previous year.
- **Asset Quality:**

- Loan Portfolio: The Bank's portfolio is of high quality despite the bulk of the Banking assets being residential mortgage loans. Primarily, these loans are "social loans" where the decision to grant the loan is determined by the MOHUP and communicated to the Bank for disbursement to borrowers. While these loans carry credit risk for the Bank, any resulting impairment losses are borne by the Government. However, in the case of the commercial residential mortgage loans extended to customers, the credit risk is borne by the Bank.
- Money market instruments: The other banking assets are mainly inter-bank placements with reputable banks in the Kingdom of Bahrain.
- Investments portfolio: The Bank's investment portfolio includes holdings in Naseej, Bahrain Aluminum Extrusion Company, Treasury Bills and other small legacy investments.

Capital Adequacy Ratio ("CAR"):

- **Solvency:** The Group has limited external borrowings and as such its solvency position, as indicated by the Asset Liability maturity profiles, is satisfactory. Balances in the government account are considered not payable in the short term.

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3. FINANCIAL PERFORMANCE AND POSITION (continued)

Table 2: Earnings and Financial Position (in BD thousands):

	2024	2023	2022	2021	2020
Earnings					
Net Interest Income	37,586	37,997	38,088	33,836	31,714
Other Income*	2,755	7,164	3,164	4,520	4,824
Operating Expenses	9,864	8,712	7,784	6,922	6,977
Impairment Allowance	255.7	665	508	1,543	1,653
Net Income	**30,221**	**35,784**	**32,960**	**29,891**	**27,908**
Financial Position					
Total Assets	1,154,471	1,013,105	1,008,558	934,201	861,758
Loans	1,007,841	882,637	808,805	749,670	750,860
Total Liabilities	698,775	568,177	606,774	569,265	526,896
Non-controlling interest	-	-	-	9,274	8,094
Shareholders Equity	455,696	444,928	401,784	364,935	334,862
Earnings: Ratios (Per Cent)					
Return on Equity	6.60%	8.00%	8.20%	8.20%	8.30%
Return on Assets	2.60%	3.50%	3.30%	3.20%	3.20%
Cost-to-income ratio	24.5%	19.3%	18.9%	18.0%	19.1%
Net Interest Margin	99%	99%	100%	100%	99%
Capital:					
Shareholders Equity as per cent of Total Assets	39%	44%	40%	39%	39%
Total Liabilities to Shareholders Equity	153%	128%	151%	156%	157%

*Other Income comprise of i.e. Share of profit from equity accounted investee, income from properties and dividend income.

b) Performance of the Group Companies:

- **EPC:** serves as the property development arm of Eskan Bank with a registered and paid-up share capital of BD 500,000. EPC is fully owned by the Bank and its operations have been enhanced through streamlining, team building, and strengthening, to improve its capacity to execute diverse property development projects.

The Bank, with EPC, has developed initiatives to build and raise funds to build projects on its own land bank and with private sector landlords. Presently, various projects are underway ranging from initiation, design, construction to property management.

Table 3: Financial Highlights (in BHD):

	31st-December-24	31st-December-23
Net profit for the year	**286,159**	199,866
Total assets	**2,297,457**	2,251,605
Total equity	**1,712,926**	1,426,767

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4. FUTURE BUSINESS PROSPECTS

The Bank's assets and liabilities' profile for next year would remain similar to that of the previous year in terms of strong Tas'heel disbursements and a required higher debt to be raised for the same purpose. As such, the major business contributor to the institution will be mortgage loans in the medium to long term future.

Another portfolio to maintain is that of investment properties. The Bank intends to develop its own, MOHUP, and other land banks owned by the Government and tie-up with private sector landlords through joint venture arrangements towards the development of social and affordable housing projects in order to reduce MOHUP's backlog of social housing units' applicants.

To meet this objective, the Bank is leveraging its balance sheet, and embarking on project finance basis for projects developed through partnerships with the private sector or MOHUP, as well as launching funds and investment products, as and when needed, in line with regulatory requirements.

The Bank will also endeavour into the auctioning business activity of selective EB or MOHUP land bank suiting best site uses, other than social housing, for the purpose of fastest and optimal land monetization through long-term leases, BOTs, or partnerships, as the case may be from time to time. The intention is to optimize the financial resources of the institution in the best way possible to serve primarily the social housing agenda and, as and when needed, to contribute to the fiscal balance program of the government.

The conditions of the local, regional and international capital markets, as well as the real estate sector cycle would dictate the Bank's ability to meet its objective and the impact on its financial performance.

5. CORPORATE GOVERNANCE AND TRANSPARENCY

The Bank acknowledges the importance of adhering to leading practices in Corporate Governance. The Bank's Corporate Governance policies are designed to ensure the independence of the Board of Directors ("the Board") and enable it to effectively oversee the Bank's management operations.

The Bank's Corporate Governance policy aims to:

- Establish a comprehensive and sound framework for Corporate Governance;
- Ensure clear and segregated assignment of Roles and Responsibilities;
- Promote transparency across business units; and
- Ensure timely and regulatory-compliant disclosures.

The Bank has adopted the following Corporate Governance code principles:

Principle One: The Bank must be headed by an effective, collegial and informed Board;

Principle Two: The directors and officers shall have full loyalty to the company;

Principle Three: The Board shall have rigorous controls for financial audit, internal control and compliance with law;

Principle Four: The Bank shall have rigorous procedures for appointment, training and evaluation of the Board;

Principle Five: The Bank shall remunerate directors and officers fairly and responsibly;

Principle Six: The Board shall establish clear and efficient management structure;

Principle Seven: The Board shall communicate with shareholders and encourage their participation;

Principle Eight: The Bank shall disclose its corporate governance; and

Principle Nine: Banks which refer to themselves as "Islamic" must follow the principles of Islamic Sharia.

Principle Ten: The Bank shall seek through social responsibility to exercise its role as a good citizen.

Due to the unique nature of the Bank being fully owned by the Government of the Kingdom of Bahrain, and in pursuance to Legislative Decree No. 4 of 1979 with respect to the Establishment of Eskan Bank amended by Law No. 75 of 2006, the Cabinet is the sole authorized party for appointing Board Members. Thus, the Bank is not required to hold an Annual General Meeting. All key resolutions issued by the Bank which require the approval of an Ordinary or Extra-Ordinary General Assembly shall be subject to Cabinet approval.

Pillar-III Disclosures
31st December, 2024

6. BOARD AND MANAGEMENT COMMITTEES

Detailed information on the Board-level and management-level committees' structures are available in to the Corporate Governance section of the Published Annual Report.

7. BOARD OF DIRECTORS

Eskan Bank's Board of Directors was appointed by Cabinet Decree No. 634 of 2022, dated 7 December 2022, for a three-year term. The Board includes eight leading Bahraini banking and finance professionals and the Minister of Housing and Urban Planning as the Chairperson.

i. H.E. Amna Bint Ahmed AL- Rumaihi - Minister of Housing and Urban Planning (Chairperson) (Non-independent Non-executive Director)

Appointed as Chairperson of Eskan Bank's Board of Directors in 2022 by virtue of her position as the Minister of Housing and Urban Planning.

Qualifications:

- Bachelor's in business information systems (BIS) – University of Bahrain.

Experience & Previous Positions:

- Undersecretary of National Economy at the Ministry of Finance and National Economy.
- Assistant Undersecretary for Competitiveness and Economic Indicators at the Ministry of Finance and National Economy;
- Joined the First Deputy Prime Minister's Office;
- Held several roles at the Economic Development Board (EDB);
- Worked at Bahrain Bourse;
- Former member of the Board of Directors of Social Insurance Organization (SIO); and
- Former member of the Board of Trustees of Bahrain Polytechnic.

H.E. Amna Bint Ahmed AL- Rumaihi has over 19 years of work experience and was honored with His Majesty the King's Proficiency Medal in 2017

ii. Mr. Mohamed Abdulrahman Hussain Bucheeri

Vice Chairperson and Chairman of the Executive Committee (Non-Independent Non-Executive Director). Appointed as a Board Director in 2011.

Qualifications:

- Bachelor of Arts – Economics and Finance, Aleppo University – Syria;
- Intensive Full Credit Course at Citibank Training Center - Athens, Greece;
- Intermediate Credit Course at Citibank - Athens, Greece;
- Registered Financial Consultant by successfully completing the Series 7 examination, which is required by the Securities and Exchange Commission (SEC)in the United States.

Experience & Previous Positions: Chief Executive Officer of Ithmaar Bank.

Mr. Mohamed Bucheeri has over 46 years of work experience primarily in the financial sector.

Board Member:

A.M. Yateem Bros , Yateem Oxygen and Middle East Carbon Dioxide

Pillar-III Disclosures

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7. BOARD OF DIRECTORS (continued)

iii. Ms. Najla Mohammed Al-Shirawi

Member (Independent Non-Executive Director). Appointed as a Board Member in 2015 and is a member of the Executive committee.

Qualifications:

- MBA, master's in business administration and finance, American College in London - United Kingdom .
- BSc, bachelor's degree in civil engineering, University of Bahrain - Kingdom of Bahrain.

Current Position:

- Group Chief Executive Officer: SICO B.S.C. (c), Bahrain

Experience & Previous Positions:

- Chairperson of SICO Funds Company BSC (c) – Bahrain, SICO Funds Company III BSC (c) – Bahrain, SICO Funds Company IV BSC (c) – Bahrain, SICO Ms. Najla Al-Shirawi worked for Securities and Investments Company (SICO) since 1997 where she held various positions in the Bank including Deputy CEO, Chief Operating Officer for seven years, Head of Asset Management, and Head of Investments & Treasury. She also worked for a number of institutions owned by the Geneva-based Dar Al-Maal Al-Islami Trust and was responsible for establishing private banking operations for the Group in the Gulf region and was previously appointed to a Lectureship in Engineering at the University of Bahrain.
- She has over 24 years of investment banking experience.

Board Member:

- Chairperson of SICO Funds Company BSC (c) – Bahrain, SICO Funds Company III BSC (c) – Bahrain, SICO Funds Company IV BSC (c) – Bahrain, SICO Funds Company VI BSC (c) – Bahrain, SICO Ventures Company W.L.L. – Bahrain, SICO Fund Company VIII B.S.C.(C) – Bahrain, SICO Fund Company IX B.S.C. (C) – Bahrain, and vice Chairman SICO Capital
- Board Director, Bahrain Economic Development Board, Bahrain Institute of Banking & Finance, Deposits & Unrestricted Investments Accounts Protection scheme Board, Future Generation Reserve Fund, Bahrain Credit Facilities Company B.S.C.

iv. Mr. Isa Abdulla Zainal

Member (Independent Non-Executive Director)

Appointed as a Board Member in 2022, and is the chairperson of the Audit, Risk and Compliance Committee.

