

United Gulf Bank B.S.C. (c)

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 JUNE 2025 (REVIEWED)

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF UNITED GULF BANK B.S.C. (c)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of United Gulf Bank B.S.C. (c) (the "Bank") and its subsidiaries (together, the "Group") as at 30 June 2025, comprising of the interim consolidated statement of financial position as at 30 June 2025 and the related interim consolidated statements of income and comprehensive income for the three month and six month periods then ended, and the interim consolidated statements of cash flows and changes in equity for the six month period then ended and explanatory notes. The Board of Directors of the Bank is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



12 August 2025
Manama, Kingdom of Bahrain

United Gulf Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025 (Reviewed)

	Note	Reviewed 30 June 2025 US\$ 000	Audited 31 December 2024 US\$ 000	Reviewed 30 June 2024 US\$ 000
ASSETS				
Demand and call deposits with banks	4	96,434	104,559	111,732
Treasury bills	4	9,875	4,844	-
Placements with banks	4	91,539	54,749	73,868
Investments carried at fair value through profit or loss		109,427	106,663	120,377
Investments carried at fair value through other comprehensive income		141,890	133,174	126,603
Loans and receivables		6,055	6,149	15,658
Other assets		58,192	48,937	66,011
Investment in associates		76,374	68,003	63,300
Investment properties		133,899	133,145	127,551
Property and equipment		18,448	17,173	15,580
Goodwill and other intangible assets		59,822	60,434	61,629
TOTAL ASSETS		801,955	737,830	782,309
LIABILITIES AND EQUITY				
Liabilities				
Due to banks		88,291	112,078	111,594
Deposits from customers		34,827	17,078	22,381
Term loans		201,925	195,596	221,005
Other liabilities		72,881	72,734	82,896
Total liabilities		397,924	397,486	437,876
Equity				
Share capital	6	196,132	116,132	116,132
Share premium		5,687	5,687	5,687
Statutory reserve		54,034	54,034	54,034
General reserve		3,765	3,765	3,765
Fair value reserve		25,247	21,286	20,708
Foreign currency translation reserve		(3,971)	(5,923)	(6,180)
Retained earnings / (accumulated deficit)		1,995	(3,097)	(1,860)
Equity attributable to shareholders of the Parent		282,889	191,884	192,286
Perpetual Additional Tier 1 Capital	12	-	33,000	33,000
Non-controlling interests		121,142	115,460	119,147
Total equity		404,031	340,344	344,433
TOTAL LIABILITIES AND EQUITY		801,955	737,830	782,309


Sheikh Abdullah
Nasser Al Sabah
Chairman


Antoine Jean Daher
Vice Chairman


Hussain Lalani
Chief Executive Officer

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

United Gulf Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the six-month period ended 30 June 2025 (Reviewed)

Note	<i>Three-month period ended 30 June</i>		<i>Six-month period ended 30 June</i>	
	2025	2024	2025	2024
	US\$ 000	US\$ 000	US\$ 000	US\$ 000
Interest income	1,721	1,973	3,452	3,983
Investment income - net	13 24,484	5,974	29,226	12,276
	26,205	7,947	32,678	16,259
Fees and commission income - net	14,352	15,803	25,742	27,617
Foreign exchange gain - net	(2,680)	38	(2,051)	473
Share of results of associates	4,798	(1,012)	8,168	2,622
Total income	42,675	22,776	64,537	46,971
Interest expense	(4,641)	(5,562)	(9,473)	(11,190)
Operating income before expenses and expected credit losses	38,034	17,214	55,064	35,781
Salaries and benefits	(13,282)	(9,880)	(24,193)	(19,824)
General and administrative expenses	(10,574)	(5,585)	(16,115)	(10,449)
Operating income before ECL	14,178	1,749	14,756	5,508
Reversal of / (allowance for) expected credit losses - net	5 20	(428)	(61)	(1,464)
Profit before tax	14,198	1,321	14,695	4,044
Tax expense	(961)	(221)	(1,209)	(507)
Net profit for the period	13,237	1,100	13,486	3,537
Net profit attributable to non-controlling interests	6,298	1,355	6,967	3,295
Net profit (loss) attributable to shareholders of the Parent	6,939	(255)	6,519	242



Sheikh Abdullah
Nasser Al Sabah
Chairman



Antoine Jean Daher
Vice Chairman



Hussain Lalani
Chief Executive Officer

United Gulf Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2025 (Reviewed)

