

BD1bn deficit: Committee urges MPs to reject 2024 final accounts

Current account surplus and rising asset returns offer fiscal stabilisation signals

Mohammed Darwish
TDT | Manama

Parliament is set to debate a recommendation to reject the government's Consolidated Final Account for the financial year ending December 31, 2024, after the fiscal deficit widened to BD1.026 billion and public debt rose to BD19.3bn.

The Financial and Economic Affairs Committee advised MPs not to approve the final accounts, the budget performance report or transfers made between ministries and government bodies. Its position followed a review of submissions by the Ministry of Finance and National Economy, including the minister's responsibility letter and the National Audit Office

Ahmed Al Salloom,
Chairman of Parliament's
Financial and Economic
Affairs Committee

opinion, which found the accounts fairly reflected state revenues and spending.

Rising Deficit and Debt Burden

Total revenue fell 5.3% to BD3.026bn, while expenditure rose 2.1% to BD4.052bn. The overall deficit increased 32.6% from BD773.9m in 2023 to BD1.026bn. A primary deficit of BD81m was recorded, reversing a BD69.2m primary surplus a year earlier.

Public debt increased from BD17.9bn to

BD19.3bn, pushing the debt-to-GDP ratio to 109% from 103%.

Revenue Pressures and Spending Overruns

Oil and gas income remained the largest revenue source at 60.1%, down from 63.7% in 2023. Taxes and fees contributed 31.2%, while returns on state assets increased. Revenue from fines and other sources reached only 30.9% of projections.

Recurring expenditure accounted for 92.8% of total spending. Interest payments rose 12.1% to BD945.2m. The committee said recurring costs exceeded approved allocations by BD374.8m, with execution reaching 111.1%, contrary to Decree-Law No. 39 of 2002.

Project Execution Gaps

Capital spending varied widely. The Ministry of Social Development used about 12% of its allocation, while the Ministry of Justice, Islamic Affairs and

Waqf and the Ministry of Youth Affairs each recorded around 23%. Some entities cited procurement delays, revised project scopes and technical reviews for slower implementation.

Mixed Support Trends and Economic Outlook

Assistance for pensioners rose 3.8%, and unemployment insurance contributions increased slightly. Support for low-income households and food subsidies declined. The committee also noted that debts owed by state-owned companies and public entities were not fully reflected in the accounts, despite government guarantees.

Economic growth slowed to 2.6% in 2024 from 3.9% in 2023, though the current account posted a surplus of BD858m. Members said restoring fiscal balance would require rebuilding a sustained primary surplus to curb borrowing and gradually reduce debt as a share of GDP.

HH Shaikh Nasser opens Shaikha Nayla bint Hamad bin Mohammed Al Khalifa Mosque



Under the patronage of His Majesty King Hamad bin Isa Al Khalifa, and with the support of His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince and Prime Minister, His Highness Shaikh Nasser bin Hamad Al Khalifa, His Majesty's Representative for Humanitarian Works and Youth Affairs, opened the Shaikha Nayla bint Hamad bin Mohammed Al Khalifa Mosque in Marah Al Hejin, Southern Governorate.

Court voids salon sale after licence bid fails in residential area

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A deal to buy a women's salon in East Riffa has been cancelled after the buyer was blocked from operating the business in premises classified as residential, prompting a court to order the seller to refund a BD700 advance.

The dispute arose when the buyer, represented by lawyer Zainab Madan, signed a February 2, 2025 agreement to purchase the salon and its contents for BD4,000. She paid BD700 upfront, with the remaining BD3,300 due within a month.

Her application for a new commercial registration was later rejected by the municipality, which ruled that the property did not qualify for the activity because it did not face a commercial street. The court linked the refusal to planning changes introduced under Ministerial Decision No. 36 of 2024, which removed an earlier schedule allowing certain activities in non-commercial zones.

