

**Financial Statements and Independent Auditor's Report**  
**Bin Dowal Islamic Microfinance Bank**  
**(Yemeni Closed Joint Stock Company)**  
**December 31, 2024**



**Bin Dowal Islamic Microfinance Bank**  
(Yemeni Closed Joint Stock Company)

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## Independent Auditor's Report

To: **The Shareholders' of  
Bin Dowal Islamic Microfinance Bank  
(Yemeni Closed Joint Stock Company)  
Hadhramout - Republic of Yemen**

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### Report on Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of **Bin Dowal Islamic Microfinance Bank (Yemeni Closed Joint Stock Company)** which comprise the statement of financial position as at December 31, 2024, the statement of comprehensive income, statement of income and attribution related to quasi-equity, statement of changes in equity, and statement of cash flows, for the year then ended, and a summary of significant accounting policies and other explanatory information (1- 43).

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the **Bin Dowal Islamic Microfinance Bank** as at December 31, 2024, and the results of its operations, its changes in equity, and its cash flows for the year then ended in accordance with the Financial Accounting Standards (FAS) issued by Accounting and Auditing Organization for Islamic Financial Institutions "AAOIFI", the Shari'a rules and principles as determined by the Shari'a Supervisory Board, instructions issued by Central Bank of Yemen, and relevant local laws and regulations.

In our opinion, the Bank also complied with the principles and rules of Islamic Shari'a as determined by the Bank's Shari'a Supervisory Board during the year ended on December 31, 2024.

#### Basis for Opinion

We conducted the audit in accordance with the Auditing Standards for Islamic Financial Institutions (ASIFIs) issued by "AAOIFI". Our responsibilities under those standards are further described in the "Auditor's responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Bank in accordance with the Code of Ethics for Accountants and Auditors of Islamic Financial Institutions issued by "AAOIFI", and in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidences we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

We draw attention to the Note No. (41) of the accompanying notes to the financial statements "Current events in the Republic of Yemen" regarding the political crisis, the economic situation, and the continuing security events in the Republic of Yemen which describes the impact of the continuing economic crisis and political turmoil in Yemen and their final resolution is unpredictable and may adversely affect the Yemeni economy and the bank's operations. Our opinion is not modified in respect of this matter.

## Independent Auditor's Report (Continued)

**To: The Shareholders' of  
Bin Dowal Islamic Microfinance Bank  
(Yemeni Closed Joint Stock Company)  
Hadhramout - Republic of Yemen**

### **Other Matter**

We would like to refer to the CBY circular No. (without) issued on May 6, 2025 regarding the application of Financial Accounting Standard No. (30) Impairment, Credit Losses, and High-Risk Obligations, which stipulates postponing the application of Financial Accounting Standard No. (30) until the preparation and issuance of the guidance and instructions are completed. Accordingly, the bank must begin preparing the requirements for implementing the standard, setting up automated systems and taking all necessary measures to ensure its implementation from the beginning of the year 2026.

### **Responsibilities of those Charged with Governance for the Financial Statements**

The board of directors is responsible for the Bank's undertaking to operate in accordance with Islamic Shari'a Rules and Principles as determined by the Bank's Shari'a Supervisory Board. The board of directors is also responsible for the preparation and fair presentation of the financial statements in accordance with FAS issued by "AAOIFI", the Shari'a rules and principles as determined by the Shari'a Supervisory Board, instructions issued by Central Bank of Yemen, and relevant local laws and regulations, and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the board of directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as necessary, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with ASIFIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.

## Independent Auditor's Report (Continued)

To: **The Shareholders' of  
Bin Dowal Islamic Microfinance Bank  
(Yemeni closed Joint Stock Company)  
Hadhramout - Republic of Yemen**

- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provided the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

### Report on Other Legal and Regulatory Requirements

We have obtained from management the information and clarifications that we deemed necessary for our audit. The bank keeps proper books of accounts, and the accompanying financial statements are in agreement with what is contained in those records. Furthermore, we are not aware of any violations of the laws in force in the Republic of Yemen including the Microfinance Bank Law No. (15) of 2009, the Yemen Commercial Companies Law No. (22) of 1997 and its amendments, and the Islamic Banks Law No. (21) of 1996 and its amendments as well as Banking Law No. (38) of 1998 or instructions issued by the Central Bank of Yemen, in a way that may have a material impact on the results of the bank's business or its financial position, except of the bank's violation of the Microfinance Banks Law No. (15) of 2009 and its amendments, the Article No. (14) Paragraph No. (5) of the Executive Regulations and Article No. (10) Paragraph (d) of Central Bank Resolution No. (12) of 2010, amended by the Board of Directors of the Central Bank of Yemen Resolution No. (2/11/2022), which stipulates that the shareholders of microfinance banks who own existing exchange companies or establishments must liquidate their activity and devote themselves to the activity of microfinance banks within a maximum period of one year from the date of issuance of the decision, as some shareholders in Bin Dowal Islamic Microfinance Bank are the partner who own Bin Dowal Exchange Company.

**Aden - Republic of Yemen  
July 27, 2025**



**Bin Dowal Islamic Microfinance Bank**  
(Yemeni Closed Joint Stock Company)

**Statement of financial position**

As at December 31, 2024

	Notes	Dec. 31, 2024 YR 000s	Dec. 31, 2023 YR 000s
<b>Assets</b>			
Cash on hand and reserve balances with Central Bank of Yemen (CBY)	9	28,780,134	4,764,974
Due from banks and financial institutions	10	28,006,480	10,224,205
Financing Murabaha contracts transactions	11	1,139,220	390,050
Mudaraba Investments	12	824,040	-
Qard Hasan	13	44,858	-
Debit balances and other assets	14	2,190,514	401,066
Property and equipment	15	4,270,937	996,342
Intangible assets	16	2,224,440	1,479,881
Right-of-use assets	17	491,504	172,562
<b>Total assets</b>		<b>67,972,127</b>	<b>18,429,080</b>
<b>Liabilities, quasi-equity, and equity</b>			
<b>Liabilities</b>			
Current accounts and other deposits	18	25,942,492	11,660,734
Credit balances and other liabilities	19	22,392,123	1,268,210
Other provisions	20	17,750	6,235
Lease contracts liabilities	21	332,739	132,178
<b>Total liabilities</b>		<b>48,685,104</b>	<b>13,067,357</b>
<b>Quasi-equity</b>			
Participatory investment accounts	22	8,201,786	1,212,118
<b>Total quasi-equity</b>		<b>8,201,786</b>	<b>1,212,118</b>
<b>Equity</b>			
Share capital	23	15,000,000	5,000,000
Retained losses		(3,914,763)	(850,395)
<b>Total equity</b>		<b>11,085,237</b>	<b>4,149,605</b>
<b>Total liabilities, quasi-equity and equity</b>		<b>67,972,127</b>	<b>18,429,080</b>
<b>Contingent liabilities and commitments</b>	24	<b>887,536</b>	<b>311,768</b>

Finance Manager

General Manager

Chairman

Mr. Mohammed Salmeen Al-Maari



Mr. Ahmed Abdullah Bahaj



Mr. Saeed Omar Al-Maari




The accompanying notes from (1) to (43) form an integrated part of these financial statements

**Bin Dowal Islamic Microfinance Bank**  
(Yemeni Closed Joint Stock Company)

**Statement of comprehensive income**  
For the year ended December 31, 2024

	Notes	2024 YR 000s	2023 YR 000s
Income from financing Murabaha contracts transactions	25	131,223	51,079
<b>Income from financing Murabaha</b>		<b>131,223</b>	<b>51,079</b>
Income from Mudaraba placements	26	280,948	83,405
Fees and commission income	27	1,249,154	95,530
Less: Fees and commission expenses	29	(144,649)	(58,769)
<b>Net income from financial investments, fees and commissions</b>		<b>1,516,676</b>	<b>171,245</b>
Loss on foreign currency transactions	28	(410,481)	(97,173)
Other operating income		-	2,077
<b>Total operating income</b>		<b>1,106,195</b>	<b>76,149</b>
<b>Less:</b>			
Provisions	30	(64,958)	(24,514)
Staff costs	31	(1,378,601)	(294,115)
Depreciation of property and equipment	15	(368,872)	(64,294)
Amortization of Intangible assets	16	(143,416)	(94,290)
Depreciation of right-of-use assets	17	(213,280)	(24,473)
Other expenses	32	(1,712,602)	(260,636)
<b>Net loss for the year before zakat and taxes and net gains attributable to quasi-equity</b>		<b>(2,775,534)</b>	<b>(686,173)</b>
Less: Net profit attributable to quasi-equity holders	22.2.1	(272,614)	(38,526)
<b>Net loss for the year before zakat and income tax</b>		<b>(3,048,148)</b>	<b>(724,699)</b>
Zakat		(16,220)	(33,049)
Income tax		-	-
<b>Net loss for the year after zakat and taxes</b>		<b>(3,064,368)</b>	<b>(757,748)</b>
<b>Loss per share for the year (YR)</b>	33	<b>(2,043)</b>	<b>(1,516)</b>

Finance Manager

General Manager

Chairman

Mr. Mohammed Salmeen Al-Maari



Mr. Ahmed Abdullah Bahaj



Mr. Saeed Omar Al-Maari




The accompanying notes from (1) to (43) form an integrated part of these financial statements

## Bin Dowal Islamic Microfinance Bank

(Yemeni Closed Joint Stock Company)

### Statement of income and attribution related to quasi-equity holders

For the year ended December 31, 2024

	Dec. 31, 2024	Dec. 31, 2023
	YR 000s	YR 000s
Net loss for the year before net profit attributable to quasi-equity holders	(2,775,534)	(686,173)
Less: Income not attributable to quasi-equity	(1,249,154)	(95,530)
Add: expenses not attributable to quasi-equity	4,371,901	893,750
Net profit for the year before net profit attributable to quasi-equity and before the bank's Mudaraba income	347,213	112,047
Less: Mudharib's share	(74,599)	(73,521)
Add: Hiba by Mudarib to quasi-equity	-	-
Net profit attributable to quasi-equity	272,614	38,526

Finance Manager

General Manager

Chairman

Mr. Mohammed Salmeen Al-Maari



Mr. Ahmed Abdullah Bahaj



Mr. Saeed Omar Al-Maari


The accompanying notes from (1) to (43) form an integrated part of these financial statements

## Bin Dowal Islamic Microfinance Bank

(Yemeni Closed Joint Stock Company)

### Statement of changes in equity

For the year ended December 31, 2024

	Share Capital YR 000s	Retained Losses YR 000s	Total YR 000s
Balance as at January 1, 2024	5,000,000	(850,395)	4,149,605
Capital increase	10,000,000	-	10,000,000
Net loss for the year	-	(3,064,368)	(3,064,368)
<b>Balance as at December 31, 2024</b>	<b>15,000,000</b>	<b>(3,914,763)</b>	<b>11,085,237</b>
Balance as at January 1, 2023	5,000,000	(92,647)	4,907,353
Net loss for the year	-	(757,748)	(757,748)
<b>Balance as at December 31, 2023</b>	<b>5,000,000</b>	<b>(850,395)</b>	<b>4,149,605</b>

Finance Manager

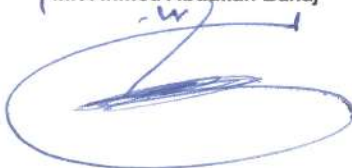
General Manager

Chairman

Mr. Mohammed Salmeen Al-Maari



Mr. Ahmed Abdullah Bahaj



Mr. Saeed Omar Al-Maari

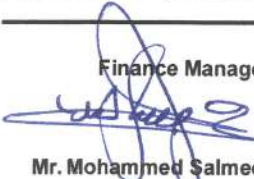

The accompanying notes from (1) to (43) form an integrated part of these financial statements

