VISION BANK LIMITED

Financial statements
For the year ended 31 December 2024

Principal business address:
P.O. Box: 764603
Abu Dhabi
United Arab Emirates

Vision Bank Limited

Registered Head Office

Floor 30, Al Maqam Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates

Registered in Abu Dhabi Global Markets, United Arab Emirates No. 000001012

Financial Services Regulatory Authority, United Arab Emirates Permission No. 170016

Board of Directors

Jeremy Parrish, Independent Non-Executive Director and Chairman
Tayeb Amanalla Mohd Zaman Kamali, Independent Non-Executive Director
Pankaj Gupta, Non-Executive Director
Mohamed Mansour M Al Hassan, Non-Executive Director
Theodore Lohmann Goede III, Independent Non-Executive Director
Ian Anderson Bryden, Independent Non-Executive Director
Hesham Ismaeel Ali Mohamed Abdulrahman, Non-Executive Director
Fawaz Talal A Al Tamimi, Non-Executive Director

Bank Secretary

AbdulAziz Hassan

Executive Management

Parvin Jain, Senior Executive Officer
Ahmed Advani, Chief Financial Officer
Shakeel Badar, Chief Compliance Officer
Yash Raval, Chief Risk Officer

Auditor

KPMG Lower Gulf Limited

Vision Bank Limited

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Vision Bank Limited

Directors' report

For the year ended 31 December 2024

The Directors have the pleasure of submitting their report, together with the audited financial statements for the year ended 31 December 2024.

Incorporation

Vision Bank Limited (the "Bank") previously known as Anglo Gulf Trade Bank (AGTB) Limited was incorporated on 12 December 2017 and granted a commercial license by the Abu Dhabi Global Market, UAE on 12 December 2018 as a private company limited by shares.

In April 2022, the control over the Bank was changed following its acquisition by Gulf Islamic Investments LLC ("Parent"), incorporated in Abu Dhabi. The Parent acquired 100% of shares of the Bank as change in control ("CiC") was approved by Financial Services Regulatory Authority ("FSRA") dated 25 April 2022.

Gulf Islamic Investments Group is a Shariah compliant financial services entity engaged in financial advisory and financial consultancy services licensed by Securities and Commodities Authority in UAE.

On 27 April 2023, Abu Dhabi Global Market ("ADGM") approved the change of name of the Bank from 'Anglo-Gulf Trade Bank Limited' to 'Vision Bank Limited'. The Bank also received approval from FSRA to change its Category 1 Banking license to Category 1 Islamic Financial Institution with effect from 13th February 2024 to be able to operate as a Shari'ah compliant bank.

On 25 June 2024, FSRA vide its letter FSRA/170016 confirmed the completion of all the In-Principle Approval (IPA) conditions and the Bank was allowed to recommence its regulated activities with effect from 26 June 2024. The Bank launched its operations on 15 July 2024 comprising digital onboarding, USD current account and USD payments and transfers.

The Bank has started it operations in phases and is initially focusing its activities on the UAE market, leveraging the global connectivity of the United Arab Emirates. Over time, the Bank plans to expand into GCC, the UK and India.

The Bank's registered office is Floor 30, Al Maqam Tower, Abu Dhabi Global Market Square Al Maryah Island, Abu Dhabi, United Arab Emirates.

During the year ended 31 December 2024, the Gulf Islamic Investment LLC injected a capital amounting to USD 15,000 thousand. Total paid up capital as at 31 December 2024 is USD 40,603 thousand.

Principal activity

The Bank's principal activity is to carry out Shari'ah compliant Regulated Activities (but not Managing a Profit-Sharing Investment Account) as a Prudential Category 1 Islamic Financial Institution, for Accepting Deposits, Providing Credit, Advising on Investments or Credit. (Note 1 to the financial statements).

Results and appropriation of profits

The total comprehensive loss for the year was USD 8,419 thousand (*2023: USD 6,604 thousand*) and the total equity was USD 25,580 thousand *(2023: USD 18,999 thousand)*.

No dividends have been paid during the year and no final dividend has been recommended by the Directors.

Going Concern

The financial statements have been prepared on the going concern basis as the Directors have a reasonable expectation that the Bank has adequate resources to continue in business for the foreseeable future (Note 2.2 to the financial statements).

Transactions with related parties

The financial statements disclose related party transactions and balances in Note 20. All transactions are carried out as part of normal course of business and in compliance with applicable laws and regulations.

Directors

The Directors who have held office during the year and to the date of this Report were as follows:

Jeremy Parrish	
Tayeb Amanalla Mohd Zaman Kamali	
Mohamed Mansour M Al Hassan	
Pankaj Gupta	
Theodore Lohmann Goede III	
Ian Anderson Bryden	(appointed 3 May 2024)
Hesham Ismaeel Ali Mohamed Abdulrahman	(appointed 16 September 2024)
Fawaz Talal A Al Tamimi	(appointed 16 September 2024)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Companies Regulations 2020 (as amended) require the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards and applicable law.

The financial statements are required by law to give a true and fair view of the state of affairs of the Bank and of the profit or loss of the Bank for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and to enable them to ensure that the financial statements comply with the Abu Dhabi Global Market Companies Regulations 2020 (as amended). They have general responsibility for such steps as are reasonably open to them to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.

Statement of disclosure to auditors

The Directors make the following statements:

- so far as the Directors are aware, there is no relevant audit information of which the Bank's auditor is unaware; and
- they have taken all the steps they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Bank's auditor is aware of that information.

Auditors
KPMG Lower Gulf Limited were the auditor of the Bank for the year ended 31 December 2024.

On behalf of Board of Directors

DocuSigned by:
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Pankaj Gupta
Director

Signed by:
Mohamed Mansour M Al Hasan
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Mohamed Mansour M Al Hassan
Director

Abu Dhabi, United Arab Emirates
Date: 18 March 2025

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Office No 15-111, 15th Floor
Al Khatem Tower,
Abu Dhabi Global Market Square, Al Maryah Island
Abu Dhabi, United Arab Emirates
Tel. +971 (2) 401 4800, www.kpmg.com/ae

Independent auditors' report

To the Shareholder of Vision Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vision Bank Limited the ("Bank") which comprise the statement of financial position as at 31 December 2024, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with 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 financial statements in the Abu Dhabi Global Market ("ADGM"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Directors' report set out on pages 3 to 5.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the Abu Dhabi Global Market ("ADGM") Companies Regulation 2020, (as amended) and ADGM Companies Regulations (International Accounting Standards) Rules 2015 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank'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 management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the 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 Bank's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's 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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged with governance 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

Further, as required by the provisions of the Abu Dhabi Global Market ("ADGM") Companies Regulations 2020, (as amended) and ADGM Companies Regulations (International Accounting Standards) Rules 2015, we report that:

1. the financial statements, in all material respects, have been properly prepared in compliance with the requirements of the ADGM Companies Regulations 2020 (as amended) and ADGM Companies Regulations (International Accounting Standards) Rules 2015;

2. the financial information included in the Director's report, in so far as it relates to these financial statements, is consistent with the books of account of the Bank.

KPMG Lower Gulf Limited

Walid Yakan
Abu Dhabi, United Arab Emirates

Date: 19 March 2025

Vision Bank Limited

Statement of financial position

As at

	Note	31 December 2024 $000	31 December 2023 $000
Assets			
Cash and balances due from banks	*9*	**14,888**	16,398
Investment securities	*10*	**6,826**	-
Property and equipment	*11*	**84**	53
Right of use asset	*12*	**734**	1,118
Intangible assets	*13*	**428**	136
Deferred tax asset	*8*	**832**	-
Other assets	*14*	**4,455**	3,342
Total assets		**28,247**	21,047
Liabilities			
Customer deposits	*15*	**1,367**	-
Lease liability	*16*	**721**	1,483
Other liabilities	*17*	**579**	565
Total liabilities		**2,667**	2,048
Equity			
Share capital	*18*	**40,603**	25,603
Fair value reserve	*19*	**(96)**	-
Accumulated losses		**(14,927)**	(6,604)
Total equity		**25,580**	18,999
Total liabilities and equity		**28,247**	21,047

We approve these financial statements and confirm that we are responsible for them, including selecting the accounting policies and making the judgments underlying them. We also confirm that we have made available all relevant accounting records and information for their compilation.

