

BAHRAIN ISLAMIC BANK B.S.C.
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
31 MARCH 2026

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the three months ended 31 March 2026

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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 2026 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 2026;
- the condensed consolidated statement of income for the three-month period ended 31 March 2026;
- the condensed consolidated statement of total comprehensive income for the three-month period ended 31 March 2026;
- the condensed consolidated statement of income and attribution related to quasi-equity for the three-month period ended 31 March 2026;
- the condensed consolidated statement of changes in owners' equity for the three-month period ended 31 March 2026;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2026; 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 2026 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with FAS 41, "Interim Financial Reporting".

5 May 2026

Bahrain Islamic Bank B.S.C.

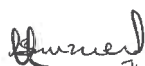
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

	Note	31 March 2026 BD'000 (reviewed)	31 December 2025 BD'000 (audited)
ASSETS			
Cash and balances with banks and Central Bank		77,476	73,664
Placements with financial institutions		226,243	293,129
Financing contracts	8	995,017	998,523
Investment securities	9	412,627	390,347
Investment in associates	10	7,691	7,691
Investment in real estate	11	13,721	13,721
Property and equipment		16,218	15,948
Other assets	12	11,211	11,253
TOTAL ASSETS		1,760,204	1,804,276
LIABILITIES, QUASI-EQUITY AND OWNERS' EQUITY			
Liabilities			
Placements from financial institutions		29,078	90,595
Placements from non-financial institutions and individuals		156,131	167,054
Financing from financial institutions	13	280,907	260,125
Customers' current accounts		283,622	254,596
Other liabilities	14	46,226	43,296
Total Liabilities		795,964	815,666
Quasi-equity			
Financial institutions		35,083	73,261
Non-financial institutions and individuals		768,428	752,066
Total Quasi-equity	15	803,511	825,327
Owners' Equity			
Share capital	16	106,406	106,406
Treasury shares	16	(677)	(677)
Shares under employee share incentive scheme		(50)	(245)
Share premium		197	132
Reserves		29,853	32,667
Equity attributable to Bank's shareholders		135,729	138,283
Subordinated Mudaraba (AT1)		25,000	25,000
Total Owners' Equity		160,729	163,283
TOTAL LIABILITIES, QUASI-EQUITY AND OWNERS' EQUITY		1,760,204	1,804,276

The condensed consolidated interim financial information was approved by the Board of Directors on 5 May 2026 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.

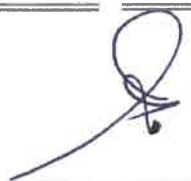
CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the three months ended 31 March 2026

		<i>Three months ended</i>	
		<i>31 March</i>	
	<i>Note</i>	<i>2026</i>	<i>2025</i>
		<i>BD'000</i>	<i>BD'000</i>
		<i>(reviewed)</i>	<i>(reviewed)</i>
INCOME			
Income from financing contracts		12,845	13,283
Income from placements with financial institutions		3,060	1,924
Income from investment in Sukuk	17	5,293	3,532
Expense on placements from financial institutions		(770)	(1,141)
Expense on placements from non-financial institutions and individuals		(2,303)	(5,449)
Expense on financing from financial institutions		(3,146)	(2,179)
Net finance income		14,979	9,970
Fee and commission income, net		1,615	1,740
Income from investment in real estate, net		7	9,554
Share of results of associates, net		-	35
Other income, net		1,111	753
Total income		17,712	22,052
EXPENSES			
Staff costs		3,565	4,292
Depreciation and amortization		503	403
Other operating expenses		3,278	2,838
Total expenses		7,346	7,533
Profit before impairment allowances and attribution to quasi-equity		10,366	14,519
Impairment allowance on financial instruments, net	18	(1,464)	(2,688)
Profit before attribution to quasi-equity		8,902	11,831
Profit attributable to quasi-equity		(5,722)	(1,829)
PROFIT FOR THE PERIOD		3,180	10,002
BASIC AND DILUTED EARNINGS PER SHARE (fils)		3.01	9.48


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 2026

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2026</i>	<i>2025</i>
	<i>BD'000</i>	<i>BD'000</i>
	<i>(reviewed)</i>	<i>(reviewed)</i>
Profit for the period	3,180	10,002
Other comprehensive income		
Items that are or may be reclassified subsequently to the statement of income		
Fair value changes on equity investments carried at fair value through other comprehensive income	12	(52)
Fair value changes on investment in real estate	-	(59)
Total other comprehensive income	12	(111)
Total comprehensive income for the period	3,192	9,891

Bahrain Islamic Bank B.S.C.

