

**KHALEEJI BANK B.S.C.**

**CONDENSED CONSOLIDATED  
INTERIM FINANCIAL INFORMATION**

**30 JUNE 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 <sup>th</sup> March 2024) Sh. Fahad Ebrahim Al Khalifa (Appointed on 25 <sup>th</sup> March 2024) Hesham A.Rahman AlBinali (Appointed on 25 <sup>th</sup> March 2024) Sh. Isa bin Khalid Al Khalifa (Appointed on 25 <sup>th</sup> March 2024) Mazen Ibrahim Abdulkarim Reyadh Eid Al Yaqoob Yusuf Abdulla Taqi (Appointed on 25 <sup>th</sup> March 2024)
Directors (till 25 <sup>th</sup> 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 six-month period ended 30 June 2024**

---

<b>CONTENTS</b>	<b>Page</b>
Independent auditors' report on review of condensed consolidated interim financial information	1
<b>Condensed consolidated interim financial information</b>	
Condensed consolidated statement of financial position	2
Condensed consolidated statement of income	3
Condensed consolidated statement of total comprehensive income	4
Condensed consolidated statement of income and attribution related to quasi-equity	5
Condensed consolidated statement of changes in owners' equity	6-7
Condensed consolidated statement of cash flows	8
Condensed consolidated statement of changes in off-balance-sheet assets under management	9-10
Notes to the condensed consolidated interim financial information	11-30



KPMG Fakhro  
Audit  
12<sup>th</sup> Floor, Fakhro Tower,  
P.O. Box 710, Manama,  
Kingdom of Bahrain

Telephone +973 17224807  
Telefax +973 17227443  
Website: www.kpmg.com/bh  
CR No. 6220 - 2

1

# 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 June 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 June 2024;
- the condensed consolidated statement of income for the three-month and six-month periods ended 30 June 2024;
- the condensed consolidated statement of other comprehensive income for the three-month and six-month periods ended 30 June 2024;
- the condensed consolidated statement of income and attribution related to quasi-equity for the three-month and six-month periods ended 30 June 2024;
- the condensed consolidated statement of changes in owners' equity for the six-month period ended 30 June 2024;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2024;
- the condensed consolidated statement of changes in off-balance sheet assets under management for six-month period ended 30 June 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 June 2024 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with FAS 41, "Interim Financial Reporting".

7 August 2024

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	30 June 2024 BD '000 (Reviewed)	31 December 2023 BD '000 (Audited)
<b>ASSETS</b>			
Cash and bank balances		69,410	116,383
Placements with financial institutions		116,254	124,190
Investment in sukuk	7	534,288	522,746
Financing contracts	8	600,459	548,287
Investment securities	9	39,198	38,570
Investment in real estate		69,074	97,787
Equity accounted investees	10	27,534	24,689
Other assets	11	31,187	26,277
Property and equipment		3,205	3,489
<b>TOTAL ASSETS</b>		<b>1,490,609</b>	<b>1,502,418</b>
<b>LIABILITIES</b>			
Placements from financial institutions		132,579	237,773
Placements from non-financial institutions and individuals		326,676	206,518
Term financing from financial institutions		236,367	264,362
Customers' current accounts		179,927	77,880
Other liabilities	12	20,739	22,829
<b>TOTAL LIABILITIES</b>		<b>896,288</b>	<b>809,362</b>
<b>QUASI-EQUITY</b>			
- From financial institutions		70,088	68,054
- From non-financial institutions and individuals		401,777	467,608
<b>TOTAL QUASI-EQUITY</b>	13	<b>471,865</b>	<b>535,662</b>
<b>OWNERS' EQUITY</b>			
Share capital	14	113,044	84,783
Statutory reserve		12,410	12,410
Treasury shares		(6,254)	(6,254)
Investment fair value reserve		(6,642)	(7,165)
Retained earnings		9,311	17,719
<b>Equity attributable to parent's shareholders</b>		<b>121,869</b>	<b>101,493</b>
Perpetual Mudaraba (AT1)	15	-	47,222
<b>Equity attributable to owners' of the parent</b>		<b>121,869</b>	<b>148,715</b>
Non-controlling interest		587	8,679
<b>TOTAL OWNERS' EQUITY</b>		<b>122,456</b>	<b>157,394</b>
<b>TOTAL LIABILITIES, QUASI-EQUITY AND OWNERS' EQUITY</b>		<b>1,490,609</b>	<b>1,502,418</b>

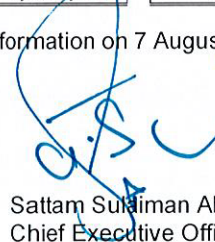
The Board of Directors approved the condensed consolidated interim financial information on 7 August 2024 and signed on its behalf by:



Hisham Ahmed Al Rayes  
Chairman



Sh. Ahmed Bin Isa Al Khalifa  
Vice Chairman

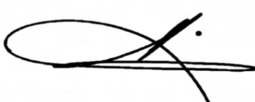


Sattam Sulaiman Algosaibi  
Chief Executive Officer

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

**CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
for the six-month period ended 30 June 2024

	Note	Six months ended		Three months ended	
		30 June 2024 BD '000 (Reviewed)	30 June 2023 BD '000 (Reviewed)	30 June 2024 BD '000 (Reviewed)	30 June 2023 BD '000 (Reviewed)
Income from financing contracts		23,522	20,246	11,757	9,985
Income from placements with financial institutions		3,825	1,450	1,801	695
Income from sukuk		13,465	16,305	6,172	8,029
Finance expense on placements from financial institutions, non-financial institutions and individuals		(14,814)	(14,818)	(7,538)	(8,332)
Finance expense on term financing from financial institutions		(8,162)	(4,870)	(3,959)	(2,578)
<b>Net income from jointly financed assets</b>		<b>17,836</b>	<b>18,313</b>	<b>8,233</b>	<b>7,799</b>
Income from investment securities		790	1,254	486	699
Income from investment in real estate, net	17	1,593	1,980	36	-
Share of loss from equity accounted investees		(283)	(440)	(41)	(221)
Fees and other income, net	18	4,640	3,993	2,960	3,701
<b>TOTAL INCOME</b>		<b>24,576</b>	<b>25,100</b>	<b>11,674</b>	<b>11,978</b>
Staff cost		3,604	3,462	1,765	1,661
Other operating expenses		3,787	3,342	1,755	1,683
<b>TOTAL EXPENSE</b>		<b>7,391</b>	<b>6,804</b>	<b>3,520</b>	<b>3,344</b>
<b>Profit before impairment allowances and attribution to quasi equity</b>		<b>17,185</b>	<b>18,296</b>	<b>8,154</b>	<b>8,634</b>
Allowances for impairment and expected credit losses, net	19	(1,685)	(1,021)	(896)	(443)
<b>Profit before attribution to quasi-equity</b>		<b>15,500</b>	<b>17,275</b>	<b>7,258</b>	<b>8,191</b>
Less: Net profit attributable to quasi-equity		(10,362)	(10,324)	(5,128)	(4,992)
<b>PROFIT FOR THE PERIOD</b>		<b>5,138</b>	<b>6,951</b>	<b>2,130</b>	<b>3,199</b>
<b>Attributable to:</b>					
Shareholders of the parent		5,138	6,951	2,130	3,199
Non-controlling interest		-	-	-	-
		<b>5,138</b>	<b>6,951</b>	<b>2,130</b>	<b>3,199</b>
<b>Earnings per share</b>					
Basic and diluted earnings per share (fils)	20	<b>5.41</b>	<b>4.94</b>	<b>2.24</b>	<b>0.25</b>

  
Hisham Ahmed Al Rayes  
Chairman

  
Sh. Ahmed Bin Isa Al Khalifa  
Vice Chairman

  
Sattam Sulaiman Algozaibi  
Chief Executive Office

**CONDENSED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME**  
**for the six-month period ended 30 June 2024**

	Six months ended		Three months ended	
	30 June 2024 BD '000 (Reviewed)	30 June 2023 BD '000 (Reviewed)	30 June 2024 BD '000 (Reviewed)	30 June 2023 BD '000 (Reviewed)
<b>Profit for the period</b>	<b>5,138</b>	6,951	<b>2,130</b>	3,199
<b>Other comprehensive income</b>				
<b>Items that may subsequently be reclassified to statement of income</b>				
Fair value changes on debt investments carried at fair value through other comprehensive income	(87)	(1,048)	(190)	(453)
Fair value changes on equity investments carried at fair value through other comprehensive income	(104)	(167)	134	(90)
Attributable to quasi-equity	(109)	-	(161)	-
Total other comprehensive income for the period	(300)	(1,215)	(217)	(543)
<b>Total comprehensive income</b>	<b>4,838</b>	5,736	<b>1,913</b>	2,656
<b>Attributable to:</b>				
Shareholders of the parent	4,838	5,736	1,913	2,656
Non-controlling interest	-	-	-	-
	<b>4,838</b>	5,736	<b>1,913</b>	2,656

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 six-month period ended 30 June 2024**

