

BAHRAIN ISLAMIC BANK B.S.C.
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
30 SEPTEMBER 2024

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the nine months ended 30 September 2024

CONTENTS	Page
Independent auditors' report on review of condensed consolidated interim financial information	1
Condensed consolidated interim financial information	
Condensed consolidated statement of financial position	2
Condensed consolidated statement of income	3
Condensed consolidated statement of total comprehensive income	4
Condensed consolidated statement of income and attribution related to quasi-equity	5
Condensed consolidated statement of cash flows	6
Condensed consolidated statement of changes in owners' equity	7
Notes to the condensed consolidated interim financial information	8 – 21



Independent auditors' report on review of condensed consolidated interim financial information

To the Board of Directors of
Bahrain Islamic Bank B.S.C.
Kingdom of Bahrain

Introduction

We have reviewed the accompanying 30 September 2024 condensed consolidated interim financial information of Bahrain Islamic Bank B.S.C. (the "Bank") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 September 2024;
- the condensed consolidated statement of income for the three-month and nine-month periods ended 30 September 2024;
- the condensed consolidated statement of total comprehensive income for the three-month and nine-month periods ended 30 September 2024;
- the condensed consolidated statement of income and attribution related to quasi-equity for the three-month and nine-month periods ended 30 September 2024;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2024;
- the condensed consolidated statement of changes in owners' equity for the nine-month period ended 30 September 2024; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Bank is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with FAS 41, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2024 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with FAS 41, "Interim Financial Reporting".

31 October 2024

Bahrain Islamic Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		30 September 2024	31 December 2023
	<i>Note</i>	BD'000	BD'000
		(reviewed)	(audited)
ASSETS			
Cash and balances with banks and Central Bank		62,196	61,602
Placements with financial institutions		94,830	51,689
Financing contracts	8	986,674	924,340
Investment securities	9	266,396	278,213
Investment in associates		11,413	8,302
Investment in real estate	10	14,725	14,725
Property and equipment		14,275	13,692
Other assets	11	5,132	5,528
TOTAL ASSETS		1,455,641	1,358,091
LIABILITIES, QUASI-EQUITY AND OWNERS' EQUITY			
Liabilities			
Placements from financial institutions		62,950	95,842
Placements from non-financial institutions and individuals		442,248	297,215
Financing from financial institutions	12	148,646	181,502
Customers' current accounts		192,465	202,511
Other liabilities	13	47,563	24,668
Total Liabilities		893,872	801,738
Quasi-equity			
Financial institutions		63,315	39,865
Non-financial institutions and individuals		352,326	371,856
Total Quasi-equity	14	415,641	411,721
Owners' Equity			
Share capital		106,406	106,406
Treasury shares		(892)	(892)
Shares under employee share incentive scheme		(101)	(195)
Share premium		206	206
Reserves		15,509	14,107
Equity attributable to Bank's shareholders		121,128	119,632
Subordinated Mudaraba (AT1)		25,000	25,000
Total Owners' Equity		146,128	144,632
TOTAL LIABILITIES, QUASI-EQUITY AND OWNERS' EQUITY		1,455,641	1,358,091

The condensed consolidated interim financial information was approved by the Board of Directors on 31 October 2024 and signed on its behalf by:



Zaid Abdulrahman
Oct 31, 2024 11:09 AM AST

Zaid Khalid Abdulrahman
Chairman



Usman Ahmed
Oct 31, 2024 11:18 AM AST

Usman Ahmed
Vice Chairman



Fatema AlAlawi
Acting Chief Executive Officer

Bahrain Islamic Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the nine months ended 30 September 2024

	Note	Nine months ended 30 September		Three months ended 30 September	
		2024	2023	2024	2023
		BD'000 (reviewed)	BD'000 (reviewed)	BD'000 (reviewed)	BD'000 (reviewed)
INCOME					
Income from financing contracts		42,664	38,269	15,593	13,582
Income from investment in Sukuk	15	11,471	11,178	3,698	3,903
Expense on placements from financial institutions		(4,208)	(6,959)	(1,142)	(3,386)
Expense on placements from non-financial institutions and individuals		(16,384)	(11,118)	(6,280)	(3,970)
Expense on financing from financial institutions		(6,392)	(4,177)	(2,314)	(1,500)
Total net income from jointly financed assets		27,151	27,193	9,555	8,629
Fee and commission income, net		4,728	4,291	1,409	1,418
Income from investment securities		36	6	-	-
Income from investment in real estate, net		155	200	30	12
Share of results of associates, net		81	316	39	157
Other income, net		1,666	3,372	310	1,800
Total income		33,817	35,378	11,343	12,016
EXPENSES					
Staff costs		10,170	9,267	3,254	2,938
Depreciation and amortization		1,393	1,359	458	461
Other expenses		9,626	9,732	2,515	3,484
Total expenses		21,189	20,358	6,227	6,883
Profit before impairment allowances and attribution to quasi-equity		12,628	15,020	5,116	5,133
Impairment allowance and other provisions, net	16	(5,713)	(4,207)	(2,355)	(885)
Profit before attribution to quasi-equity		6,915	10,813	2,761	4,248
Profit attributable to quasi-equity		(3,052)	(1,427)	(1,211)	(897)
PROFIT FOR THE PERIOD		3,863	9,386	1,550	3,351
BASIC AND DILUTED EARNINGS PER SHARE (fils)		1.86	7.10	1.47	3.18


