AHLI UNITED BANK B.S.C. (c)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF AHLI UNITED BANK B.S.C. (c)

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the accompanying consolidated financial statements of Ahli United Bank B.S.C. (c) ("the Bank") and its subsidiaries (together, "the Group"), which comprise the consolidated balance sheet as at 31 December 2024, and the related consolidated statements of income, comprehensive income, cash flows, changes in owner equity, income and attribution related to quasi-equity, and changes in off-balance sheet assets under management for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and the consolidated results of operations, its cash flows, changes in owner equity, income and attribution related to quasi-equity, and changes in off-balance sheet assets under management for the year then ended in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI").

Basis for opinion
We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions ("ASIFI") issued by AAOIFI. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the AAOIFI's Code of Ethics for Accountants and Auditors of Islamic Finance Professionals ("Code"), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF AHLI UNITED BANK B.S.C. (c) (continued)

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

Key audit matters (continued)

<table>
<tr><th colspan="2">1. Expected Credit Loss on Financing Receivables and Impairment of Ijarah Assets</th></tr>
<tr><th>Key audit matter</th><th>How the key audit matter was addressed in the audit</th></tr>
<tr><td>The process for estimating Expected Credit Loss ("ECL") on credit risk associated with financing receivables and Ijarah assets in accordance with FAS 30 – Impairment, Credit Losses and Onerous Commitments ("FAS 30") is significant and complex. The management's determination of ECL required application of a significant level of judgment and estimation uncertainty, which may materially change the estimates.

The Group exercises significant judgment using subjective assumptions when determining both the timing and the amounts of the ECL for financing receivables and Ijarah assets. Due to the complexity of the requirements under FAS 30, the significance of judgments and estimations applied in the ECL calculations and the Group's exposure to financing receivables and Ijarah assets, which form a significant portion of the Group's total assets, the audit of ECL on financing receivables and Ijarah assets is a key area of focus.

Refer to the material accounting policies, disclosures of financing receivables and Ijarah assets, and credit risk management in notes 2, 7 and 32 to the accompanying consolidated financial statements.</td><td>Our approach included testing the controls associated with the relevant processes for estimating the ECL and performing substantive audit procedures. We involved our internal specialist, where specific expertise was required.

Amongst others, our key audit procedures focused on the following:

• Obtained an understanding of the design and tested the operating effectiveness of relevant controls over the ECL estimation process, including model build and approval, ongoing monitoring / validation, model governance and mathematical accuracy.

• Assessed:
- the Group's ECL policy including determination of the significant increase in credit risk and consequent staging criteria with the requirements of FAS 30 and regulatory guidelines;
- the significant modelling and macroeconomic assumptions, including evaluation of forward-looking information and scenarios against the requirements of the Group's ECL policy; and
- the basis of determination of the management overlays.

• Reviewed a sample of credit files and performed procedures to assess timely identification of exposures with a significant increase in credit risk and appropriateness of the staging, and the process of collateral valuation.

• Checked completeness of the data used in ECL calculation and performed ECL recalculation on a sample basis.

• Considered the adequacy of the disclosures in the accompanying consolidated financial statements in relation to ECL for financing receivables ad Ijarah assets under the applicable financial reporting framework.</td></tr>
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF AHLI UNITED BANK B.S.C. (c) (continued)

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

Other information included in the Group's 2024 Annual Report

Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. Prior to the date of this auditor's report, we obtained the Board of Directors' Report and Report of the Sharï'a Supervisory Board which forms part of the Group's 2024 Annual Report, and the remaining sections of the Group's 2024 Annual Report are expected to be made available to us after that date. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information 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.

Responsibilities of the Board of Directors for the consolidated financial statements

These consolidated financial statements and the Group's undertaking to operate in accordance with Islamic Shari'a Rules and Principles are the responsibility of the Group's Board of Directors.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ASIFI issued by AAOIFI will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

Auditor's responsibilities for the audit of the consolidated financial statements (continued)
As part of an audit in accordance with ASIFI issued by AAOIFI, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Compliance 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.

We also provide the Audit and Compliance Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF AHLI UNITED BANK B.S.C. (c) (continued)

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

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

From the matters communicated with the Audit and Compliance Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal, Regulatory and Shari'a Requirements

As required by the Bahrain Commercial Companies Law and Volume 2 of the Central Bank of Bahrain Rule Book, we report that:

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

b) the financial information contained in the Report of the Board of Directors is consistent with the consolidated financial statements;

c) we are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain and Financial Institutions Law, the CBB Rule Book (Volume 2 and applicable provisions of Volume 6) and CBB directives, or the terms of the Bank's memorandum and articles of association during the year ended 31 December 2024 that might have had a material adverse effect on the business of the Bank or on its consolidated financial position; and

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

Further, we report that the Bank has also complied with the Islamic Shari'a Principles and Rules as determined by the Shari'a Supervisory Board of the Bank during the year ended 31 December 2024.

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

Ernst + Young

Partner's registration no. 117
20 February 2025
Manama, Kingdom of Bahrain

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2024

	Note	**2024** **US$ '000**	2023 US$ '000
Financing and similar income	3a	**1,999,422**	1,895,502
Finance and similar cost	3b	**692,418**	1,112,990
Net distribution to quasi-equity	3c	**541,249**	-
Net financing and similar income		**765,755**	782,512
Fees and commissions - net	4	**82,418**	91,089
Trading income	5	**37,300**	28,136
Investment and other income		**175,354**	134,749
Profit share from associates and dividend income from investments		**95,263**	37,817
Fees and other income		**390,335**	291,791
OPERATING INCOME		**1,156,090**	1,074,303
Allowance for impairment, credit losses and others	7h	**66,350**	104,110
NET OPERATING INCOME		**1,089,740**	970,193
Staff costs		**146,617**	137,012
Depreciation		**28,086**	24,795
Other operating expenses		**147,861**	120,121
OPERATING EXPENSES		**322,564**	281,928
PROFIT BEFORE TAX		**767,176**	688,265
Tax expense	22	**47,202**	52,410
NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**719,974**	635,855
Profit after tax for the year from discontinued operations	42	**10,891**	71,824
NET PROFIT FOR THE YEAR		**730,865**	707,679
Non-controlling interests		**9,349**	6,367
Non-controlling interests - discontinued operations		**3,366**	34,056
NET PROFIT ATTRIBUTABLE TO THE OWNER OF THE BANK		**718,150**	667,256
EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNER OF THE BANK FOR THE YEAR:			
Basic and diluted earnings per ordinary share (US cents)	23	**6.2**	5.6

Hamad Al-Marzouq
Chairman

Adel A. El-Labban
Deputy Chairman

Ahmed AlKharji
Group Chief Executive Officer

The attached notes 1 to 42 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024	*2023*
	US$ '000	*US$ '000*
Net profit for the year	**730,865**	707,679
Other Comprehensive Income (OCI)		
Items that will not be reclassified subsequently to consolidated statement of income		
Net change in pension fund revaluation reserve [note 21 (h)]	**-**	(20,080)
Net change in property revaluation reserve	**-**	1,485
Items that may be reclassified subsequently to consolidated statement of income		
Foreign currency translation adjustments	**(111,813)**	(73,900)
Net change in fair value of equity investments measured at fair value through OCI	**23,555**	(25,232)
Net change in fair value of debt-type instruments held as fair value through OCI	**85,676**	(4,118)
Transfers to consolidated statement of income arising on sale of debt-type instruments	**(9,430)**	(1,893)
Net change in fair value of cash flow hedges	**-**	29
Other comprehensive loss for the year	**(12,012)**	(123,709)
Total comprehensive income for the year	**718,853**	583,970
Total comprehensive income attributable to non-controlling interests	**891**	6,594
Total comprehensive income attributable to non-controlling interests - discontinued operations	**2,068**	33,756
Total comprehensive income attributable to the owner of the Bank	**715,894**	543,620

The attached notes 1 to 42 form part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET

31 December 2024

	Note	***31 December 2024 US$ '000***	*1 January 2024 US$ '000*	*31 December 2023 US$ '000*
ASSETS				
Cash and balances with central banks	6a	**1,169,512**	1,173,479	1,173,479
Due from central banks and sukuk	6b	**819,819**	913,049	913,049
Due from banks	6c	**1,868,208**	2,202,025	2,202,025
Financing receivables and ijarah assets	7	**10,005,547**	10,943,479	10,907,398
Non-trading investments	8	**11,314,146**	10,182,949	10,182,949
Investment in associates	9	**455,713**	375,313	375,313
Investment properties	10	**108,184**	105,037	105,037
Profit receivable and other assets	11	**1,096,841**	1,067,963	1,104,044
Premises and equipments	12	**188,443**	203,876	203,876
Goodwill and other intangible assets	13	**107,420**	136,180	136,180
Assets classified as held for sale	42	**-**	14,596,548	14,596,548
TOTAL ASSETS		**27,133,833**	41,899,898	41,899,898
LIABILITIES, QUASI-EQUITY AND OWNER EQUITY				
LIABILITIES				
Due to banks	14	**906,982**	1,081,725	2,213,524
Term financing against sukuk	15	**4,942,979**	4,619,644	4,619,644
Customers' accounts	16	**2,457,856**	8,665,035	14,039,595
Sukuk payable and term financing	17a	**806,518**	1,096,685	1,624,410
Profit payable and other liabilities	18	**758,680**	1,002,951	1,002,951
Liabilities directly associated with assets held for sale	42	**-**	12,340,832	12,340,832
TOTAL LIABILITIES		**9,873,015**	28,806,872	35,840,956
QUASI-EQUITY				
Banks		**1,449,554**	1,131,799	-
Non-banks and individuals		**9,797,602**	5,374,560	-
Sukuk payable	17b	**565,417**	527,725	-
TOTAL QUASI-EQUITY	19	**11,812,573**	7,034,084	-
OWNER EQUITY				
Ordinary share capital	20b	**2,786,983**	2,786,983	2,786,983
Share premium and reserves		**2,207,836**	1,800,525	1,800,525
Equity attributable to the owner of the Bank		**4,994,819**	4,587,508	4,587,508
Perpetual Tier 1 Capital Securities	20c	**400,000**	400,000	400,000
Perpetual Tier 1 sukuk - held for sale	20c	**-**	600,000	600,000
Non-controlling interests		**53,426**	64,600	64,600
Non-controlling interests - held for sale		**-**	406,834	406,834
TOTAL OWNER EQUITY		**5,448,245**	6,058,942	6,058,942
TOTAL LIABILITIES, QUASI-EQUITY AND OWNER EQUITY		**27,133,833**	41,899,898	41,899,898
OFF-BALANCE SHEET				
Assets under management		**1,738,127**	1,957,554	1,957,554
Contingencies and commitments	29	**1,991,541**	2,093,256	2,093,256
Contingencies and commitments - held for sale	29	**-**	1,514,458	1,514,458

Hamad Al-Marzouq	**Adel A. El-Labban**	**Ahmed AlKharji**
Chairman	Deputy Chairman	Group Chief Executive Officer

The attached notes 1 to 42 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	**2024** US$ '000	2023 US$ '000
OPERATING ACTIVITIES			
Profit before tax from continuing operations		**767,176**	694,282
Profit before tax from discontinued operations		**11,880**	78,251
Adjustments for:			
Depreciation		**28,086**	40,475
Net gain on sale of investments		**(87,240)**	(105,607)
Allowance for impairment, credit losses and others	7h	**66,350**	170,055
Profit share from associates	9	**(46,562)**	(31,548)
Operating profit before changes in operating assets and liabilities		**739,690**	845,908
Changes in:			
Mandatory reserves with central banks		**204,682**	(486,040)
Due from central banks and sukuk		**25,867**	143,737
Due from banks		**(240,123)**	(375,159)
Financing receivables and ijarah assets		**674,443**	(102,345)
Profit receivable and other assets		**(6,237)**	319,507
Due to banks and quasi-equity		**239,670**	(1,713,035)
Term financing against sukuk		**323,334**	259,799
Customers' accounts and quasi-equity		**(1,784,137)**	1,498,377
Profit payable and other liabilities		**(372,456)**	137,476
Net cash flows (used in) / generated from operations		**(195,267)**	528,225
Tax paid		**(40,840)**	(38,217)
Net cash flows (used in) / from operating activities		**(236,107)**	490,008
INVESTING ACTIVITIES			
Purchase of non-trading investments		**(2,159,897)**	(5,634,119)
Proceeds from sale or redemption of non-trading investments		**2,850,321**	4,512,404
Additional investment in associates		**(2,570)**	(45,818)
Net movement in investment in subsidiaries		**(6,435)**	990
Proceed from sale of investment in an associate		**7,987**	-
Net movement in investment properties		**(3,148)**	11,841
Net increase in premises and equipments		**(12,653)**	(56,328)
Dividend received from associates		**9,612**	15,952
Net cash flows from / (used in) investing activities		**683,217**	(1,195,078)
FINANCING ACTIVITIES			
Distribution on Perpetual Tier 1 Capital Securities and sukuk	21j	**(23,356)**	(46,606)
Net repayment of term financing		**(300,000)**	(175,000)
Repayment of subordinated liabilities		**-**	(9,462)
Dividends and other appropriations paid		**(278,698)**	(278,698)
Dividends paid to non-controlling interests		**-**	(17,954)
Net cash flows used in financing activities		**(602,054)**	(527,720)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(154,944)**	(1,232,790)
Net foreign exchange difference		**(45,408)**	(51,111)
Cash and cash equivalents at 1 January		**2,345,190**	3,629,091
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	24	**2,144,838**	2,345,190
Additional cash flow information:			
Profit received		**2,020,026**	2,567,062
Profit paid		**1,240,153**	1,457,337

The attached notes 1 to 42 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN OWNER EQUITY

For the year ended 31 December 2024

	Attributable to the owner of the Bank										
		Share premium and reserves									
	Ordinary share capital US$ '000	*Share premium US$ '000*	*Statutory reserve US$ '000*	*Retained earnings US$ '000*	*Proposed appro-priations US$ '000*	*Other reserves [Note 21(h)] US$ '000*	*Total share premium and reserves US$'000*	*Total US$'000*	*Perpetual Tier 1 Capital Securities and sukuk US$'000*	*Non-controlling interests US$'000*	*Total US$'000*
Balance at 1 January 2024	**2,786,983**	**752,540**	**886,815**	**721,844**	**280,698**	**(841,372)**	**1,800,525**	**4,587,508**	**1,000,000**	**471,434**	**6,058,942**
Distribution on Perpetual Tier 1 Capital Securities [note 21(j)]	-	-	-	(23,356)	-	-	(23,356)	(23,356)	-	-	(23,356)
Ordinary share dividend paid [note 21(i)]	-	-	-	-	(278,698)	-	(278,698)	(278,698)	-	-	(278,698)
Donations	-	-	-	-	(2,000)	-	(2,000)	(2,000)	-	-	(2,000)
Transfer from OCI reserve	-	-	-	(289)	-	289	-	-	-	-	-
Movement in associates	-	-	-	(10,159)	-	-	(10,159)	(10,159)	-	-	(10,159)
Movement in subsidiaries	-	5,630	-	12,750	-	(12,750)	5,630	5,630	(600,000)	(420,967)	(1,015,337)
Total comprehensive income for the year	-	-	-	718,150	-	(2,256)	715,894	715,894	-	2,959	718,853
Transfer to statutory reserve [note 21(c)]	-	-	71,815	(71,815)	-	-	-	-	-	-	-
Proposed dividend on ordinary shares [note 21(i)]	-	-	-	(585,266)	585,266	-	-	-	-	-	-
Proposed donations	-	-	-	(2,000)	2,000	-	-	-	-	-	-
Balance at 31 December 2024	**2,786,983**	**758,170**	**958,630**	**759,859**	**587,266**	**(856,089)**	**2,207,836**	**4,994,819**	**400,000**	**53,426**	**5,448,245**

CONSOLIDATED STATEMENT OF CHANGES IN OWNER EQUITY

For the year ended 31 December 2024

	Attributable to the owner of the Bank								*Perpetual Tier 1 Capital Securities and sukuk **	*Non-controlling interests*	*Total*
		Share premium and reserves									
	Ordinary share capital	*Share premium*	*Statutory reserve*	*Retained earnings*	*Proposed appro-priations*	*Other reserves [Note 21(h)]*	*Total share premium and reserves*	*Total*			
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*	*US$'000*	*US$'000*	*US$ '000*	*US$'000*	*US$'000*
Balance at 1 January 2023	2,786,983	752,549	820,089	508,173	280,698	(772,988)	1,588,521	4,375,504	1,000,000	453,895	5,829,399
Distribution on Perpetual Tier 1 Capital Securities [note 21(j)]	-	-	-	(23,356)	-	-	(23,356)	(23,356)	-	-	(23,356)
Distribution related to Perpetual Tier 1 sukuk [note 21(j)]	-	-	-	(17,394)	-	-	(17,394)	(17,394)	-	(5,856)	(23,250)
Ordinary share dividend paid [Note 21 (i)]	-	-	-	-	(278,698)	-	(278,698)	(278,698)	-	-	(278,698)
Dividend of subsidiaries	-	-	-	-	-	-	-	-	-	(17,954)	(17,954)
Donations	-	-	-	-	(2,000)	-	(2,000)	(2,000)	-	-	(2,000)
Transfer from OCI reserve	-	-	-	(55,252)	-	55,252	-	-	-	-	-
Movement in associates	-	-	-	(10,159)	-	-	(10,159)	(10,159)	-	-	(10,159)
Movement in subsidiaries	-	(9)	-	-	-	-	(9)	(9)	-	999	990
Total comprehensive income for the year	-	-	-	667,256	-	(123,636)	543,620	543,620	-	40,350	583,970
Transfer to statutory reserve [note 21(c)]	-	-	66,726	(66,726)	-	-	-	-	-	-	-
Proposed dividend on ordinary shares [note 21(i)]	-	-	-	(278,698)	278,698	-	-	-	-	-	-
Proposed donations	-	-	-	(2,000)	2,000	-	-	-	-	-	-
Balance at 31 December 2023	2,786,983	752,540	886,815	721,844	280,698	(841,372)	1,800,525	4,587,508	1,000,000	471,434	6,058,942

* comprising of amounts attributable to the owner of the Bank and held for sale

CONSOLIDATED STATEMENT OF INCOME AND ATTRIBUTION RELATED TO QUASI-EQUITY

For the year ended 31 December 2024

	US$'000
Gross financing income	**1,999,422**
Less: Income not attributable to quasi-equity	**(1,018,217)**
	981,205
Adjusted for:	
Expenses attributable to quasi-equity	**(51,635)**
Bank's share of income for its own / share of investments	**(159,807)**
Allowance for impairment and credit losses - attributable to quasi-equity	**(7,619)**
Total income attributable to quasi-equity	**762,144**
Mudarib's share of profit	**(15,887)**
Wakala agency fees	**(205,008)**
Net profit distributable to quasi-equity	**541,249**

The attached notes 1 to 42 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN OFF-BALANCE SHEET ASSETS UNDER MANAGEMENT

For the year ended 31 December 2024

	Participatory investments	*Investments in real estate*	*Investments in sukuk, shares and other securities*	*Total*
	US$'000	*US$'000*	*US$'000*	*US$'000*
Balance at 1 January 2024	**455,157**	**837,388**	**665,009**	**1,957,554**
Additions	**40,689**	**-**	**314,409**	**355,098**
Disposals / maturities	**(176,098)**	**(225,355)**	**(224,330)**	**(625,783)**
Net (decrease) / increase	**(135,409)**	**(225,355)**	**90,079**	**(270,685)**
Market movements	**(24,269)**	**(78,358)**	**153,885**	**51,258**
Balance at 31 December 2024	**295,479**	**533,675**	**908,973**	**1,738,127**
Balance at 1 January 2023	630,402	840,059	468,486	1,938,947
Additions	437,326	2,515	225,963	665,804
Disposals / maturities	(644,636)	(9,301)	(109,428)	(763,365)
Net (decrease) / increase	(207,310)	(6,786)	116,535	(97,561)
Market movements	34,566	4,115	79,988	118,669
Transferred to held for sale	(2,501)	-	-	(2,501)
Balance at 31 December 2023	455,157	837,388	665,009	1,957,554

The attached notes 1 to 42 form part of these consolidated financial statements

1 CORPORATE INFORMATION

Ahli United Bank B.S.C. (c) ("AUB" or "the Bank") was incorporated in the Kingdom of Bahrain on 31 May 2000. The Bank and its subsidiaries (collectively referred to as "the Group") are engaged in banking business, global fund management and private banking services in the Kingdom of Bahrain, the Arab Republic of Egypt, Republic of Iraq, the United Kingdom and an overseas branch in Dubai International Financial Centre (DIFC). It also operates through its associates in the Sultanate of Oman and State of Libya. The Bank operates under a retail Islamic banking license issued by the Central Bank of Bahrain ("CBB"). The Bank's registered office is located at Building 2495, Road 2832, Al Seef District 428, Kingdom of Bahrain.