**Bin Dowal Islamic Microfinance Bank**  
(Yemeni Closed Joint Stock Company)

**Statement of cash flow**

For the year ended December 31, 2024

	Notes	2024 YR 000s	2023 YR 000s
<b>Cash flows from operating activities</b>			
Net loss for the year before zakat and taxes		(3,048,148)	(724,699)
<b>Adjustments for:</b>			
Zakat		(16,220)	(33,049)
Depreciation of property and equipment	15	368,872	64,294
Depreciation of right-of-use assets	17	213,280	24,473
Amortization of Intangible assets	16	143,416	94,290
Net profit attributable to quasi-equity		272,614	-
Foreign currency revaluation differences		4,299	-
Adjustments on property and equipment and intangible assets		2,137,713	-
Provisions	30	64,958	24,514
		140,784	(550,177)
<b>Changes in:</b>			
Mandatory reserve balances with Central Bank of Yemen		(3,778,746)	(997,384)
Financing Murabaha contracts transactions		(800,253)	(361,505)
Mudaraba Investments		(824,040)	-
Qard Hasan		(47,218)	-
Debit balances and other assets		(1,789,448)	(390,209)
Current accounts and other deposits		14,281,758	6,906,419
Credit balances and other liabilities		21,156,962	1,264,129
<b>Cash flows generated from operating activities</b>		<b>28,339,799</b>	<b>5,871,273</b>
Paid Zakat	19.2	(33,049)	-
<b>Net cash flows generated from operating activities</b>		<b>28,306,750</b>	<b>5,871,273</b>
<b>Cash flows from investing activities</b>			
Cash payments for acquisition of property and equipment		(4,301,299)	(925,492)
Cash payments for acquisition of intangible assets		(2,367,856)	(1,323,589)
<b>Net cash flows used in investing activities</b>		<b>(6,669,155)</b>	<b>(2,249,081)</b>
<b>Cash flows from financing activities:</b>			
Capital's increase		10,000,000	-
Payments to creditors of the right -of-use assets		(331,661)	(64,857)
Change in participatory investment accounts		6,821,090	1,012,351
Payments from income to quasi-equity holders		(108,335)	-
<b>Net cash flows available from financing activities</b>		<b>16,381,094</b>	<b>947,494</b>
<b>Net change in cash and cash equivalents during the year</b>		<b>38,018,689</b>	<b>4,569,686</b>
Cash and cash equivalents at the beginning of the year		13,991,795	9,422,109
<b>Cash and cash equivalents at the end of the year</b>		<b>52,010,484</b>	<b>13,991,795</b>
<b>Cash and cash equivalents at the end of the year consists of:</b>			
Cash on hand and reserve balances with Central Bank of Yemen	9	28,780,134	4,764,974
Due from banks and financial institutions	10	28,006,480	10,224,205
		56,786,614	14,989,179
<b>Less: Mandatory reserve with Central Bank of Yemen</b>		<b>(4,776,130)</b>	<b>(997,384)</b>
		<b>52,010,484</b>	<b>13,991,795</b>

Finance Manager  
  
Mr. Mohammed Salmeen Al-Maari

General Manager  
  
Mr. Ahmed-Abdullah Bahaj

Chairman  
  
Mr. Saeed Omar Al-Maari

The accompanying notes from (1) to (43) form an integrated part of these financial statements



# **Bin Dowal Islamic Microfinance Bank**

(Yemeni Closed Joint Stock Company)

## **Notes to the financial statements**

For the year ended December 31, 2024

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### **1. Background information**

**Bin Dowal Islamic Microfinance Bank (Yemeni Closed Joint Stock Company)**, was established in accordance with Commercial Companies Law No. (22) of 1997, and its amendments and Law No. (15) of 2009 regarding microfinance banks on December 25, 2021. It was registered in the Commercial Registration on January 3, 2022, under register No. (34), and the bank obtained the final license to start practicing its activities according to the Central Bank of Yemen letter No. (461/CBY/ 2022) on June 27, 2022.

The bank operates its banking activities in the Republic of Yemen through its head office in Mukalla city in the Hadhramout Governorate and the bank has seven branches (Main branch in Jul Masha, Seiyun, Fuwah, Al-Sharg, Sheik Othman, Mukalla, and Marib branch) and by decision of the extraordinary general assembly of shareholders, the bank may establish new branches, offices, or agencies in the Republic of Yemen or abroad, after obtaining approval from the Central Bank of Yemen.

### **2. Nature of activity**

The main purposes of the **Bin Dowal Islamic Microfinance Bank (Yemeni Closed Joint Stock Company)** are to engage in financial and banking services, which are to grant Murabaha and other banking services in accordance to the Banking Law, the Islamic Banks Law and the Microfinance Banks Law in accordance with the Islamic Sharia's rules.

### **3. Preparation basis and presentation of the financial statements**

#### **3.1 Statement of compliance**

The financial statements are prepared in accordance with the Financial Accounting Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), the Shari'a rules and principles as determined by the Shari'a Board of the Bank and instructions issued by the Central Bank of Yemen (CBY) and relevant local regulations. The bank has adopted the International Financial Reporting Standards (IFRS) for the matters that are not covered by AAOIFI standards.

#### **3.2 Basis of preparation**

The financial statements have been prepared on historical cost.

#### **3.3 Functional and presentation currency**

The financial statements have been prepared and presented in Yemeni Rials ("YR") (the Bank's functional currency), which is the currency in which the majority of transactions are denominated and are rounded to the nearest thousand Yemeni rials (unless otherwise indicated).

#### **3.4 Significant accounting judgments and estimates**

The standard requires to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, financial liabilities at the financial statements date, as well as the values of revenues and expenses.

They are developed based on past experience and expectations of future events and on other factors that the bank management considers reasonable under the prevailing circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis, changes in accounting estimates are recognized in the period in which the estimates are changed and in any future period affected. Information about significant judgments and estimates applied in accounting policies that have a significant impact on balances are presented in the financial statements.

# **Bin Dowal Islamic Microfinance Bank**

(Yemeni Closed Joint Stock Company)

## **Notes to the financial statements**

For the year ended December 31, 2024

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The following are significant accounting assumptions and estimates applied by the Bank in the presentation of these financial statements:

**a. Going concern principle**

The management has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, the management confirms it is taking appropriate measures to support the sustainability of the Bank's business. Therefore, the financial statements are prepared on the going concern principle.

**b. Useful lives of property and equipment**

The Bank uses estimates of useful lives of property and equipment for depreciating these assets.

## **4. Summary of accounting policies**

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

### **4.1 New accounting standards and their interpretations**

#### **4.1.1 New standards, amendments and interpretations effective from 1 January 2024**

- **FAS 1: General Presentation and Disclosures in the Financial Statements**

AAOIFI has issued the revised FAS 1 General Presentation and Disclosures in the Financial Statements in 2021. This standard describes and improves the overall presentation and disclosure requirements prescribed in line with the global best practices and supersedes the earlier FAS 1. It introduces the concepts of quasi-equity, off-balance-sheet assets under management and other comprehensive income to enhance the information provided to the users of the financial statements.

The revision of FAS 1 is in line with the modifications made to the AAOIFI conceptual framework for financial reporting.

Some of the significant revisions to the standard are as follows:

- Revised conceptual framework is now integral part of the AAOIFI FAS's;
- Definition of quasi equity is introduced;
- Definitions have been modified and improved;
- Concept of comprehensive income has been introduced;
- Institutions other than Banking institutions are allowed to classify assets and liabilities as current and non-current;
- Disclosure of Zakah and Charity have been relocated to the notes;
- True and fair override has been introduced;
- Treatment for change in accounting policies, change in estimates and correction of errors has been introduced;
- Disclosures of related parties, subsequent events and going concern have been improved;
- Improvement in reporting for foreign currency, segment reporting;
- Presentation and disclosure requirements have been divided into three parts. First part is applicable to all institutions, second part is applicable only to banks and similar IFI's and third part prescribes the authoritative status, effective date an amendment to other AAOIFI FAS's.
- The accompanying notes are not part of this standard and will be issued separately.

# Bin Dowal Islamic Microfinance Bank

(Yemeni Closed Joint Stock Company)

## Notes to the financial statements

For the year ended December 31, 2024

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- **FAS 40: Financial Reporting for Islamic Finance Windows**

AAOIFI has issued FAS 40 in 2021. The objective of this revised standard is to establish financial reporting requirements for Islamic finance windows and applicable to all conventional financial institutions providing Islamic financial services through an Islamic finance window. This standard improves upon and supersedes FAS 18 "Islamic Financial Services Offered by Conventional Financial Institutions". This standard shall be effective for the financial reporting periods beginning on or after January,1 2024 with an option to early adopt.

The standard has no impact on the bank's financial statements, as the bank provides banking services in Islamic forms

### 4.1.2 New standards, amendments and interpretations issued but not yet effective

The Bank has not yet applied the new and amended financial accounting standards that have been issued but have not yet become effective:

- **FAS 45: Quasi-Equity (Including Investment Accounts)**

AAOIFI has issued Financial Accounting Standard FAS (45) "Quasi-Equity (Including Investment Accounts)" during 2023. The objective of this standard is to establish the principles for identifying, measuring, and presenting "quasi-equity" instruments in the financial statements of Islamic Financial Institutions "IFIs".

The standard prescribes the principles of financial reporting to participatory investment instruments (including investment accounts) in which an IFI controls underlying assets (mostly, as working partner), on behalf of the stakeholders other than owner's equity. This standard provides the overall criteria for on-balance sheet accounting for participatory investment instruments and quasi-equity, as well as, pooling, recognition, derecognition, measurement, presentation and disclosure for quasi-equity. It further addresses financial reporting related to other quasi-equity instruments and certain specific issues.

This standard shall be effective for the financial reporting periods beginning on or after 1 January 2026 with an option to early adopt.

The concept of quasi-equity was introduced in Financial Accounting Standard No. (1) "General Presentation and Disclosures in the Financial Statements" (amended in 2021). The Bank addressess the requirements of Financial Accounting Standard No. (45) – Quasi-equity (including investment accounts) on the effective date of the standard.

- **FAS 46: Off-Balance-Sheet Assets Under Management**

AAOIFI has issued FAS 46 in 2023. This standard prescribes the criteria for characterisation of off-balance sheet assets under management, and the related principles of financial reporting in line with the "AAOIFI Conceptual Framework for Financial Reporting". The standard encompasses the aspects of recognition, derecognition, measurement, selection and adoption of accounting policies, related to off-balance-sheet assets under management, as well as certain specific aspects of financial reporting such as impairment and onerous commitments by the institution. The standard also includes the presentation and disclosure requirements particularly aligning the same with the requirements of the revised FAS 1 "General Presentation and Disclosures in the Financial Statements" in respect of the statement of changes in off-balance sheet assets under management. This standard, along with, FAS 45 "Quasi-Equity (Including Investment Accounts)", supersedes the earlier FAS 27 "Investment Accounts". This standard shall be effective for the financial periods beginning on or after 1 January 2026 and shall be adopted at the same time of adoption of FAS 45 – Quasi-Equity (Including Investment Accounts).

## **Notes to the financial statements**

For the year ended December 31, 2024

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- **FAS 47: Transfer of Assets Between Investment Pools**

AAOIFI has issued Financial Accounting Standard No. (47) "Transfer of Assets Between Investment Pools" during 2023. The objective of this standard is to establish guidance on the accounting treatment and disclosures for transfers of assets between investment pools that are managed by the same institution or its related parties. The standard applies to transfers of assets that are not part of a business combination, a disposal of a business, or a restructuring of an institution.

The standard defines an investment pool as a group of assets that are managed together to achieve a common investment objective, such as a fund, a portfolio, or a trust. The standard also defines a transfer of assets as a transaction or event that results in a change in the legal ownership or economic substance of the assets, such as a sale, a contribution, a distribution, or a reclassification.

The transfer of assets between investment pools should be accounted for based on the substance of the transaction and the terms and conditions of the transfer agreement. The standard classifies transfers of assets into three categories: transfers at fair value, transfers at carrying amount, and transfers at other than fair value or carrying amount. The standard also specifies the disclosure requirements for transfers of assets between investment pools.

This standard shall be effective for the financial periods beginning on or after 1 January 2026 with an option to early adopt and supersedes that earlier FAS 21 "Disclosure on Transfer of Assets".