The seller argued the refusal was temporary and that the buyer chose to withdraw, maintaining that the BD700 was a non-refundable earnest deposit. The court disagreed, finding the amount was treated in the contract as part of the purchase price.

WhatsApp messages submitted in evidence showed the seller had indicated she would return the money. Witnesses, including a clearance agent and the landlord, confirmed the licence was refused in mid-February 2025 due to the



Zainab Madan, Lawyer

property's residential classification. Although the landlord later secured reclassification approval in February 2026, the court found the obstacle existed at the time of the agreement.

Concluding that the licensing barrier was beyond the buyer's control, the court annulled the contract and ordered the seller to repay BD700, along with BD100 in moral damages and BD50 in legal fees, bringing the total award to BD800 plus costs.



In Bahrain, commercial activities are generally restricted in residentially zoned areas unless specifically permitted under municipal planning regulations.

Properties that do not face a designated commercial road typically cannot obtain new commercial registrations, particularly after recent planning updates tightened activity classifications. Operating a business without the appropriate zoning approval can lead to licence refusal, fines, or closure.

Court clears man accused of running unlicensed pharmacy

Mohammed Darwish
TDT | Manama

A minor criminal court has acquitted a man charged with operating an unlicensed pharmacy and selling unregistered medicines, citing insufficient evidence.

Defence lawyer Hussain Salem argued that the case lacked conclusive proof linking his client to the alleged offences. He said the prosecution relied largely on the statement of a centre employee who expressed belief — not certainty — that the defendant supplied medical products. The employee, described as new to the role, gave inconsis-

ent accounts during questioning, the court heard.

The defence also pointed to another employee who had previously worked for the defendant and allegedly supervised operations, including sourcing and selling stock on behalf of the shop owner.

Counsel referred the court to Article 255 of the Criminal Procedure Law, which requires acquittal if an offence is not proven. He also cited Court of Cassation principles that doubt in criminal cases must be resolved in favour of the accused.

The court found the evidence insufficient and dismissed all charges.

ESTERAD BANK B.S.C. (C)

Consolidated Financial Statements - For the year ended 31 December 2025



Consolidated Statement of Financial Position

As at 31 December 2025

	31 December 2025	31 December 2024
ASSETS		
Balances with banks	718	1,127
Placements with banks	2,794	650
Investments	1,870	17,127
Funding to project companies	-	1,939
Right-of-use asset	3,023	3,175
Property and equipment	3,797	3,874
Other assets	3,155	2,163
TOTAL ASSETS	15,357	30,055
LIABILITIES		
Employee accruals	374	308
Ijarah liability	3,421	3,519
Other liabilities	11,315	21,460
Total liabilities	15,110	25,287
EQUITY		
Share capital	1,005	1,005
Statutory reserve	249	249
Accumulated losses	(27,528)	(22,742)
Equity attributable to owners	(26,451)	(21,488)
Subordinated Mudharaba (ATI)	26,521	26,256
Non-controlling interest	-	-
Total equity	247	4,768
TOTAL LIABILITIES AND EQUITY	15,357	30,055

Consolidated Statement of Income

For the year ended 31 December 2025

	31 December 2025	31 December 2024
REVENUE		
Asset Management fees	6,809	5,390
Net change in fair value of investments carried at fair value through the consolidated statement of income	(1,081)	(146)
Net realised (loss) / gains on exit of investments	(4,192)	1,142
Other investment income	160	175
Rental and other income	2,607	3,001
Total revenue	4,303	9,562
EXPENSES		
Staff cost	3,835	3,176
Legal and professional fees	726	693
Finance expense	168	173
Depreciation	375	370
Loss on settlement of liabilities	-	1,129
Other expenses	3,450	1,925
Total expenses	8,554	7,466
(LOSS) / PROFIT BEFORE IMPAIRMENT ALLOWANCES	(4,251)	2,096
Impairment charge on investments	-	(291)
Reversal of expected credit losses	137	585
Reversal of impairment on property and equipment	121	98
(LOSS) / PROFIT FOR THE YEAR	(3,993)	2,488
(Loss) / profit attributable to Shareholders (original maturity more than 3 months)	(3,993)	2,488
Non-controlling interest	-	-

