

BAHRAIN ISLAMIC BANK B.S.C.
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
31 MARCH 2025

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the three months ended 31 March 2025

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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 31 March 2025 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 31 March 2025;
- the condensed consolidated statement of income for the three-month period ended 31 March 2025;
- the condensed consolidated statement of total comprehensive income for the three-month period ended 31 March 2025;
- the condensed consolidated statement of income and attribution related to quasi-equity for the three-month period ended 31 March 2025;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2025;
- the condensed consolidated statement of changes in owners' equity for the three-month period ended 31 March 2025; 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 31 March 2025 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with FAS 41, "Interim Financial Reporting".

6 May 2025

Bahrain Islamic Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

		31 March 2025 BD'000 (reviewed)	31 December 2024 BD'000 (audited)
	Note		
ASSETS			
Cash and balances with banks and Central Bank		73,136	65,084
Placements with financial institutions		219,357	156,586
Financing contracts	8	1,001,750	1,000,663
Investment securities	9	255,342	272,126
Investment in associates		11,476	11,441
Investment in real estate	10	9,583	14,583
Property and equipment		14,831	14,793
Other assets	11	19,850	6,658
TOTAL ASSETS		1,605,325	1,541,934
LIABILITIES, QUASI-EQUITY AND OWNERS' EQUITY			
Liabilities			
Placements from financial institutions		112,000	77,377
Placements from non-financial institutions and individuals		322,340	470,891
Financing from financial institutions	12	181,987	175,197
Customers' current accounts		241,978	216,442
Other liabilities	13	48,345	38,221
Total Liabilities		906,650	978,128
Quasi-equity			
Financial institutions		39,769	64,892
Non-financial institutions and individuals		501,934	351,494
Total Quasi-equity	14	541,703	416,386
Owners' Equity			
Share capital		106,406	106,406
Treasury shares		(892)	(892)
Shares under employee share incentive scheme		(34)	(101)
Share premium		206	206
Reserves		26,286	16,801
Equity attributable to Bank's shareholders		131,972	122,420
Subordinated Mudaraba (AT1)		25,000	25,000
Total Owners' Equity		156,972	147,420
TOTAL LIABILITIES, QUASI-EQUITY AND OWNERS' EQUITY		1,605,325	1,541,934

The condensed consolidated interim financial information was approved by the Board of Directors on 6 May 2025 and signed on its behalf by:

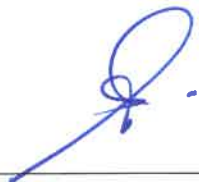
		
Zaid Khalid Abdulrahman Chairman	Usman Ahmed Vice Chairman	Fatema AlAlawi Chief Executive Officer

Bahrain Islamic Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the three months ended 31 March 2025

		<i>Three months ended 31 March</i>	
	Note	2025 BD'000 (reviewed)	2024 BD'000 (reviewed)
INCOME			
Income from financing contracts		13,283	12,385
Income from placements with financial institutions		1,924	945
Income from investment in Sukuk	15	3,532	3,837
Expense on placements from financial institutions		(1,141)	(1,755)
Expense on placements from non-financial institutions and individuals		(5,449)	(4,754)
Expense on financing from financial institutions		(2,179)	(2,249)
Net finance income		9,970	8,409
Fee and commission income, net		1,740	1,969
Income from investment in real estate, net	10	9,554	71
Share of results of associates, net		35	7
Other income, net		753	185
Total income		22,052	10,641
EXPENSES			
Staff costs		4,292	3,543
Depreciation and amortization		403	463
Other expenses		2,838	3,518
Total expenses		7,533	7,524
Profit before impairment allowances and attribution to quasi-equity		14,519	3,117
Impairment allowance, net	16	(2,688)	(1,337)
Profit before attribution to quasi-equity		11,831	1,780
Profit attributable to quasi-equity		(1,829)	(749)
PROFIT FOR THE PERIOD		10,002	1,031
BASIC AND DILUTED EARNINGS PER SHARE (fils)		9.48	0.98

