

KHALEEJI BANK B.S.C.

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

30 September 2024

Commercial Registration:	55133 (registered with Central Bank of Bahrain as a retail Islamic bank)
Office:	Bahrain Financial Harbour GFH Tower PO Box 60002, Manama, Kingdom of Bahrain
Directors:	Hisham Ahmed Al Rayes – Chairman Sh. Ahmed Bin Isa Khalifa Al Khalifa – Vice Chairman Ali Murad H.E. Ayman Tawfeeq Almoayed (Appointed on 25 th March 2024) Sh. Fahad Ebrahim Al Khalifa (Appointed on 25 th March 2024) Hesham A.Rahman AlBinali (Appointed on 25 th March 2024) Sh. Isa Bin Khalid Al Khalifa (Appointed on 25 th March 2024) Mazen Ibrahim Abdulkarim Reyadh Eid Al Yaqoob Yusuf Abdulla Taqi (Appointed on 25 th March 2024)
Directors (till 25 th March 2024):	Hussain Sayed Ali Al Hussaini Isa Abdulla Zainal Mosobah Saif Al Mutairy Salah Abdulla Sharif
Chief Executive Officer:	Sattam Sulaiman Algosaibi
Board Secretary:	Mohammed Abdulla Saleh
External Auditors:	KPMG Fakhro, Bahrain

KHALEEJI BANK B.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the nine-month period ended 30 September 2024

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

To the Board of Directors of

Khaleeji Bank B.S.C.

Kingdom of Bahrain

Introduction

We have reviewed the accompanying 30 September 2024 condensed consolidated interim financial information of Khaleeji 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 other 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 changes in owners' equity for the nine-month period 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 off-balance sheet assets under management 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".


4 November 2024

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2024

	Note	30 September 2024 BD '000 (Reviewed)	31 December 2023 BD '000 (Audited)
ASSETS			
Cash and bank balances		72,488	116,383
Placements with financial institutions		117,453	124,190
Investment in sukuk	7	528,887	522,746
Financing contracts	8	680,307	548,287
Investment securities	9	24,140	38,570
Investment in real estate		69,001	97,787
Equity accounted investees	10	27,450	24,689
Other assets	11	30,918	26,277
Property and equipment		3,146	3,489
TOTAL ASSETS		1,553,790	1,502,418
LIABILITIES			
Placements from financial institutions		173,927	237,773
Placements from non-financial institutions and individuals		320,270	206,518
Term financing from financial institutions		246,129	264,362
Customers' current accounts		158,567	77,880
Other liabilities	12	18,446	22,829
TOTAL LIABILITIES		917,339	809,362
QUASI-EQUITY			
- From financial institutions		110,847	68,054
- From non-financial institutions and individuals		399,729	467,608
TOTAL QUASI-EQUITY	13	510,576	535,662
OWNERS' EQUITY			
Share capital	14	113,044	84,783
Statutory reserve		12,410	12,410
Treasury shares		(6,254)	(6,254)
Investment fair value reserve		(5,119)	(7,165)
Retained earnings		11,207	17,719
Equity attributable to parent's shareholders		125,288	101,493
Perpetual Mudaraba (AT1)	15	-	47,222
Equity attributable to owners' of the parent		125,288	148,715
Non-controlling interest		587	8,679
TOTAL OWNERS' EQUITY		125,875	157,394
TOTAL LIABILITIES, QUASI-EQUITY AND OWNERS' EQUITY		1,553,790	1,502,418

The Board of Directors approved the condensed consolidated interim financial information on 4 November 2024 and signed on its behalf by:


Hisham Ahmed Al Rayes
Chairman


Sh. Ahmed Bin Isa Al Khalifa
Vice Chairman


Sattam Sulaiman Algozaibi
Chief Executive Officer

The accompanying notes 1 to 26 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF INCOME
For the nine-month period ended 30 September 2024

	Note	Nine months ended		Three months ended	
		30 September 2024 BD '000 (Reviewed)	30 September 2023 BD '000 (Reviewed)	30 September 2024 BD '000 (Reviewed)	30 September 2023 BD '000 (Reviewed)
Income from financing contracts		34,910	30,881	11,388	10,635
Income from placements with financial institutions		6,160	2,925	2,335	1,475
Income from sukuk		20,230	24,131	6,765	7,826
Finance expense on placements from financial institutions, non-financial institutions and individuals		(21,676)	(22,707)	(6,862)	(7,889)
Finance expense on term financing from financial institutions		(11,894)	(7,562)	(3,732)	(2,692)
Net income from jointly financed assets		27,730	27,668	9,894	9,355
Income from investment securities		939	1,744	149	490
Income from investment in real estate, net	17	1,816	2,866	223	886
Share of loss from equity accounted investees		(367)	(751)	(84)	(311)
Fees and other income, net	18	6,026	4,897	1,386	904
TOTAL INCOME		36,144	36,424	11,568	11,324
Staff cost		5,144	4,636	1,540	1,174
Other operating expenses		6,001	5,368	2,214	2,026
TOTAL EXPENSES		11,145	10,004	3,754	3,200
Profit before impairment allowances and attribution to quasi-equity		24,999	26,420	7,814	8,124
Allowances for impairment and expected credit losses, net	19	(1,930)	(1,161)	(245)	(140)
Profit before attribution to quasi-equity		23,069	25,259	7,569	7,984
Less: Net profit attributable to quasi-equity		(16,035)	(15,854)	(5,673)	(5,530)
PROFIT FOR THE PERIOD		7,034	9,405	1,896	2,454
Attributable to:					
Shareholders of the parent		7,034	9,405	1,896	2,454
Non-controlling interest		-	-	-	-
		7,034	9,405	1,896	2,454
Earnings per share					
Basic and diluted earnings per share (fils)	20	7.08	8.00	1.75	3.07

Hisham Ahmed Al Rayes
Chairman

Sh. Ahmed Bin Isa Al Khalifa
Vice Chairman

Sattam Sulaiman Algosaiabi
Chief Executive Office

The accompanying notes 1 to 26 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
For the nine-month period ended 30 September 2024