AUB is a 100% owned subsidiary of Kuwait Finance House K.S.C.P. ("KFH"). KFH is a public shareholding company incorporated in the State of Kuwait on 23 March 1977 and operates under an Islamic banking licence issued by the Central Bank of Kuwait and its ordinary shares are listed in the Boursa Kuwait and Bahrain Bourse.

In line with the Bank's plan to convert its operations in compliance with the Islamic Shari'a principles, after complying with all the requirements and guidelines by the respective central banks of Bahrain, UK and Egypt and their respective Shari'a boards, the Group has converted its Bahrain, UK and Egypt based conventional business according to the Islamic Shari'a principles and commenced its operations under the licence of an Islamic retail bank in Bahrain effective 10 December 2023 and in UK and Egypt from 22 August 2024 and 1 September 2024 respectively. From these dates, all activities in Bahrain, UK and Egypt are conducted in accordance with the Islamic Shari'a principles.

All income and expenses from Non-Shari’a compliant activities are treated based on the guidelines provided by the Shari’a Supervisory Board.

The consolidated financial statements of the Group for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Board of Directors ("BOD") dated 20 February 2025.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation of Islamic Financial Institutions ("AAOIFI") and the Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Bank in conformity with the Bahrain Commercial Companies Law and the Central Bank of Bahrain and Financial Institutions Law, the CBB Rule Book (Volume 2 and applicable provisions of Volume 6) and CBB directives. The financial information included in the consolidated financial statements for the year ended 31 December 2023 was reported in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). For accounting policies under IFRS for the comparative period 31 December 2023, refer to audited consolidated financial statements available on the Bank's website.

For matters not covered by FAS, the Group uses relevant IFRS as issued by the IASB.

Except as disclosed in note 2.2, certain of the prior year figures have been regrouped to conform to the current year presentation. Such grouping did not affect previously reported net profit, total assets and total equity of the Group.

2.2 First time adoption of AAOIFI Financial Reporting Framework

As a result of the change in financial reporting framework from IFRS to FAS, the Group has adopted FAS 36 - First Time Adoption of AAOIFI Financial Accounting Standards ("FAS 36") effective 1 January 2024.

2 ACCOUNTING POLICIES (continued)

2.2 First time adoption of AAOIFI Financial Reporting Framework (continued)

In line with FAS 36, the Group has elected to present three reporting periods in the statement of consolidated financial position, as of the end of the current reporting period, as of the beginning of the current reporting period and as of the end of the previous period presented. End of the previous period comparative statements are presented using the erstwhile accounting policies under the previous financial reporting framework i.e., IFRS. As per our assessment, there was no significant transitional impact, except for change in classification arising on the first time adoption of FAS 36, relating to profit receivable and quasi-equity.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at and for the years ended 31 December 2024 and 2023. The results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control is achieved where the Group is exposed, or has rights, to variable returns from its involvement from its investee and has the ability to affect those returns through its power over the investee. The Group re-assesses whether or not it controls an investee if facts and circumstances indicates that there are any change to elements of control. The financial statements of the subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies. Adjustments are made to the consolidated financial statements to bring into line any dissimilar accounting policies that may exist. Changes in parent's ownership interest in a subsidiary that do not result in loss of control are treated as transactions between equity holders and are reported in equity.

All material intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full upon consolidation. The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities.

The following are the Bank's principal subsidiaries:

		Group's nominal holding	
Name	***Incorporated in***	***2024***	*2023*
Ahli United Bank (U.K.) PLC ("AUBUK")	United Kingdom	**100.0%**	100.0%
Ahli United Bank (Egypt) S.A.E. ("AUBE")	Arab Republic of Egypt	**95.7%**	95.7%
Commercial Islamic Bank of Iraq P.S.C. ("CIBIQ") *	Republic of Iraq	**85.3%**	80.3%
Al Ahli Real Estate Company W.L.L. ("AREC")	Kingdom of Bahrain	**100.0%**	100.0%
Ahli United Bank K.S.C.P. ("AUBK") **	State of Kuwait	**-**	67.3%

* During the year, the Group increased its holding in CIBIQ by 5.0% to 85.3%. Cash consideration of US$ 6.4 million was paid to the non-controlling shareholders.

** Refer to note 42 for details.

Subsequent to the year end, certain entities within the Group have rebranded their commercial registration and legal name to align with that of the Parent (KFH).

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

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below.

- FAS 45 Quasi - Equity (Including Investment Accounts)

  AAOIFI issued FAS 45 "Quasi - Equity (Including Investment Accounts)" in 2023. The objective of this standard is to establish the principles of financial reporting related to instruments classified as Quasi - Equity, such as investment accounts and similar instruments invested with Islamic Financial Institutions. Quasi - Equity is an element of financial statements of an institution in line with the "AAOIFI Conceptual Framework for Financial Reporting". This standard shall be effective for the financial periods beginning on or after 1 January 2026 with early adoption permitted. The management is currently assessing the impact of the above accounting standard.

2 ACCOUNTING POLICIES (continued)

2.4 New and amended standards and interpretations issued but not yet effective (continued)

- FAS 46 Off - Balance - Sheet Assets Under Management
  AAOIFI issued FAS 46 "Off - Balance - Sheet Assets Under Management" in 2023. The objective of this standard is to establish the principles of financial reporting related off - balance - sheet assets under management in line with the "AAOIFI Conceptual Framework for Financial Reporting". This standard shall be effective for the financial periods beginning on or after 1 January 2026 with early adoption permitted. The management is currently assessing the impact of the above accounting standard.

- FAS 47 Transfer of Assets between Investment Pools
  AAOIFI issued FAS 46 "Transfer of Assets between Investment Pools" in 2023. The objective of this standard is to establish the principles that apply in respect of transfer of assets between various investment pools of an Islamic Financial Institution. This standard shall be effective for the financial periods beginning on or after 1 January 2026 with early adoption permitted. The management is currently assessing the impact of the above accounting standard.

2.5 Significant accounting judgements and estimates

In preparing these consolidated financial statements, significant judgments and estimates were made by the management in applying the Group’s accounting policies.

The most significant uses of judgement and estimates applied in the preparation of these consolidated financial statements are as follows:

i) Business model

In making an assessment of whether a business model’s objective is to hold assets in order to collect contractual cash flows, the Group considers at which level of its business activities such assessment should be made. Generally, a business model is a matter of fact which can be evidenced by the way business is managed and the information provided to management.

In determining whether its business model for managing financial assets is to hold assets in order to collect contractual cash flows, the Group considers:
• Management’s stated policies and objectives for the portfolio and the operation of those policies in practice;
• Management's evaluation of the performance of the portfolio and liquidity requirements in the current market conditions; and
• Management’s strategy in terms of earning contractual profits or generating capital gains.

ii) Measurement of the Expected Credit Loss (ECL) allowances

The measurement of the ECL for financial assets measured at amortised cost and sukuk instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI) is an area that requires the use of complex models and significant assumptions about future economic conditions, credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses), estimation of the amount and timing of the future cash flows and collateral values. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculation are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Internal credit rating model, which assigns Probability of Defaults (PDs) to the obligor ratings;
- The Group calculates Point-in-Time PD (PiT PD) estimates under three scenarios, a base case, good case and bad case. An appropriate probability weighted ECL is then calculated by assigning probabilities, based on current and expected market conditions, to each scenario;
- Determining and applying criteria for significant increase in credit risk;
- Determination of associations between macroeconomic variables such as, gross domestic product, oil prices and unemployment levels on the one hand and default / loss rates on the other and the consequent impact on PDs, Exposure at Defaults (EADs) and Loss Given Defaults (LGDs);

2 ACCOUNTING POLICIES (continued)

2.5 Significant accounting judgements and estimates (continued)

ii) Measurement of the Expected Credit Loss (ECL) allowances (continued)

- Selection and relative weights to the forward-looking scenarios;
- Segmentation of financial assets for the purposes of determining and applying the most appropriate risk rating model; and
- Determining the behavioral maturities of exposures for revolving facilities and other facilities where contractual maturities are not an accurate representation of actual maturities.

iii) Going concern

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

iv) Fair value of financial instruments

Estimates are also made in determining the fair values of financial assets and Islamic derivative financial instruments that are not quoted in an active market. Such estimates are necessarily based on assumptions about several factors involving varying degrees of uncertainty and actual results may differ resulting in future changes in such estimates.

v) Impairment of goodwill and intangible assets

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. Impairment exists when carrying value of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The key assumptions and estimates used to determine the recoverable amount for the different CGUs.

The recoverable amount of each CGU’s goodwill is based on value-in-use calculations using cash flow projections from financial budgets approved by the management, extrapolated for five year projections using nominal projected banking sector growth rates in the respective countries in which they operate. The discount rate applied to cash flow projections represent the cost of capital adjusted for an appropriate risk premium for these business segments.

The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

vi) On-going economic environment impact

The Group has performed an assessment of the relevant macro-economic information based on the available guidance of regulators and FAS, which has resulted in changes to the expected credit loss methodology, valuation estimates and judgements as at and for the year ended 31 December 2024.

The Group has taken note of the current economic environment and ongoing geopolitical tensions. The Group has also considered the impact of the challenging economic environment due to geopolitical conditions, and potential recession on vulnerable sectors in determining the ECL which have been reflected through adjustments in the established regression relationship and increased volatility in collateral haircuts. Accordingly, the Group has updated inputs and assumptions used for the determination of ECL supplemented with management overlays.

2 ACCOUNTING POLICIES (continued)

2.6 Summary of significant accounting policies

The key accounting policies which are applied in the preparation of these consolidated financial statements are set out below.

(a) Investment in associates

Associate companies are companies in which the Group exercises significant influence but does not control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associate companies are accounted for using the equity method. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is an objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss in the consolidated statement of income.

The reporting dates of the associates and the Group are identical and the associates' accounting policies materially conform to those used by the Group for like transactions and events in similar circumstances. Adjustments are made to the consolidated financial statements to bring into line any dissimilar accounting policies that may exist.

Upon loss of significant influence over the associate, the Group measures and recognises such investment at its fair value. Upon loss of significant influence, any difference between the carrying amount of the associate and the fair value and proceeds from disposal is recognised in the consolidated statement of income.

(b) Foreign currency translation

(i) Transactions and balances

Transactions in foreign currencies are initially recorded in the relevant functional currency at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are included in "trading income" in the consolidated statement of income.

Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary investments classified as FVTOCI measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined and the differences are included in other comprehensive income as part of the fair value adjustment of the respective items, unless these non-monetary investments items are designated as Fair Value Through Income Statement (FVTIS) or are part of an effective hedging strategy, in which case it is recorded in the consolidated statement of income.

(ii) Group companies

Assets and liabilities of foreign subsidiaries and associates whose functional currency is not US Dollars are translated into US Dollars at the rates of exchange prevailing at the balance sheet date. Income and expense items are translated at average exchange rates prevailing for the reporting period for consolidation purpose, any exchange differences arising on translation are included in “foreign exchange translation reserve” forming part of other comprehensive income except to the extent that the translation difference is allocated to the non-controlling interest. On disposal of foreign operations, exchange differences relating thereto and previously recognised in other comprehensive income are recognised in the consolidated statement of income.

2 ACCOUNTING POLICIES (continued)

2.6 Summary of significant accounting policies (continued)

(c) Financial instruments

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are initially recognised at the fair value plus, for an item not recorded at FVTIS, transaction costs that are directly attributable to its acquisition or issue. Premiums and discounts are amortised on a systematic basis to maturity using the effective profit rate method and taken to financing income or finance cost as appropriate.

The Group converted a certain portion of its financial instruments to Shari'a compliant instruments through controlled special purpose entities as approved by the Shari'a Supervisory Board of the Bank.

Financial assets consist of cash balances with central banks, due from central banks and sukuks, due from banks, financing receivables and ijarah assets, non-trading investments, profit receivables and other assets, hedge used for risk management, financing commitments and financial guarantee contracts. Balances relating to these contracts are stated net of impairment and allowance for credit losses.

Financial liabilities contracts consist of due to banks, term financing against sukuk, customers' accounts, sukuk payable and term financing, quasi-equity accounts, profit payable and other liabilities.

Except for investments carried at FVTOCI or FVTIS and risk management instruments, all financial assets and financial liabilities are carried at amortised cost.

All “regular way” purchases and sales of financial assets are recognised on the settlement date, i.e. the date that the Group receives or delivers the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

The Group has determined the classification and measurement of its financial assets as follows:

(i) Due from central banks and sukuk

Due from central banks and sukuk are initially recognised at amortised cost. Premiums and discounts are amortised to their maturity using the effective profit rate method.

(ii) Due from banks, financing receivables and ijarah assets

Due from banks (including nostro accounts) and other financial institutions and financing receivables and ijarah assets are financial assets with fixed or determinable payments and fixed maturities. After initial recognition, these are subsequently measured at amortised cost using the effective profit rate method, adjusted for effective fair value hedges, less any amounts written-off and impairment for credit losses. The losses arising from impairment of these assets are recognised in the consolidated statement of income in "allowance for impairment, credit losses and others" and in an ECL allowance account in the consolidated balance sheet. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective profit rate. The amortisation is included in "Financing and similar income" in the consolidated statement of income.

The repayment plan of financing receivables and ijarah assets is revised as part of ongoing customer relationship to align with change in cash flows of the obligor, in some instances with improved security and with no other concessions.

2 ACCOUNTING POLICIES (continued)

2.6 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

Financing contracts
Financing contracts comprise Shari'a compliant financing contracts with fixed or determinable payments. These include financing provided through murabaha, tawarruq and ijarah contracts. Financing assets are recognised on the date they are originated and are carried at their amortised cost less impairment allowances, if any.

Following contracts are primarily used to structure the financing receivables and ijarah assets based on Shari'a principles:

Trade-based financing contracts
- Murabaha and tawarruq
A murabaha agreement is one whereby the Group sells to a customer commodities, real estate and certain other assets at cost plus an agreed profit mark up whereby the Group (seller) informs the purchaser of the price at which the asset had been purchased and also stipulates the amount of profit to be recognised. A tawarruq sale agreement is one whereby a customer buys commodities from the Group on a deferred payment basis and then immediately resells them for cash to a third party. Murabaha and tawarruq receivables are stated net of deferred profits, any amounts written-off and provision for impairment, if any.

Lease-based financing contracts
- Ijarah assets ("Ijarah Muntahia Bittamleek")
A lease agreement between the Group (lessor) and the customer (lessee), whereby the Group earns profit by charging rentals on assets leased to customers.

Ijarah assets mainly comprise of land and buildings and certain other assets. Ijarah is a lease whereby the legal title of the leased asset passes to the lessee at the end of the Ijarah (lease term), provided that all ijarah instalments are settled.

Ijarah assets are stated at cost less accumulated depreciation and any impairment. Depreciation is calculated using rates that systematically reduce the cost of the leased assets over the period of the lease in a pattern of economic benefits arising from these assets. The Group assesses at each reporting date whether there is objective evidence that the ijarah assets are impaired. Impairment loss is the amount by which the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses, if any, are recognised in the income statement. The estimates of future cash flows, when dependent on a single customer, takes into consideration the credit evaluation of the respective customer in addition to other factors.

Other financing receivables
Other financing receivables are financial assets with fixed or determinable payments and fixed maturities and includes the assets under the conversion process based on the Islamic Shari'a principles. After initial recognition, they are subsequently measured at amortised cost using the effective profit rate method, adjusted to reflect actual fair value hedges, less any amounts written-off and allowance for credit losses. Amortized cost is calculated by considering any discount or premium on acquisition and fees that are an integral part of the effective profit rate.

(iii) Debt-type instruments
Debt-type instruments are measured at amortised cost using the effective profit rate method, if:
- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the investment represents either a debt-type instrument or other investment instrument having reasonably determinable effective yield.

2 ACCOUNTING POLICIES (continued)

2.6 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Debt-type instruments (continued)
Debt-type instruments are measured at FVTOCI when both the following conditions are met:
- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- the investment represents a non-monetary debt-type instrument or other investment instrument having reasonably determinable effective yield.

FVTOCI debt-type instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to consolidated statement of income.

If either of these two criteria is not met, the financial assets are classified and measured at FVTIS. Additionally, even if the financial asset meets the amortised cost criteria, the Group may choose at initial recognition to designate the financial asset at FVTIS based on the business model.

The Group accounts for any changes in the fair value in the consolidated statement of income for assets classified as "FVTIS".

Monetary debt-type instruments are instruments whereby the transaction structure results in creation of a financial liability / debt such as murabaha payable. Non-monetary debt-type instruments are instruments whereby the transaction structure results in creation of a non-financial liability, such as goods (salam or istisna’a) or usufruct (ijarah) or services (ijarah) to be delivered in future.

(iv) Equity investments
Investments in equity instruments are classified as FVTIS, unless the Group designates an equity investment as FVTOCI on initial recognition. At initial recognition, the Group can make irrevocable election on an instrument by instrument basis to designate an equity instrument as FVTOCI. Upon derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to consolidated statement of income.

(v) Other financial assets
A financial asset is classified as FVTIS, if:
- it has been acquired principally for the purpose of selling in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is a recent actual pattern of short term profitability; or
- it is a Islamic derivative financial instruments and not designated and effective as a hedging instrument or a financial guarantee.

(vi) Islamic derivative financial instruments (other than hedging instruments)
Changes in fair values of the Islamic derivative financial instruments utilised for customer-focused activities are included in the consolidated statement of income under "trading income".

Islamic derivative financial instruments embedded in other financial instruments are not separated from the host contract and the entire contract is considered in order to determine its classification. These financial instruments are classified as FVTIS and the changes in fair value of the entire hybrid contract are recognised in the consolidated statement of income.

(vii) Due to banks, customers' accounts, sukuk payable and term financing
These financial liabilities are carried at amortised cost, less amounts repaid. Sukuk issued is initially recognised at their fair value being the issue proceeds. Changes in fair value to the extent of the changes in fair value of the sukuk hedged and unamortised transaction costs are adjusted under "sukuk payable and term financing". Term financing from financial institutions represents financing obtained through wakala / murabaha contracts recognised on the origination date and carried at amortised cost.