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

For the three months ended 31 March 2026

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2026</i>	<i>2025</i>
	<i>BD'000</i>	<i>BD'000</i>
	<i>(reviewed)</i>	<i>(reviewed)</i>
Profit before impairment allowances and attribution to quasi-equity	10,366	14,519
Adjusted for:		
Less: income not attributable to quasi-equity	(2,733)	(12,082)
Add: expenses not attributable to quasi-equity	13,565	16,302
Less: institution's share of income from jointly financed assets	(9,228)	(12,138)
Less: allowance for impairment allowances attributable to quasi-equity	(822)	(938)
Total income available for quasi-equity holders	11,148	5,663
Profit equalization reserve – net movement	(69)	(61)
Total income attributable to quasi-equity holders (adjusted for reserves)	11,079	5,602
Less: mudarib's share	(4,000)	(3,735)
Less: wakala fees	(1,357)	(38)
Profit attributable to quasi-equity	5,722	1,829

Bahrain Islamic Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 March 2026

	<i>Three months ended</i>	
	<i>31 March</i>	
	2026	2025
	<i>BD'000</i>	<i>BD'000</i>
	<i>(reviewed)</i>	<i>(reviewed)</i>
OPERATING ACTIVITIES		
Profit for the period	3,180	10,002
Adjustments for non-cash items:		
Depreciation and amortization	428	317
Impairment allowance on financial instruments, net	1,464	2,688
Amortization of right-of-use asset	75	86
Gain on sale of investment in sukuk	(2)	(4)
Gain on sale of investment in real estate	-	(9,523)
Share of results of associates, net	-	(35)
Operating profit before changes in operating assets and liabilities	5,145	3,531
Working capital adjustments:		
Mandatory reserve with Central Bank of Bahrain	(2,465)	175
Financing contracts	2,370	(4,680)
Other assets	2,304	(1,426)
Customers' current accounts	29,026	25,536
Other liabilities	2,431	9,799
Placements from financial institutions	(68,523)	32,753
Placements from non-financial institutions and individuals	(10,923)	(148,551)
Quasi-equity	(21,816)	125,317
Net cash (used in) / from operating activities	(62,451)	42,454
INVESTING ACTIVITIES		
Purchase of property and equipment	(698)	(355)
Purchase of investment securities	(27,403)	(20,929)
Disposal of investment securities	2,524	41,169
Net cash (used in) / from investing activities	(25,577)	19,885
FINANCING ACTIVITIES		
Proceeds from financing from financial institutions	20,782	6,790
Dividends paid	(5,298)	-
Net cash from financing activities	15,484	6,790
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(72,544)	69,129
Cash and cash equivalents at 1 January	314,201	175,629
CASH AND CASH EQUIVALENTS AT 31 MARCH	241,657	244,758
Cash and cash equivalents comprise:		
Cash on hand	5,935	9,881
Balances with CBB, excluding mandatory reserve deposits	761	578
Balances with banks and other financial institutions excluding restricted balances	8,718	14,942
Placements with financial institutions with original maturities less than 90 days	226,243	219,357
	241,657	244,758

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 80.22% (31 December 2025: 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 six branches (2025: seven), 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").

