



***Khaleeji Bank BSC
Corporate Governance Report
for the year ended 31 December 2024***

CORPORATE GOVERNANCE & OTHER DISCLOSURES

1. Corporate governance structure

Khaleeji Bank B.S.C. (“the Bank” or “Khaleeji”) is governed by the Bahrain Commercial Companies Law No. 21 of 2001 and its amendments (the “Companies Law”), the Kingdom of Bahrain Corporate Governance Code (the “CGC”), volume 2 and volume 6 of the Rulebook of the CBB (and in particular the High-Level Controls (“HC Module”)), and the Bahrain Stock Exchange Law of 1987 (collectively, the “Regulations”).

The Bank acknowledges its responsibility to all its stakeholders and is committed to the highest standards of corporate governance. The Bank believes good corporate governance enhances stakeholder value and provides an appropriate guidance to the Board, its committees, and the Bank’s Executive Management to carry out their duties in the best interest of the Bank and its stakeholders. The Bank maintains the highest levels of transparency, accountability and good management, through the adoption the highest standards of corporate governance, and monitoring of corporate strategies, goals and policies to comply with its regulatory and ethical responsibilities.

2. Code of conduct

The Board has approved a code of conduct for all staff of the Bank and the Board members. The Code includes the process of dealing with conflict of interests. It also binds the Directors, Executive Management and staff to the highest standard of professionalism and diligence on discharging their duties. All Board members and senior management of the Bank have affirmed compliance with the Code of Conduct. A declaration is made by the Board members prior to each Board meeting confirming that they have disclosed all external appointments and notified the Chairman if there have been any changes to their external appointments since the previous meeting. Board members are excluded from dealings in matters related to an external entity where they hold an appointment at that entity.

3. Compliance with regulations

The Bank always ensures compliance with the regulations applicable to an Islamic licensed bank. It would report any non-compliance with the guidelines should there be any. The Bank’s obligations to comply with the Regulations have been addressed through following a Corporate Governance Handbook in accordance with the corporate governance (“CG”) and the High-Level Controls Module of the CBB Rulebook. The CG Handbook was developed to manage the Board and committees Charter, Management Committee Charters, Board and Management Code of Conduct, Conflict of Interest Policy, Whistle Blowing Policy, Corporate Governance Guidelines, Social Responsibility, Directors’ Appointment Agreement, Board and Directors’ Evaluation, and a Key Persons’ Dealing Policy.

The Bank is committed to continuously review and develop its corporate governance policies to ensure compliance with the changing requirements of the Regulations and to ensure compliance with the international corporate governance best practice. The Bank, through its Board and Board Committees, endeavors to deliver the highest standards of governance for the benefit of its stakeholders.

4. Board of directors

As at 31 December 2024, the Bank’s Board of Directors comprise of ten members. Members of the Board were elected/ appointed for a three year renewable term during the Ordinary General Meeting (“OGM”) meeting held on 25 March 2024, with an absence of women representation. The current composition of the Board complies with the requirements of the Regulations, except for the requirements stated in paragraph 16 below.

The Board Nominations, Remunerations and Governance Committee (“BNRGC”) reviews the skills and qualifications required of directors on periodic basis for potential nominee director. A nominee director may be elected by the shareholders upon receiving majority of

votes during the election process. Positions at the Board are filled in compliance with the Bank's Articles of Association and the Commercial Companies Law. A Director's membership to the Board shall terminate in the cases provided for by the Companies Law and the Articles of Association of the Bank.

The Chairman of the Board of Directors is charged with regular supervision and assessment of executive management and is responsible for leading the Board, ensuring its effectiveness, monitoring the performance of the Chief Executive Officer ("the CEO"), and maintaining a dialogue with the Bank's stakeholders. The Board has constituted certain committees with specific delegated authorities to oversee and guide the management in specific areas of the Bank's operations and decision-making. The Board, either directly or through its various committees, will oversee the management of the Bank.

The Board has formalized the division of work responsibilities between the Board and the Bank's management. Working in consultation with the Bank's management team, the Board provides oversight for the overall management of the Bank's business. The Board reviews and approves the corporate strategy for the Bank and has overall responsibility for risk management, financial reporting and corporate governance issues. Matters that specifically require Board approval include, amongst other things, the financial statements and the acquisition and disposal of companies. The Board also ensures that the Bank upholds the Bank's core values including the values set out in the Bank's internal policies.

The Board Audit and Risk Management Committee ("BARMC") in addition to the functions of control, ensures that all policies prescribed are reviewed and updated on annual basis. The Risk management department in conjunction with the Internal Audit and Control unit ensures the policies and procedures are updated and adhered to under the oversight of the related management committees. The Board is also responsible for approving any related party transaction as per the Bank's authority matrix. In addition, any material transaction defined by the Bank (10% of the Banks' capital) should be approved by the Board. The preparation of the consolidated financial statements of the Bank and the Group's undertaking to operate in accordance with Islamic Sharia rules and principles is the responsibility of the Board of Directors. The duties, functions, and responsibilities are detailed in the Bank's Corporate Governance Framework.

In compliance with the CBB requirements, the position of the Chairman and that of the CEO are segregated and there is no amalgamation of responsibilities in these two positions.

Members of the Board always have access to the Bank's management. The CEO together with the Bank's senior management monitors the Bank's performance against pre-set corporate objectives and manages the Bank's day-to-day affairs based upon the policies, objectives, strategies and guidelines lay down and approved by the Board from time to time.

The Board of Directors of the Bank comprises of Executive and Non-Executive Directors. The Board has four independent members (out of a total of ten Directors).

Upon appointment, each Director is provided with a comprehensive, formal and tailored induction which includes, amongst other things, a review of the Board's role and duties and the relevant Director's roles and duties to the Bank; meetings with the bank's senior management; visits to the Bank's branches and other sites if needed; presentations to explain the Bank's strategic plans and significant financial, accounting, risk and legal issues and compliance programs; and meetings with internal and external auditors and legal counsel. In accordance with paragraph 1.9.1 of the HC module of CBB Rulebook, the Board and its committees are also individually evaluated and assessed for their performance effectiveness. The Board has conducted an evaluation of its performance and the performance of each committee and each individual director during the year 2024.

Each independent Director of the Bank is a professional in their field and possesses a background in the financial and banking field.

The Board of Directors and its committees receive regular reports on various aspects of the Bank's business from senior management as well as from Internal Audit, Risk Management, Financial Control, Compliance & AML, Sharia Coordination and Implementation Department, Internal Sharia Audit, and Operations Departments.

The Chairman, the Board of Directors, and the Board Committees have direct access to the Corporate Secretary, Heads of Internal Audit, Risk Management, Regulatory Compliance, Internal Sharia Audit, and Shari'a Sharia Coordination and Implementation.

The names, title, and other positions held by the Board of Directors are set out below:

<p>Hisham Ahmed Al Rayes <i>Chairman</i></p> <p>Experience:</p> <ul style="list-style-type: none"> • Director since June 2012 (Non-Independent and Executive). • Over 27 years of experience in the financial and banking sector. • Chief Executive Officer and Board Member of GFH Financial Group – Bahrain. • Chairman of Infracorp B.S.C.c – Bahrain. • Chairman of GFH Equities B.S.C. (Closed). Kingdom of Bahrain • Chairman of Esterad Investment Company BSC – Kingdom of Bahrain. • Chairman of GFH Partners Ltd. – UAE • Chairman of GFH Capital - KSA. • Board Member of Bahrain Real Estate Investment (Edamah) B.S.C. (Closed) • Board Member of Supreme Council for Youth & Sports. <p>Qualification:</p> <ul style="list-style-type: none"> • Master in Business Administration from University of DePaul – USA • Bachelor of Science in Electrical / Electronic Engineering from University of Bahrain • He has also served as a noted lecturer at the Abu Dhabi-based The Petroleum Institute. • Honored by His Majesty King Hamad bin Isa Al Khalifa with the National Action Pioneers Medal (first degree) for being among Bahrain's pioneers for their dedication in serving the nation. 	<p>Sh. Ahmed Bin Isa Al Khalifa <i>Vice Chairman</i></p> <p>Experience:</p> <ul style="list-style-type: none"> • Director since March 2017 (Independent and Non-Executive) • Over 35 years of experience in governance and Project & information management <p>Qualification:</p> <ul style="list-style-type: none"> • Master Certificate in Project Management from the George Washington University – USA. • BSc in Computer Science from Saint Edwards University – USA.
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<p>H.E. Ayman Tawfiq Almoayed Board Member</p> <p>Experience:</p> <ul style="list-style-type: none"> • Director since March 2024 (Non- Independent and Non-Executive) • Over 21 Years of experience in the public and private sectors • Secretary General of the Supreme Council for Youth and Sports, after spending close to 4 years as Minister of Youth and Sports Affairs (2018 – 2022) • Chairman of Arab Shipbuilding and Repair Yard Company “ASRY” • Chairman of Hope Fund • Chairman of Chambers & Guilds WLL • Chairman of Sports Cities Company • Chairman of 3YZ Investment • Supervisory Board Chairman of Kempinski Hotel – Germany • Board Member of the General Sports Authority <p>Qualification:</p> <ul style="list-style-type: none"> • Master’s in Business Administration focused on Business of Law from the University of Cambridge – UK • Bachelor of Laws from the University of Kent – UK 	<p>Reyadh Eid Al Yaqoob Board Member</p> <p>Experience:</p> <ul style="list-style-type: none"> • Director since October 2018 (Independent and Non-Executive) • 35 Years of experience in the field of Leadership, Management & Project Supervision within the Government Sector <p>Qualification:</p> <ul style="list-style-type: none"> • MSc in Systems Management from the Naval Postgraduate School, USA • National Diploma in Aerospace Studies from the Brunel • Certificate in Operation Research (OR) from the Royal Military College of Science – UK • Successfully completed a Workshop on the Future of Corporate Governance - American University - KOGOD School of Business • Successfully completed a Workshop on Principles of Financial Restructuring - Executive Education Academy • Successfully completed a Workshop on Global Corporate Governance Challenges - Executive Education Academy • Successfully completed a Workshop on Digital Business Strategy Harnessing Our Digital Future - Massachusetts Institute of Technology
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<p>Ali Murad Ali Murad Board Member</p> <p>Experience:</p> <ul style="list-style-type: none"> • Director since April 2022 (Non-Independent and Non-Executive). • Over 23 years of experience in the Banking and Private Sectors, as well as the fields of Credit Analysis, Treasury, Private Banking, and Investment • Managing Director and Co-Founder of Pinnacle W.L.L. – Bahrain • Board Member of GFH Financial Group • Board Member in several companies such as GFH Capital SA, GFH Partners Ltd. Dubai, Al Areen Holding Company, and EAT app <p>Qualification:</p> <ul style="list-style-type: none"> • BSc and BA in Marketing from Suffolk University, Boston, Massachusetts – USA. 	<p>Sh. Isa Bin Khalid Al Khalifa Board Member</p> <p>Experience:</p> <ul style="list-style-type: none"> • Director since March 2024 (Independent and Non-Executive). • Over 20 Years of experience in the fields of Corporate Banking and Investment • Board Member & Audit Committee Chairman of Alba BSC “ALBA” • Founder and Managing Director of Seaspring WLL <p>Qualification:</p> <ul style="list-style-type: none"> • Master’s in Science in Global Financial Analysis from Bentley College – USA • Bachelor of Science in Economics & Finance from Bentley College – USA
<p>Mazen Ibrahim Abdulkarim Board Member</p> <p>Experience:</p> <ul style="list-style-type: none"> • Director since September 2020 (Non-Independent and Non-Executive). • Over 30 Years of experience in the fields of Banking and financial Investments. • Board Member of Esterad Investment Company BSC – Kingdom of Bahrain. • Board Member of Gulf Investment Corporation GSC – Kuwait. • Board Member of Sayacorp Aqar W.L.L. – Kingdom of Bahrain <p>Qualification:</p> <ul style="list-style-type: none"> • BSc with Honours in Finance from Bentley University – USA. 	<p>Yousif Abdulla Taqi Board Member</p> <p>Experience:</p> <ul style="list-style-type: none"> • Director since March 2024 (Non-Independent and Non-Executive). • Over 36 Years of experience in the fields of Islamic Banking, Audit, and Advisory Services. • Board member in Bapco Refining BSC • Board member in Osool Asset Management BSC • Board member in Infinity Capital W.L.L <p>Qualification:</p> <ul style="list-style-type: none"> • Honorary Doctoral Degree from Husson University – USA • Bachelor of Science in Accounting from Husson University – USA • Certified Public Accountant “CPA”

<p>Dawod Mohamed Alghoul <i>Board Member</i></p> <p>Experience: Director since December 2024 (Independent and Executive).</p> <ul style="list-style-type: none"> • Over 20 years of experience in Financial Planning, Strategy, Investment, and Financial Restructuring • CEO Financial Services and Group Chief Investment Officer, Ethmar International Holding – UAE • Board Member of Solidarity First Insurance – Jordan <p>Qualification:</p> <ul style="list-style-type: none"> • Certified Public Accountant “CPA” • Master’s in accounting from the University of Colorado – USA • BSc In Accounting from the University of Jordan – Jordan • 	<p>Salah Sharif <i>Board Member</i></p> <p>Experience:</p> <ul style="list-style-type: none"> • Director since December 2024 (Non-Independent and Executive) • Over 33 Years of experience in many fields in the Banking Sector • COO of GFH Financial Group – Bahrain • Chairman of Roebuck Asset Management – UK • Chairman of Student Quarters – USA • Chairman of Big Sky Asset Management – USA • Board Member in several Projects and Operating Companies that fall under the GFH Financial Group Brand • Board Member of Infracorp B.S.C.c - Bahrain <p>Qualification:</p> <ul style="list-style-type: none"> • MBA with Distinction from Glamorgan University – Wales
<p>* The qualifying criteria for 'Independent Directors' are as per the Corporate Governance guidelines of the CBB.</p>	

5. Quorum required for adoption of Board resolutions

The required quorum for the meetings of the BOD and AGM shall be in accordance with the provisions of the Articles of Association of the Bank. The BOD may pass its resolutions by post, e-mail, fax, conference calls, video calls or any other means of audio or video communication.

6. Refraining from voting on any decision or anything subject to a possible conflict of interest.

As per Bahrain Commercial Companies Law and CBB’s regulations, Board members are required to disclose potential conflicts as well as refrain from participating in any conflicted decisions. This includes potential conflicts that may arise when a Director takes up a position with another company or has any material transactions with the Bank. In addition, exposures to major shareholders, directors and senior management are governed by the regulations of the CBB.

Related party transactions are entered into in compliance with Article 189 of the Commercial Companies Law. Details of related party transactions, carried out at arm’s length, are disclosed in Note 29 of the financial statements.

Khaleeji is committed to professionally managing potential conflicts of interest which may arise during business to meet the Bank’s obligations. As such, the Bank maintains a conflict-of-interest policy outlining clear and transparent procedures for dealing with instances falling under the abovementioned scenarios, in line with CBB Rulebook Volume 2 and Volume 6 in addition to the provisions of the Bahrain Commercial Companies Law. In the event of a conflict of interest occurring, the individual must promptly disclose any matter that may result, or has already resulted, in a conflict of interest.

The conflicted individual must additionally abstain from getting involved in or voting on any matter where they may have a conflict of interest or where their objectivity or ability to properly fulfil duties may otherwise be compromised. Any decision to enter into a transaction in which an approved person appears to have a material conflict of interest must be formally or unanimously approved by the entire Board. These events are recorded in the applicable Board or subcommittees meeting minutes.

Below illustrates the instances whereby a Board Member has abstained from voting because of conflict of interest. It is to be noted the below is inclusive of the Board and its Subcommittees.

Ser.	Board Member Name	Abstaining from Voting Instances	Approval Authority	Status
1	Hisham Al Rayes	11	Board of Directors	Approved
2	Ayman Almoayed	14	Board of Directors	Approved
3	Ali Murad Ali Murad	11	Board of Directors	Approved
4	Mazen Abdulkarim	7	Board of Directors	Approved
5	Yousif Abdulla Taqi	12	Board of Directors	Approved
6	Salah Abdulla Sharif	4	Board of Directors	Approved
7	Mosobah Al Mutairy	2	Board of Directors	Approved
8	Sh. Isa Bin Khalid Al Khalifa	1	Board of Directors	Approved

7. Board of directors' interests

As of the year ended 31 December 2024, the members of the Board collectively held zero shares in the Bank.

