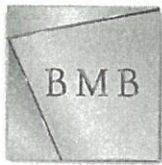


**Bahrain Middle East Bank B.S.C.**

**REPORT OF THE BOARD OF DIRECTORS AND CHIEF  
EXECUTIVE OFFICER, INDEPENDENT AUDITOR'S  
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2025**



BAHRAIN  
MIDDLE EAST  
BANK  
بنك البحرين والشرق الأوسط

## **Board of Directors and Chief Executive Officer's Report - 2025**

On behalf of the Board of Directors and Management of Bahrain Middle East Bank B.S.C. ("**BMB**" or the "**Bank**") we submit the Annual Report and Audited Financial Statements for the year ended 31 December 2025.

2025 was another challenging year for BMB. The key focus for the Board and Management was on recovery efforts relating to its non-performing assets. Several decisions were taken to maintain and reduce to the extent possible the operational expenses and to divert all available resources towards recovery efforts.

### **2025 Financial Results:**

Based on the Directive of the CBB dated 26 November 2018, all direct and indirect exposures to TFC were reclassified as related party exposures and since 16 November 2018 TFC has failed to meet its payment obligations on \$194.8 million of outstanding principal exposures (amounting to 86% of the Bank's assets). This caused a net loss for the year 2018 of US\$189.4 million.

During 2025, due to the majority of the Bank's assets being non-performing and the need to utilize the available liquidity and resources to pursue the recovery of those assets, the Bank's income generation was very limited. Total Operating Income decreased to \$-0.2 million (\$0.9 million in 2024) and total Operating expenses decreased slightly to \$1.50 million (\$1.51 million in 2024).

### **Going Concern:**

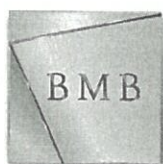
The continuing non-performance of the TFC exposures has materially impacted the liquidity position, capital position and the business activities of the Bank. Keeping in view the financial position, the Bank's auditors' have not expressed any opinion on the financial statements (disclaimer of opinion) due to conditions that may affect the Bank's ability to continue as a going concern. As required by the Bank's Articles of Association and in compliance with Article (210) (e) of the Commercial Companies Law No. 21 of 2001, as amended, the Board called for an Extra-Ordinary General Meeting ("EGM") to decide whether the Bank should continue or should be put under voluntary liquidation. There was no quorum for an EGM to be convened in the meetings called on 23 December 2019, 30 December 2019 and 6 January 2020 and as such this could not be deliberated on.

Subject to any developments or changes to the facts and information currently available, and which may affect the Bank, and the conditions set out in note 2 of the financial statements, the Board of Directors and the Management believe that the Bank will continue to be operational for at least the next twelve months. The Board and Management are working on different options to restructure the Bank and to maintain to the extent possible its reduced operational costs and to continue its operations, with the objective of prudently utilizing the available liquidity and other resources and identifying means to generate additional liquidity required to continue the Bank's operations. In addition, the Management have taken several initiatives including negotiations with the related parties (in 2019) to restructure while considering various legal options that led to filing legal cases with the objective of achieving recovery. The steps taken by the Board and Management so far, and steps planned for the future are also explained further in notes to the financial statements.

### **Activities during the year**

Due to the restrictions levied by the Central Bank of Bahrain and the continuing non-performance of a large proportion of the Bank's loan book, the Bank has limited its business activities to managing its remaining liquidity and focusing on recovery.

The primary strategic objective of the Bank is to continue achieving recovery of the outstanding debts on behalf of its customers and itself. It has directed all resources and efforts toward achieving this objective in recognition



that it is key for the continuity of the Bank and the safeguarding of the interests of the stakeholders. To help achieve this objective, and to ensure that the available liquidity is efficiently utilized, the process of thoroughly reducing the operational expenses will continue to be carried out.

**Achievements:**

Up to date, with their extensive efforts, the Board and Management successfully achieved the following:

- A judgment was issued in favor of the Bank related to a non-performing loan from a related party entity located in the GCC. Furthermore, the Bank enforced the judgment and reached a settlement.
- A judgment was issued in favor of the Bank related to criminal and civil proceedings involving a previous member of Management. Furthermore, the Bank is currently in the final stages of enforcing the judgment in the GCC.
- A judgment was issued in favor of the Bank related to a defaulting placement with a locally incorporated wholesale Islamic Financial Institution. Furthermore, the Bank enforced the judgment and reached a settlement, whereby, as part of settlement, the Bank received investment properties located in Bahrain and unquoted Sukuk. The Bank managed to sell the investment properties.
- Continued to enhance the internal controls by reviewing and updating the policies, procedures and systems to further strengthen the Bank's internal frameworks.

**Outlook:**

The key focus for the Board and Management will continue to be on recovery efforts relating to the non-performing assets. To the best of its knowledge and belief, the Board and Management recognize that the continuation of the Bank in this manner and following this strategy would be to the benefit of its depositors, customers and shareholders.

We are pleased to attach the remuneration of members of the Board of Directors and the Executive Management for the fiscal year ending 31 December 2025.

**First: Board of directors' remuneration details:**

Name	Fixed remunerations				Variable remunerations				End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Others*	Total	Remunerations of the chairman and BOD	Incentive plans	Others**	Total			
<b>First: Independent Directors:</b>											
1- Sh. Khalifa bin Duaij Al Khalilfa*	-	3,770	-	3,770	-	-	-	-	-	-	3,770
2- Mr. Emad Yousef AlMonayea*	-	4,147	-	4,147	-	-	-	-	-	-	4,147
3- Mr. Khalil Ismaeel Al Meer*	-	4,713	-	4,713	-	-	-	-	-	-	4,713
4- Mr. Nader Ahmed Mahmood*	-	4,524	-	4,524	-	-	-	-	-	-	4,524



**Second: Non-Executive Directors:**

1-	-	-	-	-	-	-	-	-	-	-	-
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**Third: Executive Directors:**

1- Mr. Abdulla Mohamed Dawood*	-	3,770	-	3,770	-	-	-	-	-	-	3,770
<b>Total</b>	-	<b>20,924</b>	-	<b>20,924</b>	-	-	-	-	-	-	<b>20,924</b>

**Note:**

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

\* The Directors were appointed in the Ordinary General Meeting held on 11<sup>th</sup> October 2022 for a three-year term from 11<sup>th</sup> October 2022 to 11<sup>th</sup> October 2025. During 2025, the Bank requested a six-month extension to the Board's term, which was approved by the CBB, thereby extending the Board's term end date to 10<sup>th</sup> April 2026.