Qualifications:

Bachelor's with Honors in Accounting – University of Bahrain

CPA from state of Georgia - USA

Experience & Previous Positions:

Mr. Isa Zainal has more than 41 years of experience in assurance, business advisory and Islamic investment banking industry. Including:

- CFO at Arcapita (2003 – 2016)
- CFO at Al Baraka Banking Group (2000 – 2003)
- Auditor and Business Consultant at ARTHUR ANDERSEN (1985 – 2000)

Board Membership:

- Bahrain Bay Utilities Company B.S.C (c)

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7. BOARD OF DIRECTORS (continued)

v. Ms. Reem Abdulghaffar Al Alawi

Member (Independent Non-Executive Director). Appointed as a Board Member in 2022 and is a member of the Audit, Risk and Compliance Committee.

Qualifications:

- Master of Law in International Commercial Law – University of Kent at Canterbury, United Kingdom
- Bachelors of Arts with Honors in Law and Business Administration - University of Kent at Canterbury, United Kingdom.

Current Position:

- Chief Legal and Monitoring Officer and Board Secretary, The Labour Fund (Tamkeen)

Experience & Previous Positions:

- General Counsel and Board Secretary, Tatweer Petroleum – Bahrain Field Development Company;
- Legal Officer, Telecommunications Regulatory Authority (TRA) Bahrain; and
- Graduate Law Trainee, Bahrain Telecommunications Company (Batelco) Bahrain.

Ms. Reem Al Alawi has more than 14 years of experience.

vi. Mr. Nabeel Saleh Abdulaal

Independent Non-Executive Director, & Member of Remuneration, Nomination and Corporate Governance Committee. Appointed since 2022.

Qualifications:

- Master's degree in management sciences from Lancaster University, UK.
- Bachelor's degree in management science with Computing from University of Kent at Canterbury, UK.
- Previously registered approved person by Financial Conduct Authority in UK; and
- Member Operational Research Society in UK.

Board Member:

- Future Generations Reserve Fund Bahrain; and
- Nader Gas WLL.

Experience & Previous Positions:

Mr. Nabil Abdulaal has more than 23 years of experience in the Corporate and investment banking sector:

- Worked for Deutsche Bank AG London between 2005-2008, thereafter moved to Deutsche Bank in MENA Headquartered in UAE until 2021 covering various roles including Head of Coverage, Head of Financial Institutions and member of Global Markets' Executive Management Committee CEEMEA region.
- Worked at Gulf International Bank, Bahrain, as Investment Manager within Treasury & Investment division

vii. Mr. Mubarak Nabeel Mattar

Independent Non-Executive Director and Member of Remuneration, Nomination and Corporate Governance Committee. Appointed as a Board Member since 2022.

Qualifications:

- Master of Science in Professional Accountancy, University of London - United Kingdom
- FCCA, Fellow Member of Association of Chartered Certified Accountants (ACCA)
- APRM, Associate Professional Risk Manager (PRMIA) BSc, bachelor's degree in accounting, University of Bahrain-

Current Position:

- Assistant Undersecretary for Financial Operations

Experience & Previous Positions:

- Worked for the Ministry of Finance and National Economy since 2010.

Mr. Mubarak Mattar has more than 16 years of accounting and government financing experience.

Board Member:

Board member, The Government Hospitals Board of Trustees, Board member, Primary Healthcare Centers Board of Trustees, Board member, Deposit Protection Scheme (Bahrain).

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31st December, 2024

7. BOARD OF DIRECTORS (continued)

viii. Mr. Abdullatif Khalid Abdullatif

Board Member and Member of the Audit, Risk and Compliance Committee (Independent Non-Executive Director)

Appointed as Director of the Board in 2022

Qualifications:

- Fellow Chartered Accountant with the Institute of Chartered Accountants in England and Wales.
- Holds an MBA from London Business School.

Current Position:

Group Chief Financial Officer at an Asset Management firm that invests globally and headquartered in Bahrain.

Experience & Previous Positions:

Mr. Abdullatif Khalid has more than 15 years of experience in the sector and was a Senior Director at EY for 5 years.

Board Member:

Board audit committee positions in Diyar Al Muharraq, Al-Liwan Real Estate, and Bareeq Al Retaj.

ix. Ms. Balsam Ali Al-Salman

Independent Non-Executive Director, & Executive Committee member

Appointed since 2022

Qualifications:

- Bachelor of Civil Engineering - with distinction from the University of Bahrain – 1996
- Certified Engineer in the Engineering Professions Authority - Kingdom of Bahrain
- Degree in Value Engineering
- Executive Leadership Preparation Program - 25th Batch
- Member in various dedicated Committees in Bahrain

Current Position:

- Assistant Undersecretary for Engineering Affairs at Ministry of Housing and Urban Planning.

Experience & Previous Positions:

Ms. Balsam Al-Salman has more than 26 years of experience in Civil Engineering and has held different positions in Ministry of Housing and Urban Planning since 1997:

- Director of the Housing Projects Planning and Design Department, Ministry of Housing and Urban Planning, Bahrain (2021 - 2022)
- Head of the Engineering Design Group, Ministry of Housing and Urban Planning, Bahrain (2019 - 2021)
- Head of the Survey and Land Determination Group, Ministry of Housing and Urban Planning, Bahrain (2011-2019)
- Senior Civil Engineer, Engineering Design Group, Ministry of Housing and Urban Planning, Bahrain (1997 - 2011)
- Managed and participated in planning and designing the infrastructure for various Housing Projects executed by the Ministry of Housing and Urban Planning in Bahrain.

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8. EXECUTIVE MANAGEMENT TEAM OF THE GROUP

i. Dr. Khalid Abdulla, General Manager

Dr. Khalid Abdulla has over forty years of experience in Islamic and Conventional Banking as well as the real estate market. He has held many senior positions with leading investment, commercial and real estate financial institutions in Bahrain in addition to his academic and research expertise as an Economist.

Prior to joining the Bank, he was the Chief Executive Officer at Inovest Bahrain B.S.C. He holds a Master of Science Degree in Economic Development from the University of East Anglia (UK) and a Doctorate of Philosophy in Economics from Exeter University (UK). In the past, Dr. Khalid also held the post of Assistant Professor and Chairman of the Department of Economics and Finance at the University of Bahrain.

Dr. Khalid is actively involved in many projects promoting infrastructural development in Bahrain. He was a member of many associations such as 'The Public Affairs Committee' at the Bahrain Chamber of Commerce and Industry. He also served on the Board of Trustees of 'MENA Investment Center'.

Dr. Khalid plays an active role in many societies and institutions such as being a founding member of Bahrain Economic Society and Bahrain Competitiveness Council, Board member and Head of Audit Committee at Labour Market Regulatory Authority, Board member of Naseej and a member in Board of Trustees of The American University of Bahrain (AUBH).

Dr. Khalid assumed the present position in 2013 and retired on 14th April 2024.

ii. Mr. Abdulla Taleb, General Manager

Mr. Abdulla Taleb brings over twenty two years of progressive banking experience in all Banking domains, predominantly Commercial Banking, Financial Institutions, and Treasury.

Before joining the Bank, he was the Chief Executive Officer of Ithmaar Holding and its two wholly owned subsidiaries, Ithmaar Bank and IB Capital (collectively known as the Ithmaar Group).

Mr. Taleb has demonstrated a history of driving business growth, expanding market share, and improving recovery rates through a strong client network. He excels in implementing innovative solutions and driving process enhancements.

His expertise in operational leadership includes workforce management, profit and loss oversight, budgeting, cost optimization, capital restructuring, and strategic business planning.

Additionally, he is an experienced Board Member, actively participating in committees focused on Risk Management, Information Technology, Business Strategy, and Nomination & Remuneration.

Mr. Taleb holds a Master of Business Administration from DePaul University and is a certified Arbitrator specializing in Banking and Finance, accredited by the GCC Commercial Arbitration Centre.

He assumed his current role on 15th April 2024.

iii. Mr. Ahmad Tayara, Chief Business Officer and Deputy General Manager

Mr. Ahmad Tayara has over twenty-eight years of experience in both Islamic and conventional banking, particularly in the areas of investment banking, capital market, real estate, private equity and retail banking. He has worked for leading financial institutions such as Ithmaar Bank, Elaf Bank and Middle East Capital Group. Prior to joining Eskan Bank, he was a General Manager – Investment Banking at Elaf Bank.

Mr. Tayara holds a Bachelor of Science and Master of Science degrees in economics from McGill University, Canada.

He assumed the present position in January 2012.

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8. EXECUTIVE MANAGEMENT TEAM OF THE GROUP (continued)

iv. Mr. Eyad Faisal, Acting General Manager / Eskan Properties Company

Mr. Eyad has over twenty-seven years of experience in various constructions industry (both private and governmental) along with a wide experience in project development, management and execution, property development, and property & facility management.

Prior to joining Eskan Properties Company, he worked with First Bahrain Real Estate Development Company, Al-Tijaria Venture Real Estate Company, Ministry of Works and Housing and Posford Duvivier & Associated Consulting Engineers.

He holds Engineering and Management professional degrees, including Executive Master of Business Administration (Executive MBA), Bachelor's degree in Civil Engineering, Project Management Professional Certificate (PMP), Graduate Diploma in Management Level 5 (CMIM), Certificate in Property Development and Associate Value Specialist Certificate (AVS).

Mr. Eyad is a Board of Directors member of Bahrain Property Development Association (BaPDA), and active member in Project Management Institute (PMI) from USA and Bahrain Society of Engineers.

He has been working Eskan Properties Company since 2009 under the capacity of Senior Projects Manager and Projects Manager.

He assumed the present position in July 2023.

v. Mrs. Abeer Albinali, Assistant General Manager - Risk Management

Mrs. Albinali has twelve years of experience in risk management within the banking sector. She joined the bank in 2012. Mrs. Albinali holds a Bachelor of Science degree in Banking and Finance from the University of Bangor, UK, and recently completed her MBA at the American University in Bahrain (2024).

She is a Chartered Financial Analyst (CFA), a Certified Chief Risk Officer (CCRO), and a Professional Risk Manager (PRM). Ms. Albinali also holds an International Diploma in Governance, Risk and Compliance from the ICA and has pursued other professional certifications in leadership, management, corporate governance, and compliance.

She assumed the present position in the year 2020.

vi. Mr. Hani Nayem, Assistant General Manager - Internal Audit

Mr. Hani Nayem has over twenty-three years of experience in the Banking and Audit industry covering various fields such as internal audit, compliance, corporate governance, credit analysis, investment analysis, Islamic banking, financial controls and operations. He has worked for reputable regional and international banks such as Al Baraka Islamic Bank and ithmaar Bank.