	<i>Three-month period ended 30 June</i>		<i>Six-month period ended 30 June</i>	
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>US\$ 000</i>	<i>US\$ 000</i>	<i>US\$ 000</i>	<i>US\$ 000</i>
Net profit for the period	13,237	1,100	13,486	3,537
<i>Other Comprehensive Income (OCI)</i>				
<i>Items that may be reclassified to profit or loss in subsequent periods</i>				
Foreign currency translation changes	94	148	1,811	579
Net change in cashflow hedges	(56)	(71)	(22)	233
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>				
Fair value changes of equity investments carried at fair value through other comprehensive income	3,622	(637)	4,283	177
Share of other comprehensive income of associates	(6)	885	(6)	1,395
Other comprehensive income for the period	3,654	325	6,066	2,384
Total comprehensive income for the period	16,891	1,425	19,552	5,921
Total comprehensive income attributable to:				
- Shareholders of the Parent	11,054	191	12,220	2,286
- Non-controlling interests	5,837	1,234	7,332	3,635
	16,891	1,425	19,552	5,921

United Gulf Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2025 (Reviewed)

		<i>Six-month period ended 30 June</i>	
	<i>Note</i>	2025 US\$ 000	2024 US\$ 000
OPERATING ACTIVITIES			
Net profit before tax		14,695	4,044
Adjustments for non-cash items:			
Interest expense		9,473	11,190
Depreciation and amortisation		2,115	1,418
Interest income		(3,452)	(3,983)
Gain on investments carried at fair value through profit or loss		(8,831)	(4,988)
Share of results of associates		(8,168)	(2,622)
Allowance for expected credit losses - net	5	61	1,464
Operating income before working capital changes		5,893	6,523
Changes in operating assets and liabilities:			
Placements with banks		(14,477)	1,389
Investments carried at fair value through profit or loss		6,067	12,885
Investments carried at fair value through OCI		(4,433)	3,792
Loans and receivables		94	362
Other assets		(12,271)	4,454
Due to banks		(23,786)	(9,916)
Deposits from customers		17,749	6,466
Other liabilities		3,216	(2,913)
Interest received		6,468	4,033
Interest paid		(12,513)	(11,262)
Directors' remuneration paid		-	(19)
Donations paid		(29)	(200)
Net cash flows (used in) from operating activities		(28,022)	15,594
INVESTING ACTIVITIES			
Investments in associates - net		(209)	1,103
Property and equipment - net		(2,312)	(377)
Purchase of intangible assets		(466)	(420)
Net cash flows (used in) from investing activities		(2,987)	306
FINANCING ACTIVITIES			
Share capital issued	6	80,000	-
Repayment of Perpetual Additional Tier I Capital	12	(33,000)	-
Interest payment on Perpetual Additional Tier 1 Capital		(2,214)	(1,761)
Term loans obtained - net		6,329	17,383
Movement in non-controlling interests		(651)	(4,303)
Net cash flows from financing activities		50,464	11,319
NET CHANGE IN CASH AND CASH EQUIVALENTS		19,455	27,219
Foreign currency translation adjustments		(236)	(1,322)
Cash and cash equivalents at 1 January		159,179	143,374
CASH AND CASH EQUIVALENTS AT 30 JUNE	4	178,398	169,271

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

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INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2025 (Reviewed)

	Attributable to shareholders of the Parent								Perpetual Additional Tier 1 Capital US\$ 000	Non- controlling interests US\$ 000	Total equity US\$ 000
	Share capital US\$ 000	Share premium US\$ 000	Statutory reserve US\$ 000	General reserve US\$ 000	Fair value reserve US\$ 000	Foreign currency translation reserve US\$ 000	(Accumulated deficit) retained earnings US\$ 000	Total US\$ 000			
Balance at 1 January 2025	116,132	5,687	54,034	3,765	21,286	(5,923)	(3,097)	191,884	33,000	115,460	340,344
Net profit for the period	-	-	-	-	-	-	6,519	6,519	-	6,967	13,486
Other comprehensive income	-	-	-	-	3,749	1,952	-	5,701	-	365	6,066
Total comprehensive income for the period	-	-	-	-	3,749	1,952	6,519	12,220	-	7,332	19,552
Capital increase (note 6)	80,000	-	-	-	-	-	-	-	80,000	-	80,000
Interest payment on Tier 1 capital	-	-	-	-	-	-	(2,214)	(2,214)	-	-	(2,214)
Repayment of AT1 capital (note 12)	-	-	-	-	-	-	-	-	(33,000)	-	(33,000)
Movements in associates	-	-	-	-	212	-	(212)	-	-	-	-
Additional acquisition in a subsidiary	-	-	-	-	-	-	999	999	-	(1,453)	(454)
Other movements in non-controlling interests	-	-	-	-	-	-	-	-	-	(197)	(197)
Balance at 30 June 2025	196,132	5,687	54,034	3,765	25,247	(3,971)	1,995	282,889	-	121,142	404,031
Balance at 1 January 2024	116,132	5,687	54,034	3,765	14,641	(6,505)	4,007	191,761	33,000	119,815	344,576
Net profit for the period	-	-	-	-	1,719	325	242	242	-	3,295	3,537
Other comprehensive income	-	-	-	-	-	2,910	-	(2,910)	-	340	2,384
Total comprehensive income for the period	-	-	-	-	1,719	325	242	2,286	-	3,635	5,921
Movements in associates	-	-	-	-	-	-	(1,761)	(1,761)	-	-	-
Interest payment on Tier 1 capital	-	-	-	-	-	-	(1,761)	(1,761)	-	-	(1,761)
Transfer upon disposal of equity investments carried at FVOCI	-	-	-	-	1,438	-	(1,438)	-	-	-	-
Other movements in non-controlling interests	-	-	-	-	-	-	-	-	-	(4,303)	(4,303)
Balance at 30 June 2024	116,132	5,687	54,034	3,765	20,708	(6,180)	(1,860)	192,286	33,000	119,147	344,433