**Second: Executive management remuneration details:**

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**	166,923	-	-	166,923

**Note:**

- 1- All amounts must be stated in Bahraini Dinars.
- 2- Remuneration information above excludes any Board remuneration earned by executive management from their role as a Board member.

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

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

  
Khalifa Bin Duaij AlKhalifa  
Chairman  
of the Board of Directors

  
Abdulla Mohamed Dawood  
Chief Executive Officer  
Board member

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BAHRAIN MIDDLE EAST BANK B.S.C.**

### **Report on the Audit of the Consolidated Financial Statements**

#### *Disclaimer of opinion*

We were engaged to audit the consolidated financial statements of Bahrain Middle East Bank B.S.C. ("the Bank") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as of 31 December 2025, and the consolidated statements of comprehensive income, cash flows and changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the accompanying consolidated financial statements. Because of the significance of the matters described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements.

#### *Basis for disclaimer of opinion*

a) As disclosed in note 2, the consolidated financial statements have been prepared on a basis other than going concern whereby, the assets are required to be stated at their net realisable values and liabilities at amounts at which they are expected to be settled. In preparing the consolidated financial statements, the management and the board of directors have considered and adopted several assumptions and judgments to best reflect the assets at net realisable values and the liabilities at amounts at which they are expected to be settled. However, they have been unable to make a reliable estimate of the net realizable value of a substantial portion of the Group's non-performing assets amounting to US\$ 195.4 million included in exposures from related parties and US\$ 4.162 million included in investment securities. Exposures from related parties have been fully provided for and the Group has chosen to value these at US\$ nil while investment securities had been assessed to have a net realisable value of US\$ 4.162 million. We have not been provided with and have not been able to assess the reasonableness of the basis of preparation nor the net realisable value of these assets.

b) As disclosed in note 25 to the consolidated financial statements, the Group had reversed unclaimed dividends payable in 2011. As at 31 December 2025, the Group did not reflect the liability of US\$ 2,553 thousand towards its shareholders for these unclaimed dividends declared in prior years on the consolidated statement of financial position. The Group continues to disclose the same as a commitment in the notes to the consolidated financial statements. Liabilities are accordingly understated, and equity is overstated in the consolidated statement of financial position by US\$ 2,553 thousand as at 31 December 2025.

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BAHRAIN MIDDLE EAST BANK B.S.C. (continued)**

### **Report on the Audit of the Consolidated Financial Statements (continued)**

#### *Basis for Disclaimer of opinion (continued)*

c) As disclosed in note 25 to the consolidated financial statements, the Group's board of directors and management who commenced their roles in 2019 had concerns on certain transactions that took place from 2012 to 2018, with a sanctioned foreign government entity, and voluntarily appointed a law firm in 2019 to review the transactions entered by the Group from 2012 with the sanctioned foreign government entity.

The appointed law firm stated in its report issued in June 2020, that based on a preliminary high-level limited review, the Group is at risk of being found to have breached sanctions due to an action of roll-over of such sanctioned funds in its books only, and there is a likelihood of unasserted possible claim or assessment by the relevant enforcement agencies. The law firm has further reported that it did not independently analyze all relevant transactions, instead just a sample, nor did it detail the full scope of the Group's potential activities related to sanctioned parties or countries, whereby instead, the law firm analyzed those records and transaction documents that the Group provided to them. The law firm had also stated that the preliminary assessment does not constitute and should not be misconstrued as an independent internal investigation report. The Group is of the understanding that this assertion is subject to a more detailed review of the underlying facts and transactions, to establish whether an actual breach took place.

The Group's current management has disclosed the legal opinion to the Central Bank of Bahrain (the "CBB"), and the Group has also initiated corrective actions that were suggested by the law firm, where appropriate. The Group has informed us that, regarding the above they are unaware of any claims, proceedings or regulatory actions that have been filed against the Group by any regulatory agency till the date of approval of the consolidated financial statements. It is the Group's assessment that it is not possible to estimate an amount or range of potential loss in case any sanction breaches are ascertained and therefore it is unable to reliably quantify an amount of potential claim or a range of potential claims. Consequently, no provision for possible obligations has been recognised by the Group in the consolidated financial statements. Further, the Group continue to recognise the sanctioned funds under "Due to financial institutions" without any interest being accrued on these balances. We have not been provided with the basis for non-accrual. As such we have been unable to assess whether a potential interest liability exist in this respect.

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BAHRAIN MIDDLE EAST BANK B.S.C. (continued)**

### **Report on the Audit of the Consolidated Financial Statements (continued)**

#### *Responsibilities of the Board of Directors for the consolidated financial statements*

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and for such internal control as it determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

#### *Auditor's Responsibilities for the audit of the consolidated financial statements*

Our responsibility is to express an opinion on the consolidated financial statements based on conducting the audit in accordance with International Standards on Auditing. However, because of the matters described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

### **Report on Other Legal and Regulatory Requirements**

As required by the Bahrain Commercial Companies Law and Volume 1 of the Central Bank of Bahrain ("the CBB") Rule Book, we report that except for the matters disclosed in our Basis for disclaimer of opinion section above and Note 3 to the consolidated financial statements:

- a) the Group has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
- b) the financial information contained in the Board of Director and Chief Executive Officer's Report is consistent with the consolidated financial statements; and



## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BAHRAIN MIDDLE EAST BANK B.S.C. (continued)**

### **Report on Other Legal and Regulatory Requirements (continued)**

- 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 the CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or the terms of the Group's memorandum and articles of association during the year ended 31 December 2025 that might have had a material adverse effect on the business of the Group or on its consolidated financial position.