	Nine months ended		Three months ended	
	30 September 2024 BD '000 (Reviewed)	30 September 2023 BD '000 (Reviewed)	30 September 2024 BD '000 (Reviewed)	30 September 2023 BD '000 (Reviewed)
Profit for the period	7,034	9,405	1,896	2,454
Other comprehensive income				
Items that may subsequently be classified to statement of income				
- Fair value changes on debt investments carried at fair value through other comprehensive income	1,330	(2,406)	1,417	(1,358)
- Fair value changes on equity investments carried at fair value through other comprehensive income	101	(340)	205	(173)
- Attributable to quasi-equity	(207)	-	(98)	-
Total other comprehensive income for the period	1,224	(2,746)	1,524	(1,531)
Total comprehensive income	8,258	6,659	3,420	923
Attributable to:				
Shareholders of the parent	8,258	6,659	3,420	923
Non-controlling interest	-	-	-	-
	8,258	6,659	3,420	923

The accompanying notes 1 to 26 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF INCOME AND ATTRIBUTION RELATED TO QUASI-EQUITY
For the nine-month period ended 30 September 2024

	Nine months ended		Three months ended	
	30 September 2024 BD '000 (Reviewed)	30 September 2023 BD '000 (Reviewed)	30 September 2024 BD '000 (Reviewed)	30 September 2023 BD '000 (Reviewed)
Profit before impairment allowances and attribution to quasi-equity	24,999	26,420	7,814	8,124
Adjusted for:				
Less: Income not attributable to quasi-equity	(8,414)	(8,755)	(1,674)	(1,968)
Add: Finance expense on due to banks and non-banks	33,570	30,269	10,594	10,581
Add: Expenses not attributable to quasi-equity	11,145	10,004	3,754	3,200
Less: Institution's share of income for its own/ share of investments	(43,267)	(36,992)	(13,119)	(12,473)
Less: Allowances for impairment and expected credit losses, net - attributable to quasi-equity	1,841	-	(259)	-
Total income available for quasi-equity holders	19,874	20,946	7,110	7,464
Profit equalization reserve – net movement	-	-	-	-
Total income attributable to quasi-equity holders (adjusted for reserves)	19,874	20,946	7,110	7,464
Less: Mudarib's share	(2,288)	(5,088)	(375)	(1,930)
Less: Wakala fees	(1,551)	(4)	(1,062)	(4)
Net income attributable to quasi-equity	16,035	15,854	5,673	5,530
Investment risk reserve – net movement	-	-	-	-
Profit attributable to quasi-equity	16,035	15,854	5,673	5,530
Other comprehensive income that may subsequently be classified to statement of income – attributable to quasi-equity	207	-	98	-
Total comprehensive income – attributable to quasi-equity	16,242	15,854	5,771	5,530
Less: Other comprehensive income not subject to immediate distribution	(207)	-	(98)	-
Total comprehensive income subject to immediate distribution	16,035	15,854	5,673	5,530
Net profit attributable to quasi-equity	16,035	15,854	5,673	5,530

The accompanying notes 1 to 26 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
For the nine-month period ended 30 September 2024

30 September 2024 (Reviewed)	Equity attributable to parent's shareholders					Perpetual Mudaraba (AT1) BD '000	Non- controlling interest BD '000	Total owners' equity BD '000	
	Share capital	Statutory reserve	Treasury shares	Investment fair value reserve	Retained earnings				Total
	BD '000	BD '000	BD '000	BD '000	BD '000				BD '000
Balance at 1 January 2024	84,783	12,410	(6,254)	(7,165)	17,719	101,493	47,222	8,679	157,394
Profit for the period	-	-	-	-	7,034	7,034	-	-	7,034
Other comprehensive income	-	-	-	2,046	-	2,046	-	-	2,046
Total comprehensive income for the period	-	-	-	2,046	7,034	9,080	-	-	9,080
Transfer to Zakah fund	-	-	-	-	(768)	(768)	-	-	(768)
Redemption of AT1 (Note 15)	-	-	-	-	-	-	-	-	-
Conversion of AT1 (Notes 14,15)	28,261	-	-	-	(12,778)	15,483	(47,222)	-	(31,739)
Sale of shares in subsidiary (Note 17)	-	-	-	-	-	-	-	(8,092)	(8,092)
Balance at 30 September 2024	113,044	12,410	(6,254)	(5,119)	11,207	125,288	-	587	125,875

The accompanying notes 1 to 26 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
For the nine-month period ended 30 September 2024 (Continued)

30 September 2023 (Reviewed)	Equity attributable to parent's shareholders					Perpetual Mudaraba (AT1) BD '000	Non-controlling interest BD '000	Total owners' equity BD '000	
	Share capital BD '000	Statutory reserve BD '000	Treasury shares BD '000	Investment fair value reserve BD '000	Retained earnings BD '000				Total BD '000
Balance at 1 January 2023	84,783	11,510	(6,254)	(5,790)	16,171	100,420	47,222	10,128	157,770
Profit for the period	-	-	-	-	9,405	9,405	-	-	9,405
Other comprehensive income	-	-	-	(2,747)	-	(2,747)	-	-	(2,747)
Total comprehensive income for the period	-	-	-	(2,747)	9,405	6,658	-	-	6,658
Transfer to Zakah fund	-	-	-	-	(555)	(555)	-	-	(555)
Profit distribution on Perpetual Mudaraba	-	-	-	-	(3,000)	(3,000)	-	-	(3,000)
Loss of control	-	-	-	-	-	-	-	(1,493)	(1,493)
Balance at 30 September 2023	84,783	11,510	(6,254)	(8,537)	22,021	103,523	47,222	8,635	159,380

The accompanying notes 1 to 26 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine-month period ended 30 September 2024