The condensed consolidated interim financial information of the Group has been prepared in accordance with Financial Accounting Standard 41, Interim Financial Reporting ("FAS 41") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"). In line with the requirements of AAOIFI and CBB rulebook for matters not covered under AAOIFI standards, the Group uses guidance from the relevant IFRS Accounting standards issued by the International Accounting Standard 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 2025. 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 2025.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed consolidated interim financial information are consistent with those used in the previous year, except for the following changes which became effective on 1 January 2026. The adoption of these standards did not have a significant impact on the condensed consolidated interim financial information.

- (i) FAS 45: Quasi-Equity (Including Investment Accounts).
- (ii) FAS 46: Off-Balance-Sheet Assets Under Management.
- (iii) FAS 47: Transfer of Assets Between Investment Pools.
- (iv) FAS 48: Promotional Gifts and Prizes.

New standards, amendments, and interpretations issued but not yet effective:

The following new standards and amendment to standards are effective for annual periods beginning after 1 January 2027 and earlier application is permitted. The Group is currently evaluating the impact of these standards and amendments.

- (i) FAS 50: Financial reporting for Islamic Investment institutions (including investment funds).
- (ii) Withdrawal of FAS 26: Investment in Real Estate and Related Transitional Provisions.

For the three months ended 31 March 2026

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 2025.

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 2025 except for the below:

Revision to significant accounting estimates arising from current geopolitical situation

Since 28 February 2026, the geopolitical situation in the Middle East has intensified and continues to evolve, resulting in increased uncertainty in the economic environment across the region, including the Kingdom of Bahrain.

The Group is closely monitoring developments and has activated its business continuity and risk management protocols to mitigate the potential impact of any disruption on its operations and financial performance. The Group also continues to assess the potential business implications arising from these uncertainties, together with the effect of any support and relief measures introduced by regional governments and central banks. Based on its assessment up to the date of approval of this condensed consolidated interim financial information, the Group's core operations have continued without material disruptions.

Given the recent and rapidly evolving nature of the situation, the volatility and uncertainty inherent in forward-looking economic forecasts may not be fully reflected in the modelled ECL outcomes as at 31 March 2026. Accordingly, a higher degree of management judgement and estimation uncertainty was involved in determining ECL as at 31 March 2026. In particular, the Group revisited the probability weightings assigned to the forward-looking macroeconomic scenarios used in the measurement of ECL to reflect the heightened uncertainty in the current environment. The revised scenario weightings applied by the Group are as follows:

Scenario	31 March 2026	31 December 2025	31 March 2025
Best	5%	15%	15%
Base	50%	70%	70%
Worst	45%	15%	15%

The Group also considered management overlays to address model limitations and portfolio-specific risk characteristics not fully captured by the underlying modelled outcomes. The reported ECL allowance represents management's best estimate at the reporting date based on available information. The situation remains fluid and the Group will continue to reassess the related impact as developments unfold.

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 2025, and comparatives for the condensed consolidated statements of income, comprehensive income, 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 2025.

The comparative figures have been regrouped in order to conform with the presentation for the 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.

For the three months ended 31 March 2026

8 FINANCING CONTRACTS

	31 March 2026 BD'000 (Reviewed)	31 December 2025 BD'000 (Audited)
Trade-based		
Murabaha	727,867	740,445
Participatory-based		
Musharaka	90,533	92,273
Mudaraba	6,591	4,728
Lease-based		
Ijarah Muntahia Bittamleek (net of accumulated depreciation)	301,509	301,355
Gross financing contracts	1,126,500	1,138,801
Deferred profits	(88,465)	(94,982)
Impairment allowance (8.1)	(43,018)	(45,296)
Net financing contracts	995,017	998,523