These financial statements were approved by the Board of Directors on 18 March 2025 and signed on their behalf by:

Signed by:
Mohamed Mansour M Al Hasan
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Mohamed Mansour M Al Hasan, Director

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Parvin Jain, Senior Executive Officer

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The notes on pages 13 to 37 form an integral part of these financial statements.

The independent auditors' report is set out on pages 6 to 8

Vision Bank Limited

Statement of comprehensive income

For the year ended 31 December 2024

	Note	**2024**	2023
		$000	$000
Income from Islamic financing and investment products	*6*	**423**	403
Total income		**423**	403
General and administrative expenses	*7*	**(9,582)**	(6,990)
Operating loss before impairment		**(9,159)**	(6,587)
Net impairment reversal / (loss) on financial assets	*5.1.4*	**14**	(17)
Loss before tax		**(9,145)**	(6,604)
Income tax	*8*	**822**	-
Loss for the year		**(8,323)**	(6,604)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Movement of fair value reserve:			
- Sukuks at FVOCI – net change in fair value	*19*	**(96)**	-
Other comprehensive income for the year, net of tax		**(96)**	-
Total comprehensive loss for the year, net of tax		**(8,419)**	(6,604)

The notes on pages 13 to 37 form an integral part of these financial statements.

The independent auditors' report is set out on pages 6 to 8

Vision Bank Limited

Statement of changes in equity
For the year ended 31 December 2024

	Note	Share capital $000	Fair value reserve $000	Accumulated losses $000	Total equity $000
Balance at 1 January 2023		125,250	-	(107,647)	17,603
Loss for the year		-	-	(6,604)	(6,604)
Other comprehensive income for the year		-	-	-	-
Total comprehensive loss for the year		**-**	**-**	**(6,604)**	**(6,604)**
Transactions with owner directly in equity					
Issued shares during the year		8,000	-	-	8,000
Extinguishment of losses against share capital		(107,647)	-	107,647	-
		(99,647)	**-**	**107,647**	**8,000**
Balance at 31 December 2023		**25,603**	**-**	**(6,604)**	**18,999**
Balance at 1 January 2024		25,603	-	(6,604)	18,999
Loss for the year		-	-	(8,323)	(8,323)
Other comprehensive income for the year		-	(96)	-	(96)
Total comprehensive loss for the year		**-**	**(96)**	**(8,323)**	**(8,419)**
Transactions with owner directly in equity					
Issued shares during the year	*18*	15,000	-	-	15,000
		15,000	**-**	**-**	**15,000**
Balance at 31 December 2024		**40,603**	**(96)**	**(14,927)**	**25,580**

The notes on pages 13 to 37 form an integral part of these financial statements.

The independent auditors' report is set out on pages 6 to 8

Vision Bank Limited

Statement of cash flows

For the year ended 31 December 2024

	Note	2024	2023
		$000	$000
Cash flows from operating activities			
Profit / (loss) for the year before tax		**(9,145)**	(6,604)
Adjustments for:			
Provision for employees' end of service benefits	*21*	**145**	50
Depreciation and amortization	*7*	**619**	658
Finance cost on lease liability	*16*	**67**	54
Net impairment (reversal) / loss on financial assets		**(14)**	17
Changes in:			
(Increase) / decrease in other assets		**(1,321)**	(2,193)
Increase / (decrease) in customer deposits		**1,367**	-
Increase / (decrease) in other liabilities		**(127)**	(258)
		(8,409)	(8,276)
Employees' end of service benefits paid	*21*	**(4)**	(4)
Net cash flow (used in) / generated from operating activities		**(8,413)**	(8,280)
Cash flows from investing activities			
Acquisition of investment securities		**(6,933)**	-
Acquisition of property and equipment	*11*	**(67)**	(27)
Acquisition of intangible assets	*13*	**(306)**	(110)
Net cash (used in) / generated from investing activities		**(7,306)**	(137)
Cash flows from financing activities			
Payment of lease liability	*16*	**(806)**	-
Proceeds from issue of share capital		**15,000**	8,000
Net cash flow generated from / (used in) financing activities		**14,194**	8,000
Net (decrease) / increase in cash and cash equivalents		**(1,525)**	(417)
Cash and cash equivalents at 1 January		**16,415**	16,832
Cash and cash equivalents at 31 December		**14,890**	16,415

The notes on pages 13 to 37 form an integral part of these financial statements.

The independent auditors' report is set out on pages 6 to 8

1 Incorporation and activities

Vision Bank Limited (the "Bank") previously known as Anglo-Gulf Trade Bank (AGTB) Limited was incorporated on 12 December 2017 and granted a commercial license by the Abu Dhabi Global Market, UAE on 12 December 2018 as a private company limited by shares.

In April 2022, the control over the Bank was changed following its acquisition by Gulf Islamic Investments LLC ("Parent"), incorporated in Abu Dhabi. The Parent acquired 100% of shares of the Bank as change in control ("CiC") was approved by Financial Services Regulatory Authority ("FSRA") dated 25 April 2022.

The Bank's sole shareholder and ultimate controlling party is Gulf Islamic Investments LLC. Gulf Islamic Investments Group is a Shariah compliant financial services entity engaged in financial advisory and financial consultancy services licensed by Securities and Commodities Authority in UAE.

On 27 April 2023, Abu Dhabi Global Market ("ADGM") approved the change of name of the Bank from 'Anglo-Gulf Trade Bank Limited' to 'Vision Bank Limited'. The Bank also received approval from FSRA to change its Category 1 Banking license to Category 1 Islamic Financial Institution with effect from 13th February 2024 to be able to operate as a Shari'ah compliant bank.

On 25 June 2024, FSRA vide its letter FSRA/170016 confirmed the completion of all the In-Principle Approval (IPA) conditions and the Bank was allowed to re-commence its regulated activities with effect from 26 June 2024. The Bank launched its operations on 15 July 2024 comprising digital onboarding, USD current account and USD payments and transfers.

The Bank has started its operations in phases and is initially focusing its activities on the UAE market, leveraging the global connectivity of the United Arab Emirates. Over time, the Bank plans to expand into GCC, the UK and India.

The Bank's registered office is Floor 30, Al Maqam Tower, Abu Dhabi Global Market Square Al Maryah Island, Abu Dhabi, United Arab Emirates.

2 Basis of preparation

2.1 Basis of preparation

The financial statements have been prepared on going concern basis in accordance with IFRS Standards as issued by International Accounting Standards Board (IFRS Standards) and the applicable provisions of the ADGM Companies Regulations 2020 (as amended) and ADGM Companies Regulations (International Accounting Standards) Rules 2015. The financial statements have been prepared under the historical cost except for investment securities which are carried at fair value.

The preparation of financial statements in conformity with IFRS Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future periods affected. The critical areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these financial statements are included in the relevant accounting policies.

2.2 Going concern

The report and accounts have been prepared on the going concern basis.

In order to assess the appropriateness of the going concern basis the Directors considered the Bank's financial position, the cash flow requirements laid out in its forecasts, its access to funding, the assumptions underlying the forecasts and the potential risks affecting the Bank and concluded that it was appropriate to continue to adopt the going concern basis in preparing the financial statements of the Bank. The Directors were satisfied that the Bank has sufficient resources to continue the business for the foreseeable future given in the approved regulatory business plan for 2025-2027 by Director

3 Material accounting policies

The accounting policies set out below have been consistently applied to all the periods presented in these financial statements.