- **FAS 48: Promotional Gifts and Prizes**

AAOIFI has issued FAS 48 in 2024. This standard prescribes accounting and financial reporting principles for recognition, measurement, presentation and disclosures applicable to promotional gifts and prizes awarded by the Islamic financial institutions to their customers, including quasi-equity and other investment accountholders.

This standard shall be effective on the financial statements for the annual financial reporting period beginning on or after 1 January 2026.

- **FAS 49: Financial Reporting for Institutions Operating in Hyperinflationary Economies**

AAOIFI has issued FAS 49 in 2024. This standard outlines the principles governing financial reporting, including accounting treatments, presentation of financial statements and necessary disclosures for institutions applying AAOIFI Financial Accounting Standards (FAS), operating within hyperinflationary economies. This standard is developed taking into account the applicable Shari'a principles and rules, as well as, the unique business models of such institutions while stipulating appropriate principles of financial reporting. The standard also prescribes a definition of a hyperinflationary economy and provides guidance on as to how to determine whether an economy qualifies as hyperinflationary.

This standard shall be effective for the financial periods beginning on or after 1 January 2026.

- **FAS 50: Financial Reporting for Islamic Investment Institutions (Including Investment Funds)**

AAOIFI has issued FAS 50 in 2024. These standard outlines financial reporting principles applicable to the Islamic investment institutions. In particular, it emphasizes on bringing harmony and standardization with regard to the form and contents of the financial statements of. This standard prescribes the overall requirements for the presentation, minimum contents and recommended structure of their financial statements in a manner that facilities truthful and fair presentation in line with Shari'a principles and rules.

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This standard shall be effective for the annual financial statements for Islamic Financial institutions from beginning on or after 1 January 2027.

### 4.1.3 New standards, amendments, and interpretations issued and effective but not applied yet by the bank

- **FAS 30: Impairment, Credit losses and onerous commitments**

AAOIFI has issued FAS 30 Impairment, Credit losses and onerous commitments in 2017. The objective of this standard is to establish the principles of accounting and financial reporting for the impairment and credit losses on various Islamic financing, investment and certain other assets of Islamic financial institutions (the institutions), and provisions against onerous commitments enabling in particular the users of financial statements to fairly assess the amounts, timing and uncertainties with regard to the future cash flows associated with such assets and transactions. FAS 30 will replace FAS 11 Provisions and Reserves and parts of FAS 25 Investment in Sukuk, shares and similar instruments that deal with impairment.

FAS (30) classifies assets and exposures into three categories based on the nature of risks involved (i.e. credit risk and other risks) and prescribes three approaches for assessing losses for each of these categories of assets (1) Credit Losses approach, (2) Net Realizable Value approach (“NRV”) and (3) Impairment approach.

The Bank has not implemented Financial Accounting Standard No. 30, "Impairment, Credit Losses, and High-Risk Commitments," as a result of the issuance of Circular No. (without) by the Central Bank of Yemen, dated May 6, 2025, which stipulates postponing the implementation of Financial Accounting Standard No. (30) until the necessary guidance instructions are completed and issued. The Bank is required to begin preparing the requirements for implementing the standard, configure its automated systems, and take all necessary measures to ensure its implementation and entry into force starting from the beginning of the fiscal year 2026. Accordingly, a provision for impairment of financial assets has been established in accordance with the instructions of the Central Bank of Yemen, as explained in Note (5.4) to the financial statement “**Impairment of financial assets**”.

### 4.2 Foreign currencies transactions

In preparing the financial statements of the Bank, transactions in currencies other than the Bank’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Translation gains or losses on non-monetary items carried at fair value are included in owner’s equity as part of fair value adjustment. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange rate differences on monetary items are recognized as part of profits or losses in the period in which they arise, with the exception of exchange rate differences on debts in foreign currencies relating to assets under process produced for future use, which are included in the cost of these assets when considered an adjustment to profit margin costs on those debts are in foreign currencies.

The Bank does not engage in forward contracts to meet its obligations in foreign currencies, nor does it engage in foreign exchange contracts to cover the risk of settlement of future liabilities in foreign currencies or its customer’s need to meet their obligations in foreign currencies resulting from their transactions through the Bank.

### 4.3 Financial contracts

Financial contracts consist of balances due from banks, Central Bank of Yemen and Murabaha (less deferred profits), Balances relating to these contracts are stated net of provisions for impairments.

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### 4.3.1 Placements with and from financial institutions, non-financial institutions and individuals

These comprise fund deposited from and to the Bank using Shari'a compliant contracts. Placements are usually for short-term and are stated at their amortized cost.

### 4.3.2 Murabaha receivables

Murabaha is a contract whereby one party ("Seller") sells an asset to the other party ("Purchaser") at cost plus profit and on a deferred payment basis, after the Seller have purchased the asset based on the Purchaser's promise to purchase the same on such Murabaha basis. The sale price comprises the cost of the asset and an agreed profit margin. The sale price (cost plus the profit amount) is paid by the Purchaser to the Seller on instalment basis over the agreed finance tenure.

The Bank considers the purchaser's promise to purchase the asset as obliged for the Murabaha transaction in favour of the Seller. Murabaha receivables are stated at cost, less deferred profits and provision for impairment.

## 4.4 Investment in securities

Investment securities comprise investments in debt-type and equity-type financial instruments.

### 4.4.1 Classification

Under FAS (33) "Investment in Sukuks, shares and similar instruments", each investment is to be categorized as investment in:

- a. Equity-type instruments.
- b. Debt-type instruments, including (monetary and non-monetary).
- c. Other investment instruments.

Unless irrevocable initial recognition choices provided in para 10 of the standard are exercised, an institution shall classify investments as subsequently measured at either of (1) amortized cost, (2) fair value through equity or (3) fair value through comprehensive income statement, on the basis of both:

- a. The Bank's business model for managing the investments; and
- b. The expected cash flows characteristics of the investment in line with the nature of the underlying Islamic finance contracts.

- **Amortised cost**

An investment shall be measured at amortised cost if both of the following conditions are met:

- a. The investment is held within a business model whose objective is to hold such investment in order to collect expected cash flows till maturity of the instrument; and
- b. The investment represents either a debt-type instrument or other investment instrument having reasonable determinable effective yield.

- **Fair value through equity**

An investment shall be measured at fair value through equity cost if both of the following conditions are met:

- a. The investment is held within a business model whose objective is achieved by both collecting expected cash flows and selling the investment; and
- b. The investment represents a non-monetary debt-type instrument or other investment instrument having reasonable determinable effective yield.

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- **Fair value through statement of comprehensive income**

An investment shall be measured at fair value through statement of comprehensive income unless it is measured at amortized cost or at fair value through equity or if irrevocable classification at initial recognition is applied.

- **Irrevocable classification at initial recognition**

The Bank may make an irrevocable election to designate a particular investment, at initial recognition, being:

- a. An equity-type instrument that would otherwise be measured at fair value through statement of comprehensive income to present subsequent changes in fair value through equity; and
- b. A non-monetary debt-type instrument or other investment instrument, as measured at fair value through statement of comprehensive income if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or correlated liabilities or recognizing the gains and losses on them on different bases.

#### **4.4.2 Recognition and derecognition**

Investment securities are recognized at the trade date, the date that the Bank contracts to purchase or sell the asset, at which date the Bank becomes party to the contractual provisions of the instrument. Investment securities are derecognized when the rights to receive cash flows from the financial assets have expired or when the Bank has transferred substantially all risk and rewards of ownership.

#### **4.4.3 Measurement**

- **Initial recognition**

Investment securities are initially recognized at fair value plus transaction costs, except for transaction costs incurred to acquire investments at fair value through statement of comprehensive income which are charged to statement of comprehensive income.

- **Subsequent measurement**

#### **Investments at fair value through statement of comprehensive income:**

Investments at fair value through statement of comprehensive income are remeasured at fair value at the end of each reporting period and the resultant remeasurement gain or losses is recognized in the statement of comprehensive income in the period in which they arise. Subsequent to initial recognition, investments classified at amortized cost are measured at amortized cost using the effective profit method less any impairment provision. All gains or losses arising from the amortization process and those arising on de-recognition or impairment of the investments, are recognized in the statement of comprehensive income.

#### **Investments at fair value through equity**

Policy applicable up to the issuance of (FAS 33) Investments at fair value through equity are remeasured at their fair values at the end of each reporting period and the resultant gain or losses, arising from a change in the fair value of investments are recognized in the statement of changes in equity and presented in a separate fair value reserve within equity. When the investments classified as fair value through equity are sold, impaired, collected or otherwise disposed of, the cumulative gain or losses previously recognized in the statement of changes in equity is transferred to the statement of income.

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Policy applicable after the issuance of (FAS 33) Investments at fair value through equity are remeasured at their fair values at the end of each reporting period and the resultant gain or losses, arising from a change in the fair value of investments are recognized in the statement of changes in equity and presented in a separate fair value reserve within equity.

The Bank may elect to present in statement of changes in equity changes in the fair value of certain investments in equity-type instruments that are held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity-type instruments are never subsequently reclassified to statement of comprehensive income, including on disposal. However, cumulative gains and losses recognized in fair value reserve are transferred to retained earnings on disposal of an investment. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in statement of income., unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognized in statement of changes in equity. Whereas for debt type investments classified as fair value through equity, the cumulative gain or losses previously recognized in the statement of changes in equity is transferred to the statement of income.

### **4.4.4 Measurement principles**

#### **Amortised cost measurement**

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus capital repayments, plus or minus the cumulative amortization using the effective profit method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment. The calculation of the effective profit rate includes all fees and points paid or received that are an integral part of the effective profit rate.

#### **Fair value measurement**

Fair value is the amount for which an asset could be exchanged or an obligation settled between well informed and willing parties (seller and buyer) in an arm's length transaction. The Bank measures the fair value of quoted investments using the market bid price for that instrument at the close of business on the statement of financial position date. For investment where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument, which is substantially the same or is based on the assessment of future cash flows. The cash equivalent values are determined by the Bank by discounting future cash flows at current profit rates for contracts with similar term and risk characteristics.

### **4.5 Impairment of financial assets**

An assessment is made at each reporting date to determine whether there is evidence that a specific financial asset may be impaired. Objective evidence that financial assets (including investments in securities) are impaired can include default or delinquency by a borrower, restructuring of financing facility or amount paid in advance by the Bank on terms that the Bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a Bank of assets such as adverse changes in the payment status of borrowers. If such evidence exists, any impairment losses is recognized in the statement of comprehensive income.

Impairment is determined as follows:

- For assets carried at fair value, impairment is the difference between cost and fair value.
- For assets carried at amortized cost, impairment is based on estimated cash flows based on the original actual profit rate.
- For assets carried at cost, impairment is based on present value of anticipated cash flows based on the current market rate of return for a similar financial asset.

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### 4.5.1 Valuation of Murabaha financing transactions

Debts related to Murabaha financing transactions, whether short or long term, are recorded at cost plus agreed-upon profits in Murabaha contracts. In order to comply with the requirements of the Central Bank of Yemen, provision is allocated for specific debts of Murabaha and contingent liabilities, in addition to a percentage for general risk calculated on the total of other Murabaha and other contingent liabilities after deducting balances secured by deposits and banks' guarantees issued by foreign worthy banks. Provision is determined based on periodical comprehensive reviews of the Murabaha, Istisna'a and contingent liabilities and is made in accordance with the following minimum rates:

Description	Percentage
<b>Performing debts of Murabaha financing</b>	
Performing debts (due less than 7 days)	5%
<b>Non - performing debts</b>	
Observable debts (due from 7 days until 30 days)	10%
Substandard debts (due from more than 30 days until 60 days)	25%
Doubtful debts (due from more than 60 days until 90 days)	50%
Bad debts (due for more than 90 days)	100%

Debts relating to financing Murabaha contracts transactions are written off if procedures taken toward their collection prove useless, or if directed by CBY examiners upon review of the portfolio. Proceeds from debts previously written off in prior years are credited to the provision.

Debts relating to financing Murabaha contracts transactions whether short or long term, are presented on the statement of financial position net of their related provisions, (non-performing provision and general risk provision for performing debts) and deferred and suspense revenues at the financial statements date.