Mr. Nayem holds a Bachelor's degree in Accounting and has obtained the CPA professional qualification.

He assumed the present position in 2009.

vii. Ms. Parween Ali, Assistant General Manager - Retail Banking

Ms. Parween Ali has over thirty-seven years of experience in Banking Industry, particularly in the areas of Sales, Marketing and Retails Products and Service. Prior to joining Eskan Bank, she was the Sales and Service Manager at Standard Chartered Bank for 9 years.

Ms. Parween has an Advanced Banking Diploma from BIBF.

She has been with Eskan Bank since 2005 under different positions such as Mortgage Loans Manager, Mortgage Loans Senior Manager, Product Development and Marketing Senior Manager, and Head of Sales and Marketing.

She assumed the present position in 2018.

viii. Mrs. Samar Agaiby, Assistant General Manager - Business Development and Government Programs

Mrs. Samar Agaiby has over thirty-five years of experience in the field, particularly in the areas of Risk, Quality, Finance, Project Management and Business development. She spent her full career in Eskan Bank, in which she joined the bank directly after she graduated from the American University in Cairo with a Bachelor degree in Economics.

Mrs. Samar is also a Certified Management Accountant ("CMA") from USA and holder of a Certified Diploma in Accounting and Finance ("CDIAF") from the UK.

She has been with Eskan Bank since 1989 in which she has held different positions including Head of Mortgage Guarantee System and Head of Credit and Operational Risk.

She assumed the present position in 2012.

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8. EXECUTIVE MANAGEMENT TEAM OF THE GROUP (continued)

ix. Mr. Adnan Fathalla Janahi, Assistant General Manager - Human Resources and Administration

Mr. Adnan Janahi has over twenty-nine years of experience in Human Resource Management and has worked with one of the leading banks prior to joining Eskan Bank, namely, the National Bank of Bahrain. In addition, he was the Director of Human Resources at Investment Dar Bank. Mr. Adnan holds an MBA from University of Glamorgan and Advanced Diploma in Banking Studies from BIBF.

He has been with Eskan Bank since 2009 under the capacity of Senior Manager HR and Administration and Acting Head of Human Resources and Administration in 2013.

He assumed the present position in 2014.

x. Mr. Aqeel Mayoof, Assistant General Manager - Information Technology Management

Mr. Aqeel Mayoof has over twenty-eight years of experience in different Information Technology ("IT") Core Banking and Payments Systems within the banking industry such as Citi Bank and Ahli United Bank. Prior to joining Eskan Bank, he was IT Projects Leader at Ahli United Bank.

Mr. Aqeel holds a Bachelor's Degree in Electrical Engineering from the University of Bahrain, and MBA from the University of Bahrain.

He has been with Eskan Bank since 2005 under different positions such as Manager, Senior Manager and Acting Head within the IT department.

He assumed the present position in 2014.

xi. Mr. Deepak Patel, Assistant General Manager - Operations

Mr. Deepak Patel has over twenty-five years of experience in Commercial Banking Industry, particularly in the areas of Operations, Finance and Retail Banking. Prior to joining Eskan Bank, he was Operations and Finance Manager at ICICI Bank in Bahrain and prior held various positions at ICICI Bank in India.

Mr. Deepak holds a Bachelor's Degree in Commerce and Economics from Mumbai University and MBA from Sikkim Manipal University. He also holds professional qualifications in Digital Transformation from Purdue University and FinTech Certification from the University of Hong Kong.

He has been with Eskan Bank since 2007 under different positions such as Manager, Senior Manager and Acting Head within Operations in 2013.

He assumed the present position in 2014.

xii. Mr. Muhammed Saeed Butt, Assistant General Manager - Financial Control

Mr. Muhammed Saeed Butt has over twenty-two years of experience in the banking industry as well as the audit and assurance services. During the course of his career he has worked for reputable organizations such as Ernst & Young in Pakistan and prior to joining Eskan Bank, he was Investments Manager and Finance at Al Zayani Investments in Bahrain.

Muhammad Saeed is a Chartered Accountant from the Institute of Chartered Accountants of Pakistan (ICAP) and from the Institute of Chartered Accountants of England & Wales (ICAEW). He has been with Eskan Bank since 2007 and has held several positions such as Manager Strategic Planning, Senior Manager Financial Control and Acting Head of Financial Control in 2013.

During his tenure at Eskan Bank, Mr. Saeed has been involved in the implementation of various strategic projects for the Bank, resulting in significant improvements in financial reporting accuracy and efficiency. His contribution to strategic planning led to a sustainable growth for the Bank.

Muhammed Saeed assumed the present position in 2014.

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8. EXECUTIVE MANAGEMENT TEAM OF THE GROUP (continued)

xiii. Mrs. Haifa Al Madani, Assistant General Manager - Legal and Corporate Secretary Department

Mrs. Haifa Al Madani has over twenty-six years of experience as a Lawyer and Legal Advisor, she spent her full career in Eskan bank, where she worked under Legal Department directly after she graduated from Kuwait with a Bachelor Degree in Law.

She assumed the present position in 2015.

xiv. Ms. Sarah Qasim, Assistant General Manager – Project Management and Strategic Planning

Ms. Qasim has over sixteen years of experience in banking including risk management, corporate banking, and banking operations. She has played a significant role in various transformation projects. Ms. Qasim has extensive expertise in core banking upgrades, bank acquisitions, and restructuring initiatives, showcasing her versatile and accomplished skill set.

She holds an MSc in Strategic Fintech from the University of Strathclyde in the United Kingdom and a Bachelor of Management Studies from the University of Mumbai in India.

Ms. Qasim is a CFA charterholder and holds an Advance Diploma in Islamic Finance from BIBF. Additionally, she is a qualified Professional Risk Manager (PRM), and is currently pursuing the Project Management Professional certification.

Prior to joining Eskan Bank, Ms. Qasim was the Acting Head of Risk Management Department at Ithmaar Bank.

She assumed the present position in 2024.

9. ADDITIONAL GOVERNANCE MEASURES

In addition to the Board and Management committee structures, the Board has approved a number of policies to ensure clarity and consistency in the operations of the Bank.

Remuneration related disclosures:

Eskan Bank aims to keep the employee compensation and benefits competitive, in comparison to the local labor market, in order to attract and retain the most competent and experienced employees with remuneration packages that are based on the latest market trends. The Bank also ensures to establish a fair and equitable remuneration system for all the employees.

The Bank did not seek external consultant advice in areas of remuneration process.

The Remuneration Nomination and Corporate Governance Committee ("RNCGC") reviews the remuneration policy including the remuneration structure of the employees at least annually with an objective of maintaining a competitive advantage in the market based on the salary surveys and secondary market sources of information.

The remuneration packages for all staff (including approved persons) comprise fixed remuneration (in the form of cash and other fixed benefits) and variable remuneration in the form of cash only. The fixed component of the remuneration is a significant portion of the total remuneration.

Variable remuneration (Bonus)

Employees' bonus entitlement including approved persons are aligned to the Bank's performance, performance of the department and to individual performance and efficiency, but in all cases it shall be made at the Bank's sole discretion.

The pool of bonus is approved by the RNCGC. The performance measures used in the bonus scheme relate closely to the measures used in running the business such as financial vs. non-financial, quantifiable vs. non-quantifiable, short term vs. long term and include profitability, solvency, liquidity and growth indicators.

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9. ADDITIONAL GOVERNANCE MEASURES (continued)

As per the remuneration policy of the Bank, risk alignment and adjustment to the variable remuneration should be carried out in coordination and with the support of the Risk Management And Financial Control functions as they provide the technical competency and independence to ensure appropriate risk alignment and adjustment for variable remuneration. In 2024, the Bank has performed effectiveness testing of its variable remuneration policy and the result of the test has not resulted in any adjustment to variable remuneration.

The performance measures of staff in risk management, internal audit, operations, financial control, compliance and AML function, and approved persons are based on the achievement of the objectives and targets of their functions such as adherence to the Bank's risk, control and compliance policies and are independent of the financial performance of the business area they monitor.

Bonuses are awarded annually based on the achievement of pre-determined objectives. These targets are based on both individual and department performance and are set by Executive Management.

The Bank has not offered any sign-on awards or guaranteed bonuses during 2024 (2023: Nil). All employees are entitled to receive 13-month salary which is distributed pro-rata on a monthly basis. There were no severance payments made towards any approved persons or material risk takers during the year (2023: Nil).

CBB has approved the Bank's remuneration policy and exempted the Bank from the requirements of deferral (except in the case of poor performance as noted below) and clawback provisions given the ownership structure of the Bank, nature of its business and the policy of remuneration adopted. Variable remuneration is deferred only in the event of poor bank, divisional or business unit performance. Recognition of staff who have achieved their targets or better, may take place by way of deferred compensation, which may be paid once the Bank's performance improves.

The Bank has not awarded any deferred remuneration as of or during year ended 31 December 2024 (2023: Nil) nor paid out any deferred remuneration or reduced the deferred remuneration through performance instruments during the same period mentioned above.

The table below reflects the total amount of remuneration paid to the employees of the Bank for the year of 2024.

2024	Approved Persons	Other Staff
Fixed Remuneration		
Cash-Based*	1,288,644	2,433,331
Shares and share-linked instruments		
Other	346,345	914,577
Variable Remuneration		
Cash-Based	287,067	483,240
Shares and share-linked instruments		
Other		
Grand Total	**5,753,203**	

* include BOARD sitting fees of BD 69,000/- paid to the Board Members in 2024.

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31st December, 2024

9. ADDITIONAL GOVERNANCE MEASURES (continued)

2024

No.	Head count	Category	Basic	Other Benefits / Allowances	Total Fixed Remuneration	Performance Bonus in Cash (actual paid in 2024)	Total Variable Remunerations	Total Fixed & Variable Remuneration
1	9*	Members of the Board		69,000	69,000			69,000
2	8	Approved persons (not included in 1,3 to 7)	701,724	338,420	1,040,144	207,940	207,940	1,248,084
3	9	Approved persons in risk management, internal audit, operations, financial controls, AML and compliance functions	320,277	205,567	525,844	79,127	79,127	604,971
4	59	Employees engaged in risk taking activities (business areas)	754,885	448,921	1,203,806	173,852	173,852	1,377,657
5	28	Employees other than approved persons engaged in controlled function in No. 3	464,169	247,060	711,229	107,415	107,415	818,645
6	64	Other employees	873,842	559,031	1,432,873	201,973	201,973	1,634,846
7	0	Outsourced Employees / Service providers (engaged in risk taking activities)			-		-	-
	177	**Grand Total**	**3,114,897**	**1,868,000**	**4,982,897**	**770,306**	**770,306**	**5,753,203**

* Include board remuneration of 9 members with BD 69,000 paid to them for attending board of directors meeting.