	Nine months ended 30 September 2024 BD '000 (Reviewed)	Nine months ended 30 September 2023 BD '000 (Reviewed)
OPERATING ACTIVITIES		
Profit for the period	7,034	9,405
Adjustments:		
Depreciation	1,271	1,355
Finance expense on term financing	11,894	7,562
Allowances for impairment and expected credit losses, net	1,930	1,161
Amortization of premium / discount	1,781	1,956
Fair value gains	(539)	251
Foreign exchange revaluation	(923)	(296)
Amortization of right-of-use assets	290	312
Investment securities income	(301)	(387)
Gain on sale of investment in sukuk	(792)	(1,686)
Gain on sale of investment in real estate	(1,820)	(3,523)
Share of results of associates, net	367	751
Operating profit before changes in operating assets and liabilities	20,192	16,861
Mandatory reserve with Central Bank of Bahrain	(2,787)	(2,802)
Financing contracts	(132,020)	(27,728)
Other assets	(4,641)	(4,193)
Customers' current accounts	80,687	9,767
Other liabilities	(801)	(22,138)
Placements from financial institutions	(63,846)	12,405
Placements from non-financial institutions and individuals	113,752	14,924
Quasi-equity	(25,086)	(78,575)
Net cash used in operating activities	(14,550)	(81,479)
INVESTING ACTIVITIES		
Purchase of sukuk	(69,795)	(129,881)
Proceeds from sale / redemption of sukuk	63,709	152,600
Proceeds from disposal of investment in real estate	21,800	(1,648)
Proceeds from disposal / redemption of investment securities	7,623	762
Purchase of property and equipment, net	(340)	(526)
Net movement in margin call	6,330	1,671
Net cash generated from investing activities	29,327	22,978
FINANCING ACTIVITIES		
Drawdown of term financing, net	(18,233)	43,901
Finance expense paid on term financing	(11,894)	(7,562)
Redemption of AT1 Capital	(31,739)	-
Profit distribution on AT1 Capital	-	(3,000)
Net cash (used in) / generated from financing activities	(61,866)	33,339
Net decrease in cash and cash equivalents	(47,089)	(25,162)
Cash and cash equivalents at beginning of the period	202,371	174,338
Cash and cash equivalents at end of the period	155,282	149,176
Cash and cash equivalents comprises:*		
Cash and bank balances (excluding CBB reserve)	41,309	103,465
Placement with financial institutions with original maturities of 90 days or less (excluding margin call account)	113,973	45,711
	155,282	149,176

* Cash and cash equivalents is net of the expected credit loss of BD Nil thousand (30 September 2023: 1 thousand).
The accompanying notes 1 to 26 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF OFF-BALANCE-SHEET ASSETS UNDER MANAGEMENT**For the nine-month period ended 30 September 2024****30 September 2024** (Reviewed)

	Bank balances	Investment in real estate	Others	Liabilities	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Balance at 1 January 2024	529	32,533	203,359	(1,662)	234,759
Additions	680	-	414	(1,091)	3
Recoveries / disposals / withdrawals / expenses	(10)	(287)	(1,889)	-	(2,186)
Net movement	670	(287)	(1,475)	(1,091)	(2,183)
Bank's management share	-	-	-	-	-
Distributions	-	-	-	-	-
Balance at 30 September 2024	1,199	32,246	201,884	(2,753)	232,576

The Group provides corporate administration, investment management and advisory services to its investment entities, which involves making decisions on behalf of such entities. The Group has outsourced the day-to-day management of the assets under management to its Parent for no additional cost.

The accompanying notes 1 to 26 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF OFF-BALANCE-SHEET ASSETS UNDER MANAGEMENT**For the nine-month period ended 30 September 2024 (Continued)**

30 September 2023 (Reviewed)

	Bank balances	Investment in real estate	Others	Liabilities	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Balance at 1 January 2023	546	27,639	171,593	(2,788)	196,990
Additions	-	-	-	-	-
Recoveries / disposals / withdrawals / expenses	-	-	-	-	-
Net movement	546	27,639	171,593	(2,788)	196,990
Bank's management share	-	-	-	-	-
Distributions	-	-	-	-	-
Balance at 30 September 2023	546	27,639	171,593	(2,788)	196,990

The accompanying notes 1 to 26 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**For the nine months period ended 30 September 2024**

1 REPORTING ENTITY

Khaleeji Bank B.S.C. (formerly Khaleeji Commercial Bank B.S.C.) (the "Bank"), a public shareholding company, was incorporated on 24 November 2004 in the Kingdom of Bahrain under Commercial Registration No. 55133. The Bank operates under an Islamic retail license granted by the Central Bank of Bahrain ("CBB"). The Bank's shares are listed on the Bahrain Bourse. The Bank's Additional Tier 1 securities were listed on London Stock Exchange (International Securities Market) in 2020 and were de-listed, redeemed and converted during the period (refer to note 15).

82.95% (31 December 2023: 85.41%) of the ordinary shares of the Bank are held by GFH Financial Group B.S.C. (the "Parent"), a Bahraini incorporated investment bank operating under an Islamic wholesale banking license issued by the Central Bank of Bahrain ("CBB") and whose shares are listed on Bahrain Bourse, Boursa Kuwait, Dubai Financial Markets ("DFM") and Abu Dhabi Securities Exchange ("ADX"). During March 2024, the Parent sold 25% (282,610,178 shares) of its stake in Khaleeji Bank B.S.C. to Southern Star Investments W.L.L., a quasi-government owned company. Subsequently, the Parent repurchased those shares in September 2024. Additionally, in May 2024, the Parent sold 6.11% (69,057,399 shares) of its stake to Royal Humanitarian Foundation, a non-for-profit organisation. On 25 June 2023, as part of the overall group restructuring initiatives, the Bank rebranded its commercial name from "Khaleeji Commercial Bank B.S.C." to "Khaleeji Bank B.S.C.". As a result, the trade symbol also changed from "KHCB" to "KHALEEJI".

The condensed consolidated interim financial information comprises financial information of the Bank and its subsidiaries (together the "Group").

2 BASIS OF PREPARATION AND PRESENTATION

The condensed consolidated interim financial information of the Group has been prepared in accordance with Financial Accounting Standard FAS 41, Interim Financial Reporting ("FAS 41") issued by the Accounting and Auditing Organisation of Islamic Financial Institutions ("AAOIFI").

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.