3.1 Application of new and revised International Financial Reporting Standards (IFRS)

(a) New and amended standards and interpretations

In the current year, the Bank has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2024. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current year but may affect the accounting for the Bank's future transactions or arrangements.

Description	Effective from
Non-current Liabilities with Covenants – Amendment to IAS 1	1 January 2024
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	1 January 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
Disclosures: Supplier Finance Arrangements -Amendments to IAS 7 and IFRS 7	1 January 2024

Management anticipates that these new standards, interpretations and amendments will be adopted in the Bank's financial statements as and when they are applicable and adoption of these new standards and amendments may have no material impact on the financial statements of the Bank in the period of initial application.

(b) Standards issued but not yet effective

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

Description	Effective from
Lack of exchangeability – Amendments to IAS 21	1 January 2025
Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027

Management anticipates that these new standards, interpretations and amendments will be adopted in the Bank's financial statements as and when they are applicable and adoption of these new standards and amendments may have no material impact on the financial statements of the Bank in the period of initial application.

3 Material accounting policies *(continued)*

3.2 Financial instruments

(a) Recognition and initial measurement

The Bank initially recognises financing and other receivables and investment securities on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the date when the Bank becomes a party to the contractual provisions of the instrument.

Upon recognition, financial assets and financial liabilities are initially measured at fair value plus (in the case of a financial asset or financial liability not classified as FVTPL) transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities.

(b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – investment securities; FVOCI – equity investment; or FVTPL.

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 profit on the principal amount outstanding.

An investment in sukuks is measured at FVOCI 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 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 profit on the principal amount outstanding.

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

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Bank 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.

3 Material accounting policies *(continued)*

3.2 Financial instruments *(continued)*

(b) Classification and subsequent measurement *(continued)*

Financial assets: Business model assessment

The Bank 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 profit income, maintaining a particular profit 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 Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that 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.

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.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and profit

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Profit' 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 financing 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 profit, the Bank 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 Bank 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 Bank'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 profit criterion if the prepayment amount substantially represents unpaid amounts of principal and profit 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 significant 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 profit (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.

3 Material accounting policies *(continued)*

3.2 Financial instruments *(continued)*

(b) Classification and subsequent measurement *(continued)*

Financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using the effective profit method. The amortised cost is reduced by impairment losses. Profit 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.

Financial assets at fair value are subsequently measured at fair value. Net gains and losses, including any profit or dividend income, are recognised in profit or loss.

Financial liabilities – 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 losses, including any profit expense, are recognised in profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective profit method. Profit 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.

(c) Derecognition

Financial assets

The Bank 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 Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Bank 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.

Financial liabilities

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

(d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis of to realise the asset and settle the liability simultaneously.

3. Material accounting policies *(continued)*

3.3 Impairment of non-derivative financial assets

Financial instruments and contract assets

The Bank recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- investments in sukuks measured at FVOCI; and
- contract assets (as defined in IFRS 15).

At each period end, the Bank shall recognize a loss allowance for ECL on applicable financial instruments.

For Stage 1 financial instruments, the Bank shall measure the loss allowance for that financial instrument at an amount equal to 12-month ECL.

For Stage 2 and Stage 3 financial instruments, the Bank shall measure the loss allowance for that financial instrument at an amount equal to lifetime ECL.

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

There is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of financial instrument.

12-month ECLs are the portion of ECLs that result from default events 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 ECLs is the maximum contractual period over which the Bank is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive).

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

3. Material accounting policies *(continued)*

3.3 Impairment of non-derivative financial assets *(continued)*

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and investment in sukuks at FVOCI 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 financing or advance by the Bank on terms that the Bank would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

For investment in sukuks at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Bank determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

3.4 Impairment of non-financial assets

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. Material accounting policies *(continued)*

3.5 Share capital

i) Ordinary shares

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

3.6 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective profit method.

3.7 Cash and balances due from banks

Cash and balances due from banks include unrestricted highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in fair value, and are used by the Bank in the management of its short-term commitments.

Cash held in bank accounts and balances due from banks are carried at amortised cost in the statement of financial position.

3.8 Investment securities

'Investment securities' caption in the statement of financial position includes investment in Sukuks measured at FVOCI.

Sukuk is defined as 'investment certificates of equal denomination representing undivided ownership interests in a portfolio of eligible assets. Sukuk commonly refers to the Islamic alternative of bonds. Sukuk, generally, represents ownership of the underlying assets by the holder with all the rights and obligations of ownership. However, it may represent usufruct, services or receivables in some cases.

For investment in sukuks measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- Profit income using the effective profit method;
- ECL charges and reversals, and
- Foreign exchange gains and losses.

When an investment in sukuks measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

3. Material accounting policies *(continued)*

3.9 Property and equipment

(i) Recognition and measurement

All items of property and equipment are measured at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within other operating income in statement of profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in statement of comprehensive income as incurred.

(iii) Depreciation

Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated useful lives are 5 years for property and equipment.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

3.10 Intangible assets

Intangible assets acquired by the Bank are measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditures on internally developed intangible assets is recognised as an asset when the Bank is able to demonstrate: that the product is technically feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and it can be reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised financing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Intangible assets are amortised on a straight-line bases in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current period is 5 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3. Material accounting policies *(continued)*

3.11 Provisions

A provision is recognised if, as a result of a past event, the Bank has a present (legal or constructive) obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and the risks specific to the liability.

3.12 Employees' end of service benefit

The Bank provides end of service benefits for its employees. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. Provision for staff terminal benefits is made in accordance with the Bank's end of service benefits policy and is determined as the liability that would arise if the employment of all the staff were to be terminated at the reporting date. The expected costs of these benefits are accrued over the period of employment.

3.13 Customer deposits

These are financial liabilities at amortised cost and are initially measured at fair value less transaction costs. Subsequently, the deposits are measured at amortised cost using the effective profit method.

3.14 Financing income and expense.

i. Effective profit rate

Financing income and expense are recognised in profit or loss using the effective profit method. The 'effective profit rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective profit rate for financial instruments other than purchased or originated credit-impaired assets, the Bank's estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit impaired financial assets, a credit-adjusted effective profit rate is calculated using estimated future cash flows including ECL. The calculation of the effective profit rate includes transaction costs and fees and points paid or received that are an integral part of the effective profit rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

ii. Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal payments, plus or minus the cumulative amortisation using the effective profit method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

3. Material accounting policies *(continued)*

3.14 Financing income and expense (continued)

iii. Calculation of finance income and expense

The effective profit rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating finance income and expense, the effective profit rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective profit rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of profit. The effective profit rate is also revised for fair value hedge adjustments at the date of amortisation of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, finance income is calculated by applying the effective profit rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of profit income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, finance income is calculated by applying the credit-adjusted effective profit rate to the amortised cost of the asset. The calculation of finance income does not revert to a gross basis, even if the credit risk of the asset improves. For information on when financial assets are credit-impaired, see Note 3.3.

The Murabaha profit is quantifiable and contractually determined at the commencement of the contract. Murabaha profit is recognised as it accrues over the life of the contract using an effective profit method on the balance outstanding.

Estimated income from Wakala is recognised on an accrual basis over the period using effective profit method, adjusted by actual income when received. Losses are accounted for on the date of declaration by the agent.

iv. Presentation

Finance income and expense calculated using the effective profit method presented in the statement of comprehensive income includes finance income and expense on financial assets and financial liabilities measured at amortised cost;

3.15 Functional and presentation currency

These financial statements are presented in United States Dollars (“$000”), which is the Bank’s functional currency.