2 ACCOUNTING POLICIES (continued)

2.6 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

(vii) Due to banks, customers' accounts, sukuk payable and term financing (continued)
Current account balances based on Qard Hasan contracts with the customers are recognised when received by the Bank. The transaction is measured at the cash equivalent amount received by the Bank at the time of contracting. At the end of the year, the accounts are measured at their book value, which represents the settlement value to the customers. These accounts are not entitled to any profits nor do they bear any risk of loss as the Bank pays to the customers on demand. Accordingly, these accounts are considered Qard Hasan from customers to the Bank under Islamic Shari'a.

(viii) Quasi-equity
Quasi-equity mainly includes fixed maturity accounts as specified in the term of the contract, based on the mudaraba or wakala contracts and are automatically renewable for the same periods unless notified to the contrary in writing by the account holder. Quasi-equity call / savings accounts are valid for an unlimited period. In all cases, the quasi-equity accounts receive a proportion of the profit as determined by the Bank, or bear a share of loss based on the results of the financial year.

Financial instruments also include contracts with the Bank's customers in accordance with conventional banking contracts.

(d) Derecognition of financial assets and financial liabilities
A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

(e) Term financing against sukuk
Where investments are sold subject to a commitment to repurchase them at a predetermined price, they remain on the consolidated balance sheet and the consideration received is included in "Term financing against sukuk". The difference between the sale price and repurchase price is treated as finance cost and is accrued over the life of the agreement using the effective profit rate method.

(f) Determination of fair value
The Group measures certain financial instruments and non-financial assets such as investment in real estate, at fair value at the reporting 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 an asset or transfer a liability takes place either in the principal market, or in the absence of a principal market, in the most advantageous market.

The fair value of financial instruments that are quoted in an active market is determined by reference to market bid prices respectively at the close of business on the balance sheet date.

The fair value of liabilities with a demand feature is the amount payable on demand.

The fair value of profit-bearing financial assets and financial liabilities that are not quoted in an active market and are not payable on demand is determined by a discounted cash flow model using the current market profit rates for financial instruments with similar terms and risk characteristics.

2 ACCOUNTING POLICIES (continued)

2.6 Summary of significant accounting policies (continued)

(f) Determination of fair value (continued)

For equity investments that are not quoted in an active market, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument that is substantially similar, or is determined using net present valuation techniques. Equity securities classified under Level 3 are valued based on discounted cash flows and dividend discount models.

The fair value of unquoted Islamic derivative financial instruments is determined either by discounted cash flows or option-pricing models.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liabilities.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group 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 as disclosed in note 38.

(g) Impairment of financial assets

The Group applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under FAS 30, for the following categories of financial instruments that are not measured at FVTIS:

• Amortised cost financial assets;
• Sukuk and debt-type instruments classified as FVTOCI;
• Off-balance sheet financing commitments; and
• Financial guarantee contracts, letters of credit and acceptances.

ECL allowances are recognised for financial instruments that are not measured at FVTIS and are reflected in provisions for credit losses. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Expected credit loss model

The Group's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss model reflects the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a financial instrument depending on credit deterioration from date of initial recognition. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

ECL allowances are the product of the PD, EAD and LGD. The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining lifetime of the obligation. The EAD is an estimate of the exposure at a future default date, taking into account expected changes in the funded exposure after the reporting date, including repayments of principal and profit. The EAD for unfunded exposures including undrawn commitments are determined by historical behavioural analysis and regulatory Credit Conversion Factors (CCF). The LGD quantifies the potential loss from an exposure in the event of default. The key determinants of LGD are, among others, past recovery / loss data for each segment, external loss data, expected recovery period, discount rate, regulatory guidance etc. Furthermore, management overlays are applied to the model outputs, as required.

The impairment model measures credit loss allowances using a three-stage approach to measure ECL based on the extent of credit deterioration since origination as described below:

Stage 1 – Measures and recognises credit loss allowance equal to 12-month ECL for financial instruments for which credit risk has not significantly increased since initial recognition. All investment grade assets are deemed to be Stage 1 as per the Bank's policy under the low credit risk presumption, except in cases where there are past dues in excess of 30 days (rebuttable) or 60 days (non-rebuttable).

2 ACCOUNTING POLICIES (continued)

2.6 Summary of significant accounting policies (continued)

(g) Impairment of financial assets (continued)

Expected credit loss model (continued)
Stage 2 – If credit risk has increased significantly since initial recognition (whether assessed on an individual or collective basis), then measure and recognise credit loss allowance at an amount equal to the lifetime ECL. The key drivers to consider an asset as Stage 2 are as follows:

- Movements in risk rating since origination. Where the rating movement has deteriorated significantly, the amortised cost of financial asset is automatically migrated to Stage 2.
- Number of days past due (30 days - rebuttable) subject to approval of Group Provisioning and Impairment Committee ("GPIC") decision; 60 days (non-rebuttable).
- Restructured credits: All restructured facilities are required to remain in Stage 2 for a minimum period of twelve months from the date of restructuring.
- Delays in credit reviews or resolving credit exceptions subject to GPIC decision.
- Sector or country specific weakness subject to GPIC decision.
- Any other specific indicators including forward looking information which are available without undue cost or effort with respect to the obligor or the exposure such as, but not limited to, arrears with other lenders, law suits filed against the obligor by other lenders / creditors, negative movements in market indicators of financial performance etc., and the GPIC determines that these represent a significant deterioration in credit quality.

Stage 3 – Financial instruments considered to be credit impaired are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

Exposures which are classified as Stage 2 are not moved back to Stage 1 unless a minimum cooling-off period of six months has elapsed from the date when the exposure qualifies to be reclassified, except for restructured facilities for which a minimum cooling off period of twelve months is applied. Further, no exposure classified in Stage 3 is moved to Stage 2 till a period prescribed by regulators has elapsed from the date on which the account qualifies for reclassification.

Incorporation of forward looking information
The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of PiT PD. The Group performs historical analysis and identifies the key economic variables impacting credit risk and expected credit losses. The forecast economic variables are applied to established regression relationships to determine PiT PD. Macro-economic factors taken into consideration mainly include crude oil related variables, gross domestic product, unemployment and real estate indices. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

Definition of default
Financial assets that are subject to ECL measurement are tested as to whether they are credit-impaired. Objective evidence that a financial asset is credit-impaired may include a breach of contract, such as default or delinquency in profit or principal payments, indications that it is probable that the borrower will enter bankruptcy or other significant financial reorganisation, the disappearance of an active market, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. The Group continues its policy of treating financial instruments as credit impaired under Stage 3 category when the repayment of the principal or profit is overdue for 90 days or more.

Financial assets are written-off after all restructuring and collection activities have taken place and there is no realistic prospect of recovery.

2 ACCOUNTING POLICIES (continued)

2.6 Summary of significant accounting policies (continued)

(g) Impairment of financial assets (continued)

Sukuk or similar instruments measured at FVTOCI
The ECL for sukuk measured at FVTOCI is recognised as an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to consolidated income statement. The accumulated gain / loss recognised in OCI is recycled to the consolidated income statement upon derecognition.

(h) Hedge accounting
In the ordinary course of business, the Group enters into currency swaps, profit rate swaps, forward foreign exchange and forward commodity contracts (“Islamic derivative financial instruments”) and other derivative instruments to mitigate foreign currency and profit rate risk. The Islamic currency swaps and forward commodity contracts are based on Wa'ad (promise) structure between two parties to buy a specified Shari’a compliant commodity at an agreed price on the relevant date in future. It is a conditional promise to purchase a commodity through unilateral purchase undertaking. For Islamic profit rate swaps, counterparties generally exchange fixed and floating rate profit payments based on a notional value in a single currency through series of transactions to buy a specified Shari’a compliant commodity at an agreed price on the relevant date in future based on Wa'ad (promise) structure. For currency swaps, fixed or floating payments as well as notional amounts are exchanged in different currencies. The currency swaps, profit rate swaps, forward foreign exchange and forward commodity contracts are being used for hedging purpose.

In order to manage particular risks, the Group applies hedge accounting for transactions which meet the specified criteria. These Islamic derivative financial instruments are stated at fair value. Islamic derivative financial instruments with positive market values are included in "other assets" and Islamic derivative financial instruments with negative market values are included in "other liabilities" in the consolidated balance sheet.

At inception of the hedge relationship, the Group formally designates and documents the economic relationship between the hedged item and the hedging instrument, including the nature of the risk, management objectives and strategy for undertaking the hedge. The methods that will be used to assess the effectiveness of the hedging relationship form part of the Group's documentation.

In addition, at the inception of the hedge relationship, the Group undertakes a formal assessment to ensure the effectiveness of changes in the hedging instruments fair value in offsetting the exposure to changes in the hedged item’s fair value or cash flows attributable to the hedged risk. Such hedges are regarded as effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been effective throughout the financial reporting periods for which they were designated. For situations where the hedged item is a forecast transaction, the Group assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the consolidated statement of income.

For the purposes of hedge accounting, hedges are classified into two categories: (i) fair value hedges, which hedge the exposure to changes in the fair value of a recognised asset or liability; and (ii) cash flow hedges, which hedge exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

(i) Fair value hedges
For fair value hedges which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the consolidated statement of income. The hedged item is adjusted for fair value changes relating to the risk being hedged and the difference is recognised in the consolidated statement of income.

2 ACCOUNTING POLICIES (continued)

2.6 Summary of significant accounting policies (continued)

(h) Hedge accounting (continued)

(i) Fair value hedges (continued)
If the hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. For hedged items recorded at amortised cost or at FVTOCI, the difference between the carrying value of the hedged item on termination and the value at which it would have been carried without being hedged is amortised over the remaining term of the original hedge. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the consolidated statement of income.

Hedge ineffectiveness can arise from:
- Differences in timing of cash flows of hedged items and hedging instruments;
- Different profit rate curves applied to discount the hedged items and hedging instruments; or
- Islamic derivative financial instruments used as hedging instruments having a non-nil fair value at the time of designation.

(ii) Cash flow hedges
For cash flow hedges which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument which is determined to be an effective hedge is recognised initially in OCI. The ineffective portion of the fair value of the Islamic derivative financial instruments is recognised immediately in the consolidated statement of income under "trading income".

The gains or losses on effective cash flow hedges recognised initially in OCI are either transferred to the consolidated statement of income in the period in which the hedged transaction impacts the consolidated statement of income or included in the initial measurement of the related asset or liability.

For hedges which do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are recognised in the consolidated statement of income.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. In the case of cash flow hedges, the cumulative gain or loss on the hedging instrument recognised in OCI remains in OCI until the forecasted transaction occurs, unless the hedged transaction is no longer expected to occur, in which case the net cumulative gain or loss recognised in equity is transferred to the consolidated statement of income for the year.

The Group makes an assessment, both at the inception of the hedge relationship as well as on an on-going basis, as to whether the hedging transactions are highly effective in offsetting changes in the fair value or cash flows of the respective hedged items. In case of cash flow hedges, the Group makes an assessment of whether the forecasted transaction is highly probable to occur in order to ascertain whether any variations in those cash flows could affect the profit and loss.

(i) Offsetting financial instruments
Financial assets and financial liabilities are only offset and the net amount reported in the consolidated balance sheet when there is a currently enforceable religious or legal right to offset the recognised amounts and the Group intends to settle on a net basis to realise the assets and liabilities simultaneously.

(j) Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

2 ACCOUNTING POLICIES (continued)

2.6 Summary of significant accounting policies (continued)

(j) Revenue recognition (continued)

(i) Financing and similar income and finance and similar cost

For all profit bearing financial instruments, financing income or expense is recorded using the effective profit rate, which is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or a short period, where appropriate, to the net carrying amount of the financial asset or financial liability. Recognition of financing income is suspended on financing receivables and ijarah assets where profit and / or principal is overdue by 90 days or more. If the Stage 3 financial asset is cured and no longer credit-impaired, the Group reverts to calculating financing income on a gross basis.

Income on Islamic products recognised is as follows:

Income from murabaha and tawarruq are recognised on an effective profit rate, which is established on the initial recognition of the asset and is not revised subsequently.

Income from ijarah assets is recognised over the term of the ijarah agreement so as to yield a constant rate of return on the net investment outstanding. Ijarah income is recognised on effective profit rate basis, net of depreciation, over the lease term.

As the subsidiaries were in the phase of converting their operations based on Islamic Shari'a principles, therefore, financing income and cost includes yield earned and cost incurred on the conventional portfolio of financial instruments.

(ii) Net income attributable to quasi-equity

Return on Quasi Equity Accounts (QEA) is computed after taking into account all income and expenses at the end of the year and is distributed between the quasi-equity, which include mudaraba / wakala account holders and the Bank's shareholder. The share of profit of the quasi-equity is calculated on the basis of their average account balances over the period, after deducting the agreed and declared mudarib / wakala fee.

(iii) Fees and commissions

The Group earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled to in exchange for provision of services. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. When the Group provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

Credit origination fees are treated as an integral part of the effective profit rate of financial instruments and are recognised over their lives, except when the underlying risk is sold to a third party at which time it is recognised immediately. Fees or components of fees that are linked to certain performance obligations are recognised after fulfilling those obligations.

(iv) Dividend income

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

(k) Business combinations, goodwill and other intangible assets

Business combinations are accounted for using the purchase method of accounting. Assets and liabilities acquired are recognised at the acquisition date fair values with any excess of the cost of acquisition over the net assets acquired being recognised as goodwill.

2 ACCOUNTING POLICIES (continued)

2.6 Summary of significant accounting policies (continued)

(k) Business combinations, goodwill and other intangible assets (continued)

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's profit in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Intangible assets are measured on initial recognition at their fair values on the date of recognition. Following initial recognition, intangible assets are carried at originally recognised values less any accumulated impairment losses.

Impairment of goodwill and intangible assets with indefinite life is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised immediately in the consolidated statement of income.

For the purpose of impairment testing, goodwill and intangible assets with indefinite life acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group’s primary or the Group's geographic segment reporting format determined in accordance with FAS 22 - Segment Reporting.

(l) Premises and equipments

Freehold land is initially recognised at cost. After initial recognition, freehold land is carried at the revalued amount. The revaluation is carried out periodically by independent professional property valuers. Fair value is determined by using unobservable valuation inputs. The resultant revaluation surplus is recognised, as a separate component under equity. Revaluation deficit, if any, is recognised in the consolidated statement of income, except that a deficit directly offsetting a previously recognised surplus on the same asset is directly offset against the surplus in the revaluation reserve in equity.

Premises and equipments are stated at cost, less accumulated depreciation and impairment, if any.

Depreciation on buildings and other premises and equipments is provided on a straight-line basis over their estimated useful lives.

The estimated useful lives of the assets for the calculation of depreciation are as follows:

- Freehold buildings	40 to 50 years
- Fixtures and improvements	Over the lease period or up to 10 years
- Other premises and equipments	Up to 10 years

(m) Investment properties

Land and buildings held for the purpose of capital appreciation or for long term rental yields and not occupied by the Group are classified as investment properties. Investment properties are remeasured at cost less accumulated depreciation (depreciation for buildings based on an estimated useful life of 40 years using the straight-line method) and accumulated impairment. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of income in the period of retirement or when sale is completed.

2 ACCOUNTING POLICIES (continued)

2.6 Summary of significant accounting policies (continued)

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash and balances with central banks, excluding mandatory reserves, together with those due from banks and other financial institutions and sukuk having an original maturity of three months or less. These cash and cash equivalents are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

(o) Provisions

Provisions are recognised when the Group has a present obligation arising from a past event and the costs to settle the obligation are both probable and able to be reliably estimated.

(p) Employee benefits

Defined benefit pension plan

Pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to employees are evenly matched, so far as possible, to the service lives of the employees concerned. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets and the effect of the asset ceiling (if any) both excluding profit are recognised immediately in OCI.

Defined contribution plans

The Group also operates a defined contribution plan, the costs of which are recognised in "staff costs" in the period to which they relate.

(q) Taxes

There is no tax on corporate income in the Kingdom of Bahrain. Taxation on income from foreign entities is provided for in accordance with the fiscal regulations of the countries in which the respective Group entities' operate.

Deferred taxation is provided for using the liability method on all temporary differences calculated at the rate at which it is expected to be payable. Deferred tax assets are only recognised if recovery is probable.

(r) Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not incorporated in the consolidated balance sheet.

(s) Non-controlling interests

Non-controlling interests represents the portion of profit or loss and net assets in the subsidiaries not attributable to the Bank’s equity shareholder. Any change in Group's ownership interest in the subsidiary that does not result in a loss of control is accounted for as an equity transaction.

(t) Perpetual Tier 1 Capital Securities and sukuk

Perpetual Tier 1 Capital Securities and sukuk of the Group are recognised under equity in the consolidated balance sheet and the corresponding distribution on those securities are accounted as a debit to the retained earnings.

(u) Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholder.

Dividends for the period that are approved after the balance sheet date are shown as an appropriation and reported in the consolidated statement of changes in equity, as an event after the balance sheet date.

2 ACCOUNTING POLICIES (continued)

2.6 Summary of significant accounting policies (continued)

(v) Financial guarantees and financing commitments

In the ordinary course of business, the Group gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are contracts that require the Group to make specified payments to reimburse the holders for a loss that is incurred because a specified debtor fails to make payments when due in accordance with the terms of a debt-type instrument. Financing commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees are initially recognised in the consolidated financial statements at fair value, adjusted for transaction costs that are directly attributable to the issuance of guarantee. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amortised commission and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee. The expected loss allowance on financial guarantees is measured on the basis of expected payment to be made to the holder less any amounts that the Group expects to recover. Any change in a liability relating to guarantees is recognised in the consolidated statement of income.

(w) Repossessed assets

Repossessed assets are assets acquired in settlement of debt. These assets are carried at the lower of their repossessed value or their fair value and reported under “other assets" in the consolidated balance sheet.

(x) Ijarah

Right-of-use assets (Group as a lessee)

The Group recognises right-of-use assets at the commencement date of the ijarah (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of ijarah liabilities. The cost of right-of-use assets includes the amount of ijarah liabilities recognised, initial direct costs incurred, and ijarah payments made at or before the commencement date less any ijarah incentives received.

Unless the Group is reasonably certain to obtain ownership of the ijarah asset at the end of the ijarah term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the ijarah term. Right-of-use assets are subject to impairment. The carrying value of right-of-use assets are recognised under "premises and equipments" in the consolidated balance sheet.

Ijarah liabilities (Group as a lessee)

At the commencement date of the ijarah contract, the Group recognises ijarah liabilities measured at the present value of ijarah payments to be made over the ijarah term. In calculating the present value of ijarah payments, the Group uses the incremental borrowing rate at the ijarah commencement date if the profit rate implicit in the ijarah is not readily determinable. After the commencement date, the amount of ijarah liabilities is increased to reflect the accretion of profit and reduced for the ijarah payments made. In addition, the carrying amount of ijarah liabilities is remeasured if there is a modification, a change in the ijarah term, a change in the in-substance fixed ijarah payments or a change in the assessment to purchase the underlying asset and is recognised under "other liabilities" in the consolidated balance sheet.

(y) Zakah

Payment of Zakah is the responsibility of the shareholder of the Bank, accordingly no Zakah has been recorded in these consolidated financial statements.

