MENA Industrial Bank B.S.C. (c)

Report of the Board of Directors, Independent Auditor's Report and Financial Statements

For the period from 28 July 2024 (date of incorporation) to 31 December 2025

REPORT OF THE BOARD OF DIRECTORS OF MENA INDUSTRIAL BANK B.S.C. (c)

The Board of Directors is pleased to submit its report together with the audited financial statements of the MENA INDUSTRIAL BANK B.S.C. (c) ("the Bank") for the period ended 31 December 2025.

Principal Activities

The Bank operates under a conventional wholesale banking license issued by the Central Bank of Bahrain (the "CBB") on 26 February 2025. The Bank is primarily engaged in providing wholesale banking services including corporate finance, trade finance, deposit-taking, current accounts for customers, and treasury operations.

Financial Position & Financial Results

The financial position and results of the Bank for the period ended 31 December 2025 are set out in the accompanying financial statements. As of 31 December 2025, total assets of the Bank were US$ 103.6 million with total equity of shareholders at US$ 97.4 million. During the period, the Bank reported a net loss of US$ 2.6 million.

Board of Directors

The following were the Directors as of 31 December 2025:

Chairman	H.E. Shaikh Humoud Shamlan A H Alsabah
Directors	H.E. Ayman Tawfeeq Abdulrahman Almoayed
	Mr. Mohamed Tareq Mohamed Sadeq Mohamed Akbar
	Mr. Asaf Malik Mohyuddin Nazar Mohyuddin
	Ms. Lamis Hazem El Samad

Auditors

The financial statements for the period ended 31 December 2025 have been audited by Ernst & Young.

On behalf of the Directors

H.E. Shaikh Humoud Shamlan A H Alsabah Chairman of the Board of Directors	Mohamed Tareq Mohamed Sadeq Mohamed Akbar Member of the Board of Directors

Remuneration of the Board of Directors and the executive management for the period from 28 July 2024 (date of incorporation) to 31 December 2025

Amounts in USD

Board of directors' remuneration:

Name	Fixed remunerations				Variable remunerations				End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Other *	Total	Remunerations of the chairman and BOD	Incentive plans	Others	Total			
First: Independent Directors:											
1- Mohamed Tareq Mohamed Sadeq Mohamed Akbar	-	29,177	59,682	88,859	-	-	-	-	-	-	-
2- Asaf Malik Mohyuddin Nazar Mohyuddin	-	21,883	59,682	81,565	-	-	-	-	-	-	-
Second: Non-Executive Directors:											
1- H.E Shaikh Humoud Shamlan Alsabah	-	-	** 600,000	600,000	-	-	-	-	-	-	-
2- H.E Ayman Tawfeeq Abdulrahman Almoayed	-	15,252	59,682	74,934	-	-	-	-	-	-	-
3. Lamis Hazem El Samad***	-	18,366	27,246	45,612	-	-	-	-	-	-	-
4. Yusuf Abdulaziz Jamal Jamal***	-	13,983	32,436	46,419	-	-	-	-	-	-	-
Total	-	98,661	838,728	937,389						-	-

* This includes a fixed expertise allowance associated with Board duties and committee responsibilities
**The Chairman receives a higher allowance due to the greater scope of responsibilities and additional duties undertaken by him during the Bank's formation, as reflected in the agreed terms
***Mr. Yusuf Jamal discontinued as Director w.e.f. Aug 3, 2025. Ms. Lamis El Samad started the term as the Director w.e.f. Aug 28, 2025.

Executive management's remuneration:

Amounts in USD

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2025	Aggregate Amount
Top 6 remunerations for executives, including CEO and Senior Financial Officer	458,000	-	-	458,000

Shape the future with confidence

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF MENA INDUSTRIAL BANK B.S.C. (c)

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of MENA Industrial Bank B.S.C. (c) (the "Bank"), which comprise the statement of financial position as at 31 December 2025, and the statements of profit or loss and other comprehensive income, cash flows, changes in equity for the period from 28 July 2024 (date of incorporation) to 31 December 2025, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2025, and its financial performance and its cash flows for the period from 28 July 2024 (date of incorporation) to 31 December 2025 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bahrain, 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

Other information consists of the information included in the Bank's Report of the Board of Directors, other than the financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information.