The attached notes 1 to 14 form part of these interim condensed financial statements.

United Gulf Bank B.S.C. (c)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2025 (Reviewed)

1 CORPORATE INFORMATION

1.1 Incorporation

United Gulf Bank B.S.C. (c) ("UGB" or the "Bank") is a closed joint stock company incorporated in the Kingdom of Bahrain in 1980, under Commercial Registration number 10550 issued by the Ministry of Industry and Commerce ("MOIC"). The Bank's registered office is situated at UGB Tower, Diplomatic Area, P.O. Box 5964, Manama, Kingdom of Bahrain.

The Bank operates in the Kingdom of Bahrain under a Wholesale Banking License of Volume 1 issued by the Central Bank of Bahrain (the "CBB").

1.2 Activities

The principal activities of the Bank and its subsidiaries (together, the "Group") comprise of investment and commercial banking. Investment banking activities include asset portfolio management, corporate finance, advisory, investment in quoted and private equity / funds, real estate, capital markets, international banking and treasury functions. Commercial banking activities include extending loans and other credit facilities, accepting deposits and current accounts from corporate and institutional customers.

During the period, Burgan Bank K.P.S.C ("Burgan" or the "Parent") acquired 100% shares of the Bank from United Gulf Holding Company ("UGH"). The ultimate holding company is Kuwait Projects Company Holding K.S.C.P. ("KIPCO" or the "Ultimate Parent"). Both Burgan and KIPCO are incorporated in the State of Kuwait as a public share holding companies and are listed on the Kuwait Stock Exchange (Boursa Kuwait).

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 12 August 2025.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six-month period ended 30 June 2025 have been prepared in accordance with IAS 34 - *Interim Financial Reporting*. The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The Board of Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. The Group has formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the date of approval of the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2024. In addition, results for the six-month period ended 30 June 2025 are not necessarily indicative of the results that may be expected for the financial year ending on 31 December 2025.

Certain corresponding figures have been reclassified in order to conform to the presentation of the interim condensed consolidated financial statements for the current period. Such reclassifications did not affect previously reported net profit or total equity of the Group.

These interim condensed consolidated financial statements are reviewed, not audited.

United Gulf Bank B.S.C. (c)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2025 (Reviewed)

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.2 Material accounting policies

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2024, except for the adoption of new and amended standards and interpretations effective as of 1 January 2025 as stated in note 2.3. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.3 New standards, interpretations and amendments adopted by the Group

One amendment applies for the first time in 2025, but did not have an impact on the interim condensed consolidated financial statements of the Group.

2.3.1 *Lack of exchangeability – Amendments to IAS 21*

The amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments did not have a material impact on the Group's interim condensed consolidated financial statements.