### 4.6 Revenue recognition

Income from financing and investment activities is recognized as follows:

#### 4.6.1 Financing Murabaha contracts transactions

Profit on financing Murabaha and contracts are recorded on accrual basis as all profits at the completion of Murabaha contract are recorded as deferred revenues, and taken into the comprehensive income statement or restricted investment accounts' holders on the basis of the finance percentage using the straight- line method over the term of the contract. Profits from non-performing financing contracts are discontinued in the statement of comprehensive income, in line with the instructions of the Central Bank of Yemen.

#### 4.6.2 Income from Mudaraba placements

Income from Investment in Sukuk is recognized using the effective profit rate over the period covered by these instruments.

#### 4.6.3 Fees and commission income

Fees and commission income are integral to the actual profit rate of financial instruments carried at amortized cost, and are included to the measurement of the actual profit rate of those financial assets. Fees and commission income are recognized when the related services are performed.

## **Notes to the financial statements**

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### **4.6.4 Distribution of profits between participatory investment accounts holders and shareholders'**

In this regard, the Bank implements the follows:

- Adopting the accounting separation method in the distribution of profits.
- Profit realized from financing contracts transactions and investments return during the period represents the net profit available for distribution among shareholders and participatory investment accounts holders.
- Calculating a net share of participatory investment accounts holders from profit on a daily basis balance for deposits during the financial period after deducting the provision of financing contracts transactions, and the agreed and announced Bank's share of Mudaraba.
- Giving priority in the profit distribution first to participatory investment accounts holders in order not to mix between the funds related to participatory investment accounts holders with the Bank's money for the purpose of distribution profits.
- Arranging the participatory investment in the same order of priority the depositors' investments, restricted investment and Bank's investment.

### **4.7 Quasi-equity**

Restricted participatory investment accounts represent assets acquired by funds provided by holders of restricted investment accounts and their equivalent and are managed by the Bank as an investment manager based on either a Mudaraba contract or Wakala contract. The participatory investment accounts are exclusively restricted for investment in specified projects as directed by the accounts' holders. Assets that are held in such capacity are not included as assets of the Bank in the financial statements.

Murabaha investment transactions and other investments financed by restricted participatory investment accounts are evaluated on the same valuation bases mentioned above and their related profits (losses) and provisions are transferred to restricted participatory investment accounts holders after deducting the Bank's share for managing these investments.

### **4.8 Property and equipment**

Property and equipment which are used for the purposes of providing services or for management purposes are stated in statement of financial position at the historical cost less accumulated depreciation and any identified impairment loss. Cost includes the purchase price and directly associated costs attributable to bringing the assets to a working condition for their intended use.

Depreciation is recognized in the statement of comprehensive income over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year- end with the effect of any change in estimates accounted for a prospective method.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

#### **4.8.1 Useful lives of property and equipment**

Depreciation is calculated by distributing cost of assets over their estimated useful lives, the calculation of useful lives is based on management's assessment which depends on the various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

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Property and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to the statement of comprehensive income on the straight-line basis over the estimated useful lives of items of property and equipment. The depreciation method, useful lives and residual value, if any, are reassessed annually by the Bank's management.

The following is a statement of the approved annual depreciation rates for property and equipment.

Furniture and fixtures	15-20%
Electronic devices and equipment	15-20%
Generators	10%
Vehicles	20%

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No depreciation is calculated for the projects in progress until they are transferred to "property and equipment" as they are "ready for use".

### 4.9 Intangible assets

Intangible assets comprise of the value of automated systems and software. Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight-line basis over the estimated years of its useful lives. The following is a statement of annual amortization rates for these assets:

Systems and software	20%
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### 4.10 Impairment of tangible and intangible assets

At each financial position date, the bank reviews the carrying amounts of its tangible and intangible assets if any to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable value of the asset is estimated in order to determine the extent of the impairment loss (if any), where it is not possible to estimate the recoverable value of an individual asset, the bank's management estimates the recoverable value of the cash-generating unit to which the asset belongs. Where reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable value is the higher of fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using rate of return that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable value of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable value. An impairment loss is charged immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating) is increased to the revised estimate of its recoverable value, but so that the increased carrying amount does not exceed than the carrying amount that would have been determined if the impairment loss had not been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is charged immediately in statement of comprehensive income.

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### **4.11 Impairment of non-financial assets**

The carrying amounts are reviewed at each reporting date for indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the present value in use and its fair value less costs to sell, whichever is greater. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks related to the asset. Impairment losses are recognized in the statement of comprehensive income to the extent that carrying values do not exceed the recoverable amounts.

### **4.12 Lease contracts**

- **Bank as a lessee**

The Bank assesses at contract inception whether the contract is a lease or contains a lease. The Bank recognizes a right-of-use asset and a lease liability on the date the asset is available for use by the Bank (the contract inception date).

#### **1. Recognizes the right of use assets**

- **Initial measurement**

The Bank recognizes the right-of-use assets at the lease commencement date. The right-of-use assets are initially measured at cost. The cost of the right-of-use assets includes the amount of the lease liability recognized, initial direct costs incurred, the estimated costs of removing the asset or restoring the site to its original condition, and lease payments made at or before the commencement date, less any lease incentives received.

- **Subsequent measurement**

Right-of-use assets are measured at cost, less any accumulated impairment and depreciation losses, and adjusted for any remeasurement of lease liabilities., the recognized right-of-use assets are depreciated on a straight-line basis over the estimated useful life or the end of the lease term, whichever is sooner.

The right-of-use assets are subject to impairment testing in accordance with the requirements of Financial Accounting Standard No. (32).

#### **2. Recognizes lease liabilities**

- **Initial measurement**

Lease liabilities recognized initially at the present value of the lease payments that are not paid at that date.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees.

- **Subsequent measurement**

The lease liability is subsequently decreased by the lease payments. The carrying amount of the lease liability is remeasured if there is a modification or change in the lease term, a change in future lease payments resulting from a change in an index or rate.

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The Bank has elected to derecognize right-of-use assets and lease liabilities for short-term leases with a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as rental expenses on a straight-line basis over the lease term in the statement of comprehensive income.

### **4.13 Contingent liabilities and commitments**

Contingent liabilities and commitments, in which the Bank is a party, are presented off the statement of financial position, net of their related margins, under “contingent liabilities and commitments” as they do not represent actual assets or liabilities at the financial statements date.

### **4.14 Cash and cash equivalents**

For the purposes of preparing the statement of cash flows, cash and cash equivalents consist of cash balances, with less than three months maturity from the date of acquisition including cash on hand and deposits at banks, other than cash balances with CBY, and in reserve balances rate framework.

### **4.15 Other provisions**

A provision is recognized when the Bank has present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows, at a pre-tax rate, that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### **4.16 Establishment expenses**

Bank establishment expenses consist the costs associated with establishing the bank before it begins operations. All establishment expenses are closed and charged in the comprehensive income statement in the first year according to the requirements of financial accounting standards.

### **4.17 End of service benefits**

- With regard to the Bank employees in Yemen, all employees are contributing to the social security scheme in accordance with the Republic of Yemen's Social Insurance Law No. (26) of 1991. Payments are made to the Social Security General Corporation before the 10th day of next month. The Bank's contribution is charged to the statement of comprehensive income.
- The rules of social security law of the Republic of Yemen are applicable to all Bank employees in Yemen concerning to end of service benefits.

### **4.18 Earnings per share**

The basic earnings per share is calculated by dividing the profit or losses attributable to ordinary shareholders of the Bank by the share number or the weighted average number of ordinary shares outstanding during the year.

### **4.19 Comparatives figures**

Except when standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

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### **4.20 Taxes**

The Bank operations inside Republic of Yemen are subject to taxes in accordance with the applicable prevailing laws and regulations. Thus, income tax expense represents the tax currently payable as per the prevailing Yemeni Income Tax Law No. (17) for 2010 and the provision for tax liabilities is made after conducting the necessary studies and in consideration of tax assessments. The tax currently payable is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Bank liability for current tax is calculated using tax rates that are enacted at the statement of financial position date.

### **4.21 Zakat**

Zakat is computed according to the directions of the Shari'a Board and collected from the shareholders on behalf of the relevant government authority. The amount collected is remitted to this authority (75%), which decides on the allocation of the Zakat and the remaining amount (25%) is paid by the Bank.

Payment of Zakat on the unrestricted investments and other accounts is the responsibility of the investments accounts' holders.

### **4.22 Revenue prohibited by Shari'a rules and principles**

The Bank records revenue in violation of Shari'a rules and principles - if any- under "credit balances and other liabilities". Such revenues are disbursed in aspects and activities approved by the Bank Shari'a Supervisory board.

### **4.23 Customers' current accounts**

Balances in current (non-investment) accounts are recognized when received by the Bank. The transactions are measured at the cash equivalent amount received by the Bank at the time of contracting. At the end of the accounting period, the accounts are measured at their book value.

### **4.24 Statutory reserve**

According to the requirements of Law No. (15) of 2009 regarding microfinance banks and the requirements of the Board of Directors of the Central Bank of Yemen - Aden Decision No. (9/2/2022), microfinance banks must establish a statutory reserve and retain it from the annual profits at a rate of not less than 25% of the net its profits after retaining the necessary amounts for taxes and other potential liabilities, and retaining the aforementioned percentage before distributing profits or a share thereof or transferring them to their main headquarters abroad in the case of foreign bank branches, the bank's management did not retain a statutory reserve given that the result of the bank's activity is loss.

### **4.25 Statement of cash flows**

The Bank follows the indirect method in the presenting the statement of cash flows, where the net profit or loss is adjusted to reflect the effect of both of the operations of non-monetary and any deferred expenses or accruals related to cash receipts or payments in the past or future, as well as any items revenue and expenses resulting from cash flows related to investing and financing operations.

### **4.26 Functional and presentation currency**

Items included in the financial statements are measured by using main economic currency in the country in which Bank operates ("functional currency") and thus the financial statements are presented in Yemeni Riyals as functional and presentation currency of the Bank.

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Transactions in other currencies are translated to the YR “functional currency” based on the prevailing exchange rate at the date of the transaction, and the gain or loss resulting from translation are charged to the statement of comprehensive income. Balances of monetary assets and liabilities in other currencies at the end of financial year are translated at the closing prices were issued of Central Bank of Yemen at that date.

### **5. Supervision of Central Bank of Yemen**

The Bank’s activities in Yemen are subject to the supervision of the Central Bank of Yemen, according to the guidelines and the laws governing the operations of microfinance banks in Yemen.

### **6. Shari’a Supervisory Board**

The Bank is subject to the supervision of a Shari’a Supervisory Board, consisting of three members appointed by the Ordinary General Assembly of the Bank and their responsibility is restricted to the oversight of the Islamic related aspects of the Bank’s activities according to the rules of Islamic Shari’a.

### **7. Financial instruments and related risk management**

#### **7.1 Financial instruments**

a. The Bank’s financial instruments are represented in financial assets and liabilities. The financial assets include cash balances, due from banks and financial institutions, financing Murabaha contracts transactions and Sukuk and other assets. The financial liabilities include customers’ current accounts, other deposits, equity of unrestricted investments and saving account holders and other financial liabilities. Also, financial instruments include rights and obligations stated in contingent liabilities and commitments.

Note (4) to the financial statements includes significant accounting policies applied for recording and measuring significant financial instruments and their related revenues and expenses.

b. Fair value hierarchy

The Bank measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- **Level 1:** Fair values are based on quoted prices (unadjusted) in active markets for identical assets.
- **Level 2:** Fair values are based on inputs other than quoted prices included within level 1 that are observable for the assets either directly (i.e. as price) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- **Level 3:** Fair values are based on valuation techniques using unobservable inputs. This category includes all instruments where the valuation technique includes input not based on observable data and the unobservable input have a significant impact on the instrument’s valuation.

c. Financial instruments for which fair value approximates carrying value

They represent the financial assets and financial liabilities that are liquid or having a term maturity of less than three months, and the carrying amounts approximate to their fair value.