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 identified above when it becomes available 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 on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on the audit of the financial statements (continued)

Responsibilities of the Board of Directors for the financial statements
The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB), and for such internal controls as the Board of Directors 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement 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 the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's 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 auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF MENA INDUSTRIAL BANK B.S.C. (c) (continued)

Report on the audit of the financial statements (continued)

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

- 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.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

As required by Bahrain Commercial Companies Law and Volume 1 of the Central Bank of Bahrain (CBB) Rule Book, we report that:

(a) the Bank has maintained proper accounting records and the financial statements are in agreement therewith;

(b) the financial informaton contained in the Report of the Board of Directors is consistent with the financial statements;

(c) we are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain and Financial Institutions Law, the CBB Rule Book (Volume 1 and applicable provisions of Volume 6) and CBB directives during the period ended 31 December 2025 that might have had a material adverse effect on the business of the Bank or on its financial position; and

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

Ernst + Young

Auditor's Registration No: 115
26 February 2026
Manama, Kingdom of Bahrain

STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	*31 December 2025 USD '000*
ASSETS		
Cash and short-term deposits	5	**73,963**
Investment securities	6	**20,796**
Other assets	7	**732**
Right-of-use assets	8	**517**
Furniture and equipments	9	**3,115**
Intangible assets under development	10	**4,446**
TOTAL ASSETS		**103,569**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	11	**100,000**
Accumulated losses		**(2,555)**
Total Equity		**97,445**
LIABILTIES		
Lease liabilities	8	**519**
Other liabilities	12	**5,605**
Total liabilities		**6,124**
TOTAL EQUITY AND LIABILITIES		**103,569**

H.E. Shaikh Humoud Shamlan A H Alsabah
Chairman of the Board of Directors

Mohamed Tareq Mohamed Sadeq Mohamed Akbar
Member of the Board of Directors

Shamzani Hussain
Chief Executive Officer

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 28 July 2024 (date of incorporation) to 31 December 2025

	Notes	***For the period from 28 July 2024 (date of incorporation) to 31 December 2025*** ***USD '000***
Interest income	13	**3,290**
Staff costs	14	**(1,233)**
Other operating expenses	15	**(3,265)**
Pre-incorporation expenses	16	**(1,089)**
Depreciation and amortisation	17	**(110)**
Total operating expenses		**(5,697)**
Net operating loss before expected credit loss		**(2,407)**
ECL charge on financial assets	18	**(148)**
Net and total comprehensive loss for the period		**(2,555)**

H.E. Shaikh Humoud Shamlan A H Alsabah
Chairman of the Board of Directors

Mohamed Tareq Mohamed Sadeq Mohamed Akbar
Member of the Board of Directors

Shamzani Hussain
Chief Executive Officer

STATEMENT OF CASH FLOWS

For the period from 28 July 2024 (date of incorporation) to 31 December 2025

	Notes	*For the period from 28 July 2024 (date of incorporation) to 31 December 2025* *USD '000*
OPERATING ACTIVITIES		
Net loss for the period		**(2,555)**
Adjustments for:		
Depreciation and amortisation	17	**110**
ECL charge on financial assets	18	**148**
Interest on lease liabilities	8	**4**
Amortisation of investment sercurities	13	**(110)**
		(2,403)
Changes in operating assets and liabilities:		
Other assets	7	**(732)**
Other liabilities	12	**5,605**
Net cash from operating activities		**2,470**
INVESTING ACTIVITIES		
Purchase of investment securities		**(5,052)**
Purchase of equipments	9	**(3,195)**
Purchase of intangible assets under development	10	**(4,446)**
Cash flow used in investing activities		**(12,693)**
FINANCING ACTIVITIES		
Issue of share capital		**100,000**
Payment of lease liabilities	8	**(32)**
Net cash from financing activities		**99,968**
Net increase in cash and cash equivalents		**89,745**
Cash and cash equivalents at beginning of the period		**-**
Cash and cash equivalents at end of the period	22	**89,745**