Director's name	No. of Shares As of Dec. 2023	No. of Shares As of Dec. 2024	Movement During the Year	% of SubTotal Shares
Hisham Ahmed Al-Rayes	-	-	-	-
Sh. Ahmed Bin Isa Al Khalifa	-	-	-	-
Ayman Tawfiq Almoayed	-	-	-	-
Reyadh Eid Al Yaqoob	-	-	-	-
Ali Murad Ali Murad	-	-	-	-
Sh. Isa Bin Khalid Al Khalifa	-	-	-	-
Mazen Ibrahim Abdulkarim	-	-	-	-
Yousif Abdulla Taqi	-	-	-	-
Dawod Mohamed Alghoul	-	-	-	-
Salah Abdulla Sharif	-	-	-	-
Total	-	-	-	-

8. Board committees

The Board of Directors has constituted three Committees with specific delegated authorities.

Committee	Members	Primary responsibilities
Board Nominations, Remunerations and Governance Committee (BNRGC)	<ul style="list-style-type: none"> Reyadh Eid Al Yaqoob (Independent and Non-Executive) Sh. Isal Al Khalifa (Independent and Non-Executive) Salah Sharif (Non-Independent and Non-Executive) 	<ul style="list-style-type: none"> Human Resources. Compensation and incentives. Administration. Corporate Governance. ESG.
Board Audit and Risk Management Committee (BARMC)	<ul style="list-style-type: none"> Sh. Ahmed Bin Isa Al Khalifa (Independent and Non-Executive) Reyadh Eid Al Yaqoob (Independent and Non-Executive) 	<ul style="list-style-type: none"> Internal Audit. External Audit. Compliance. Anti-Money Laundering.

	<ul style="list-style-type: none"> • Sh. Isal Al Khalifa (Independent and Non-Executive) • Mazen Ibrahim Abdulkarim (Non-Independent and Non-Executive) • Salah Sharif (Non-Independent and Non-Executive) 	<ul style="list-style-type: none"> • Risk management. • Policies related to risk management.
Board Investment and Credit Committee (BICC)	<ul style="list-style-type: none"> • Yousif Taqi (Non-Independent and Executive) • Ali Murad Ali Murad (Non-Independent and Non-Executive) • Ayman Almoayed (Non-Independent and Non-Executive) • Dawod Alghoul (Independent and Non-Executive) • Sattam Sulaiman Algozaibi (non-voting member) 	<ul style="list-style-type: none"> • Investment & credit approval. • Setting limits. • Investment policies. • Asset Liability Management. • Banking relationship. • Oversight of Off-Balance Sheet Vehicles.

Meetings of the Board and its committees are held as and when required but in accordance with the Regulations the Board meets at least once a quarter. The Board of Directors met eight times in 2024. The Bank held its Extraordinary General Meeting (EGM) on 4 March 2024 and the Annual General Assembly (AGM) on 25 March 2024. In addition to physical meetings, several written resolutions were circulated to the Directors during 2024 for approval by email.

During the year, the Board Audit and Risk Management Committee (BARMC) held six meetings (minimum 4 per year), the Board Investment and Credit Committee (BICC) held seven meetings (minimum 4 per year), the Board Nominations, Remunerations and Governance Committee (BNRGC) held five meetings (minimum 2 per year).

9. Election system of directors and any termination arrangements

The system for the election and termination of Directors is governed by the Companies Law and Articles –18-20 of the Bank’s AOA. Also, Articles 28 and 29 of the AOA define the cases in which the Bank may terminate the Director’s membership. Furthermore, in line with the Article 179 of Companies Law and Articles 21 the of AOA, in case of vacancy for one or more Board members, the Board shall elect by a secret ballot or otherwise, a substitute amongst certain number of candidates, proposed by at least two Board members until the first General Meeting is held.

10. Board and Subcommittees meeting dates and attendance

▪ Board of Directors meetings

	Meetings dates during the year 2024								Attendance %
	8 Feb.	26 Mar.	9 May	6 Jun.	23 Jun.	24 Sep.	4 Nov.	5 Dec.	
Hisham Al Rayes	✓	✓	✓	✓	✓	✓	✓	-	75%
Sh. Ahmed Bin Isa Al Khalifa	✓	✓	✓	✓	✓	✓	✓	✓	100%
HE Ayman Almoayed ¹	-	✓	✓	✓	✓	✓	✓	✓	100%
Reyadh Al Yaqoob	✓	✓	✓	✓	✓	✓	✓	✓	100%
Ali Murad	✓	✓	✓	✓	✓	✓	✓	✓	100%
Sh. Isa Bin Khalid Al Khalifa ¹	-	-	✓	✓	✓	✓	✓	✓	75%
Mazen Abdulkarim	✓	✓	✓	✓	-	✓	✓	✓	75%
Yousif Taqi ¹	-	✓	✓	✓	✓	✓	✓	✓	100%
Sh. Fahad Bin Ebrahim Al Khalifa ³	-	✓	✓	✓	✓	✓	-	-	100%
Hisham Abdulrahman Al Bin Ali ³	-	✓	✓	✓	-	✓	-	-	75%
Husain Alhusaini ²	✓	-	-	-	-	-	-	-	100%
Isa Zainal ²	✓	-	-	-	-	-	-	-	100%
Mosobah Al Mutairy ²	✓	-	-	-	-	-	-	-	100%
Dawod Alghoul ⁴	-	-	-	-	-	-	-	-	N/A
Salah Sharif ²⁻⁴	✓	-	-	-	-	-	-	-	100%

¹ Joined the Board on March 25, 2024
² His term of membership in the Board ended on March 25, 2024.
³ Resigned from the Board on October 31, 2024
⁴ Joined the Board on December 11, 2024

▪ BNRGC meetings

	7 Feb.	21 Feb.	8 May	23 Sep.	31 Oct.
Reyadh Eid Al Yaqoob	✓	✓	✓	✓	✓
Sh. Isa Al Khalifa ¹	-	-	✓	✓	✓
Hisham Al Bin Ali ¹⁻³	-	-	✓	✓	-
Mazen Abdulkarim *	✓	✓	-	-	-
Mosobah Almutairy ²	✓	✓	-	-	-
Sh. Dr. Fareed Y. Al Muffah *	✓	-	-	-	-

* The committee was reconstituted on March 26, 2024.

¹ Joined the committee on March 26, 2024

² His term of membership in the Board ended on March 25, 2024.

³ Resigned from the Board on October 31, 2024

▪ **BARMC meetings**

	24 Jan.	7 Feb.	8 May.	23 Sep.	31 Oct.	3 Nov.
Sh. Ahmed Bin Isa Al Khalifa	✓	✓	✓	✓	✓	✓
Mazen Ibrahim Abdulkarim	✓	✓	✓	✓	✓	✓
Sh. Isa Al Khalifa	-	-	✓	✓	✓	✓
Reyadh Alyaqoob	-	-	✓	✓	✓	✓
Hisham Al Bin Ali	-	-	✓	✓	-	-
Isa Abdulla Zainal	✓	✓	-	-	-	-

* The committee was reconstituted on March 26, 2024.

1 Joined the committee on March 26, 2024

2 His term of membership in the Board ended on March 25, 2024.

3 Resigned from the Board on October 31, 2024

▪ **BICC meetings**

	8 Feb.	9 May	6 Jun.	4 Jul.	24Sep.	4 Nov.	3 Dec.
Yousif Taqi	-	✓	✓	✓	✓	✓	✓
Ali Murad Ali Murad	✓	✓	✓	✓	✓	✓	✓
Ayman	-	✓	✓	-	✓	✓	✓
Sattam Algosaibi	✓	✓	✓	✓	✓	✓	✓
Sh. Fahad Al Khalifa	-	✓	✓	✓	✓	-	-
Hisham Al Rayes*	✓	-	-	-	-	-	-
Husain Alhusaini	✓	-	-	-	-	-	-
Salah Sharif *	✓	-	-	-	-	-	-

* The committee was reconstituted on March 26, 2024.