3 BASIS OF CONSOLIDATION

These interim condensed consolidated financial statements include the interim condensed financial statements of the Bank and its subsidiaries as at and for the six-month period ended 30 June 2025. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The basis of consolidation used in these interim condensed consolidated financial statements of the Group is consistent to the basis of consolidation used and disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2024.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2025 (Reviewed)

3 BASIS OF CONSOLIDATION (continued)

The principal subsidiaries of the Group are as follows:

Name of the subsidiary	Country of incorporation	Ownership	
		30 June 2025	31 December 2024
Held directly			
KAMCO Investment Company K.S.C.P. [KAMCO]	Kuwait	60%	60%
United Gulf Realty International, Ltd [UGRIL]	The British Virgin Islands	50%	50%
Partly held directly and partly through KAMCO			
Manafae Investment Company N.S. 88	Kuwait	59%	54%
	Bahrain	77%	77%
Held through KAMCO			
1925 Investor Inc.	Jersey	100%	100%
Al Jazi Money Market Fund	Kuwait	51%	51%
Al Tadamon United Holding Co	Kuwait	100%	96%
American Blvd Investor, Inc	USA	100%	100%
Buckeye Power Advisory Company LLC	USA	48%	48%
Buckeye Power Manager Limited	Jersey	100%	100%
Centerstone Investor Inc	USA	100%	100%
EGLS Holdings, s.r.o.	Czechia	60%	0%
First Securities Brokerage Company K.S.C (Closed) ("FSBC")	Kuwait	93%	93%
GCC Tech Invest Limited	Jersey	100%	100%
HP Plaza Investor Inc.	USA	100%	100%
Kamco European Logistics Company	Luxembourg	100%	0%
KAMCO Global Fund (formerly KAMCO GCC Opportunistic Fund)	Kuwait	97%	97%
KAMCO Investment Company - Saudia	KSA	100%	100%
KAMCO Investment Company (DIFC) Limited	UAE	100%	100%
Kamco Investment Company Ltd	UK	100%	100%
KAMCO Mena Plus Fixed Income Fund (OEIC) Limited	UAE	56%	56%
Kubbar United Real Estate Company (SPC)	Kuwait	100%	100%
Kuwait Private Equity Opportunities Fund	Kuwait	73%	73%
Lawson Lane Investor Inc.	USA	100%	100%
Nawasi United Holding Company K.S.C. (Closed)	Kuwait	100%	96%
Plans United Real Estate Company (SPC)	Kuwait	100%	100%

United Gulf Bank B.S.C. (c)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2025 (Reviewed)

4 CASH AND CASH EQUIVALENTS

	Reviewed 30 June 2025 US\$ 000	Audited 31 December 2024 US\$ 000	Reviewed 30 June 2024 US\$ 000
Demand and call deposits with banks	96,434	104,559	111,732
Treasury bills	9,875	4,844	-
Placements with banks	91,539	54,749	73,868
	197,848	164,152	185,600
<i>Adjusted for:</i>			
Mandatory reserves	(318)	(318)	(318)
Placement with banks with original maturities of more than 90 days	(19,132)	(4,655)	(16,011)
Cash and cash equivalents	178,398	159,179	169,271

5 MOVEMENT IN EXPECTED CREDIT LOSS (ECL)

An analysis of movement in ECL allowances during the six-month period ended 30 June 2025 is as follows:

	Stage 1 US\$ 000	Stage 2 US\$ 000	Stage 3 US\$ 000	Total US\$ 000
As at 1 January 2025	17,593	-	7,830	25,423
Net transfer between stages	(199)	-	199	-
Net remeasurement of loss allowances	153	-	(92)	61
Written-off during the period	-	-	(74)	(74)
Foreign exchange adjustments	144	-	(59)	85
As at 30 June 2025 (Reviewed)	17,691	-	7,804	25,495

An analysis of movement in ECL allowances during the six-month period ended 30 June 2024 is as follows:

	Stage 1 US\$ 000	Stage 2 US\$ 000	Stage 3 US\$ 000	Total US\$ 000
As at 1 January 2024	16,226	-	7,840	24,066
Net transfer between stages	(80)	-	80	-
Net remeasurement of loss allowances	1,474	-	(10)	1,464
Written-off during the period	-	-	(80)	(80)
Foreign exchange adjustments	74	-	14	88
As at 30 June 2024 (Reviewed)	17,694	-	7,844	25,538

United Gulf Bank B.S.C. (c)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2025 (Reviewed)

6 SHARE CAPITAL

	Reviewed 30 June 2025 US\$ 000	Audited 31 December 2024 US\$ 000	Reviewed 30 June 2024 US\$ 000
Authorised share capital			
Number of shares (in thousands)	500,000	500,000	500,000
Par value (US\$)	0.50	0.50	0.50
Authorised share capital (US'000)	250,000	250,000	250,000
Issued and fully paid up share capital			
Number of shares (in thousands)	392,263	232,263	232,263
Par value (US\$)	0.50	0.50	0.50
Issued and fully paid up share capital (US'000)	196,132	116,132	116,132

In an Extraordinary General Meeting (the "EGM") held on 6 May 2025, the shareholders approved increasing the issued and paid up share capital of the Bank from the amount of US\$ 116,131,520.50 to the amount of US\$ 196,131,520.50, by issuing 160,000,000 new ordinary shares, of nominal value of US\$ 0.50 each, fully subscribed and settled entirely by the Parent, in cash, after obtaining approvals of the Central Bank of Bahrain and the Ministry of Industry and Commerce.