		
Zaid Khalid Abdulrahman Chairman	Usman Ahmed Vice Chairman	Fatema AlAlawi Chief Executive Officer

Bahrain Islamic Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2025

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2025</i>	<i>2024</i>
	<i>BD'000</i>	<i>BD'000</i>
	<i>(reviewed)</i>	<i>(reviewed)</i>
Profit for the period	10,002	1,031
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	(52)	1
Fair value changes on investment in real estate	(59)	-
Total other comprehensive income for the period	(111)	1
Total comprehensive income	9,891	1,032

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

For the three months ended 31 March 2025

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2025</i>	<i>2024</i>
	<i>BD'000</i>	<i>BD'000</i>
	<i>(reviewed)</i>	<i>(reviewed)</i>
Profit before impairment allowances and attribution to quasi-equity	14,519	3,117
Adjusted for:		
Less: income not attributable to quasi-equity	(12,082)	(2,232)
Add: expenses not attributable to quasi-equity	16,302	16,282
Less: institution's share of income from jointly financed assets	(12,138)	(11,891)
Less: allowance for impairment allowances attributable to quasi-equity	(938)	(407)
Total income available for quasi-equity holders	5,663	4,869
Fair value reserve – net movement	-	-
Profit equalization reserve – net movement	(61)	(52)
Total income attributable to quasi-equity holders (adjusted for reserves)	5,602	4,817
Less: mudarib's share	(3,735)	(4,012)
Less: wakala fees	(38)	(56)
Net income attributable to quasi-equity	1,829	749
Investment risk reserve - net movement	-	-
Net income attributable to quasi-equity	1,829	749
Profit attributable to quasi-equity	1,829	749

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 March 2025

	Three months ended 31 March	
	2025	2024
	BD'000	BD'000
	(reviewed)	(reviewed)
OPERATING ACTIVITIES		
Profit for the period	10,002	1,031
Adjustments for non-cash items:		
Depreciation	317	364
Impairment allowance, net	2,688	1,337
Amortization of right-of-use asset	86	99
Gain on sale of investment in sukuk	(4)	(3)
Gain on sale of investment in real estate	(9,523)	-
Share of results of associates, net	(35)	(7)
Operating profit before changes in operating assets and liabilities	3,531	2,821
Working capital adjustments:		
Mandatory reserve with Central Bank of Bahrain	175	(2,825)
Financing contracts	(4,680)	(11,883)
Other assets	(1,426)	(530)
Customers' current accounts	25,536	6,900
Other liabilities	9,883	19,736
Placements from financial institutions	32,753	18,656
Placements from non-financial institutions and individuals	(148,551)	45,486
Quasi-equity	125,317	(1,095)
Net cash from operating activities	42,538	77,266
INVESTING ACTIVITIES		
Purchase of property and equipment	(355)	(320)
Purchase of investment securities	(20,929)	(45,572)
Disposal of investment securities	41,169	52,283
Net cash from investing activities	19,885	6,391
FINANCING ACTIVITIES		
Financing from financial institutions received / (paid)	6,790	(79,444)
Ijarah liability paid	(84)	(88)
Net cash from / (used in) financing activities	6,706	(79,532)
NET INCREASE IN CASH AND CASH EQUIVALENTS	69,129	4,125
Cash and cash equivalents at 1 January	175,629	74,399
CASH AND CASH EQUIVALENTS AT 31 MARCH	244,758	78,524
Cash and cash equivalents comprise:		
Cash on hand	9,881	9,150
Balances with CBB, excluding mandatory reserve deposits	578	59
Balances with banks and other financial institutions excluding restricted balances	14,942	6,157
Placements with financial institutions with original maturities less than 90 days	219,357	63,158
	244,758	78,524

Bahrain Islamic Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the three months ended 31 March 2025