Zaid Abdulrahman
Oct 31, 2024 11:09 AM AST

Zaid Khalid Abdulrahman
Chairman


Usman Ahmed
Oct 31, 2024 11:18 AM AST

Usman Ahmed
Vice Chairman


Fatema AlAlawi
Acting Chief Executive Officer

CONDENSED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the nine months ended 30 September 2024

	<i>Nine months ended</i>		<i>Three months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>BD'000</i>	<i>BD'000</i>	<i>BD'000</i>	<i>BD'000</i>
	<i>(reviewed)</i>	<i>(reviewed)</i>	<i>(reviewed)</i>	<i>(reviewed)</i>
Profit for the period	3,863	9,386	1,550	3,351
Other comprehensive income				
Items that will not subsequently be classified to income statement				
Fair value changes on equity investments carried at fair value through OCI	(16)	(34)	(13)	(4)
Total other comprehensive income for the period	(16)	(34)	(13)	(4)
Total comprehensive income	3,847	9,352	1,537	3,347

Bahrain Islamic Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF INCOME AND ATTRIBUTION RELATED TO QUASI-EQUITY

For the nine months ended 30 September 2024

	<i>Nine months ended</i>		<i>Three months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>BD'000</i>	<i>BD'000</i>	<i>BD'000</i>	<i>BD'000</i>
	<i>(reviewed)</i>	<i>(reviewed)</i>	<i>(reviewed)</i>	<i>(reviewed)</i>
Profit before impairment allowances and attribution to quasi-equity	12,628	15,020	5,116	5,133
Adjusted for:				
Less: income not attributable to quasi-equity	(6,666)	(8,185)	(1,788)	(3,387)
Add: expenses not attributable to quasi-equity	48,173	42,612	15,963	15,739
Less: institution's share of income from jointly financed assets	(36,916)	(34,545)	(13,119)	(11,956)
Less: allowance for impairment allowances attributable to quasi-equity	(1,799)	(1,389)	(745)	(264)
Total income available for quasi-equity holders	15,420	13,513	5,427	5,265
Fair value reserve – net movement	-	-	-	-
Profit equalization reserve – net movement	(169)	1,423	(62)	(26)
Total income attributable to quasi-equity holders (adjusted for reserves)	15,251	14,936	5,365	5,239
Less: mudarib's share	(12,054)	(13,247)	(4,083)	(4,288)
Less: wakala fees	(145)	(262)	(71)	(54)
Net income attributable to quasi-equity	3,052	1,427	1,211	897
Investment risk reserve - net movement	-	-	-	-
Net income attributable to quasi-equity	3,052	1,427	1,211	897
Profit attributable to quasi-equity	3,052	1,427	1,211	897

Bahrain Islamic Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2024

	<i>Nine months ended</i>	
	<i>30 September</i>	
	2024	2023
	BD'000	BD'000
	(reviewed)	(reviewed)
OPERATING ACTIVITIES		
Profit for the period	3,863	9,386
Adjustments for non-cash items:		
Depreciation	1,109	1,109
Impairment allowance and other provisions, net	5,713	4,207
Amortization of right-of-use asset	284	250
Amortization of gain on sale of investment in real estate	-	(108)
Gain on sale of investment in sukuk	(6)	(2)
Loss on sale of investment in real estate	-	28
Share of results of associates, net	(81)	(316)
Operating profit before changes in operating assets and liabilities	10,882	14,554
Working capital adjustments:		
Mandatory reserve with Central Bank of Bahrain	(4,445)	1,615
Financing contracts	(70,918)	(37,792)
Other assets	(2,233)	6,996
Customers' current accounts	(10,046)	(32,307)
Other liabilities	22,804	(3,278)
Placements from financial institutions	(37,301)	119,049
Placements from non-financial institutions and individuals	145,033	44,618
Quasi-equity	3,920	(73,754)
Net cash from operating activities	57,696	39,701
INVESTING ACTIVITIES		
Disposal of investment in real estate	-	1,373
Purchase of property and equipment	(1,692)	(814)
Purchase of investment securities	(45,482)	(19,962)
Disposal of investment securities	59,473	1,581
Net cash from / (used in) investing activities	12,299	(17,822)
FINANCING ACTIVITIES		
Profit distribution on AT1 Capital	(1,906)	(1,901)
Financing from financial institutions (paid) / received	(32,856)	1,622
Ijarah liability paid	(300)	(226)
Purchase of treasury shares	(54)	(26)
Net cash used in financing activities	(35,116)	(531)
NET INCREASE IN CASH AND CASH EQUIVALENTS	34,879	21,348
Cash and cash equivalents at 1 January	74,399	101,073
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	109,278	122,421
Cash and cash equivalents comprise:		
Cash on hand	9,713	12,012
Balances with CBB, excluding mandatory reserve deposits	55	83
Balances with banks and other financial institutions excluding restricted balances	4,680	7,184
Placements with financial institutions with original maturities less than 90 days	94,830	103,142
	109,278	122,421

1 REPORTING ENTITY

Bahrain Islamic Bank B.S.C. (the "Bank") was incorporated in the Kingdom of Bahrain in 1979 by Amiri Decree No.2 of 1979 and registered with the Ministry of Industry and Commerce ("MOIC") under Commercial Registration (CR) number 9900, to carry out banking and other financial trading activities in accordance with the teachings of Islam (Shari'a). The Bank operates under an Islamic retail banking license issued by the Central Bank of Bahrain ("CBB"). The Bank's Shari'a Supervisory Board is entrusted to ensure the Bank's adherence to Shari'a rules and principles in its transactions and activities. The Bank is listed on the Bahrain Bourse.