	Six months ended		Three months ended	
	30 June 2024 BD '000 (Reviewed)	30 June 2023 BD '000 (Reviewed)	30 June 2024 BD '000 (Reviewed)	30 June 2023 BD '000 (Reviewed)
<b>Profit before impairment allowances and attribution to quasi-equity</b>	<b>17,185</b>	18,296	<b>8,154</b>	8,634
Adjusted for:				
Less: Income not attributable to quasi-equity	(6,740)	(6,787)	(3,441)	(4,179)
Add: Profit expense on due to banks and non-banks	22,976	19,688	11,497	10,910
Add: Expenses not attributable to quasi-equity	7,391	6,804	3,520	3,344
Less: Institution's share of income for its own / share of investments	(30,148)	(24,519)	(14,682)	(13,362)
Less: Allowance for impairment allowances attributable to quasi-equity	2,100	-	1,240	-
<b>Total income available for quasi-equity holders</b>	<b>12,764</b>	13,482	<b>6,288</b>	5,347
Fair value reserve – net movement	-	-	-	-
Profit equalization reserve – net movement	-	-	-	-
<b>Total income attributable to quasi-equity holders (adjusted for reserves)</b>	<b>12,764</b>	13,482	<b>6,288</b>	5,347
Less: Mudarib's share	(1,913)	(3,158)	(698)	(355)
Less: Wakala fees	(489)	-	(462)	-
<b>Net income attributable to quasi-equity</b>	<b>10,362</b>	10,324	<b>5,128</b>	4,992
Investment risk reserve – net movement	-	-	-	-
<b>Profit attributable to quasi-equity</b>	<b>10,362</b>	10,324	<b>5,128</b>	4,992
Other comprehensive income that may subsequently be classified to statement of income – attributable to quasi-equity	109	-	161	-
<b>Total comprehensive income – attributable to quasi-equity</b>	<b>10,471</b>	10,324	<b>5,289</b>	4,992
Add: Other comprehensive income not subject to immediate distribution	(109)	-	(161)	-
<b>Total comprehensive income subject to immediate distribution</b>	<b>10,362</b>	10,324	<b>5,128</b>	4,992
<b>Net profit attributable to quasi-equity</b>	<b>10,362</b>	10,324	<b>5,128</b>	4,992

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 six-month period ended 30 June 2024**

30 June 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	-	-	-	-	5,138	5,138	-	-	5,138
Other comprehensive income	-	-	-	523	-	523	-	-	523
<b>Total comprehensive income for the period</b>	-	-	-	<b>523</b>	<b>5,138</b>	<b>5,661</b>	-	-	<b>5,661</b>
Transfer to Zakah fund	-	-	-	-	(768)	(768)	-	-	(768)
Redemption of AT1 (Note 15)	-	-	-	-	(12,778)	(12,778)	(18,961)	-	(31,739)
Conversion of AT1 (Note 14,15)	28,261	-	-	-	-	28,261	(28,261)	-	-
Sale of shares in subsidiary	-	-	-	-	-	-	-	(8,092)	(8,092)
<b>Balance at 30 June 2024</b>	<b>113,044</b>	<b>12,410</b>	<b>(6,254)</b>	<b>(6,642)</b>	<b>9,311</b>	<b>121,869</b>	-	<b>587</b>	<b>122,456</b>

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 six-month period ended 30 June 2024 (Continued)**

	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
30 June 2023 (Reviewed)									
Balance at 1 January 2023	84,783	11,510	(6,254)	(5,790)	16,171	100,420	47,222	10,128	157,770
Net fair value changes	-	-	-	(1,215)	-	(1,215)	-	-	(1,215)
Profit for the period	-	-	-	-	6,951	6,951	-	-	6,951
Total recognised income and expense for the period	-	-	-	(1,215)	6,951	5,736	-	-	5,736
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 June 2023	84,783	11,510	(6,254)	(7,005)	19,567	102,601	47,222	8,635	158,458

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 six-month period ended 30 June 2024**

	Six months ended 30 June 2024 BD '000 (Reviewed)	Six months ended 30 June 2023 BD '000 (Reviewed)
<b>OPERATING ACTIVITIES</b>		
Profit for the period	5,138	6,951
Adjustments:		
Depreciation	885	839
Finance expenses on medium term financing	8,162	4,870
Allowances for impairment and expected credit losses, net	1,685	1,021
Amortization of premium / discount	902	1,231
Fair value gains	(451)	(28)
Foreign exchange revaluation	(529)	(296)
Amortization of right-of-use assets	192	216
Investment securities income	(258)	(258)
Gain on sale of investment in sukuk	(782)	(1,399)
Gain on sale of investment in real estate	(1,820)	-
Share of results of associates, net	283	440
Operating profit before changes in operating assets and liabilities	<b>13,407</b>	13,587
Mandatory reserve with Central Bank of Bahrain	(1,889)	(3,125)
Financing contracts	(52,239)	(46,383)
Other assets	(4,909)	(2,342)
Customers' current accounts	102,047	35,588
Other liabilities	(6,856)	(17,720)
Placements from financial institutions	(105,193)	47,587
Placements from non-financial institutions and individuals	120,158	25,458
Quasi-equity	(63,083)	(127,022)
<b>Net cash generated from / (used in) operating activities</b>	<b>1,443</b>	(74,372)
<b>INVESTING ACTIVITIES</b>		
Purchase of sukuk	(69,601)	(128,001)
Proceeds from sale / redemption of sukuk	57,364	123,209
Proceeds from disposal of investment in real estate	21,800	56
Proceeds from disposal / redemption of investment securities	256	955
Purchase of property and equipment, net	(164)	(282)
Net movement in margin call	5,721	1,406
<b>Net cash generated from / (used in) investing activities</b>	<b>15,376</b>	(2,657)
<b>FINANCING ACTIVITIES</b>		
Drawdown of term borrowings, net	(27,995)	45,347
Finance expenses paid on term borrowings	(8,162)	(4,870)
Redemption of AT1 Capital	(31,739)	-
Profit distribution on AT1 Capital	-	(3,000)
<b>Net cash (used in) / generated from financing activities</b>	<b>(67,896)</b>	37,477
<b>Net decrease in cash and cash equivalents</b>	<b>(51,077)</b>	(39,552)
Cash and cash equivalents at beginning of the period	202,371	174,338
<b>Cash and cash equivalents at end of the period</b>	<b>151,294</b>	134,786
<b>Cash and cash equivalents comprises:*</b>		
Cash and bank balances (excluding CBB reserve)	39,129	98,155
Placement with financial institutions with original maturities of 90 days or less (excluding margin call account)	112,165	36,631
	<b>151,294</b>	134,786