The attached notes 1 to 22 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the period from 28 July 2024 (date of incorporation) to 31 December 2025

	Share capital USD '000	*Accumulated losses USD '000*	*Total USD '000*
At 28 July 2024 (date of incorporation)	-	-	-
Issue of share capital	100,000	-	100,000
Net and total comprehensive loss for the period	-	(2,555)	(2,555)
Balance at 31 December 2025	**100,000**	**(2,555)**	**97,445**

1 INCORPORATION AND ACTIVITIES

MENA Industrial Bank B.S.C (c) (the "Bank") is a conventional wholesale bank, incorporated in the Kingdom of Bahrain. The Bank operates under a conventional wholesale banking license issued by the Central Bank of Bahrain (the "CBB") on 26 February 2025. The Bank is registered with the Ministry of Industry and Commerce in the Kingdom of Bahrain and operates under commercial registration number 176708-1 obtained on 28 July 2024. The Bank's registered office is at Flat 1601, Building 1411, Road 4626, Block 346, Manama, Kingdom of Bahrain.

The Bank is a subsidiary of MENA Development W.L.L (the "Ultimate Parent") which holds 80% of the share capital of the Bank. The other shareholder of the Bank is 10XED SPV Limited which holds 20% of the share capital.

The Bank is principally engaged in the provision of wholesale banking services.

The financial statements have been approved by the Board of Directors on 25 February 2026 and authorised for issue on February 26, 2026.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements of the Bank are prepared in accordance with IFRS Accounting Standards issued by International Accounting Standard Board (“IASB”) and the relevant provisions of the Bahrain Commercial Companies Law and the CBB and Financial Institutions Law and the CBB Rulebook (Volume 1 and applicable provisions of Volume 6) and CBB directives.

As this is the first year of the Bank's operations, the Bank has prepared its financial statements for the period from 28 July 2024 (date of incopration) to 31 December 2025. Accordingly, no comparative figures have been presented, as there were no prior period financial statements.

The financial statements are prepared under the historical cost convention, as modified by the measurement at fair value of certain debt financial assets.

The financial statements have been presented in United State Dollars (USD) which is also the functional currency of the Bank and are rounded to the nearest USD thousand except when otherwise indicated.

3 MATERIAL ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents comprise balances maintained with bank on demand and investment securities with original maturity of three months or less. Cash and cash equivalents are initially measured at their fair value and subsequently remeasured at amortised cost.

3.2 Recognition of income and expenses

3.2.1 The effective interest rate (EIR) method

Interest income is recorded using the EIR method for all financial assets measured at amortised cost. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.2 Recognition of income and expenses (continued)

3.2.1 The effective interest rate (EIR) method (continued)
The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial asset.

Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations of fixed rate financial assets' or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in interest revenue/expense calculated using the effective interest method.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

3.2.2 Interest income/expense
Interest income and interest expense is calculated using the EIR method.

The Bank calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

When a financial asset becomes credit-impaired (therefore regarded as 'Stage 3'), the Bank suspends the recognition of interest income of the financial asset. If the financial asset cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

3.3 Financial instruments

3.3.1 Date of recognition
Financial assets and liabilities, with the exception of deposits to customers and banks, are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Bank recognises deposits from customers when funds are received by the Bank.