	Equity attributable to Bank's shareholders											
	Shares under employee share incentive scheme				Reserves							
	Share capital BD'000	Treasury shares BD'000	Share premium BD'000	Statutory reserve BD'000	Real estate fair value reserve BD'000	Investment securities fair value reserve BD'000	Retained earnings / (Accumulated losses) BD'000	Total reserves BD'000	Equity attributable to Bank's shareholders BD'000	Sub-ordinated mudaraba (AT1) BD'000	Total Owners' Equity BD'000	
2025 - reviewed												
Balance at 1 January 2025	106,406	(892)	(101)	206	8,227	1,320	1,652	5,602	16,801	122,420	25,000	147,420
Profit for the period	-	-	-	-	-	-	-	10,002	10,002	10,002	-	10,002
Other comprehensive income	-	-	-	-	-	(59)	(52)	-	(111)	(111)	-	(111)
Total comprehensive income for the period	-	-	-	-	-	(59)	(52)	10,002	9,891	9,891	-	9,891
Zakah approved	-	-	-	-	-	-	-	(356)	(356)	(356)	-	(356)
Donations approved	-	-	-	-	-	-	-	(50)	(50)	(50)	-	(50)
Shares allocated to staff during the period	-	-	67	-	-	-	-	-	-	67	-	67
Balance at 31 March 2025	106,406	(892)	(34)	206	8,227	1,261	1,600	15,198	26,286	131,972	25,000	156,972
2024 - reviewed												
Balance at 1 January 2024	106,406	(892)	(195)	206	7,720	1,320	1,583	3,484	14,107	119,632	25,000	144,632
Profit for the period	-	-	-	-	-	-	-	1,031	1,031	1,031	-	1,031
Other comprehensive income	-	-	-	-	-	-	1	-	1	1	-	1
Total comprehensive income for the period	-	-	-	-	-	-	1	1,031	1,032	1,032	-	1,032
Zakah approved	-	-	-	-	-	-	-	(289)	(289)	(289)	-	(289)
Donations approved	-	-	-	-	-	-	-	(250)	(250)	(250)	-	(250)
Shares allocated to staff during the period	-	-	148	-	-	-	-	-	-	148	-	148
Balance at 31 March 2024	106,406	(892)	(47)	206	7,720	1,320	1,584	3,976	14,600	120,273	25,000	145,273

The accompanying notes 1 to 23 form an integral part of this condensed consolidated interim financial information.

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 2024: 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 (2024: 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 2024. 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 2024.

3 SIGNIFICANT ACCOUNTING POLICIES

Adoption of new accounting standards and amendments to standards effective for annual periods beginning on or after 1 January 2025.

The new accounting standards and amendments to the standards issued and effective as at 1 January 2025 do not have a significant impact on the Group's accounting policies. The condensed consolidated interim financial information has been prepared using the same accounting policies and methods of computation applied in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2024.

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 2024.

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 2024.

6 COMPARATIVE INFORMATION

The condensed consolidated 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 2024, and comparatives for the condensed consolidated statements of income, condensed consolidated statements of comprehensive income, condensed consolidated statement of income and attribution related to quasi-equity, changes in owner's equity, and cash flows have been extracted from the Group's reviewed condensed consolidated interim financial information for the three months ended 31 March 2024.

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2025

8 FINANCING CONTRACTS

	31 March 2025 BD'000 (Reviewed)	31 December 2024 BD'000 (Audited)
Trade-based		
Murabaha	721,385	720,546
Participatory-based		
Musharaka	98,151	97,430
Lease-based		
Ijarah Muntahia Bittamleek (net of accumulated depreciation)	318,871	316,982
Gross financing contracts	1,138,407	1,134,958
Deferred profits	(87,858)	(87,721)
Expected credit losses allowance (8.1)	(48,799)	(46,574)
Net financing contracts	1,001,750	1,000,663