The partner in charge of the audit resulting in this independent auditor's report is Abdullatif AlMahmood.

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive, script font.


Partner's registration no. 295  
16 February 2026  
Manama, Kingdom of Bahrain

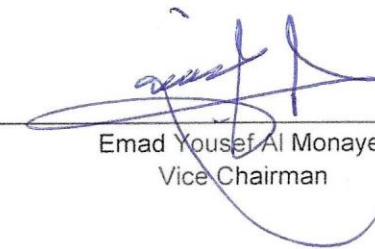
# Bahrain Middle East Bank B.S.C.


## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Note	2025 US\$ '000	2024 US\$ '000
<b>ASSETS</b>			
Balances with banks and financial institutions	7	159	185
Placements with financial institutions	8	978	1,309
Investment securities	9	4,162	4,162
Loans and advances	10	-	-
Exposures from related parties	11	-	-
Investment properties	12	-	1,129
Other assets	13	5	25
<b>TOTAL ASSETS</b>		<b>5,304</b>	<b>6,810</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Due to financial institutions	14	127,737	127,374
Due to customers	15	1,081	1,176
Other liabilities	16	2,286	2,366
<b>Total liabilities</b>		<b>131,104</b>	<b>130,916</b>
<b>EQUITY</b>			
Share capital	17	100,000	100,000
Accumulated losses		(225,800)	(224,106)
<b>Total equity</b>		<b>(125,800)</b>	<b>(124,106)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>5,304</b>	<b>6,810</b>

  
Khalifa Bin Duaij Bin Khalifa AlKhalifa  
Chairman

  
Emad Yousef Al Monayea  
Vice Chairman

  
Abdulla Mohamed Dawood  
Chief Executive Officer


The attached notes 1 to 26 form part of these consolidated financial statements.

# Bahrain Middle East Bank B.S.C.

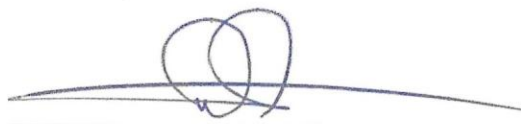
## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Note	2025 US\$ '000	2024 US\$ '000
<b>OPERATING INCOME</b>			
Interest and profit income		258	402
Interest expense		(1)	(2)
<b>Net interest income</b>		<b>257</b>	<b>400</b>
Other income		30	155
Gain / loss on sale of investment properties	12	64	(3)
Foreign exchange (loss) / gain		(537)	341
		<b>(186)</b>	<b>893</b>
<b>OPERATING EXPENSES</b>			
Staff expenses	18	730	790
General and administrative expenses	19	779	723
		<b>1,509</b>	<b>1,513</b>
<b>NET LOSS BEFORE</b>			
ALLOWANCE FOR EXPECTED CREDIT LOSSES		(1,695)	(620)
Reversal for allowance for expected credit losses		1	8
<b>NET LOSS AND OTHER</b>			
COMPREHENSIVE LOSS FOR THE YEAR		<b>(1,694)</b>	<b>(612)</b>
<b>BASIC AND DILUTED EARNINGS</b>			
PER SHARE (IN US\$ CENTS)	20	<b>(0.42)</b>	<b>(0.15)</b>

  
Khalifa Bin Duajj Bin Khalifa AlKhalifa  
Chairman

  
Emad Yousef Al Monayea  
Vice Chairman

  
Abdulla Mohamed Dawood  
Chief Executive Officer

The attached notes 1 to 26 form part of these consolidated financial statements.

# Bahrain Middle East Bank B.S.C.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	<i>Note</i>	<b>2025</b> <b>US\$ '000</b>	<b>2024</b> <b>US\$ '000</b>
<b>OPERATING ACTIVITIES</b>			
Net loss for the year		<b>(1,694)</b>	(612)
Adjustments for:			
Depreciation and amortisation		-	2
Foreign exchange loss / (gain)		<b>537</b>	(341)
(Gain) / loss on sale of investment properties		<b>(64)</b>	3
Changes in operating assets and liabilities:			
Other assets		<b>20</b>	47
Due to customers		<b>(95)</b>	(12)
Other liabilities		<b>(254)</b>	(91)
Net cash used in operating activities		<b>(1,550)</b>	(1,004)
<b>INVESTING ACTIVITIES</b>			
Proceeds from disposal of investment properties	12	<b>1,193</b>	1,362
Net cash flows generated from investing activities		<b>1,193</b>	1,362
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>			
		<b>(357)</b>	358
Cash and cash equivalents at 1 January		<b>1,494</b>	1,136
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>		<b>1,137</b>	1,494
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>			
Balances with banks and financial institutions	7	<b>159</b>	185
Placements with financial institutions with original maturities less than 90 days	8	<b>978</b>	1,309
<b>TOTAL</b>		<b>1,137</b>	1,494

The attached notes 1 to 26 form part of these consolidated financial statements.

# Bahrain Middle East Bank B.S.C.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	<i>Share capital US\$ '000</i>	<i>Accumulated losses US\$ '000</i>	<i>Total equity US\$ '000</i>
At 1 January 2024	100,000	(223,494)	(123,494)
Net loss and total comprehensive loss for the year	-	(612)	(612)
At 31 December 2024	100,000	(224,106)	(124,106)
Net loss and total comprehensive loss for the year	-	(1,694)	(1,694)
<b>At 31 December 2025</b>	<b>100,000</b>	<b>(225,800)</b>	<b>(125,800)</b>

The attached notes 1 to 26 form part of these consolidated financial statements.