3.3.2 Initial measurement
The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in note 3.4.1 and 3.5.1.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.3 Financial instruments (continued)

3.3.2 Initial measurement (continued)

At initial recognition, the Bank measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss (FVTPL), transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at fair value through other comprehensive income (FVOCI), which results in an accounting loss being recognised in the profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities at initial recognition differs from the transaction price, the Bank recognises the difference as day 1 profit or loss on recognition.

3.4 Financial assets

3.4.1 Debt type instruments - classification and subsequent measurement

Classification and subsequent measurement of debt instruments depend on:

(a) the Bank's business model for managing the asset; and

(b) the cash flow characteristics of the asset i.e. solely payments of principal and interest (SPPI) test.

Taking into account the above factors, the Bank classifies all of its debt type instruments into amortised cost category as explained below:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any ECL allowance recognised and measured. Interest income from these financial assets is included in 'Interest income' using the EIR method.
- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of expected credit losses or writebacks, interest income and foreign exchange gains and losses. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from retained earnings to profit or loss and recognised as 'Gain or loss on disposal of non-trading debt investments' included in 'Other operating income'. Interest income from these financial assets is included in 'Interest income' using the EIR method.
- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. The Bank may also designate a financial asset at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss as 'Gain on trading securities' included in 'Other operating income' in the year in which it arises. Interest income from these financial assets is included in 'Interest income' using the EIR method.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.4 Financial assets (continued)

3.4.2 Business model
The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'held for trading' business model and measured at FVTPL.

The business model assessment is not carried out on an instrument-by-instrument basis but at the aggregate portfolio level and is based on observable factors.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

3.4.3 Solely payments of principal and interest (SPPI) test
The Bank assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

Principal for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

Interest is the consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

In assessing whether the contractual cash flows are solely payments of principal and interest, 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 the assessment, the Bank considers:

- The currency in which the financial asset is denominated, and the period for which the interest rate is set;
- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms; and
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements).

Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

3.4.4 Derecognition other than on a modification
Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Bank transfers substantially all the risks and rewards of ownership, or (ii) the Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control.

The Bank enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Bank:

3 MATERIAL ACCOUNTING POLICIES (continued)

3.4 Financial assets (continued)

3.4.4 Derecognition other than on a modification (continued)

(a) Has no obligation to make payments unless it collects equivalent amounts from the assets;
(b) Is prohibited from selling or pledging the assets; and
(c) Has an obligation to remit any cash it collects from the assets without material delay.

3.4.5 Modification
If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value. If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Bank recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. There were no modification to financial assets during the period.

3.5 Financial liabilities

3.5.1 Classification and subsequent measurement
The Bank's financial liabilities are classified as subsequently measured at amortised cost.

3.5.2 Derecognition
Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Bank and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original EIR, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

3.6 Property and equipment
Property and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate, and treated as changes in accounting estimates. Right-of-use assets are presented together with property and equipment in the statement of financial position. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Depreciation of owned assets is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Furniture and fittings	5 years
- Office equipments	3 - 10 years

3 MATERIAL ACCOUNTING POLICIES (continued)

3.7 Intangible under development

Intangible assets under development represent expenditures incurred on projects that are not yet available for use and for which the criteria for capitalization under IAS 38 Intangible Assets have been met. Expenditures that do not meet these criteria are expensed as incurred.

Initial Measurement

Intangible assets under development are initially measured at cost, which includes all directly attributable expenditures necessary to create, produce, and prepare the asset for its intended use. i.e;

Direct payroll and related costs of personnel engaged in development activities
Fees to third-party developers or consultants
Costs of testing and pilot activities
Costs of licenses or materials used directly in development

Research expenditures are expensed as incurred in accordance with IAS 38.

Subsequent Measurement

Subsequent to initial recognition, intangible assets under development are carried at cost less any accumulated impairment losses. Amortization is not commenced until the asset is ready for its intended use.