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

2025	Stage 1 BD'000	Stage 2 BD'000	Stage 3 BD'000	Total BD'000
Gross financing contracts	980,478	68,270	89,659	1,138,407
Less: Deferred profits	61,239	8,269	18,350	87,858
Less: Expected credit losses allowance				
At 1 January 2025	5,438	4,624	36,512	46,574
Net movement between stages	213	(447)	234	-
Net charge for the period	(145)	154	2,587	2,596
Write-off	-	-	(371)	(371)
At 31 March 2025	5,506	4,331	38,962	48,799
Net financing contracts	913,733	55,670	32,347	1,001,750
2024	Stage 1 BD'000	Stage 2 BD'000	Stage 3 BD'000	Total BD'000
Gross financing contracts	979,470	68,723	86,765	1,134,958
Less: Deferred profits	65,703	8,044	13,974	87,721
Less: Expected credit losses allowance				
At 1 January 2024	4,064	8,612	27,214	39,890
Net movement between stages	1,037	(3,447)	2,410	-
Net charge for the year	337	(541)	7,503	7,299
Write-off	-	-	(615)	(615)
At 31 December 2024	5,438	4,624	36,512	46,574
Net financing contracts	908,329	56,055	36,279	1,000,663

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 INVESTMENT SECURITIES

**** As of 31 March 2025, Sukuk of BD 129,411 thousand (31 December 2024: BD 110,595) 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 453 thousand (31 December 2024: BD 2,135 thousand loss) were adjusted to the carrying value.**

10 INVESTMENT IN REAL ESTATE

During the period ended 31 March 2025, an income of BHD 9,523 thousand was recognized in the condensed consolidated statement of income on account of sale of land with a carrying value of BD 4,941 thousand.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2025

11 OTHER ASSETS

	31 March 2025 BD'000 (Reviewed)	31 December 2024 BD'000 (Audited)
Reposessed assets*	1,240	-
Receivables**	15,097	271
Staff advances	1,512	1,471
Prepaid expenses	185	473
Risk management instruments (11.1)	256	2,135
Right of use asset	429	464
Other	1,131	1,844
	19,850	6,658

*Reposessed assets comprise lands located in Kingdom of Bahrain and are net of impairment allowance of BD 24 thousand (2024: nil).

**Receivables includes a receivable balance from the parent entity related to the proceeds from the sale of land (refer to note 10).

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 31 March 2025 are provided below:

	31 March 2025		31 December 2024	
	Assets BD'000	Liabilities BD'000	Assets BD'000	Liabilities BD'000
Profit rate swaps (Fair value hedges)	-	453	2,135	-
Foreign exchange contracts (Waad) (Other risk management instruments)	256	-	-	616
	256	453	2,135	616

The notional amount of risk management financial instruments held by the Group as at 31 March 2025 are provided below:

	31 March 2025		31 December 2024	
	Assets BD'000	Liabilities BD'000	Assets BD'000	Liabilities BD'000
Profit rate swaps (Fair value hedges)	129,411	-	110,595	-
Foreign exchange contracts (Waad) (Other risk management instruments)	122,867	122,611	46,625	46,009
	252,278	122,611	157,220	46,009

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

	31 March 2025 BD'000	31 March 2024 BD'000
Gains / (losses) on the hedged items attributable to risk hedged	453	(1,744)
(Losses) / gains on the hedging instruments	(453)	1,744
Net hedge ineffectiveness (loss)/gain	-	-

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2025

12 FINANCING FROM FINANCIAL INSTITUTIONS

This represents term murabaha facilities of BD 181,987 thousand (2024: BD 175,197 thousand) secured by pledge over Sukuk of BD 114,711 thousand (2024: BD 117,667 thousand) (note 9). The average profit rate on financing is 4.83% (2024: 4.99%).

13 OTHER LIABILITIES

	31 March 2025 BD'000 (Reviewed)	31 December 2024 BD'000 (Audited)
Managers' cheques	2,718	2,135
Payable to vendors	7,090	2,710
Accrued expenses	8,021	7,271
Zakah and charity fund*	1,522	1,169
Net Ijarah liability	414	444
Other**	28,580	24,492
	48,345	38,221

* During the period ended 31 March 2025, BD 484 thousand (2024: BD 607 thousand) was transferred into the Zakah and charity fund and BD 131 thousand (2024 BD 107 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 955 thousand (31 December 2024: BD 969 thousand).