3 NET FINANCING AND SIMILAR INCOME

	2024	2023
	US$'000	US$'000
(a) FINANCING AND SIMILAR INCOME		
Murabaha financing and tawarruq	**648,349**	262,353
Ijarah muntahia bittamleek	**87,588**	18,878
Other financing receivables	**319,555**	731,022
Deposits and sukuk with banks and central banks	**226,195**	239,426
Non-trading investments *	**717,735**	643,823
	1,999,422	1,895,502

* Includes income from FVTOCI investment of US$ 260.3 million (2023: US$ 139.9 million).

	2024	2023
(b) FINANCE AND SIMILAR COST		
Due to banks	**27,464**	113,215
Term financing against sukuk	**250,285**	215,707
Customers' accounts	**352,414**	661,609
Sukuk payable and term financing	**62,255**	122,459
	692,418	1,112,990
(c) NET DISTRIBUTION TO QUASI-EQUITY		
Banks	**61,651**	-
Non-banks and individuals	**435,437**	-
Sukuk payable	**44,161**	-
	541,249	-
NET FINANCING AND SIMILAR INCOME	**765,755**	782,512

Net income attributable to quasi-equity relates to mudaraba of US$ 0.5 million and wakala of US$ 540.7 million.

All financial liabilities and related finance cost relate to amortised cost items.

4 FEES AND COMMISSIONS - NET

	2024	2023
	US$'000	US$'000
Fees and commission income		
- Transaction banking services	**78,751**	88,096
- Management, performance and brokerage fees*	**8,733**	8,110
Fees and commission expense	**(5,066)**	(5,117)
	82,418	91,089

* This includes US$ 1.3 million (2023: US$ 1.5 million) of fee income relating to trust and other fiduciary activities.

5 TRADING INCOME

	2024	2023
	US$'000	*US$'000*
Foreign exchange	**34,344**	18,585
Proprietary trading	**2,956**	9,551
	37,300	28,136

6 (a) CASH AND BALANCES WITH CENTRAL BANKS

	2024	2023
	US$'000	*US$'000*
Cash and balances with central banks	**627,575**	426,860
Mandatory reserve with central banks	**541,937**	746,619
	1,169,512	1,173,479

6 (b) DUE FROM CENTRAL BANKS AND SUKUK

	2024	2023
	US$'000	*US$'000*
Central Bank of Bahrain	**579,953**	597,044
Central Bank of Egypt	**239,866**	289,386
Central Bank of Iraq	**-**	26,619
	819,819	913,049

Due from central banks and sukuk are local currency denominated and match funded by underlying respective local currencies.

6 (c) DUE FROM BANKS

		2024	2023
	Note	***US$'000***	*US$'000*
Balances with banks		**1,195,784**	1,833,221
Placements with banks:			
Murabaha	6(c)(i)	**491,252**	368,804
Wakala	6(c)(ii)	**181,172**	-
		1,868,208	2,202,025

6(c)(i) Murabaha placements are net of deferred profits of US$ 1.3 million (31 December 2023: Nil).

6(c)(ii) Under the above wakala arrangement, the agent pays the Bank a profit, when realised, equivalent to the expected profit rate stated in the respective wakala offer and anything beyond this rate is passed on to the agent as an incentive.

7 FINANCING RECEIVABLES AND IJARAH ASSETS

a) Financing contracts by type of facility

	31 December 2024	*1 January 2024*	*31 December 2023*
	US$'000	*US$'000*	*US$'000*
Murabaha financing and tawarruq*	**8,972,779**	6,566,071	6,529,990
Ijarah assets	**1,375,411**	919,125	919,125
Other financing receivables	**190,914**	4,041,376	4,041,376
	10,539,104	11,526,572	11,490,491
Allowance for impairment and credit losses	**(533,557)**	(583,093)	(583,093)
	10,005,547	10,943,479	10,907,398

*Murabaha financing and tawarruq is net of deferred profit of US$ 693.2 million (1 January 2024: US$ 806.7 million).

b) By industry sector

	2024		*2023*	
	US$ '000	***%***	*US$ '000*	*%*
Consumer / personal	**1,009,553**	**9.6**	1,113,507	9.7
Residential mortgage	**1,244,401**	**11.8**	1,378,999	12.0
Trading and manufacturing	**3,410,199**	**32.4**	3,619,038	31.5
Real estate	**1,809,193**	**17.2**	1,688,842	14.7
Banks and other financial institutions	**668,731**	**6.3**	585,548	5.1
Services	**1,547,301**	**14.7**	2,162,805	18.8
Government / public sector	**362,840**	**3.4**	428,700	3.7
Others	**486,886**	**4.6**	513,052	4.5
	10,539,104	**100.0**	11,490,491	100.0
ECL allowances (Stage 1 and 2)	**(329,114)**		(357,154)	
ECL allowances (Stage 3)	**(204,443)**		(225,939)	
	10,005,547		10,907,398	

7 FINANCING RECEIVABLES AND IJARAH ASSETS (continued)

c) By geographic region

	2024		*2023*	
	US$ '000	***%***	*US$ '000*	*%*
GCC countries	**5,757,573**	**54.7**	6,119,517	53.2
United Kingdom	**1,816,318**	**17.3**	1,744,357	15.2
Arab Republic of Egypt	**1,996,373**	**18.9**	2,619,142	22.8
Europe (excluding United Kingdom)	**192,159**	**1.8**	376,982	3.3
Asia (excluding GCC countries)	**498,365**	**4.7**	301,685	2.6
Others	**278,316**	**2.6**	328,808	2.9
	10,539,104	**100.0**	11,490,491	100.0
ECL allowances (Stage 1 and 2)	**(329,114)**		(357,154)	
ECL allowances (Stage 3)	**(204,443)**		(225,939)	
	10,005,547		10,907,398	

d) Credit quality of financing receivables and ijarah assets

	2024			
	Stage 1	***Stage 2***	***Stage 3***	***Total***
	US$ '000	***US$ '000***	***US$ '000***	***US$ '000***
High standard grade				
Retail	**1,792,864**	**91,326**	**-**	**1,884,190**
Corporate	**4,132,757**	**112,453**	**-**	**4,245,210**
Standard grade				
Retail	**90,673**	**67,715**	**-**	**158,388**
Corporate	**2,777,566**	**1,219,159**	**-**	**3,996,725**
Credit impaired				
Retail	**-**	**-**	**76,011**	**76,011**
Corporate	**-**	**-**	**178,580**	**178,580**
	8,793,860	**1,490,653**	**254,591**	**10,539,104**
ECL allowances	**(79,474)**	**(249,640)**	**(204,443)**	**(533,557)**
	8,714,386	**1,241,013**	**50,148**	**10,005,547**

7 FINANCING RECEIVABLES AND IJARAH ASSETS (continued)

d) Credit quality of financing receivables and ijarah assets (continued)

	2023			
	Stage 1 *US$ '000*	*Stage 2* *US$ '000*	*Stage 3* *US$ '000*	*Total* *US$ '000*
High standard grade				
Retail	1,861,541	166,310	-	2,027,851
Corporate	3,809,619	83,894	-	3,893,513
Standard grade				
Retail	81,682	91,205	-	172,887
Corporate	3,501,846	1,620,530	-	5,122,376
Credit impaired				
Retail	-	-	93,270	93,270
Corporate	-	-	180,594	180,594
	9,254,688	1,961,939	273,864	11,490,491
ECL allowances	(82,490)	(274,664)	(225,939)	(583,093)
	9,172,198	1,687,275	47,925	10,907,398

Refer to note 32 for further details on credit quality of financing receivables and ijarah assets.

e) Age analysis of past due but not credit impaired financing receivables and ijarah assets

The amounts presented in the table below are gross of ECL allowances.

	2024			
	Up to 30 days ***US$ '000***	***31 to 60 days*** ***US$ '000***	***61 to 89 days*** ***US$ '000***	***Total*** ***US$ '000***
Retail	**64,005**	**32,070**	**16,947**	**113,022**
Corporate	**203,993**	**94,390**	**25,857**	**324,240**
	267,998	**126,460**	**42,804**	**437,262**

	2023			
	Up to 30 days *US$ '000*	*31 to 60 days* *US$ '000*	*61 to 89 days* *US$ '000*	*Total* *US$ '000*
Retail	86,933	33,059	25,320	145,312
Corporate	66,243	74,728	28,929	169,900
	153,176	107,787	54,249	315,212

None of the above past due financing receivable and ijarah assets are considered to be credit impaired.

7 FINANCING RECEIVABLES AND IJARAH ASSETS (continued)

f) Individually credit impaired financing receivables and ijarah assets

	2024		
	Retail	***Corporate***	***Total***
	US$ '000	***US$ '000***	***US$ '000***
Gross credit impaired financing receivables and ijarah assets	**76,011**	**178,580**	**254,591**
ECL allowances (Stage 3)	**(60,577)**	**(143,866)**	**(204,443)**
	15,434	**34,714**	**50,148**
ECL coverage on credit impaired financing receivables and ijarah assets	**79.7%**	**80.6%**	**80.3%**
Gross financing receivables and ijarah assets	**2,118,589**	**8,420,515**	**10,539,104**
Credit impaired financing receivables and ijarah assets ratio	**3.6%**	**2.1%**	**2.4%**

	2023		
	Retail	*Corporate*	*Total*
	US$ '000	*US$ '000*	*US$ '000*
Gross credit impaired financing receivables and ijarah assets	93,270	180,594	273,864
ECL allowances (Stage 3)	(71,983)	(153,956)	(225,939)
	21,287	26,638	47,925
ECL coverage on credit impaired financing receivables and ijarah assets	77.2%	85.2%	82.5%
Gross financing receivables and ijarah assets	2,294,008	9,196,483	11,490,491
Credit impaired financing receivables and ijarah assets ratio	4.1%	2.0%	2.4%

The fair value of collateral that the Group holds relating to financing receivables and ijarah assets individually determined to be credit impaired at 31 December 2024 amounted to US$ 292.8 million (31 December 2023: US$ 386.0 million). The collateral mainly consists of cash, securities and properties.

At 31 December 2024, the carrying amount of restructured credit facilities was US$ 669.1 million (31 December 2023: US$ 739.8 million) on which the Group maintained ECL allowances of US$ 106.4 million (31 December 2023: US$ 112.5 million).

g) ECL allowances on financing receivables and ijarah assets

A reconciliation of the ECL allowances for financing receivables and ijarah assets by class is as follows:

i) ECL allowances for financing receivables and ijarah assets - Retail

	2024			
	Stage 1	***Stage 2***	***Stage 3***	***Total***
	US$ '000	***US$ '000***	***US$ '000***	***US$ '000***
At 1 January 2024	**18,696**	**9,482**	**71,983**	**100,161**
Transfer from Stage 1	**(1,182)**	**605**	**577**	**-**
Transfer from Stage 2	**4,749**	**(5,295)**	**546**	**-**
Transfer from Stage 3	**1,504**	**4,729**	**(6,233)**	**-**
Net remeasurement of ECL allowances	**1,081**	**(521)**	**31,708**	**32,268**
Amounts written-off *	**-**	**-**	**(86,105)**	**(86,105)**
Exchange rate and other adjustments	**(218)**	**(75)**	**48,101**	**47,808**
At 31 December 2024	**24,630**	**8,925**	**60,577**	**94,132**

7 FINANCING RECEIVABLES AND IJARAH ASSETS (continued)

g) ECL allowances for financing receivables and ijarah assets (continued)

i) ECL allowances for financing receivables and ijarah assets - Retail (continued)

	2023			
	Stage 1 *US$ '000*	*Stage 2* *US$ '000*	*Stage 3* *US$ '000*	*Total* *US$ '000*
At 1 January 2023	55,797	23,839	77,556	157,192
Transfer from Stage 1	(1,049)	574	475	-
Transfer from Stage 2	844	(3,059)	2,215	-
Transfer from Stage 3	-	169	(169)	-
Net remeasurement of ECL allowances	(4,002)	(2,759)	50,383	43,622
Amounts written-off *	-	-	(5,257)	(5,257)
Transfer to held for sale	(32,733)	(9,255)	(60,844)	(102,832)
Exchange rate and other adjustments	(161)	(27)	7,624	7,436
At 31 December 2023	18,696	9,482	71,983	100,161

ii) ECL allowances for financing receivables and ijarah assets - Corporate

	2024			
	Stage 1 ***US$ '000***	***Stage 2*** ***US$ '000***	***Stage 3*** ***US$ '000***	***Total*** ***US$ '000***
At 1 January 2024	**63,794**	**265,182**	**153,956**	**482,932**
Transfer from Stage 1	**(708)**	**623**	**85**	**-**
Transfer from Stage 2	**16,153**	**(38,640)**	**22,487**	**-**
Transfer from Stage 3	**4**	**1,407**	**(1,411)**	**-**
Net remeasurement of ECL allowances	**(16,627)**	**66,138**	**89,121**	**138,632**
Amounts written-off *	**-**	**-**	**(92,698)**	**(92,698)**
Exchange rate and other adjustments	**(7,772)**	**(53,995)**	**(27,674)**	**(89,441)**
At 31 December 2024	**54,844**	**240,715**	**143,866**	**439,425**

	2023			
	Stage 1 *US$ '000*	*Stage 2* *US$ '000*	*Stage 3* *US$ '000*	*Total* *US$ '000*
At 1 January 2023	134,650	373,050	286,124	793,824
Transfer from Stage 1	(3,186)	3,102	84	-
Transfer from Stage 2	242	(39,294)	39,052	-
Transfer from Stage 3	-	17,577	(17,577)	-
Net remeasurement of ECL allowances	22,577	22,528	(32,515)	12,590
Amounts written-off *	-	-	(55,410)	(55,410)
Transfer to held for sale	(78,425)	(101,129)	(57,470)	(237,024)
Exchange rate and other adjustments	(12,064)	(10,652)	(8,332)	(31,048)
At 31 December 2023	63,794	265,182	153,956	482,932

* Represents the full carrying value of the financing receivables and ijarah assets written-off.

The contractual amount outstanding on financing receivables and ijarah assets that have been written-off during the year, but still subject to legal action was US$ 129.4 million at 31 December 2024 (2023: US$ 15.2 million).

7 FINANCING RECEIVABLES AND IJARAH ASSETS (continued)

h) Allowance for impairment, credit losses and others

The net charge for provision in the consolidated statement of income is as follows:

	2024	*2023*
	US$ '000	*US$ '000*
Net remeasurement of ECL on financing receivables and ijarah assets (note 7g)	**170,900**	56,212
Recoveries from financing receivables and ijarah assets during the year (from fully provided financing receivables and ijarah assets written-off in previous years)	**(43,670)**	(4,588)
Net remeasurement of ECL for non-trading investments (note 8c)	**(16,547)**	(25,514)
Net remeasurement of ECL on off-balance sheet exposures and others	**(3,580)**	4,757
Net provision charge on investment/acquired properties	**-**	49,605
Net other provision (write-back) / charges	**(40,753)**	23,638
	66,350	104,110

i) Ijarah Muntahia Bittamleek

	2024	*2023*
	US$ '000	*US$ '000*
Ijarah Muntahia Bittamleek - cost	**1,661,335**	934,254
Accumulated depreciation	**(285,924)**	(15,129)
Ijarah Muntahia Bittamleek - financing contracts	**1,375,411**	919,125
Allowance for impairment and credit losses	**(84,074)**	(21,534)
	1,291,337	897,591

8 NON-TRADING INVESTMENTS

a) By sector and classification

	2024			
	Held at amortised cost	***Held at FVTOCI***	***Held at FVTIS***	***Total***
	US$'000	***US$'000***	***US$'000***	***US$'000***
Quoted investments				
GCC government sukuk and similar instruments	**2,128,678**	**1,446,913**	**-**	**3,575,591**
Other government sukuk and similar instruments	**125,252**	**602,755**	**-**	**728,007**
GCC government entities' securities	**991,004**	**219,093**	**-**	**1,210,097**
Sukuk and similar instruments:				
- banks and other financial institutions	**608,676**	**395,775**	**-**	**1,004,451**
- corporates	**2,315,727**	**434,434**	**-**	**2,750,161**
Equity instruments	**-**	**1,656,314**	**1,027**	**1,657,341**
	6,169,337	**4,755,284**	**1,027**	**10,925,648**
Unquoted investments				
Sukuk and similar instruments:				
- issued by banks and other financial institutions	**259,534**	**27,586**	**-**	**287,120**
Equity instruments	**-**	**104,743**	**8,131**	**112,874**
	259,534	**132,329**	**8,131**	**399,994**
Total	**6,428,871**	**4,887,613**	**9,158**	**11,325,642**
ECL allowances	**(7,903)**	**(3,593)**	**-**	**(11,496)**
	6,420,968	**4,884,020**	**9,158**	**11,314,146**

8 NON-TRADING INVESTMENTS (continued)

	2023			
	Held at amortised cost	*Held at FVTOCI*	*Held at FVTIS*	*Total*
	US$'000	*US$'000*	*US$'000*	*US$'000*
Quoted investments				
GCC government sukuk and similar instruments	2,930,592	662,741	-	3,593,333
Other government sukuk and similar instruments	510,576	332,158	-	842,734
GCC government entities' securities	1,210,302	184,424	-	1,394,726
Sukuk and similar instruments:				
- banks and other financial institutions	1,154,988	243,911	-	1,398,899
- corporates	2,427,288	370,518	-	2,797,806
Equity instruments	-	17,325	1,457	18,782
	8,233,746	1,811,077	1,457	10,046,280
Unquoted investments				
Sukuk and similar instruments:				
- issued by banks and other financial institutions	12,370	66,743	-	79,113
Equity instruments	-	77,357	8,432	85,789
	12,370	144,100	8,432	164,902
Total	8,246,116	1,955,177	9,889	10,211,182
ECL allowances	(23,344)	(4,889)	-	(28,233)
	8,222,772	1,950,288	9,889	10,182,949

The fair value of the non-trading investments held at amortised cost is US$ 6,526.5 million as at 31 December 2024 (31 December 2023: US$ 8,358.7 million) of which US$ 6,526.5 million is classified under Level 1 of fair value hierarchy (31 December 2023: US$ 8,346.3 million) and US$ nil is classified under Level 2 of fair value hierarchy (31 December 2023: US$ 12.4 million).