8.1 The movement on impairment allowances on financing contracts is as follows:

	<i>Stage 1 BD'000</i>	<i>Stage 2 BD'000</i>	<i>Stage 3 BD'000</i>	<i>Total BD'000</i>
Gross financing contracts	991,984	49,766	84,750	1,126,500
Less: Deferred profits	62,231	4,855	21,379	88,465
Less: Impairment allowance				
At 1 January 2026	5,201	3,867	36,228	45,296
Net movement between stages	241	58	(299)	-
Net charge for the period	(969)	412	1,693	1,136
Write-off	-	-	(3,414)	(3,414)
At 31 March 2026	4,473	4,337	34,208	43,018
Net financing contracts	925,280	40,574	29,163	995,017
	<i>Stage 1 BD'000</i>	<i>Stage 2 BD'000</i>	<i>Stage 3 BD'000</i>	<i>Total BD'000</i>
Gross financing contracts	998,615	51,365	88,821	1,138,801
Less: Deferred profits	67,801	5,240	21,941	94,982
Less: Impairment allowance				
At 1 January 2025	5,438	4,624	36,512	46,574
Net movement between stages	508	(1,258)	750	-
Net charge for the year	(745)	501	9,368	9,124
Write-off	-	-	(10,402)	(10,402)
At 31 December 2025	5,201	3,867	36,228	45,296
Net financing contracts	925,613	42,258	30,652	998,523

For the three months ended 31 March 2026

9 INVESTMENT SECURITIES

	31 March 2026 BD'000 (Reviewed)	31 December 2025 BD'000 (Audited)
i) Debt type instruments - at amortised cost*		
<i>Quoted Sukuk</i>		
Gross balance at the beginning of the period	368,739	253,928
Acquisitions	27,403	179,068
Disposals and redemptions	<u>(2,522)</u>	<u>(64,257)</u>
Gross balance at the end of the period**	393,620	368,739
Expected credit losses allowance	(113)	(112)
Fair value gains / (losses) on hedged items attributable to profit rate risk hedged**	<u>(466)</u>	<u>1,870</u>
Net balance at the end of the period	393,041	370,497
<i>Unquoted Sukuk</i>		
Gross balance at the beginning of the period	12,509	12,507
Foreign currency translation changes	10	2
Gross balance at the end of the period	12,519	12,509
Expected credit losses allowance	<u>(12,519)</u>	<u>(12,509)</u>
Net balance at the end of the period	-	-
ii) Equity type instruments		
<i>Unquoted shares - at fair value through other comprehensive income</i>		
Balance at beginning of the period	19,414	19,931
Fair value movement - net	<u>(264)</u>	<u>(517)</u>
Balance at the end of the period	19,150	19,414
<i>Unquoted managed funds</i>	<u>436</u>	<u>436</u>
Total net investment securities	412,627	390,347

* As of 31 March 2026, debt type instruments includes Sukuk of BD 241,990 thousand (31 December 2025: BD 196,075 thousand) pledged against financing from financial institutions of BD 203,262 thousand (31 December 2025: BD 172,726 thousand) (note 13).

** As of 31 March 2026, Sukuk of BD 252,603 thousand (31 December 2025: BD 227,988) 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 466 thousand loss (31 December 2025: BD 1,870 thousand gain) were adjusted to the carrying value.

10 INVESTMENT IN ASSOCIATES

	31 March 2026 BD'000 (Reviewed)	31 December 2025 BD'000 (Audited)
Balance at beginning of the period	7,691	11,441
Share of results of associates, net	-	128
Disposal	-	<u>(3,878)</u>
Balance at end of the period	7,691	7,691

Bahrain Islamic Bank B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2026

11 INVESTMENT IN REAL ESTATE

	31 March 2026 BD'000 (Reviewed)	31 December 2025 BD'000 (Audited)
Lands	9,933	9,933
Buildings	3,788	3,788
	13,721	13,721
	31 March 2026 BD'000 (Reviewed)	31 December 2025 BD'000 (Audited)
Movement on investment in real estate:		
Balance at the beginning of the period	13,721	14,583
Acquisition	-	3,946
Disposal	-	(4,942)
Fair value changes	-	134
Balance at the end of the period	13,721	13,721

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

12 OTHER ASSETS

	31 March 2026 BD'000 (Reviewed)	31 December 2025 BD'000 (Audited)
Reposessed assets*	953	953
Receivables	1,230	2,300
Staff advances	1,518	1,598
Prepaid expenses	793	528
Risk management instruments (12.1)	522	430
Other	6,195	5,444
	11,211	11,253

*Reposessed assets comprise lands located in Kingdom of Bahrain and are net of impairment allowance of BD 311 thousand (31 December 2025: 311 thousand).