National Bank of Bahrain (NBB) owns 78.81% (31 December 2023: 78.81%) of shares. Hence NBB is considered as Parent of the Bank for financial reporting purposes.

The Bank's registered office is at Building 722, Road 1708, Block 317, Manama, Kingdom of Bahrain.

The Bank has eight branches (2023: eight), all operating in the Kingdom of Bahrain.

The condensed consolidated interim financial information includes the results of the Bank and its wholly owned subsidiaries (together the "Group"). The Bank holds 100% of the share capital of Abaad Real Estate Company W.L.L., a real estate company incorporated in Kingdom of Bahrain.

2 BASIS OF PREPARATION AND PRESENTATION

This condensed consolidated interim financial information has been prepared in accordance with Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organisation of Islamic Financial Institutions ("AAOIFI") and applicable rules and regulations issued by the Central Bank of Bahrain ("CBB").

The condensed consolidated interim financial information of the Group has been presented in condensed form in accordance with the guidance provided by Financial Accounting Standard 41 - Interim Financial Reporting. In line with the requirements of AAOIFI and the CBB rule book, for matters not covered under AAOIFI standards the group uses guidance from the relevant standards issued by the International Accounting Standards Board ("IFRS Accounting Standards").

The condensed consolidated interim financial information of the Group does not contain all information and disclosures required for the annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements for the year ended 31 December 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2023.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation applied by the Group in the preparation of the condensed consolidated interim financial information are the same as those used in the preparation of the Group audited consolidated financial statements as at and for the year ended 31 December 2023, except for adoption of following standards and amendments to standards effective from 1 January 2024. Adoption of these standards and amendments did not result in changes to previously reported net profit or equity of the Group, however it has resulted in additional disclosures.

A. Relevant new standards, amendments, and interpretations effective for annual periods beginning on or after 1 January 2024.

(i) FAS 1 General Presentation and Disclosures in the Financial Statements

AAOIFI had 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. This standard is effective for the financial reporting periods beginning on or after 1 January 2024 with an option to early adopt.

The revision of FAS 1 is in line with the modifications made to the AAOIFI conceptual framework for financial reporting. Significant changes relevant to the Group are a) Definition of quasi equity is introduced; b) Concept of comprehensive income has been introduced; and c) Disclosure of movement in good faith qard, zakah and charity funds have been relocated disclosed into the notes to the condensed consolidated financial information.

During the period, the Group has adopted FAS 1 revised. As a result of this adoption following changes were made to the primary statements of the Group:

Primary statements introduced:

- Statement of total comprehensive income
- Statement of income and attribution related to quasi-equity

Primary statements discontinued:

- Statement of sources and uses of good faith qard fund
- Statement of sources and uses of zakah and charity fund

As a result of the adoption of FAS 1 (revised) certain prior year figures have been represented and regrouped to be consistent with the current year presentation. Such grouping did not affect previously reported net profit, total assets, total liabilities and total equity of the Group. Further, the Group has elected to present statement of income and a statement of other comprehensive income as two separate statements.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Relevant new standards, amendments, and interpretations issued but not yet effective

(i) 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.

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

The Group does not expect any significant impact on the financial statements on the adoption of this standard.

(ii) FAS 46: Off-Balance-Sheet Assets Under Management

AAOIFI has issued Financial Accounting Standard ("FAS") 46 "Off-Balance-Sheet Assets Under Management" during 2023. The objective of this standard is to establish principles and rules for recognition, measurement, disclosure, and derecognition of off-balance-sheet assets under management, based on Shari'a and international best practices. The standard aims to improve transparency, comparability, accountability, and governance of financial reporting related to off-balance-sheet assets under management.

This standard is applicable to all IFIs with fiduciary responsibilities over asset(s) without control, except for the following:

- The participants' Takaful fund and / or participants' investment fund of a Takaful institution; and
- An investment fund managed by an institution, being a separate legal entity, which is subject to financial reporting in line with the requirements of the respective AAOIFI FAS.

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

The Group does not expect any significant impact on the financial statements on the adoption of this standard.

(iii) FAS 47: Transfer of Assets Between Investment Pools

AAOIFI has issued Financial Accounting Standard ("FAS") 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 reporting periods beginning on or after 1 January 2026 with an option to early adopt.

The Group does not expect any significant impact on the financial statements on the adoption of this standard.

4 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2023.

5 JUDGMENT AND ESTIMATES

Preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The areas of significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements as at and for the year ended 31 December 2023.

6 COMPARATIVE INFORMATION

The condensed interim financial information is reviewed, not audited. The comparatives for the condensed consolidated statement of financial position have been extracted from the Group's audited consolidated financial statements for the year ended 31 December 2023 and comparatives for the condensed consolidated statements of income, changes in owner's equity and cash flows have been extracted from the Group's reviewed condensed consolidated interim financial information for the nine months ended 30 September 2023. The condensed consolidated statements of total comprehensive income and income and attribution related to quasi-equity have been reported starting from 2024 (note 3 A (i)).