7 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the Ultimate Parent, Parent, associates and joint ventures, directors and key management personnel and entities which are controlled, jointly controlled or significantly influenced by any of the above mentioned parties.

The income and expenses in respect of related party transactions included in the interim consolidated statement of income were as follows:

	(Reviewed) Six-month period ended 30 June 2025			
	Other related			
	Parent US\$ 000	Associates US\$ 000	parties US\$ 000	Total US\$ 000
Fees and commissions - net*	16	547	3,431	3,994
Rental income	-	-	550	550
Interest income	7	-	177	184
Interest expense	(1,296)	-	(2,201)	(3,497)
General and administrative expenses	(436)	(2)	(1,125)	(1,563)

United Gulf Bank B.S.C. (c)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2025 (Reviewed)

7 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	(Reviewed) Six-month period ended 30 June 2024			
	Parent US\$ 000	Associates US\$ 000	Other related parties US\$ 000	Total US\$ 000
Investment income	-	-	(208)	(208)
Fees and commissions - net*	1,000	492	5,988	7,480
Dividend income	-	-	510	510
Rental income	-	-	550	550
Interest income	-	-	187	187
Interest expense	(217)	-	(4,546)	(4,763)
General and administrative expenses	(58)	-	(1,030)	(1,088)

Equity transactions with related parties during the period included in the interim consolidated statement of changes in equity are as follows:

	2025 US\$ 000	2024 US\$ 000
Interest payment on Perpetual Additional Tier 1 Capital	(335)	(267)

All related party transactions are on terms that are mutually agreed between the counterparties.

* The Bank and UGH have entered into an arrangement for service sharing between the two entities. In line with the arrangement, the Bank provides certain service to the UGH against mutually agreed service fee.

The balances with related parties included in the interim consolidated statement of financial position are as follows:

	(Reviewed) 30 June 2025			
	Parent US\$ 000	Associates US\$ 000	Other related parties US\$ 000	Total US\$ 000
Demand and call deposits with banks	10,116	-	821	10,937
Placements with banks	394	-	19,213	19,607
Investments carried at fair value through profit or loss	545	-	2,195	2,740
Investments carried at fair value through other comprehensive income	-	1,244	66,157	67,401
Loans and receivables	-	-	226	226
Other assets	19	530	516	1,065
Due to banks	-	-	(58,151)	(58,151)
Deposits from customers	-	-	(24,399)	(24,399)
Other liabilities	(941)	-	(4,596)	(5,537)
Perpetual Additional Tier 1 Capital	-	-	-	-
<i>Off statement of financial position items:</i>				
Letters of guarantee	-	-	150	150

United Gulf Bank B.S.C. (c)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2025 (Reviewed)

7 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	(Audited) 31 December 2024			
	Parent US\$ 000	Associates US\$ 000	Other related parties US\$ 000	Total US\$ 000
Demand and call deposits with banks	-	-	10,253	10,253
Placements with banks	-	-	18,422	18,422
Investments carried at fair value through profit or loss	-	-	1,725	1,725
Investments carried at fair value through other comprehensive income	-	49	61,883	61,932
Loans and receivables	-	-	238	238
Other assets	234	470	2,412	3,116
Due to banks	-	-	(82,868)	(82,868)
Deposits from customers	(1,822)	-	(4,632)	(6,454)
Other liabilities	(5,101)	-	(557)	(5,658)
Perpetual Additional Tier 1 Capital	-	-	(5,000)	(5,000)
<i>Off statement of financial position items:</i>				
Letters of guarantee	-	-	150	150

All related party exposures are performing as of 30 June 2025 and 31 December 2024.