12.1 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 2026 are provided below:

	31 March 2026		31 December 2025	
	Assets BD'000	Liabilities BD'000	Assets BD'000	Liabilities BD'000
Profit rate swaps (Fair value hedges)	466	-	-	1,870
Foreign exchange contracts (Waad) (Other risk management instruments)	56	-	430	-
	522	-	430	1,870

The notional amount of risk management financial instruments held by the Group as at 31 March 2026 are provided below:

	31 March 2026		31 December 2025	
	Assets BD'000	Liabilities BD'000	Assets BD'000	Liabilities BD'000
Profit rate swaps (Fair value hedges)	252,603	-	227,988	-
Foreign exchange contracts (Waad) (Other risk management instruments)	171,714	171,658	265,574	266,190
	424,317	171,658	493,562	266,190

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

	31 March 2026 BD'000	31 March 2025 BD'000
(Losses) / Gains on the hedged items attributable to risk hedged	(466)	1,870
Gains / (Losses) on the hedging instruments	466	(1,870)
Net hedge ineffectiveness (loss)/gain	-	-

Bahrain Islamic Bank B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2026

13 FINANCING FROM FINANCIAL INSTITUTIONS

This represents term murabaha facilities of BD 280,907 thousand (2025: BD 260,125 thousand) secured by pledge over Sukuk of BD 241,990 thousand (2025: BD 196,075 thousand) (note 9). The average profit rate on financing is 4.36% (2025: 4.43%).

14 OTHER LIABILITIES

	31 March 2026 BD'000 (Reviewed)	31 December 2025 BD'000 (Audited)
Managers' cheques	3,962	2,118
Payable to vendors	3,500	2,581
Accrued expenses	8,563	9,319
Zakah and charity fund*	837	545
Net Ijarah liability	336	401
Other**	29,028	28,332
	46,226	43,296

*During the period ended 31 March 2026, BD 726 thousand (2025: BD 484 thousand) was transferred into the Zakah and charity fund and BD 434 thousand (2025 BD 131 thousand) was utilised from the Zakah and charity fund. There were no movements in the good faith and Qard fund during the period.

**Other includes expected credit losses allowance for commitments and contingent liabilities of BD 1,070 thousand (31 December 2025: BD 1,019 thousand).

15 QUASI-EQUITY

	31 March 2026 BD'000 (Reviewed)	31 December 2025 BD'000 (Audited)
Placements from financial institutions – Wakala	35,083	73,261
Placements from non-financial institutions and individuals – Wakala	603	603
Placements from non-financial institutions and individuals - Mudharaba	767,825	751,463
	803,511	825,327

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 2026 BD'000 (Reviewed)	31 December 2025 BD'000 (Audited)
Cash and balances with banks and Central Bank	40,904	45,750
Placements with financial institutions	-	2,427
Financing contracts, net	546,668	566,831
Investment securities, net	215,939	210,319
	803,511	825,327

Profit equalisation reserve

	31 March 2026 BD'000 (Reviewed)	31 December 2025 BD'000 (Audited)
Opening reserve balance	611	342
Movement during the period	69	269
Ending reserve balance	680	611

15 QUASI-EQUITY (continued)**Distribution of assets by ownership**

	31 March 2026 (Reviewed)			31 December 2025 (Audited)		
	Self-financed	Quasi-equity	Total	Self-financed	Quasi-equity	Total
Cash and balances with banks and Central Bank	36,572	40,904	77,476	27,914	45,750	73,664
Placements with financial institutions	226,243	-	226,243	290,702	2,427	293,129
Financing contracts	448,349	546,668	995,017	431,692	566,831	998,523
Investment in Sukuk	177,102	215,939	393,041	160,178	210,319	370,497
Investment in equities and funds	19,586	-	19,586	19,850	-	19,850
Investment in associates	7,691	-	7,691	7,691	-	7,691
Investment in real estate	13,721	-	13,721	13,721	-	13,721
Property and equipment	16,218	-	16,218	15,948	-	15,948
Other assets	11,211	-	11,211	11,253	-	11,253
	956,693	803,511	1,760,204	978,949	825,327	1,804,276