3.16 Foreign currency

Transactions in foreign currencies are translated to USD at exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to USD at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective profit and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to USD at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in statement of comprehensive income.

3. Material accounting policies *(continued)*

3.17 Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Bank 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 initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank by the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the profit rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental financing rate.

Generally, the Bank uses its incremental financing rate as the discount rate. The Bank determines its incremental financing rate by obtaining profit rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective profit method. 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 Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. 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.

Short-term leases and leases of low-value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. Material accounting policies *(continued)*

3.18 Wakala

An agreement whereby the Bank provides a certain sum of money to an agent who invests it according to specific conditions in return for a certain fee (a lump sum of money or a percentage of the amount invested). The agent is obliged to return the invested amount in case of default, negligence or violation of any of the terms and conditions of the Wakala.

These products are carried at amortised cost less impairment.

3.19 Murabaha

A buy and sell arrangement where the Bank purchases a commodity with deferred settlement on other bank's request and then sells it to the bank at a higher price, which includes an agreed-upon profit margin. The profit margin is mutually agreed upon between both the banks before the transaction takes place. Until, agreed-upon settlement date, the bank is not required to make the full payment for the commodity. Instead, the payment is deferred. Before settlement, the Bank retains the ownership of commodity.

These products are carried at amortised cost less impairment.

3.20 Income tax

Income tax comprises current tax and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is the tax expected to be payable on the taxable profit for the year and on any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position, and the amounts attributed to such assets and liabilities for tax purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for the Bank. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Current and deferred tax are calculated based on tax rates and laws enacted, or substantively enacted, by the balance sheet date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax assets and liabilities are offset only if certain criteria are met.

4 Accounting Estimates and Judgements

The preparation of the Bank's financial statements requires management to make certain estimates and assumptions that affect the reported amount of financial assets and liabilities and the resultant allowances for impairment and fair values.

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Significant items where the use of estimates and judgments are required are outlined below:

4.1 Financial instruments

Judgments made in applying accounting policies that have most significant effects on the amounts recognized in the financial statements of the year ended 31 December 2024 pertain to:

a) Classification of financial assets: Classification and measurement of financial assets depend on SPPP and business model test results. Management evaluates if the financial assets' terms involve only the payment of principal and profit. This assessment includes a judgement of all relevant evidence, such as how the performance of the assets is evaluated and measured, the risks that affect asset performance and their management, and the compensation of asset managers. The Bank's management concluded that investment securities were held within a business model aiming to collect contractual cash flows and sell financial assets. Accordingly, these investments were classified and measured as financial assets at FVOCI.

b) Calculation of expected credit loss (ECL): Assumptions and estimation uncertainties have a significant impact on ECL for the year ended 31 December 2024.

The impact is mainly driven by inputs, assumptions and techniques used for ECL calculation under IFRS 9 "Financial Instruments" methodology.

Elements of the ECL models that are considered accounting judgements and estimates include:

- Assessment of significant increase in credit risk; and
- Macroeconomic factors, forward looking information and multiple scenarios.

4.2 Income tax

The tax positions taken are considered by the Bank to be supportable and are intended to withstand challenge from tax authorities. The Bank evaluates these positions on their technical merits on a regular basis using all the information available. For the purposes deferred tax asset, it also involves assessing the probability and sufficiency of future taxable profits, taking into account the future reversal of existing taxable temporary differences.

The assessment of income tax and deferred tax is based on estimates and assumptions, involving judgments about future events. New information may prompt the Bank to revise its tax liability judgments, affecting income tax in that year.

5 Financial risk management

The management of the Bank have established policies to mitigate the financial risk associated with its operations. The Bank is primarily exposed to credit risk, liquidity risk and market risk.

5.1 Credit risk

The Bank is exposed to credit risk if counterparties fail to perform as contracted. Financial assets which are potentially subject to credit risk consist of cash and balances due from banks and investment securities. The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

ECL Governance:

The Bank has established an internal ECL Committee to provide oversight to the IFRS 9 impairment process. The Committee is comprised of senior representatives from Finance, Risk Management and Business departments and are responsible for reviewing and approving key inputs and assumptions used in the ECL estimates and also assesses the appropriateness of the overall allowance results to be included in the Bank's financial statements.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows:

	2024	2023
	$000	$000
Impairment reversal / (charge) on financial assets	**14**	(17)
	14	(17)

5.1.1 The table below shows the gross maximum exposure to credit risk for the components of the Bank's statement of financial position.

	31 December 2024	31 December 2023
	$000	$000
Cash and balances due from banks	**14,890**	16,415
Investment securities	**6,827**	-
Total gross amount	**21,717**	16,415
Expected credit loss	**(3)**	(17)
	21,714	16,398

5.1.2 Carrying value of exposure and expected credit loss by stage

	2024		**2023**	
	Stage 1	**ECL**	**Stage 1**	**ECL**
		$000		
Cash and balances due from banks	14,890	(2)	16,415	(17)
Investment securities	6,827	(1)	-	-
	21,717	**(3)**	**16,415**	**(17)**

5 Financial risk management *(continued)*

5.1 Credit risk *(continued)*

5.1.3 The following table sets out information about the credit quality of financial assets. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

	31 December 2024 $000	31 December 2023 $000
	-----------12-month ECL-----------	
Balance as at 1 January	**16,415**	16,832
Transfers within stages	**-**	-
New financial assets	**6,827**	-
Derecognised financial assets	**(1,525)**	(417)
Total gross amount	**21,717**	16,415
Expected credit loss	**(3)**	(17)
Carrying amount as at 31 December	**21,714**	16,398

5.1.4. Risk concentration of the maximum exposure to credit risk:

The Bank monitors concentration of credit risk by geographical region and by industry sector. The analysis by geographical region is as follows:

	31 December 2024		**31 December 2023**	
	Cash and balances due from banks	**Investment securities**	**Cash and balances due from banks**	**Investment securities**
		$000		
UAE	10,682	-	12,418	-
Other GCC	-	5,620	-	-
International	4,208	1,207	3,997	-
	14,890	**6,827**	**16,415**	**-**

An industry sector analysis of concentration of credit risk is as follows:

	31 December 2024		**31 December 2023**	
	Cash and balances due from banks	**Investment securities**	**Cash and balances due from banks**	**Investment securities**
		$000		
Financial Institutions	14,890	-	16,415	-
Multilateral Development Banks	-	2,187	-	-
Sovereign	-	3,433	-	-
Others	-	1,207	-	-
	14,890	**6,827**	**16,415**	**-**

5 Financial risk management *(continued)*

5.1 Credit risk *(continued)*

5.1.5 Amounts arising from ECL:

	31 December 2024 $000	31 December 2023 $000
	-----------12-month ECL-----------	
Balance as at 1 January	**(17)**	-
Transfers within stages	**-**	-
Reversal / (allowances) for impairment during the year	**14**	(17)
Closing balance as 31 December	**(3)**	(17)

The Bank makes interbank placements / deposits with financial institutions (banks) having investment grade ratings (at least rated BBB-).

The Bank invests in investment grade (up to BBB-) Sukuks based on ratings by Fitch, Moody's and Standard & Poor's.

Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilization of credit limits is regularly monitored.

All exceptions to the credit limits are approved by the management. The management does not expect any losses from non-performance by these counterparties.

5.2 Liquidity risk

Liquidity risk is the risk that the Bank will be unable to meet its net funding requirements. The Bank's policy and the management approach to managing cash flow is to have sufficient cash to meet its operational needs.