Compensation of key management personnel was as follows:

	<i>Six-month period ended 30 June</i>	
	2025	2024
	Reviewed US\$ 000	Reviewed US\$ 000
Short-term employee benefits	2,846	3,004
Long-term employee benefits	341	402
	3,187	3,406

8 COMMITMENTS

The Group has the following credit and investment-related commitments:

	Reviewed 30 June 2025 US\$ 000	Audited 31 December 2024 US\$ 000	Reviewed 30 June 2024 US\$ 000
	30 June 2025 US\$ 000	31 December 2024 US\$ 000	30 June 2024 US\$ 000
Credit-related commitments:			
Letters of guarantee	2,317	2,318	2,318
Investments related commitments*	4,603	5,379	2,878
	6,920	7,697	5,196

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2025 (Reviewed)

8 COMMITMENTS (continued)

*Investment related commitments are Group's commitment to invest in private equity funds representing the uncalled capital by the investment managers (general partners) of various private equity funds in which the Group has made investments. The capital can be called at the investment manager's discretion.

9 DERIVATIVES

In the ordinary course of business, the Group enters into various types of transactions that involve derivative financial instruments.

	<i>Positive fair value</i> <i>US\$ 000</i>	<i>Negative fair value</i> <i>US\$ 000</i>	<i>Notional amount</i> <i>US\$ 000</i>
30 June 2025 (Reviewed)			
<i>Derivatives held for trading</i>			
Interest rate swaps	1,349	(1,349)	165,000
Forward foreign exchange contracts*	5,585	(5,031)	733,902
<i>Derivatives used as hedge of net investments in foreign operations</i>			
Forward foreign exchange contracts	1,390	(84)	171,011
<i>Derivatives used as cash flow hedges</i>			
Interest rate swaps	381	-	22,500
	<i>Positive fair value</i> <i>US\$ 000</i>	<i>Negative fair value</i> <i>US\$ 000</i>	<i>Notional amount</i> <i>US\$ 000</i>
31 December 2024 (Audited)			
<i>Derivatives held for trading</i>			
Interest rate swaps	2,369	(2,369)	165,000
Forward foreign exchange contracts*	2,741	(2,288)	757,572
<i>Derivatives used as hedge of net investments in foreign operations</i>			
Forward foreign exchange contracts	372	-	173,452
<i>Derivatives used as cash flow hedges</i>			
Interest rate swaps	403	-	22,500

* The Group uses foreign currency denominated borrowings and forward currency contracts to manage some of its transaction exposures. These currency forward contracts are not designated as cash flow, fair value or net investment in foreign operations hedges and are entered into for periods consistent with currency transaction exposures.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2025 (Reviewed)

10 FINANCIAL INSTRUMENTS

The tables below summarises the accounting classification of the Group's financial assets and financial liabilities:

	At FVTPL US\$ 000	At FVOCI US\$ 000	Amortised cost US\$ 000	Total US\$ 000
30 June 2025 (Reviewed)				
Demand and call deposits with banks	-	-	96,434	96,434
Treasury bills	-	-	9,875	9,875
Placements with banks	-	-	91,539	91,539
Investments carried at FVTPL	109,427	-	-	109,427
Investments carried at FVOCI	-	141,890	-	141,890
Loans and receivables	-	-	6,055	6,055
Other assets	6,934	1,771	45,290	53,995
Total financial assets	116,361	143,661	249,193	509,215
Due to banks	-	-	88,291	88,291
Deposits from customers	-	-	34,827	34,827
Term loans	-	-	201,925	201,925
Other liabilities	6,380	84	66,287	72,751
Total financial liabilities	6,380	84	391,330	397,794
31 December 2024 (Audited)				
Demand and call deposits with banks	-	-	104,559	104,559
Treasury Bills	-	-	4,844	4,844
Placements with banks	-	-	54,749	54,749
Investments carried at FVTPL	106,663	-	-	106,663
Investments carried at FVOCI	-	133,174	-	133,174
Loans and receivables	-	-	6,149	6,149
Other assets	5,110	775	41,666	47,551
Total financial assets	111,773	133,949	211,967	457,689
Due to banks	-	-	112,078	112,078
Deposits from customers	-	-	17,078	17,078
Term loans	-	-	195,596	195,596
Other liabilities	4,657	-	67,924	72,581
Total financial liabilities	4,657	-	392,676	397,333

11 FAIR VALUE MEASUREMENT

Fair value hierarchy

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.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2025 (Reviewed)

11 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy (continued)

Fair values of quoted securities are derived from quoted market prices in active markets, if available. For unquoted securities, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

The fair values of the funds that are listed on active markets are determined by reference to their quoted bid prices. The fair values of unlisted funds are based on net asset values which are determined by the fund manager using the quoted market prices of the underlying assets, if available, or other acceptable methods such as a recent price paid by another investor or the market value of a comparable company.