The table below reflects the total amount of remuneration paid to the employee of the Bank for the year of 2023.

2023	Approved Persons	Other Staff
Fixed Remuneration		
Cash-Based	1,175,644*	2,220,350
Shares and share-linked instruments		
Other	347,824	776,419
Variable Remuneration		
Cash-Based	438,766	549,157
Shares and share-linked instruments		
Other		
Grand Total		**5,508,161**

* Include BOARD sitting fees of BD 72,000 paid to Board Members in 2023

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9. ADDITIONAL GOVERNANCE MEASURES (continued)

2023

No.	Head count	Category	Basic	Other Benefits / Allowances	Total Fixed Remuneration	Performance Bonus in Cash (actual paid in 2023)	Total Variable Remunerations	Total Fixed & Variable Remuneration
1	9*	Members of the Board		72,000	72,000			72,000
2	9**	Approved persons (not included in 1,3 to 7)	716,988	331,344	1,048,332	350,311	350,311	1,398,643
3	7	Approved persons in risk management, internal audit, operations, financial controls, AML and compliance functions	256,806	146,330	403,136	88,455	88,455	491,591
4	58	Employees engaged in risk taking activities (business areas)	672,505	379,428	1,051,933	192,047	192,047	1,243,980
5	27	Employees other than approved persons engaged in controlled function in No. 3	420,492	213,721	634,213	119,136	119,136	753,349
6	63	Other employees	818,077	492,546	1,310,623	237,974	237,974	1,548,597
7	0	Outsourced Employees / Service providers (engaged in risk taking activities)			-		-	-
	173	**Grand Total**	**2,884,867**	**1,635,370**	**4,520,237**	**987,923**	**987,923**	**5,508,161**

* Include board remuneration of 9 members with BD72000 paid to them for attending board of directors meeting.

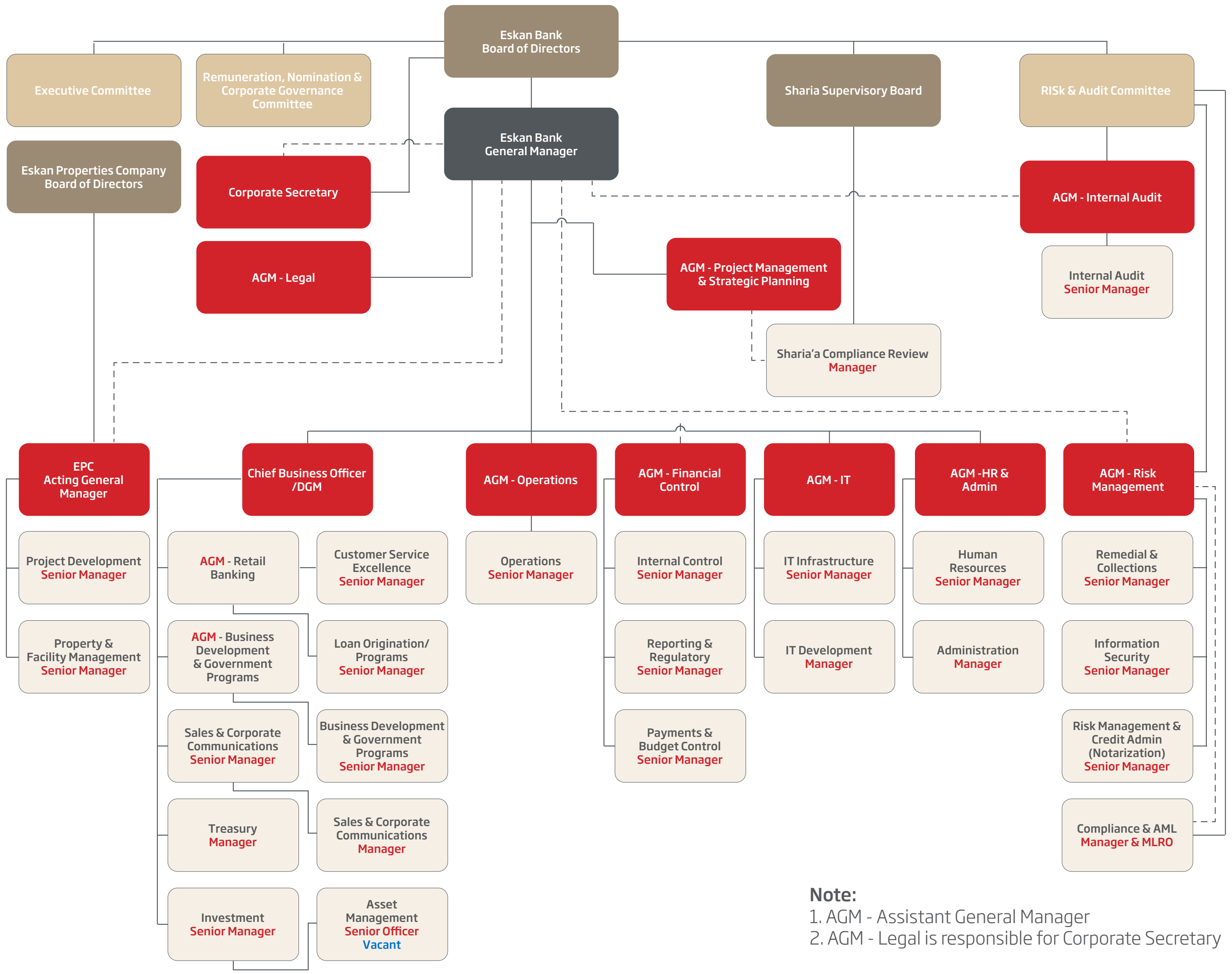
** Includes one individual holding managerial position in one of the Bank's subsidiary who are approved persons by CBB.

Pillar-III Disclosures

31st December, 2024

10. ORGANISATION CHART

Eskan Bank Organisation Structure



Note:
1. AGM - Assistant General Manager
2. AGM - Legal is responsible for Corporate Secretary

There has been no major change in the organizational structure from prior year. The Board of directors has established reporting lines within the board and management structure that demonstrate segregation of duties as shown above. There is no reporting line for Board Executive Committee and Remuneration, Nomination & Corporate Governance Committee.

COMMUNICATION STRATEGY

At the end of each financial year, the consolidated financial statements of the Group are reviewed by the Audit, Risk, and Compliance committee and presented to the Board for approval. Before end of the year, annual budget is reviewed by the Executive Committee and presented to the Board for approval that is subsequently sent to the Ministry of Finance and National Economy to be presented to the Council of Ministers.

The Banks' Articles of Association specify the recipients to whom the Bank's annual Audit Report is to be distributed, namely, H.E. the Minister of Finance and National Economy, H.E. the Minister of Housing and Urban planning, H.E. the Minister of Industry and Commerce, and H.E. the Governor of the CBB.

The Bank also follows the disclosure requirements as stipulated by the CBB and publishes the audited financial results on its website.

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11. CAPITAL

11.1 Capital Structure

Under the CBB's Basel III capital framework, total regulatory capital consists of T1 and Tier 2 capital "T2". T1 capital is further divided into CET1 and Additional Tier 1 capital ("AT1").

CET1 capital consists of:

a) Issued and fully paid common shares that meet the criteria for classification as common shares for regulatory purposes;

b) Disclosed reserves including: i) General reserves; ii) Legal / statutory reserves; iii) Share premium; iv) Retained earnings or losses (including net profit/ loss for the reporting period, whether reviewed or audited);

c) Common shares issued by consolidated banking subsidiaries and held by third parties (i.e. minority interest) that meet the criteria for inclusion in CET1, and (d) Regulatory adjustments applied in the calculation of CET1.

AT1 capital consists of:

a) Instruments issued by the Bank that meet the criteria for inclusion in AT1;

b) Share premium resulting from the issue of instruments included in AT1;

c) Instruments issued by consolidated banking subsidiaries and held by third parties that meet the criteria for inclusion in AT1 and are not included in CET1; and

d) Regulatory adjustments applied in the calculation of AT1.

T2 capital consists of:

a) Instruments issued by the Bank that meet the criteria for inclusion in T2;

b) Share premium resulting from the issue of instruments included in T2;

c) Instruments issued by banking consolidated subsidiaries of the bank and held by third parties that meet the criteria for inclusion in T2 capital and are not included in T1;

d) Expected Credit Loss stage 1 and stage 2;

e) Asset revaluation reserves which arise from the revaluation of fixed assets and investment properties from time to time in line with the change in market values, and

f) Regulatory adjustments applied in the calculation of T2.

In accordance with the CBB's Basel III capital adequacy framework, certain exposures are required to be deducted from regulatory capital rather than included in RWAs. The CBB's Basel III capital adequacy framework requires that most of the deductions be made from CET1. At present, the T2 capital of Eskan Bank consists solely of Expected Credit Loss (ECL) stage 1 and stage 2 exposures.

There is also a restriction on the amount of ECL reserve that may be included as part of T2 capital, which should be a maximum of 1.25 percent of the credit RWA.

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11. CAPITAL (continued)

The following table summarizes the eligible capital after deductions for Capital Adequacy Ratio (CAR) calculation as of 31 December 2024.

	CET1	AT1	T2
Components of capital			
Tier 1 Capital			
Common Equity Tier 1 (CET1)			
Issued and fully paid ordinary shares	250,000	-	-
General reserves	105,064		
Statutory reserves	61,062	-	-
Retained earnings	9,699	-	-
Current interim profits	30,221	-	-
Cumulative fair value changes on FVOCI investments (Equities)	(351)	-	-
Total CET 1 Capital prior to the regulatory adjustments	**455,695**	**-**	**-**
Less: Regulatory adjustments			
Intangibles other than mortgage servicing rights	452		
Total CET 1 Capital after the regulatory adjustments	**455,243**	**-**	**-**
Other Capital (AT1 & T2)			
Expected Credit Losses (ECL) Stages 1 & 2 (1.25% of credit risk weighted assets)	-	-	**2,147**
Net available Capital	**455,243**	**-**	**2,147**
Total Capital			**457,390**

Table 2: CAPITAL ADEQUACY RATIOS

The CBB Capital Adequacy Rules provides guidance on the risk measurements for the calculation of capital requirements. Conventional bank licenses are required to meet the following minimum CAR requirements:

	Components of consolidated CARs			
	Optional	**Minimum Ratio Required**	**Capital conservation buffer (CCB)**	**CAR including CCB**
Common Equity Tier 1 (CET1)		6.5%		9.0%
Additional Tier 1 (AT1)	1.5%		2.5% comprising of CET1	
Tier 1 (T1)		8.0%		10.5%
Tier 2 (T2)	2%			
Total Capital		10.0%		12.5%

Following are Capital Adequacy Ratios for total capital and Tier 1 capital as of 31 December 2024 :

CET1 Capital Adequacy Ratio	**182.57%**
T1 Capital Adequacy Ratio	**182.57%**
Total Capital Adequacy Ratio	**183.43%**

11.2 Capital Adequacy

The Group's policy is to maintain a strong capital base so as to bolster market confidence and sustain the future development of the business. The Bank maintains adequate capital levels consistent with its business and risk profile and takes care of unforeseen contingencies. The capital planning process of the Bank ensures that the capital available for the Bank is at all times in line with the risk appetite of the Bank.