The comparative figures have been regrouped in order to conform with the presentation for current period. Such regrouping did not affect previously reported profit for the period or total equity.

7 SEASONALITY

The Bank does not have significant income of seasonal nature. The Other income includes BD 36 thousand (2023: BD 6 thousand) of dividends received from Bank's investments.

8 FINANCING CONTRACTS

	30 September 2024 BD'000 (Reviewed)	31 December 2023 BD'000 (Audited)
Trade-based		
Murabaha	706,687	634,436
Participatory-based		
Musharaka	96,455	90,204
Lease-based		
Ijarah Muntahia Bittamleek (net of accumulated depreciation)	319,396	322,309
Gross financing contracts	1,122,538	1,046,949
Deferred profits	(90,290)	(82,719)
Expected credit losses allowance (8.1)	(45,574)	(39,890)
Net financing contracts	986,674	924,340

8.1 The movement on expected credit losses allowances is as follows:

2024	Stage 1 BD'000	Stage 2 BD'000	Stage 3 BD'000	Total BD'000
Gross financing contracts	961,763	72,235	88,540	1,122,538
Less: Deferred profits	67,282	9,110	13,898	90,290
Less: Expected credit losses allowance				
At 1 January 2024	4,064	8,612	27,214	39,890
Net movement between stages	800	(3,268)	2,468	-
Net charge for the period	707	(50)	5,490	6,147
Write-off	-	-	(463)	(463)
At 30 September 2024	5,571	5,294	34,709	45,574
Net financing contracts	888,910	57,831	39,933	986,674
2023	Stage 1 BD'000	Stage 2 BD'000	Stage 3 BD'000	Total BD'000
Gross financing contracts	871,496	95,664	79,789	1,046,949
Less: Deferred profits	58,828	12,629	11,262	82,719
Less: Expected credit losses allowance				
At 1 January 2023	4,717	11,542	26,170	42,429
Net movement between stages	298	(2,178)	1,880	-
Net charge for the year	(951)	(752)	7,323	5,620
Write-off	-	-	(8,159)	(8,159)
At 31 December 2023	4,064	8,612	27,214	39,890
Net financing contracts	808,604	74,423	41,313	924,340

For the nine months ended 30 September 2024

9 INVESTMENT SECURITIES

	30 September 2024 BD'000 (Reviewed)	31 December 2023 BD'000 (Audited)
i) Debt type instruments - at amortised cost*		
<i>Quoted Sukuk</i>		
Gross balance at the beginning of the period	240,136	222,116
Acquisitions	45,482	18,125
Disposals and redemptions	(59,302)	(105)
Gross balance at the end of the period**	226,316	240,136
Expected credit losses allowance	(51)	(82)
Fair value gains / (losses) on hedged items attributable to profit rate risk hedged**	1,603	(738)
Net balance at the end of the period	227,868	239,316
<i>Unquoted Sukuk</i>		
Gross balance at the beginning of the period	30,927	30,938
Disposals and redemptions	(165)	-
Foreign currency translation changes	27	(11)
Gross balance at the end of the period	30,789	30,927
Expected credit losses allowance	(12,543)	(12,516)
Net balance at the end of the period	18,246	18,411
ii) Equity type instruments		
<i>Unquoted shares - at fair value through other comprehensive income</i>		
Balance at beginning of the period	20,050	20,081
Fair value movement - net***	(204)	(31)
Balance at the end of the period	19,846	20,050
<i>Unquoted managed funds</i>		
	436	436
Total net investment securities	266,396	278,213

* As of 30 September 2024, debt type instruments includes Sukuk of BD 103,848 thousand (31 December 2023: BD 208,060 thousand) pledged against financing from financial institutions of BD 148,646 thousand (31 December 2023: BD 181,502 thousand) (note 12).

** As of 30 September 2024, sukuk of BD 100,866 thousand (31 December 2023: BD 77,360) carried at amortised cost were hedged through profit rate swaps and the resultant fair value gain on the hedged items related to profit rate risk of BD 1,603 thousand (31 December 2023: BD 738 thousand loss) were adjusted to the carrying value.

***Includes BD 16 thousand fair value loss (31 December 2023: BD 32 thousand fair value loss) reported in investment securities fair value reserve and BD 188 thousand (30 September 2023: BD nil thousand) is disclosed in condensed consolidated income statement.

10 INVESTMENT IN REAL ESTATE

	30 September 2024 BD'000 (Reviewed)	31 December 2023 BD'000 (Audited)
Lands	14,725	14,725
	14,725	14,725
Movement on investment in real estate:		
Beginning of the period	14,725	16,176
Disposal	-	(1,401)
Fair value changes	-	(50)
End of the period	14,725	14,725

Investment in real estate comprises of plots of land in the Kingdom of Bahrain and the United Arab Emirates.

For the nine months ended 30 September 2024

11 OTHER ASSETS

	30 September 2024	31 December 2023
	BD'000	BD'000
	<i>(Reviewed)</i>	<i>(Audited)</i>
Receivables*	362	247
Staff advances	1,430	1,566
Prepaid expenses	636	368
Risk management instruments (11.1)	109	969
Right of use asset (11.2)	503	438
Other**	2,092	1,940
	5,132	5,528

*Receivables include expected credit losses allowance of BD 103 thousand (31 December 2023: BD 103 thousand).