Once the project is completed and the asset becomes available for use, the carrying amount is reclassified from “Intangible Assets Under Development” to the appropriate class of “Intangible Assets” (e.g., software, licenses). At that point:

Amortization begins based on the asset’s useful life and any residual values, amortization methods, and useful lives are reviewed annually.

Intangible assets under development are assessed at each reporting date for indications of impairment in accordance with IAS 36 Impairment of Assets. If indicators of impairment exist, the recoverable amount is estimated and any impairment loss is recognized immediately in profit or loss.

3.8 Impairment

The Bank assesses on a forward-looking basis, the expected credit loss (ECL) associated with its financial instruments assets carried at amortised cost and FVOCI and against the exposure arising from loan commitments and financial guarantee contracts.

The Bank recognises an ECL for such losses on origination and reassess the expected losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

To calculate ECL, the Bank estimates the risk of a default occurring on the financial instrument during its expected life. ECLs are estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e., the difference between: the contractual cash flows that are due to the Bank under the contract, and the cash flows that the Bank expects to receive, discounted at the effective interest rate of the financial asset or an approximation thereof.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.8 Impairment (continued)

- Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the Bank recognises an allowance based on the 12-month ECL.
- Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired, the Bank recognises an allowance for the lifetime ECL.
- Stage 3: for credit-impaired financial instruments, the Bank recognises the lifetime ECL.
- Purchased or originated credit impaired ('POCI'): when financial assets are purchased or are originated at a deep discount or are credit-impaired on initial recognition. These are subject to lifetime ECLs. It also includes recognition of previously written off loans of the Bank where the expectation of recovery has improved.

For the purposes of categorisation into above stages, the Bank performs an assessment at the end of each reporting period of whether credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The Bank records ECL for FVOCI debt securities, depending on whether they are classified as Stage 1, 2, or 3, as explained above. However, ECL does not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss.

No impairment is recorded on equity instruments.

3.8.1 The calculation of ECL
The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately. It is usually expressed as a percentage of the EAD.

The estimate of expected cash shortfalls is determined by multiplying the probability of default (PD) with the loss given default (LGD) with the expected exposure at the time of default (EAD). There may be multiple default events over the lifetime of an instrument.

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

3 MATERIAL ACCOUNTING POLICIES (continued)

3.10 Fair value measurement
The Bank measures financial instruments at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Bank. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interests.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 valuation: Directly observable quotes for the same instrument.
- Level 2 valuation: Directly observable proxies for the same instrument accessible at valuation date.
- Level 3 valuation: Derived proxies (interpolation of proxies) for similar instruments that have not been observed.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.11 Foreign currencies
Transactions and balances
Transactions in foreign currencies are initially recorded at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities in foreign currencies are translated into the Bank's functional currency at the rates of exchange ruling at the date of the statement of financial position. Any gains or losses are taken to the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Income and expense items are translated at average exchange rates for the period.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.12 Trade and settlement date accounting

All “regular way” purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Bank commits to purchase or sell the asset, except for deposits from customers .

3.13 Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Bank intends to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

3.14 Significant accounting judgements, estimates and assumptions

The preparation of the Bank’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Bank’s accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank’s control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

Going concern

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

4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

4.1 Standards issued but not yet effective

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

- Amendments to the Classification and Measurement of Financial Instruments - amendments to IFRS 9 and IFRS 7: effective for annual reporting periods beginning on or after 1 January 2026;
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7: effective for annual reporting periods beginning on or after 1 January 2026; and
- IFRS 18 Presentation and Disclosure in Financial Statements: replacing IAS 1 - Presentation of Financial Statements: effective for annual reporting periods beginning on or after 1 January 2027.

5 CASH AND SHORT-TERM DEPOSITS

	Notes	*31 December 2025 USD '000*
Balances with banks	5.1	**7,848**
Short-term deposits	5.2	**66,180**
Cash and short-term deposit before ECL allowance		**74,028**
ECL allowances	18	**(65)**
Cash and short-term deposits - net		**73,963**

5.1 This includes saving account of the Bank with a reputable islamic financial institution rated "B" in the Kingdom of Bahrain which carries effective interest rate of 1.9% per annum.