The following is a maturity table for the contractual financial liabilities as of 31 December 2024:

2024	**Carrying amount $000**	**Total $000**	**< 1 year $000**	**1 – 5 years $000**	**> 5 years $000**
Customer deposits *(Note 15)*	1,367	1,367	1,367	-	-
Lease liability *(Note 16)*	721	765	377	388	-
Other liabilities *(Note 17)*	325	325	325	-	-
	2,413	**2,457**	**2,069**	**388**	**-**

The following is a maturity table for the financial liabilities as of 31 December 2023:

2023	Carrying amount $000	Total $000	< 1 year $000	1 – 5 years $000	> 5 years $000
Lease liability *(Note 16)*	1,483	1,572	807	765	-
Other liabilities *(Note 17)*	452	452	452	-	-
	1,935	2,024	1,259	765	-

The above table shows, on an undiscounted basis, all cash flows relating to principal and future profit payments. For this reason, balances in the above table may not agree directly with the carrying amounts in the statement of financial position.

5 Financial risk management *(continued)*

5.3 Market risk

Market rate risk is the risk that changes in market prices, such as foreign exchange rates, profit rates and equity prices will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Bank has no significant exposure to profit rate and equity price risks.

Foreign currency risk

Foreign currency risk arises on transactions and monetary assets and liabilities that are denominated in a currency other than AED or USD. AED is currently pegged to USD; therefore, the Bank faces minimal foreign currency risk from fluctuations in AED. Senior management monitors currency positions on a regular basis.

Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. The Bank manages this risk through appropriate limits in place and frequent review of the Bank's position with regard to profit rate risk and its impact on the earnings as well as the economic value of its shareholder equity. The Bank's assets and liabilities primarily consist of fixed-rate instruments, resulting in limited exposure to profit rate risk.

5.4. Capital management

As per Abu Dhabi Global Market regulation, the base capital requirement for the Bank with Category 1 license is USD 10,000 thousand.

The Bank is in compliance with the capital requirements as of 31 December 2024 and 31 December 2023 and Common Equity Tier 1 (CET 1) of the Bank exceeded base capital requirements and amounted to USD 24,320 thousand and USD 18,863 thousand respectively.

The detailed capital adequacy disclosures are provided on pages 39 to 46 as part of additional information to the financial statements.

5.5. Fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Bank is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

The Bank fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial assets and liabilities carried at amortized cost are considered to approximate their carrying values due to their short-term nature and negligible probability of credit losses. Financial assets consist of cash and cash equivalents and other receivable. Financial liabilities consist of customer deposits, lease liabilities and other payables.

Investment in FVOCI Sukuks for which quoted prices in an active market for an identical instrument are available using those prices (Level 1 measurement).

There were no financial instruments except investment in FVOCI sukuks of USD 6,826 thousand held at fair value as at 31 December 2024. The Investment in FVOCI sukuks have been valued using Level 1 inputs.

6 Income from Islamic financing and investment products

	2024	2023
	$000	$000
Banks and financial institutions	**327**	403
Investment securities measured at FVOCI	**96**	-
	423	403

7 General and administrative expenses

	Note	2024	2023
		$000	$000
Staff costs	*7.1*	**4,768**	2,462
IT costs		**1,809**	1,386
Legal and professional fees		**1,101**	1,464
Depreciation & amortization		**619**	658
Directors' fees & expenses		**486**	332
Office occupancy related expense		**134**	157
Audit fees	*7.2*	**83**	53
Other expenses		**582**	478
		9,582	6,990

7.1 Staff costs

		2024	2023
		$000	$000
Salaries and benefits		**4,623**	2,412
Employees' end of service benefits	*21*	**145**	50
		4,768	2,462

The average number of permanent employees in the Bank as at 31 December 2024 is 34 (2023: 16).

7.2 Audit fees

	2024	2023
	$000	$000
Statutory audit	**60**	34
- relating to current year	**62**	32
- relating to prior year	**(2)**	2
Other services provided to the Bank	**23**	19
- relating to current year	**23**	12
- relating to prior year	**-**	7
	83	53

8 Income tax

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The new CT regime will become effective for accounting periods beginning on or after 1 June 2023.

As the Bank's accounting year ends on 31 December, accordingly the effective implementation date for the Bank is from 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025.

A rate of 9% applies to taxable income exceeding an annual threshold of AED 375,000, a rate of 0% will apply to taxable income not exceeding this threshold.

Below is the summary of total income tax recognized in the statement of comprehensive income:

	31 December 2024 $000	31 December 2023 $000
Deferred tax income:		
Amounts recognized in profit or loss		
- Recognition of tax losses	822	-
Items that are subsequently reclassified in profit or loss		
- Movement in fair value reserve – investment securities	10	-
	832	-

Below is the summary of movement in deferred tax assets:

2024				**Balance at 31 December 2024**
in $000	**Net balance at 1 January**	**Recognised in profit or loss**	**Recognised in OCI**	**Deferred tax assets**
Tax losses carried forward	-	822	-	822
Others	-	-	10	10
Tax assets	**-**	**822**	**10**	**832**

OECD Pillar Two model rules

The Organization for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting published the Pillar Two model ("Pillar Two") rules designed to address the tax challenges arising from the digitalization of the global economy.

On 9th December 2024, the UAE announced, it will implement a "Domestic Minimum Top-up Tax" (DMTT) effective from 1 January 2025. As the UAE has only published the relevant regulations on 6th February 2025, the Bank is not able to assess the impact of this law for the current reporting period, which does not fall under the scope of DMTT.

The Bank applies the IAS 12 exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

9 Cash and balances due from banks

	31 December 2024 $000	31 December 2023 $000
Current accounts with banks	**5,488**	4,915
Wakala deposit with banks	**5,001**	4,500
Commodity Murabaha deposit with banks	**4,401**	7,000
Cash and balances due from banks – Gross	**14,890**	16,415
Less: Expected credit losses	**(2)**	(17)
Cash and balances due from banks – Net	**14,888**	16,398

9.1 The effective average return on deposits is 4.5% per annum (2023: 4.3% per annum). These balances have maturities in January'25 to March'25 (2023: January'24 to February'24). Bank balances are held with banks operating in the United Arab Emirates and the United States, with a minimum credit rating of A- as per Moody's.

10 Investment securities

Measured at FVOCI	31 December 2024 $000	31 December 2023 $000
Government Sukuk	**3,433**	-
Corporate Sukuk	**3,393**	-
Investment securities	**6,826**	-

10.1 The investment securities measured at FVOCI include expected credit loss amounting to USD 1.3 thousand as at 31 December 2024.

11 Property and equipment

	Office fixtures & fittings $000	Machinery & equipment $000	Total $000
Cost			
At 1 January 2023	1,641	103	1,744
Additions	-	27	27
At 31 December 2023	**1,641**	**130**	**1,771**
At 1 January 2024	1,641	130	1,771
Additions	7	60	67
At 31 December 2024	**1,648**	**190**	**1,838**
Accumulated Depreciation			
At 1 January 2023	(1,400)	(65)	(1,465)
Charge for the year	(232)	(21)	(253)
At 31 December 2023	**(1,632)**	**(86)**	**(1,718)**
At 1 January 2024	(1,632)	(86)	(1,718)
Charge for the year	(10)	(26)	(36)
At 31 December 2024	**(1,642)**	**(112)**	**(1,754)**
Carrying amounts			
At 31 December 2023	**9**	**44**	**53**
At 31 December 2024	**6**	**78**	**84**

12 Right of use asset

	Total $000
Cost	
At 1 January 2023	2,359
Additions	1,429
At 31 December 2023	**3,788**
At 1 January 2024	3,788
Additions	-
At 31 December 2024	**3,788**
Accumulated depreciation	
At 1 January 2023	(2,265)
Depreciation for the year	(405)
At 31 December 2023	**(2,670)**
At 1 January 2024	(2,670)
Depreciation for the year	(361)
Modification	(23)
At 31 December 2024	**(3,054)**
Carrying amounts	
At 31 December 2023	**1,118**
At 31 December 2024	**734**

13 Intangible assets

	IT Software – Work in progress $000	IT Software – Finished assets $000	IT Software – Total $000
Cost			
At 1 January 2023	26	-	26
Additions	110	-	110
Write-off	-	-	-
At 31 December 2023	**136**	**-**	**136**
At 1 January 2024	136	-	136
Additions	301	5	306
Transfer	(136)	136	-
Write-off	-	-	-
At 31 December 2024	**301**	**141**	**442**
Accumulated amortisation			
At 1 January 2023	-	-	-
Charge for the year	-	-	-
At 31 December 2023	**-**	**-**	**-**
At 1 January 2024	-	-	-
Charge for the year	-	(14)	(14)
At 31 December 2024	**-**	**(14)**	**(14)**
Carrying amounts			
At 31 December 2023	**136**	**-**	**136**
At 31 December 2024	**301**	**127**	**428**

Intangibles work in progress related mostly to customisation of new software purchased for carrying out business.