Gain on FVTIS investments for the year ended 31 December 2024 amounted to US$ 0.6 million (2023: US$ 6.3 million).

b) Credit quality of non-trading investments

	2024			
	Stage 1	***Stage 2***	***Stage 3***	***Total***
	US$ '000	***US$ '000***	***US$ '000***	***US$ '000***
High standard grade	**5,604,807**	**-**	**-**	**5,604,807**
Standard grade	**3,740,622**	**209,998**	**-**	**3,950,620**
	9,345,429	**209,998**	**-**	**9,555,427**
ECL allowances	**(10,094)**	**(1,402)**	**-**	**(11,496)**
	9,335,335	**208,596**	**-**	**9,543,931**
Equity instruments at fair value				**1,770,215**
				11,314,146

8 NON-TRADING INVESTMENTS (continued)

b) Credit quality of non-trading investments (continued)

	2023			
	Stage 1	*Stage 2*	*Stage 3*	*Total*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
High standard grade	7,007,065	-	-	7,007,065
Standard grade	2,717,405	382,141	-	3,099,546
	9,724,470	382,141	-	10,106,611
ECL allowances	(25,661)	(2,572)	-	(28,233)
	9,698,809	379,569	-	10,078,378
Equity instruments at fair value				104,571
				10,182,949

Refer to note 32 for further details on credit quality of non-trading investments.

c) Reconciliation of ECL allowances

	2024			
	Stage 1	***Stage 2***	***Stage 3***	***Total***
	US$ '000	***US$ '000***	***US$ '000***	***US$ '000***
At 1 January 2024	**25,661**	**2,572**	**-**	**28,233**
Net remeasurement of ECL allowances	**(15,472)**	**(1,075)**	**-**	**(16,547)**
Exchange rate and other adjustments	**(95)**	**(95)**	**-**	**(190)**
At 31 December 2024	**10,094**	**1,402**	**-**	**11,496**

	2023			
	Stage 1	*Stage 2*	*Stage 3*	*Total*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
At 1 January 2023	24,571	64,398	10,873	99,842
Transfer from Stage 1	(867)	867	-	-
Net remeasurement of ECL allowances	4,955	(62,734)	32,265	(25,514)
Amounts written-off	-	-	(43,148)	(43,148)
Transfer to held for sale	(3,069)	(284)	-	(3,353)
Exchange rate and other adjustments	71	325	10	406
At 31 December 2023	25,661	2,572	-	28,233

9 INVESTMENT IN ASSOCIATES

The associates of the Group are:

Name	*Incorporated in*	***Group's nominal holding***	
		2024	*2023*
Ahli Bank S.A.O.G. (ABO)	Sultanate of Oman	**35.0%**	35.0%
United Bank for Commerce and Investment S.A.L. (UBCI)	State of Libya	**40.0%**	40.0%
Middle East Financial Investment Company (MEFIC)	Kingdom of Saudi Arabia	**-**	40.0%

The summarised financial information of the Group’s associates was as follows:

	2024	*2023*
	US$ ’000	*US$ ’000*
Total assets	**10,341,423**	9,285,320
Total liabilities	**8,812,740**	7,772,868
Share of results for the year (Group's share)	**46,562**	31,548

Financial information of ABO, being the material associate, is provided below. The information is based on latest available financial information of ABO.

	2024	*2023*
	US$ million	*US$ million*
Balance sheet related information		
Financing receivables	**7,850.1**	6,997.8
Total assets	**9,753.0**	8,619.1
Customers' deposits	**7,176.1**	6,430.3
Total liabilities	**8,303.7**	7,264.8
Income statement related information		
Total operating income	**281.3**	255.9
Net profit for the year	**108.2**	94.7
Dividends received during the year	**9.6**	16.0
Cash flow related information		
Net cash from / (used in) operating activities	**455.5**	(75.4)
Net cash used in investing activities	**(121.0)**	(37.8)
Net cash (used in) / from financing activities	**(111.7)**	151.7

The market value of AUB's investment in ABO based on the price quoted in the Muscat Securities Market at 31 December 2024 is US$ 352.4 million (31 December 2023: US$ 333.2 million).

Subsequent to the balance sheet date, the Group sold its entire 35% equity stake in ABO to group of investors in the Sultanate of Oman.

10 INVESTMENT PROPERTIES

These represent properties acquired by the Group and are recognised at cost. As at 31 December 2024, the fair value of the investment properties is US$ 120.2 million (31 December 2023: US$ 121.6 million). Investment properties were valued by independent valuers using unobservable valuation inputs such as comparable sales, potential revenue etc. and are classified under Level 3 (2023: Level 3) of the fair value hierarchy.

10 INVESTMENT PROPERTIES (continued)

Movements during the year are as follows:

	2024	*2023*
	US$ ’000	*US$ ’000*
At 1 January	**105,037**	189,065
Additions	**3,147**	2,324
Transfer to held for sale	**-**	(66,264)
Disposals	**-**	(11,688)
Impairment and other movements	**-**	(8,400)
At 31 December	**108,184**	105,037

11 PROFIT RECEIVABLE AND OTHER ASSETS

	31 December 2024	*1 January 2024*	*31 December 2023*
	US$ ’000	*US$ ’000*	*US$ ’000*
Profit receivable	**262,233**	250,693	286,774
Derivative assets (note 28)	**533,329**	500,604	500,604
Tax assets (note 22)	**1,972**	1,515	1,515
Repossessed real estate assets	**270,165**	261,951	261,951
Prepayments and others	**29,142**	53,200	53,200
	1,096,841	1,067,963	1,104,044

As at 31 December 2024 profit receivable includes US$ 57.0 million (2023: US$ 35.8 million) relating to financial assets held at FVTOCI and US$ 205.2 million (2023: US$ 251.0 million) relating to financial assets held at amortised cost.

12 PREMISES AND EQUIPMENTS

The net book values of the Group’s premises and equipments are:

	2024	*2023*
	US$ ’000	*US$ ’000*
Freehold land	**42,199**	42,774
Freehold buildings	**16,903**	23,670
Fixtures and improvements	**5,456**	5,661
IT equipment and others	**102,314**	91,957
Capital work-in-progress	**6,958**	22,558
Right-of-use assets	**14,613**	17,256
	188,443	203,876

Annually, the freehold land is revalued by independent valuers close to year end using significant unobservable valuation inputs such as comparable sales, potential revenue etc. and is classified under Level 3 (2023: Level 3) of the fair value hierarchy. During the years ended 31 December 2024 and 2023, there have been no movements in Level 3 freehold land other than valuation changes.

13 GOODWILL AND OTHER INTANGIBLE ASSETS

	2024			2023		
	Goodwill	***Intangible assets***	***Total***	*Goodwill*	*Intangible assets*	*Total*
	US$'000	***US$'000***	***US$'000***	*US$'000*	*US$'000*	*US$'000*
At 1 January	**107,759**	**28,421**	**136,180**	470,978	39,067	510,045
Write-offs	**(12,457)**	**-**	**(12,457)**	-	(3,581)	(3,581)
Transfer to held for sale	**-**	**-**	**-**	(361,229)	-	(361,229)
Exchange rate and other movements	**(5,151)**	**(11,152)**	**(16,303)**	(1,990)	(7,065)	(9,055)
At 31 December	**90,151**	**17,269**	**107,420**	107,759	28,421	136,180

Goodwill:
Goodwill acquired through business combinations has been allocated to the cash-generating units of the acquired entities for impairment testing purposes. The carrying amount of goodwill and intangible assets allocated to each of the cash-generating units is shown under note 30.

Key assumptions used in estimating recoverable amounts of cash-generating units
The discount rate used in goodwill impairment testing ranged between 11.8% to 29.0% (2023: 13.5% to 28.9%). The key assumptions used in estimating recoverable amounts of cash generating units were sensitised to test the resilience of value-in-use calculations. On this basis, management believes that reasonable changes in the key assumptions used to determine the recoverable amount of the Group's cash-generating units will not result in any additional impairment.

Intangible assets:
Intangible assets comprises primarily the subsidiaries' banking licenses which have indefinite lives. The fair values of banking licenses are determined at the time of acquisition by discounting the future expected profits from acquisition and their projected terminal value.

14 DUE TO BANKS

	31 December 2024	*1 January 2024*	*31 December 2023*
	US$ '000	*US$ '000*	*US$ '000*
Murabaha deposits	**486,600**	271,769	-
Demand and call deposits	**365,123**	206,585	280,042
Time deposits	**-**	529,931	1,933,482
Other deposits	**55,259**	73,440	-
	906,982	1,081,725	2,213,524

15 TERM FINANCING AGAINST SUKUK

The Group has collateralised obligation lines of credit with various financial institutions through term financing against sukuk, amounting to US$ 6.9 billion (31 December 2023: US$ 7.8 billion).

As at 31 December 2024, the obligations under these agreements were US$ 4.9 billion (31 December 2023: US$ 4.6 billion). As at 31 December 2024, the fair value of investment securities that were provided as collateral was US$ 5.4 billion (31 December 2023: US$ 5.3 billion).

16 CUSTOMERS' ACCOUNTS

	31 December 2024	*1 January 2024*	*31 December 2023*
	US$ '000	*US$ '000*	*US$ '000*
Murabaha	**753,095**	1,770,515	-
Current and call deposits	**1,689,241**	3,222,012	3,932,693
Saving deposits	**-**	-	872,295
Time deposits	**15,520**	3,672,508	9,234,607
	2,457,856	8,665,035	14,039,595

17 SUKUK PAYABLE AND TERM FINANCING

		2024	*2023*
		US$ '000	*US$ '000*
(a)	Term financing	**806,518**	1,096,685
(b)	Long term sukuk payable	**565,417**	527,725
		1,371,935	1,624,410

(a) These represent murabaha term financing agreements entered into by the Group. As at 31 December 2024, the term financing of US$ 806.5 million is repayable in 2027 and carry profit rate (SOFR and Margin) of 5.6% per annum (2023: Term financing at 6.7% per annum due for repayment in 2025 was fully repaid in 2024).

(b) The sukuk was issued during 2021 through a wholly owned special purpose vehicle with a tenor of 5 years maturing on 9 September 2026 and carries a fixed profit rate of 2.615% per annum, payable semi-annually in arrears on 9 September and 9 March respectively. The sukuk is listed on the London Stock Exchange.

18 PROFIT PAYABLE AND OTHER LIABILITIES

	2024	*2023*
	US$ '000	*US$ '000*
Profit payable	**209,777**	217,271
Accruals and other payables*	**182,847**	156,586
Derivative liabilities (note 28)	**161,930**	290,644
Other credit balances**	**158,246**	280,212
Tax liabilities (note 22)	**25,436**	32,340
ECL allowances***	**20,444**	25,898
	758,680	1,002,951

* Accruals and other payables include US$ 15.2 million (31 December 2023: US$ 18.2 million) relating to lease liabilities.

** This mainly includes clearing accounts, unearned fees and sundry creditors.

*** This represents ECL allowances on financial contracts such as guarantees and undrawn commitments.

19 QUASI-EQUITY

19.1 Quasi-equity balances

Type of quasi-equity	***31 December 2024***	*1 January 2024*	*31 December 2023*
	US$ '000	*US$ '000*	*US$ '000*
Mudaraba-based accounts	**764,400**	610,963	-
Wakala-based accounts	**11,048,173**	6,423,121	-
	11,812,573	7,034,084	-

Quasi Equity Account Holders' (QEH) fund are commingled to form one general pool. This pooled fund is deployed into profit generating banking assets based on the underlying contractual arrangement. The Group allocates certain portfolios of profit generating assets towards QEH pool and only profits earned on pool of assets funded from QEH are used for distribution towards the QEH after allocation of relevant expenses and wakala and mudarib fees. Under wakala agreements, the Group agrees a target rate with the fund providers and any rate beyond that is considered as an incentive fee for the Group.

Assets in which QEH funds were invested jointly with the Group's own funds as at 31 December 2024 are as follows:

	2024 US$ '000		
	Self financed assets	***Jointly financed assets***	***Total***
Cash and balances with central banks	**849,919**	**319,593**	**1,169,512**
Due from central banks and sukuk	**579,953**	**239,866**	**819,819**
Due from banks	**1,576,760**	**291,448**	**1,868,208**
Financing receivables and ijarah assets	**2,478,097**	**7,527,450**	**10,005,547**
Non-trading investments	**7,879,930**	**3,434,216**	**11,314,146**
Investment in associates	**455,713**	**-**	**455,713**
Investment properties	**108,184**	**-**	**108,184**
Profit receivable and other assets	**1,096,841**	**-**	**1,096,841**
Premises and equipments	**188,443**	**-**	**188,443**
Goodwill and other intangible assets	**107,420**	**-**	**107,420**
	15,321,260	**11,812,573**	**27,133,833**

The following is the average percentage of profit allocation applied during the year for each type of QEH account as agreed contractually with the customers:

	2024		
	Utilisation	***Mudarib share and agency fees***	***Profit to QEH***
Account type:			
Mudaraba	**100%**	**97%**	**3%**
Wakala	**100%**	**27%**	**73%**

20 EQUITY

	2024	*2023*
	US$ '000	*US$ '000*
(a) Authorised:		
Share capital		
12,000 million shares (2023: 12,000 million shares) of US$ 0.25 each	**3,000,000**	3,000,000

Authorised share capital is available for issuance of ordinary shares and various classes of preference shares.

20 EQUITY (continued)

(b) Issued and fully paid:

	2024	*2023*
	US$ '000	*US$ '000*
Ordinary share capital (US$ 0.25 each)	**2,786,983**	2,786,983
Number of shares (millions)	**11,147.9**	11,147.9

(c) Perpetual Tier 1 Capital Securities and sukuk

	2024	*2023*
	US$ '000	*US$ '000*
Issued by the Bank (note i)	**400,000**	400,000
Perpetual Tier 1 sukuk - held for sale (note ii)	**-**	600,000
	400,000	1,000,000

(i) Basel III compliant Additional Tier I Perpetual Capital Securities issued by the Bank during 2015 carried an initial distribution rate of 6.875% per annum payable semi-annually with a reset after every 5 years. On completion of the initial 5 year period, during 2020, distribution rate was reset to 5.839% per annum. These securities are perpetual, subordinated and unsecured. The securities are listed on the Irish Stock Exchange. The Bank can elect to make a distribution at its own discretion. The holders of these securities do not have a right to claim the same and such an event will not be considered an event of default. The securities carry no maturity date and are classified under owner equity.

(ii) During 2021, AUBK completed a US$ 600 million Basel III compliant Additional Tier 1 Perpetual Capital Sukuk ("Perpetual Tier I Sukuk") issue that bears a profit rate of 3.875% per annum and are eligible to be classified under equity. These are subordinated, unsecured and carry a periodic distribution amount, payable semi-annually in arrears, is callable after five year period of issuance until the first call date ending June 2026 or any profit distribution date thereafter subject to certain redemption conditions, including prior CBK approval. The securities are listed on the Irish Stock Exchange and NASDAQ Dubai.

21 SHARE PREMIUM AND RESERVES

a) Share premium

The share premium arising on the issue of ordinary shares is not distributable except in such circumstances as stipulated in the Bahrain Commercial Companies Law (BCCL).

b) Capital reserve

As required under BCCL, any profit on the sale of treasury stock is transferred to a capital reserve. The reserve is not distributable except in such circumstances as stipulated in the BCCL.

c) Statutory reserve

As required under BCCL and the Bank's Articles of Association, 10% of the net profit is transferred to a statutory reserve on an annual basis. The Bank may resolve to discontinue such transfers when the reserve totals 50% of the paid up capital. The reserve is not distributable except in such circumstances as stipulated in the BCCL.

d) Property revaluation reserve

The revaluation reserve arising on revaluation of freehold land is not distributable except in such circumstances as stipulated in the BCCL.

e) Foreign exchange translation reserve

It comprises mainly of translation effects arising on consolidation of subsidiaries and investment in associates.

f) Other comprehensive income reserve

This reserve represents changes in the fair values of equity and debt instruments that are classified as FVTOCI.

21 SHARE PREMIUM AND RESERVES (continued)

g) Cash flow hedge reserve

This reserve represents the effective portion of gain or loss on the Group's cash flow hedging instruments.

h) Movements in other reserves

		Other comprehensive income					
			Foreign	*Cumulative changes*			
	Capital reserve	*Property revaluation reserve*	*exchange translation reserve*	*OCI reserve*	*Cash flow hedge reserve*	*Pension fund reserve **	*Total other reserves*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
Balance at 1 January 2024	**17,240**	**39,840**	**(837,247)**	**(6,161)**	**-**	**(55,044)**	**(841,372)**
Currency translation adjustments	-	**(54)**	**(205,830)**	-	-	**(101)**	**(205,985)**
Transfers to consolidated statement of income	-	-	-	**(9,411)**	**117**	-	**(9,294)**
Transfers to retained earnings on sale of equity investments	-	-	-	**289**	-	-	**289**
Net fair value movements	-	-	-	**109,140**	**(117)**	-	**109,023**
Transfers to retained earnings on sale of subsidiary	-	**(4,696)**	-	**(8,054)**	-	-	**(12,750)**
Transfers to consolidated statement of income on sale of subsidiary	-	-	**104,000**	-	-	-	**104,000**
Balance at 31 December 2024	**17,240**	**35,090**	**(939,077)**	**85,803**	**-**	**(55,145)**	**(856,089)**

		Other comprehensive income					
			Foreign	*Cumulative changes*			
	Capital reserve	*Property revaluation reserve*	*exchange translation reserve*	*OCI reserve*	*Cash flow hedge reserve*	*Pension fund reserve **	*Total other reserves*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
Balance at 1 January 2023	17,240	38,731	(763,201)	(30,765)	(29)	(34,964)	(772,988)
Currency translation adjustments	-	-	(74,046)	-	-	-	(74,046)
Transfers to consolidated statement of income	-	-	-	(1,934)	29	-	(1,905)
Net fair value movements	-	-	-	(28,714)	-	(20,080)	(48,794)
Transfers to retained earnings on sale of equity investments	-	-	-	55,252	-	-	55,252
Revaluation of freehold land	-	1,109	-	-	-	-	1,109
Balance at 31 December 2023	17,240	39,840	(837,247)	(6,161)	-	(55,044)	(841,372)

* Refer to note 26 for further details on pension fund reserve.

Foreign currency translation risk primarily arises from Group's investments in diverse countries. Assets and liabilities of the Group's subsidiaries are translated into US Dollars at the rates of exchange prevailing at the balance sheet date. Income and expense items are translated at average exchange rates prevailing for the reporting periods for consolidation purpose, any exchange differences arising on translation are included in "foreign exchange translation reserve" forming part of other comprehensive income prorated between non-controlling interests and equity owner.

The Group undertakes hedging of such net investment in foreign operations to mitigate any currency risk in a number of ways including borrowing in the underlying currency, structural hedging in the form of holding US Dollar long position to the extent possible and forward contracts.

21 SHARE PREMIUM AND RESERVES (continued)

i) Dividends proposed and paid

	2024	*2023*
	US$'000	*US$'000*
Proposed for approval at the forthcoming Annual General Assembly of Shareholder		
Total cash dividend proposed on the ordinary shares	**585,266**	278,698
Cash dividend on each ordinary share (US cents per share)	**5.25**	2.50

j) Distribution on Perpetual Tier 1 Capital Securities and sukuk

	2024	*2023*
	US$'000	*US$'000*
Distribution on the Perpetual Tier 1 Capital Securities	**23,356**	23,356
Distribution on the Perpetual Tier 1 sukuk	**-**	23,250
	23,356	46,606

22 TAXATION

	2024	*2023*
	US$'000	*US$'000*
Consolidated balance sheet (note 11 and note 18):		
- Current tax asset	**1,972**	1,515
	1,972	1,515
- Current tax liability	**20,985**	30,641
- Deferred tax liability	**4,451**	1,699
	25,436	32,340
Consolidated statement of income:		
- Current tax expense on foreign operations	**46,804**	50,813
- Deferred tax expense on foreign operations	**398**	1,597
	47,202	52,410

The Group's tax expense includes all direct taxes that are accrued on taxable profits of entities to the authorities in the respective countries of incorporation, in accordance with the tax laws prevailing in those jurisdictions. Consequently, it is not practical to provide a reconciliation between the accounting and taxable profits together with the details of effective tax rates. Tax expense primarily relates to AUBE and AUBUK. Tax rate at AUBE is 22.5% (2023: 22.5%) and AUBUK is 25.0% (2023: 25.0%).

22 TAXATION (continued)

In 2021, The Organisation for Economic Co-operation and Development (OECD) Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) had agreed to a two-pillar solution in order to address tax challenges arising from digitalization of the economies. Under Pillar 2, Multinational Entities (MNE Group) whose revenue exceed EUR 750 million are liable to pay corporate income tax at a minimum effective tax rate of 15% in each jurisdiction in which they operate. The jurisdictions in which the Group operates, including the Kingdom of Bahrain, have joined the IF.