5.2 The Bank has invested in multiple mudaraba certificates with reputable financial institutions in the Kingdom of Bahrain. These deposits carry effective interest rate of 4.5% per annum having original maturity between 1 to 3 months.

Cash and short-term deposits are classified under Stage 1 as of 31 December 2025.

6 INVESTMENT SECURITIES

	Note	*31 December 2025 USD '000*
Government treasury bills	6.1	**20,879**
ECL allowances	18	**(83)**
Investment securities - net		**20,796**

6.1 The securities represent Government treasury bills issued by the CBB with the original maturity between 3 to 12 months from the date of issuance which are carried at amortised cost. As at 31 December 2025, all debt instruments were rated "B" and classified as stage 1.

The fair value of investment securities as of 31 December 2025 is USD 20.9 million under level 1 of fair value hierarchy.

7 OTHER ASSETS

	31 December 2025 USD '000
Accrued income	**424**
Prepayments	**258**
Security deposit	**50**
	732

8 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Bank has a lease contract for premises occupied by it. The Bank is restricted from assigning and subleasing the leased assets.

Set out below is the carrying amount of right-of-use assets and lease liabilities recognised and movements during the period:

	31 December 2025 USD '000
At 28 July 2024 (date of incorporation)	**-**
Additions during the period	**547**
Amortisation of right-of-use assets	**(30)**
As at 31 December	**517**
At 28 July 2024 (date of incorporation)	**-**
Additions during the period	**547**
Accretion of interest	**4**
Payment of lease liabilities	**(32)**
As at 31 December	**519**
Current	**175**
Non-current	**344**
	519

9 FURNITURE AND EQUIPMENTS

	Furniture and fittings USD '000	*Equipments USD '000*	*Total USD '000*
Cost:			
At 28 July 2024 (date of incorporation)	-	-	-
Additions during the period	106	3,089	3,195
At 31 December 2025	**106**	**3,089**	**3,195**
Accumulated depreciation:			
At 28 July 2024 (date of incorporation)	-	-	-
Charge for the period	3	77	80
At 31 December 2025	**3**	**77**	**80**
Net book value:			
At 31 December 2025	**103**	**3,012**	**3,115**

10 INTANGIBLE ASSETS UNDER DEVELOPMENT

Intangible assets under development represents work in progress related to Core Banking and other softwares related to banking activities. These are still under development and therefore no amortisation has been charged for the period ended 31 December 2025.

11 SHARE CAPITAL

	31 December 2025 USD'000
Authorised - 200 million shares of USD 1 each	**200,000**
Issued and fully paid - 100 million shares of USD 1 each	**100,000**

12 OTHER LIABILITIES

	31 December 2025 USD '000
Vendor payables	**4,905**
VAT payable	**323**
Accrued expenses	**377**
	5,605

13 INTEREST INCOME

	For the period from 28 July 2024 (date of incorporation) to 31 December 2025 USD'000
Interest income from:	
- placements with banks	**3,180**
- investment securities	**110**
	3,290

14 STAFF COSTS

Salaries	**965**
Social Insurance Organization (SIO) charges	**133**
Medical insurance expenses	**61**
Relocation expenses	**67**
Other benefits	**6**
Training expenses	**1**
	1,233

15 OTHER OPERATING EXPENSES

	For the period from 28 July 2024 (date of incorporation) to 31 December 2025
	USD'000
Core banking expenses	**359**
Professional and advisory expenses	**1,187**
Fee to the Board of Directors	**937**
IT equipments and subscriptions	**213**
Rent	**174**
Others	**375**
Foreign exchange loss	**16**
Interest expenses	**4**
	3,265

16 PRE-INCORPORATION EXPENSES

Pre-incorporation expenses comprises of legal and professional fees amounting to USD 1,039 thousand, CBB license expense amounting to USD 30 thousand and other initial setup expenses amounting to USD 20 thousand.