## 1 INCORPORATION AND ACTIVITIES

Bahrain Middle East Bank B.S.C. ("the Bank" or "BMB") is a Bahraini Shareholding Company incorporated in the Kingdom of Bahrain on 5 July 1982 and was granted a license by the Central Bank of Bahrain ("CBB") to carry out banking services. On 9 April 2007, the CBB changed their licenses categories and have issued BMB a Conventional Wholesale Banking license. The commercial registration ("CR") number of the Bank is 12266 and its CBB license number is WBS/023. The Bank is listed on the Bahrain Bourse under the ticker 'BMB'. The principal activities of the Bank and its subsidiaries (together also referred to as "the Group") are trade finance, private & corporate banking, institutional banking and asset management services.

The registered office of the Bank is BMB Centre, Building 135, Road 1702, Block 317, Diplomatic Area, Manama, Kingdom of Bahrain.

AN Investment W.L.L., a limited liability company incorporated in the Kingdom of Bahrain, is the Parent company of the Bank.

These consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 16 February 2026.

## 2 GOING CONCERN

As at 31 December 2025, the Group's accumulated losses amounted to US\$ 225.8 million (31 December 2024: US\$ 224.1 million) and its total liabilities significantly exceeded its total assets by US\$ 125.8 million (31 December 2024: US\$ 124.1 million). Furthermore, the current contractual liabilities of the Group also exceeded its liquid assets. Although the current contractual liabilities of US\$ 127.7 million (31 December 2024: US\$ 127.4 million) is to a single counterparty and are not expected to be settled based on certain restrictions, the ability of the Bank to meet its obligations when due, depends on its ability to recover its fully provided non-performing assets that are due from related parties with an exposure of US\$ 195.4 million (31 December 2024: US\$ 193.7 million) and an investments with a locally incorporated wholesale islamic bank, which is being carried at a net realisable value of US\$ 4.162 million (31 December 2024: US\$ 4.162 million).

To address these factors, the Board and management have taken a number of initiatives in the past including negotiating with the related parties to restructure the exposures. The management has taken various legal actions with the objective of achieving recovery from all the defaulting parties. In addition, the Board and management are continuing to work on different continuity options, which include the restructuring of the Bank with the objective of prudently utilizing the available liquidity and other resources to continue the Bank's operations.

Despite the above steps being taken by the Board and the management, the Bank's liquidity position remains uncertain and based on the liquidity projections prepared by the management, the Bank will not be able to meet its obligations for the next twelve months from the date of approval of these consolidated financial statements, unless the Bank is able to recover its above mentioned non-performing exposures either fully or partially. Considering these facts, these consolidated financial statements have been prepared on basis other than going concern whereby, the assets are stated at their net realisable values and liabilities are stated at the amounts at which they are expected to be settled.

The consolidated financial statements of the Bank for the prior year were also prepared on basis other than going concern basis and therefore the comparative amounts disclosed in these consolidated financial statements follow the same basis of preparation and measurement.

The Board and management of the Bank will continue to work on the recovery of non-performing exposures while prudently utilizing the available liquidity of the Bank.

**3 NON-COMPLIANCE WITH LEGAL AND REGULATORY REQUIREMENTS**

**a *Non-compliance with Central Bank of Bahrain Rulebook relating to minimum capital, capital adequacy, large exposures and public disclosure requirements***

1 As at 31 December 2025, the Bank's equity was negative US\$ 125.8 million (2024: negative US\$ 124.1 million) which is less than US\$ 100 million, being the minimum required by the CBB for wholesale bank licensees. Furthermore, the capital adequacy ratio of the Bank was negative compared to 12.5%, being the minimum required total capital ratio by the CBB and accordingly, the Bank is not in compliance with the minimum capital and capital adequacy requirements set out in the regulations issued by the CBB. In addition, the Bank is not in compliance with the liquidity coverage ratio ("LCR"), net stable funding ratio ("NSFR") and leverage ratio ("LR") requirements set out in these regulations.

2 The Group has exposures from related parties amounting to US\$ 195.4 million as at 31 December 2025 (31 December 2024: US\$ 193.7 million) which is in not in compliance with section CM-2.5.3 and CM-2.5.15 of CBB Rulebook. Further due to the negative equity position, the Bank is not in compliance with the other exposure limits as defined in CM-2 and elsewhere in the CBB Rulebook Volume 1.

**4 BASIS OF CONSOLIDATION**

These consolidated financial statements incorporate the financial statements of the Bank and the investment holding companies of the Bank as at 31 December 2025.

The investment holding companies are wholly-owned Special purpose vehicles ("SPVs") of the Bank, incorporated and registered in the Cayman Islands and New Jersey.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## 5 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

### 5.1 Statement of compliance

These consolidated financial statements have been prepared on a basis other than going concern as mentioned in detail in note 2 of these consolidated financial statements.

### 5.2 Accounting convention

The consolidated financial statements have been prepared on a basis other than going concern whereby, the assets are stated at their net realisable values and liabilities are stated at the amounts at which they are expected to be settled.

The consolidated financial statements are presented in United States Dollars ("US\$"), this being the functional currency of the Group, and are rounded to the nearest thousand unless otherwise stated.

## 6 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has exercised judgement and estimates as mentioned below, in determining the amounts recognised in the consolidated financial statements.

### ***Net Realisable Value***

The preparation of the these consolidated financial statement on basis other than going concern requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, and the accompanying disclosures. The Management uses assumptions and estimates in assessing the net realizable value of the assets and the amounts at which the liabilities are expected to be settled.

### ***Going concern***

Based on the Bank's uncertain liquidity position since 2020 the consolidated financial statements for the years ended 31 December 2020, 2021 2022, 2023 and 2024 were prepared on a basis other than going concern.