Distribution of income

	31 March 2026 (Reviewed)			31 March 2025 (Reviewed)		
	Self-financed	Quasi-equity	Total	Self-financed	Quasi-equity	Total
INCOME						
Income from financing contracts	6,263	6,582	12,845	9,038	4,245	13,283
Income from placements with financial institutions	713	2,347	3,060	862	1,062	1,924
Income from investment in Sukuk	2,321	2,972	5,293	2,299	1,233	3,532
Expense on placements from financial institutions	(770)	-	(770)	(1,141)	-	(1,141)
Expense on placements from non-financial institutions and individuals	(2,303)	-	(2,303)	(5,449)	-	(5,449)
Expense on financing from financial institutions	(3,146)	-	(3,146)	(2,179)	-	(2,179)
Net finance income	3,078	11,901	14,979	3,430	6,540	9,970
Fee and commission income, net	1,615	-	1,615	1,740	-	1,740
Income from investment in real estate, net	7	-	7	9,554	-	9,554
Share of results of associates, net	-	-	-	35	-	35
Other income, net	1,111	-	1,111	753	-	753
Total income	5,811	11,901	17,712	15,512	6,540	22,052
EXPENSES						
Staff costs	3,565	-	3,565	4,292	-	4,292
Depreciation and amortization	503	-	503	403	-	403
Other operating expenses	3,278	-	3,278	2,838	-	2,838
Total expenses	7,346	-	7,346	7,533	-	7,533
Profit before impairment allowances and attribution to quasi-equity	(1,535)	11,901	10,366	7,979	6,540	14,519
Impairment allowance on financial instruments, net	(642)	(822)	(1,464)	(1,750)	(938)	(2,688)
Group's share as Mudarib and Wakil	5,357	(5,357)	-	3,773	(3,773)	-
ALLOCATED PROFIT	3,180	5,722	8,902	10,002	1,829	11,831

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16 SHARE CAPITAL

	31 March 2026 BD'000 (Reviewed)	31 December 2025 BD'000 (Audited)
a. Share capital		
i. <i>Authorised</i>		
2,000,000,000 shares (2025: 2,000,000,000 shares) of BD 0.100 each	200,000	200,000
ii. <i>Issued and fully-paid up</i>		
1,064,058,580 shares (2025: 1,064,058,587 shares) of BD 0.100 each	106,406	106,406
b. Treasury Shares		
	31 March 2026 (Reviewed)	31 December 2025 (Audited)
	Number of Shares	Number of Shares
	4,444,501	4,444,508
	677	677

17 INCOME FROM INVESTMENT IN SUKUK

	31 March 2026 BD'000 (Reviewed)	31 March 2025 BD'000 (Reviewed)
Profit income	5,291	3,528
Gain on sale	2	4
	5,293	3,532

18 IMPAIRMENT ALLOWANCE ON FINANCIAL INSTRUMENTS, NET

	31 March 2026 BD'000 (Reviewed)	31 March 2025 BD'000 (Reviewed)
Financing contracts (note 8.1)	1,136	2,596
Investments in Sukuk	1	70
Investments at fair value through other comprehensive income	277	10
Placements with financial institutions	(1)	2
Other assets	-	24
Commitments	51	(14)
	1,464	2,688

19 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 2026 BD'000 (Reviewed)	31 December 2025 BD'000 (Audited)
Letters of credit and acceptances	1,667	1,094
Guarantees	28,744	31,303
Credit Cards	47,087	45,125
Altamweel Almaren	17,149	23,862
Commitments to finance	9,104	10,865
	103,751	112,249

Expected credit losses allowance of BD 1,070 thousand (31 December 2025: BD 1,019 thousand) has been provided on account of the credit risk on these for commitments and contingent liabilities.