These consolidated financial information are presented in Bahraini Dinars, being the functional and presentation currency of the Bank, rounded to the nearest thousand [BD '000], except where otherwise indicated.

Comparatives

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 audited consolidated financial statements for the year ended 31 December 2023 and comparatives for the condensed consolidated statements of income, changes in owners' equity, cash flows, have been extracted from the reviewed condensed consolidated interim financial information for the nine months ended 30 September 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's last audited consolidated financial statements as at and for the year ended 31 December 2023, except for those arising from adoption of the following standards and amendments to standards effective from 1 January 2024.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**For the nine months period ended 30 September 2024****3 SIGNIFICANT ACCOUNTING POLICIES (continued)****I. Relevant new standards, amendments, and interpretations effective for annual periods beginning on or after 1 January 2024****1) FAS 1 General Presentation and Disclosures in the Financial Statements**

AAOIFI has issued the revised FAS 1 General Presentation and Disclosures in the Financial Statements in 2021. This standard describes and improves the overall presentation and disclosure requirements prescribed in line with the global best practices and supersedes the earlier FAS 1. It is applicable to all the Islamic Financial Institutions and other institutions following AAOIFI FAS's. 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 Zakah and Charity 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. Below is a summary of the new primary statements:

Primary statements introduced

Statement of other comprehensive income

Statement of income and attribution related to quasi-equity

Statement of changes in off-balance-sheet assets under management

Primary statements discontinued

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. For the purposes of presenting comparatives in the statement of income and attribution related to quasi-equity, the Bank has retained the asset allocation and income and expense attribution policies as applicable for the respective periods. During the current period, certain income and expense attribution policies to quasi-equity holders was amended to align with the clarifications introduced by the revised FAS 1.

II. Relevant new standards, amendments, and interpretations issued but not yet effective**1) FAS 45: Quasi-Equity (Including Investment Accounts)**

AAOIFI has issued Financial Accounting Standard (FAS) 45 "Quasi-Equity (Including Investment Accounts)" in 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 financial statements on the adoption of this standard.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the nine months period ended 30 September 2024

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

II. Relevant new standards, amendments, and interpretations issued but not yet effective (continued)

2) FAS 46: Off-Balance-Sheet Assets Under Management

AAOIFI has issued Financial Accounting Standard ("FAS") 46 "Off-Balance-Sheet Assets Under Management" in 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.

This standard shall be effective for the financial periods beginning on or after 1 January 2026 with an option to early adopt. This standard shall be adopted at the same time as adoption of FAS 45 "Quasi-Equity (Including Investment Accounts)".

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

3) FAS 47: Transfer of Assets Between Investment Pools

AAOIFI has issued Financial Accounting Standard ("FAS") 47 "Transfer of Assets Between Investment Pools" in 2023. The objective of this standard is to establish guidance on the accounting treatment and disclosures for transfers of assets between investment pools that are managed by the same institution or its related parties. The standard applies to transfers of assets that are not part of a business combination, a disposal of a business, or a restructuring of an institution.

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**For the nine months period ended 30 September 2024****4 FINANCIAL RISK MANAGEMENT**

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

5 ESTIMATES AND JUDGEMENTS

Preparation of 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 similar to those applied to the audited consolidated financial statements as at and for the year ended 31 December 2023.

6 SEASONALITY

The Bank does not have significant income of a seasonal nature. However, given the inherent nature of the banking business and changes in market benchmark rates, the results reported in one period may not be directly comparable to those of other periods.

7 INVESTMENT IN SUKUK

	30 September 2024 BD '000 (Reviewed)	31 December 2023 BD '000 (Audited)
Debt type instruments - at amortised cost		
- Quoted sukuk*	407,536	400,012
- Unquoted sukuk	1,317	1,317
Less: impairment allowance	(1,776)	(1,617)
Debt type instruments – at fair value through other comprehensive income		
- Quoted sukuk**	63,513	64,737
Equity type instruments – at fair value through other comprehensive income		
- Quoted sukuk	58,297	58,297
	528,887	522,746

* As of 30 September 2024, out of sukuk of BD 407,536 thousand (31 December 2023: BD 400,012 thousand), BD 266,205 thousand (31 December 2023: BD 271,520 thousand) were pledged against term financing from financial institutions of BD 192,727 thousand (31 December 2023: BD 216,362 thousand).

** Fair value loss reserve amounted to BD 5,074 thousand (31 December 2023: BD 6,404 thousand).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine months period ended 30 September 2024

8 FINANCING CONTRACTS

	30 September 2024 BD '000 (Reviewed)	31 December 2023 BD '000 (Audited)
Trade-based		
Murabaha (net of deferred profit)*	448,477	352,667
Participatory-based		
Mudaraba	7,969	7,753
Lease-based		
Ijarah Muntahia Bittamleek (net of accumulated depreciation)	248,076	210,818
Gross financing contracts	704,522	571,238
Less: Impairment allowance	(24,215)	(22,951)
Net financing contracts	680,307	548,287

* Murabaha financing contracts are net of deferred profits of BD 14,365 thousand (31 December 2023: BD 15,731 thousand).

The movement on impairment allowances is as follows:

30 September 2024 (Reviewed)	Stage 1 BD '000	Stage 2 BD '000	Stage 3 BD '000	POCI* BD '000	Total BD '000
Gross financing contracts	586,342	66,314	50,263	1,603	704,522
Less: Expected credit losses allowance					
At 1 January 2024	1,709	5,717	15,200	325	22,951
Net movement between stages	3,184	(3,454)	270	-	-
Net charge	(2,915)	1,821	2,833	31	1,770
Write-off	-	-	-	-	-
Disposal	-	-	(506)	-	(506)
At 30 September 2024	1,978	4,084	17,797	356	24,215
Net financing contracts	584,364	62,230	32,466	1,247	680,307

31 December 2023 (Audited)	Stage 1 BD '000	Stage 2 BD '000	Stage 3 BD '000	POCI* BD '000	Total BD '000
Gross financing contracts	425,087	98,369	46,307	1,475	571,238
Less: Expected credit losses allowance					
At 1 January 2023	5,330	4,361	12,243	621	22,555
Net movement between stages	(706)	222	484	-	-
Net charge	(2,915)	1,134	3,452	(296)	1,375
Write-off	-	-	(90)	-	(90)
Disposal	-	-	(889)	-	(889)
At 31 December 2023	1,709	5,717	15,200	325	22,951
Net financing contracts	423,378	92,652	31,107	1,150	548,287

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**For the nine months period ended 30 September 2024****8 FINANCING CONTRACTS (continued)**

* Purchased or originated credit impaired (POCI) assets are initially recognised at their fair value and subsequently remeasured for any change in ECL or expected recoverable amounts. The POCI assets are currently carried at 28.61% (31 December 2023: 25%) compared to their original contractual outstanding amounts. On a cumulative basis, the impaired assets (Stage 3 and POCI) are carried at 61.92% (31 December 2023: 64.42%) compared to their original contractual outstanding amounts.