1 Joined the committee on March 26, 2024

2 His term of membership in the Board ended on March 25, 2024.

3 Resigned from the Board on October 31, 2024

11. Shari'a Supervisory Board (SSB)

The Bank's Shari'a Supervisory Board consists of four Islamic scholars who review the Bank's compliance with general Shari'a principles and specific fatwas, rulings and guidelines issued. Their review includes examination of evidence relating to the documentation and procedures adopted by the Bank to ensure that its activities are conducted in accordance with Islamic Shari'a principles.

<p>Sh. Dr. Fareed Yaqoob Al-Miftah Chairman</p> <ul style="list-style-type: none"> • Experience: <ul style="list-style-type: none"> ○ Member of the Supreme Council of Islamic Affairs. ○ Undersecretary – Court of Cassation, Supreme Judicial Council – Bahrain. ○ Member, International Islamic Fiqh Academy. ○ Former judge of the high Shari’a Court. ○ Former Lecturer at the University of Bahrain. • Qualification: <ul style="list-style-type: none"> ○ BA & Master degree from Imam Muhammad ibn Saud University – KSA. ○ Ph.D. from the University of Edinburgh – United Kingdom. 	<p>Sh. Dr. Fareed Mohammed Hadi Vice Chairman and Executive Member</p> <ul style="list-style-type: none"> • Experience: <ul style="list-style-type: none"> ○ Assistant Professor at the College of Business Administration, University of Bahrain. ○ Founder of Islamic Banking and Finance B.Sc. and Master Programs, University of Bahrain. ○ Member – Board of Directors BCC Waqf Fund, Central Bank of Bahrain. ○ Chairperson and member of a number of Shari’a Supervisory Board in Islamic banks & insurance companies. • Qualification: <ul style="list-style-type: none"> ○ BA & Master degree from Imam Muhammad ibn Saud University – KSA ○ Ph.D. in Ibn Hazm’s Methodology of Jahala, University of Edinburgh – UK. ○ Ph.D. in Al-Bukhari’s Methodology, University of Mohammed V – Morocco. Ph.D. in Islamic Studies.
<p>Sh. Dr. Nizam Mohammed Saleh Yaqoobi Member</p> <ul style="list-style-type: none"> • Experience: <ul style="list-style-type: none"> ○ Member of the Shari’a Council of AAOIFI, Bahrain. ○ Member of Centralized Shari’a Supervisory Board of the Central Bank of Bahrain. ○ Chairperson and member of a number of Shari’a Supervisory Board in Islamic banks & insurance companies. • Qualification: <ul style="list-style-type: none"> ○ BA in Economics and Comparative Religion from the McGill University – Canada. ○ Ph.D. in Islamic Studies. 	<p>Sh. Dr. Mohamed Yousif Abdulsalam Executive Member</p> <ul style="list-style-type: none"> • Experience: <ul style="list-style-type: none"> ○ Head of Shari’a and Corporate Secretary at GFH. • Qualification: <ul style="list-style-type: none"> ○ Ph.D. in Islamic Accounting from the American University – USA ○ MBA in Islamic Accounting and Financial Control from the American University – USA ○ Bachelor’s in Islamic Accounting from Imam Mohammad ibn Saud Islamic University – KSA

12. Executive management committees

The Board of Directors delegates the authority for day-to-day management of the business to the Chief Executive Officer (CEO) who is responsible for implementing the Bank’s strategic plan. The CEO manage the Bank through the following key management committees:

Committee	Primary responsibilities
Management Committee	Strategy, Performance review, Budget, Administration
Asset Liability Management Committee	Balance sheet management, Funding, Liquidity, Banking Relationships
Executive Credit & Investment Committee	Review of Credit proposal, Review of investments, Exit and credit proposals, Monitoring of investments, Risk Management

	policies, Risk review, Provisions and impairment.
Executive Risk Management Committee	Risk Management policies, Risk review, and Compliance.
Human Resources Committee	Approving the policies and strategy of human resources

13. Executive management & other senior management

Some of the most significant changes that occurred at the executive management level during 2024 were the resignation of Mr. Aman Ullah Khan, Director of Finance and Administration, and the appointment of Mr. Abdulkarim Al Zakari as his successor as Chief Financial Officer. Mr. Husam Ghanem Saif, Head of Treasury, has also retired and Mr. Roomi Siddiqui has been appointed as his successor. Mr. Naveen Thakur has been appointed as General Counsel of the Bank.

The names and title of each member of executive and other Senior Management are set out below:

<p>Sattam Sulaiman Alghosaibi Chief Executive Officer</p> <ul style="list-style-type: none"> • Experience: <ul style="list-style-type: none"> ○ Over 26 years of experience in the Islamic Banking industry. ○ Joined the Bank in 2018. • Qualification: <ul style="list-style-type: none"> ○ Masters in Business Administration from DePaul University – USA. ○ BSc in Accounting Science from King Fahad University of Petroleum & Minerals – KSA. 	<p>Mohammed Abdulla Saleh Assistant General Manager - Legal, Regulatory, and Corporate Affairs</p> <ul style="list-style-type: none"> • Experience: <ul style="list-style-type: none"> ○ Over 23 years of experience in Management, Islamic Banking, Law, Corporate Governance, Compliance, Anti-Money Laundering, and Human Resources. ○ Joined the Bank in 2009. • Qualifications: <ul style="list-style-type: none"> ○ Masters in IT, Media, and eCommerce Law from the University of Essex – UK. ○ BSc in Law from Dubai Police Academy – UAE. ○ Advanced Diploma in Islamic Finance from Bahrain Institute of Banking and Finance “BIBF”. ○ Diploma in Business Management from the University of Bahrain. ○ Diploma in Police Sciences from Dubai Police Academy – UAE. ○ ICA International Diploma in Compliance from the International Compliance Association “ICA”. ○ Attended the Waqf Fund - Leadership Grooming Program for Islamic Banks at Ivey Business School in Western University (Canada & Hong Kong). ○ Certified Board Secretary.
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<p>Dr. Abdunasser Omar Al Mahmood Head of Shari'a Coordination & Implementation</p> <ul style="list-style-type: none"> • Experience: <ul style="list-style-type: none"> ○ Over 34 years of experience in Shari'a Audit and Islamic Banking. ○ Joined the Bank in 2008. • Qualification: <ul style="list-style-type: none"> ○ Doctor of Philosophy in Islamic Banking & Finance -International Islamic University Malaysia ○ Master's in Business Administration with thesis in Shari'a Control and Review in Islamic Banks from Gulf University – Kingdom of Bahrain. ○ BSc in Shari'a and Islamic Studies from Qatar University. ○ Associate Diploma in Shari'a Control from Cambridge University of Training – UK. ○ Advanced Diploma in Islamic Commercial Jurisprudence "ADICJ" from Bahrain Institute of Banking and Finance "BIBF". 	<p>Muna Ghuloom Al Bastaki Acting Chief Risk Officer</p> <ul style="list-style-type: none"> • Experience: <ul style="list-style-type: none"> ○ Over 28 years of experience in Banking Credit and Risk. ○ Joined the Bank in 2005. • Qualification: <ul style="list-style-type: none"> ○ National Diploma in Computer Studies from Bahrain Training institute. ○ Advanced Diploma in Banking Studies from Bahrain Institute of Banking and Finance "BIBF". ○ Associate Professional Risk Manager "APRM" from Professional Risk Managers' International Association "PRMIA" – USA. ○ IFS Accredited Credit Program (Level I, II and III). ○ Attended the Islamic Finance Management Development Program at Coventry University - UK
<p>Mohamed Ebrahim Al Hashimi Head of Operations</p> <ul style="list-style-type: none"> • Experience: <ul style="list-style-type: none"> ○ Over 22 years of experience in Islamic Banking Operations. ○ Joined the Bank in 2006. • Qualification: <ul style="list-style-type: none"> ○ BSc in Business Information System from University of Bahrain. ○ Certified Islamic Professional Accountant Program "CIPA". ○ Attended Executive Leadership Development Program at Darden School of Business in the University of Virginia – USA. 	<p>Fatima Ahmed Al Bin Ali Head of Human Resources</p> <ul style="list-style-type: none"> • Experience: <ul style="list-style-type: none"> ○ Over 24 years of experience in Human Resource Management ○ Joined the Bank in 2008 • Qualification: <ul style="list-style-type: none"> ○ Master's in Business Administration specialized in Management from AMA International University – Kingdom of Bahrain. ○ BSc in Office Management from University of Bahrain. ○ Chartered Membership of the Chartered Institute of Personnel and Development "CIPD". ○ Advance Diploma in Islamic Finance "ADIF" from Bahrain Institute of Banking and Finance "BIBF".
<p>Abdulkarim Mohamed Al Zakari Chief Financial Officer</p> <ul style="list-style-type: none"> • Experience: <ul style="list-style-type: none"> ○ Over 17 years of experience in Risk Management, Quantitative Modeling & Analytics, and Credit Review Management in Islamic Banking. ○ Joined the Bank in 2020. • Qualifications: <ul style="list-style-type: none"> ○ BSc in Investment and Financial Risk Management from City University, CASS Business School – UK. 	<p>Osama Ali Hasan Chief Technology Officer</p> <ul style="list-style-type: none"> • Experience: <ul style="list-style-type: none"> ○ Over 26 years of experience in the field of Information Technology and Banking. ○ Joined the Bank in 2021. • Qualification: <ul style="list-style-type: none"> ○ Master of Science in Information Systems Management from the University of Liverpool – UK. ○ B.Sc. in Computer Science from Isra University – Hashemite Kingdom of Jordan.