14 Other assets

	31 December 2024 $000	31 December 2023 $000
Prepayments & other advances	**4,068**	2,950
Recoverable from employees	**60**	-
Other assets	**1,463**	1,448
Other assets – Gross	**5,591**	4,398
Less: Provision against other assets	**(1,136)**	(1,056)
Other assets – Net	**4,455**	3,342

Included in other assets is VAT receivable of USD 1,461 thousand (*2023: USD 1,255 thousand*) and rental security deposit of USD 100 thousand (*2023: USD 147 thousand*).

15 Customer deposits

Deposits are generated primarily under Sharia compliant Qard contracts. Deposits taken on Qard basis are classified as 'current accounts'. The current account depositors are not entitled to any profit nor do they bear any losses.

	31 December 2024 $000	31 December 2023 $000
Current accounts	**1,367**	-
As at 31 December	**1,367**	-

16 Lease liability

	31 December 2024 $000	31 December 2023 $000
As at 1 January	**1,483**	1,429
Additions	**-**	-
Repayments during the year	**(806)**	-
Modification	**(23)**	-
Finance cost on lease liability	**67**	54
As at 31 December	**721**	1,483

17 Other liabilities

	Note	31 December 2024 $000	31 December 2023 $000
Accruals		**269**	452
End of service benefits	*21*	**254**	113
Other liabilities		**56**	-
		579	565

The Bank’s exposure to liquidity risk related to accruals and other liabilities is disclosed in note 5.2.

18 Share capital

At 31 December 2024, share capital comprised of authorised share capital of USD 400,000 thousand and issued and fully paid up share capital of USD 40,603 thousand (4,060,258 ordinary shares of USD 10 par value). At 31 December 2023 share capital comprised authorised share capital of USD 400,000 thousand and issued and fully paid up share capital of USD 25,603 thousand (2,560,258 ordinary shares of USD 10 par value).

In September 2024, 1,500,000 new shares were issued and fully paid up at par of USD 10 per share by Gulf Islamic Investments LLC.

	31 December 2024		31 December 2023	
	% holding	**$000**	**% holding**	**$000**
Ordinary shares				
Gulf Islamic Investments LLC - Parent	100%	40,603	100%	25,603
Total ordinary shares	**100%**	**40,603**	**100%**	**25,603**

19 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of investment securities measured at FVOCI until the assets are derecognised or reclassified. This amount is increased by the loss of allowance.

20 Related party balances

Related parties comprise the shareholder, directors and key management personnel of the Bank and entities controlled, jointly controlled or significantly influenced by such parties. The Bank, in the normal course of business carries out transactions with related parties on terms and conditions mutually agreed between the related parties.

Related Party Balances:

	31 December 2024		31 December 2023	
	Parent	**Other Related Party**	**Parent**	**Other Related Party**
		$000		
Customer deposits	-	389	-	-
Other receivable	2	-	3	-
Other payable	34	-	49	-
	36	**389**	**52**	**-**

Related Party Transactions:

	31 December 2024		31 December 2023	
	Parent	**Directors**	**Parent**	**Directors**
		$000		
Issuance of share capital	15,000	-	8,000	-
Professional services	142	-	206	-
Director Remuneration	-	401	-	332

Key management personnel compensation

	31 December 2024 $000	31 December 2023 $000
Short-term benefits	**2,272**	1,607
Provision for employees' end of service benefits	**78**	46

21 Provision for employees end of service benefit

	31 December 2024 $000	31 December 2023 $000
At 1 January	**113**	67
Charge for the year	**145**	50
Payments made during the year	**(4)**	(4)
At 31 December	**254**	113

22 Contingent liabilities

The Bank has no significant contingent liabilities as at 31 December 2024 and 31 December 2023.

23 Commitments

The Bank has following commitments as at 31 December 2024 and 2023 in respect of lease rental contract and other contracts with vendors:

	31 December 2024 $000	31 December 2023 $000
Rental lease payments due		
- in less than one year	**377**	807
- between two and five years	**388**	765
Operating lease commitments	**765**	1,572
Other commitments	**1,107**	1,904
Total commitments	**1,872**	3,476

24 Financial instruments at measurement categories

	31 December 2024 $000	31 December 2023 $000
Financial assets at amortised cost		
Cash and balances due from banks	**14,888**	16,398
Other assets	**327**	392
	15,215	16,790
Financial assets at FVOCI		
Investment securities	**6,826**	-
	6,826	-
Financial liabilities at amortised cost		
Customer deposits	**1,367**	-
Lease liability	**721**	1,483
Accruals	**325**	452
	2,513	1,935

Additional information (unaudited)

This section includes information that is required to be disclosed as part of our regulatory reporting obligations or that is relevant to a complete understanding of the Bank's financial statements for the year ended 31 December 2024 and is provided in accordance with certain best practice disclosure principles. In particular, it provides further information on the Bank's Shari'ah, capital requirements, liquidity, funding and leverage ratios.

26 Shari'ah related disclosures

26.1 Role and Authority of the Shariah Supervisory Board

The Shariah Supervisory Board (SSB) is the highest authority in making the final decision on matters related to Shariah principles in the Bank's course of business operation.

In accordance with the Bank's Shariah Governance Framework (SGF), the SSB's responsibility is stipulated as to:

- perform an oversight role on Shariah matters related to the Bank's operations and activities through the observations and reports from the Bank by identifying possible Shariah issues, if any, and propose the necessary corrective measures.
- providing views, decisions and advice to the Bank and deliberate on every arising issue extensively and in-depth before arriving at any decision.
- certify all the new products offered by the Bank which must be backed by the relevant Shari'ah literature, evidence, and reasoning. A rigorous Shari'ah deliberation process of the legal contracts or other documents related to or describing the relevant products or transactions shall be undertaken by the SSB.
- assist the Bank's CEO and ManCom in overseeing the enforcement and implementation of the SSB's resolutions.

Further, during deliberation on any issue, the SSB has the right to call upon any relevant party in the Bank or convene a meeting with the identified relevant parties to facilitate the decision making.

26.2 Zakat

According to the guidance provided by the SSB, as an institution, the Bank is not obligated to calculate and pay Zakat under Shari'ah. Furthermore, the SSB has clarified that the responsibility for Zakat in relation to assets owned by individuals in the form of customer deposits lies with the individual account holders or individual shareholders of the Bank.

27 Pillar 3 Public Disclosures

27.1 Regulatory framework for public disclosures

The FSRA in the "Prudential – Investment, Insurance Intermediation and Banking Rules" (PRU Rules) has provided prudential requirements in relation to the capital adequacy, leverage and maintenance of liquid assets by the Bank as a Prudential Category 1 Islamic Financial Institution and are consistent with the Pillar 1, 2 and 3 requirements of the Basel accord:

- Pillar 1 – Minimum capital requirements: defines rules for the calculation of minimum capital for credit, market and operational risk.
- Pillar 2 – Provides the framework for an enhanced supervisory review process with the objective of assessing the adequacy of the Bank's capital to cover not only the three primary risks (Credit, Market and Operational), but in addition a series of other risks that the Bank may be exposed to; for example, concentration risk, residual risk, business risk, liquidity risk etc.
- Pillar 3 – Market discipline: requires expanded disclosures, which allow regulators, investors and other market participants to more fully understand the risk profiles of individual banks. The purpose of Pillar 3 - Market Discipline is to complement the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2).