For assets and liabilities that are recognised at fair value 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.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

The Group uses the following hierarchy for determining and disclosing the fair value of the Group's assets and liabilities 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.

The following table shows an analysis of the Group's assets and liabilities recorded at fair value by level of the fair value hierarchy at 30 June 2025 (Reviewed):

	Level 1 US\$ 000	Level 2 US\$ 000	Level 3 US\$ 000	Total US\$ 000
Assets measured at fair value				
Investments carried at FVTPL				
Equities	16,877	-	7,534	24,411
Debt securities	11,496	-	327	11,823
Managed funds	-	49,871	23,322	73,193
Investments carried at FVOCI				
Equities	1,424	-	139,999	141,423
Managed funds	-	-	467	467
Investment properties	-	-	133,899	133,899
Derivatives				
Interest rate swaps	-	1,730	-	1,730
Forward foreign exchange contracts	-	6,975	-	6,975
	29,797	58,576	305,548	393,921
Liabilities measured at fair value				
Derivatives				
Interest rate swaps	-	1,349	-	1,349
Forward foreign exchange contracts	-	5,115	-	5,115
	-	6,464	-	6,464

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2025 (Reviewed)

11 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy (continued)

The following table shows an analysis of the Group's assets and liabilities recorded at fair value by level of the fair value hierarchy at 31 December 2024 (Audited):

	Level 1 US\$ 000	Level 2 US\$ 000	Level 3 US\$ 000	Total US\$ 000
<i>Assets measured at fair value</i>				
Investments carried at FVTPL				
Equities	14,892	-	15,571	30,463
Debt securities	11,638	-	325	11,963
Managed funds	-	40,627	23,610	64,237
Investments carried at FVOCI				
Equities	837	-	131,863	132,700
Managed funds	-	-	474	474
Investment properties	-	-	133,145	133,145
Derivatives				
Interest rate swaps	-	2,772	-	2,772
Forward foreign exchange contracts	-	3,113	-	3,113
	27,367	46,512	304,988	378,867
<i>Liabilities measured at fair value</i>				
Derivatives				
Interest rate swaps	-	2,369	-	2,369
Forward foreign exchange contracts	-	2,288	-	2,288
	-	4,657	-	4,657

The fair values of financial instruments carried at amortised cost are not significantly different from their carrying values included in the interim condensed financial statements.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2025 (Reviewed)

11 FAIR VALUE MEASUREMENT (continued)

Transfers between Level 1, Level 2 and Level 3

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six month period ended 30 June 2025.

The following table shows a reconciliation of the opening and closing amount of Level 3 financial instruments and other assets, which are recorded at fair value:

				Gain	
		Net purchases, transfer and settlement	sales, consolidated statement of income	in the consolidated statement of income	As at 1 January 2025 US\$'000
				Gain (loss) recognised in OCI	30 June 2025 (Reviewed) US\$'000
<i>Investments carried at FVTPL</i>					
Equities	15,571	(8,212)	175	-	7,534
Debt securities	325	-	2	-	327
Managed funds	23,610	(941)	653	-	23,322
	39,506	(9,153)	830	-	31,183
<i>Investments carried at FVOCI</i>					
Equities	131,863	4,170	-	3,966	139,999
Managed funds	474	-	-	(7)	467
	132,337	4,170	-	3,959	140,466
Investment properties	133,145	-	754	-	133,899
				Gain	
		Net purchases, transfer and settlement	sales, consolidated statement of income	in the consolidated statement of income	As at 1 January 2024 US\$'000
				Loss recognised in OCI	30 June 2024 (Reviewed) US\$'000
<i>Investments carried at FVTPL</i>					
Equities	26,449	(20,929)	893	-	6,413
Debt securities	326	-	-	-	326
Managed funds	19,430	24,953	1,629	-	46,012
	46,205	4,024	2,522	-	52,751
<i>Investments carried at FVOCI</i>					
Equities	128,316	(2,296)	-	(875)	125,145
Managed funds	93	375	-	(3)	465
	128,409	(1,921)	-	(878)	125,610
Investment properties	127,388	-	163	-	127,551

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2025 (Reviewed)

12 PERPETUAL ADDITIONAL TIER 1 CAPITAL

On 28 March 2016, the Bank issued Perpetual Additional Tier 1 Capital (the "AT1 Capital") amounting to US\$ 33,000 thousand. The AT1 Capital constitutes subordinated obligations of the Bank and is classified as equity in accordance with IAS 32: Financial Instruments – Classification. The AT1 Capital does not have a maturity date and bears interest on its nominal amount from the date of issue at a fixed annual rate.