9 INVESTMENT SECURITIES

	30 September 2024 BD '000 (Reviewed)	31 December 2023 BD '000 (Audited)
Equity type instruments:		
<i>At fair value through statement of income</i> - Structured notes*	-	14,796
<i>At fair value through statement of other comprehensive income</i> - Unquoted equity securities	24,140	23,774
	24,140	38,570

* During the period, the Group sold structured notes.

10 EQUITY ACCOUNTED INVESTEEES

	30 September 2024 BD '000 (Reviewed)	31 December 2023 BD '000 (Audited)
At beginning of the period	24,689	24,522
Sale	-	(399)
Acquisition	3,128	-
Recognition of associate upon deconsolidation of subsidiary	-	1,491
Share of loss for the period	(367)	(925)
At end of the period	27,450	24,689

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine months period ended 30 September 2024

11 OTHER ASSETS

	30 September 2024 BD '000 (Reviewed)	31 December 2023 BD '000 (Audited)
Profit accrued on sukuk	7,281	5,601
Reposessed assets	5,827	1,011
Receivable from customers	4,564	4,564
Prepaid expenses	1,236	585
Right-of-use assets	1,150	1,378
Due from investments	410	345
Other receivables	10,450	12,793
	30,918	26,277

Below are further details related to the right-of-use assets:

	30 September 2024 BD '000 (Reviewed)	31 December 2023 BD '000 (Audited)
Balance as at beginning of the period	1,378	499
Additional right-of-use assets for the period, net	62	1,287
Amortisation charge during the period	(290)	(408)
Balance as at end of the period	1,150	1,378

12 OTHER LIABILITIES

	30 September 2024 BD '000 (Reviewed)	31 December 2023 BD '000 (Audited)
Payable to investors*	5,538	5,560
Mudaraba profit accrual	5,251	8,601
Net Ijarah liabilities	1,115	1,345
Advance received from customers	107	244
Zakah and charity payable**	350	384
Employee related accruals	782	1,296
Payable for Istisna'a contracts	27	27
Other payables and accrued expenses***	5,276	5,372
	18,446	22,829

* Relates to cash settlement with investors on account of restructuring.

** During the period ended 30 September 2024, BD 778 thousand (2023: BD 562 thousand) was transferred into the Zakah and charity fund and BD 812 thousand (2023: BD 2 thousand) was utilised from the fund.

*** Includes impairment allowance on commitments and financial guarantees of BD 66 thousand (31 December 2023: BD 61 thousand)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the nine months period ended 30 September 2024

12 *OTHER LIABILITIES (continued)*

The breakup of the Net Ijarah liabilities per maturity analysis is as follows:

Net ijarah liabilities

30 September 2024 (Reviewed)			
Maturity analysis	Gross ijarah liabilities BD '000	Deferred ijarah BD '000	Net ijarah liabilities BD '000
Less than one year	374	(3)	371
One to five years	791	(47)	744
Total	1,165	(50)	1,115

31 December 2023 (Audited)			
Maturity analysis	Gross Ijarah liabilities BD '000	Deferred Ijarah BD '000	Net Ijarah liabilities BD '000
Less than one year	407	(15)	392
One to five years	1,024	(71)	953
Total	1,431	(86)	1,345

13 **QUASI-EQUITY**

	30 September 2024 BD '000 (Reviewed)	31 December 2023 BD '000 (Audited)
Mudaraba	448,043	535,662
Wakala	63,149	-
Fair value reserve attributable to Quasi-equity	(616)	-
	510,576	535,662

During the period, as a result of the adoption of FAS 1, the Group started allocating expenses and impairment allowances to Quasi-equity.

The funds received from investment account holders have been commingled and jointly invested with the Group in the following asset classes:

	30 September 2024 BD '000 (Reviewed)	31 December 2023 BD '000 (Audited)
CBB reserve account	31,179	28,392
Investment in sukuk*	78,180	83,863
Financing assets**	372,502	378,813
Investment securities	12,056	26,893
Investment in real estate	16,659	17,198
Other assets	-	503
	510,576	535,662

*Impairment allowance as at 30 September 2024 BD 86 thousands (BD 242 thousands 31 December 2023)

**Impairment allowance as at 30 September 2024 BD 3,691 thousands (BD 5,373 thousands 31 December 2023).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**For the nine months period ended 30 September 2024****14 SHARE CAPITAL**

The shareholders, in their Extraordinary General Assembly meeting on 4 March 2024 resolved to convert 47% of the AT1 Sukuk with a par value of BD 28,261 thousand into 282,610 thousand ordinary shares of BD 0.100 each representing 25% of the Bank's issued and paid-up capital. As a result, the issued and paid-up capital increased to 1,130,441 thousand shares of BD 0.100 each (excluding 47,588 thousand treasury shares).

15 PERPETUAL MUDARABA (AT1)

	30 September 2024 BD '000 (Reviewed)	31 December 2023 BD '000 (Audited)
Perpetual Mudaraba (AT1)	-	47,222
	-	47,222

The Bank issued a Perpetual Mudaraba (Basel III compliant Additional Tier 1 capital securities) of face value of US\$ 159 million (BD 60 million). Such capital was raised in order to meet minimum regulatory requirements relating to total equity as prescribed by Central Bank of Bahrain. The carrying value is net of issuance costs.