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d. Fair value of financial instruments

The fair value of financial assets traded in financial markets is determined by reference to quoted market (bid prices) on a regulated exchange at the close of business on the year-end date. For financial assets where there is no quoted market price, a reasonable estimate of fair value is determined by reference to the current market value of another instrument which is substantially the same. Where it is not possible to arrive at a reliable estimate of the fair value, the financial assets are carried at cost less any impairment until a reliable measure of the fair value is available.

Based on valuation bases of the Bank's assets and liabilities stated in the notes to the financial statements, the fair value of financial instruments does not differ fundamentally from their book value at the financial statements date.

The following table explains the Bank's classification of each category of financial assets and liabilities and their carrying value compared to the fair value of the Bank's financial instruments included in the financial statements.

(The table does not include the fair values of non-financial assets and liabilities):

	<b>December 31, 2024</b>		
	<b>Amortized Cost / Other YR 000s</b>	<b>Net Carrying Amount YR 000s</b>	<b>Fair Value YR 000s</b>
<b><u>Financial assets</u></b>			
Cash on hand and reserve balances with (CBY)	28,780,134	28,780,134	28,780,134
Due from banks and financial institutions	28,006,480	28,006,480	28,006,480
Financing Murabaha contracts transactions	1,139,220	1,139,220	1,139,220
Mudaraba investments	824,040	824,040	824,040
Qard Hasan	44,858	44,858	44,858
<b><u>Financial liabilities</u></b>			
Current accounts and other deposits	25,942,492	25,942,492	25,942,492
Participatory investment accounts	8,201,786	8,201,786	8,201,786

	<b>December 31, 2023</b>		
	<b>Amortized Cost /Other YR 000s</b>	<b>Net Carrying Amount YR 000s</b>	<b>Fair Value YR 000s</b>
<b><u>Financial assets</u></b>			
Cash on hand and reserve balances with (CBY)	4,764,974	4,764,974	4,764,974
Due from banks and financial institutions	10,224,205	10,224,205	10,224,205
Financing Murabaha contracts transactions	390,050	390,050	390,050
<b><u>Financial liabilities</u></b>			
Current accounts and other deposits	11,660,734	11,660,734	11,660,734
Participatory investment accounts	1,212,118	199,767	1,212,118

**7.2 Risk management of financial instruments**

**7.2.1 Risk management framework**

Risk is inherent in the Bank's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities.

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### 7.2.2 Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks, however, there are separate independent bodies responsible for managing and monitoring risks including the following:

- Executive committee: The Executive Committee has the responsibility to monitor the overall risk process within the bank.
- Risk Committee: The Risk Committee's primary role is selection and implementation of risk management systems, portfolio monitoring, risk reporting to the Board, Board Committees, Regulators and Executive management. In addition, Risk Committee is responsible for monitoring of transaction credit approval.
- Asset and Liability Committee: The Asset and Liability Committee establishes policy and objectives for the asset and liability management of the Bank's financial position in terms of structure, distribution, risk and return and their impact on profitability.
- Audit Committee: The Audit Committee is appointed by the Board of Directors who are nonexecutive directors. The Audit Committee assists the Board in carrying out its responsibilities with respect to assessing the quality and integrity of financial reporting, the audit thereof, the soundness of the internal controls of the Bank, the measurement system of risk assessment, and the methods for monitoring compliance with laws, regulations and supervisory and internal policies.
- Shari'a supervisory board: The Shari'a Supervisory Board is entrusted with the responsibility to ensure adherence to Sahri'a rules and principles in its transactions and activities.

### 7.2.3 Risk measurement

Monitoring and controlling risks are primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept, with additional emphasis on selected industries. Information compiled from all businesses are examined and processed in order to analyze, control and identify early risks. The Bank is exposed to credit risk, liquidity risk, market risk (which include return rate risk and currency risk), operating risk and other risk.

#### a. Credit risk

Financing of Murabaha contracts transactions and their related debts and due from banks and financial institutions are considered as financial assets exposed to credit risk. Credit risk represents the inability of these parties to meet their obligations when they fall due.

#### Management of credit risk

The Bank uses an internal risk rating system to assess the credit quality of borrowers and counterparties. The risk rating system has 5 grades. Grades 1 and 2 are performing debts and Grades 3-5 are non-performing. Nonperforming grades are classified based on the below criteria which conform with CBY instructions.

Grade	Classification	Criteria
2	Observable debts	Overdue greater than 6 days, and shows some losses due to adverse factors that hinder repayment.
3	Sub-standard debts	Overdue greater than 30 days, and shows some losses due to adverse factors that hinder repayment.
4	Doubtful debts	Overdue greater than 60 days, and based on available information, full recovery seems doubtful, leading to losses on portion of these debts.
5	Bad debts	Overdue greater than 90 days, and probability of no recovery.

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The performing debts portfolio based on the internal credit ratings is as follows (excluding cash secured financing):

Grade	Classification	2024 YR 000s	2023 YR 000s
1	Performing	1,438,119	486,719

In addition, in order to comply with CBY requirements in circular No. 10 of 1997 regarding to the credit risk exposure, the Bank adheres to certain minimum standards in order to properly manage its credit risk. The following are the procedures applied by the Bank:

- Preparing credit studies on customers and banks before dealing with them and determining their related credit risk rates.
- Obtaining sufficient collaterals to minimize the credit risk exposure which may result from financial problems facing customers or banks.
- Following up and periodical reviews of customers and banks in order to evaluate their financial positions, credit rating and the required provision for non-performing debts.
- Distributing credit portfolio and investments over diversified sectors to minimize concentration of credit risk.

The table below shows the maximum exposure to credit risk for the components of financial position and the maximum risk by total without taking into account the factors for mitigating the impact of the risks (before deducting any guarantees).

	2024 YR 000s	2023 YR 000s
Cash on hand and reserve balances with CBY (excluding cash on hand)	4,776,130	997,384
Due from banks and financial institutions	28,006,480	10,224,205
Financing Murabaha contracts transactions	1,139,220	390,050
Debit balances and other assets after deducting the advance payments	1,551,683	206,463
	<b>35,473,513</b>	<b>11,818,102</b>
Contingent liabilities and commitments	1,304,806	357,462
<b>Total credit risk exposure</b>	<b>36,778,319</b>	<b>12,175,564</b>

The following is an analysis of the financial assets and contingent liabilities and commitments by sector, before and after the deduction of guarantees (concentration of maximum credit risk by sector):

	2024	
	Gross Maximum Exposure YR 000s	Net Maximum Exposure YR 000s
Government	25,725,853	-
Financial	7,645,669	7,056,757
Industry	422,618	422,618
Commercial	108,874	108,874
Agricultural and fishing	18,816	18,816
Individuals and others	1,551,683	2,964,635
	<b>35,473,513</b>	<b>10,571,700</b>
Contingent liabilities and commitments	1,304,806	887,536
	<b>36,778,319</b>	<b>11,459,236</b>

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	2023	
	Gross Maximum Exposure YR 000s	Net Maximum Exposure YR 000s
Government	10,405,325	-
Financial	816,264	816,264
Industry	-	-
Commercial	-	-
Agricultural and fishing	-	-
Individuals and others	596,513	596,513
	<b>11,818,102</b>	<b>1,412,777</b>
<b>Contingent liabilities and commitments</b>	<b>357,462</b>	<b>311,768</b>
	<b>12,175,564</b>	<b>1,724,545</b>

The bank began its activities in mid-2022, and when expanding in the coming years, the bank seeks to manage concentration of risk by distributing the financing and investment transactions over other geographical locations and the degree of customers concentration. Note No (36) shows the distribution of assets, liabilities, contingent liabilities and commitments based on economic sectors and Note No (37) shows the distribution of assets, liabilities, and contingent liabilities and commitments based on geographical locations as at the financial statements date.

**b. Liquidity risk**

Liquidity risk arises from cash flows generated by assets and liabilities, which are not consistent in currency, size and term, thereby creating financing needs which potentially cannot be met without incurring substantially higher costs or any other costs.

Liquidity risk is the risk that the Bank will be unable to meet its obligations when they fall due and in addition to the risks arising from the inability to liquidate some funds at reasonable prices and on timely basis.

**Management of liquidity risk**

The management in addition to its core deposit base, manages assets with liquidity in mind and monitors future cash flows and liquidity on a daily basis and has arranged diversified funding sources.

The Central Bank of Yemen Circular No. 3 of 1997 requires that the liquidity ratio be 25% as a minimum. The liquidity rate as at December 31, 2024 was 90.84% (as at December 31, 2023 was 105%).

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The table below shows the maturity analysis for financial liabilities that shows the remaining contractual maturities:

	2024				Total YR 000s
	Due within 3 Months YR 000s	Due from 3 to 6 Months YR 000s	Due from 6 Months to 1 Year YR 000s	Due More than 1 Year YR 000s	
<b>Liabilities</b>					
Current accounts and other deposits	25,251,300	-	691,192	-	25,942,492
Participatory investment accounts	16,279	4,350,783	3,834,724	-	8,201,786
Credit balances and other liabilities	5,318,235	17,073,888	-	-	22,392,123
<b>Total liabilities</b>	<b>30,585,814</b>	<b>21,424,671</b>	<b>4,525,916</b>	<b>-</b>	<b>56,536,401</b>

	2023				Total YR 000s
	Due within 3 Months YR 000s	Due from 3 to 6 Months YR 000s	Due from 6 Months to 1 Year YR 000s	Due More than 1 Year YR 000s	
<b>Liabilities</b>					
Current accounts and other deposits	11,660,734	-	-	-	11,660,734
Participatory investment accounts	29,461	-	-	1,182,657	1,212,118
Credit balances and other liabilities	1,268,210	-	-	-	1,268,210
<b>Total liabilities</b>	<b>12,958,405</b>	<b>-</b>	<b>-</b>	<b>1,182,657</b>	<b>14,141,062</b>

Note No (35) to the financial statements shows the maturity analysis of financial assets and liabilities and the net gap between them as at the financial statements date compared with the previous year.

**c. Market risk**

Market risk is the risk that changes in market prices, such as return profit rate, equity prices, foreign exchange rates and credit margin which will affect the Bank's income, future cash flows or the value of its holdings of financial instruments. Market risk consists of exchange rate risk and return (profit) rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

• **Management of market risk**

The Bank separates exposure to market risk between two portfolios; a trading portfolio and a non-trading portfolio.

The Bank has no trading positions in equity or commodities and the main source of market risk for the Bank is its foreign exchange exposure and return rate (profit).

The Bank does not engage in forward contracts to meet its obligations in foreign currencies, nor does it engage in foreign exchange contracts to cover the risk of settlement of future liabilities in foreign currencies or its customer's need to meet their obligations in foreign currencies resulted from their transaction through the Bank.

Treasury Department books all foreign exchange gains/ losses arising out of customer transactions and revaluation of statement of financial position assets and liabilities. The responsibility for monitoring and managing the related risks also rests with the Treasury Department.

Risk Management Department is responsible for the development of detailed risk management policies (subject to review and approval by appropriate approving authorities) and the Financial Control Department is responsible for the day-to-day review of their implementation.

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- **Return rate risk**

Return due on unrestricted investments and saving accounts is determined on the basis of Mudaraba contract, which determines profit (losses) on a sharing basis during the period. Accordingly, any change in the profitability level will determine the return ratio that the Bank could pay to unrestricted investments and saving accounts holders. Therefore, the Bank is not exposed, directly, to the risk of change in return rate.

- **Exchange rate risk for foreign currencies**

Due to the nature of the Bank's activity, the Bank deals in different foreign currencies, hence it is exposed to exchange rate risk. In order to minimize the exposure to exchange rate risk, the Bank is trying to maintain a balanced foreign currencies position in compliance with instructions and requirements of CBY circular No. 6 of 1998 which specifies that the aggregate long position for all foreign currencies should not exceed 25% of the Bank's capital and Reserves and that the individual foreign currency positions should not exceed 15% of the Bank's capital and Reserves. In order to comply with CBY circular No. 6 of 1998 the Bank regularly monitors its foreign currency positions and sells the excess funds in foreign currencies at the prevailing exchange rates at the date of transaction.