The Bank uses trigger rate of 12.5 percent for capital adequacy ratio as stipulated by the CBB.

The Bank's ICAAP framework, which aims to ensure that capital supports business growth for its future activities, stipulates that the Bank should maintain an excess cover relative to the statutory requirement.

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12. INTERNAL AUDIT

Internal audit department in Eskan bank is an independent function and reports directly to the Audit, Risk and Compliance committee and provides an assurance services regarding the effectiveness of the established controls, compliance and governance functions in the Bank.

The internal audit function carries out its activities in accordance to an approved risk-based plan to ensure that all high risk processes and functions are covered annually. According to the risk-based audit approach, the function maintains a comprehensive risk register, whereby risks are identified and updated regularly throughout the year considering the dynamic changes in the business environment and controls. The department assesses the established controls to mitigate identified risk, and tests them on sample bases to ensure their effectiveness. Any weaknesses or deviation are reported to Executive Management and the Audit, Risk and Compliance committee of the Board for corrective action.

13. CREDIT RISK

13.1 Overview of Credit Risk Management

Credit risk represents the possibility that a party involved in a financial transaction will not fulfil its obligations, leading to financial losses for the other party. This risk becomes particularly concentrated when several counterparties, engaged in similar business activities or operating within the same geographical area or economic sector, fail to meet their contractual obligations. Such failures often result from changes in economic, political, or other external conditions.

Credit risk entails the potential for losses to the Group due to the inability of clients, customers, or counterparties, including sovereign entities, to fully meet their obligations. This includes the timely and complete payment of principal, interest, collateral, and other receivables. The Bank's exposure to credit risk primarily arises from its lending activities and counterparty credit risk associated with its treasury operations.

To mitigate credit risk within its portfolio, the Bank employs a variety of strategies. These include monitoring credit exposures, limiting transactions with certain counterparties, evaluating counterparties' creditworthiness, and securing appropriate collateral whenever necessary.

The Bank maintains well-established policies and procedures for the identification, measurement, monitoring, and control of credit risk across all banking activities. The credit risk policy, approved by the Board of Directors, outlines these measures. Additionally, the Bank periodically prepares comprehensive risk reports to monitor compliance with Board-approved limits.

A tiered approval authority matrix and management-level committees have been established to actively oversee credit risk exposures. The Bank is committed to systematic risk reporting at all organizational levels and ensures transparency in its communications with stakeholders.

13.2 Definition, Assumptions and Technique for Estimating Impairment

Significant increase in credit risk

When assessing whether the credit risk of a financial asset has significantly increased since its initial recognition for estimating ECL, the Bank considers reasonable and supportable information that is both relevant and accessible without incurring undue costs or effort. This includes a comprehensive analysis of both quantitative and qualitative data, leveraging the Bank's historical experience and incorporating forward-looking information.

The Bank operates under the assumption that the credit risk associated with a financial asset has significantly increased if contractual payments are overdue by more than 30 days. This presumption remains in effect unless the Bank can substantiate, through reasonable and fact-based evidence, that the risk has not significantly escalated after this 30-day period.

A financial asset is considered to be in default under any of the following conditions

- The borrower is unlikely to fulfill their credit obligations to the Bank in entirety, without the Bank needing to resort to measures such as realizing security (if any exists). This assessment of unlikeliness to pay considers both quantitative and qualitative factors; and/or
- The financial asset is due over 90 days.

Furthermore, staging criteria for exposure to financial institutions and banks are subject to downgrades in the credit rating of the counterparties as per its policy. Specifically, downgrades below a certain threshold, as defined in the Bank's credit risk policy, will trigger a move to a higher impairment stage.

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13. CREDIT RISK (continued)

Probability of Default ("PD")

The Bank systematically gathers data on the performance and default rates of its credit risk exposures, categorizing this information by the number of days past due. To analyze the collected data and estimate PD for various exposures—as well as to forecast how these probabilities are expected to evolve over time—the Bank employs the Merton-Vasicek methodology. This methodology involves identifying and calibrating the correlations between fluctuations in default rates and shifts in crucial macroeconomic indicators.

These key macroeconomic factors encompass:

- Real GDP Growth;
- Total Investments as a percentage of GDP;
- Inflation Rate;
- Imports and Exports of Goods and Services;
- Unemployment Rate;
- Domestic Credit Growth;
- Oil Prices;
- Gross National Savings;
- Central Government Revenue as a percentage of GDP; and
- Central Government Expenditure as a percentage of GDP.

This comprehensive analysis aids the Bank in understanding how macroeconomic dynamics influence credit risk, enabling more accurate PD estimations This, in turn, supports more robust credit risk management and informed decision-making.

Credit-impaired financial assets

At each reporting date, the Bank evaluates whether financial assets carried at amortized cost, debt securities classified as Fair Value Through Other Comprehensive Income (FVOCI), and loan commitments exhibit signs of credit impairment. A financial asset is deemed 'credit-impaired' when one or more events have occurred that negatively affect the asset's projected future cash flows. Indications of a financial asset being credit-impaired encompass observable data such as:

- Significant financial distress of the borrower or issuer;
- Contractual breaches, including default or delinquency in payment beyond 90 days;
- Restructuring of a loan or advance by the Group under conditions that would not be considered under normal circumstances; or
- A probable scenario wherein the borrower will file for bankruptcy or undergo another form of financial reorganization.

Once a financial asset is identified as credit-impaired, it undergoes a 'cooling-off' period of four months from the date on which it resumes regular payment patterns. During this period, the Bank closely monitors the borrower's payment behavior to assess the sustainability of the improved financial situation.

Incorporation of forward-looking information

The Bank utilizes statistical models to embed the impact of macro-economic factors on historical default rates. Should these macroeconomic parameters prove to be statistically insignificant, or if the forecasted PDs markedly deviate from current economic condition forecasts, a qualitative PD overlay will be employed. This decision is made by management following a comprehensive analysis of the portfolio using designated diagnostic tools.

Incorporating forward-looking information necessitates a higher degree of judgement regarding the influence of macroeconomic changes on the ECL for Stage 1 and Stage 2 exposures. These stages are categorized as performing facilities, with Stage 3 representing exposures in the default category. The methodologies and assumptions used, including forecasts of future economic conditions, are subject to periodic review and are documented within the Credit Risk Policy.

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13. CREDIT RISK (continued)

Measurement of ECL

The Bank calculates loss allowances for ECL across various financial instruments, including social and commercial loans, balances with banks, debt securities, and loan commitments. This calculation employs a three-stage approach for financial assets carried at amortized cost, debt securities classified as Fair Value Through Other Comprehensive Income (FVOCI), and loan commitments, based on the change in credit quality since their initial recognition.

Stage 1 (12-Month ECL): This stage encompasses financial assets that either have not experienced a significant increase in credit risk since their initial recognition or possess low credit risk at the reporting date. For these assets, the Bank recognizes 12-month ECLs, which are the expected credit losses resulting from potential default events within the next 12 months. It is important to note that 12-month ECLs represent the entire potential credit loss on an asset, weighted by the probability of occurrence within the year, rather than expected cash shortfalls over the same period. Interest revenue continues to be calculated on the gross carrying amount of the asset.

Stage 2 (Lifetime ECL - Not Credit Impaired): This stage includes financial assets that have seen a significant increase in credit risk since initial recognition (except for those with low credit risk at the reporting date) but lack objective evidence of impairment. Assets in this stage are subject to recognition of lifetime ECLs, which are the expected credit losses from all possible default events over the asset's expected life. These ECLs are calculated as the weighted average of credit losses, using the PD as the weighting factor. Interest revenue continues to be calculated on the gross carrying amount.

Stage 3 (Lifetime ECL - Credit Impaired): Stage 3 is designated for financial instruments that demonstrate objective evidence of impairment at the reporting date, including those that are already in default. Assets in this stage are considered credit-impaired, and lifetime ECLs are recognized accordingly. Despite the impairment status, regulatory requirements for credit-impaired accounts remain applicable within this stage.,

ECLs are quantified as a probability-weighted estimate of credit losses, representing the present value of all anticipated cash shortfalls. A cash shortfall is defined as the discrepancy between contractual cash flows due to the entity and the cash flows the Bank expects to receive. ECL calculations apply the effective interest rate of the financial asset for discounting purposes.

The process relies on the term structure of three critical variables:

- Probability of Default (PD): This metric forecasts the likelihood of a default event occurring within a specific timeframe, considering the contractual maturities of exposures. PD is often derived from market data for banks and sovereign counterparties.
- Loss Given Default (LGD): LGD assesses the expected severity of loss in the event of default. It is estimated based on historical recovery rates against claims on defaulted counterparties.
- Exposure at Default (EAD): EAD quantifies the expected exposure at the point of default, factoring in the current exposure to the counterparty and potential changes due to contract stipulations, including amortization. For financial assets, EAD corresponds to their gross carrying amount.

These parameters are sourced from internally developed statistical models and historical data, with adjustments made to incorporate forward-looking information. The integration of such forward-looking insights requires a nuanced understanding of how changes in PD, LGD, and EAD variables can influence ECL outcomes, underlining the dynamic nature of credit risk assessment.