In 2025, the Bank's Board of Directors re-assessed the Bank's ability to continue as a going concern. It was concluded that the Bank's liquidity position still remained uncertain based on the liquidity projections prepared by management indicating that the Bank will not be able to meet its obligations for the next twelve months from the date of approval of the consolidated financial statements. Based on this, these consolidated financial statements have been prepared on a basis other than going concern.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

**7 BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS**

	<b>2025</b>	<b>2024</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Current accounts with banks	<b>159</b>	185
<b>Balances with banks and financial institutions</b>	<b>159</b>	185
Placements with financial institutions with original maturities of less than 90 days	<b>978</b>	1,309
<b>Cash and cash equivalents</b>	<b>1,137</b>	1,494

Balances with banks and financial institutions include amounts of US\$ 103 (31 December 2024: US\$ Nil), held with a third party retail bank in the Kingdom of Bahrain, to repay the amount due to customers (refer note 15).

Balances with banks and financial institutions are held with reputable financial institutions and ECL is considered to be immaterial (2024: same)

**8 PLACEMENTS WITH FINANCIAL INSTITUTIONS**

	<b>2025</b>	<b>2024</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Placements with financial institutions	<b>978</b>	1,310
Less: allowance for expected credit loss	-	(1)
	<b>978</b>	1,309

Placements with financial institutions include amounts of 978 (31 December 2024: US\$ 1,176), placed with a third party retail bank in the Kingdom of Bahrain, to repay the amount due to customers (refer note 15).

Balances with banks and financial institutions are held with reputable financial institutions and ECL is considered to be immaterial (2024: same)

**9 INVESTMENT SECURITIES**

Unquoted sukuk were issued by a locally incorporated wholesale islamic bank with a nominal amount of US\$ 9,621 thousand. These are carried at net realisable value of US\$ 4,162 thousand (2024: US\$ 4,162 thousand).

**10 LOANS AND ADVANCES**

	<b>2025</b>	<b>2024</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Corporate loan	<b>705</b>	705
	<b>705</b>	705
Less: allowance for expected credit loss	<b>(705)</b>	(705)
	<b>-</b>	-

Corporate loan of US\$ 705 thousand is non-performing, classified under Stage 3 and has been fully provided for (2024: same).

At 31 December 2025

**11 EXPOSURES FROM RELATED PARTIES**

	<b>2025</b>	<b>2024</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Exposures from related parties	<b>195,408</b>	193,718
Less: allowance for expected credit loss	<b>(195,408)</b>	(193,718)
	<b>-</b>	<b>-</b>

Further to the discovery of certain facts in 2018, the Bank reclassified certain trade finance exposures as exposures from related parties. In addition, the Bank also reclassified certain amounts from placements with financial institutions and investment securities after the discovery of certain agreements which were executed for the benefit of the related parties. These related parties exposures are non-performing and have been classified under Stage 3 (2024: same) and have been fully provided for. Movement in the gross exposure and relevant ECL relates to foreign exchange movements (2024: same).

The Bank is currently engaged in ongoing legal proceedings against the related parties in order to pursue its contractual rights and to recover the outstanding amounts.

**12 INVESTMENT PROPERTIES**

	<b>2025</b>	<b>2024</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
At 1 January	<b>1,129</b>	2,494
Disposals	<b>(1,129)</b>	(1,365)
<b>At 31 December</b>	<b>-</b>	<b>1,129</b>

During 2023 the Bank signed a settlement agreement with a locally incorporated wholesale islamic bank for an agreed settlement amount. As a part of the settlement agreement the Bank received investment properties consisting of 5 units of residential villa located in Amwaj Islands, Bahrain amounting to US\$ 2,494 thousand. During the year, the management has sold the last 2 units of residential villas against a consideration of US\$ 1,193 thousand.

**13 OTHER ASSETS**

	<b>2025</b>	<b>2024</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Accrued interest receivable	<b>2</b>	2
Others	<b>3</b>	23
	<b>5</b>	<b>25</b>

**14 DUE TO FINANCIAL INSTITUTIONS**

These represent amounts due to financial institutions in the region. These include liabilities to a single counterparty amounting to US\$ 127.7 million (2024: US\$ 127.4 million). On 26 August 2020, as part of the strategic compliance review performed by the management, it was decided by the Board of Directors that these deposits will not be subject to any further rollovers due to the imposed sanctions. Therefore these deposits are treated as current accounts (refer note 25).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

**15 DUE TO CUSTOMERS**

	<b>2025</b>	<b>2024</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Customer participation in funds	<b>745</b>	756
Others	<b>336</b>	420
	<b>1,081</b>	1,176

Customer participation in funds represents amounts received from customers to be invested in private equity funds administered by the Bank, the funds are placed with a third party retail bank in the Kingdom of Bahrain (refer note 7 and 8). These funds, although treated as part of customer deposits, are retained by the Bank until capital calls are made by private equity fund managers. Customer participation in funds includes US\$ 67 thousand (2024: US\$ 66 thousand) in deposits from BMB Technology and Telecommunications Fund.

Others consist of deposit amounts from corporates and individual customers.

**16 OTHER LIABILITIES**

	<b>2025</b>	<b>2024</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Accrued expenses	<b>520</b>	198
Employees' end of service benefits	<b>380</b>	391
Accrued interest payable	<b>3</b>	3
Others liabilities and provisions	<b>1,383</b>	1,774
	<b>2,286</b>	2,366

This includes a provision of US\$ 1,287 thousand denominated in foreign currency, in relation to all the existing and potential legal claims that may arise against the Bank by the foreign parties whose assets were managed by the Bank (refer note 26). Consequently, the provision amount has not changed materially, except for the impact of exchange differences.