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	31 December 2025	31 December 2024
OPERATING ACTIVITIES		
Net (loss) / profit for the year	(3,993)	2,488
Adjustments for:		
Impairment of investments	-	291
Provision for credit losses	(137)	(585)
Reversal of impairment on property and equipment	(121)	(98)
Fair value losses on investments carried at fair value through the consolidated statement of income - net	1,081	146
Realised fair value loss / (gain) on exit of investment	4,192	-
Restricted cash for AUM investors	(1,926)	-
Depreciation	375	370
Finance expenses	168	173
Profits earned on placements and short term liquidity certificates	(171)	(206)
Dividend income	-	(53)
Investment fair value reserve	-	(45)
Operating gains before changes in operating assets and liabilities	(532)	2,501
Changes in operating assets and liabilities:		
Receivables	-	(493)
Wakala contract receivable	-	-
Dividend received	-	33
Investments	(1,495)	(2,560)
Proceeds from sale of investments	11,479	14,043
Property and equipment	(25)	4
Funding to project companies	2,153	959
Profits received on placements and short term liquidity certificates	171	206
Other assets	(1,078)	(553)
Employee accruals	66	51
Other liabilities	(10,137)	(15,097)
Placements with financial institutions (original maturity more than 3 months)	(151)	(252)
Net cash from / (used in) operating activities	451	(1,158)
FINANCING ACTIVITIES		
Profit paid to Subordinated Mudharaba (ATI)	(528)	(780)
Rent paid towards right-of-use asset	(266)	(266)
Net cash used in financing activities	(794)	(1,046)
Net decrease in cash and cash equivalents	(343)	(2,204)
Cash and cash equivalents at beginning of the year	1,392	3,591
ECL reversed on balances with banks	1	5
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	1,050	1,392
Represented by		
Balances with banks	718	1,127
Placements with banks (original maturity less than three months)	2,258	265
Less: Restricted placements from exit of investments	(1,926)	-
	332	265
	1,050	1,392

Extracted from the financial statements reviewed by KPMG and approved for issue by the Board on 26th February 2026

Bashar Mohamed Almutawa
Chairman of the Board

Ahmed Abdulrahman
Vice Chairman & Acting CEO

Note: "These financial statements have been reviewed by KPMG who have issued a disclaimer of opinion due to the significance of certain matters for which they could not obtain sufficient appropriate audit evidence."

Consolidated Statement of Changes in Owner's Equity

For the year ended 31 December 2025

	Share capital	Statutory reserve	Investment fair value reserve	Accumulated losses	Equity attributable to shareholders	Subordinated mudharaba ATI	Total Equity
2025							
Balance at 1 January 2025	1,005	249	-	(22,742)	(21,488)	26,256	4,768
Loss for the year	-	-	-	(3,993)	(3,993)	-	(3,993)
Profit to Subordinated Mudharaba (ATI)	-	-	-	(793)	(793)	265	(528)
Balance at 31 December 2025	1,005	249	-	(27,528)	(26,274)	26,521	247
2024							
Balance at 1 January 2024	1,005	5,441	45	(29,252)	(22,761)	22,803	42
Profit for the year	-	-	-	2,488	2,488	-	2,488
Subordinated Mudharaba (ATI)	-	-	-	-	-	3,063	3,063
Profit to Subordinated Mudharaba (ATI)	-	-	-	(1,170)	(1,170)	390	(780)
Transfer to statement of income on exit of investment	-	-	(45)	-	(45)	-	(45)
Adjustment of reserve with accumulated losses	-	(5,441)	-	5,441	-	-	-
Transfer of 10% profits to statutory reserve	-	249	-	(249)	-	-	-
Balance at 31 December 2024	1,005	249	-	(22,742)	(21,488)	26,256	4,768