**Others includes amounts such as VAT receivable and profit income receivable from profit rate swaps

11.1 Risk management instruments

The risk management instruments are valued based on observable inputs. The fair values of risk management financial instruments held by the Group as at 30 September 2024 are provided below:

	30 September 2024		31 December 2023	
	Assets BD'000	Liabilities BD'000	Assets BD'000	Liabilities BD'000
Profit rate swaps (Fair value hedges)	-	1,603	738	-
Foreign exchange contracts (Waad) (Other risk management instruments)	109	-	231	-
	109	1,603	969	-

The notional amount of risk management financial instruments held by the Group as at 30 September 2024 are provided below:

	30 September 2024		31 December 2023	
	Assets BD'000	Liabilities BD'000	Assets BD'000	Liabilities BD'000
Profit rate swaps (Fair value hedges)	100,866	-	77,360	-
Foreign exchange contracts (Waad) (Other risk management instruments)	32,449	32,339	62,923	63,154
	133,315	32,339	140,283	63,154

The net hedge ineffectiveness gain / losses recognized in the condensed consolidated income statement are as follows:

	30 September 2024	30 September 2023
	BD'000	BD'000
Gains / (losses) on the hedged items attributable to risk hedged	1,603	(2,701)
(Losses) / gains on the hedging instruments	(1,603)	2,701
Net hedge ineffectiveness (loss)/gain	-	-

11.2 RIGHT OF USE ASSET

	30 September 2024	31 December 2023
	BD'000	BD'000
	<i>(Reviewed)</i>	<i>(Audited)</i>
At 1 January	438	230
Additions for the period	349	547
Amortisation charge for the period	(284)	(339)
End of the period	503	438

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine months ended 30 September 2024

12 FINANCING FROM FINANCIAL INSTITUTIONS

This represents term murabaha facilities of BD 148,646 thousand (2023: BD 181,502 thousand) secured by pledge over Sukuk of BD 103,848 thousand (2023: BD 208,060 thousand) (note 9). The term murabaha facilities includes BD 99,256 thousand (2023: BD 103,144 thousand) from the Parent. The average profit rate on financing is 5.88% (2023: 5.86%).

13 OTHER LIABILITIES

	30 September 2024 BD'000 (Reviewed)	31 December 2023 BD'000 (Audited)
Managers' cheques	2,346	1,433
Payable to vendors	5,316	1,051
Accrued expenses	7,315	6,640
Zakah and charity fund*	1,250	927
Net Ijarah liability (13.1)	478	419
Other**	30,858	14,198
	<u>47,563</u>	<u>24,668</u>

* During the period ended 30 September 2024, BD 673 thousand (2023: BD 651 thousand) was transferred into the Zakah and charity fund and BD 350 thousand (2023 BD 217 thousand) was utilised from the Zakah and charity fund. There were no movements in the good faith and Qard fund during the quarter.

** Other includes expected credit losses allowance for commitments and contingent liabilities of BD 933 thousand (31 December 2023: BD 1,525 thousand).

13.1 NET IJARAH LIABILITY

	30 September 2024 BD'000 (Reviewed)	31 December 2023 BD'000 (Audited)
Maturity analysis – Gross Ijarah liability		
Less than one year	395	297
One to five years	268	236
Total gross Ijarah liability	<u>663</u>	<u>533</u>
Maturity analysis – Net Ijarah liability		
Less than one year	241	207
One to five years	237	212
Total net Ijarah liability	<u>478</u>	<u>419</u>

14 QUASI-EQUITY

	30 September 2024 BD'000 (Reviewed)	31 December 2023 BD'000 (Audited)
Placements from financial institutions – Wakala	63,315	39,865
Placements from non-financial institutions and individuals – Wakala	1,857	4,769
Placements from non-financial institutions and individuals - Mudharaba	350,469	367,087
	<u>415,641</u>	<u>411,721</u>

The funds received from Wakala pool and mudharba pool together with quasi-equity have been commingled and jointly invested with the Group in the following asset classes and reported under quasi-equity:

	30 September 2024 BD'000 (Reviewed)	31 December 2023 BD'000 (Audited)
Cash and balances with banks and Central Bank	32,687	13,673
Financing contracts, net	306,501	290,683
Investment securities, net	76,453	107,365
	<u>415,641</u>	<u>411,721</u>
Profit equalisation reserve		
	30 September 2024 BD'000 (Reviewed)	31 December 2023 BD'000 (Audited)
Opening reserve balance	113	1,486
Movement during the period	169	(1,373)
Ending reserve balance	<u>282</u>	<u>113</u>

For the nine months ended 30 September 2024

15 INCOME FROM INVESTMENT IN SUKUK

	30 September 2024 BD'000 (Reviewed)	30 September 2023 BD'000 (Reviewed)
Profit on investment in Sukuk	11,465	11,176
Gain on sale of Sukuk	6	2
	11,471	11,178

16 IMPAIRMENT ALLOWANCE AND OTHER PROVISIONS, NET

	30 September 2024 BD'000 (Reviewed)	30 September 2023 BD'000 (Reviewed)
Financing contracts (note 8.1)	6,147	3,160
Investments in Sukuk	(31)	(7)
Investments at fair value through other comprehensive income	188	-
Investment in associates	-	877
Placements with financial institutions	2	-
Other assets	-	83
Commitments	(593)	(66)
Impairment allowance, net	5,713	4,047
Litigation claims	-	160
Total impairment allowance and other provisions, net	5,713	4,207

17 COMMITMENTS AND CONTINGENT LIABILITIES

These include commitments to enter into financing contracts which are designed to meet the requirements of the Group's customers.