**17 SHARE CAPITAL**

	<b>2025</b>		<b>2024</b>	
	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>
	<b>'000</b>	<b>US\$ '000</b>	<b>'000</b>	<b>US\$ '000</b>
<b>Authorised</b>				
Ordinary shares of US\$ 0.25 each	<b>2,000,000</b>	<b>500,000</b>	2,000,000	500,000
<b>Issued and fully paid</b>				
Ordinary shares of US\$ 0.25 each	<b>400,000</b>	<b>100,000</b>	400,000	100,000

**18 STAFF EXPENSES**

	<b>2025</b>	<b>2024</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Salaries	<b>615</b>	609
Other staff costs	<b>115</b>	181
	<b>730</b>	790

At 31 December 2025

**19 GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>2025</b>	<b>2024</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Communication expenses	<b>54</b>	65
Legal and professional expenses	<b>425</b>	286
Premises and equipment expenses	<b>119</b>	114
Depreciation and amortisation expenses	-	2
Others expenses	<b>181</b>	256
	<b>779</b>	723

**20 BASIC AND DILUTED EARNINGS PER SHARE**

Basic and diluted earnings per share for the year are calculated by dividing the net profit for the year by the weighted average number of shares outstanding during the year as follows:

	<b>2025</b>	<b>2024</b>
Net loss for the year attributable to the owners of the Bank (US\$ '000)	<b>(1,694)</b>	(612)
Weighted average number of shares outstanding during the year (thousands)	<b>400,000</b>	400,000
Basic and diluted earnings per share (US\$ cents)	<b>(0.42)</b>	(0.15)

The Bank has no outstanding share options or warrants which could have a dilution effect on the earnings per share.

**21 OPERATING SEGMENTS**

Given the Bank's current condition, the management of the Bank considers all operations as one segment.

The Bank is incorporated in the Kingdom of Bahrain and its investment holding companies incorporated and registered in the Cayman Islands and New Jersey.

At 31 December 2025

**22 RELATED PARTY TRANSACTIONS AND BALANCES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Group exercises significant influence, major shareholders, directors, key management personnel of the Group and entities owned, controlled, jointly controlled or significantly influenced by such parties.

Key management personnel of the Bank are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Board of Directors, Chief Executive Officer and Head of Departments. Transactions entered during the year ended and balances as at 31 December 2025 and 31 December 2024 are set out below:

	<i>Key management personnel</i>		<i>Shareholders and their related parties</i>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>	<b>US\$ '000</b>	<b>US\$ '000</b>
<b>Consolidated Statement of financial position</b>				
<b>Assets</b>				
Exposures from related parties (gross)*	-	-	<b>195,408</b>	193,718
<b>Liabilities</b>				
Other liabilities - employees' end of service benefits	<b>35</b>	35	-	-

\* Exposures from related parties are fully provided (2024: same).

	<i>Shareholders and other related parties</i>	
	<b>2025</b>	<b>2024</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
<b>Assets under management</b>		
Investment on behalf of customers (refer note 26)	<b>33,023</b>	32,976

**Consolidated Statement of comprehensive income****Key management compensation**

Compensation to key management personnel, including directors, included in the consolidated statement of income is as follows:

	<b>2025</b>	<b>2024</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Salaries and other short-term employee benefits	<b>442</b>	460
Employees' end of service benefits	<b>3</b>	3
	<b>445</b>	463
Directors' remuneration	<b>56</b>	56

**23 CAPITAL MANAGEMENT**

The primary purpose of the Bank's capital management is to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains healthy capital ratios in order to support its business and to maximise shareholders' value. As at 31 December 2025 and 2024 the Bank's equity and capital adequacy ratios are less than minimum required by CBB (refer note 3).



**24 RISK MANAGEMENT (continued)**

**a) Credit risk (continued)**

**Credit risk concentration**

All of the Group's exposures are in Bahrain except for loans and advances and exposures from related parties which are in Europe. The Group's exposure in loans and advances and exposures from related parties are fully provided.

**Industry sector**

All of the Group exposures are towards banks and financial institutions.

**b) Market risk**

Market risk is the risk of loss due to potential adverse changes in the fair value or future cash flows of a trading position or portfolio of financial instruments resulting from the movement of market variables, such as interest rates, currency rates, equity and commodity prices, market indices as well as volatilities and correlations between markets.

The principal market related risks, which the Group is exposed to are interest rate risk and foreign exchange risk.

**i) Interest rate risk**

Interest rate risk is the risk that changes in market interest rates will affect the future cash flows or the fair values of financial instruments.

As at 31 December 2025, the Group is exposed to limited interest bearing assets and interest bearing liabilities and accordingly there is no significant interest rate risk (2024: same).

**ii) Foreign exchange**

Foreign Exchange ("FX") risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Majority of the Group's assets and liabilities are denominated in US Dollar, Qatari Riyal, Bahraini Dinar and Euro. As the Qatari Riyal and Bahraini Dinar are pegged to the US Dollar, there is minimal sensitivity to FX risk.

The Group is exposed to Euro in due to financial institutions, due to customers and other liabilities.

**c) Liquidity risk**

Liquidity risk is the risk that the Group will not have sufficient funds available to meet the Group's financial obligations as they fall due under normal and stressed circumstances, which includes obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. It also represents the risk that the Group will be unable to realize its assets in a timely fashion for prices close to their carrying values. Liquidity risk can be caused by mismatches in maturity of assets and liabilities, market disruptions or credit downgrades, which may cause sources of funding to dry up immediately.

The Group has an amount of US\$ 127.7 million (2024: US\$ 127.4 million) that is in favour of a single financial institution, that poses a funding liquidity risk on the Group. This liability is expected to be settled by the Group based on certain restrictions and subject to the Group's recovery of its exposures to related parties. For more details refer to note 14.