The table below shows the Bank's net exposures to foreign currencies compared with last year:

	2024				
	US Dollar YR 000s	Saudi Riyal YR 000s	AED YR 000s	Others YR 000s	Total YR 000s
Assets	12,561,621	23,320,945	779,752	602,127	37,264,445
Liabilities	(6,801,079)	(28,917,730)	(1,532,777)	(444,036)	(37,695,622)
<b>Net foreign currency position</b>	<b>5,760,542</b>	<b>(5,596,785)</b>	<b>(753,025)</b>	<b>158,091</b>	<b>(431,177)</b>

	2023				
	US Dollar YR 000s	Saudi Riyal YR 000s	AED YR 000s	Others YR 000s	Total YR 000s
Assets	1,761,441	3,705,394	50,341	42,255	5,559,431
Liabilities	(3,070,787)	(2,440,117)	(50,008)	(7,271)	(5,568,183)
<b>Net foreign currency position</b>	<b>(1,309,346)</b>	<b>1,265,277</b>	<b>333</b>	<b>34,984</b>	<b>(8,752)</b>

The table below indicates the significant foreign currency rates at the end of the year compared with last year:

Currency	The Closing Exchange Rates According to CBY as at December, 31		The Average Exchange Rate According to the Market Rates as at December, 31*	
	2024	2023	2024	2023
	Equivalent YR	Equivalent YR	Equivalent YR	Equivalent YR
US Dollar	2,059.20	1,529.40	2,059.20	1,529.40
Saudi Riyal	538.83	407.84	538.83	407.84
AED	547	416.73	547.00	416.73

\* Based on the latest transactions conducted by the Bank management to determine the average exchange rate in the parallel market.

In compliance with the instructions of CBY, the closing exchange rate for the US dollar on December 31, 2024 is 2,059.20 Yemeni riyals/US dollar (1,529.40 Yemeni riyals/US dollar on December 31, 2023). Accordingly, their financial positions at the end of December 2024 are translated according to this exchange rate. The Bank's management used the prices according to the monthly closing exchange rate bulletin for December issued by the Central Bank of Yemen to evaluate the foreign exchange positions on December 31.

Note No (38) to the financial statements indicates the significant foreign currencies' positions at the financial statements date.

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### d. Operational risk

Operational risk is the risk of direct or indirect losses due to an event or action causing failure of technology, process, personnel and the Bank seeks to minimize actual or potential losses from operational risks through a framework of policies and procedures that identify, assess, control, manage and report those risks. Controls include affective separation of duties, access, authorization and reconciliation procedures, and raising staff awareness about those risks and the means to assess them.

### e. Other risks

Other risks to which the Bank is exposed are regulatory risk, legal risk, and reputational risk. Regulatory risk is controlled through a framework of compliance policies and procedures. Legal risk is managed through the effective use of internal and external legal advisers. Reputational risk is controlled through the regular examination of issues that are considered to have reputational repercussions for the Bank, with guidelines and policies being issued as appropriate.

## 8. Capital management

The primary objectives of the Bank's capital management are to ensure that the Bank complies with capital requirements which are issued by the Central Bank of Yemen (CBY), and that the Bank maintains strong credit ratings and good capital adequacy ratio that is higher than the minimum limits that must be maintained. The capital adequacy is monitored by the management of the Bank in accordance with the instructions issued by the Central Bank of Yemen in this regard, using methods according to the standards applied by Central Bank of Yemen for monitoring purposes. The Bank prepares a quarterly report for capital adequacy ratio in accordance with Central Bank of Yemen (CBY) Circular no. (2) of 1997.

The CBY requires each bank in Yemen to maintain a minimum ratio of total capital to the risk-weighted assets at or above the internationally agreed minimum of 12%.

The capital adequacy ratio is calculated by comparing the Bank's core and supplementary capital with risk weighted total assets and liabilities at the financial statements for the year ended on December 31:

	2024 YR 000s	2023 YR 000s
Core capital	11,085,237	4,148,852
Supplementary capital	95,632	23,921
<b>Total capital</b>	<b>11,180,869</b>	<b>4,172,773</b>
Total risk-weighted assets and liabilities	16,954,660	3,880,637
<b>Capital adequacy ratio</b>	<b>65.95%</b>	<b>107.5%</b>

The core capital consists of share capital, statutory and general reserves and retained earnings (losses) after deducting investment in any local bank or local financial company while supplementary capital consists of general provisions on performing debts which should not exceed 2% of risk weighted assets.

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**9. Cash on hand and reserve balances with Central Bank of Yemen (CBY)**

This item consists of the following as of December 31:

	2024 YR 000s	2023 YR 000s
Cash on hand and ATM - local currency	1,293,355	651,148
Cash on hand and ATM - foreign currencies	22,710,649	3,116,442
	<b>24,004,004</b>	<b>3,767,590</b>
Mandatory reserve with CBY - local currency	1,322,852	633,387
Mandatory reserve with CBY - foreign currency	3,453,278	363,997
	<b>4,776,130</b>	<b>997,384</b>
	<b>28,780,134</b>	<b>4,764,974</b>

According to the Banks law No. (38) of 1998 and CBY instructions, the bank must maintain the mandatory reserve balances with the CBY represent the minimum reserve requirements against customers' accounts in Yemeni Rials and foreign currencies (without return), and this balance is not available for the bank's daily business.

**10. Due from banks and financial institutions**

This item consists of the following as of December 31:

	2024 YR 000s	2023 YR 000s
<b><u>Central Bank of Yemen</u></b>		
Current accounts - local currency	18,762,504	8,096,304
Current accounts - foreign currency	187,219	311,637
Mudaraba placements	2,000,000	1,000,000
	<b>20,949,723</b>	<b>9,407,941</b>
<b><u>Balances with local banks</u></b>		
Current accounts - local currency	327	-
Current accounts - foreign currency	1,139,234	30,258
	<b>1,139,561</b>	<b>30,258</b>
<b><u>Foreign banks and financial institutions</u></b>		
Current accounts - foreign currency	5,917,196	786,006
	<b>28,006,480</b>	<b>10,224,205</b>

**11. Financing Murabaha contracts transactions**

This item consists of the following as of December 31:

	Notes	2024 YR 000s	2023 YR 000s
Financing Murabaha contracts transactions		1,439,750	487,754
<b>Less:</b> Deferred revenues		(225,008)	(73,265)
<b>Less:</b> Provision for financing Murabaha contracts transactions	11.1	(75,522)	(24,439)
		<b>1,139,220</b>	<b>390,050</b>

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The value of non-performing financing contracts amounting to YR 1,631 thousand for the financial year ended on December 31, 2024 (YR 1,035 thousand for the financial year ended on December 31, 2023) .The amounts are as follows:

	2024 YR 000s	2023 YR 000s
Observable financing debts	-	1,035
Substandard financing debts	1,631	-
Doubtful financing debts	-	-
Bad financing debts	-	-
	<b>1,631</b>	<b>1,035</b>

### 11.1 Provision for financing Murabaha contracts transactions

According to the instructions of Central Bank of Yemen, financing provisions are classified into specific provisions and non-specified provisions (general provision for debts and regular financing). In accordance with the instructions of the Central Bank of Yemen, the provision is calculated at not less than (5%) of all regular and indirect financing, after deducting the cash insurance, if any.

This item consists of the following as of December 31:

	2024		
	Specific YR 000s	General YR 000s	Total YR 000s
Balance at the beginning of the year	518	23,921	24,439
Provided during the year	408	50,675	51,083
Differences of re- translating the foreign currencies provisions	-	-	-
<b>Balance at the end of the year</b>	<b>926</b>	<b>74,596</b>	<b>75,522</b>

	2023		
	Specific YR 000s	General YR 000s	Total YR 000s
Balance at the beginning of the year	414	2,782	3,196
Provided during the year	104	18,175	18,279
Differences of re- translating the foreign currencies provisions	-	2,964	2,964
<b>Balance at the end of the year</b>	<b>518</b>	<b>23,921</b>	<b>24,439</b>

### 12. Mudaraba investments

This item consists of the following as of December 31:

	2024 YR 000s	2023 YR 000s
Financing Mudaraba contracts transactions	824,040	-
	<b>824,040</b>	<b>-</b>

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**13. Qard Hasan**

This item consists of the following as of December 31:

	Notes	2024 YR 000s	2023 YR 000s
Qard Hasan granted to the bank's customers		47,218	-
<b>Balance at the end of the year</b>		<b>47,218</b>	<b>-</b>
<b>Less: Provision for Qard Hasan</b>	13.1	<b>(2,360)</b>	<b>-</b>
		<b>44,858</b>	<b>-</b>

**13.1 Provision for Qard Hasan**

This item consists of the following as of December 31:

	2024 YR 000s	2023 YR 000s
Balance at the beginning of the year	-	-
Provided during the year	2,360	-
<b>Balance at the end of the year</b>	<b>2,360</b>	<b>-</b>

**14. Debit balances and other assets**

This item consists of the following as of December 31:

	2024 YR 000s	2023 YR 000s
Balances due from agents	840,469	-
Prepaid expenses	638,831	194,603
Fixed assets inventory	279,523	178,446
Staff advance	40,616	2,816
Stationery inventory	27,844	18,413
Other debt balances	363,231	6,788
	<b>2,190,514</b>	<b>401,066</b>

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### 15. Property and equipment

This item consists of the following as of December 31:

	Furniture and Fixtures YR 000s	Electronic Devices and Equipment YR 000s	Generator YR 000s	Vehicles YR 000s	Projects Under Implementation YR 000s	Total YR 000s
<b>Cost at January 1, 2024</b>	<b>149,273</b>	<b>459,374</b>	<b>25,930</b>	<b>98,065</b>	<b>338,510</b>	<b>1,071,152</b>
Additions	1,266,284	1,674,175	251,685	270,527	838,628	4,301,299
Disposals	-	-	-	-	-	-
Adjustments*	(149,273)	(459,374)	(25,930)	(98,065)	-	(732,642)
<b>Balance at December 31, 2024</b>	<b>1,266,284</b>	<b>1,674,175</b>	<b>251,685</b>	<b>270,527</b>	<b>1,177,138</b>	<b>4,639,809</b>
<b>Accumulated depreciation at January 1, 2024</b>	<b>28,012</b>	<b>34,522</b>	<b>4,238</b>	<b>8,038</b>	<b>-</b>	<b>74,810</b>
Depreciation of the year	118,393	197,483	17,107	35,889	-	368,872
Disposals	-	-	-	-	-	-
Adjustments*	(28,012)	(34,522)	(4,238)	(8,038)	-	(74,810)
<b>Balance at December 31, 2024</b>	<b>118,393</b>	<b>197,483</b>	<b>17,107</b>	<b>35,889</b>	<b>-</b>	<b>368,872</b>
<b>The carrying amount at December 31, 2024</b>	<b>1,147,891</b>	<b>1,476,692</b>	<b>234,578</b>	<b>234,638</b>	<b>1,177,138</b>	<b>4,270,937</b>
<b>Cost at January 1, 2023</b>	<b>66,208</b>	<b>73,584</b>	<b>5,868</b>	<b>-</b>	<b>-</b>	<b>145,660</b>
Additions	83,065	385,790	20,062	98,065	338,510	925,492
Disposals	-	-	-	-	-	-
<b>Balance at December 31, 2023</b>	<b>149,273</b>	<b>459,374</b>	<b>25,930</b>	<b>98,065</b>	<b>338,510</b>	<b>1,071,152</b>
<b>Accumulated depreciation at January 1, 2023</b>	<b>4,082</b>	<b>5,945</b>	<b>489</b>	<b>-</b>	<b>-</b>	<b>10,516</b>
Depreciation of the year	23,930	28,577	3,749	8,038	-	64,294
Disposals	-	-	-	-	-	-
<b>Balance at December 31, 2023</b>	<b>28,012</b>	<b>34,522</b>	<b>4,238</b>	<b>8,038</b>	<b>-</b>	<b>74,810</b>
<b>The carrying amount at December 31, 2023</b>	<b>121,261</b>	<b>424,852</b>	<b>21,692</b>	<b>90,027</b>	<b>338,510</b>	<b>996,342</b>

\* The adjustments shown in the property and equipment balance and the accumulated depreciation balance represent financial adjustments made as a result of the bank using a new financial system and entering property and equipment items at net book value.