17 DEPRECIATION AND AMORTISATION

	Notes	*For the period from 28 July 2024 (date of incorporation) to 31 December 2025*
		USD'000
Furniture and equipments	9	**80**
Right-of-use assets	8	**30**
		110

18 EXPECTED CREDIT LOSSES ("ECL")

	At 28 July 2024 (date of incorporation)	*ECL charge during the period*	*At 31 December 2025*
	USD'000	*USD'000*	*USD'000*
Balances with banks	**-**	**7**	**7**
Short-term deposits	**-**	**58**	**58**
Investment securities	**-**	**83**	**83**
	-	**148**	**148**

19 TRANSACTIONS WITH RELATED PARTIES

Related parties represent the ultimate parent, major shareholders, associates, directors and key management personnel of the Bank and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Bank's management.

	31 December 2025 USD'000
The expenses in respect of related parties included in the financial statements are as follows:	
Pre-incorporation expenses with other related party	**1,003**
Board of directors' fee and compensation of the key management personnel are as follows:	
Board of Directors' fee	**937**
Remuneration to key management personnel	**458**

20 RISK MANAGEMENT

Risk is an inherent aspect of the Bank’s operations. The overall governance and oversight of risk management are conducted with the support of the Bank's Management with oversight of Board of Directors. The Bank is exposed to various financial risks, including liquidity risk, credit risk, market risk, and operational risk.

20.1 Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due. The Bank's exposure to liquidity risk is minimal.

The maturity profile of the assets and liabilities given below has been determined on the basis of the remaining period at the date of the statement of financial position to the contractual maturity date, except in the case of deposits with Banks which entirely comprises of “Current and Savings Account”.

31 December 2025	*Up to 3 months USD'000*	*More than 3 months to 1 Year USD'000*	*More than 1 Year to 5 Years USD'000*	*Undated USD'000*	*Total USD'000*
Assets					
Cash and short-term deposits	**72,379**	**1,584**	**-**	**-**	**73,963**
Investment securities	**15,736**	**5,060**	**-**	**-**	**20,796**
Other assets	**682**	**-**	**50**	**-**	**732**
Right-of-use assets	**46**	**136**	**335**	**-**	**517**
Furniture and equipments	**-**	**-**	**104**	**3,011**	**3,115**
Intangible assets under development	**-**	**-**	**-**	**4,446**	**4,446**
Total assets	**88,843**	**6,780**	**489**	**7,457**	**103,569**

20 RISK MANAGEMENT (continued)

20.1 Liquidity risk (continued)

31 December 2025	***Up to 3 months USD'000***	***More than 3 months to 1 Year USD'000***	***More than 1 Year to 5 Years USD'000***	***Undated USD'000***	***Total USD'000***
EQUITY AND LIABILITIES					
EQUITY					
Share capital	**-**	**-**	**-**	**100,000**	**100,000**
Accumulated losses	**-**	**-**	**-**	**(2,555)**	**(2,555)**
Total equity	**-**	**-**	**-**	**97,445**	**97,445**
LIABILTIES					
Lease liabilities	**43**	**132**	**344**	**-**	**519**
Other liabilities	**4,261**	**31**	**1,313**	**-**	**5,605**
Total liabilities	**4,304**	**163**	**1,657**	**-**	**6,124**
Total equity and liabilities	**4,304**	**163**	**1,657**	**97,445**	**103,569**
Liquidity gap	**84,539**	**6,617**	**(1,168)**	**(89,988)**	**-**

20.2 Credit Risk

Credit risk is the risk that the Bank will incur a loss because its counterparties fail to discharge their contractual obligations. The Bank's financial assets comprise of invesment securities, other assets, cash and short-term deposits. Investment securities are from the government treasury bills of the Kingdom of Bahrain and cash and short-term deposits are with the reputable islamic financial institution rated "B" in the Kingdom of Bahrain accordingly the Bank considers to carry minimal risk. However, appropriate ECL has been recorded against these. Maximum credit exposure of the Bank at the reporting date is equal to the carrying value of the financial assets.