<ul style="list-style-type: none"> ○ Chartered Financial Analyst “CFA” from the CFA Institute – USA. ○ Certificate in Quantitative Finance “CQF” from the CQF Institute – UK. ○ Holder of the Professional Risk Manager “PRM” certificate from the PRMIA Institute – USA. ○ Attended a Transformational Leadership Program at Harvard Business School – USA. ○ Attended an Executive Program at INSEAD University – France. 	
<p>Mohammed Hamad Fakhri Head of Internal Audit</p> <ul style="list-style-type: none"> • Experience: <ul style="list-style-type: none"> ○ Over 18 years of experience in Internal Audit, Risk Management, Governance, and controls both in Islamic Retail and Investment Banking. ○ Joined the Bank in 2012. • Qualification: <ul style="list-style-type: none"> ○ BSc in Accounting from University of Bahrain. ○ Chartered Financial Analyst “CFA” from the Chartered Financial Analyst Institute “CFA” – USA. ○ Certified Internal Auditor “CIA” from the Institute of Internal Auditors – USA. ○ Attended the Waqf Fund Internal Auditor Grooming Program at (Turkiye). 	<p>Nawaf Abdulsalam Al Hosani Head of Internal Shari’a Audit and Shari’a Board Secretary</p> <ul style="list-style-type: none"> • Experience: <ul style="list-style-type: none"> ○ Over 16 years of experience in Shari’a Audit, Compliance, and Governance of Islamic Banks and Investment Structures. ○ Joined the Bank in 2008. • Qualification: <ul style="list-style-type: none"> ○ Master’s in Business Administration with concentration on Islamic Finance from University College of Bahrain. ○ BA in Islamic Studies “Shari’a” from the University of Bahrain. ○ Certified Shari’a Advisor & Auditor “CSAA” from Accounting & Auditing Organization for Islamic Financial Institution “AAOIFI”. ○ Certified Islamic Professional Accountant “CIPA” from Accounting and Auditing Organization for Islamic Financial Institution “AAOIFI”. ○ Advanced Diploma in Islamic Commercial Jurisprudence “ADICJ” from Bahrain Institute of Banking and Finance “BIBF”.
<p>Ahmed Mohamed Burashid Head of Corporate Banking, Investments, and Debt Capital Markets</p> <ul style="list-style-type: none"> • Experience: <ul style="list-style-type: none"> ○ Over 18 years of experience in Corporate Banking, Treasury, and Investment Portfolio Management ○ Joined the Bank in 2018. • Qualification: <ul style="list-style-type: none"> ○ Master’s in Finance from DePaul University – USA. ○ BSc in Commerce with Honours from DePaul University – USA. 	<p>Ameera Ahmed Alabbasi Head of Retail Banking</p> <ul style="list-style-type: none"> • Experience: <ul style="list-style-type: none"> ○ Over 20 years of experience in Corporate and Retail Banking. ○ Joined the Bank in 2008. • Qualification: <ul style="list-style-type: none"> ○ BSc in Marketing from the University of Bahrain. ○ Associate Professional Risk Manager “APRM” from Professional Risk Managers’ International Association “PRMIA” – USA.

	<ul style="list-style-type: none"> ○ Attended Islamic Finance Management Development Program at Coventry University – UK. ○ Attended the Waqf Fund Retail Banking Leadership Grooming Program at Ivey Business School in Western University (Canada & Hong Kong).
<p>Maitham Abdulhameed Ghulam Head of Business Development</p> <ul style="list-style-type: none"> • Experience: <ul style="list-style-type: none"> ○ Over 19 years of experience in Business Development, Corporate Banking, Credit Risk, and Investment ○ Joined the Bank in 2023. • Qualification: <ul style="list-style-type: none"> ○ BA of Arts in Economics from McGill University. ○ BSc of Arts Minor in Physics from McGill University. ○ ACCA Diploma in Financial Management. ○ Certified Professional Risk Manager (PRM). 	<p>Naveen Thakur General Counsel</p> <p>Experience:</p> <ul style="list-style-type: none"> ○ Over 23 years of experience in Banking & Finance (including Islamic Banking), Mergers & Acquisitions, Corporate & Commercial Banking, and Debt & Capital Market Transactions ○ Joined the Bank in 2024 <p>Qualification:</p> <ul style="list-style-type: none"> ○ Master of Law (in Corporate Law) from New York University School of Law – USA ○ BSc in Law from the University of Delhi – India ○ BSc in Commerce with Honours from the University of Delhi – India ○ Advocate – Bar Council of Delhi – India ○ Attorney at Law – New York, USA
<p>Roomi Siddiqui Head of Treasury</p> <ul style="list-style-type: none"> • Experience: <ul style="list-style-type: none"> ○ Over 29 years of experience in Treasury and Investments ○ Joined the Bank in 2024 • Qualification: <ul style="list-style-type: none"> ○ Master's in Business Administration from the Institute of Business Management – Pakistan <p>Bachelors of Commerce from D.H.A Degree College, Karachi – Pakistan</p>	

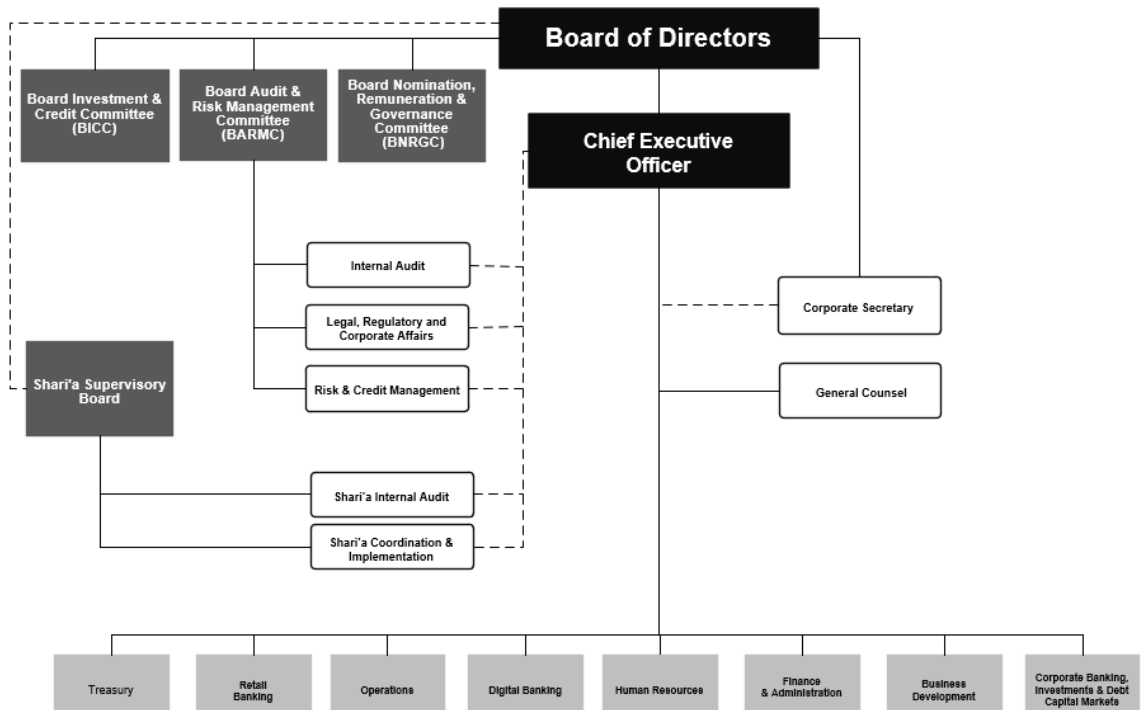
14. Executive and senior management interests