Letters of credit and guarantees commit the Group to make payments on behalf of customers.

The Group has the following credit related commitments and contingent liabilities on behalf of customers:

	30 September 2024 BD'000 (Reviewed)	31 December 2023 BD'000 (Audited)
Letters of credit and acceptances	2,060	1,154
Guarantees	28,556	24,011
Credit Cards	44,658	39,551
Altamweel Almaren	29,185	38,084
Commitments to finance	10,216	11,895
	114,675	114,695

Expected credit losses allowance of BD 933 thousand (31 December 2023: BD 1,525 thousand) has been provided on account of the credit risk on these for commitments and contingent liabilities.

18 LITIGATIONS AND CLAIMS

In the normal course of business, legal cases are filed by the Bank against its customers and against the Bank by its customers, employees or investors. The Group's legal department engages with in-house legal counsel and external legal counsel depending on the nature of the cases. A periodic assessment is carried out to determine the likely outcome of these legal cases and is reported to the senior management and Board of directors. The Group as part of the periodic assessment maintains adequate provisions. No further disclosures regarding contingent liabilities arising from any such claims are being made by the Bank as the directors believe that such disclosures may be prejudicial to the Group's legal position.

For the nine months ended 30 September 2024

19 RELATED PARTY TRANSACTIONS

Related parties comprise of major shareholders, directors of the Bank, senior management, close members of their families, entities owned or controlled by them and companies affiliated by virtue of common ownership or directors with that of the Bank. The transactions with these parties were made on commercial terms.

During the period, BD 1,906 thousand (30 September 2023: BD 1,901 thousand) was paid to the Parent as profit declarations on AT1 securities.

The significant balances and transactions with related parties at 30 September 2024 were as follows:

	30 September 2024 (reviewed)				
	Shareholders BD'000	Associates and joint ventures BD'000	Directors and related entities BD'000	Senior management BD'000	Total BD'000
Assets					
Cash and balances with banks and Central Bank	6,202	-	-	-	6,202
Placements with financial institutions	19,983	-	-	-	19,983
Financing contracts	-	-	486	892	1,378
Investment in associates	-	11,413	-	-	11,413
Other assets	1,188	-	-	336	1,524
Liabilities and Quasi-equity					
Financing from financial institutions	99,256	-	-	-	99,256
Placements from non-financial institutions and individuals	-	-	283	410	693
Placements from financial institutions	20,029	-	-	-	20,029
Customers' current accounts	-	743	311	33	1,087
Other liabilities	8,307	-	331	-	8,638
Quasi-equity	-	-	723	1,507	2,230
Off Balance sheet					
Profit rate swap - notional amount	100,866	-	-	-	100,866
	30 September 2024 (reviewed)				
	Shareholders BD'000	Associates and joint ventures BD'000	Directors and related entities BD'000	Senior management BD'000	Total BD'000
Income					
Income from financing contracts	-	-	14	34	48
Income from investment in Sukuk	1,528	-	-	-	1,528
Placements with financial institutions	793	-	-	-	793
Share of results of associates, net	-	81	-	-	81
Other income	2,341	-	-	-	2,341
Net income attributable to quasi-equity	-	-	(1)	(67)	(68)
Expense on placements from financial institutions	(793)	-	-	-	(793)
Expense on placements from non-financial institutions and individuals	-	-	(14)	(17)	(31)
Expense on financing from financial institutions	(3,996)	-	-	-	(3,996)
Expenses					
Staff costs	-	-	-	(2,106)	(2,106)
Other expenses	-	-	(452)	-	(452)

19 RELATED PARTY TRANSACTIONS (continued)

	31 December 2023 (audited)				
	Shareholders BD'000	Associates and joint ventures BD'000	Directors and related entities BD'000	Senior management BD'000	Total BD'000
Assets					
Cash and balances with banks and Central Bank	1,792	-	-	-	1,792
Placements with financial institutions	16,006	-	-	-	16,006
Financing contracts	-	-	697	430	1,127
Investment in associates	-	8,302	-	-	8,302
Other assets	1,668	-	-	481	2,149
Liabilities and Quasi-equity					
Placements from financial institutions	11,694	-	-	-	11,694
Financing from financial institutions	103,144	-	-	-	103,144
Placements from non-financial institutions and individuals	-	-	2,842	497	3,339
Customers' current accounts	-	975	248	109	1,332
Other liabilities	4,666	-	476	-	5,142
Quasi-equity	-	-	336	1,632	1,968
Off Balance sheet					
Profit rate swap - notional amount	77,360	-	-	-	77,360

	30 September 2023 (reviewed)				
	Shareholders BD'000	Associates and joint ventures BD'000	Directors and related entities BD'000	Senior management BD'000	Total BD'000
Income					
Income from financing contracts	-	-	16	24	40
Income from investment in Sukuk	1,433	-	-	-	1,433
Placements with financial institutions	618	-	-	-	618
Share of results of associates, net	-	316	-	-	316
Other income	(815)	-	-	-	(815)
Net income attributable to quasi-equity					
Net income attributable to quasi-equity	-	-	(4)	(35)	(39)
Expense on financing from financial institutions	(3,175)	-	-	-	(3,175)
Expenses					
Staff costs	-	-	-	(1,238)	(1,238)
Other expenses	-	-	(482)	-	(482)

Compensation of the key management personnel is as follows:

	<i>Nine months ended</i>	
	<i>30 September</i>	<i>2023</i>
	<i>2024</i>	<i>2023</i>
	<i>BD'000</i>	<i>BD'000</i>
Short term employee benefits	1,931	1,129
Other long term benefits	175	109
	2,106	1,238

20 FINANCIAL INSTRUMENTS**Fair value hierarchy**

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction.