\* Cash and cash equivalents is net of the expected credit loss of BD 1 thousand (30 June 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 six-month period ended 30 June 2024

<b>30 June 2024 (Reviewed)</b>	<b>Bank balances</b>	<b>Investment in real estate</b>	<b>Others</b>	<b>Liabilities</b>	<b>Total</b>
	<b>BD '000</b>	<b>BD '000</b>	<b>BD '000</b>	<b>BD '000</b>	<b>BD '000</b>
Balance at 1 January 2024	529	32,533	203,359	(1,662)	<b>234,759</b>
Additions	-	-	-	(244)	<b>(244)</b>
Recoveries / disposals / maturities	(10)	(287)	(1,889)	-	<b>(2,186)</b>
<b>Net movement</b>	<b>(10)</b>	<b>(287)</b>	<b>(1,889)</b>	<b>(244)</b>	<b>(2,430)</b>
Bank's management share	-	-	-	-	-
Distributions / withdrawals	-	-	-	-	-
<b>Balance at 30 June 2024</b>	<b>519</b>	<b>32,246</b>	<b>201,470</b>	<b>(1,906)</b>	<b>232,329</b>

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 six-month period ended 30 June 2024 (Continued)**

30 June 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	201,517	(2,788)	226,914
Additions	-	-	-	-	-
Recoveries / disposals / maturities	-	-	-	-	-
Net movement	-	-	-	-	-
Bank's management share	-	-	-	-	-
Distributions / withdrawals	-	-	-	-	-
Balance at 30 June 2023	546	27,639	201,517	(2,788)	226,914

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 six months period ended 30 June 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).

57.95% (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 the period, the Parent sold 25% (282,610,178 shares) of its stake in Khaleeji Bank to Southern Star Investments W.L.L., a quasi-government owned company and sold 6.11% (69,057,399 shares) 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 six months ended 30 June 2024.

**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 six months period ended 30 June 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 statement on the adoption of this standard.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
for the six months period ended 30 June 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 statement on the adoption of this standard.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
for the six months period ended 30 June 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**

	<b>30 June 2024 BD '000 (Reviewed)</b>	<b>31 December 2023 BD '000 (Audited)</b>
<b>Debt type instruments - at amortised cost</b>		
- Quoted sukuk*	414,418	400,012
- Unquoted sukuk	1,317	1,317
Less: impairment allowance	(1,781)	(1,617)
<b>Debt type instruments – at fair value through other comprehensive income</b>		
- Quoted sukuk**	62,037	64,737
<b>Equity type instruments – at fair value through other comprehensive income</b>		
- Quoted sukuk	58,297	58,297
	<b>534,288</b>	<b>522,746</b>

\* As of 30 June 2024, out of sukuk of BD 414,418 thousand (31 December 2023: BD 400,012 thousand), BD 353,701 thousand (31 December 2023: BD 271,520 thousand) were pledged against term financing from financial institutions of BD 230,981 thousand (31 December 2023: BD 216,362 thousand).

\*\* Fair value loss reserve amounted to BD 6,491 thousand (31 December 2023: BD 6,404 thousand).

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
for the six months period ended 30 June 2024

**8 FINANCING CONTRACTS**

	<b>30 June 2024 BD '000 (Reviewed)</b>	31 December 2023 BD '000 (Audited)
<b>Trade-based</b>		
Murabaha (net of deferred profit)*	408,880	352,667
<b>Participatory-based</b>		
Mudaraba	7,865	7,753
<b>Lease-based</b>		
Ijarah Muntahia Bittamleek (net of accumulated depreciation)	207,685	210,818
<b>Gross financing contracts</b>	<b>624,430</b>	571,238
Less: impairment allowance	(23,971)	(22,951)
<b>Net financing contracts</b>	<b>600,459</b>	548,287

\* Murabaha financing contracts are net of deferred profits of BD 13,665 thousand (31 December 2023: BD 15,731 thousand).