At 31 December 2025

**24 RISK MANAGEMENT (continued)****c) Liquidity risk (continued)**

The table below presents the maturity profile of the Group's assets and liabilities based on remaining contractual maturities:

	<b>31 December 2025</b>					<b>Total US\$ '000</b>
	<b>Up to 3 months US\$ '000</b>	<b>&gt; 3 months up to 6 months US\$ '000</b>	<b>&gt; 6 months up to 12 months US\$ '000</b>	<b>&gt; 12 months US\$ '000</b>	<b>No Maturity US\$ '000</b>	
<b>Assets</b>						
Balances with banks and financial institutions	159	-	-	-	-	159
Placements with financial institutions	978	-	-	-	-	978
Investment securities	-	-	-	-	4,162	4,162
Other assets	3	-	-	-	2	5
<b>Total assets</b>	<b>1,140</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,164</b>	<b>5,304</b>
<b>Liabilities</b>						
Due to financial institutions	127,737	-	-	-	-	127,737
Due to customers	1,081	-	-	-	-	1,081
Other liabilities	2,286	-	-	-	-	2,286
<b>Total liabilities</b>	<b>131,104</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131,104</b>
<b>Net liquidity gap</b>	<b>(129,964)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,164</b>	<b>(125,800)</b>
<b>Cumulative liquidity gap</b>	<b>(129,964)</b>	<b>(129,964)</b>	<b>(129,964)</b>	<b>(129,964)</b>	<b>(125,800)</b>	

At 31 December 2025

**24 RISK MANAGEMENT (continued)****c) Liquidity risk (continued)**

	31 December 2024					Total US\$ '000
	Up to 3 months US\$ '000	> 3 months up to 6 months US\$ '000	> 6 months up to 12 months US\$ '000	> 12 months US\$ '000	No Maturity	
<i>Assets</i>						
Balances with banks and financial institutions	185	-	-	-	-	185
Placements with financial institutions	1,309	-	-	-	-	1,309
Investment securities	-	-	-	-	4,162	4,162
Other assets	18	2	5	-	-	25
<b>Total assets</b>	<b>1,512</b>	<b>2</b>	<b>5</b>	<b>-</b>	<b>4,162</b>	<b>5,681</b>
<i>Liabilities</i>						
Due to financial institutions	127,374	-	-	-	-	127,374
Due to customers	1,176	-	-	-	-	1,176
Other liabilities	2,366	-	-	-	-	2,366
<b>Total liabilities</b>	<b>130,916</b>					<b>130,916</b>
<b>Net liquidity gap</b>	<b>(129,404)</b>	<b>2</b>	<b>5</b>	<b>-</b>	<b>4,162.00</b>	<b>(125,235)</b>
<b>Cumulative liquidity gap</b>	<b>(129,404)</b>	<b>(129,402)</b>	<b>(129,397)</b>	<b>(129,397)</b>	<b>(125,235)</b>	

*Contractual maturity of financial liabilities on an undiscounted basis*

The value of financial liabilities on an undiscounted basis are equal to their carrying amounts of these financial liabilities, as these financial liabilities are not interest bearing.

The Group is also required to comply with the Basel 3 liquidity ratio requirements as stipulated by the CBB, which became effective during the year 2019. These requirements relate to maintaining a minimum of 100% liquidity coverage ratio (LCR) and net stable funding ratio (NSFR). LCR is calculated as a ratio of its stock of HQLA and net outflows over the next 30 calendar days. NSFR is calculated as a ratio of 'available stable funding' to 'required stable funding'.

As at 31 December 2025, the Group's LCR and NSFR were not in compliance with CBB requirements (refer note 3).

**24 RISK MANAGEMENT (continued)**

**d) Operational risk**

Operational risk is the risk of loss resulting from inadequate or failed internal controls or procedures, system failures, fraud, business interruption, human error, management failure or inadequate staffing.

The Bank's risk management framework includes operational risk policies and procedures designed for the management of operational risks which includes identifying and controlling the various operational risks.

While operational risk cannot be entirely eliminated, it is managed and mitigated by ensuring that the appropriate infrastructure, controls, systems, procedures, segregation of duties, and through other internal check carried out which are designed to prevent either inadvertent staff errors or malfeasance prior to the release of a transaction. Operational risk is also managed and mitigated by ensuring the Bank maintains trained & competent staff throughout the Bank.

To further mitigate operational risk, the Bank has also put in place other control mitigation strategies that include business continuity planning and obtaining property insurances. Contingency arrangements, which will be tested from time to time, will also be in place to support operations in the event of a range of possible disaster scenarios.

**e) Legal risk**

Legal risk is the risk of potential losses or in some cases bankruptcy arising from an unintentional or negligent failure to meet a professional (legal) obligation (including fiduciary and suitability requirements), or from the nature or design of a product. Legal risk is also construed as the risk of non-compliance or uncertainty in the applicability or interpretation of contracts, laws and regulations, the illegality or unenforceability of counterparty obligations under contracts and additional unintended exposure or liability resulting from the failure to structure transactions or contracts properly.

In the ordinary course of its business, the Bank may pursue litigation claims against third parties and may also have litigation claims and/or regulatory proceedings filed against it. To mitigate Legal risks, the Bank has put in place adequate policies and procedures and uses assistance of professional legal firms on need basis, to ensure effective and efficient management of legal risk.

In addition, to further mitigate legal risks, the Bank tries to ensure that it uses standard documentation in its business transactions and for any no-standard documentation, it refers to its external legal counsel to review and ensure the Bank's legal interests are safeguarded. Refer to Note 25 for details.

**f) Fiduciary risk**

Fiduciary risk is the risk that client funds are not used for the intended purposes; do not achieve value for money; and/or are not properly accounted for.

The Bank administers and manages assets owned by clients which are not reflected in the consolidated financial statements. Asset management fees are earned for providing investment management services and for managing funds. Fees are recognised as the services are provided and are included in fee and commission income.

To mitigate this risk, the Bank has kept in place preventive measures, including controls and processes that have been deployed to manage fiduciary risk, which includes close monitoring, frequent reporting and ensuring AUM funds are only deployed for the same purpose the investors have opted to in their restricted agreement.