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20 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.

21 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 2026 were as follows:

	31 March 2026 (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	14,077	-	-	-	14,077
Placements with financial institutions	20,002	-	-	-	20,002
Financing contracts	-	-	2,287	608	2,895
Investment in associates	-	7,691	-	-	7,691
Other assets	6,076	-	-	645	6,721
Liabilities and Quasi-equity					
Financing from financial institutions	98,063	-	-	-	98,063
Placements from financial institutions	-	-	-	-	-
Customers' current accounts	-	266	8,406	282	8,954
Other liabilities	12,957	-	518	-	13,475
Quasi-equity	-	-	4,112	2,685	6,797
Off Balance sheet					
Profit rate swap - notional amount	252,603	-	-	-	252,603
	31 March 2026 (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	-	-	36	8	44
Income from investment in Sukuk	31	-	-	-	31
Income from placements with financial institutions	125	-	-	-	125
Share of results of associates, net	-	-	-	-	-
Other income	2,337	-	-	-	2,337
Profit attributable to quasi-equity	-	-	(49)	(34)	(83)
Expense on placements from financial institutions	(119)	-	-	-	(119)
Expense on placements from non-financial institutions and individuals	-	-	-	-	-
Expense on financing from financial institutions	(742)	-	-	-	(742)
Expenses					
Staff costs	-	-	-	(542)	(542)
Other operating expenses	-	-	(118)	-	(118)

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22 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 19,586 thousand (31 December 2025: BD 19,850 thousand) are treated as Level 3 investments. During the period fair value movement of BD 277 thousand (31 December 2025: BD 336) was charged to income statement and BD 12 thousand fair value gain was reported in the fair value reserve (31 December 2025: BD 290 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>
31 March 2026				
Investment securities				
Unquoted shares	-	-	19,150	19,150
Unquoted managed funds	-	-	436	436
Other assets	-	466	-	466
Total	-	466	19,586	20,052
	<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 2025				
Investment securities				
Unquoted shares	-	-	19,414	19,414
Unquoted managed funds	-	-	436	436
Other Liabilities	-	1,870	-	1,870
Total	-	1,870	19,850	21,720

Transfers between Level 1, Level 2 and Level 3

During the three-months period ended 31 March 2026 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.

The following table analyses the fair value of the financial assets carried at amortised cost where the fair value is different from the carrying value in the consolidated statement of financial position:

	<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 2026				
Investment securities - Sukuk				
Carrying value	299,691	93,350	-	393,041
Fair value	284,776	93,297	-	378,073
	<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 2025				
Investment securities - Sukuk				
Carrying value	276,522	93,975	-	370,497
Fair value	278,350	94,053	-	372,403

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23 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.
Market and Client Solutions	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. Market and Client Solutions' 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 2026 (Reviewed)</i>			
	<i>Corporate BD'000</i>	<i>Retail BD'000</i>	<i>Market and Client Solutions and Others BD'000</i>	<i>Total BD'000</i>
Total net income	2,364	7,847	1,779	11,990
Total expenses	(1,341)	(4,800)	(1,205)	(7,346)
Impairment allowance on financial instruments, net	(347)	(842)	(275)	(1,464)
Profit for the period	676	2,205	299	3,180
Other information				
	<i>31 March 2026 (Reviewed)</i>			
	<i>Corporate BD'000</i>	<i>Retail BD'000</i>	<i>Market and Client Solutions and Others BD'000</i>	<i>Total BD'000</i>
Segment assets	356,103	710,328	693,773	1,760,204
Segment liabilities, quasi-equity and owners' equity	539,250	774,891	446,063	1,760,204
	<i>For the three months ended 31 March 2025 (Reviewed)</i>			
	<i>Corporate BD'000</i>	<i>Retail BD'000</i>	<i>Market and Client Solutions and Others BD'000</i>	<i>Total BD'000</i>
Total net income	2,695	7,728	9,800	20,223
Total expenses	(1,415)	(4,953)	(1,165)	(7,533)
Impairment allowance on financial instruments, net	(1,701)	(882)	(105)	(2,688)
Profit / (Loss) for the period	(421)	1,893	8,530	10,002
Other information				
	<i>31 December 2025 (Audited)</i>			
	<i>Corporate BD'000</i>	<i>Retail BD'000</i>	<i>Market and Client Solutions and Others BD'000</i>	<i>Total BD'000</i>
Segment assets	355,875	715,776	732,625	1,804,276
Segment liabilities, quasi-equity and owners' equity	533,706	779,721	490,849	1,804,276