The following table indicates the executive and senior management shareholding as 31 December 2024:

Executive and senior management	Number of outstanding shares at 31 December 2024	Number of outstanding shares at 31 December 2023
Sattam Sulaiman Algosaiabi	-	-
Mohammed Abdulla Saleh	-	-
Abdul-Nasser Omar Al-Mahmood	-	-
Muna Ghuloom Al Bastaki	-	-
Mohamed Ebrahim Alhashimi	-	-
Fatima Ahmed Al Bin Ali	-	-
Abdulkarim Mohamed Alzakri	-	-
Osama Ali Hassan	-	-
Mohamed Hamad Fakhri	-	-
Nawaf Abdulsalam Al Hosani	-	-
Ahmed Mohamed Burashid	-	-
Ameera Ahmed Al Abbasi	-	-
Maitham Abdulhameed Ghulam	-	-
Naveen Thakur	-	-
Roomi Siddiqui	-	-
Total	0	0

15. Organizational chart

Set out below is the Bank's organization chart, which outlines the different committees and the lines of reporting, as of 31 December 2024.



16. Board of Directors & Executive Management compensation

The Bank has both a short-term and long-term compensation structure for its executive management which has been developed based on current market surveys and industry norms. The Bank also had an incentive scheme where in eligible employees were awarded a combination of shares and cash incentives on achievement of pre-determined performance targets. During 2024, the total remuneration of top 6 executives, including CEO and Senior Financial Officer including other allowances and benefits was BD 1,343,201

The Bank's board remuneration is determined in line with the provisions of Article 188 of the Companies Law, and their annual remuneration is subject to the approval of the shareholders during the AGM at the end of each year. The Board of Directors is also entitled to sitting fees. The table below illustrates a full account of everything paid to the members of the board of directors during the financial year in the form of salaries, dividends, allowance for attendance (sitting fees), allowance for representation and other expenses:

- First: Executive Management Remuneration Details for Top 6 Executives:**

Executive management	Fixed paid salaries and allowances	Variable remuneration * (Bonus)	Any other cash/ in kind remuneration for 2024	Aggregate Amount
Remuneration of top 6 executives, including CEO and Senior Financial Officer	974,907	314,344	53,950	1,343,201

Note: All amounts are stated in Bahraini Dinars.
* This amount is provisional.

Notes:

- The total bonus included BD 157,172 as cash based remuneration and BD 157,172 as shares based remuneration.
- Remuneration details include Board remuneration earned by executive management from their role in investee companies or other subsidiaries.

- Second: Board of Directors' Remuneration Details:**

Name	Fixed remunerations				Variable remunerations				End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Total allowance for attending Board and committee meetings	Remunerations of the chairman and BOD	Others*	Total	Remunerations of the chairman and BOD	Incentive plans	Others**	Total			
First: Independent Directors:											
1- Sh. Ahmed Bin Isa Al Khalifa	24,000	16,800	-	40,800	-	-	-	-	-	40,800	-
2- Reyadh Eid Al Yaqoob	28,500	16,800	-	45,300	-	-	-	-	-	45,300	-
3- Sh. Isa Bin Khalid Al Khalifa	23,000	7,500	-	30,500	-	-	-	-	-	30,500	-
4- Dawod Alghoul	-	750	-	750	-	-	-	-	-	750	-
5- Hussain Sayed Ali Al Hussaini	4,000	4,200	-	8,200	-	-	-	-	-	8,200	-
6- Isa Abdulla Zainal	5,500	2,250	-	7,750	-	-	-	-	-	7,750	-
Second: Non-Executive Directors:											
1- Ali Murad Ali Murad	30,500	9,000	-	39,500	-	-	-	-	-	39,500	-
2- Mazen Ibrahim Abdulkarim	27,000	9,000	-	36,000	-	-	-	-	-	36,000	-
3- Yousif Abdulla Taqi	21,500	14,000	4,500	40,000	-	-	-	-	-	40,000	-

Name	Fixed remunerations				Variable remunerations				End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Total allowance for attending Board and committee meetings	Remunerations of the chairman and BOD	Others*	Total	Remunerations of the chairman and BOD	Incentive plans	Others**	Total			
4- H.E. Ayman Tawfeeq Almoayed	20,000	7,500	-	27,500	-	-	-	-	-	27,500	-
5- Sh. Fahad Bin Ebrahim Al Khalifa	13,500	6,000	-	19,500	-	-	-	-	-	19,500	-
6- Hisham Abdulrahman Al Bin Ali	13,500	6,000	-	19,500	-	-	-	-	-	19,500	-
7- Mosaboh Saif Al Mutairy	25,500	2,250	-	7,750	-	-	-	-	-	7,750	-
Third: Executive Directors:											
1- Hisham Ahmed Al Rayes	14,000	9,000	-	23,000	-	-	-	-	-	23,000	-
2- Salah Abdulla Sharif	4,000	3,000	-	7,000	-	-	-	-	-	7,000	-
Total	234,500	114,050	4,500	353,050	-	-	-	-	-	353,050	-
Note: All amounts are stated in Bahraini Dinars.											
Other remunerations:											
* It includes in-kind benefits – specific amount - remuneration for technical, administrative and advisory works (if any).											
** It includes the board member's share of the profits - Granted shares (insert the value) (if any).											
Notes:											
1. <i>The Bank does not have any variable remuneration payments, end of service benefits, or expense allowances paid to its directors.</i>											
2. <i>Board remuneration represents payments proposed for the year 2024 which are subject to the approval of the shareholders in upcoming Annual General Meeting dated 17th March 2025.</i>											

17. Shari'a compliance, Regulatory compliance and Anti-Money Laundering

Compliance with Shari'a laws, regulatory and statutory requirements is an ongoing process and the Bank is conscious of its responsibilities in observing all applicable provisions and best international practices in its functioning. The Bank has established the Shari'a Compliance Function and the Regulatory Compliance Function in keeping with Basel and CBB guidelines. The respective units act as a focal point for all Shari'a and regulatory compliance and for adapting other best practice compliance principles.

Anti-Money Laundering measures form an important area of the Compliance Function. The Bank has an Anti-Money Laundering and Combating Terrorist Financing Policy and Procedure approved by the Board, which contains sound Customer due diligence measures, procedure for identifying and reporting suspicious transactions, a program for periodic awareness training to staff, record-keeping, and a designated Money Laundering Reporting Officer (MLRO). The Bank's Anti-Money Laundering measures are reviewed by independent external auditors every year and their report is submitted to the CBB. The Bank is committed to combating money laundering and is in compliance with the guidelines issued by the CBB in relation to Anti-Money Laundering requirements.

As per Comply or Explain Principle, which stipulates the need to elucidate the non-compliance cases and provide clarification on the same in event non-compliance with the rules and guidelines of the HC Module, the Bank wishes to clarify the following:

- The Chairman of the Board, Mr. Hisham Alrayes is an Executive Director, hence he is not an Independent Director as per rules HC-1.4.6 and HC-1.4.8. An exemption was granted from the CBB in this regard.
- In relation to the requirement contained in Article HC 3.7.1, the Bank would like to clarify that the Nominations, Remuneration and Governance Committee comprise of majority of independent members, including the Chairman of the Committee, and the sole executive member of the Committee represent the Bank's major shareholder.