As a result of above, the Kingdom of Bahrain issued Decree-Law no (11) of 2024 (the “Law”) on 1 September 2024 introducing Domestic Minimum Top-up Tax (DMTT) effective from the year 2025 on entities which are part of MNE Group with annual revenues of EUR 750 million or more. The Law provides that a top-up tax shall be payable on the taxable income at a rate equal to the difference between 15% and the effective tax rate of all constituent entities of the MNE Group operating within the Kingdom of Bahrain. The taxable income and effective tax rate shall be computed in accordance with the Executive regulations issued on 15 December 2024 under decision no (172) of 2024. Similar DMTT laws were announced in State of the Kuwait of which AUB Group is part of. Additionally, some jurisdictions where the Group operates, have Pillar 2 legislation in effect in 2024 due to adoption of a domestic minimum top-up tax and an Income Inclusion Rule (IIR). Further, some of those jurisdictions have also adopted the Undertaxed Profits rule (UTPR), whereby undertaxed profits in any of the Group’s jurisdictions will be brought to an effective global minimum tax rate of 15% starting from the year 2025.

The Group has performed an analysis of its Pillar 2 position for 2024 based on the OECD guidelines. The Group does not have any material Pillar 2 top up tax exposure for 2024 in jurisdictions where the Pillar 2 legislation is already in effect, since majority of the relevant jurisdictions are currently paying tax above the global minimum tax rate. The Group’s effective tax rate is expected to increase in 2025 due to the applicability of the Pillar 2 legislation in the Kingdom of Bahrain. The Group is currently in the process to assess the impact of evolving Pillar 2 tax regulations on its future financial performance and resultant tax obligations.

23 EARNINGS PER SHARE

Basic and diluted earnings per ordinary share are calculated by dividing the net profit for the year attributable to the Bank’s ordinary equity shareholder less distribution on Perpetual Tier 1 Capital Securities and sukuk, by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in basic and diluted earnings per ordinary share computations:

	2024	*2023*
	US$’000	*US$’000*
Net profit for basic and diluted earnings per ordinary share computation		
Net profit attributable to Bank's equity shareholder	**718,150**	667,256
Less: Share of Perpetual Tier 1 Capital Securities and sukuk distributions	**23,356**	40,750
Adjusted net profit attributable to Bank's ordinary equity shareholder for basic and diluted earnings per ordinary share	**694,794**	626,506
Basic and diluted earnings per ordinary share (US cents)	**6.2**	5.6

	Number of shares (in millions)	
	2024	*2023*
Weighted average ordinary shares outstanding during the year for basic and diluted earnings per share	**11,147.9**	11,147.9

24 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows include the following balance sheet amounts:

	2024	*2023*
	US$ '000	*US$ '000*
Cash and balances with central banks, excluding mandatory reserve deposits [note 6(a)]	**627,575**	426,860
Deposits with central banks and other banks - with an original maturity of three months or less	**1,517,263**	1,918,330
	2,144,838	2,345,190

25 RELATED PARTY TRANSACTIONS

The Group enters into transactions with shareholder, associates, directors, senior management and companies which are controlled, jointly controlled or significantly influenced by such parties in the ordinary course of business. All the financing receivables and ijarah assets to related parties are performing and subject to ECL assessment. Share of profit from associates and investment in associates are shown separately in these consolidated financial statements.

The income, expense and the period end balances in respect of related parties included in the consolidated financial statements were as follows:

	2024				
	US$ '000				
	Major shareholders	***Associates***	***Board of Directors***	***Senior management*** [2]	***Other related parties***
For the year ended 31 December 2024					
Financing and similar income	**510**	**-**	**153**	**-**	**-**
Finance and similar cost	**35,715**	**217**	**403**	**257**	**12,618**
Fees and commissions - net	**7**	**1,520**	**-**	**4**	**-**
Dividend income	**42,655**	**-**	**-**	**-**	**-**
Short term employee benefits	**-**	**-**	**-**	**9,519**	**-**
End of service benefits	**-**	**-**	**-**	**705**	**-**
Directors' fees and related expenses [3]	**-**	**-**	**2,221**	**-**	**-**
Net operating (loss) income from discontinued operations	**(10,436)**	**17**	**(78)**	**-**	**(849)**
As of 31 December 2024					
Due from banks	**34,410**	**2,038**	**-**	**-**	**-**
Financing receivables and ijarah assets	**-**	**-**	**1,581**	**93**	**-**
Non-trading investments	**1,654,753**	**-**	**-**	**-**	**-**
Profit receivable and other assets	**797**	**-**	**92**	**-**	**-**
Due to banks	**135,867**	**49,194**	**-**	**-**	**17**
Customers' accounts and quasi-equity [1]	**308,202**	**-**	**3,639**	**5,102**	**-**
Sukuk payable and term financing	**75,000**	**-**	**-**	**-**	**-**
Profit payable and other liabilities	**5,407**	**989**	**9**	**-**	**-**
Commitments and contingent liabilities	**2,319**	**46,597**	**-**	**-**	**-**

25 RELATED PARTY TRANSACTIONS (continued)

	2023				
	US$ ’000				
	Major shareholders	*Associates*	*Board of Directors*	*Senior management* [2]	*Other related parties*
For the year ended 31 December 2023					
Financing and similar income	-	186	196	1	97
Finance and similar cost	8,319	217	281	192	60
Fees and commissions - net	-	1,331	-	15	-
Short term employee benefits	-	-	-	16,018	-
End of service benefits	-	-	-	862	-
Directors' fees and related expenses [3]	-	-	2,073	-	-
Net operating (loss) income from discontinued operations	(89,075)	20	(322)	(934)	(4,249)
Provision relating to discontinued operations (note 42)	(54,400)	-	-	-	-
As of 31 December 2023					
Due from banks	-	3,001	-	-	-
Financing receivables and ijarah assets	-	-	2,117	245	-
Profit receivable and other assets	-	130	134	-	-
Due to banks	97,616	28,126	-	-	17
Customers’ accounts and quasi-equity [1]	206,241	2	4,337	11,020	-
Sukuk payable and term financing	100,000	-	-	-	-
Profit payable and other liabilities	524	2,941	13	-	-
Commitments and contingent liabilities	1,597	21,482	-	-	-
Held for sale:					
Assets classified as held for sale	311,169	-	30	483	18,577
Liabilities directly associated with assets held for sale	1,959,473	970	10,330	2,150	134,419
Commitments and contingent liabilities	315	4,003	-	-	1,809

Sharia Supervisory Boards' remuneration, fees, and expenses for the year 2024 amounted to US$ 0.28 million (2023: USD 0.16 million).

[1]Customers’ accounts and quasi-equity including the discontinued operations comprise of deposits from GCC government-owned institutions amounting to US$ 308.2 million (31 December 2023: US$ 2,054.0 million).

[2]AUB Group Management Directors (Employees) who are appointed by the shareholder of the Group to the AUB Board to represent management or by AUB to the boards of any of its subsidiaries or affiliates or their related committees, are excluded from receiving any additional remuneration for their membership of or attendance at board or related committee meetings at AUB or its subsidiaries / affiliates as per their specific contractual arrangements and as per the BOD approved Human Resource Policy covering all of AUB Group.

[3]Directors fees and related expenses for 2023 were approved by the shareholder in the annual general meeting on 27 March 2024 and the same for 2024 will be presented for shareholder's approval at the forthcoming annual general meeting to be convened in March 2025.

26 EMPLOYEE BENEFITS

The Group operates Defined Benefit and Defined Contribution retirement benefit schemes for its employees in accordance with the local laws and regulations in the countries in which it operates. The costs of providing retirement benefits, including current contributions, are charged to the consolidated statement of income.

Defined benefit plans

The charge to the consolidated statement of income on account of end of service benefits for the year ended 31 December 2024 amounted to US$ 2,548 thousand (2023: US$ 1,703 thousand).

AUBUK's defined benefit pension scheme was closed to future service accruals on 31 March 2010. In accordance with the IAS-19 Employee Benefits, the Group immediately recognises the actuarial gains and losses relating to 'Defined Pension Benefit' scheme through consolidated statement of changes in equity.

In May 2023, the trustees of the Ahli United Bank (U.K.) PLC (AUBUK) Pension Fund invested the fund’s assets in a bulk annuity policy (“buy-in” policy) with a takaful company. Under the terms of this “buy-in” policy, the takaful company will make payments into the fund that exactly match the benefit outgo for all covered members. The policy therefore had the effect of removing the fund’s normal funding and investment risks; however, AUBUK remains legally responsible to fund benefits in the unlikely event the takaful company defaults on any payments to covered members.

Defined contribution plans

The Group contributed US$ 7,565 thousand during the year ended 31 December 2024 (2023: US$ 6,836 thousand) towards defined contribution plans. The Group’s obligations are limited to the amounts contributed to various schemes.

27 ZAKAH

Payment of Zakah is the responsibility of the shareholder and QEA holders of the Bank, accordingly no Zakah has been recorded in these consolidated financial statements. The calculation of Zakah for shareholder as below is reviewed by the Shari’a Supervisory Board.

The total Zakah payable by the shareholder for 2024 has been computed as 1.1 US cents per share in accordance with FAS 9. Zakah was computed at 2.577% on Zakah base of US$ 4,565 million determined based on the Net Invested Funds method.

28 DERIVATIVES

In the ordinary course of business, the Group enters into various types of transactions that involve Shari'a compliant derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instruments, reference rates or indices.

Islamic forward agreements (Wa'ad)

The Bank enters into forward foreign exchange agreements (Wa'ad) to mitigate foreign currency risk. A Wa'ad is a financial transaction between two parties where payments are dependent upon movements in price of one or more underlying financial instruments, reference rate or index in accordance with Islamic Shari’a. The notional amount, disclosed gross, is the amount of a Wa'ad’s underlying asset/liability and is the basis upon which changes in the value are measured. The notional amounts indicate the volume of transactions outstanding at the year-end and are neither indicative of the market risk nor credit risk.

Profit rate swaps

Profit rate swaps are contractual agreements between two parties and may involve exchange of profit or exchange of both principal and profit for a fixed period of time based on contractual terms. The notional amounts indicate the volume of transactions outstanding at the period-end and are neither indicative of the market risk nor credit risk. Most of the Group’s profit rate swaps are held for hedging.

28 DERIVATIVES (continued)

Profit rate swaps (continued)

The table below shows the net fair values of derivative financial instruments utilised for customer-focused activities.

	2024		*2023*	
	Derivative assets	***Derivative liabilities***	*Derivative assets*	*Derivative liabilities*
	US$ '000	***US$ '000***	*US$ '000*	*US$ '000*
Derivatives utilised for customer-focused activities:				
- Profit rate swaps	**86,312**	**68,146**	102,635	68,886
- Forward foreign exchange contracts	**47,961**	**24,127**	19,559	21,579
- Options	**62**	**62**	193	193
	134,335	**92,335**	122,387	90,658

The table below shows the net fair values of derivative financial instruments held for hedging.

	2024			*2023*		
	Derivative assets	***Derivative liabilities***	***Notional amounts***	*Derivative assets*	*Derivative liabilities*	*Notional amounts*
	US$ '000	***US$ '000***	***US$ '000***	*US$ '000*	*US$ '000*	*US$ '000*
Derivatives held as fair value hedges:						
- Profit rate swaps on amortised cost instruments	**255,960**	**45,652**	**6,938,652**	333,667	148,933	9,569,455
- Profit rate swaps on FVTOCI instruments	**143,034**	**23,943**	**2,577,612**	44,550	51,053	1,289,222
	398,994	**69,595**	**9,516,264**	378,217	199,986	10,858,677

Major financial counterparties with whom the Group has entered into above derivative contracts are covered through margin monies for the fair values of contracts outstanding.

In respect of derivative assets above, the Group has US$ 83.1 million (2023: US$ 208.7 million) of liabilities that can be offset through master netting arrangements. These master netting arrangements create a right of set-off that is enforceable only following an event of default, insolvency or bankruptcy of counterparties or following other predetermined events.

Fair value hedges

The net fair value of profit rate swaps held as fair value hedges as at 31 December 2024 is positive US 329.3 million (2023: Positive US$ 178.2 million) which is offset by loss recognised on the hedged item at 31 December 2024, attributable to the hedged risk of US$ 329.3 million (2023: loss of US$ 178.2 million). These offsetting gains and losses are included in "trading income" in the consolidated statement of income during the years ended 31 December 2024 and 2023 respectively.

Hedging instruments are issued to hedge against profit rate and foreign exchange risks pertaining to hedged items. Hedged items include certain financing receivable and ijarah assets amounting to US$ 86.1 million (31 December 2023: US$ 100.8 million), sukuk payable amounting to US$ 600.0 million (31 December 2023: US$ 600.0 million), non-trading investments amounting to US$ 8,125.4 million (31 December 2023: US$ 8,189.9 million) and customers' accounts amounting to US$ 704.2 million (31 December 2023: US$ 2,406.8 million).

28 DERIVATIVES (continued)

Derivatives utilised for customer-focused activities

Most of the Group's derivative utilised for customer-focused activities relate to customer driven transactions.

Derivatives held for hedging purposes

The Group has adopted a comprehensive system for the measurement and management of risk.

As part of its asset and liability management, the Group uses derivatives for hedging purposes in order to reduce its exposure to currency and profit rate movements. This is achieved by hedging specific financial instruments and forecasted transactions, as well as strategic hedging against overall balance sheet exposures.

The Group uses options and currency swaps to hedge against specifically identified currency and equity risks. In addition, the Group uses profit rate swaps and forward rate agreements to hedge against the profit rate risk arising from specifically identified, or a portfolio of, fixed profit rate sukuk and financing receivables and ijarah assets. The Group also uses profit rate swaps to hedge against the cash flow risks arising on certain floating rate deposits. In all such cases, the hedging relationship and objective, including details of the hedged item and hedging instrument, are formally documented and the transactions are accounted for as derivatives held for hedging purposes.

Hedging of profit rate risk is also carried out by monitoring the duration of assets and liabilities and entering into profit rate swaps to hedge net profit rate exposures.

Derivative financial instruments held for hedging is amounted to US$ 9.5 billion (2023: US$ 10.9 billion) out of which US$ 0.9 billion (2023: US$ 2.1 billion) matures within one year and balance US$ 8.6 billion (2023: US$ 8.8 billion) matures after one year.

29 COMMITMENTS AND CONTINGENT LIABILITIES

Credit-related commitments

Credit-related commitments include commitments to extend credit, standby letters of credit, guarantees which are designed to meet the requirements of the Group's customers.

Commitments to extend credit represent contractual commitments to make financing receivables and ijarah assets and revolving credits available and generally have fixed expiration dates or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

Standby letters of credit and guarantees commit the Group to make payments on behalf of customers contingent upon their failure to perform under the terms of the contract. Standby facilities would have market risk if issued or extended at a fixed rate of profit. However, these contracts are primarily made at floating rates.

The Group has the following credit related commitments:

	2024	*2023*
	US$ '000	*US$ '000*
Contingent liabilities:		
Guarantees	**1,496,583**	1,683,246
Letters of credit	**336,388**	253,019
	1,832,971	1,936,265
Maturity of contingent liabilities is as follows:		
Less than one year	**1,668,661**	1,744,425
Over one year	**164,310**	191,840
	1,832,971	1,936,265
Contingent liabilities relating to held for sale	**-**	1,514,458
Irrevocable commitments:		
Undrawn financing commitments	**158,570**	156,991

Also, refer to note 18 for ECL allowances and note 35 for additional liquidity disclosures.

30 SEGMENT INFORMATION

For management purposes, the Group is organised into four major business segments:

Retail banking	Principally handling individual customers' accounts, providing consumer financing receivables, ijarah, other credit facilities, credit cards and fund transfer facilities.
Corporate banking	Principally handling financing and other credit facilities, and deposit and current accounts for corporate and institutional customers.
Treasury and investments	Principally providing money market, trading and treasury services, as well as management of the Group's investments and funding.
Private banking	Principally servicing high net worth clients through a range of investment products, funds, credit facilities, trusts and alternative investments.

30 SEGMENT INFORMATION (continued)

These segments are the basis on which the Group reports its primary segment information. Transactions between segments are conducted at approximate market rates on an arm's length basis. Profit is charged/credited to business segments based on a pool rate which approximates the cost of funds.

	Retail banking	*Corporate banking*	*Treasury and investments*	*Private banking*	*Total*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
Year ended 31 December 2024:					
Net financing and similar income	**142,345**	**229,104**	**347,667**	**46,639**	**765,755**
Fees and commissions - net	**21,995**	**38,956**	**15,031**	**6,436**	**82,418**
Other operating income	**1,083**	**144**	**305,773**	**917**	**307,917**
OPERATING INCOME	**165,423**	**268,204**	**668,471**	**53,992**	**1,156,090**
Allowance for impairment, credit losses and others	**20,282**	**63,663**	**(19,587)**	**1,992**	**66,350**
NET OPERATING INCOME	**145,141**	**204,541**	**688,058**	**52,000**	**1,089,740**
Operating expenses	**75,384**	**62,269**	**144,482**	**40,429**	**322,564**
PROFIT BEFORE TAX	**69,757**	**142,272**	**543,576**	**11,571**	**767,176**
Tax expense					**47,202**
NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS					**719,974**
Net profit after tax for the year from discontinued operations					**10,891**
Attributable to non-controlling interests					**(12,715)**
NET PROFIT ATTRIBUTABLE TO THE OWNER OF THE BANK					**718,150**
Inter segment financing income (cost) included in net financing income above	**211,754**	**(305,439)**	**(39,750)**	**133,435**	**-**

	Retail banking	*Corporate banking*	*Treasury and investments*	*Private banking*	*Total*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
As at 31 December 2024:					
Segment assets	**1,197,504**	**8,701,356**	**14,470,586**	**915,970**	**25,285,416**
Goodwill	**81,341**	**2,865**	**5,607**	**338**	**90,151**
Other intangible assets	**4,687**	**6,198**	**5,653**	**731**	**17,269**
Investment in associates					**455,713**
Unallocated assets					**1,285,284**
TOTAL ASSETS					**27,133,833**
Segment liabilities and quasi-equity	**3,029,578**	**4,847,263**	**10,536,302**	**2,513,765**	**20,926,908**
Unallocated liabilities					**758,680**
TOTAL LIABILITIES AND QUASI-EQUITY					**21,685,588**

30 SEGMENT INFORMATION (continued)

	Retail banking	*Corporate banking*	*Treasury and investments*	*Private banking*	*Total*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
Year ended 31 December 2023:					
Net financing and similar income	128,331	231,181	375,782	47,218	782,512
Fees and commissions-net	21,231	43,605	18,409	7,844	91,089
Other operating income	414	402	199,801	85	200,702
OPERATING INCOME	149,976	275,188	593,992	55,147	1,074,303
Allowance for impairment, credit losses and others	18,972	32,180	47,239	5,719	104,110
NET OPERATING INCOME	131,004	243,008	546,753	49,428	970,193
Operating expenses	69,851	60,513	118,881	32,683	281,928
PROFIT BEFORE TAX	61,153	182,495	427,872	16,745	688,265
Tax expense					52,410
NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS					635,855
Profit after tax for the year from discontinued operations					71,824
Attributable to non-controlling interests					(40,423)
NET PROFIT ATTRIBUTABLE TO THE OWNER OF THE BANK					667,256
Inter segment financing income (cost) included in net financing income above	152,496	(265,060)	(8,815)	121,379	-

	Retail banking	*Corporate banking*	*Treasury and investments*	*Private banking*	*Total*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
As at 31 December 2023:					
Segment assets	1,239,244	9,415,280	13,806,833	1,058,661	25,520,018
Goodwill	83,121	4,714	19,368	556	107,759
Other intangible assets	7,713	10,200	9,305	1,203	28,421
Investment in associates					375,313
Unallocated assets					1,271,839
Assets classified as held for sale					14,596,548
TOTAL ASSETS					41,899,898
Segment liabilities	3,366,369	5,838,862	10,524,422	2,767,520	22,497,173
Unallocated liabilities					1,002,951
Liabilities directly associated with assets held for sale					12,340,832
TOTAL LIABILITIES					35,840,956

30 SEGMENT INFORMATION (continued)

Geographic segmentation
Although the management of the Group is based primarily on business segments, the Group's geographic segmentation is based on the countries where the Bank and its subsidiaries are incorporated. Thus, the operating income generated by the Bank and its subsidiaries based in the Gulf Cooperation Council (GCC) are grouped as "GCC Countries", while those generated by the Bank's subsidiaries located outside the GCC region is grouped under "Others". Similar segmentation is followed for the distribution of total assets. The following table shows the distribution of the Group’s operating income and total assets by geographical segments:

	Operating income		***Total assets***	
	2024	*2023*	***2024***	*2023*
	US$ ’000	*US$ ’000*	***US$ ’000***	*US$ ’000*
GCC Countries	**634,735**	577,563	**16,055,785**	28,485,849
Others	**521,355**	496,740	**11,078,048**	13,414,049
Total	**1,156,090**	1,074,303	**27,133,833**	41,899,898

31 RISK MANAGEMENT

The Board of Directors seeks to optimise the Group’s performance by enabling the various business units to realise the Group’s business strategy and meet agreed business performance targets by operating within the BOD approved Group Risk Framework covering risk parameters.