The movement on impairment allowances is as follows:

**30 June 2024 (Reviewed)**

	<b>Stage 1 BD '000</b>	<b>Stage 2 BD '000</b>	<b>Stage 3 BD '000</b>	<b>POCI* BD '000</b>	<b>Total BD '000</b>
<b>Gross financing contracts</b>	<b>490,758</b>	<b>88,643</b>	<b>43,469</b>	<b>1,560</b>	<b>624,430</b>
<b>Less: Expected credit losses allowance</b>					
At 1 January 2024	1,709	5,717	15,200	325	22,951
Net movement between stages	2,025	(1,569)	(456)	-	-
Net charge	(1,151)	(311)	2,949	39	1,526
Write-off	-	-	-	-	-
Disposal	-	-	(506)	-	(506)
<b>At 30 June 2024</b>	<b>2,583</b>	<b>3,837</b>	<b>17,187</b>	<b>364</b>	<b>23,971</b>
<b>Net financing contracts</b>	<b>488,175</b>	<b>84,806</b>	<b>26,282</b>	<b>1,196</b>	<b>600,459</b>

**31 December 2023 (Audited)**

	<b>Stage 1 BD '000</b>	<b>Stage 2 BD '000</b>	<b>Stage 3 BD '000</b>	<b>POCI* BD '000</b>	<b>Total BD '000</b>
<b>Gross financing contracts</b>	<b>425,087</b>	<b>98,369</b>	<b>46,307</b>	<b>1,475</b>	<b>571,238</b>
<b>Less: Expected credit losses allowance</b>					
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)
<b>At 31 December 2023</b>	<b>1,709</b>	<b>5,717</b>	<b>15,200</b>	<b>325</b>	<b>22,951</b>
<b>Net financing contracts</b>	<b>423,378</b>	<b>92,652</b>	<b>31,107</b>	<b>1,150</b>	<b>548,287</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months period ended 30 June 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 27.43% (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 59.01% (31 December 2023: 64.42%) compared to their original contractual outstanding amounts.

**9 INVESTMENT SECURITIES**

	<b>30 June 2024 BD '000 (Reviewed)</b>	<b>31 December 2023 BD '000 (Audited)</b>
<b>Equity type instruments:</b>		
<i>At fair value through statement of income</i>		
- Structured notes		
At 1 January	14,796	14,900
Accrued profit	557	516
Redemption	-	(621)
Changes in fair value	(104)	1
	<b>15,249</b>	<b>14,796</b>
<i>At fair value through other comprehensive income</i>		
Unquoted equity securities	23,949	23,774
	<b>23,949</b>	<b>23,774</b>
	<b>39,198</b>	<b>38,570</b>

**10 EQUITY ACCOUNTED INVESTEEES**

	<b>30 June 2024 BD '000 (Reviewed)</b>	<b>31 December 2023 BD '000 (Audited)</b>
At beginning of the period	24,689	24,522
Sale	-	(399)
Addition	3,129	-
Recognition of associate upon deconsolidation of subsidiary	-	1,491
Share of loss for the period	(284)	(925)
<b>At end of the period</b>	<b>27,534</b>	<b>24,689</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
for the six months period ended 30 June 2024

**11 OTHER ASSETS**

	<b>30 June 2024 BD '000 (Reviewed)</b>	<b>31 December 2023 BD '000 (Audited)</b>
Right-of-use assets	1,248	1,378
Profit accrued on sukuk	6,665	5,601
Prepaid expenses	1,329	585
Due from investments	391	345
Receivable from customers	4,564	4,564
Repossession assets	5,827	1,011
Other receivables	11,163	12,793
	<b>31,187</b>	<b>26,277</b>

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

	<b>30 June 2024 BD '000 (Reviewed)</b>	<b>31 December 2023 BD '000 (Audited)</b>
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	(192)	(408)
<b>Balance as at end of the period</b>	<b>1,248</b>	<b>1,378</b>

**12 OTHER LIABILITIES**

	<b>30 June 2024 BD '000 (Reviewed)</b>	<b>31 December 2023 BD '000 (Audited)</b>
Payable to investors*	5,538	5,560
Mudaraba profit accrual	4,883	8,601
Net Ijarah liabilities	1,216	1,345
Advance received from customers	203	244
Zakah and charity payable**	1,116	384
Employee related accruals	1,298	1,296
Payable for Istisna'a contracts	27	27
Other payables and accrued expenses***	6,458	5,372
	<b>20,739</b>	<b>22,829</b>

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

\*\* During the period ended 30 June 2024, BD 775 thousand (2023: BD 562 thousand) was transferred into the Zakah and Charity fund and BD 42 thousand (2023 BD 2 thousand) was utilised from the Zakah and Charity fund.