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**16. Intangible assets**

This item represents in the amounts were paid for the purchase of systems and software which the bank uses in its business. This item consists of the following as of December 31:

	2024 YR 000s	2023 YR 000s
<b>Cost</b>		
Balance at the beginning of the year	1,594,683	271,094
Additions	2,367,856	1,323,589
Disposals	-	-
Adjustments	(1,594,683)	-
	<b>2,367,856</b>	<b>1,594,683</b>
<b>Amortization</b>		
Balance at the beginning of the year	(114,802)	(20,512)
Amortization	(143,416)	(94,290)
Disposals	-	-
Adjustments	114,802	-
	<b>(143,416)</b>	<b>(114,802)</b>
<b>The carrying amount at the end of the year</b>	<b>2,224,440</b>	<b>1,479,881</b>

**17. Right-of-use assets**

This item consists of the following as of December 31:

	2024 YR 000s	2023 YR 000s
<b>Cost</b>		
Balance at the beginning of the year	197,035	-
Additions	532,222	197,035
Disposals	-	-
	<b>729,257</b>	<b>197,035</b>
<b>Depreciation</b>		
Balance at the beginning of the year	(24,473)	-
Depreciation for the year	(213,280)	(24,473)
Disposals	-	-
	<b>(237,753)</b>	<b>(24,473)</b>
<b>The carrying amount at the end of the year</b>	<b>491,504</b>	<b>172,562</b>

**18. Current accounts and other deposits**

This item consists of the following as of December 31:

	2024 YR 000s	2023 YR 000s
Current accounts - local currency	10,005,142	7,293,731
Current accounts - foreign currency	15,246,158	4,321,309
	<b>25,251,300</b>	<b>11,615,040</b>
Cash margin - local currency	55,000	-
Cash margin - foreign currency	636,192	45,694
	<b>691,192</b>	<b>45,694</b>
	<b>25,942,492</b>	<b>11,660,734</b>

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**19. Credit balances and other liabilities**

This item consists of the following as of December 31:

	Notes	2024 YR 000s	2023 YR 000s
Due balances to agents	1.19	16,186,540	952,974
Remittance creditors		5,104,675	70,400
Accrued expenses		684,398	15,507
Maintenance guarantee		89,198	-
Postdated checks		49,421	189,646
Accrued salary and wages taxes		28,146	3,850
Accrued zakat	2.19	16,220	33,049
Others		233,525	2,784
		<b>22,392,123</b>	<b>1,268,210</b>

\* Amounts due to remittance agents and due to Bin Dowal for Exchange Company represent amounts owed to remittance agents that the bank has not yet paid.

\*\* Remittance creditors represent the value of undelivered remittances to customers as of December 31, 2024. These remittances are salary transfers for government employees who have contracted with Bin Dowal Microfinance Bank to disburse their salaries through the bank. These remittances are still pending delivery.

**19.1 Due balances to agents**

This item consists of the following as of December 31:

	2024 YR 000s	2023 YR 000s
Due balances to agents - Local currency	4,278,052	515,742
Due balances to agents - Foreign currency	11,908,488	437,232
	<b>16,186,540</b>	<b>952,974</b>

**19.2 Accrued zakat**

This item consists of the following as of December 31:

	2024 YR 000s	2023 YR 000s
Balance at the beginning of the year	33,049	-
<b>Add:</b> Provided during the year	16,220	33,049
<b>Less:</b> Paid during the year	(33,049)	-
	<b>16,220</b>	<b>33,049</b>

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For the year ended December 31, 2024

### 20. Other provisions

This item consists of the following as of December 31:

	2024			
	Balance at the Beginning of the Year YR 000s	Provided During the Year YR 000s	Used During the Year YR 000s	Balance at the End of the Year YR 000s
Provision for contingent liabilities - letters of guarantee	6,235	11,515	-	17,750
	<b>6,235</b>	<b>11,515</b>	<b>-</b>	<b>17,750</b>

	2023			
	Balance at the Beginning of the Year YR 000s	Provided During the Year YR 000s	Used During the Year YR 000s	Balance at the End of the Year YR 000s
Provision for contingent liabilities - letters of guarantee	-	6,235	-	6,235
	<b>-</b>	<b>6,235</b>	<b>-</b>	<b>6,235</b>

The general risk provision for contingent liabilities represents 2% of net contingent liabilities after deducting cash margin.

### 21. Lease contracts liabilities

This item consists of the following as of December 31:

	2024	2023
	YR 000s	YR 000s
Balance at the beginning of the year	132,178	-
Additions	532,222	197,035
Disposals	-	-
Paid during the year	(331,661)	(64,857)
	<b>332,739</b>	<b>132,178</b>

### 22. Quasi-equity (participatory investments)

This item consists of the following as of December 31:

	Notes	2024	2023
		YR 000s	YR 000s
Quasi-equity carrying amount before the profit share by type and sector	22.1	8,017,991	1,196,901
<b>Add:</b> Net profit attributable to quasi-equity holders	22.2	183,795	15,217
<b>Total balance of quasi-equity after profit distribution</b>		<b>8,201,786</b>	<b>1,212,118</b>

# Bin Dowal Islamic Microfinance Bank

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## Notes to the financial statements

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### 22.1 Quasi-equity carrying amount before the profit share by type and sector

#### 22.1.1 Quasi-equity carrying amount before the profit share by type

This item consists of the following as of December 31:

	2024 YR 000s	2023 YR 000s
Investment deposits	8,001,712	1,167,440
Savings accounts	16,279	29,461
	<b>8,017,991</b>	<b>1,196,901</b>

#### 22.1.2 Quasi-equity carrying amount before the profit share by sector

This item consists of the following as of December 31:

	2024 YR 000s	2023 YR 000s
Individuals and others	8,017,991	1,196,901
Commercial	-	-
Services	-	-
	<b>8,017,991</b>	<b>1,196,901</b>

### 22.2 Net profit attributable to quasi-equity holders

This item consists of the following as of December 31:

	Notes	2024 YR 000s	2023 YR 000s
Balance at the beginning of the year		15,217	-
Net profit attributable to quasi-equity holders provided during the year	22.2.1	272,614	38,526
Used during the year		(108,335)	(23,309)
Differences of re- translating the foreign currencies		4,299	-
		<b>183,795</b>	<b>15,217</b>

#### 22.2.1 Net profit attributable to quasi-equity holders provided during the year

This item consists of the following as of December 31:

	2024 YR 000s	2023 YR 000s
Quasi-equity profit share for the year before the bank's share as Mudarib and after the bank's hiba	347,213	112,047
<b>Less:</b> Mudarib's share	(74,599)	(73,521)
<b>Total profit distributed to quasi-equity</b>	<b>272,614</b>	<b>38,526</b>

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For the year ended December 31, 2024

All investment deposits at bank are investment deposits for a period of one year or less. Returns for those accounts' holders have been approved by the Board of Directors based on the suggestion of the committee that calculates investments returns in local and foreign, the investments return percentage is as follows:

	2024		2023	
	Yemeni Rial	Foreign Currencies	Yemeni Rial	Foreign Currencies
	%	%	%	%
One year investment deposits	12	3.6	13	3.60
Six months investment deposits	5.25	1.84	4.87	1.26
Investment savings accounts	4	1.5	4.87	1.26

### 23. Share capital

The bank's authorized and paid-up capital is an amount of YR 15 billion as at December 31, 2024 (YR 5 billion as at December 31, 2023) distributed over one million and five hundred thousand shares as at December 31, 2024 (YR 500 thousand shares as at December 31, 2023) with nominal value of YR 10,000 per share, distributed as shown below. The bank's capital was increased during the year 2024 by an amount of YR 10 billion in accordance with the decision of the Extraordinary General Assembly of Shareholders dated September 15, 2024 regarding increasing the capital based on the requirements of the decision of the Board of Directors of the Central Bank of Yemen No. (3/11/2023) regarding raising the capital of microfinance banks operating in the Republic of Yemen to YR 15 billion in stages. and the amendment of the bank's legal documents was completed with the concerned authorities, and the details of the bank's capital are shown as follows:

	Number of Shares Share	Share Value YR 000s	Total Shares Value YR 000s	Total Paid up Capital YR 000s
Abdullah Omar Saeed Al-Maari	330,000	10,000	3,300,000	3,300,000
Saeed Omar Saeed Al-Maari	300,000	10,000	3,000,000	3,000,000
Ali Omar Saeed Bin Dowal	285,000	10,000	2,850,000	2,850,000
Khaled Abdullah Omar Al-Maari	225,000	10,000	2,250,000	2,250,000
Mohammed Abdullah Omar Al-Maari	150,000	10,000	1,500,000	1,500,000
Omar Abdullah Omar Al-Maari	90,000	10,000	900,000	900,000
Abdulrahman Saeed Omar Al-Maari	60,000	10,000	600,000	600,000
Ebrahim Abdullah Omar Al-Maari	60,000	10,000	600,000	600,000
	<b>1,500,000</b>	<b>10,000</b>	<b>15,000,000</b>	<b>15,000,000</b>

### 24. Contingent liabilities and commitments

This item consists of the following as of December 31:

	Gross Commitments	2024 Cash Margin Held	Net Commitments
	YR 000s	YR 000s	YR 000s
Letters of guarantee	1,304,806	(417,270)	887,536
	<b>1,304,806</b>	<b>(417,270)</b>	<b>887,536</b>
	Gross Commitments	2023 Cash Margin Held	Net Commitments
	YR 000s	YR 000s	YR 000s
Letters of guarantee	357,462	(45,694)	311,768
	<b>357,462</b>	<b>(45,694)</b>	<b>311,768</b>

# Bin Dowal Islamic Microfinance Bank

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## Notes to the financial statements

For the year ended December 31, 2024

### 25. Income from financing Murabaha contracts

This item consists of the following for the year ended December 31:

	2024 YR 000s	2023 YR 000s
Income from financing Murabaha contracts - Local currency	18,478	9,909
Income from financing Murabaha contracts - Foreign currency	112,745	41,170
	<b>131,223</b>	<b>51,079</b>

### 26. Income from Mudaraba placements

This item consists of the following for the year ended December 31:

	2024 YR 000s	2023 YR 000s
Income from Mudaraba placements at Central Bank of Yemen	280,948	83,405
	<b>280,948</b>	<b>83,405</b>

### 27. Fees and commission income

This item consists of the following for the year ended December 31:

	2024 YR 000s	2023 YR 000s
Commissions from cash transfers	1,069,150	64,898
Commissions on letters of guarantee	2,692	3,763
Other banking services fees and commissions	177,312	26,869
	<b>1,249,154</b>	<b>95,530</b>

### 28. Losses on foreign currencies transactions

This item consists of the following for the year ended December 31:

	2024 YR 000s	2023 YR 000s
Losses re-translation of foreign currencies balances	(466,067)	(204,511)
Gains on dealing in foreign currencies	55,586	107,338
	<b>(410,481)</b>	<b>(97,173)</b>

### 29. Fees and commission expenses

This item consists of the following for the year ended December 31:

	2024 YR 000s	2023 YR 000s
Cash remittances expenses	144,649	58,769
	<b>144,649</b>	<b>58,769</b>

# Bin Dowal Islamic Microfinance Bank

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## Notes to the financial statements

For the year ended December 31, 2024

### 30. Provisions

This item consists of the following for the year ended December 31:

	Notes	2024 YR 000s	2023 YR 000s
Provision for financing Murabaha contracts transactions	11.1	51,083	18,279
Provision for contingent liabilities - letters of guarantee	20	11,515	6,235
Provision for Qard Hasan	13.1	2,360	-
		<b>64,958</b>	<b>24,514</b>

### 31. Staff costs

This item consists of the following for the year ended December 31:

	2024 YR 000s	2023 YR 000s
Basic salaries	504,509	165,261
Allowances and incentives	851,233	122,523
Social security	22,859	6,331
	<b>1,378,601</b>	<b>294,115</b>

### 32. Other expenses

This item consists of the following for the year ended December 31:

	2024 YR 000s	2023 YR 000s
Maintenance expenses	357,650	8,460
Facilities	197,179	-
Fuel and lubricants	161,477	7,813
Phone and internet	120,886	11,415
ATM expenses	111,435	-
Advertising expenses	109,769	20,480
Rent	95,185	23,989
License fees	90,032	100,410
Guards expenses	62,352	-
Food and hospitality	61,138	20,873
Systems and software maintenance	54,812	-
Traveling and accommodation expenses	47,275	15,043
Stationery	45,128	6,489
Water and electricity	30,390	14,244
Training expenses	27,668	5,709
Professional and consulting fees	26,557	15,801
Insurance expenses	26,226	1,035
Cleaning expenses	24,495	-
Festivals and conferences	24,040	-
Tools and consumables	15,650	2,234
Others	23,258	6,641
	<b>1,712,602</b>	<b>260,636</b>

# Bin Dowal Islamic Microfinance Bank

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## Notes to the financial statements

For the year ended December 31, 2024

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### 33. Loss per share for the year

This item consists of the following for the year ended December 31:

	<b>2024</b>	<b>2023</b>
Net loss for the year (YR '000)	(3,064,368)	(757,748)
Number of shares (thousand shares)	1,500	500
<b>Loss per share for the year (YR)</b>	<b>(2,043)</b>	<b>(1,516)</b>

### 34. Transactions with related parties

Parties are considered to be related if the party has the ability to control or exercise significant influence or joint operation over the Bank in making financial or operating decisions.