18. Audit fees charged by the external auditor and other non-audit services provided by the external auditor and fees paid

The Audit fees charged to external auditors is BD 103 thousands, and non audit services provided by external auditors is BD 85 thousands.

19. Related party Transactions

For detailed discussion on the related party transactions, kindly refer to notes (no. 29) on the consolidated financial statement for the year ended 31 December 2024. All related party transactions are approved by the Board of Directors and disclosed to the shareholders in the Annual General Meeting.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the parent company, other significant shareholders and entities over which the Group and the shareholders exercises significant influence, directors, sharia board members and executive management of the Group. The transactions with these parties were made on agreed commercial terms.

Details of Directors' interests in the Bank's ordinary shares as at the end of the year were nil (2023: Nil).

Compensation of key management personnel

Key management personnel of the Group comprise the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

The key management personnel compensation during the year is as follows:

	2024 BD '000	2023 BD '000
Board member fees and allowances	291	445
Salaries and other short-term benefits	1,867	1,555
Post employment benefits	88	93

The key management personnel balances as of the end the year is as follows:

	31 December 2024 BD '000	31 December 2023 BD '000
Balances due to key management as compensation	560	480

The related party balances and transactions (except for compensation of key managerial personnel) included in these consolidated financial statements are as follows:

31 December 2024

	Associates	Directors / Key management personnel and shari'a board members	Parent company / other significant shareholders / entities in which directors are interested	Assets under management (including special purpose entities)	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Assets					
Financing contracts	-	3,995	23,091	-	27,086
Investment securities	-	-	2,284	3,151	5,435
Equity accounted investees	6,516	-	-	-	6,516
Investment in sukuk	-	-	58,297	-	58,297
Other assets	-	-	66	173	239
Liabilities and Quasi-equity					
Placement from financial institutions, Non-FIs and individuals	-	2,439	61,908	-	64,347
Customers' current accounts	699	350	13,687	410	15,146
Other liabilities	-	560	-	-	560
Quasi-equity	318	2,147	29,855	123	32,443

31 December 2023

	Associates	Directors / Key management personnel and shari'a board members	Parent company / other significant shareholders / entities in which directors are interested	Assets under management (including special purpose entities)	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Assets					
Financing contracts	-	4,245	23,206	-	27,451
Investment securities	-	-	2,284	4,240	6,524
Equity accounted investees	24,689	-	-	-	24,689
Investment in sukuk	-	-	58,297	-	58,297
Other assets	-	-	568	108	676
Liabilities and Quasi-equity					
Placement from financial institutions, Non-FIs and individuals	-	2,112	43,541	-	45,653
Customers' current accounts	1,120	6	11,021	442	12,589
Quasi equity	335	1,895	126,520	129	128,879
Other liabilities	-	480	-	-	480

2024

	Associates	Directors / Key management personnel and shari'a board members	Parent company / other significant shareholders / entities in which directors are interested	Assets under management (including special purpose entities)	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Income					
Income from financing contracts	-	170	1,509	-	1,679
Income from investment securities	5,925	-	-	-	5,925
Share of loss from equity accounted investees	(504)	-	-	-	(504)
Income from sukuk	-	-	2,394	-	2,394
Fees and other income, net	-	-	-	-	-
Expenses					
Finance expense on placements from financial institutions, non-financial institutions and individuals	-	105	5,837	-	5,942
Net income attributable to quasi-equity	18	84	3,952	6	4,060
Staff cost	-	1,956	-	-	1,956
Other expenses	-	291	-	114	405

2023	Associates	Directors / Key management personnel and shari'a board members	Parent company / other significant shareholders / entities in which directors are interested	Assets under management (including special purpose entities)	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Income					
Income from financing contracts	-	298	3,218	-	3,516
Income from investment securities	-	-	-	422	422
Share of loss from equity accounted investees	(925)	-	-	-	(925)
Income from sukuk	-	-	2,194	-	2,194
Fees and other income, net	-	-	3,523	-	3,523
Expenses					
Finance expense on placements from financial institutions, non-financial institutions and individuals	-	102	4,394	-	4,496
Net income attributable to quasi-equity	14	94	5,375	6	5,489
Staff cost	-	1,648	-	-	1,648
Other expenses	-	445	-	57	502

During the year, 47% of the AT1 Sukuk with a par value of BD 28,261 thousand were converted into 282,610 thousand ordinary shares of BD 0.100 each representing 25% of the Bank's issued and paid-up capital. Furthermore, the Shareholders resolved to approve the redemption of the remaining 53% of the AT1 Sukuk of BD 31,739 thousand in cash.

The group disposed of its share in HH Hotel Properties W.L.L. & Al Areen Hotels W.L.L. through a financing arrangement during the year.

Additionally, during the year, BD 438 thousand paid to related parties relating to donations.

During the year 2023, there were 2 land plots sold to a board member under financing arrangement at their carrying value. The total carrying value for these lands was BD 558 thousand.

Additionally, during 2023, the Bank and its Parent entered into an exchange agreements to swap investment properties with a carrying value of BD 9,887 thousand in exchange for unquoted equity securities of BD 5,844 thousand and investment in sukuk of BD 7,566 thousand resulting in a gain of BD 3,523 thousand recognised as gain on disposal of investment in real estate under fee and other income, net.

During the year, the Group paid profit distribution on its AT1 to the Parent for an amount of BD nil thousand (2023: BD 5,666 thousand).

20. Penalties paid to the Central Bank of Bahrain

During 2024, the bank was subject to a financial penalty of BHD 103,980 imposed by the CBB for failure to comply with EFTS Directive.

21. Board approved policy on the employment of relatives of approved persons

The Bank does not permit the employment of immediate relatives of current employees. Employment of other relatives is permitted. However, employees who are relatives shall not be placed within the same department or same direct line of supervision. In case of marriage, the Bank reserves the right to terminate the employment of one of the spouses. The HR will disclose to the board of directors on an annual basis relatives of any approved persons (including SSB members) occupying controlled functions within the Bank up to the 4th degree of kinship.

22. Board Evaluation

During 2024, the Board conducted an evaluation of its performance and the performance of each committee and each individual director. The evaluation process included assessing how the Board operates, evaluating the performance of each committee in light of its specific purposes and responsibilities, reviewing each director's work, his attendance at Board and committee meetings, and his constructive involvement in discussions and decision making, and reviewing the Board's current composition against its desired composition with a view toward maintaining an appropriate balance of skills and experience and a view toward planned and progressive refreshing of the Board.

23. Share Capital and distribution of ownership of shares

The shareholders, in their Extraordinary General Assembly meeting on 4 March 2024 resolved to convert 47% of the AT1 Sukuk with a par value of BD 28,261 thousand into 282,610 thousand ordinary shares of BD 0.100 each representing 25% of the Bank's issued and paid-up capital. As a result, the issued and paid-up capital increased to 1,130,441 thousand shares of BD 0.100 each (excluding 47,588 thousand treasury shares).

	31 December 2024 BD '000	31 December 2023 BD '000
Authorised: 3,000,000,000 ordinary shares of BD 0.100 each	300,000	300,000
Issued and fully paid up: 1,130,440,712 ordinary shares (2023: 847,830,534 shares) of BD 0.100 each	113,044	84,783

Distribution schedule of equity shares, setting out the number of holders and percentage in the following categories:

31 December 2024

Categories*	Number of Shares	Number of Shareholders	% of total outstanding shares
Less than 1%	76,139,052	323	6.74%
1% up to less than 5%	47,588,090	1	4.21%
5% up to less than 10% **	69,057,399	1	6.11%
50% and above	937,656,171	1	82.95%
	1,130,440,712	326	100%

* Expressed as a percentage of total outstanding shares of the Bank.

** Includes treasury shares.

31 December 2023

Categories*	Number of Shares	Number of Shareholders	% of total outstanding shares
Less than 1%	53,735,841	331	6.34%
1% up to less than 5%	22,403,211	2	2.64%
5% up to less than 10% **	47,588,090	1	5.61%
50% and above	724,103,392	1	85.41%
	847,830,534	335	100.00%

* Expressed as a percentage of total outstanding shares of the Bank.