Table 7: Past Due Loans and other assets - Aging Analysis (in BD thousands)

The following table summarizes the total past due loans including other assets and provisions disclosed by industry as of 31 December 2024:

	Below 3 months	3 months up to 1 year	1 up to 3 years	Over 3 years	Total
Retail mortgage social loans	39,232	18,739	14,606	-	72,577
Retail mortgage commercial loans	405	41	271	-	716
Other assets	148	59	41	330	578
	39,785	**18,838**	**14,917**	**330**	**73,871**

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13. CREDIT RISK (continued)

Past due loans and other assets breakdown by type and expected credit loss (ECL):

	Total amount	ECL stage 1& 2	ECL stage 3
Retail mortgage social loans	72,577	12,204	30,172
Retail mortgage commercial loans	716	35	336
Other assets	578	-	334
	73,871	**12,240**	**30,842**

Impaired loans:

	Loan amount	ECL stage 3
Retail mortgage social loans	38,769	32,996
Retail mortgage commercial loans	394	336
	39,163	**33,332**

Table 8: Expected credit loss movement (in BD thousands)

Expected credit loss movement	Stage 1 & 2	Stage 3	Total
Loans:			
Expected credit loss as 1 January 2024	23,512	38,142	61,653
Net transfer between stages	8,432	(8,432)	-
Write off during the period - social loan	(159)	(2,756)	(2,915)
Write off during the period - Commercial Loans	-	(52)	(52)
(Release) / charge for the period - Social Loans	(10,991)	6,403	(4,588)
(Release) / charge for the period- Commercial Loans	(200)	27	(173)
Expected credit loss as 31 December 2024	**20,593**	**33,332**	**53,926**

Other assets:	Stage 3	Total
Expected credit loss as 1 January 2024	279	279
Charge for the period	55	55
Expected credit loss as 31 December 2024	**334**	**334**

The Group's entire past due and provision balances as at 31 December 2024 relates to its operations in the Kingdom of Bahrain.

Restructured Assets

Exposures that have been restructured due to credit risk reasons are classified within Stage 2 for a minimum duration of 3 months from the date the restructured facility demonstrates satisfactory performance. This classification reflects a cautious approach to monitoring the restructured exposure's performance under its new terms.

When the terms of an exposure to credit risk are renegotiated, modified, or if an existing exposure is replaced due to the borrower's financial difficulties, such exposure should be derecognized. The calculation of ECL then proceeds based on the cash shortfalls from the derecognized exposure, discounted from the expected derecognition date to the reporting date using the original effective interest rate. A 3-month cooling-off period post-restructuring is deemed adequate for evaluating the cash flow adequacy and the performance under the new terms.

The total principal outstanding amount of social loans restructured (excluding those past dues as of year-end) during the year is BD 7.8 million and the ECL on restructured loans as of year-end is BD 1.3 million

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13. CREDIT RISK (continued)

Table 9: Capital Requirements – Standard Portfolio (in BD thousands)

The following table summarizes the regulatory capital requirements for credit risk by type of standard portfolios that are subject to standardized approach as of 31 December 2024:

	*** Gross Exposures	Risk Weighted Exposures	** Capital Charge
Standard Portfolio			
Cash items	175	-	-
Claims on sovereign	1,076,395	-	-
Claims on Banks	340	68	9
Claims on investment firms	-	-	-
Mortgage	3,114	2,336	292
Past due exposure	42	42	5
Equity investments	213	320	40
All other holdings of real estate *	103,009	167,276	20,910
Other assets	1,745	1,745	218
	1,185,033	**171,787**	**21,473**

**Gross Exposures are in agreement with the Form PIR submitted to the Central Bank of Bahrain ("CBB") which takes in to account several deductions made in order to arrive at the eligible capital. The exposures reported are gross of any credit risk mitigant (refer note below on credit risk mitigation).*

*** Calculated at 12.5% of RWA*

**** Includes real estate exposure relating to social housing projects amounting BD 25,828, thousand which are credit risk weighted at 50% as per CBB concessions and have capital charge of BD 12,914 thousand.*

Table 10: Assets - Funded, Unfunded and Average Exposures (in BD thousands)

The following table summarises the amount of gross funded and unfunded exposure and average gross funded and unfunded exposures as of 31 December 2024:

	Gross Exposures **	* Average Exposures
Funded Exposure		
Bank balances	41,271	28,498
Investments	3,222	3,331
Loans	1,007,841	964,351
Investment in associates	5,394	4,731
Investment properties	65,565	65,280
Development properties	28,447	28,940
Other assets	2,731	2,816
	1,154,471	**1,097,947**
Unfunded Exposure		
Loan related	46,844	49,462
Capital Commitments	4,494	4,657
	51,337	**54,119**

** Average balances are computed based on quarter end balances.*

*** The exposures reported are gross of any credit risk mitigant (refer note below on credit risk mitigation).*

The Group holds collateral against loans in the form of mortgage on residential property (refer section 14).

Credit risk mitigation:

The Bank did not consider any credit risk mitigation for the purpose of capital adequacy calculation and as a result the Bank did not make use of on and off balance sheet netting arrangements (i.e. it has no counterparty credit risk) as of 31 December 2024.

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13. CREDIT RISK (continued)

Securitisation exposure:

The Bank does not have securitisation exposures as of and during the year ended 31 December 2024.

Table 11: Geographic Distribution of exposures (in BD thousands)

The following table summarises the geographic distribution of exposures (as reported under IFRS), broken down into significant areas by major types of exposure as of 31 December 2024:

	Kingdom of Bahrain	Total
Funded Exposures		
Bank balances	41,271	41,271
Investments	3,222	3,222
Loans	1,007,841	1,007,841
Investment in associates	5,394	5,394
Investment properties	65,565	65,565
Development properties	28,447	28,447
Other assets	2,731	2,731
	1,154,471	**1,154,471**
Unfunded Exposures		
Loan related	46,844	46,844
Capital Commitment	4,494	4,494
	51,337	**51,337**

The Group considers the above geographical disclosure to be the most appropriate as the Group's activities are conducted in the Kingdom of Bahrain.

Table 12: Sector-wise Distribution of Exposures (in BD thousands)

The following table summarizes the distribution of funded and unfunded exposure by industry type as of 31 December 2024:

	Government	Banks and financial institutions	Real estate and construction	Residential mortgage	Tourism	Other	Total
Funded Exposures							
Bank balances	40,762	334	-	-	-	175	**41,271**
Investments	586	-	2,423	-	-	213	**3,222**
Loans	-	-	-	1,007,841	-	-	**1,007,841**
Investment in associates	-	-	5,394	-	-	-	**5,394**
Investment properties	-	-	65,565	-	-	-	**65,565**
Development properties	-	-	28,447	-	-	-	**28,447**
Other assets	18	6	128	382	-	2,197	**2,731**
	41,366	340	101,957	1,008,223	-	2,586	**1,154,471**
Unfunded Exposures							
Loan related	-	-	-	46,844	-	-	**46,844**
Capital Commitment	-	-	4,489	-	-	5	**4,494**
	-	-	4,489	46,844	-	5	**51,337**

The Bank has no exposures to highly leveraged or other high risk counterparties as at and for the period ended 31 December 2024. Further the Bank has no concentration of risk to individual counterparties where the exposure is in excess of the 15% individual obligor limit as of and for the period ended 31 December 2024.

Pillar-III Disclosures

31st December, 2024

13. CREDIT RISK (continued)

13.3 Related Parties Transactions

The Bank's policy is to lend to related or connected counterparties on agreed terms basis i.e. pricing for all transactions with connected counterparties shall be on a similar basis as it is for unconnected parties i.e. as per usual business practice. For all large exposures to connected counterparties, approval is obtained from the Board of Directors of the Bank.

The details of the related party disclosures are incorporated in the relevant section of the consolidated financial statements for the year ended 31st December 2024.

Table 13: Intra-group transactions as of 31 December 2024 (In BD Thousands)

The Bank disclosed its intra-group transactions* with its subsidiaries on standalone basis. The following table summarizes intra-group transactions as of 31 December 2024:

	Eskan Bank	Eskan Property Co.	Total
Assets			
Balances with Banks	-	421	**421**
Inter Bank Deposits	-	1,381	**1,381**
Development Properties	330	-	**330**
Investment properties	94	-	**94**
Investments in subsidiaries	250	-	**250**
Other Assets	34	201	**235**
	708	**2,003**	**2,711**
Liabilities and Equity			
Non-Bank Deposits	1,381	-	**1,381**
Current Accounts	421	-	**421**
Other Liabilities	201	32	**233**
Share Capital & Reserves	582	94	**676**
	2,585	**126**	**2,711**

*All intra-group transactions are conducted on arm's length basis.

13.4 Large Exposures

A Large exposure is any exposure to individual **counterparties** which is greater than, or equal to, 10% of consolidated **capital base**. The Bank did not have any large exposure as at 31st December 2024.

14. CREDIT RISK MITIGATION

- The Bank has implemented several measures and processes for mitigating risk and ensuring the ongoing effectiveness of these mitigants: Clear definition of acceptable collaterals and factors governing the same.
- Thorough analysis of strength of collaterals in terms of its legal certainty, enforceability and liquidity.
- Creation of minimum stipulations and conditions for acceptance and valuation of collaterals.
- Clearly outlined in the Credit Risk Policy are the cases where insurance cover is required to be taken.
- Clear and conservatively defined parameters for extension of retail mortgage loans including but not limited to debt service ratios.
- Clear control over the cash flows available to service the mortgage loans by way of acceptance of deduction of instalments and remittance thereof to the Bank directly by the employers.

The Bank currently utilizes solely non-financial collaterals to mitigate credit risk in its regular lending operations, primarily including: First legal mortgage over real estate/ property.

Despite these collaterals being ineligible for inclusion under the standardized approach, they do not affect the Pillar I capital adequacy charge. Given the Bank's focus on mortgage financing, there is a significant concentration of such collaterals in the portfolio. Nevertheless, the option of recourse to the Government in the case of social loans, coupled with a positive growth trajectory in the housing sector, effectively mitigates this concentration risk.

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31st December, 2024

14. CREDIT RISK MITIGATION (continued)

Valuation of the Collaterals

- **Residential Mortgage Loans (commercial):**

The valuation of collateral is carried out by an external evaluator, at the time of approval. A fresh external valuation of loans is taken if the same is mandated by regulatory authorities.

- **Residential Mortgage Loans (Social):**

The collateral obtained is of eligible land/ house, in accordance with the social loans scheme, at the time of disbursement. In case of Purchase Loans, valuation are carried out by an external evaluator, at the time of disbursal. There is no requirement for valuation of land or property post disbursal.

15. COUNTERPARTY CREDIT RISK FOR DERIVATIVE AND FOREIGN EXCHANGE INSTRUMENTS

The Bank does not have exposure to any of the derivative and foreign exchange instruments. So, the Bank has no counterparty credit risk arising there from.