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months period ended 30 June 2024**

12 *OTHER LIABILITIES (continued)*

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

**Net ijarah liabilities**

<b>30 June 2024 (reviewed)</b>			
Maturity analysis	Gross ijarah liabilities BD '000	Deferred ijarah BD '000	Net ijarah liabilities BD '000
Less than one year	402	(15)	387
One to five years	884	(55)	829
<b>Total</b>	<b>1,286</b>	<b>(70)</b>	<b>1,216</b>

<b>31 December 2023 (audited)</b>			
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
<b>Total</b>	<b>1,431</b>	<b>(86)</b>	<b>1,345</b>

13 **QUASI-EQUITY**

	<b>30 June 2024 BD '000 (Reviewed)</b>	<b>31 December 2023 BD '000 (Audited)</b>
Mudaraba	432,602	535,662
Wakala	39,977	-
Fair value reserve attributable to Quasi-equity	(714)	-
	<b>471,865</b>	<b>535,662</b>

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:

	<b>30 June 2024 BD '000 (Reviewed)</b>	<b>31 December 2023 BD '000 (Audited)</b>
CBB reserve account	30,281	28,392
Investment in sukuk*	83,829	83,863
Financing contracts**	313,956	378,813
Investment securities	26,790	26,893
Investment in real estate	17,009	17,198
Other assets	-	503
	<b>471,865</b>	<b>535,662</b>

\*Impairment allowance as at 30 June 2024 BD 242 thousands (31 December 2023: BD 242 thousands).

\*\*Impairment allowance as at 30 June 2024 BD 3,273 thousands (31 December 2023: BD 5,373 thousands).

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
for the six months period ended 30 June 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 BD0.100 each (excluding 47,588 thousand treasury shares).

**15 PERPETUAL MUDARABA (AT1)**

	<b>30 June 2024 BD '000 (Reviewed)</b>	<b>31 December 2023 BD '000 (Audited)</b>
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 BD0.100 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 of BD Nil thousand (2023: BD 6,000 thousand).

**16 COMMITMENTS AND CONTINGENCIES**

	<b>30 June 2024 BD '000 (Reviewed)</b>	<b>31 December 2023 BD '000 (Audited)</b>
Undrawn commitments to extend finance*	36,599	42,930
Financial guarantees	6,716	15,335
	<b>43,315</b>	<b>58,265</b>

\* 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 reversal of BD Nil 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 six months period ended 30 June 2024

**17 INCOME FROM INVESTMENT IN REAL ESTATE, NET**

	<b>30 June 2024 BD '000 (Reviewed)</b>	<b>30 June 2023 BD '000 (Reviewed)</b>
Gain on disposal of Investment in real estate	1,820	2,423
Rental income on investment in real estate, net	(227)	(443)
	<b>1,593</b>	<b>1,980</b>

**18 FEES AND OTHER INCOME, NET**

	<b>30 June 2024 BD '000 (Reviewed)</b>	<b>30 June 2023 BD '000 (Reviewed)</b>
Fees income	511	479
Foreign exchange gain	592	206
Recovery of written-off assets	3,537	2,550
Others	-	758
	<b>4,640</b>	<b>3,993</b>

**19 ALLOWANCES FOR IMPAIRMENT AND EXPECTED CREDIT LOSSES, NET**

	<b>30 June 2024 BD '000 (Reviewed)</b>	<b>30 June 2023 BD '000 (Reviewed)</b>
Balances and placements with banks and financial institutions	(5)	-
Financing contracts (note 8)	1,526	1,001
Investments in sukuk (note 7)	164	44
Commitments and financial guarantees (note 16)	-	(24)
	<b>1,685</b>	<b>1,021</b>

Movement on ECL in various stages during the period:

<b>30 June 2024 (Reviewed)</b>	<b>Stage 1 BD '000</b>	<b>Stage 2 BD '000</b>	<b>Stage 3 BD '000</b>	<b>POCI BD '000</b>	<b>Total BD '000</b>
ECL balance at 1 January	2,032	5,440	16,837	325	24,634
Transfer to Stage 1	2,112	(1,981)	(131)	-	-
Transfer to Stage 2	(52)	441	(389)	-	-
Transfer to Stage 3	-	(64)	64	-	-
Net movement	2,060	(1,604)	(456)	-	-
Charge for the period (net)	(992)	1	2,637	39	1,685
Disposals	-	-	(506)	-	(506)
<b>ECL balance as at 30 June 2024</b>	<b>3,100</b>	<b>3,837</b>	<b>18,512</b>	<b>364</b>	<b>25,813</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months period ended 30 June 2024**

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

30 June 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)	2,583	4,188	17,200	23,971
Investments in sukuk	463	-	1,318	1,781
Commitments and financial guarantees	54	-	7	61
	<b>3,100</b>	<b>4,188</b>	<b>18,525</b>	<b>25,813</b>

30 June 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	899	(735)	(164)	-	-
Transfer to Stage 2	(1,278)	1,358	(80)	-	-
Transfer to Stage 3	(244)	(492)	736	-	-
Net movement	(623)	131	492	-	-
Charge for the period (net)	(2,544)	3,203	283	79	1,021
ECL balance as at 30 June 2023	2,426	7,696	14,343	700	25,165

30 June 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)	2,143	7,692	13,721	23,556
Investments in sukuk	251	-	1,317	1,568
Commitments and financial guarantees	31	4	5	40
	<b>2,426</b>	<b>7,696</b>	<b>15,043</b>	<b>25,165</b>

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months period ended 30 June 2024**