The Group Management Risk Committee, Group Credit Committee, Group Investment Committee, Group Assets and Liability Committee, Group Information and Cyber Security Risk Committee, Group Operational and Fraud Risk Committee and Group Provisioning and Impairment Committee are set up as part of the Group’s risk governance structure. The terms of reference for these committees are approved by the BOD. Group Board Risk Committee Committee has oversight over Group's risk activities and implementation of the risk management framework.

The Group’s Shari’a Supervisory Board is entrusted with the responsibility to ensure the Group’s adherence to Shari’a rules and principles in its transactions and activities. The Shari’a Supervisory Board comprises of 4 members.

The BOD approves the Group Risk Framework on an annual basis. The Group Board Risk Committee monitors the Group’s risk profile against the risk parameters. The BOD and its Executive Committee receive quarterly risk updates including detailed risk exposures analysis reports. The Group faces a range of risks in its business and operations including (i) credit risk; (ii) market risk (comprising of profit rate risk, currency risk, equity price risk and displaced commercial risk); (iii) liquidity risk; (iv) operational risk; and (v) legal risk as detailed in notes 32 to 37.

32 CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge a financial obligation and cause the other party to incur a financial loss. In the case of derivatives, this is limited to positive fair values. The Group attempts to mitigate credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

a) Concentration risk
Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentration of credit risk indicate the relative sensitivity of the Group’s performance to developments affecting a particular industry or geographic location.

The Group manages its credit risk exposure so as to avoid over concentration to a particular sector or geographic location. It also obtains securities, where appropriate. Guidelines are in place regarding the acceptability of types of collateral and valuation parameters.

32 CREDIT RISK (continued)

a) Concentration risk (continued)

The principal collateral types are as follows:

- In the personal sector – cash, mortgages over residential properties and assignments over salary income;
- In the commercial sector – cash, charges over business assets such as premises, inventories, receivables, debt securities and bank guarantees;
- In the commercial real estate sector – charges over the properties being financed; and
- In the financial sector – charges over financial instruments, such as debt securities and equities.

The Group monitors the market value of collateral and requests additional collateral when necessary in accordance with the underlying agreement.

Details of the concentration of the financing receivables and ijarah assets by industry sector and geographic region are disclosed in note 7(b) and 7(c) respectively.

Details of the industry sector analysis and the geographical distribution of the assets, liabilities and commitments on behalf of customers are set out in note 33.

b) Gross maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The table below shows the gross maximum exposure to credit risk for the components of the balance sheet. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements, but after provision for credit losses, where applicable.

	Gross maximum exposure 2024	*Gross maximum exposure 2023*
	US$ '000	*US$ '000*
Balances with central banks	**1,098,336**	1,096,386
Due from central banks and sukuk	**819,819**	913,049
Due from banks	**1,868,208**	2,202,025
Financing receivables and ijarah assets	**10,005,547**	10,907,398
Non-trading investments	**9,543,931**	10,078,378
Profit receivable and other assets	**815,627**	834,063
Assets classified as held for sale	**-**	13,951,731
Total	**24,151,468**	39,983,030
Contingent liabilities	**1,832,971**	1,936,265
Undrawn financing commitments	**158,570**	156,991
Contingent liabilities relating to held for sale	**-**	1,514,458
Total credit related commitments	**1,991,541**	3,607,714
Total credit risk exposure	**26,143,009**	43,590,744

Where financial instruments are recorded at fair value, the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

32 CREDIT RISK (continued)

c) Credit quality of financial assets

The tables below shows distribution of financial assets before ECL allowances:

	Stage 1	***Stage 2***	***Stage 3***	***Total***
	US$ '000	***US$ '000***	***US$ '000***	***US$ '000***
At 31 December 2024				
Balances with central banks:				
High standard grade	**1,098,336**	**-**	**-**	**1,098,336**
Due from central banks and sukuk:				
Standard grade	**579,953**	**239,866**	**-**	**819,819**
Due from banks:				
High standard grade	**1,565,605**	**773**	**-**	**1,566,378**
Standard grade	**219,422**	**82,408**	**-**	**301,830**
Financing receivables and ijarah assets:				
High standard grade	**5,925,621**	**203,779**	**-**	**6,129,400**
Standard grade	**2,868,239**	**1,286,874**	**-**	**4,155,113**
Credit impaired	**-**	**-**	**254,591**	**254,591**
Non-trading investments:				
High standard grade	**5,604,807**	**-**	**-**	**5,604,807**
Standard grade	**3,740,622**	**209,998**	**-**	**3,950,620**
Credit related contingent items:				
High standard grade	**2,479,707**	**70,520**	**-**	**2,550,227**
Standard grade	**1,040,169**	**232,908**	**-**	**1,273,077**
Credit impaired*	**-**	**-**	**29,257**	**29,257**

	Stage 1	*Stage 2*	*Stage 3*	*Total*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
At 31 December 2023				
Balances with central banks:				
High standard grade	1,096,386	-	-	1,096,386
Due from central banks and sukuk:				
High standard grade	597,042	-	-	597,042
Standard grade	26,619	289,442	-	316,061
Due from banks:				
High standard grade	1,925,741	-	-	1,925,741
Standard grade	274,194	2,304	-	276,498
Financing receivables and ijarah assets:				
High standard grade	5,671,160	250,204	-	5,921,364
Standard grade	3,583,528	1,711,735	-	5,295,263
Credit impaired	-	-	273,864	273,864
Non-trading investments:				
High standard grade	7,007,065	-	-	7,007,065
Standard grade	2,717,405	382,141	-	3,099,546
Credit related contingent items:				
High standard grade	1,408,501	19,978	-	1,428,479
Standard grade	1,229,465	252,132	-	1,481,597
Credit impaired*	-	-	25,559	25,559

* After application of credit conversion factors, credit impaired contingent items amounted to US$ 15,049 thousand (31 December 2023: US$ 12,778 thousand).

32 CREDIT RISK (continued)

c) Credit quality of financial assets (continued)

Except for certain financing receivables and ijarah assets and non-trading investments that are classified as FVTOCI or FVTIS, all the above financial instruments are carried at amortised cost.

It is the Group's policy to maintain consistent internal risk ratings across the credit portfolio. The credit quality of the portfolio of financing receivables and ijarah assets that were neither past due nor impaired can be assessed by reference to the Group’s internal credit rating system. This facilitates focused portfolio management of the inherent level of risk across all lines of business. The credit quality ratings disclosed below can be equated to the following risk rating grades, which are either internally applied or external ratings mapped to internal ratings.

Credit quality rating	**Risk rating**	**Definition**
High standard	Risk rating 1 to 4	Undoubted through to good credit risk
Standard	Risk rating 5 to 7	Satisfactory through to adequate credit risk
Credit impaired	Risk rating 8 to 10	Substandard doubtful through to loss

The risk rating system is supported by various financial analytics and qualitative market information for the measurement of counterparty risk. Refer to note 2.6(g) for detailed ECL measurement methodology.

There are no financial assets which are past due but not impaired as at 31 December 2024 and 2023 other than those disclosed under note 7(e).

33 CONCENTRATION ANALYSIS

The distribution of assets, liabilities and contingent liabilities on behalf of customers by geographic region and industry sector was as follows:

	2024			*2023*		
	Assets	***Liabilities and quasi-equity***	***Contingent liabilities on behalf of customers***	*Assets*	*Liabilities*	*Contingent liabilities on behalf of customers*
	US$ '000	***US$ '000***	***US$ '000***	*US$ '000*	*US$ '000*	*US$ '000*
Geographic region:						
GCC countries	**16,055,785**	**12,078,749**	**961,176**	13,889,301	12,433,651	931,439
United Kingdom (UK)	**3,162,359**	**1,612,407**	**7,760**	3,003,803	2,314,303	6,225
Arab Republic of Egypt	**2,940,901**	**2,756,586**	**467,846**	3,886,848	3,862,956	596,251
Europe (excluding UK)	**1,270,543**	**2,820,362**	**36,234**	1,841,981	2,349,039	81,485
Asia (excluding GCC)	**1,860,991**	**1,864,224**	**257,161**	2,050,151	2,096,126	241,214
United States of America	**722,589**	**424,568**	**56,196**	1,012,179	294,408	58,192
Rest of the World	**1,120,665**	**128,692**	**46,598**	1,619,087	149,641	21,459
Held for sale	**-**	**-**	**-**	14,596,548	12,340,832	1,514,458
	27,133,833	**21,685,588**	**1,832,971**	41,899,898	35,840,956	3,450,723
Industry sector:						
Banks and other financial institutions	**8,608,338**	**10,341,986**	**156,533**	7,697,654	10,696,101	88,129
Consumer/personal	**952,467**	**4,899,514**	**9,090**	1,059,850	5,180,424	8,582
Residential mortgage	**1,242,369**	**1,916**	**-**	1,356,737	2,457	-
Trading and manufacturing	**4,722,895**	**1,465,701**	**712,711**	5,798,325	1,680,165	799,353
Real estate	**2,278,372**	**480,373**	**4,573**	1,909,756	617,435	5,101
Services	**2,310,602**	**1,920,055**	**706,405**	2,872,303	2,348,963	795,347
Government / public sector	**6,385,831**	**1,722,894**	**390**	6,069,696	1,798,826	2,291
Others	**632,959**	**853,149**	**243,269**	539,029	1,175,753	237,462
Held for sale	**-**	**-**	**-**	14,596,548	12,340,832	1,514,458
	27,133,833	**21,685,588**	**1,832,971**	41,899,898	35,840,956	3,450,723

34 MARKET RISK

Market risk is the risk of potential financial loss that may arise from adverse changes in the value of a financial instrument or portfolio of financial instruments due to movements in profit rates, foreign exchange rates, equity prices, commodity prices and derivatives. This risk arises from asset - liability mismatches, changes that occur in the yield curve, foreign exchange rates and changes in volatilities/implied volatilities in the market value of derivatives. The Group classifies exposures to market risk into either trading or non-trading portfolios. Given the Group's low risk strategy, aggregate market risk levels are considered low. The Group utilises Value-at-Risk (VaR) models to assist in estimating potential losses that may arise from adverse market movements in addition to non-quantitative risk management techniques. The market risk for the trading portfolio is managed and monitored on a VaR methodology which reflects the inter-dependency between risk variables. Non-trading portfolios are managed and monitored using stop loss limits and other sensitivity analyses.

i) Value-at-Risk

The Group calculates historical simulation VaR using a one day holding period at a confidence level of 99%, which takes into account the actual correlations observed historically between different markets and rates.

Since VaR is an integral part of the Group's market risk management, VaR limits have been established for all trading operations and exposures are reviewed daily against the limits by management. Actual outcomes are compared to the VaR model derived predictions on a regular basis as a means of validating the assumptions and parameters used in the VaR calculation.

The table below summarises the risk factor composition of the VaR including the diversification effects intrinsic to the trading book:

	Foreign exchange	*Profit rate*	*Diversification effect*	*Total*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
31 December 2024	**475**	**58**	**(93)**	**440**
31 December 2023	352	54	-	406

ii) Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect the value of financial instruments or the future profitability of the Group. The Group is exposed to profit rate risk as a result of mismatches or gaps in the amounts of assets, liabilities, perpetual tier 1 capital securities and sukuk and off balance sheet instruments that mature or reprice in a given period. The Group measures and manages profit rate risk by establishing levels of profit rate risk by setting limits on the profit rate gaps for stipulated periods. Profit rate gaps on assets and liabilities are reviewed periodically and hedging strategies are used to reduce the profit rate gaps to within the limits established by the BOD.

34 MARKET RISK (continued)

ii) Profit rate risk (continued)

The table below provides an analysis of the Group's profit rate risk exposure:

	2024			
	Less than three months	*Three months to one year*	*Over one year*	*Total*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
Cash and balances with central banks	**1,098,336**	**-**	**-**	**1,098,336**
Due from central banks and sukuk	**805,394**	**14,425**	**-**	**819,819**
Due from banks	**1,846,046**	**17,680**	**4,482**	**1,868,208**
Financing receivables and ijarah assets	**8,457,879**	**825,361**	**722,307**	**10,005,547**
Non-trading investments	**195,580**	**490,169**	**8,887,446**	**9,573,195**
	12,403,235	**1,347,635**	**9,614,235**	**23,365,105**
Due to banks and quasi-equity	**1,344,087**	**1,012,449**	**-**	**2,356,536**
Term financing against sukuk	**4,942,979**	**-**	**-**	**4,942,979**
Customers' accounts and quasi-equity	**7,229,297**	**3,683,425**	**1,342,736**	**12,255,458**
Sukuk payable and term financing	**806,518**	**-**	**565,417**	**1,371,935**
	14,322,881	**4,695,874**	**1,908,153**	**20,926,908**
Perpetual Tier 1 Capital Securities	**-**	**400,000**	**-**	**400,000**
On balance sheet gap	**(1,919,646)**	**(3,748,239)**	**7,706,082**	**2,038,197**
Off balance sheet gap	**6,683,921**	**544,419**	**(7,228,340)**	
Total profit sensitivity gap	**4,764,275**	**(3,203,820)**	**477,742**	
Cumulative profit sensitivity gap	**4,764,275**	**1,560,455**	**2,038,197**	

34 MARKET RISK (continued)

ii) Profit rate risk (continued)

	2023			
	Less than three months	*Three months to one year*	*Over one year*	*Total*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
Cash and balances with central banks	304,077	-	-	304,077
Due from central banks and sukuk	368,031	545,018	-	913,049
Due from banks	2,195,288	5,187	1,550	2,202,025
Financing receivables and ijarah assets	9,377,943	979,674	549,781	10,907,398
Non-trading investments	112,932	427,626	9,537,820	10,078,378
Assets classified as held for sale	13,012,949	-	-	13,012,949
	25,371,220	1,957,505	10,089,151	37,417,876
Due to banks and quasi-equity	1,148,627	1,064,897	-	2,213,524
Term financing against sukuk	3,380,114	1,239,530	-	4,619,644
Customers' accounts and quasi-equity	8,119,328	4,470,824	1,449,443	14,039,595
Sukuk payable and term financing	1,096,685	-	527,725	1,624,410
Liabilities directly associated with assets held for sale	10,109,397	-	-	10,109,397
	23,854,151	6,775,251	1,977,168	32,606,570
Perpetual Tier 1 Capital Securities and sukuk	600,000	400,000	-	1,000,000
On balance sheet gap	917,069	(5,217,746)	8,111,983	3,811,306
Off balance sheet gap	6,723,088	950,183	(7,673,271)	
Total profit sensitivity gap	7,640,157	(4,267,563)	438,712	
Cumulative profit sensitivity gap	7,640,157	3,372,594	3,811,306	

The following table demonstrates the sensitivity of the Group's net financing and similar income for the next one year, to a change in profit rates, with all other variables held constant. The sensitivity is based on the floating rate financial assets and financial liabilities held at 31 December 2024 and 2023 including the effect of hedging instruments.

Sensitivity analysis - profit rate risk

		2024	*2023*
		US$ '000	*US$ '000*
At 25 bps - increase (+) / decrease (-)	+/-	**6,930**	7,367

iii) Currency risk

Currency risk is the risk that the functional currency value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The risk management process manages the Group's exposure to fluctuations in foreign exchange rates (currency risk) through the asset and liability management process. It is the Group's policy to reduce its exposure to currency fluctuations to acceptable levels as determined by the BOD which has established levels of currency risk by setting limits on currency position exposures. Positions are monitored periodically and hedging strategies are used to ensure positions are maintained within the established limits.

34 MARKET RISK (continued)

iii) Currency risk (continued)

The Group's significant net exposures arising out of banking operations as of the consolidated balance sheet date and the effect of change in currency rate by + 1% on the consolidated statement of income is presented below:

	(Loss) / gain		***Net exposures***	
	2024	*2023*	***2024***	*2023*
	US$ '000	*US$ '000*	***US$ '000***	*US$ '000*
British Pound Sterling	**45**	247	**4,471**	24,672
Euro	**17**	(129)	**1,713**	(12,942)
Egyptian Pound	**21**	26	**2,103**	2,615
Iraqi Dinar	**(356)**	(848)	**(35,618)**	(84,819)
Kuwaiti Dinar	**(1,213)**	(1,130)	**(121,305)**	(113,005)

Sensitivity analysis - currency risk

All foreign currency exposures with the exception of investments in subsidiaries and associates are captured as part of the customer-focused activities book. The risk of the exposures are subject to quantification via a daily VaR calculation, the results of which are disclosed in note 34 (i).

The effect of foreign currency translation on the Group's investments in subsidiaries and associates are reported in the "foreign exchange translation reserve" in note 21(h).

iv) Equity price risk

Equity price risk arises from fluctuations in equity indices and prices. The Board of Directors has set limits on the amount and type of investments that may be accepted. This is monitored on an ongoing basis by the Group Risk Committee. The non-trading equity price risk exposure arises from the Group's investment portfolio. The Group is not exposed to any significant equity price risk.

The effect on equity valuations (as a result of a change in the fair value of equity investments held as FVTOCI) due to a reasonably possible change in equity indices, with all other variables held constant is as follows:

	Change in equity indices		***Effect on OCI***	
			2024	*2023*
			US$ '000	*US$ '000*
Market indices	**%**			
Boursa Kuwait	**+/- 5%**	+/-	**82,738**	-

Sensitivity to equity price movements will be on a symmetric basis, as financial instruments giving rise to non-symmetric movements are not significant.

v) Displaced commercial risk

Each of the Group's subsidiaries follows an appropriate framework for managing displaced commercial risk, where applicable. The Group is exposed to displaced commercial risk in the event Profit rates for quasi-equity accountholders are lower than the market rates and the Group has mitigated this risk by adopting the approach to waive the applicable wakala / mudarib fees and their rights to part or entire mudarib share of profit to meet the market expectation.