The AT1 Capital is redeemable by the Bank at its sole discretion on any interest payment date subject to the prior consent of the Central Bank of Bahrain. The Bank at its sole discretion may elect not to distribute interest and this is not considered an event of default. If the Bank does not pay interest on the AT1 Capital (for whatever reason), then the Bank must not make any other distribution on or with respect to its other shares that rank equally with or junior to the AT1 Capital.

During the period, the Bank voluntarily repaid its Perpetual Additional Tier 1 Capital Facility on 20 May 2025, following approval from the Central Bank of Bahrain.

13 INVESTMENT INCOME - NET

Investment income for the six-month period ended 30 June 2025, totaling USD 29,226 thousand (six-month period ended 30 June 2024: USD 12,276 thousand), includes USD 16,363 thousand (30 June 2024: nil) received as a settlement in relation to a legal case that had been ongoing for several years, wherein the Qatari courts have issued a final and non-appealable judgment in favor of the Group.

14 REGULATORY RATIOS

Net Stable Funding Ratio ("NSFR")

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 as of 30 June 2025 is 107.5% (31 December 2024: 109.1%).

48% (2024: 42%) of the total available stable funding is made up of the Group's capital base with 35% (2024: 42%) comprising of other deposits and funding from financial institutions and 14% (2024: 15%) comprising of other liabilities.

The Group's required stable funding comprises of 88.8% (2024: 91%) assets that have no specified maturity, 8% (2024: 6%) that have contractual maturities of less than 6 months, and 0% (2024: 1%) non-HQLA (the "High Quality Liquid Assets") assets (after application of risk weights).

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2025 (Reviewed)

14 REGULATORY RATIOS (continued)

Net Stable Funding Ratio ("NSFR") (continued)

	30 June 2025 (Reviewed) Unweighted values				
	No specified maturity US\$ 000	More than 6 months and less than one year US\$ 000			Total weighted value US\$ 000
		Less than 6 months US\$ 000	Over one year US\$ 000		
Available Stable Funding (ASF)					
Capital	311,290	-	-	18,496	329,786
Secured and unsecured funding	-	33,429	-	1,407	18,122
Other deposits and funding from financial institutions	-	45,166	-	245,050	245,050
Other liabilities	-	-	-	97,476	97,476
Total ASF	311,290	78,595	-	362,429	690,434
Required Stable Funding (RSF)					
Unencumbered Level 2B HQLA	33,569	-	-	-	16,785
Unencumbered Non-HQLA securities that are not in default and exchange-traded equities in cases where the issuer is not in default	-	-	6,055	-	3,028
Loans	-	94,951	-	-	14,243
Deposits held at other financial institutions for operational purposes	-	71,191	-	19,213	54,808
All other assets including fixed assets, items deducted from regulatory capital, insurance assets and defaulted securities	553,310	-	-	-	553,310
<i>Off-Balance Sheet exposures</i>					
Trade finance-related obligations (including guarantees and letters of credit)	2,074	-	-	-	104
Total RSF	588,953	166,142	6,055	19,213	642,278
NSFR (%)					107.5%

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2025 (Reviewed)

14 REGULATORY RATIOS (continued)

Net Stable Funding Ratio ("NSFR") (continued)

	31 December 2024 (Audited) Unweighted values				
	No specified maturity US\$ 000	Less than 6 months US\$ 000	More than 6 months and less than one year US\$ 000	Over one year US\$ 000	Total weighted value US\$ 000
Available Stable Funding (ASF)					
Capital	256,788	-	-	17,391	274,179
Secured and unsecured funding	-	12,503	-	4,575	10,827
Other deposits and funding from financial institutions	-	29,581	16,278	261,815	269,954
Other liabilities	-	-	-	94,698	94,698
Total ASF	256,788	42,084	16,278	378,479	649,658
Required Stable Funding (RSF)					
Unencumbered Level 2B HQLA	35,867	-	-	-	17,933
Unencumbered Non-HQLA securities that are not in default and exchange - traded equities in cases where the issuer is not in default	-	-	6,149	-	3,074
Loans	-	101,940	-	-	15,291
Deposits held at other financial institutions for operational purposes	-	36,327	-	18,422	36,585
All other assets including fixed assets, items deducted from regulatory capital, insurance assets and defaulted securities	522,755	-	-	-	522,755
<i>Off-Balance Sheet exposures</i>					
Trade finance-related obligations (including guarantees and letters of credit)	2,074	-	-	-	104
Total RSF	560,696	138,267	6,149	18,422	595,742
NSFR (%)					109.1%