**20 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.

	<b>Six months ended</b>		<b>Three months ended</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>BD '000</b>	<b>BD '000</b>	<b>BD '000</b>	<b>BD '000</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>	<b>(Reviewed)</b>	<b>(Reviewed)</b>
Profit for the period attributable to the shareholders of the parent	5,138	6,951	2,130	3,199
Less: Profit distribution on AT 1 Capital	-	(3,000)	-	(3,000)
Profit for the period attributable to the shareholders of the parent for basic and diluted earnings per share computation	5,138	3,951	2,130	199
Weighted average number of shares outstanding during the period, net of treasury shares (thousand)	949,312	800,242	949,312	800,242
<b>Basic and diluted earnings per share (fils)</b>	<b>5.41</b>	<b>4.94</b>	<b>2.24</b>	<b>0.25</b>

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 six months period ended 30 June 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 June 2024**  
(Reviewed)

	<b>Associates</b>	<b>Directors / Key management personnel and shari'a board members</b>	<b>Parent / related entities / other significant shareholders / entities in which directors are interested</b>	<b>Assets under management (including special purpose entities)</b>	<b>Total</b>
	<b>BD '000</b>	<b>BD '000</b>	<b>BD '000</b>	<b>BD '000</b>	<b>BD '000</b>
<b>Assets</b>					
Financing contracts	-	4,187	22,214	-	26,401
Investment in sukuk	-	-	58,297	-	58,297
Investment securities	-	-	2,284	3,527	5,811
Equity accounted investees	27,534	-	-	-	27,534
Other assets	-	-	75	153	228
<b>Liabilities and Quasi-equity</b>					
Placement from financial institutions, non-financial institutions and individuals	-	1,710	145,717	-	147,427
Customers' current accounts	1,075	118	42,392	394	43,979
Other liabilities	-	527	-	-	527
Quasi-equity	327	1,808	119,169	122	121,426

**Six months ended  
30 June 2024**  
(Reviewed)

	<b>Associates</b>	<b>Directors / Key management personnel and shari'a board members</b>	<b>Parent / related entities / other significant shareholders / entities in which directors are interested</b>	<b>Assets under management (including special purpose entities)</b>	<b>Total</b>
	<b>BD '000</b>	<b>BD '000</b>	<b>BD '000</b>	<b>BD '000</b>	<b>BD '000</b>
<b>Income</b>					
Income from financing contracts	-	114	589	-	703
Income from Sukuk	-	-	1,228	-	1,228
Income from investment securities	-	-	-	-	-
Share of loss from equity accounted investees	(283)	-	-	-	(283)
<b>Expenses</b>					
Finance expense on placements from financial institutions, non-financial institutions and individuals	-	51	3,069	-	3,120
Net income attributable to quasi-equity	11	45	2,365	3	2,424
Staff cost	-	815	-	-	815
Other operating expenses	-	130	-	63	193

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months period ended 30 June 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
<b>Assets</b>					
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
<b>Liabilities and Quasi-equity</b>					
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

Six months ended  
30 June 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
<b>Income</b>					
Income from financing contracts	-	122	50	-	172
Income from sukuk	-	-	1,083	-	1,083
Income from investment securities	-	-	-	-	-
Share of loss from equity accounted investees	(440)	-	-	-	(440)
Other income	-	-	2,424	-	2,424
<b>Expenses</b>					
Finance expense on placements from financial institutions, non- financial institutions and individuals	-	47	2,424	-	2,471
Net income attributable to quasi- equity	9	44	1,000	3	1,056
Staff cost	-	799	-	-	799
Other operating expenses	-	298	-	14	312

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months period ended 30 June 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 June 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**

<b>30 June 2024</b> (Reviewed)	<b>Corporate and Retail Banking</b> <b>BD '000</b>	<b>Investment Banking</b> <b>BD '000</b>	<b>Unallocated</b> <b>BD '000</b>	<b>Total</b> <b>BD '000</b>
Segment revenue	47,155	397	-	<b>47,552</b>
Segment results	9,861	(190)	(4,533)	<b>5,138</b>
Segment assets	1,327,431	139,637	23,541	<b>1,490,609</b>

<b>30 June 2023</b> (Reviewed)	<b>Corporate and Retail Banking</b> <b>BD '000</b>	<b>Investment Banking</b> <b>BD '000</b>	<b>Unallocated</b> <b>BD '000</b>	<b>Total</b> <b>BD '000</b>
Segment revenue	43,956	832	-	44,788
Segment results	10,603	428	(4,080)	6,951
Segment assets	1,264,905	192,543	16,238	1,473,686

**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 413,954 thousand (31 December 2023: BD 399,713 thousand) is BD 419,382 thousand as at 30 June 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 six months period ended 30 June 2024**