During the period, the shareholders in their Extraordinary General Assembly meeting on 4 March 2024 resolved to convert 47% of the AT1 Sukuk with a par value of BD 28,261 thousand into 282,610 thousand ordinary shares of BD 0.100 each representing 25% of the Bank's issued and paid-up capital. As a result, the issued and paid-up capital increased to 1,130,441 thousand shares of BD 0.100 each (excluding 47,588 thousand treasury shares). Furthermore, the Shareholders resolved to approve the redemption of the remaining 53% of the AT1 Sukuk of BD 31,739 thousand in cash.

During the period, the Group paid profit distribution to AT1 holders BD Nil thousand (2023: BD 6,000 thousand).

16 COMMITMENTS AND CONTINGENCIES

	30 September 2024 BD '000 (Reviewed)	31 December 2023 BD '000 (Audited)
Undrawn commitments to extend finance*	28,823	42,930
Financial guarantees	6,844	15,335
	35,667	58,265

* The Group has a right to revoke the undrawn commitment to extend finance prior to expiry of its tenor.

During the period, a net impairment charge of BD 6 thousand (2023: BD 7 thousand) has been reflected in relation to the credit risk on these for commitments and contingent liabilities.

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 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine months period ended 30 September 2024

17 INCOME FROM INVESTMENT IN REAL ESTATE, NET

	30 September 2024 BD '000 (Reviewed)	30 September 2023 BD '000 (Reviewed)
Gain on disposal of investment in real estate	1,820	3,523
Rental income on investment in real estate, net	(4)	(657)
	1,816	2,866

During the period, the Group has sold shares in a subsidiary for a gain of BD 1.7 million. As a result of the sale, NCI on the subsidiary of BD 8 million was derecognized.

18 FEES AND OTHER INCOME, NET

	30 September 2024 BD '000 (Reviewed)	30 September 2023 BD '000 (Reviewed)
Recovery of written-off assets	3,753	2,579
Fees income	1,206	809
Foreign exchange gain	1,067	750
Others	-	759
	6,026	4,897

19 ALLOWANCES FOR IMPAIRMENT AND EXPECTED CREDIT LOSSES, NET

	30 September 2024 BD '000 (Reviewed)	30 September 2023 BD '000 (Reviewed)
Balances and placements with banks and financial institutions	(4)	-
Financing contracts (note 8)	1,770	1,102
Investments in sukuk (note 7)	159	62
Commitments and financial guarantees (note 16)	5	(3)
	1,930	1,161

Movement on ECL in various stages during the period:

30 September 2024 (Reviewed)	Stage 1 BD '000	Stage 2 BD '000	Stage 3 BD '000	POCI BD '000	Total BD '000
ECL balance at 1 January	2,032	5,440	16,837	325	24,634
Transfer to Stage 1	3,407	(3,309)	(98)	-	-
Transfer to Stage 2	(183)	749	(566)	-	-
Transfer to Stage 3	(4)	(930)	934	-	-
Net movement	3,220	(3,490)	270	-	-
Charge for the period (net)	(2,755)	2,134	2,520	31	1,930
Disposals	-	-	(506)	-	(506)
ECL balance as at 30 September 2024	2,497	4,084	19,121	356	26,058

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the nine months period ended 30 September 2024

19 *ALLOWANCES FOR IMPAIRMENT AND EXPECTED CREDIT LOSSES, NET (continued)*

30 September 2024 (Reviewed)

	Stage 1: 12-month ECL BD '000	Stage 2: Life time ECL non-credit impaired BD '000	Stage 3: Life time ECL credit impaired * BD '000	Total BD '000
Financing contracts (note 8)	1,977	4,084	18,154	24,215
Investments in sukuk	460	-	1,317	1,777
Commitments and financial guarantees	60	-	6	66
	2,497	4,084	19,477	26,058

30 September 2023
(Reviewed)

	Stage 1 BD '000	Stage 2 BD '000	Stage 3 BD '000	POCI BD '000	Total BD '000
ECL balance at 1 January	5,593	4,362	13,568	621	24,144
Transfer to Stage 1	689	(485)	(204)	-	-
Transfer to Stage 2	(1,536)	1,576	(40)	-	-
Transfer to Stage 3	(874)	(683)	1,557	-	-
Net movement	(1,721)	408	1,313	-	-
Charge for the period (net)	(1,955)	1,858	1,180	78	1,161
Write-off	-	-	(90)	-	(90)
ECL balance as at 30 September 2023	1,917	6,628	15,971	699	25,215

30 September 2023 (Reviewed)

	Stage 1: 12-month ECL BD '000	Stage 2: Life time ECL non-credit impaired BD '000	Stage 3: Life time ECL credit impaired * BD '000	Total BD '000
Balances and placements with banks and financial institutions	1	-	-	1
Financing contracts (note 8)	1,615	6,606	15,346	23,567
Investments in sukuk	268	-	1,318	1,586
Commitments and financial guarantees	33	22	6	61
	1,917	6,628	16,670	25,215

* Stage 3: Life time ECL credit impaired includes POCI.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**For the nine months period ended 30 September 2024****20 EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit for the period attributable to the shareholders 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		Three months ended	
	30	30	30	30
	September	September	September	September
	2024	2023	2024	2023
	BD '000	BD '000	BD '000	BD '000
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Profit for the period attributable to the Shareholders of the parent	7,034	9,405	1,896	2,454
Less: Profit distribution on AT 1 Capital	-	(3,000)	-	-
Profit for the period attributable to the Shareholders of the parent for basic and diluted earnings per share computation	7,034	6,405	1,896	2,454
Weighted average number of shares outstanding during the period, net of treasury shares (thousand)	994,150	800,242	1,082,853	800,242
Basic and diluted earnings per share (fils)	7.08	8.00	1.75	3.07

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

21 Appropriations of net profit, if any, are made only after obtaining approval of the Shareholders.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**For the nine months period ended 30 September 2024****22 SIGNIFICANT RELATED PARTY TRANSACTIONS**

The significant related party transactions and balances included in this condensed consolidated interim financial information are as follows:

30 September 2024

(Reviewed)

	Associates	Directors / Key management personnel and Shari'a board members	Parent / related entities / other significant shareholders / entities in which directors are interested	Assets under management (including special purpose entities)	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Assets					
Financing contracts	-	3,897	22,026	-	25,923
Investment in sukuk	-	-	58,297	-	58,297
Investment securities	-	-	2,284	3,719	6,003
Equity accounted investees	27,450	-	-	-	27,450
Other assets	-	-	66	173	239
Liabilities and Quasi-equity					
Placement from financial institutions, non-financial institutions and individuals	-	1,697	64,079	-	65,776
Customers' current accounts	2,443	189	13,182	433	16,247
Other liabilities	-	548	-	-	548
Quasi-equity	324	2,411	122,016	123	124,874

Nine months ended**30 September 2024**

(Reviewed)

	Associates	Directors / Key management personnel and Shari'a board members	Parent / related entities / other significant shareholders / entities in which directors are interested	Assets under management (including special purpose entities)	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Income					
Income from financing contracts	-	170	653	-	823
Income from sukuk	-	-	2,394	-	2,394
Income from investment securities	-	-	-	-	-
Share of loss from equity accounted investees	(367)	-	-	-	(367)
Other income	2,828	-	-	-	2,828
Expenses					
Finance expense on placements from financial institutions, non-financial institutions and individuals	-	76	5,188	-	5,264
Net income attributable to quasi-equity	14	75	3,306	5	3,400
Staff cost	-	1,506	-	-	1,506
Other operating expenses	-	166	-	107	273

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**For the nine months period ended 30 September 2024****22 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)**31 December 2023
(Audited)

	Associates	Directors / Key management personnel and Shari'a board members	Parent company / other significant shareholders / entities in which directors are interested	Assets under management (including special purpose entities)	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Assets					
Financing contracts	-	4,245	23,206	-	27,451
Investment securities	-	-	2,284	4,240	6,524
Equity accounted investees	24,689	-	-	-	24,689
Investment in sukuk	-	-	58,297	-	58,297
Other assets	-	-	568	108	676
Liabilities and Quasi-equity					
Placement from financial institutions, non-financial institutions and individuals	-	2,112	43,541	-	45,653
Customers' current accounts	1,120	6	11,021	442	12,589
Other liabilities	-	480	-	-	480
Quasi-equity	335	1,895	126,520	129	128,879

Nine months ended
30 September 2023
(Reviewed)

	Associates	Directors / Key management personnel and Shari'a board members	Parent / related entities / other significant shareholders / entities in which directors are interested	Assets under management (including special purpose entities)	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Income					
Income from financing contracts	-	180	1,794	-	1,974
Income from sukuk	-	-	2,194	-	2,194
Income from investment securities	-	-	-	422	422
Share of loss from equity accounted investees	(751)	-	-	-	(751)
Other income	-	-	3,523	-	3,523
Expenses					
Finance expense on placements from financial institutions, non-financial institutions and individuals	-	73	3,229	-	3,302
Net income attributable to quasi-equity	14	65	3,212	5	3,296
Staff cost	-	1,206	-	-	1,206
Other operating expenses	-	331	-	15	346

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the nine months period ended 30 September 2024

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

During the period, 47% of the AT1 Sukuk with a par value of BD 28,261 thousand were converted into 282,610 thousand ordinary shares of BD 0.100 each representing 25% of the Bank's issued and paid-up capital. Furthermore, the Shareholders resolved to approve the redemption of the remaining 53% of the AT1 Sukuk of BD 31,739 thousand in cash.

During the period ended 30 September 2024, BD 438 thousand paid to related parties relating to donations.

During the period ended 30 September 2023, there were 2 land plots sold to a board member under financing arrangement at their carrying value. The total carrying value for these lands was BD 558 thousand.

23 SEGMENT INFORMATION

30 September 2024
(Reviewed)

	Corporate and Retail Banking BD '000	Investment Banking BD '000	Unallocated BD '000	Total BD '000
Segment revenue	69,026	688	-	69,714
Segment results	14,143	(93)	(7,016)	7,034
Segment assets	1,406,892	126,881	20,017	1,553,790

30 September 2023
(Reviewed)

	Corporate and Retail Banking BD '000	Investment Banking BD '000	Unallocated BD '000	Total BD '000
Segment revenue	62,065	4,628	-	66,693
Segment results	11,415	4,081	(6,091)	9,405
Segment assets	1,255,371	190,631	16,875	1,462,877

24 FINANCIAL INSTRUMENTS

a) Fair values

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

The fair value of quoted Sukuk carried at amortised cost (net of expected credit losses allowance) of BD 407,536 thousand (31 December 2023: BD 400,012 thousand) is BD 400,437 thousand as at 30 September 2024 (31 December 2023: BD 386,760 thousand).

The estimated fair values of the Group's other financial instruments (excluding receivables, which are carried at contractual amounts) are not significantly different from their carrying values due to their short-term nature.

b) Fair value hierarchy

The table below analyses the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**For the nine months period ended 30 September 2024**24 *FINANCIAL INSTRUMENTS (continued)*

30 September 2024 (Reviewed)	Level 1 BD '000	Level 2 BD '000	Level 3 BD '000	Total BD '000
Debt-type sukuk at fair value through other comprehensive income	-	63,513	-	63,513
Equity-type sukuk at fair value through other comprehensive income	-	58,297	-	58,297
Equity-type securities carried at fair value through other comprehensive income	-	-	24,140	24,140
	-	121,810	24,140	145,950

31 December 2023 (Audited)	Level 1 BD '000	Level 2 BD '000	Level 3 BD '000	Total BD '000
Structured notes at fair value through statement of income	-	14,796	-	14,796
Debt-type sukuk at fair value through other comprehensive income	-	64,737	-	64,737
Equity-type sukuk at fair value through other comprehensive income	-	58,297	-	58,297
Equity type securities carried at fair value through other comprehensive income	-	-	23,774	23,774
	-	137,830	23,774	161,604

The following table analyses the movement in Level 3 financial assets during the nine month period ended 30 September 2024:

	30 September 2024 BD '000 (Reviewed)	30 September 2023 BD '000 (Reviewed)
At 1 January	23,774	18,738
Fair value loss in income statement	-	(43)
Movement in investment fair value reserve	366	(341)
Additions	-	5,844
Sales	-	(216)
As at 30 September 2024	24,140	23,982

During the nine months periods ended 30 September 2024 and 30 September 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the nine months period ended 30 September 2024

24 *FINANCIAL INSTRUMENTS (continued)*

c) Instruments not measured at fair value

Other financial instruments

Placements with financial institutions and placements from financial institutions are for short term tenure hence their carrying value is not different from the fair value. Placements from non-financial institutions and individuals which are not short term are re-priced at regular intervals hence carrying value approximates its fair value. Fair value of other financial assets and liabilities are not significantly different from their carrying values due to their short term nature.