The following table contains an analysis of the credit risk exposure of financial assets for which an ECL allowance is recognised. The gross carrying amount of financial assets (before ECL) below also represents the Bank’s maximum exposure to credit risk on these financial assets.

	2025			
	ECL staging			
	Stage 1	***Stage 2***	***Stage 3***	
	12-month ECL	***Lifetime ECL***	***Lifetime ECL***	***Total***
	USD'000	***USD'000***	***USD'000***	***USD'000***
Financial assets				
Cash and short-term deposits	**74,028**	**-**	**-**	**74,028**
Investment securities	**20,879**	**-**	**-**	**20,879**
ECL allowance	**148**	**-**	**-**	**148**
Carrying amount	**94,759**	**-**	**-**	**94,759**

20 RISK MANAGEMENT (continued)

20.2 Credit Risk (continued)

20.2.1 Concentration of risks of financial assets with credit risk exposure

The following table breaks down the Bank’s main credit exposure at their carrying amounts, as categorised by geographical region and by the industry sectors as of 31 December 2025.

By geographical regions **2025**	***Middle East*** ***USD'000***
Financial assets	
Cash and short-term deposits	**73,963**
Investment securities	**20,796**
Total	**94,759**

By Industry **2025**	***Banks / financial institutions*** ***USD'000***	***Government*** ***USD'000***	***Total*** ***USD'000***
Financial assets			
Cash and short-term deposits	**73,963**	**-**	**73,963**
Investment securities	**-**	**20,796**	**20,796**
Total	**73,963**	**20,796**	**94,759**

20.3 Market risk

Market risk is the risk that the interest rate, foreign exchange rates, or equity and commodity prices will move and result in profits or losses to the Bank. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

(a) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

(b) Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Positions are monitored on a daily basis and the Bank is in process of establishing the hedging strategies in order to ensure positions are maintained within established limits.

The Bank's assets and liabilities are denominated primarily in United States Dollars (USD), Bahraini Dinar (BHD), Kuwaiti Dinar (KWD) and United Arab Emirates Dirham (AED). The Bank takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

20 RISK MANAGEMENT (continued)

20.3 Market risk (continued)

(b) Foreign exchange risk (continued)
The carrying amounts of the Bank's foreign currency denominated monetary financial assets and liabilities at the reporting date are as follows:

	Assets	*Liabilities*	*Net exposure - long (short)*
	USD'000	*USD'000*	*USD'000*
BHD	**1,978**	**-**	**1,978**
KWD	**163**	**-**	**163**
AED	**1,358**	**-**	**1,358**

A sensitivity analysis is not disclosed because the above-mentioned currencies are pegged to the USD, resulting in immaterial foreign exchange volatility.

20.4 Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems including internal frauds, or from external events including external frauds. This definition includes legal, Information technology (IT) and non-compliance risks, but excludes strategic and reputational risk. The Bank is in process of implementing infrastructure, controls, systems, and procedures to minimise the operational risk.

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values. Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. The Bank recognises transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs that are based on unobservable inputs (Level 3).

The Bank's financial assets and liabilities are measured at their carrying amount less any impairment charge. Financial instruments mainly consists of short-term deposits carried at amortised cost and carrying values of the financial assets approximates their fair values.

There were no transfers between level 1 and level 2 during the period ended 31 December 2025.

22 CASH AND CASH EQUIVALENTS

	Note	*31 December 2025 USD '000*
Cash and short-term deposits	5	**74,028**
Investment securities with orginal maturity of 3 months		**15,717**
		89,745