14 QUASI-EQUITY

	31 March 2025 BD'000 (Reviewed)	31 December 2024 BD'000 (Audited)
Placements from financial institutions – Wakala	39,769	64,892
Placements from non-financial institutions and individuals – Wakala	603	1,113
Placements from non-financial institutions and individuals - Mudharaba	501,331	350,381
	541,703	416,386

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:

	31 March 2025 BD'000 (Reviewed)	31 December 2024 BD'000 (Audited)
Cash and balances with banks and Central Bank	44,408	44,156
Placements with financial institutions	19,778	5,505
Financing contracts, net	387,082	293,007
Investment securities, net	90,435	73,718
	541,703	416,386

Profit equalisation reserve

	31 March 2025 BD'000 (Reviewed)	31 December 2024 BD'000 (Audited)
Opening reserve balance	342	113
Movement during the period	61	229
Ending reserve balance	403	342

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2025

15 INCOME FROM INVESTMENT IN SUKUK

	31 March 2025 BD'000 (Reviewed)	31 March 2024 BD'000 (Reviewed)
Profit on investment in Sukuk	3,528	3,834
Gain on sale of Sukuk	4	3
	3,532	3,837

16 IMPAIRMENT ALLOWANCE, NET

	31 March 2025 BD'000 (Reviewed)	31 March 2024 BD'000 (Reviewed)
Financing contracts (note 8.1)	2,596	1,767
Investments in Sukuk	70	(31)
Investments at fair value through other comprehensive income	10	-
Placements with financial institutions	2	1
Other assets	24	-
Commitments	(14)	(400)
	2,688	1,337

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:

	31 March 2025 BD'000 (Reviewed)	31 December 2024 BD'000 (Audited)
Letters of credit and acceptances	2,149	2,550
Guarantees	27,946	31,589
Credit Cards	45,577	44,266
Altamweel Almaren	15,660	26,594
Commitments to finance	8,304	8,687
	99,636	113,686

Expected credit losses allowance of BD 955 thousand (31 December 2024: BD 969 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2025

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.

The significant balances and transactions with related parties at 31 March 2025 were as follows:

31 March 2025 (reviewed)					
	Shareholders	Associates	Directors	Senior	Total
	BD'000	and joint	and related	management	BD'000
		ventures	entities		
		BD'000	BD'000	BD'000	BD'000
Assets					
Cash and balances with banks and Central Bank	3,906	-	-	-	3,906
Placements with financial institutions	38,027	-	-	-	38,027
Financing contracts	-	-	517	904	1,421
Investment in associates	-	11,476	-	-	11,476
Other assets	15,609	-	-	392	16,001
Liabilities and Quasi-equity					
Financing from financial institutions	58,522	-	-	-	58,522
Placements from non-financial institutions and individuals	-	-	200	550	750
Placements from financial institutions	20,094	-	-	-	20,094
Customers' current accounts	-	565	1,830	47	2,442
Other liabilities	7,573	-	814	-	8,387
Quasi-equity	-	-	861	1,996	2,857
Off Balance sheet					
Profit rate swap - notional amount	129,411	-	-	-	129,411
31 March 2025 (reviewed)					
	Shareholders	Associates	Directors	Senior	Total
	BD'000	and joint	and related	management	BD'000
		ventures	entities		
		BD'000	BD'000	BD'000	BD'000
Income					
Income from financing contracts	-	-	4	12	16
Income from investment in Sukuk	177	-	-	-	177
Placements with financial institutions	99	-	-	-	99
Share of results of associates, net	-	35	-	-	35
Other income	(2,588)	-	-	-	(2,588)
Net income attributable to quasi-equity	-	-	-	(16)	(16)
Expense on placements from financial institutions	(255)	-	-	-	(255)
Expense on placements from non-financial institutions and individuals	-	-	(7)	(11)	(18)
Expense on financing from financial institutions	(604)	-	-	-	(604)
Expenses					
Staff costs	-	-	-	(644)	(644)
Other expenses	-	-	(128)	-	(128)

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For the three months ended 31 March 2025