25 REGULATORY RATIOS

a. Liquidity Coverage Ratio (LCR)

LCR is computed as a ratio of stock of HQLA over the Net cash outflows over the next 30 calendar days. As at 30 September 2024, the Bank is required to maintain LCR greater than 100%. As of 30 September 2024, the Bank had LCR ratio of 381.73% (31 December 2023: 340.37%)

b. Net stable funding Ratio (NSFR)

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 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. NSFR as a percentage is calculated as "Available stable funding" divided by "Required stable funding".

The Consolidated NSFR calculated as per the requirements of the CBB rulebook, as of 30 September 2024 is as follows:

	Unweighted values (i.e. before applying relevant factors)				Total weighted value BD '000
	No specified maturity BD '000	Less than 6 months BD '000	More than 6 months and less than one year BD '000	Over one year BD '000	
Available Stable Funding (ASF):					
Capital:					
Regulatory Capital	129,283	-	-	6,581	135,864
Other Capital Instruments	-	-	-	-	-
Retail deposits and deposits from small business customers:					
Stable deposits	-	60,784	15,859	944	73,755
Less Stable deposits	-	266,481	86,657	6,053	323,877
Wholesale funding:					
Operational deposits	-	-	-	-	-
Other wholesale funding	-	749,183	104,473	120,130	330,378
Other liabilities:					
NSFR derivative liabilities	-	-	-	-	-
All other liabilities not included in the above categories	-	19,573	-	-	-
Total ASF	129,283	1,096,021	206,989	133,708	863,875

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**For the nine months period ended 30 September 2024**25 *REGULATORY RATIOS (continued)**b. Net stable funding Ratio (NSFR) (continued)*

Required Stable Funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	439,111	-	-	-	21,305
Performing financing assets and loans / securities					
Performing loan to financial institutions secured by level 1 HQLA	-	-	-	-	-
Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions	-	191,824	-	-	28,774
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	41,429	79,010	425,277	415,211
With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	-	-	32,473	21,107
Performing residential mortgages, of which:					
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	108,302	70,396
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	84,980	23,735	-	120,880	201,335
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 contracts liabilities before deduction of variation margin posted	-	-	-	-	-
All other assets not included in the above categories	43,710	-	-	-	43,710
OBS items	37,200	-	-	-	1,860
Total RSF	605,000	256,989	79,010	654,459	782,591
NSFR%					110.39%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the nine months period ended 30 September 2024

25 *REGULATORY RATIOS (continued)*

b. Net stable funding Ratio (NSFR)

The consolidated NSFR calculated as per the requirements of the CBB rulebook, as of 31 December 2023 is as follows:

	Unweighted values (i.e. before applying relevant factors)				Total weighted value BD '000
	No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	
	BD '000	BD '000	BD '000	BD '000	
Available Stable Funding (ASF):					
Capital:					
Regulatory Capital	155,230	-	-	8,546	163,776
Other Capital Instruments	-	-	-	-	-
Retail deposits and deposits from small business customers:					
Stable deposits	-	60,114	13,753	1,420	71,595
Less Stable deposits	-	194,817	64,094	14,904	247,924
Wholesale funding:					
Operational deposits	-	-	-	-	-
Other wholesale funding	-	779,406	104,785	89,997	274,826
Other liabilities:					
NSFR derivative liabilities	-	-	-	-	-
All other liabilities not included in the above categories	-	23,956	-	-	-
Total ASF	155,230	1,058,293	182,632	114,867	758,121

Required Stable Funding (RSF):

Total NSFR high-quality liquid assets (HQLA)

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

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 CBB 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

All other assets not included in the above categories

OBS items

Total RSF

NSFR%

468,412	-	-	-	21,884
-	-	-	-	-
-	158,759	-	-	23,814
-	88,517	28,980	299,779	307,226
-	-	-	31,671	20,586
-	-	-	105,947	68,865
115,256	41,752	-	84,889	213,193
101,383	-	-	-	101,383
59,798	-	-	-	2,990
744,849	289,028	28,980	490,615	739,355
				102.54%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the nine months period ended 30 September 2024

25 *REGULATORY RATIOS (continued)*

c. *Capital Adequacy Ratio*

	30 September 2024 BD '000	31 December 2023 BD '000
CET 1 Capital before regulatory adjustments	129,283	108,008
Less: regulatory adjustments	-	-
<i>CET 1 Capital after regulatory adjustments</i>	129,283	108,008
<i>T1 Capital</i>	-	47,222
<i>T2 Capital adjustments</i>	6,584	6,036
Regulatory Capital	135,867	161,266
Risk weighted exposure:		
Credit Risk Weighted Assets	560,089	482,876
Market Risk Weighted Assets	9,017	9,292
Operational Risk Weighted Assets	75,062	75,062
Total Regulatory Risk Weighted Assets	644,168	567,230
Investment risk reserve (30% only)	-	-
Profit equalization reserve (30% only)	-	-
Total Adjusted Risk Weighted Exposures	644,168	567,230
Capital Adequacy Ratio	21.09%	28.43%
Tier 1 Capital Adequacy Ratio	20.07%	27.37%
Minimum required by CBB	12.5%	12.5%

26 **COMPARATIVE FIGURES**

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.