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

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24 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	
	2026 (Reviewed)	2025 (Reviewed)
Profit for the period attributable to the shareholders of the bank for basic and diluted earnings per share computation	3,180	10,002
Weighted average number of shares outstanding during the period, net of treasury shares (thousand)	1,055,693	1,055,090
Basic and diluted earnings per share (fils)	3.01	9.48

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

25 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%.

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25. NET STABLE FUNDING RATIO (continued)

The NSFR (as a percentage) as at 31 March 2026 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	159,482	-	-	10,448	169,930
Other Capital Instruments	-	-	-	-	-
Retail Deposits and deposits from small business customers:					
Stable Deposits	-	267,680	4,611	-	258,677
Less stable deposits	-	399,607	46,592	11,210	412,790
Wholesale funding:					
Operational deposits	-	-	-	-	-
Other wholesale funding	-	702,556	63,592	57,401	233,313
Other liabilities:					
NSFR Shari'a-compliant hedging contract liabilities	-	-	-	-	-
All other liabilities not included in the above categories	-	45,947	-	-	-
Total ASF	159,482	1,415,790	114,795	79,059	1,074,710
Required Stable Funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	447,835	-	-	-	19,658
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					
	-	33,095	475	2,586	7,787
Performing financing to non-financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:					
	-	286,595	91,918	794,959	764,072
- 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	466	-	-	-	466
NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted	-	-	-	-	-
All other assets not included in the above categories	97,122	-	-	14,077	111,199
OBS items	103,751	-	-	-	5,188
Total RSF	649,174	319,690	92,393	811,622	908,370
NSFR (%)					118.3%

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25 NET STABLE FUNDING RATIO (continued)

The NSFR (as a percentage) as at 31 December 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
<u>Available Stable Funding (ASF):</u>					
Capital:					
Regulatory Capital	162,036	-	-	10,654	172,691
Other Capital Instruments	-	-	-	-	-
Retail Deposits and deposits from small business customers:					
Stable Deposits	-	268,388	5,494	11	260,199
Less stable deposits	-	410,480	43,330	10,777	419,206
Wholesale funding:					
Operational deposits	-	-	-	-	-
Other wholesale funding	-	756,540	64,207	38,469	212,020
Other liabilities:					
NSFR Shari'a-compliant hedging contract liabilities	1,870	-	-	-	-
All other liabilities not included in the above categories	-	41,198	-	-	-
Total ASF	163,906	1,476,606	113,031	59,911	1,064,116
<u>Required Stable Funding (RSF):</u>					
Total NSFR high-quality liquid assets (HQLA)	426,901	-	-	-	18,530
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					
	-	58,187	-	-	8,728
Performing financing to non- financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:					
	-	356,038	76,327	789,817	766,777
- 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	99,115	-	-	7,071	106,186
OBS items	112,249	-	-	-	5,612
Total RSF	638,265	414,225	76,327	796,888	905,833
NSFR (%)					117.5%

26 SUBSEQUENT EVENTS

On 14 April 2026, the Central Bank of Bahrain introduced a number of support measures for the economy and the banking sector, including liquidity lines to retail banks against eligible securities, repayment deferrals of up to three months for eligible financed parties, extension of repurchase operation maturities, a reduction in the required cash reserve ratio, and a lowering of the minimum LCR and NSFR thresholds applicable to banks.

Management is in the process of evaluating the impact, if any, of these measures on the Group's condensed consolidated interim financial information.