19 RELATED PARTY TRANSACTIONS (continued)

31 December 2024 (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	2,036	-	-	-	2,036
Placements with financial institutions	-	-	-	-	-
Financing contracts	-	-	471	907	1,378
Investment in associates	-	11,441	-	-	11,441
Other assets	3,158	-	-	389	3,547
Liabilities and Quasi-equity					
Placements from financial institutions	20,078	-	-	-	20,078
Financing from financial institutions	61,660	-	-	-	61,660
Placements from non-financial institutions and individuals	-	-	640	865	1,505
Customers' current accounts	-	653	1,798	57	2,508
Other liabilities	6,599	-	431	-	7,030
Quasi-equity	-	-	287	1,240	1,527
Off Balance sheet					
Profit rate swap - notional amount	80,131	-	-	-	80,131
31 March 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	-	-	5	5	10
Income from investment in Sukuk	470	-	-	-	470
Placements with financial institutions	287	-	-	-	287
Share of results of associates, net	-	7	-	-	7
Other income	(1,006)	-	-	-	(1,006)
Net income attributable to quasi-equity	-	-	-	(22)	(22)
Expense on placements from financial institutions	(277)	-	-	-	(277)
Expense on placements from non-financial institutions and individuals	-	-	(41)	(7)	(48)
Expense on financing from financial institutions	(1,346)	-	-	-	(1,346)
Expenses					
Staff costs	-	-	-	(826)	(826)
Other expenses	-	-	(150)	-	(150)

Compensation of the key management personnel is as follows:

	Three months ended 31 March	
	2025 BD'000	2024 BD'000
Short term employee benefits	577	755
Other long term benefits	67	71
	644	826

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. Quoted shares of BD 986 thousand (31 December 2024: nil) are treated as Level 1 investments. Unquoted shares and unquoted managed funds of BD 20,315 thousand (31 December 2024: BD 20,367 thousand) are treated as Level 3 investments. During the period fair value movement of BD 10 thousand (31 December 2024: BD nil) was charged to income statement and BD 52 thousand fair value loss was reported in the fair value reserve (31 December 2024: BD 69 thousand fair value gain). 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>
31 March 2025				
Investment securities				
Quoted shares	986	-	-	986
Unquoted shares	-	-	19,879	19,879
Unquoted managed funds	-	-	436	436
Other liabilities	-	453	-	453
Total	986	453	20,315	21,754
	<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>
31 December 2024				
Investment securities				
Unquoted shares	-	-	19,931	19,931
Unquoted managed funds	-	-	436	436
Other assets	-	2,135	-	2,135
Total	-	2,135	20,367	22,502

Transfers between Level 1, Level 2 and Level 3

During the three-months period ended 31 March 2025 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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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 three months ended 31 March 2025 (Reviewed)</i>			
	<i>Corporate</i>	<i>Retail</i>	<i>Investment</i>	<i>Total</i>
	<i>BD'000</i>	<i>BD'000</i>	<i>BD'000</i>	<i>BD'000</i>
Total net income	908	5,930	13,385	20,223
Total expenses	(1,536)	(5,244)	(753)	(7,533)
Allowances for expected credit losses, net	(1,701)	(882)	(105)	(2,688)
Profit / (Loss) for the period	(2,329)	(196)	12,527	10,002

Other information

	<i>31 March 2025 (Reviewed)</i>			
	<i>Corporate</i>	<i>Retail</i>	<i>Investment</i>	<i>Total</i>
	<i>BD'000</i>	<i>BD'000</i>	<i>BD'000</i>	<i>BD'000</i>
Segment assets	361,753	708,751	534,821	1,605,325
Segment liabilities, quasi-equity and owners' equity	476,628	739,043	389,654	1,605,325

	<i>For the three months ended 31 March 2024 (Reviewed)</i>			
	<i>Corporate</i>	<i>Retail</i>	<i>Investment</i>	<i>Total</i>
	<i>BD'000</i>	<i>BD'000</i>	<i>BD'000</i>	<i>BD'000</i>
Total net income	1,673	6,357	1,862	9,892
Total expenses	(1,548)	(5,287)	(689)	(7,524)
Allowances for expected credit losses, net	(678)	(688)	29	(1,337)
Profit / (Loss) for the period	(553)	382	1,202	1,031