** Includes treasury shares.

Names and nationalities of the major shareholders and the number of equity shares held in which they have an interest of 5% or more of outstanding shares:

31 December 2024

	Nationality	Number of shares	% of total outstanding shares
GFH Financial Group*	Bahrain	937,656,171	82.95%
Royal Humanitarian Foundation	Bahrain	69,057,399	6.11%

* These shares are held by KHCB Asset Company on behalf of GFH Financial Group, the Parent.

31 December 2023

	Nationality	Number of shares	% of total outstanding shares
GFH Financial Group*	Bahrain	724,103,392	85.41%
Khaleeji Bank B.S.C	Bahrain	47,588,090	5.61%

* These shares are held by KHCB Asset Company on behalf of GFH Financial Group, the Parent.

24. Earnings prohibited by Shari'a and the annual Zakah contribution

For detailed discussion on how non-Shari'a-compliant earnings and expenditure occur and the manner in which they are disposed of; and the annual zakah contributions of the bank, kindly refer to notes (no. 5) on the consolidated financial statement for the year ended 31 December 2024.

25. Review of internal control processes and procedures

Internal Controls are systems designed, introduced and maintained by the Bank's management and top-level executives, to provide a substantial degree of assurance in achieving business objective, while complying with the policies and regulations, safeguarding the assets, maintaining efficiency and effectiveness in regular operations and reliability of financial statements.

All Khaleeji staff members share responsibility of implementing adequate internal controls measures within their respective work context.

Further, Internal Audit conducts risk based reviews to ensure the existence of sound implementation of internal controls across Bank's various activities and operations.

Board Audit Risk Management Committee (BARMC) assists the Board of Directors in fulfilling its oversight responsibilities by reviewing the systems of internal controls which are established by Management and approved by the Board of Directors.

26. Governance Arrangements to Ensure Shari'a Compliance

Effective implementation of Shari'a Governance is pivotal basis for controlling and drafting the Shari'a compliance in Khaleeji. The Bank endeavors to continually update and adopt best practices in the areas of Sharia governance and compliance with Islamic Shari'a rules and principles in its activities. This adherence is embodied in Khaleeji by adopting an effective framework for Sharia Governance that commensurate and proportionate to the size and nature of the Banks business in accordance with the Rulebook, V-2 issued by the Central Bank of Bahrain.

The Bank has adopted four main components that formed its Sharia Governance framework and is considered as the highest degree of commitment to the Shari'a Governance Framework issued by the Central Bank of Bahrain. These components are:

1. Shari'a Supervisory Board;
2. Internal Shari'a Audit function;
3. Shari'a Coordination and Implementation Function; and
4. Independent External Shari'a Compliance Audit.

This Shari'a Governance framework and arrangements ensure that the Bank is in compliance with Shari'a rules and principles, SSB's Fatwas and decisions, Shari'a related

policies and procedures, AAOIFI's Shari'a standards, relevant rulings of the CSSB and the regulations, resolutions and directives issued by the CBB.

27. Dealing with Complaints

Khaleeji takes its customer complaints very seriously. The customers Investment Account Holders may provide their feedback, suggestion or complaint through different channels, such as call center, branches, or through email Complaints@khcbonline.com.

If the complaints team is unable to resolve the matter immediately; the complaints team will send a written acknowledgment of the complaints to the client within 5 working days. Complaints are addressed promptly in accordance with their urgency, in an equitable, objective and efficient manner. The complaint team will investigate independently the matter and will provide the client with an update on her/his complaints through contacting them with the contact numbers, written letters or emails. The customer is also outlined with the options that are open to pursue the matter further.

28. Consumer awareness programmes for information on new products and services

Throughout 2024, Khaleeji has implemented a dynamic and ambitious strategy to enhance consumer awareness of its products & services, focusing on both traditional and innovative marketing approaches. To promote the "Al Waffer" Account to a wider audience, the bank utilized prime outdoor spaces, including scaffolds and lampposts, significantly increasing visibility compared to previous years. Complementing this, the bank has set up interactive stands at high-traffic locations such as shopping malls, school carnivals, university events, and Elite Club member companies, creating opportunities for direct engagement with more diverse audiences. Additionally, Khaleeji employed a comprehensive multi-channel marketing strategy, incorporating print advertisements, local newspapers, in-branch promotions, and digital media campaigns. These efforts not only highlighted existing products like credit cards, the "Khaleeji" app, and the Salary Account but also introduced new offerings such as the "Ajyal" Account and the "Hafeez" e-platform, alongside Personal and Home Finance solutions.

To further emphasize specific products & services during key occasions, the bank has launched various targeted campaigns throughout the year. These included Ramadan's "Al Waffer" Spin & Win Campaign, the F1 Grand Prix Credit Card Campaign, Eskan Bank's Home Finance Exhibition, and a Summer Credit Card Campaign aimed at the travel season. Khaleeji also focused on engaging its exclusive clientele in the Elite Club through dedicated visits and events tailored to this segment. By aligning these initiatives with cultural, seasonal, and consumer preferences, the bank has embraced a bold new identity, ensuring its brand remains relevant and appealing to a broad and diverse audience.

29. Social functions and charitable contributions of the bank

During 2024, Khaleeji Bank maintained its commitment to impactful initiatives and notable involvement in different social events and activities in the Kingdom of Bahrain

This aligns with the bank's commitment to enhancing its position as one of the leading national institutions and its ongoing pursuit of the Kingdom's ambitions and Sustainable Development Goals, in addition to Bahrain's Economic Vision 2030. Khaleeji has focused on four critical sectors: Education, Environment, Youth, and Sports.

The bank continued to enhance its active role by collaborating with various educational institutions in the Kingdom. This included the support of several leading organizations, such

as the new headquarters of the Bahrain Institute of Banking & Finance (BIBF) in Bahrain Bay, and the Sheikh Ebrahim bin Mohammed Al Khalifa Center for Culture & Research which contributes to sustaining Bahrain's rich heritage for future generations. Our support also extended to prestigious schools such as Ibn Khuldoon National School, Britus International School, and Shaikha Hessa Girl's School. In addition, the bank sponsored initiatives such as "Youth City 2030" and the "Young Stars" program.

Khaleeji has strengthened its partnership with "INJAZ Bahrain" by continuously supporting its programs, such as "It's My Business" and the "Young Entrepreneurs Competition". For the third consecutive year, the bank presented the "Rising CEO Award", demonstrating its commitment to supporting Bahraini youths and developing their skills.

Khaleeji continued its efforts to raise environmental awareness and support initiatives that promote Environmental, Social, and Governance (ESG) sustainability. The bank has also participated in Bahrain's Tree Week activities by contributing to the planting of trees in the Riffa area, in collaboration with the Southern Governate. It also supported families affected by the Lawzi fire incident in cooperation with the Ministry of Housing & Urban Planning and the Ministry of Social Development. Moreover, Khaleeji supports the Kingdom's efforts to achieve its ambitious goal of reaching net-zero carbon emissions by 2060 through the adoption of many innovative programs and initiatives.

In terms of sports, the bank continued its support for sporting activities by sponsoring organizations such as the Bahrain Football Association, the Bahrain Basketball Association, and the Bahrain Paralympic Committee. We have also sponsored prominent local tournaments, including the 16th edition of the King Hamad International Golf Cup, the 4th edition of the late Sheikh Abdullah bin Khalifa Al Khalifa Ramadan Golf Tournament, Sheikh Nasser bin Hamad Al Khalifa 2024 Football Premier League, and the 2024 "Desert Storm" Competition.

To conclude, these efforts stem from Khaleeji's firm belief in its role as a national institution seeking to enhance Bahrain's status and support its talents across multiple fields. They also reflect our sustainable vision for achieving comprehensive development and national ambitions on both local and global levels.

30. KHCB's Shareholders' rights

The Bank has a public disclosure on its website in shareholders' rights. Basic KHCB's shareholders rights include but are not limited to:

- a) Secure methods of ownership registration;
- b) The transfer of shares;
- c) Obtaining relevant and material information on the corporation on a timely and regular basis;
- d) Participating and voting in general shareholder meetings;
- e) Electing and removing members of the board;
- f) Sharing in the profits of the corporation;
- g) Presentations by independent advisers; and
- h) Participating in corporate events.



Hisham Ahmed AL Rayes
Chairman



Sh. Ahmed Bin Isa Al Khalifa
Vice Chairman