35 LIQUIDITY RISK

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due, or will have to do so at an excessive cost. This risk arises from mismatches in the timing of cash flows. Funding risk arises when the necessary liquidity to fund illiquid asset positions cannot be obtained at the expected terms and when required.

The management of the Group's liquidity and funding is the responsibility of the Group Asset and Liability Committee (GALCO) supported by the Group Treasurer, and is responsible for ensuring that all foreseeable funding commitments, including deposit withdrawals, can be met when due, and that wholesale market access is coordinated and controlled.

The Group maintains a stable funding base comprising core retail and corporate customer deposits and institutional balances, augmented by wholesale funding and portfolios of highly liquid assets, which are diversified by currency and maturity, in order to enable the Group to respond quickly to any unforeseen liquidity requirements.

The Group subsidiaries and affiliates maintain a strong individual liquidity position and manage their liquidity profiles so that cash flows are balanced and funding obligations can be met when due.

Treasury limits are set by the GALCO and allocated as required across the various group entities. Specifically GALCO and the Group Treasurer are responsible for:

- projecting cash flows by major currency under various stress scenarios and considering the level of liquid assets necessary in relation thereto;
- monitoring balance sheet liquidity ratios against internal and regulatory requirements;
- maintaining a diverse range of funding sources with adequate back-up facilities;
- managing the concentration and profile of debt maturities;
- managing contingent liquidity commitment exposures within predetermined caps;
- monitoring depositor concentration in order to avoid undue reliance on large individual depositors and ensure a satisfactory overall funding mix; and
- maintaining liquidity and funding contingency plans. These plans must identify early indicators of stress conditions and describe actions to be taken in the event of difficulties arising from systemic or other crises while minimising adverse long-term implications for the business.

The maturity profile of the assets and liabilities at 31 December 2024 and 2023 given below reflects management's best estimates of the maturities of assets and liabilities. These have been determined on the basis of the remaining period at the balance sheet date to the contractual or expected maturity date, where relevant. The liquidity profile of customer deposits has been determined on the basis of the effective maturities indicated by the Group's deposit retention history and the liquidity profile of sukuk has been determined on the basis of liquidity requirements.

35 LIQUIDITY RISK (continued)

31 December 2024	***Up to three months***	***Over three months to one year***	***Above one year***	***Undated***	***Total***
	US$ '000	***US$ '000***	***US$ '000***	***US$ '000***	***US$ '000***
Assets					
Cash and balances with central banks	**1,169,512**	**-**	**-**	**-**	**1,169,512**
Due from central banks and sukuk	**802,578**	**17,241**	**-**	**-**	**819,819**
Due from banks	**1,868,208**	**-**	**-**	**-**	**1,868,208**
Financing receivables and ijarah assets	**2,701,649**	**2,123,377**	**5,180,521**	**-**	**10,005,547**
Non-trading investments	**7,707,072**	**1,846,017**	**1,761,057**	**-**	**11,314,146**
Investment in associates	**-**	**-**	**-**	**455,713**	**455,713**
Investment properties	**-**	**-**	**-**	**108,183**	**108,183**
Profit receivable and other assets	**639,934**	**61,685**	**395,222**	**-**	**1,096,841**
Premises and equipments	**1,096**	**2,557**	**10,960**	**173,830**	**188,443**
Goodwill and other intangible assets	**-**	**-**	**-**	**107,421**	**107,421**
Total	**14,890,049**	**4,050,877**	**7,347,760**	**845,147**	**27,133,833**
Liabilities and quasi-equity					
Due to banks and quasi-equity	**1,199,100**	**196,385**	**961,051**	**-**	**2,356,536**
Term financing against sukuk	**2,488,130**	**2,454,849**	**-**	**-**	**4,942,979**
Customers' accounts and quasi-equity	**4,751,075**	**2,430,910**	**5,073,473**	**-**	**12,255,458**
Sukuk payable and term financing	**-**	**-**	**1,371,935**	**-**	**1,371,935**
Profit payable and other liabilities	**647,234**	**75,941**	**35,505**	**-**	**758,680**
Total	**9,085,539**	**5,158,085**	**7,441,964**	**-**	**21,685,588**
Total owner equity	**-**	**400,000**	**-**	**5,048,245**	**5,448,245**
Net liquidity gap	**5,804,510**	**(1,507,208)**	**(94,204)**	**(4,203,098)**	**-**

35 LIQUIDITY RISK (continued)

31 December 2023	*Up to three months*	*Over three months to one year*	*Above one year*	*Undated*	*Total*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
Assets					
Cash and balances with central banks	1,173,479	-	-	-	1,173,479
Due from central banks and sukuk	641,364	271,685	-	-	913,049
Due from banks	2,185,364	983	15,678	-	2,202,025
Financing receivables and ijarah assets	2,081,563	2,494,006	6,331,829	-	10,907,398
Non-trading investments	6,104,381	3,441,064	637,504	-	10,182,949
Investment in associates	-	-	-	375,313	375,313
Investment properties	-	-	-	105,037	105,037
Profit receivable and other assets	700,332	53,977	349,735	-	1,104,044
Premises and equipments	950	2,850	11,400	188,676	203,876
Goodwill and other intangible assets	-	-	-	136,180	136,180
Assets classified as held for sale	14,596,548	-	-	-	14,596,548
Total	27,483,981	6,264,565	7,346,146	805,206	41,899,898
Liabilities					
Due to banks	1,174,057	250,013	789,454	-	2,213,524
Term financing against sukuk	3,163,861	1,073,639	382,144	-	4,619,644
Customers' accounts	4,315,058	3,565,921	6,158,616	-	14,039,595
Sukuk payable and term financing	-	-	1,624,410	-	1,624,410
Profit payable and other liabilities	854,162	105,959	42,830	-	1,002,951
Liabilities directly associated with assets held for sale	12,340,832	-	-	-	12,340,832
Total	21,847,970	4,995,532	8,997,454	-	35,840,956
Total owner equity	2,255,716	400,000	-	3,403,226	6,058,942
Net liquidity gap	3,380,295	869,033	(1,651,308)	(2,598,020)	-

The Group has lines of credit with various financial institutions through term financing against sukuk arrangements. Refer note 15 for further details.

35 LIQUIDITY RISK (continued)

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities (including profit) and quasi-equity based on contractual undiscounted repayment obligations. However, the Group's expected cash flows on these instruments vary significantly from this analysis. In particular, customers' accounts and quasi-equity are expected to maintain stable or increased balances.

	Up to One month	*Over one month to three months*	*Over three months to one year*	*Over one year to five years*	*Over five years*	*Total*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
As at 31 December 2024						
Due to banks and quasi-equity	**1,085,714**	**118,995**	**202,657**	**1,108,380**	-	**2,515,746**
Term financing against sukuk	**985,016**	**1,518,621**	**2,526,316**	-	-	**5,029,953**
Customers' accounts and quasi-equity	**6,344,592**	**2,006,410**	**3,435,230**	**777,672**	-	**12,563,904**
Sukuk payable and term financing	-	-	-	**1,578,869**	-	**1,578,869**
Profit payable	**119,787**	**23,790**	**47,073**	**19,128**	-	**209,778**
Total	**8,535,109**	**3,667,816**	**6,211,276**	**3,484,049**	-	**21,898,250**
Credit related commitments	**178**	**5,233**	**66,750**	**86,409**	-	**158,570**
Derivatives (net)	**371,399**	-	-	-	-	**371,399**

	Up to One month	*Over one month to three months*	*Over three months to one year*	*Over one year to five years*	*Over five years*	*Total*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
As at 31 December 2023						
Due to banks	955,096	224,809	257,861	908,409	-	2,346,175
Term financing against sukuk	3,138,236	37,351	1,103,135	432,538	-	4,711,260
Customers' accounts	6,716,091	2,218,187	4,698,202	699,553	164	14,332,197
Sukuk payable and term financing	-	-	-	1,969,877	-	1,969,877
Profit payable	79,162	41,674	77,340	19,095	-	217,271
Liabilities directly associated						-
with assets held for sale	-	12,127,338	-	-	-	12,127,338
Total	10,888,585	14,649,359	6,136,538	4,029,472	164	35,704,118
Credit related commitments	32,717	7,784	28,263	76,851	11,376	156,991
Derivatives (net)	209,960	-	-	-	-	209,960

36 OPERATIONAL RISK

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events, whether intentional, unintentional or natural. This definition includes legal and Shari'a non-compliance risk, but excludes strategic and reputational risk. It is an inherent risk faced by all businesses and covers a large number of operational risk events including business interruption and systems failures, internal and external fraud, employment practices and workplace safety, customer and business practices, transaction execution and process management, and damage to physical assets.

The BOD acknowledges that it has an ultimate responsibility for operational risk. Oversight rests with the Group Board Risk Committee, whilst day to day monitoring is carried out by the Group Operational and Fraud Risk Management Committee.

37 LEGAL RISK

Legal risk is the risk relating to losses due to legal or regulatory action that invalidates or otherwise precludes performance by the end user or its counterparty under the terms of the contract or related netting agreements.

The Group has a dedicated Legal Department whose role is to identify, and provide analysis and advice on the legal risks. The department is governed by the Group Legal Policy approved by the BOD, which facilitates the management and control of operational risks from pending legal actions. The Group Legal Policy is reviewed on a periodic basis.

38 FAIR VALUE MEASUREMENT

The fair value of financial assets and financial liabilities, other than those disclosed in the table below and in note 8, approximate their carrying values. Please refer to note 8 for the fair value of non-trading investments carried at amortised cost.

The Group's primary medium and long-term financial liabilities are the sukuk payable and term financing. The fair values of these financial liabilities are not materially different from their carrying values, since these liabilities are repriced at intervals of three or six months, depending on the terms and conditions of the instrument and the resultant applicable margins approximate the current spreads that would apply for financing with similar maturities.

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

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 : Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

38 FAIR VALUE MEASUREMENT (continued)

	2024			
	Level 1	***Level 2***	***Level 3***	***Total***
	US$ '000	***US$ '000***	***US$ '000***	***US$ '000***
Equity instruments at fair value	**1,655,233**	**57,559**	**57,423**	**1,770,215**
Debt instruments (FVTOCI)	**3,098,970**	**27,586**	**-**	**3,126,556**
Financing receivables and ijarah assets	**-**	**-**	**7,518**	**7,518**
Derivative assets	**-**	**533,329**	**-**	**533,329**
Derivative liabilities	**-**	**161,930**	**-**	**161,930**

	2023			
	Level 1	*Level 2*	*Level 3*	*Total*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
Equity instruments at fair value	613	64,172	39,786	104,571
Debt instruments (FVTOCI)	1,793,752	66,743	-	1,860,495
Financing receivables and ijarah assets	-	-	10,386	10,386
Derivative assets	-	500,604	-	500,604
Derivative liabilities	-	290,644	-	290,644

During the years ended 31 December 2024 and 2023, there have been no transfers between Level 1, 2, 3. During the year, net addition to Level 3 financial instruments was US$ 14.8 million (2023: US$ 7.9 million) and fair value movement was US$ nil (31 December 2023: US$ 5.9 million).

For an explanation of valuation techniques used to value these financial instruments, refer to note 2.6(f).

The significant inputs for valuation of equity securities classified under Level 3 are annual growth rate of cash flows and discount rates and for funds, it is the illiquidity discount. Lower growth rate and higher discount rate, illiquidity discount will result in a lower fair value. The impact on the consolidated balance sheet or the consolidated statement of changes in owner equity would be immaterial if the relevant risk variables used to fair value the unquoted securities were altered by five per cent. There were no material changes in the valuation techniques used for the purpose of measuring fair value of investment securities as compared to the previous year.

39 CAPITAL ADEQUACY AND NET STABLE FUNDING RATIO (NSFR)

The primary objectives of the Group's capital management policies are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder's value. Capital adequacy for each of the Group entities is also managed separately at individual entity level. The Group does not have any significant restrictions on its ability to access or use its assets and settle its liabilities other than any restrictions that may result from the supervisory frameworks within which the banking subsidiaries operate.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholder or issue capital securities. No changes were made in the objectives, policies and processes from the previous year.

The total capital ratio is calculated in accordance with the capital adequacy guidelines, under Basel III, issued by the CBB. The minimum capital adequacy ratio as per CBB is 12.5%, including mandatory Capital Conservation Buffer (CCB) of 2.5%. AUB had been designated as a Domestic Systemically Important Banks (DSIB) by the CBB. CBB has mandated in its rule book (DS-1.2.1) that DSIBs must hold additional Common Equity Tier 1 (CET 1) capital buffer of 1.5% of total RWA as calculated for the purpose of capital adequacy. Consequently, AUB is required to maintain minimum total capital adequacy ratio of 14.0%. The Group's total capital ratio is 27.6% as of 31 December 2024 (31 December 2023: 17.2%).

The NSFR ratio is calculated in accordance with the Liquidity Risk Management Module guidelines, issued by the CBB. The minimum NSFR ratio limit as per CBB is 100%. The Group's consolidated NSFR ratio as of 31 December 2024 is 116.3% (31 December 2023: 120.8%).

39 CAPITAL ADEQUACY AND NET STABLE FUNDING RATIO (NSFR) (continued)

	2024	*2023*
	US$ '000	*US$ '000*
Available Stable Funding:		
Regulatory capital	**5,614,995**	6,230,233
Stable deposits	**4,283,133**	8,485,752
Wholesale funding	**6,175,570**	11,258,826
Others	**445,330**	814,759
Total Available Stable Funding (A)	**16,519,028**	26,789,570
Required Stable Funding:		
High-Quality Liquid Assets (HQLA)	**1,819,632**	2,073,404
Performing financing receivables and ijarah assets	**7,047,966**	14,741,827
Securities (other than HQLA)	**3,257,556**	2,588,539
Derivative contracts	**618,422**	283,378
Others	**1,250,201**	2,075,887
Off-balance sheet items	**205,671**	421,494
Total Required Stable Funding (B)	**14,199,448**	22,184,529
NSFR (%) (A/B)	**116.3%**	120.8%

40 DEPOSIT PROTECTION SCHEME

Certain customers' accounts and quasi-equity accounts of the Group are covered by deposit protection schemes established by the CBB, the Financial Services Compensation Scheme in UK and Central Bank of Iraq.

Kingdom of Bahrain: Customers' accounts and quasi-equity accounts held with the Bank in the Kingdom of Bahrain are covered by the Regulation Protecting Deposits issued by the CBB in accordance with Resolution No. (34) of 2010. This scheme covers eligible 'natural persons' (individuals) up to a maximum of BD 20,000 as set out by CBB requirements. A periodic contribution, as mandated by the CBB, is paid by the Bank under this scheme.

United Kingdom: Customers' accounts and quasi-equity accounts in AUBUK are covered under the Financial Services Compensation Scheme, up to a limit of GBP 85,000 per customer. No up-front contribution is currently mandated under this scheme and no liability is due unless any member bank of the scheme is unable to meet its depository obligations.

Republic of Iraq: Customers' accounts and quasi-equity accounts held in CIBIQ are covered by the Regulation Protecting Deposits issued by the Central Bank of Iraq in accordance with Resolution No. (121) of 2018 up to a maximum limit of IQD 25 million per customer and an overall limit of IQD 150 million per bank.

41 SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests are provided below.

Proportion of equity interest held by non-controlling interests are provided below:

Name	***Incorporated in***	***2024***	*2023*
Ahli United Bank (Egypt) S.A.E. ["AUBE"]	Arab Republic of Egypt	**4.3%**	4.3%
Commercial Islamic Bank of Iraq P.S.C. ("CIBIQ")	Republic of Iraq	**14.7%**	19.7%

41 SUBSIDIARIES (continued)

	2024	*2023*
	US$ '000	*US$ '000*
Accumulated material non-controlling interests as at 31 December:		
Ahli United Bank (Egypt) S.A.E.	**13,497**	16,899
Commercial Islamic Bank of Iraq P.S.C.	**39,923**	47,701
Profit allocated to material non-controlling interests:		
Ahli United Bank (Egypt) S.A.E.	**5,062**	4,125
Commercial Islamic Bank of Iraq P.S.C.	**4,287**	2,242

Summarised financial information of AUBE and CIBIQ is provided below. The information is based on amounts as reported in the consolidated financial statements before inter-company eliminations and adjustments.

	2024	*2023*
	US$ '000	*US$ '000*
Ahli United Bank (Egypt) S.A.E.		
Balance sheet related information		
Financing receivables and ijarah assets	**1,505,772**	2,019,639
Non-trading investments	**229,489**	407,552
Total assets	**2,832,098**	3,670,438
Customers' accounts and quasi-equity	**2,314,446**	2,932,832
Total liabilities	**2,466,688**	3,237,458
Income statement related information		
Total operating income	**244,359**	231,166
Net profit attributable to shareholders	**107,973**	107,911
Total comprehensive income attributable to shareholders	**109,444**	96,388
Cash flow related information		
Net cash from operating activities	**123,427**	4,297
Net cash from / (used in) investing activities	**5,530**	(9,046)
Net cash (used in) / from financing activities	**(6,290)**	1,127

	2024	*2023*
	US$ '000	*US$ '000*
Commercial Islamic Bank of Iraq P.S.C.		
Balance sheet related information		
Financing receivables and ijarah assets	**5,669**	8,619
Non-trading investments	**260,597**	216,500
Total assets	**407,552**	371,272
Customers' accounts and quasi-equity	**115,500**	100,753
Total liabilities	**135,785**	128,747
Income statement related information		
Total operating income	**45,062**	25,997
Net profit attributable to shareholders	**29,181**	11,400
Total comprehensive income attributable to shareholders	**29,243**	11,456
Cash flow related information		
Net cash from / (used in) operating activities	**45,974**	(14,679)
Net cash (used in) / from investing activities	**(18,704)**	18,669
Net cash used in financing activities	**(407)**	(16,025)

42 ASSETS HELD FOR SALE

The BOD of the Bank on 13 November 2023 approved AUB's shareholding in Ahli United bank K.S.C.P. ("AUBK") being swapped for shares in KFH, at a share exchange ratio of 0.3723118279 KFH shares for each AUBK share. Accordingly, AUBK was classified held for sale and a discontinued operation. The sale of AUBK was completed on 22 February 2024. The results of AUBK as included in the consolidated statement of income are presented below:

	2024 *	*2023*
	US$ '000	*US$ '000*
Operating income	**38,700**	268,858
Allowance for impairment, credit losses and others	**11,738**	11,545
Net operating income	**26,962**	257,313
Operating expenses and tax expense	**16,071**	131,089
Provision relating to discontinued operations	**-**	54,400
Profit after tax for the year from discontinued operations	**10,891**	71,824
Non-controlling interests	**3,366**	34,056
Net profit attributable to the owner of the Bank	**7,525**	37,768

* AUBK results included up to the date of disposal.

The major classes of assets and liabilities of AUBK classified as held for sale as at 31 December 2023 were, as follows:

	2023
	US$ '000
Assets classified as held for sale	
Cash and balances with central banks	910,193
Due from central banks and sukuk	675,699
Due from banks	1,041,748
Financing receivables and ijarah assets	10,312,929
Non-trading investments	1,028,272
Investment in associates	30,686
Investment properties	84,517
Profit receivable and other assets	68,396
Premises and equipments	137,279
Goodwill and other intangible assets	306,829
	14,596,548
Liabilities directly associated with assets held for sale	
Due to banks	150,670
Customers' accounts	11,852,131
Profit payable and other liabilities	338,031
	12,340,832
Contingent liabilities relating to held for sale	1,514,458