16. LIQUIDITY RISK

Liquidity risk represents the potential that the Group may not fulfill its funding obligations due to various factors. This risk may emerge from market disruptions or credit downgrades, leading to the sudden unavailability of funding sources. To mitigate such risks, the Bank has implemented a strategy that includes diversifying funding sources and managing assets with liquidity considerations at the forefront. This strategy ensures a robust balance of cash, cash equivalents, and easily marketable securities. Additionally, the Bank maintains mandatory deposits with the CBB and has secured lines of credit from a variety of banking and financial institutions. A key factor in the Bank's ability to sustain a stable liquidity profile is the reliable inflow from its loan portfolio, syndicated loans, and the enduring nature of its Government Account.

A comprehensive Liquidity Risk Management policy is in place, detailing the Asset Liability Committee's ("ALCO") roles and responsibilities. This policy outlines broad guidelines for maintaining minimum levels of liquid assets, establishing gap limits across different maturity ladder time buckets, setting cumulative cash outflow limits for specific time buckets, and adhering to various liquidity ratios, all approved by the ALCO in alignment with the Bank's liquidity strategy.

Furthermore, the Bank prepares contingency plans to address extreme liquidity risk scenarios, grounded in thorough scenario analyses. These plans are designed to ensure the Bank's resilience in facing unexpected liquidity challenges

Table 14: Residual Contractual Maturity Breakdown of Assets and Liabilities (in BD thousands)

The report reflects that there are no negative cumulative gaps reflected by the asset liability management ("ALM") report i.e. the Bank would be in a comfortable liquidity position and able to repay its existing liabilities on their scheduled due dates from its existing assets.
The following table summarises the residual contractual maturity breakdown of the whole credit portfolio as of 31 December 2024, broken down by major types of credit exposure.

For items that do not have a contractual maturity, expected maturity has been used for the purpose of this disclosure:

	1-7 Days	7 Days - 1 Month	1-3 Months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	5-10 Years	10-20 Years	Above 20 Years	Total
Bank balance	29,271	12,000	-	-	-	-	-	-	-	-	**41,271**
Investments	-	-	-	-	-	3,222	-	-	-	-	**3,222**
Loans	-	3,417	6,914	10,549	21,384	87,798	89,669	225,376	415,205	147,528	**1,007,841**
Investment in associates	-	-	-	-	-	-	-	-	-	5,394	**5,394**
Investment properties	-	-	-	-	-	-	13,113	13,113	39,339	-	**65,565**
Development properties	-	-	-	-	923	27,525	-	-	-	-	**28,447**
Other assets	13	271	649	230	377	748	249	194	-	-	**2,731**
TOTAL ASSETS	**29,284**	**15,688**	**7,563**	**10,779**	**22,684**	**119,293**	**103,031**	**238,684**	**454,544**	**152,922**	**1,154,471**
Interbank borrowings	-	-	2,021	-	-	-	-	-	-	-	**2,021**
Customer current accounts	28,751	-	-	-	-	-	-	-	-	-	**28,751**
Government accounts	-	3,293	-	-	-	-	-	-	-	438,637	**441,930**
Term loans	-	-	-	-	-	100,038	120,000	-	-	-	**220,038**
Other liabilities	-	180	2,085	242	387	1,624	1,517	-	-	-	**6,036**
TOTAL LIABILITIES	**28,751**	**3,474**	**4,106**	**242**	**387**	**101,662**	**121,517**	**-**	**-**	**438,637**	**698,775**
MISMATCH	**533**	**12,215**	**3,457**	**10,537**	**22,297**	**17,631**	**(18,486)**	**238,684**	**454,544**	**(285,715)**	**455,696**
CUMULATIVE MISMATCH	**533**	**12,748**	**16,205**	**26,742**	**49,039**	**66,670**	**48,184**	**286,868**	**741,412**	**455,696**	**455,696**

There are no obligations with respect to recourse transactions (i.e. where the asset has been sold, but the Bank retains responsibility for repayment if the original counterparty defaults or fails to fulfil their obligations).

Pillar-III Disclosures

31st December, 2024

17. MARKET RISK

17.1 Overview of Market Risk Management

Market risk for the Bank is defined as the risk to the Bank's earnings and capital arising from changes in market interest rates, security prices, foreign exchange rates, commodity prices, equity values, and the volatilities of these changes. The key characteristics of the market risk at the Bank are as follows:

- The absence of a 'Trading Book';
- Investments are primarily categorized as 'FVOCI';
- Minimal market risk exposure; and
- Adoption of the Standardized Approach for calculating capital charges for market risk.

18. OPERATIONAL RISK

18.1 Overview of Operational Risk Management

Operational risk refers to the potential for adverse outcomes arising from inadequate or failed internal processes, personnel, systems, or external events. The Bank aims to manage its exposure to operational risk within its defined risk appetite, considering the market environment, business characteristics, and the economic and regulatory landscape.

18.2 Management of Operational Risk

The Bank's Operational Risk Management framework is built on three core pillars: policies, processes (including systems and reports), and risk methodologies.

Policies

The Bank has established policies, standards, tools, and programs to guide Operational Risk Management (ORM) practices throughout the Bank. The ORM Policy outlines a comprehensive approach for managing operational risk in a structured, systematic, and consistent manner.

Processes, Systems and Reports

Robust internal control processes and systems are crucial for identifying, assessing, monitoring, managing, and reporting operational risk. Consequently, all units within the Bank are tasked with the day-to-day management of operational risk in their respective products, processes, systems, and activities, adhering to established frameworks and policies. The operational risk unit, Operational Risk Champions (ORCs), and control functions are responsible for:

- Overseeing and monitoring the effectiveness of operational risk management;
- Assessing key operational risk issues within the units; and
- Reporting and, when necessary, escalating key operational risks to the Risk Management Committee with recommendations for appropriate risk mitigation strategies.

The Bank employs an internally developed operational risk management solution to monitor and report operational risk, in addition to capturing operational loss data in compliance with Basel III and CBB guidelines.

Risk Methodologies

To manage and control operational risk, the Bank employs a variety of tools, including risk and control self-assessment, ORCs, and key risk indicator monitoring.

The three lines of defense adopt a unified risk taxonomy and a consistent approach to managing operational risk. Each business or support unit conducts risk and control self-assessments to identify key operational risks and evaluate the effectiveness of internal controls. When control issues are identified, units develop action plans and monitor the resolution of these issues.

Operational risk events are classified in line with Basel standards. Events that could significantly impact the Bank's reputation, among others, are reported according to specific thresholds. Key risk indicators, equipped with predefined escalation triggers, support proactive risk monitoring.

ORCs are designated for each department, aiming to become trusted partners within their respective areas. They act as intermediaries between those developing risk policies and strategies and the employees implementing these strategies. The RMD is committed to providing relevant training and implementing assurance processes to foster a robust operational risk culture within the Bank.

Furthermore, every new product, service, or outsourcing arrangement undergoes a risk review and sign-off process, where relevant risks are identified and evaluated. Similarly, variations to existing products or services and current outsourcing arrangements are subjected to this process.

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18. OPERATIONAL RISK (continued)

Other Mitigation Programs

The Bank has implemented a comprehensive business continuity management plan to ensure the ongoing provision of essential banking services in the face of unforeseen events or disruptions. This plan encompasses a crisis management strategy designed for rapid incident response. To validate the effectiveness of these plans, the Bank conducts annual exercises that simulate various scenarios, testing both business continuity and crisis management protocols. The outcomes of these exercises, along with assessments of the Bank's readiness for business continuity and adherence to regulatory guidelines, are reviewed and verified by senior management and reported to the Board.

Additionally, the Bank has developed a contingency plan for potential computer system failures. This includes regular backups of all critical data sets, which are stored off-site to safeguard against data loss or interruption of business transactions in the event of system failures. As part of its disaster recovery strategy, the Bank maintains a backup site to ensure operational continuity during emergencies.

Operational Risk Measurement Methodology

To calculate the regulatory capital for operational risk, the Bank employs the Basic Indicator Approach. This method involves applying an alpha coefficient of 15 percent to the average gross income over the last three financial years, from which the operational risk-weighted exposures and the regulatory capital requirement are derived. The Bank adopts a trigger rate of 12.5% for both the Capital Adequacy Ratio and the Operational Risk Ratio.

The following table summarizes the amount of exposures pertaining to operational risk and related capital requirements as of 31 December, 2024

Year	2022	2023	**2024**
Gross income	39,613	44,141	40,341
Average Gross income			41,365
Multiplier			12.5
			517,063
Eligible portion for purpose of the calculation			15%
Total operation risk weighted exposures			77,563
Minimum capital requirement (12.5%)			**9,695**

There are no material legal contingencies nor any pending legal actions against the Bank as of and for the year ended 31 December 2024.

19. EQUITY POSITIONS IN THE BANKING BOOK

The Equity position as at 31 December 2024 comprise investments in subsidiaries and associates which are not subject to regulatory consolidation treatment for capital adequacy calculation purposes and other investments.

Table 15: Equity Position in the Banking Books (in BD thousands)

The following table summarises the total gross exposure of equity based investments as of 31 December 2024:

	Gross Exposures	Privately Held	Quoted	Risk weighted	Capital charge
FVTOCI	2,636	2,636	-	5,165	646
Investments in associates	5,394	-	5,394	10,788	1,348
Capital Charge is calculated @ 12.5%.					

The Bank sold one FVOCI equity investment at net book value i.e. no realized gains (or losses) have been recognized as a result of the sale transaction. Further the Bank does not have any equity investments subject to any supervisory transition or grandfathering provisions regarding regulatory capital requirement.

The RWAs used in arriving at the capital requirements considers investments carried at fair value through other comprehensive income which comprises of investment in Naseej to be risk weighted at 200 percent being equity investments in real estate entity and investments in Balexco are risk weighted at 150 percent. Capital Charge is calculated at 12.5 percent.

Investment in associate represent exposure to real estate and hence it is risk weighted at 200 percent for the purpose of calculating capital requirement.

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19. EQUITY POSITIONS IN THE BANKING BOOK (continued)

Investment in unconsolidated subsidiary represent real estate exposure for social housing project and hence it is risk weighted at 50 percent as per CBB concession.

The Bank's holding of equity positions in banking book is primarily related to its real estate development activity.

The Bank's strategy currently does not allow to hold any equity positions under its treasury investment book and is likely to be continued on the same basis for the foreseeable future.

20. INTEREST RATE RISK IN THE BANKING BOOK

Interest rate risk constitutes the potential impact on the Bank's financial health due to fluctuations in interest rates. The Group encounters interest rate risk through mismatches or gaps between the volumes of assets and liabilities that mature or re-price within a specific period. Excessive interest rate risk could significantly endanger the Bank's earnings and its capital foundation. Therefore, implementing an effective risk management process to keep interest rate risk at prudent levels is crucial for the Bank's stability and integrity. The Bank's policy aims to minimize mismatches between assets and liabilities, maintaining them at stable and acceptable levels to ensure a consistent net interest income. Currently, the Bank's interest rate-sensitive assets and liabilities are relatively limited, characterized by fixed maturity dates. For managing Interest Rate Risk in the Banking Book ("IRRBB"), the Bank employs earnings-based measures, specifically Net Interest Income ("NII"), and conducts stress tests using rate shocks of 100 basis points ("bps") and 200 bps. These tests help evaluate the potential adverse effects of IRRBB on net interest income.