The Bank's Pillar 3 disclosures are governed by FSRA's PRU Rules Chapter 11 "Disclosure Requirements" and App12 "Public Disclosure Requirements".

27.2 Scope of application

The FSRA in PRU rules Chapter 11 specifies the disclosures required to be made by the Bank to enable market participants and potential counterparties to exercise market discipline in relation to the firm. The purpose of these requirements is to ensure that minimum public disclosures are made available to market participants to assist them in forming an opinion on the risk profile and capital adequacy of the Bank.

The Bank has prepared the annual disclosures as at 31 December 2024 on a standalone basis as the Bank does not have any subsidiaries or significant investment as at 31 December 2024. The Pillar 3 disclosures for the year ended 31 December 2024 have been reviewed by the Bank's external auditors.

27.3 Capital

The Bank's approach to capital management is driven by strategic and organizational requirements, taking into account the regulatory, economic and commercial environment. The Bank aims to maintain a strong capital base to support the risks inherent in the business and invest in accordance with strategy, meeting local regulatory capital requirements consistently.

Largely a bank's capital comprises three main categories, namely CET1, AT1 and Tier 2, depending on their characteristics:

a) CET1 capital is the highest quality form of capital, comprising share capital, share premium, legal, statutory and other reserves, fair value reserve, retained earnings after deductions for intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes under FSRA guidelines.
b) AT1 capital comprises eligible non-common equity capital instruments. At this point in time, Vision Bank Limited does not have AT1 capital.
c) Tier 2 capital comprises qualifying subordinated debt, and undisclosed reserve. At this point in time, Vision Bank Limited does not have Tier 2 capital.

27 Pillar 3 Public Disclosures *(continued)*

Details of the Bank's qualifying Equity are set out as below:

Main features of the regulatory capital instruments:

S.No	Particulars	Equity Shares
1	Issuer	Vision Bank Limited
2	Instrument type	Ordinary shares
3	Amount recognised in regulatory capital (in $000)	40,603
4	Number of shares	4,060,258
5	Issue price	USD 10 per share
6	Accounting classification	Equity attributable to equity holders / Share Capital
7	Regulatory Treatment	Common Equity Tier 1
8	Redemption price	Not Applicable
9	Perpetual or dated	Perpetual
10	Original maturity dated	No Maturity
11	Issuer call subject to prior supervisory approval	Not Applicable
12	Option call date, contingent call dates and redemption amount	Not Applicable
13	Subsequent call dates, if applicable Coupons / dividends	Not Applicable
14	Fixed or floating dividend / coupon	Not Applicable
15	Coupon rate and any related index	Not Applicable
16	Existence of a dividend stopper	Not Applicable
17	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
18	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
19	Existence of step-up or other incentive to redeem	Not Applicable
20	Non-cumulative or cumulative	Non - Cumulative
21	Convertible or non-convertible	Not Applicable
22	Write down feature	Not Applicable
23	If write down, write down triggers	Not Applicable
24	If write down, full or partial	Not Applicable
25	If write down, permanent or temporary	Not Applicable
26	If temporary write down, description of write down mechanism	Not Applicable
27	Type of subordination	Not Applicable

27.3.1 Capital adequacy ratio (CAR)

The CAR helps the Bank to make sure that it has enough capital to protect depositors' money.

The CAR set standards for banks by looking at a bank's ability to pay liabilities and respond to credit risks, market risks and operational risks. A bank that has a good CAR has enough capital to absorb potential losses.

The FSRA minimum capital requirements are also set out below.

The FSRA Minimum Capital Requirement

Common Equity Tier 1 minimum ratio	6.00%
Tier 1 minimum ratio	8.00%
Total capital minimum ratio	10.00%

The Bank is also subject to a Capital Conservation Buffer requirement of 2.5% of the total risk exposure amount.

27 Pillar 3 Public Disclosures *(continued)*

Particulars	In $000 31-Dec-24
Common Equity Tier 1 capital: instruments and reserves	
Paid up capital instruments	40,603
Retained earnings	(14,927)
Accumulated other comprehensive income (and other reserves)	(96)
Common Equity Tier 1 capital before regulatory deductions	**25,580**
Common Equity Tier 1 capital regulatory adjustments	
Intangibles	(428)
Deferred tax assets that rely on future profitability	(832)
Total regulatory adjustments to Common Equity Tier 1	**(1,260)**
Common Equity Tier 1 capital (CET1)	**24,320**
Additional Tier 1 capital: Instruments	
Capital instruments eligible as AT1 capital	-
Additional Tier 1 capital: Regulatory Adjustments	
Regulatory adjustments to additional Tier 1 capital	-
Additional Tier 1 capital (AT1)	**-**
Tier 1 capital (T1= CET1 + AT1)	**24,320**
Tier 2 Capital: Instruments and Provisions	
Capital instruments and subordinated loans eligible as T2 Capital	-
Tier 2 capital before regulatory adjustments	-
Tier 2 Capital: Regulatory Adjustments	
Regulatory adjustments to Tier 2 capital	-
Tier 2 capital (T2)	-
Total regulatory capital (TC = T1 + T2)	**24,320**
Total risk - weighted assets – Pillar 1	12,566
Total risk - weighted assets – Pillar 2	17,349
Total risk - weighted assets – Pillar 1 and 2	**29,915**
Pillar 1: Capital ratios	
Common Equity Tier 1 (as a percentage of risk-weighted assets)	193.54%
Tier 1 (as a percentage of risk-weighted assets)	193.54%
Total capital (as a percentage of risk-weighted assets)	193.54%
Pillar 1 and 2: Capital ratios	
Common Equity Tier 1 (as a percentage of risk-weighted assets)	81.30%
Tier 1 (as a percentage of risk-weighted assets)	81.30%
Total capital (as a percentage of risk-weighted assets)	81.30%

27 Pillar 3 Public Disclosures *(continued)*

27.4 Capital adequacy and leverage

It is the Bank's philosophy to manage its capital in a transparent and consistent manner to ensure the most effective outcome for shareholders, while complying with all applicable regulations.

In particular, the Bank's capital management approach aims at ensuring maintenance of targeted capital structure and capitalization standards. It involves balancing the capital supply and capital demand of the Bank and estimates capital requirements on this basis. It also involves the preparation of a forward-looking capital plan, based on the forecast business plan of the Bank, to ensure the Bank is able to meet its capital adequacy goals.

The capital management approach at the Bank is designed to determine the level of capital required to support the nature and level of risk facing the Bank, based on the strategic direction set by the Bank's Board of Directors ('BoD').

The Capital management approach ensures that capital adequacy is maintained at all times and adequate contingent capital sources are available to accommodate requirements from unexpected and stress events.

27.4.1 Capital risk appetite

The capital risk appetite is set to ensure that the Bank has adequate quality and quantity of capital to meet the minimum regulatory requirements, execute its strategic plans and operate in the case of a stress event.

The Bank's risk appetite is aligned to the strategy of the Bank and is set by the BoD. It contains the desired risk and capital targets. It describes and acknowledges the risks inherent in the Bank's business strategy and documents the amount and type of risk the Bank is prepared to assume in pursuit of its business strategy. The explicit formulation of this strategy allows the early detection of deviations from the planned course, and in initiating the corresponding counter measures in a timely manner. It is closely monitored and managed by the Bank's Asset and Liability Committee ('ALCO') and reported to the BoD on periodic basis.