24 *FINANCIAL INSTRUMENTS (continued)*

**30 June 2024 (Reviewed)**

	<b>Level 1 BD '000</b>	<b>Level 2 BD '000</b>	<b>Level 3 BD '000</b>	<b>Total BD '000</b>
Structured notes at fair value through statement of income	-	15,249	-	<b>15,249</b>
Debt-type sukuk at fair value through other comprehensive income	-	62,037	-	<b>62,037</b>
Equity-type sukuk at fair value through other comprehensive income	-	58,297	-	<b>58,297</b>
Equity-type securities carried at fair value through other comprehensive income	-	-	23,949	<b>23,949</b>
	<b>-</b>	<b>135,583</b>	<b>23,949</b>	<b>159,532</b>

**31 December 2023  
(Audited)**

	<b>Level 1 BD '000</b>	<b>Level 2 BD '000</b>	<b>Level 3 BD '000</b>	<b>Total BD '000</b>
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
	<b>-</b>	<b>137,830</b>	<b>23,774</b>	<b>161,604</b>

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

	<b>30 June 2024 BD '000 (Reviewed)</b>	<b>30 June 2023 BD '000 (Reviewed)</b>
At 1 January	23,774	18,738
Fair value loss in income statement	-	(28)
Movement in investment fair value reserve	(104)	(384)
Additions (note 24)	279	5,844
	<b>23,949</b>	<b>24,170</b>

During the six months period ended 30 June 2024 and 30 June 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months period ended 30 June 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 June 2024, the Bank is required to maintain LCR greater than 100%. As of 30 June 2024, the Bank had LCR ratio of 266.63% (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 June 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	
<b>Available Stable Funding (ASF):</b>					
<b>Capital:</b>					
Regulatory Capital	125,990	-	-	7,288	133,278
Other Capital Instruments	-	-	-	-	-
<b>Retail deposits and deposits from small business customers:</b>					
Stable deposits	-	60,951	16,141	1,097	74,334
Less Stable deposits	-	231,884	112,745	9,672	319,838
<b>Wholesale funding:</b>					
Operational deposits	-	-	-	-	-
Other wholesale funding	-	609,883	179,389	127,461	367,142
<b>Other liabilities:</b>					
NSFR derivative liabilities	-	-	-	-	-
All other liabilities not included in the above categories	-	21,866	-	-	-
<b>Total ASF</b>	<b>125,990</b>	<b>924,584</b>	<b>308,275</b>	<b>145,518</b>	<b>894,592</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months period ended 30 June 2024**

25 **REGULATORY RATIOS (continued)**

b. **Net stable funding Ratio (NSFR) (continued)**

<b>Required Stable Funding (RSF):</b>					
Total NSFR high-quality liquid assets (HQLA)	419,137	-	-	-	21,160
<b>Performing financing assets and loans / securities</b>					
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	-	146,814	-	-	22,022
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	44,191	37,439	390,357	366,124
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	-	-	-	107,307	69,750
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	100,121	42,391	-	107,984	215,147
<b>Other Assets:</b>					
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	99,441	-	-	-	99,441
OBS items	44,848	-	-	-	2,242
<b>Total RSF</b>	<b>663,548</b>	<b>233,395</b>	<b>37,439</b>	<b>605,648</b>	<b>795,887</b>
<b>NSFR%</b>					<b>112.40%</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months period ended 30 June 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 BD '000	Less than 6 months BD '000	More than 6 months and less than one year BD '000	Over one year BD '000	
<u>Available Stable Funding (ASF):</u>					
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	-	-	-
<b>Total ASF</b>	<b>155,230</b>	<b>1,058,293</b>	<b>182,632</b>	<b>114,867</b>	<b>758,121</b>

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
-	-	-	30,031	19,520
-	-	-	80,436	52,283
115,256	41,752	-	84,889	213,193
101,383	-	-	-	101,383
59,798	-	-	-	2,990
<b>744,849</b>	<b>289,028</b>	<b>28,980</b>	<b>490,615</b>	<b>739,355</b>
				<b>102.54%</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months period ended 30 June 2024**

25 *REGULATORY RATIOS (continued)*

c. *Capital Adequacy Ratio*

	<b>30 June 2024</b> BD '000	31 December 2023 BD '000
CET 1 Capital before regulatory adjustments	125,990	108,008
Less: regulatory adjustments	-	-
<i>CET 1 Capital after regulatory adjustments</i>	125,990	108,008
T1 Capital	-	47,222
T2 Capital adjustments	6,374	6,036
<b>Regulatory Capital</b>	<b>132,364</b>	161,266
<b>Risk weighted exposure:</b>		
Credit Risk Weighted Assets	509,955	482,876
Market Risk Weighted Assets	9,225	9,292
Operational Risk Weighted Assets	75,062	75,062
<b>Total Regulatory Risk Weighted Assets</b>	<b>594,242</b>	567,230
Investment risk reserve (30% only)	-	-
Profit equalization reserve (30% only)	-	-
<b>Total Adjusted Risk Weighted Exposures</b>	<b>594,242</b>	567,230
<b>Capital Adequacy Ratio</b>	<b>22.27%</b>	28.43%
<b>Tier 1 Capital Adequacy Ratio</b>	<b>21.20%</b>	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.