Related parties are presented by the Board of Directors, executive management, and companies owned by shareholders and board members.

The Bank deals with related parties on the same basis applied to third parties in accordance with Banks Law and Central Bank of Yemen instructions, included in Circular No. (4) of 1999, which limits credit transactions with related parties.

These transactions consist of indirect financing transactions (letter of guarantee) and other various transactions conducted through opening current accounts for related parties as part of the Bank's normal activities.

The following are the balances of these transactions in the financial statements date:

	<b>2024</b>	<b>2023</b>
	<b>YR 000s</b>	<b>YR 000s</b>
Current accounts and other deposits	9,903,698	9,397,110
Executive management salaries and allowances	492,553	17,578
Indirect facilitations - letters of guarantee	91,184	357,462
Board of directors' bonuses and allowances	-	-

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### 35. Maturities of financial assets and liabilities

	2024				
	Due Within 3 Months YR 000s	Due from 3 to 6 Months YR 000s	Due from 6 Months to One Year YR 000s	Due More than One Year YR 000s	Total YR 000s
<b>Assets</b>					
Cash on hand and reserve balances with CBY	28,780,134	-	-	-	28,780,134
Due from banks and financial institutions	28,006,480	-	-	-	28,006,480
Financing Murabaha contracts transactions	26,189	146,548	474,936	491,547	1,139,220
Mudaraba investments	-	-	824,040	-	824,040
Qard Hasan	31	7,075	28,159	9,593	44,858
Debit balances and other assets	363,231	986,814	840,469	-	2,190,514
	<b>57,176,065</b>	<b>1,140,437</b>	<b>2,167,604</b>	<b>501,140</b>	<b>60,985,246</b>
<b>Liabilities</b>					
Current accounts and other deposits	25,942,492	-	-	-	25,942,492
Participatory investment accounts	16,279	4,350,783	3,834,724	-	8,201,786
Credit balances and other liabilities	5,318,235	17,073,888	-	-	22,392,123
	<b>31,277,006</b>	<b>21,424,671</b>	<b>3,834,724</b>	<b>-</b>	<b>56,536,401</b>
<b>Net</b>	<b>25,899,059</b>	<b>(20,284,234)</b>	<b>(1,667,120)</b>	<b>501,140</b>	<b>4,448,845</b>

	2023				
	Due Within 3 Months YR 000s	Due from 3 to 6 Months YR 000s	Due from 6 Months to One Year YR 000s	Due More than One Year YR 000s	Total YR 000s
<b>Assets</b>					
Cash on hand and reserve balances with CBY	4,764,974	-	-	-	4,764,974
Due from banks and financial institutions	10,224,205	-	-	-	10,224,205
Financing Murabaha contracts transactions	-	62,408	93,612	234,030	390,050
Debit balances and other assets	401,066	-	-	-	401,066
	<b>15,390,245</b>	<b>62,408</b>	<b>93,612</b>	<b>234,030</b>	<b>15,780,295</b>
<b>Liabilities</b>					
Current accounts and other deposits	11,660,734	-	-	-	11,660,734
Participatory investment accounts	29,461	-	-	1,182,657	1,212,118
Credit balances and other liabilities	1,268,210	-	-	-	1,268,210
	<b>12,958,405</b>	<b>-</b>	<b>-</b>	<b>1,182,657</b>	<b>14,141,062</b>
<b>Net</b>	<b>2,431,840</b>	<b>62,408</b>	<b>93,612</b>	<b>(948,627)</b>	<b>1,639,233</b>

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**36. Distribution of assets, liabilities, and contingent liabilities and commitments based on economic sectors**

Descriptions	2024					
	Agriculture and Fishing			Financial	Individuals & Others	Total
	Industrial	Commercial	Fishing			
YR 000s	YR 000s	YR 000s	YR 000s	YR 000s	YR 000s	
<b>Assets</b>						
Cash on hand and reserve balances with CBY	-	-	-	28,780,134	-	28,780,134
Due from banks and financial institutions	-	-	-	28,006,480	-	28,006,480
Financing Murabaha contracts transactions	114,604	444,861	19,806	-	559,949	1,139,220
Mudaraba investments	-	824,040	-	-	-	824,040
Qard Hasan	-	-	-	-	44,858	44,858
Debit balances and other assets	-	-	-	-	2,190,514	2,190,514
<b>Liabilities</b>						
Current accounts and other deposits	68,208	2,982,109	721,316	13,617,437	8,553,422	25,942,492
Participatory investment accounts	127,097	1,543,178	333,000	2,014,504	4,184,007	8,201,786
Credit balances and other liabilities	-	22,190,902	-	201,221	-	22,392,123
<b>Contingent liabilities and commitments (net)</b>						
Letters of guarantee	-	506,211	-	50,247	331,078	887,536

Descriptions	2023					
	Agriculture and Fishing			Financial	Individuals & Others	Total
	Industrial	Commercial	Fishing			
YR 000s	YR 000s	YR 000s	YR 000s	YR 000s	YR 000s	
<b>Assets</b>						
Cash on hand and reserve balances with CBY	-	-	-	4,764,974	-	4,764,974
Due from banks and financial institutions	-	-	-	10,224,205	-	10,224,205
Financing Murabaha contracts transactions	-	-	-	-	390,050	390,050
Debit balances and other assets	-	-	-	-	401,066	401,066
<b>Liabilities</b>						
Current accounts and other deposits	-	90,443	-	9,786,913	1,783,378	11,660,734
Participatory investment accounts	-	-	-	-	1,212,118	1,212,118
Credit balances and other liabilities	-	-	-	-	1,268,210	1,268,210
<b>Contingent liabilities and commitments (net)</b>						
Letters of guarantee	-	-	-	-	311,768	311,768

# Bin Dowal Islamic Microfinance Bank

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## Notes to the financial statements

For the year ended December 31, 2024

### 37. Distribution of assets, liabilities, and contingent liabilities and commitments based on geographical locations

Descriptions	2024					
	Republic of Yemen YR 000s	America YR 000s	Asia YR 000s	Africa YR 000s	Europe YR 000s	Total YR 000s
<b>Assets</b>						
Cash on hand and reserve balances with CBY	28,780,134	-	-	-	-	28,780,134
Due from banks and financial institutions	22,089,286	-	5,754,628	128,646	33,920	28,006,480
Financing Murabaha contracts transactions	1,139,220	-	-	-	-	1,139,220
Mudaraba investments	824,040	-	-	-	-	824,040
Qard Hasan	44,858	-	-	-	-	44,858
Debit balances and other assets	2,190,514	-	-	-	-	2,190,514
<b>Liabilities</b>						
Current accounts and other deposits	25,942,492	-	-	-	-	25,942,492
Participatory investment accounts	8,201,786	-	-	-	-	8,201,786
Credit balances and other liabilities	22,392,123	-	-	-	-	22,392,123
<b>Contingent liabilities and commitments (net)</b>						
Letters of guarantee	887,536	-	-	-	-	887,536

Descriptions	2023					
	Republic of Yemen YR 000s	America YR 000s	Asia YR 000s	Africa YR 000s	Europe YR 000s	Total YR 000s
<b>Assets</b>						
Cash on hand and reserve balances with CBY	4,764,974	-	-	-	-	4,764,974
Due from banks and financial institutions	9,438,199	-	520,586	46,395	219,025	10,224,205
Financing Murabaha contracts transactions	390,050	-	-	-	-	390,050
Debit balances and other assets	401,066	-	-	-	-	401,066
<b>Liabilities</b>						
Current accounts and other deposits	11,660,734	-	-	-	-	11,660,734
Participatory investment accounts	1,212,118	-	-	-	-	1,212,118
Credit balances and other liabilities	1,268,210	-	-	-	-	1,268,210
<b>Contingent liabilities and commitments (net)</b>						
Letters of guarantee	311,768	-	-	-	-	311,768

# Bin Dowal Islamic Microfinance Bank

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### 38. Significant foreign currency positions

In order to comply with CBY Circular No. (6) of 1998, the Bank establishes limits for each individual foreign currencies position, as well as an aggregate limit for all foreign currencies. Accordingly, the surplus in the aggregate of foreign currency position should not exceed 25% of the share capital and reserves, while the surplus in each individual currency position should not exceed 15% of the share capital and reserves. The following schedule reflects the Bank's significant foreign currencies positions at the financial statements date:

	2024	
	Surplus (Deficit) YR	Percentage to Capital and Reserves %
USD	5,760,542	51.97%
SR	(5,596,785)	(50.49)%
AED	(753,025)	(6.79)%
Others	158,091	1.43%
<b>Total</b>	<b>(431,177)</b>	<b>(3.89)</b>

	2023	
	Surplus (Deficit) YR	Percentage to Capital and Reserves %
USD	(1,309,346)	(31.32)%
SR	1,265,277	30.27%
AED	333	0.01%
Others	34,984	0.84%
<b>Total</b>	<b>(8,752)</b>	<b>(0.21)%</b>

The US Dollar exchange rate at December 31, 2024 was 2,059.20 YR (At December 31, 2023: US Dollar exchange rate was 1,529.40YR) according to CBY instructions.

### 39. Tax position

- The bank has paid payroll taxes for the year 2024 on a monthly basis according to the tax declarations, and has not received any additional notification from the Tax Authority to date. The bank has also not received notification of any additional assessment regarding payroll taxes for the year ended December 2023. The bank's management confirms that there are no contingent liabilities related to payroll taxes for the referred years.
- The bank submitted income tax declaration for the year ended December 31, 2023, and the bank has not received notification of any additional assessment. The bank's management confirms that there are no contingent liabilities related to income tax for the year ended December 31, 2023.
- The bank is currently in the process of completing the submission of the tax declaration for the year 2024.

# **Bin Dowal Islamic Microfinance Bank**

(Yemeni closed Joint Stock Company)

## **Notes to the financial statements**

For the year ended December 31, 2024

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### **40. Zakat position**

- The zakat declaration for the year ended December 31, 2023, has been submitted, and no notification of any additional assessment has been received from the General Department of Zakat Obligations – regarding zakat for year ended December 31, 2023.
- The bank’s management confirms that there are no contingent zakat liabilities for the year 2023. The bank is currently in the process of completing the submission of the zakat declaration for the year 2024.

### **41. Current events in Republic of Yemen**

Due to the current political crisis, economic situation and security events in the Republic of Yemen, it is difficult for management to predict the effects of these events to the Bank activities and its financial position for the coming year. The management is studying the effects of this crisis in the short term on the Bank and making the necessary precautions to ensure continuity.

### **42. Comparative figures**

Some comparative figures for the prior year have been reclassified to conform to the current year financial statements.

### **43. Authorization of financial statements**

The financial statements for the year ended December 31, 2024 were approved by the Bank’s Board of Directors on July 16 2025.