27.4.2 Controls and risk mitigation process

The CFO in coordination with the CRO ensures adequacy of capital, and review compliance with regulation to ensure adherence at all times. The CRO uses stress and scenario testing as part of periodic Internal Capital Adequacy Assessment Process ('ICAAP') to assess the capital risk of the Bank.

The Bank has adequate systems and controls to monitor its capital requirement to ensure that the amount of its capital resources is, and is likely to remain, adequate at all times.

27.4.3 Capital adequacy monitoring

The capital position is regularly monitored against the triggers provided in the approved Risk Appetite Statement (RAS) and is presented to ALCO on a monthly basis and the BoD on a quarterly basis.

In case of any concerns about the capital position or a potential / actual breach of internal trigger / target capital levels, the same is escalated to the ALCO and the BoD for the necessary corrective action.

27.4.4 Capital triggers and management

The Bank's capital risk appetite and metrics forming part of the RAS establishes the BoD target capital ratios. The Risk Appetite Framework (RAF) also establishes key trigger levels (yellow, amber and red) for deviations of the capital ratios from the BoD target ratios along with corresponding escalation processes and action plans required.

These trigger points include cushions in relation to the minimum capital adequacy required under

a. Pillar I requirements, plus

b. any additional capital adequacy requirements imposed as part of the Supervisory Review and Evaluation Process (SREP) (Pillar 2 capital requirements and Stress test requirements as per the ICAAP assessment).

27 Pillar 3 Public Disclosures *(continued)*

27.4.4 Capital triggers and management *(continued)*

The approved RAS includes the monitoring of actual capital position against Capital ratios triggers which is presented in the periodic ALCO and BoD meetings:

a) CET1 ratio;
b) Tier 1 ratio;
c) Total Capital Adequacy ratio;
d) Capital Resources to total risk exposure amount for credit risk;
e) Leverage ratio; and
f) Minimum Capital base % of FSRA requirement.

A summarized commentary is provided to the ALCO and the BoD to explain the movements in the above-mentioned ratios from previous period and the key drivers (including significant movements in credit, market and operational risk weighted assets and movement in components of capital) to give more insights to ALCO and the BoD.

27.4.5 Risk weighted exposure amounts

Particulars	*in $000* Risk Weighted Assets 31-Dec-24
Pillar 1	
Credit risk	**12,021**
Of which: standardised approach (SA)	
SA exposure classes excluding securitisation positions	
Central government and Central Bank	696
Multilateral Development Banks	-
Banks	6,108
Corporates	586
Other items	4,631
Market risk	-
Interest Rate Risk	-
Equity Risk	-
Foreign Exchange Risk	-
Commodities Risk	-
Options Risk	-
Collective Investment Fund Risk	-
Securities Underwriting	-
Other Risk	-
Operational Risk	**545**
OpR Basic indicator Approach (BIA)	545
Pillar 1: Total Risk Weighted exposure amount	**12,566**
<u>Pillar 2</u>	
Operational Risk	**17,349**
OpR Basic indicator Approach (BIA)	17,349
Pillar 2: Total Risk Weighted exposure amount	**17,349**
Pillar 1 and 2: Total Risk Weighted exposure amount	**29,915**

27 Pillar 3 Public Disclosures *(continued)*

27.4.5 Risk weighted exposure amounts *(continued)*

The capital resources to total risk exposure amount for credit risk as at 31 December 2024 is 202.31% and is in compliance with the FSRA's stipulated minimum requirement of 25%.

27.4.6 Leverage ratio (LR)

The LR is a separate, additional requirement from the risk-based capital requirement. It is defined as the "capital" measure divided by the "exposure" measure. The capital measure is made up of Tier 1 capital. The exposure measure is a sum of on-balance sheet assets, derivative exposures, securities finance transactions and off-balance sheet exposures. It shows how much debt a bank uses to finance its operations.

The Bank is in compliance with the requirements stipulated by FSRA for the Leverage Ratio set at a minimum of 3%.

Particulars	***in USD'000*** **31-Dec-24**
Exposure Measure	
On-balance sheet exposures	
On-balance sheet exposures	28,247
Total on-balance sheet exposures	**28,247**
Derivative exposures	
Total derivative exposures	-
Securities financing transactions	
Total securities financing transaction exposures	-
Other off-balance sheet exposures	
Off-balance sheet items	-
Total Exposure	**28,247**
Capital Measure	
Tier 1 capital	24,320
Total Capital	**24,320**
Leverage ratio (%)	**86.10%**

27 Pillar 3 Public Disclosures *(continued)*

27.5 Liquidity Risk

27.5.1 Liquidity coverage ratio (LCR)

Liquidity risk is the risk of the Bank not being able to meet efficiently the expected and unexpected current and future cash flows and collateral needs, without affecting either its daily operations or its financial condition. It is the policy of the Bank to maintain adequate liquidity at all times.

The Bank ensures that it maintains an adequate level of high-quality liquid assets ('HQLA') to meet its liquidity needs for a minimum 30 calendar day period under a severe stress scenario.

The Bank is in compliance with the requirement stipulated by FSRA to maintain LCR ratio of at least 150%.

Particulars	*in $000* Total unweighted value 31-Dec-24	Total weighted value 31-Dec-24
High-quality liquid assets		
Level 1 Assets	2,164	2,164
Level 2A Assets	1,698	1,443
Total HQLA	**3,862**	**3,607**
Cash Outflows		
Unsecured wholesale funding	**1,367**	**717**
- Small business customers - less stable deposits	*460*	*46*
- Non-financial corporates without deposit protection	*394*	*158*
- Other legal entity customers	*513*	*513*
Other contractual cash outflows	269	269
TOTAL CASH OUTFLOWS	**1,636**	**986**
Cash Inflows		
Other contractual cash inflows	5,013	5,013
TOTAL CASH INFLOWS	**5,013**	**5,013**

	Total Adjusted Value
Total HQLA	**3,607**
Total net cash outflows	**246**
Liquidity coverage ratio (%)	**1463.91%**

27 Pillar 3 Public Disclosures *(continued)*

27.5.2 Net stable funding ratio (NSFR)

The main objective of the NSFR is to promote the resilience of the banking system by improving the funding profile of banks by ensuring they have sufficient level of stable funding in relation to their assets and commitments. The NSFR thus promotes banks to rely on funding from stable sources and long-term borrowing in order to reduce the risks of disruptions which might impact the bank's liquidity position.

The NSFR is calculated as a proportion of Available Stable Funding (ASF) against the Required Stable Funding (RSF). The ASF is defined as the portion of capital and liabilities expected to be stable over the time horizon of one year considered by NSFR. The RSF is measured based on broad characteristic of the liquidity risk profile of the assets and off-balance sheet exposures. The regulations prescribe the factor to be applied to the outstanding value of capital, liabilities, assets and off-balance sheet items for NSFR computation.

The Bank is in compliance with the requirement stipulated by FSRA to maintain NSFR ratio of at least 150%.

Net Stable Funding Ratio – NSFR

		in $000
Particulars	**Total Amount**	**Weighted Value**
	31-Dec-24	
Available stable funding (ASF) item		
Capital:		
Regulatory capital	25,580	25,580
Other capital instruments	-	-
Deposits from small business customers:		
- *Less stable deposits*	460	414
Funding with a residual maturity of less than one year provided by non-financial corporate customers	394	197
All other liabilities not included in the above categories	513	-
Total ASF		**26,191**
Required stable funding (RSF) item		
Total high-quality liquid assets (HQLA)	6,737	1,204
Deposits held at other financial institutions for operational purposes	14,888	7,444
Total RSF		**8,648**
Net Stable Funding Ratio (%)		**302.84%**