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

In case of financing assets, the average profit rate of the portfolio is in line with current market rates for similar facilities and hence after consideration of adjustment for prepayment risk and impairment charges it is expected that the current value would not be materially different from fair value of these assets. Unquoted shares and unquoted managed funds of BD 20,282 thousand (31 December 2023: BD 20,486 thousand) are treated as Level 3 investments. During the period fair value movement of BD 188 thousand (31 December 2023: BD nil) was charged to income statement and BD 16 thousand fair value loss was reported in the fair value reserve (31 December 2023: BD 32 thousand fair value loss). The estimated fair value of the Bank's other financial instruments are not significantly different from their carrying values due to their short-term nature.

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

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

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

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

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	<i>Level 1</i> <i>BD'000</i>	<i>Level 2</i> <i>BD'000</i>	<i>Level 3</i> <i>BD'000</i>	<i>Total</i> <i>BD'000</i>
30 September 2024				
Investment securities				
Unquoted shares	-	-	19,846	19,846
Unquoted managed funds	-	-	436	436
Other liabilities	-	1,603	-	1,603
Total	-	1,603	20,282	21,885
31 December 2023				
Investment securities				
Unquoted shares	-	-	20,050	20,050
Unquoted managed funds	-	-	436	436
Other assets	-	738	-	738
Total	-	738	20,486	21,224

Transfers between Level 1, Level 2 and Level 3

During the nine-months period ended 30 September 2024 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurement.

For the nine months ended 30 September 2024

21 SEGMENTAL INFORMATION

For management purposes, the Group is organised into three major business segments;

Corporate	Principally handling equity of corporate investment accountholders', corporate current accounts, and providing Islamic financing facilities to corporate customers.
Retail	Principally handling equity of individual retail customers' investment accountholders', retail current accounts, and providing Islamic financing facilities to individual customers.
Investment	Principally handling equity of banks' and financial institutions' investment accountholders, providing money market, trading and treasury services as well as the management of the Group's investment activities. Investment activities involve handling investments in local and international markets and investment in properties.

These segments are the basis on which the Group reports its primary segment information. Transactions between segments are conducted at estimated market rates on an arm's length basis. Transfer charges are based on a pool rate which approximates the cost of funds.

Segment information is disclosed as follows:

	<i>For the nine months ended 30 September 2024 (Reviewed)</i>			
	<i>Corporate BD'000</i>	<i>Retail BD'000</i>	<i>Investment BD'000</i>	<i>Total BD'000</i>
Total net income	4,881	18,150	7,734	30,765
Total expenses	(4,217)	(15,049)	(1,923)	(21,189)
Allowances for expected credit losses, net	(3,138)	(2,416)	(159)	(5,713)
Profit / (Loss) for the period	(2,474)	685	5,652	3,863

Other information

	<i>30 September 2024 (Reviewed)</i>			
	<i>Corporate BD'000</i>	<i>Retail BD'000</i>	<i>Investment BD'000</i>	<i>Total BD'000</i>
Segment assets	354,932	698,864	401,845	1,455,641
Segment liabilities, quasi-equity and owners' equity	417,734	681,183	356,724	1,455,641

	<i>For the nine months ended 30 September 2023 (Reviewed)</i>			
	<i>Corporate BD'000</i>	<i>Retail BD'000</i>	<i>Investment BD'000</i>	<i>Total BD'000</i>
Total net income	2,676	18,520	12,755	33,951
Total expenses	(4,092)	(14,305)	(1,961)	(20,358)
Allowances for expected credit losses, net	(1,138)	(2,199)	(870)	(4,207)
Profit / (Loss) for the period	(2,554)	2,016	9,924	9,386

Other information

	<i>31 December 2023 (Audited)</i>			
	<i>Corporate BD'000</i>	<i>Retail BD'000</i>	<i>Investment BD'000</i>	<i>Total BD'000</i>
Segment assets	303,460	686,073	368,558	1,358,091
Segment liabilities, quasi-equity and owners' equity	311,695	615,188	431,208	1,358,091

The Group operates solely in the Kingdom of Bahrain and, as such, no geographical segment information is presented.

For the nine months ended 30 September 2024

22 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to the shareholder of the Bank (adjusted for Profit distribution on AT 1 Capital) by the weighted average number of shares outstanding during the period net of treasury shares. There are no dilutive potential shares that are convertible into shares.

	Nine months ended 30 September		Three months ended 30 September	
	2024 <i>(Reviewed)</i>	2023 <i>(Reviewed)</i>	2024 <i>(Reviewed)</i>	2023 <i>(Reviewed)</i>
Profit for the period attributable to the shareholders of the bank	3,863	9,386	1,550	3,351
Less: Profit distribution on AT 1 Capital	(1,906)	(1,901)	-	-
Profit/(loss) for the period attributable to the shareholders of the bank for basic and diluted earnings per share computation	1,957	7,485	1,550	3,351
Weighted average number of shares outstanding during the period, net of treasury shares (thousand)	1,054,768	1,053,961	1,054,768	1,053,961
Basic and diluted earnings per share (fils)	1.86	7.10	1.47	3.18

AT1 Profits are paid annually and hence not adjusted every quarter. Accordingly, the quarterly EPS may not be indicative of the annual measure.