Other information

	<i>31 December 2024 (Audited)</i>			
	<i>Corporate</i>	<i>Retail</i>	<i>Investment</i>	<i>Total</i>
	<i>BD'000</i>	<i>BD'000</i>	<i>BD'000</i>	<i>BD'000</i>
Segment assets	368,588	703,172	470,174	1,541,934
Segment liabilities, quasi-equity and owners' equity	476,170	705,509	360,255	1,541,934

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2025

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.

	Three months ended 31 March	
	2025 (Reviewed)	2024 (Reviewed)
Profit for the period attributable to the shareholders of the bank bank for basic and diluted earnings per share computation	10,002	1,031
Weighted average number of shares outstanding during the period, net of treasury shares (thousand)	1,055,090	1,054,585
Basic and diluted earnings per share (BIS)	9.48	0.98

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

23 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 three months ended 31 March 2025

23 NET STABLE FUNDING RATIO (continued)

The NSFR (as a percentage) as at 31 March 2025 is calculated as follows:

Item	No Specified maturity	Unweighted Values (before applying factors)			BD'000
		Less than 6 months	More than 6 months and less than one year	Over one year	Total Weighted Value
Available Stable Funding (ASF):					
Capital:					
Regulatory Capital	159,998	-	-	11,347	171,345
Other Capital Instruments	-	-	-	-	-
Retail Deposits and deposits from small business customers:					
Stable Deposits	-	269,877	4,474	25	260,657
Less stable deposits	-	375,793	55,199	11,634	399,526
Wholesale funding:					
Operational deposits	-	-	-	-	-
Other wholesale funding	-	496,507	114,247	72,253	250,483
Other liabilities:					
NSFR Shari'a-compliant hedging contract liabilities	453	-	-	-	-
All other liabilities not included in the above categories	-	43,465	-	-	-
Total ASF	160,451	1,185,642	173,920	95,259	1,082,011
Required Stable Funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	208,729	-	79,698	-	47,571
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	-	77,516	777	68,984	81,000
Performing financing to non- financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	-	251,160	92,394	722,712	704,782
- 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	109,390	-	-	3,906	113,296
OBS items	99,637	-	-	-	4,982
Total RSF	417,756	328,676	172,869	795,602	951,631
NSFR (%)					113.7%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2025

23 NET STABLE FUNDING RATIO (continued)

The NSFR (as a percentage) as at 31 December 2024 is calculated as follows:

Item	Unweighted Values (before applying factors)				BD'000
	No Specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	Total Weighted Value
<u>Available Stable Funding (ASF):</u>					
Capital:					
Regulatory Capital	151,818	-	-	11,571	163,388
Other Capital Instruments	-	-	-	-	-
Retail Deposits and deposits from small business customers:					
Stable Deposits	-	264,311	4,841	24	255,719
Less stable deposits	-	380,809	42,897	11,281	392,616
Wholesale funding:					
Operational deposits	-	-	-	-	-
Other wholesale funding	-	474,543	105,385	72,201	249,072
Other liabilities:					
NSFR Shari'a-compliant hedging contract liabilities	-	-	-	-	-
All other liabilities not included in the above categories	-	32,352	-	-	-
Total ASF	151,818	1,152,015	153,123	95,077	1,060,795
<u>Required Stable Funding (RSF):</u>					
Total NSFR high-quality liquid assets (HQLA)	228,368	-	78,612	-	47,965
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	-	72,259	781	65,401	76,630
Performing financing to non- financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	-	210,136	68,889	721,429	703,368
- 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	2,135	-	-	-	2,135
NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted	-	-	-	-	-
All other assets not included in the above categories	101,986	-	-	2,036	104,021
OBS items	113,685	-	-	-	5,684
Total RSF	446,174	282,395	148,282	788,866	939,803
NSFR (%)					112.9%