**24 RISK MANAGEMENT (continued)****g) Compliance & Regulatory risk**

Compliance risk is the potential that the Bank will be deemed to have violated a law or regulation, while Regulatory risk is a potential that changes to laws, regulations or interpretations will cause you losses (refer note 3).

**25 COMMITMENTS AND CONTINGENCIES**

The outstanding commitments and contingent liabilities at 31 December were as follows:

	<b>2025</b>	<b>2024</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Undrawn investment commitments	<b>1,662</b>	1,636
Other commitments	<b>2,553</b>	2,553

Undrawn investment commitments comprise contractual commitments to invest in managed equity funds. These amounts are called by fund managers, generally during a period between four and seven years which may be extended at the sole discretion of the fund managers by a further period. At 31 December 2025, the Bank had undrawn investment commitments to private equity funds of US\$ 1,662 thousand. (31 December 2024: US\$ 1,636 thousand). This includes the Bank's proprietary commitments and the co-investors of the Bank who have committed to sub-participate along with the Bank. These co-investors have deposited their undrawn commitment balances with the Bank to fund their undrawn investment commitments to the private equity funds. These balances along with other current account balances of these co-investors are held with locally incorporated banks in the Kingdom of Bahrain on account of these co-investors as disclosed in note 8 and 9.

**Dividend payable**

Other commitments represent unclaimed dividend amounts written back by the Bank in 2011 and these are now being disclosed as a contingent liability.

**Transactions with sanctioned entity**

The Bank's Board and Management that started from 2019 had concerns on certain transactions that took place from 2012 to 2018 with a sanctioned foreign government entity, and accordingly appointed a US based Law firm (the "Law Firm") in 2019 to review certain transactions entered by the Bank from 2012 to 2018 with the sanctioned foreign government entity. The appointed law firm stated in its report issued in June 2020, that based on a preliminary high-level limited review, the Group is at risk of being found to have breached sanctions due to an action of roll-over of such sanctioned funds in its books only, and there is a likelihood of unasserted possible claim or assessment by the relevant enforcement agencies.

The Law Firm stated in its report issued in June 2020, that based on a preliminary high level limited review, the Bank is at risk of being found to have breached sanctions and there is a likelihood of unasserted possible claim or assessment by the relevant enforcement agencies. The Law Firm has further reported that it does not independently analyse all relevant transactions, instead just a sample, nor does it detail the full scope of the Bank's potential activities related to sanctioned parties or countries, whereby instead, the Law Firm have analyzed those records and transaction documents that the Bank provided to them. The Law Firm has also stated that the preliminary assessment does not constitute and should not be misconstrued as an independent internal investigation report. The Bank is of the view that the findings are subjective and can be interpreted differently by different law firms. Accordingly, a more detailed review of the underlying facts and transactions, to establish whether an actual breach took place would be required.

**25 COMMITMENTS AND CONTINGENT LIABILITIES (continued)**

The Bank's current Management has disclosed the findings to the CBB and has also initiated the corrective actions that were suggested by the Law Firm, where appropriate. The Bank is not aware of any claims, proceedings or regulatory actions that has been filed against the Bank by any regulatory agency relating to these transactions till the date of approval of these consolidated financial statements. The probability of inaccuracy in any estimate of the amount or range of potential loss by the Bank is not slight, and therefore the Bank is unable to reliably quantify an amount of potential claim or a range of potential claims. Consequently, due to this fact, no provision for possible obligations has been recognised in these consolidated financial statements. Further, the Group continue to recognise the sanctioned funds under "Due to financial institutions" without any interest being accrued on these balances. We have not been provided with the basis for non-accrual. As such we have been unable to assess whether a potential interest liability exist in this respect.

Further, back in 2013, the CBB had directed the Bank to take actions relating to funds that were received from the sanctioned financial institution, which included:

- Ceasing the authority of CEO at that time and having him to step down from his position.
- File criminal and civil proceedings against the potentially involved individuals.
- Maintain the freeze on the sanctioned funds and apply necessary changes to the consolidated financial statements of the Bank.
- To further investigate and take necessary corrective actions.

**Legal claims against former Chief Executive Officer**

The Bank continues to pursue legal proceedings previously initiated against the former Chief Executive Officer ("Ex-CEO"). The court has issued an execution judgment no. 5439/9103/2023; however, execution proceedings remain in progress following the Ex-CEO's subsequent to execution judgement passing. Legal processes are currently underway to pursue recovery of the judgment amount from the legal heirs of the Ex-CEO in accordance with applicable laws.

**26 ASSETS UNDER MANAGEMENT**

The Bank's clients participated in products offered under different asset classes. Total assets under management ("AUM") in each product category at the reporting date are as follows:

	<b>2025</b>	<b>2024</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Investment on behalf of customers	<b>33,023</b>	32,976
Private equity	<b>1,113</b>	1,073
	<b><u>34,136</u></b>	<b><u>34,049</u></b>

As of 31 December 2025, assets under management included in investment on behalf of customers of US\$ 33,023 thousand (31 December 2024: US\$ 32,976 thousand) are invested with counterparties, of which one has been classified as a related party of the Bank in 2018 and the other was an existing known related party (refer note 22). The investments in the products which are related to the related parties are non-performing at the reporting date.

Assets under management, relating to private equity, include BMB Technology and Telecommunications Investment Company (under liquidation), a US focused venture capital fund of funds, customer sub-participations in private equity funds managed by the Bank and other client funds managed on a discretionary basis.

The Bank recognised a provision of US\$1,287 thousand denominated in foreign currency, in relation to all the existing and potential legal claims that may arise against the Bank by the foreign parties whose assets were managed by the Bank (refer note 16). There were no further correspondences between the Bank and the foreign parties against the legal proceedings.