23 COMPARATIVES

Certain prior period amounts have been regrouped to conform to current period's presentation. Such regrouping did not affect previously reported profit for the period or total equity.

24 NET STABLE FUNDING RATIO

The objective of the NSFR is to promote the resilience of banks' liquidity risk profiles and to incentivise a more resilient banking sector over a longer time horizon. The NSFR will require banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on-balance sheet and off-balance sheet items and promotes funding stability.

The NSFR is calculated in accordance with the Liquidity Risk Management Module guidelines issued by CBB and its effective from 31 December 2019. The minimum NSFR ratio as per CBB is 100%.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine months ended 30 September 2024

24 NET STABLE FUNDING RATIO (continued)

The NSFR (as a percentage) as at 30 September 2024 is calculated as follows:

Item	No Specified maturity	Unweighted Values (before applying factors)			BD'000 Total Weighted Value
		Less than 6 months	More than 6 months and less than one year	Over one year	
Available Stable Funding (ASF):					
Capital:					
Regulatory Capital	151,954	-	-	12,358	164,312
Other Capital Instruments	-	-	-	-	-
Retail Deposits and deposits from small business customers:					
Stable Deposits	-	260,571	5,293	63	252,634
Less stable deposits	-	345,881	51,534	11,420	369,094
Wholesale funding:					
Operational deposits	-	-	-	-	-
Other wholesale funding	-	501,033	36,480	49,672	168,283
Other liabilities:					
NSFR Shari'a-compliant hedging contract liabilities	1,603	-	-	-	-
All other liabilities not included in the above categories	-	38,697	-	-	-
Total ASF	153,557	1,146,182	93,307	73,513	954,323
Required Stable Funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	297,479	-	-	-	12,308
Deposits held at other financial institutions for operational purposes	-	-	-	-	-
Performing financing and sukuk/ securities:					
Performing financing to financial institutions secured by Level 1 HQLA					
	-	-	-	-	-
Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions					
	-	33,783	5,699	60,935	68,852
Performing financing to non- financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:					
	-	162,990	71,256	722,456	704,106
- With a risk weight of less than or equal to 35% as per the Capital Adequacy Ratio guidelines					
	-	-	-	-	-
Performing residential mortgages, of which:					
- With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines					
	-	-	-	-	-
Securities/ sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities					
	-	-	-	-	-
Other assets:					
Physical traded commodities, including gold					
	-	-	-	-	-
Assets posted as initial margin for Shari'a-compliant hedging contracts and contributions to default funds of CCPs					
	-	-	-	-	-
NSFR Shari'a-compliant hedging assets					
NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted					
	-	-	-	-	-
All other assets not included in the above categories					
	105,760	-	-	6,202	111,961
OBS items	114,675	-	-	-	5,734
Total RSF	517,914	196,773	76,955	789,593	902,961
NSFR (%)					105.7%

For the nine months ended 30 September 2024

24 NET STABLE FUNDING RATIO (continued)

The NSFR (as a percentage) as at 31 December 2023 is calculated as follows:

Item	No Specified maturity	Unweighted Values (before applying factors)			Total Weighted Value
		Less than 6 months	More than 6 months and less than one year	Over one year	
Available Stable Funding (ASF):					
Capital:					
Regulatory Capital	154,747	-	-	14,251	168,998
Other Capital Instruments	-	-	-	-	-
Retail Deposits and deposits from small business customers:					
Stable Deposits	-	260,744	7,033	66	254,455
Less stable deposits	-	297,098	70,883	16,874	348,056
Wholesale funding:					
Operational deposits	-	-	-	-	-
Other wholesale funding	-	434,595	101,386	113	132,793
Other liabilities:					
NSFR Shari'a-compliant hedging contract liabilities	-	-	-	-	-
All other liabilities not included in the above categories	-	13,062	-	-	-
Total ASF	154,747	1,005,499	179,302	31,304	904,302
Required Stable Funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	240,425	-	72,960	-	45,723
Deposits held at other financial institutions for operational purposes					
Performing financing and sukuk/ securities:	-	-	-	-	-
Performing financing to financial institutions secured by Level 1 HQLA					
Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	59,063	746	9,318	18,550
Performing financing to non- financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:					
- With a risk weight of less than or equal to 35% as per the Capital Adequacy Ratio guidelines	-	105,084	63,848	713,679	690,226
Performing residential mortgages, of which:	-	-	-	-	-
- With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	-	-
Securities/ sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities					
Other assets:	-	-	-	-	-
Physical traded commodities, including gold					
Assets posted as initial margin for Shari'a-compliant hedging contracts and contributions to default funds of CCPs	-	-	-	-	-
NSFR Shari'a-compliant hedging assets	738	-	-	-	738
NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted					
All other assets not included in the above categories	103,199	-	-	1,792	104,991
OBS items	114,696	-	-	-	5,735
Total RSF	459,058	164,147	137,554	724,789	865,963
NSFR (%)					104.4%