Table 16: Sensitivity Analysis- Interest Rate Risk (in BD thousands)

Analysis of the Group's sensitivity to an increase or decrease in a 200 bps parallel market interest rates (assuming no asymmetrical movement in yield curves and a constant balance sheet position) on the Group's net profit and equity:

	31 December 2024	Changes in basis points (+/-)	Effect on net profit (+/-)
ASSETS			
Placements with financial institutions	37,000	200	740
Loans - social loans	1,347,615	200	26,952
Loans - commercial loans	3,484	200	70
Investment in Debt Securities	586	200	12
Rate sensitive Assets	**1,388,685**		**27,774**
LIABILITIES			
Deposits from financial and other institutions	2,021	200	40
Term Loans	220,038	200	4,401
Rate sensitive Liabilities	**222,058**	200	4,441
Total			**23,333**

The policies and strategies adopted by the Bank in identifying, monitoring, managing and mitigating all the above risks have been effective and there has been no significant change from last year.

21. AUDIT FEES

Information relating to the fees paid to external auditors for audit and non-audit services including the review of interim financial statements, agreed upon procedures services related to CBB quarterly prudential report, anti-money laundering, CBB annual and semi-annual additional public disclosure requirements are maintained at the Bank and available upon request. A "Local Public Tender" was floated and Ernst & Young were appointed as the external auditors of the Bank for the financial year ending 2023 being the successful bidder in accordance to Legislative Decree No.36 of the year 2002 with respect to Regulating Government Tenders and Purchases. The assessment for the appointment of the external auditors was recommended by the Audit, Risk and Compliance Committee and approved by the Board of Directors.

22. CBB Penalties

The CBB penalties imposed upon the Bank during the year amounted to BD 1,230 related to Electronic Fund Transfer Services (EFTS).

Composition of Capital Disclosure Requirements

31st December, 2024

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Composition of Capital Disclosure Requirements

31st December, 2024

Step 1 & 2 (in BHD thousands)

Particulars	FS	PIR	Ref
ASSETS			
Cash and balances at central banks	40,937	40,937	
Placements with banks and similar financial institutions	334	334	
of which Expected Credit Loss (stage 1 & 2)	-	-	
Loans and advances to banks and non-banks	995,121	1,028,434	
of which Expected Credit Loss (stage 1 & 2)	12,719	-	a
Investment at fair value through other comprehensive income	2,636	2,636	
Investments at Amortized Cost	586	586	
Investment properties	65,565	65,565	
Interest in unconsolidated subsidiaries and associated companies - Note 1	5,394	5,394	
Interest receivable	400	400	
Property, plant, and equipment (PPE)	723	271	
Other Assets	30,056	30,056	
of which: intangible assets deducted from regulatory capital	-	452	b
Total Assets (3.1 to 3.10 inclusive)	**1,154,471**	**1,175,065**	
NON-CAPITAL LIABILITIES			
Deposits from banks	-	-	
Deposits from non-banks	30,772	30,772	
Certificates of deposits issued	-	-	
Debt securities in issue	-	-	
Financial liabilities at fair value through profit and loss	-	-	
Term borrowings	220,038	220,038	
Securities sold under repos	-	-	
Dividend payable	-	-	
Interest payable	434	434	
Other liabilities	447,533	447,533	
Total non-capital items (2.1 to 2.10 inclusive)	**698,777**	**698,777**	

Composition of Capital Disclosure Requirements

31st December, 2024

Step 1 & 2 (in BHD thousands) (continued)

Particulars	FS	PIR	Ref
CAPITAL LIABILITIES			
Paid up share capital (net of treasury shares)	250,000	250,000	c
Share premium	-	-	
Legal reserve	61,062	61,062	d
General (disclosed) reserves	105,064	105,064	e
Retained earnings/(losses) brought forward*	9,699	9,699	f
Net (loss) for the period	-	-	
Net profit for the period	30,221	30,221	g
Innovative capital instruments	-	-	
Minority interest in subsidiaries' share capital	-	-	
Fx translation adjustment	-	-	
Fixed assets revaluation reserves	-	-	
Cumulative fair value changes on FVOCI investments	(351)	(351)	h
Expected credit losses (Stages 1 & 2)	-	18,446	a
of which eligible for T2	-	2,147	i
Hybrid (debt/equity) capital instruments	-	-	
Subordinated debts	-	-	
Fair value changes on available-for-sale investments	-	-	
Fair value changes of cash flow hedges	-	-	
Short-term subordinated debts	-	-	
Total capital items (1.1 to 1.17 inclusive)	**455,694**	**476,288**	
Total capital and non-capital items (1.18 + 2.11)	**1,154,471**	**1,175,065**	

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Composition of Capital Disclosure Requirements

31st December, 2024

Step 3: Composition of Capital Common Template (transition) as at 31 December 2024

	Common Equity Tier 1 capital: instruments and reserves	Component of regulatory capital reported by bank	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	250,000	c
2	Retained earnings	9,699	f
3	Accumulated other comprehensive income (and other reserves)	196,347	d+e+g
4	Not Applicable		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	Cumulative fair value changes on FVOCI investments (Equities)	(351)	h
7	**Common Equity Tier 1 capital before regulatory adjustments**	**455,695**	
	Common Equity Tier 1 capital: regulatory adjustments		
8	Prudential valuation adjustments		
9	Goodwill (net of related tax liability)		
10	Other intangibles other than mortgage-servicing rights (net of related tax liability)	452	b
11	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)		
12	Cash-flow hedge reserve		
13	Shortfall of provisions to expected losses		
14	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)		
15	Not applicable.		
16	Defined-benefit pension fund net assets		
17	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)		
18	Reciprocal cross-holdings in common equity		
19	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)		
20	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)		
21	Mortgage servicing rights (amount above 10% threshold)		
22	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		
23	Amount exceeding the 15% threshold		
24	of which: significant investments in the common stock of financials		
25	of which: mortgage servicing rights		
26	of which: deferred tax assets arising from temporary differences		
27	National specific regulatory adjustments		
28	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover		
	deductions		
29	**Total regulatory adjustments to Common equity Tier 1**	**452**	

Composition of Capital Disclosure Requirements

31st December, 2024

	Common Equity Tier 1 capital: instruments and reserves	Component of regulatory capital reported by bank	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation from step 2
30	**Common Equity Tier 1 capital (CET1)**	**455,243**	
	Additional Tier 1 capital: instruments		
31	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus		
32	of which: classified as equity under applicable accounting standards		
33	of which: classified as liabilities under applicable accounting standards		
34	Directly issued capital instruments subject to phase out from Additional Tier 1		
35	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)		
36	of which: instruments issued by subsidiaries subject to phase out		
37	**Additional Tier 1 capital before regulatory adjustments**	-	
	Additional Tier 1 capital: regulatory adjustments	-	
38	Investments in own Additional Tier 1 instruments		
39	Reciprocal cross-holdings in Additional Tier 1 instruments		
40	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)		
41	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
42	National specific regulatory adjustments		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
43	**Total regulatory adjustments to Additional Tier 1 capital**		
44	**Additional Tier 1 capital (AT1)**	**-**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**455,243**	
	Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus		
47	Directly issued capital instruments subject to phase out from Tier 2		
48	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)		
49	of which: instruments issued by subsidiaries subject to phase out		
50	Provisions	2,147	i
51	**Tier 2 capital before regulatory adjustments**	**2,147**	**i**
	Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments		
53	Reciprocal cross-holdings in Tier 2 instruments		
54	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) .		
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
56	National specific regulatory adjustments		

Composition of Capital Disclosure Requirements

31st December, 2024

	Common Equity Tier 1 capital: instruments and reserves	Component of regulatory capital reported by bank	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation from Step 2
57	**Total regulatory adjustments to Tier 2 capital**	**-**	
58	**Tier 2 capital (T2)**	**2,147**	**i**
59	**Total capital (TC = T1 + T2)**	**457,390**	
60	**Total risk weighted assets**	**249,350**	
	Capital ratios		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	**183%**	
62	Tier 1 (as a percentage of risk weighted assets)	**183%**	
63	Total capital (as a percentage of risk weighted assets)	**183%**	
64	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)	9%	
65	of which: capital conservation buffer requirement	2.5%	
66	of which: bank specific countercyclical buffer requirement (N/A)	NA	
67	of which: D-SIB buffer requirement (N/A)	NA	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	183%	
	National minima including CCB (if different from Basel 3)		
69	CBB Common Equity Tier 1 minimum ratio	9%	
70	CBB Tier 1 minimum ratio	10.5%	
71	CBB total capital minimum ratio	12.5%	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital of other financials		
73	Significant investments in the common stock of financials		
74	Mortgage servicing rights (net of related tax liability)		
75	Deferred tax assets arising from temporary differences (net of related tax liability)		
	Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	18,446	a
77	Cap on inclusion of provisions in Tier 2 under standardised approach	2,147	i
78	N/A		
79	N/A		
	Capital instruments subject to phase-out arrangements		
	(only applicable between 1 Jan 2020 and 1 Jan 2024)		
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements		
85	Amount excluded from T2 due to cap (excess over cap after		

Composition of Capital Disclosure Requirements

31st December, 2024

Disclosure template for main feature of regulatory capital instruments

1	Issuer	Eskan Bank B.S.C (c)
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable
3	Governing law(s) of the instrument	All applicable laws and regulations of the Kingdom of Bahrain
	Regulatory treatment	
4	Transitional CBB rules	Common equity Tier 1
5	Post-transitional CBB rules	Common equity Tier 1
6	Eligible at solo/group/group & solo	Solo & Group
7	Instrument type (types to be specified by each jurisdiction)	Equity Share
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	BD 250,000
9	Par value of instrument	BD 100
10	Accounting classification	Shareholders' equity
11	Original date of issuance	1979 , 2023
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity date
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	Not applicable
16	Subsequent call dates, if applicable	Not applicable
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Dividends as decided by the shareholders.
18	Coupon rate and any related index	Not applicable
19	Existence of a dividend stopper	Not applicable
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Not applicable
24	If convertible, conversion trigger (s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Write-down feature	Not applicable
31	If write-down, write-down trigger(s)	No
32	If write-down, full or partial	Not applicable
33	If write-down, permanent or temporary	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	Not applicable