

KHALEEJI BANK B.S.C.

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

30 June 2025

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:	Yusuf Abdulla Taqi (appointed as Chairman on 11 th May 2025) Sh. Ahmed Bin Isa Khalifa Al Khalifa – Vice Chairman Ali Murad H.E. Ayman Tawfeeq Almoayed Dawood Alghoul Sh. Isa Bin Khalid Al Khalifa Mazen Ibrahim Abdulkarim Riyadh Eid Al Yaqoob Razi Al Merbati (appointed on 28 th May 2025) Salah Abdulla Sharif
Director (till 11 th May 2025):	Hisham Ahmed Al Rayes – Chairman
Chief Executive Officer:	Sattam Sulaiman Algosaibi
Board Secretary:	Mohammed Abdulla Saleh
External Auditors:	KPMG Fakhro, Bahrain

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the six-month period ended 30 June 2025

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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 June 2025 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 2025;
- the condensed consolidated statement of income for the three-month and for six-month periods ended 30 June 2025;
- the condensed consolidated statement of comprehensive income for the three-month and for six-month periods ended 30 June 2025;
- the condensed consolidated statement of income and attribution related to quasi-equity for the three-month and for six-month periods ended 30 June 2025;
- the condensed consolidated statement of changes in owners' equity for the six-month period ended 30 June 2025;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2025;
- the condensed consolidated statement of changes in off-balance sheet assets under management for the six-month period ended 30 June 2025; and
- notes to the condensed consolidated interim financial information.

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2025 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with FAS 41, "Interim Financial Reporting".

6 August 2025

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Note	30 June 2025 BD '000 (Reviewed)	31 December 2024 BD '000 (Audited)
ASSETS			
Cash and bank balances		117,609	105,446
Placements with financial institutions		26,600	71,017
Investment in sukuk	7	551,770	502,139
Financing contracts	8	818,267	721,167
Investment securities	9	21,190	20,895
Investment in real estate	10	42,297	39,838
Equity accounted investees	11	6,516	6,516
Other assets	12	43,778	25,549
Property and equipment		3,207	3,562
TOTAL ASSETS		1,631,234	1,496,129
LIABILITIES			
Placements from financial institutions		62,425	134,971
Placements from non-financial institutions and individuals		287,850	329,815
Term financing from financial institutions		387,242	245,526
Customers' current accounts		89,346	117,372
Other liabilities	13	21,125	20,602
TOTAL LIABILITIES		847,988	848,286
QUASI-EQUITY			
- From financial institutions		138,557	10,662
- From non-financial institutions and individuals		515,656	508,534
TOTAL QUASI-EQUITY	14	654,213	519,196
OWNERS' EQUITY			
Share capital	15	113,044	113,044
Statutory reserve		13,460	13,460
Treasury shares		(5,907)	(6,254)
Investment fair value reserve		(5,049)	(5,816)
Retained earnings		12,898	13,626
Equity attributable to Bank's shareholders		128,446	128,060
Non-controlling interest		587	587
TOTAL OWNERS' EQUITY		129,033	128,647
TOTAL LIABILITIES, QUASI-EQUITY AND OWNERS' EQUITY		1,631,234	1,496,129

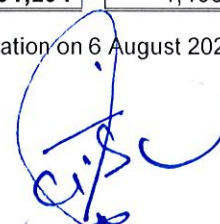
The Board of Directors approved the condensed consolidated interim financial information on 6 August 2025 and signed on its behalf by:



Yusuf Abdullah Taqi
Chairman



Sh. Ahmed Bin Isa Al Khalifa
Vice Chairman




Sattam Sulaiman Algosaiabi
Chief Executive Officer

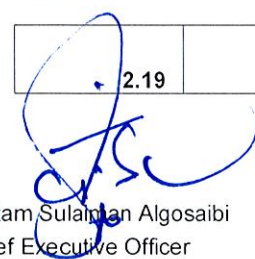
The accompanying notes 1 to 27 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF INCOME
For the six-month period ended 30 June 2025

	Note	Six months ended		Three months ended	
		30 June 2025 BD '000 (Reviewed)	30 June 2024 BD '000 (Reviewed)	30 June 2025 BD '000 (Reviewed)	30 June 2024 BD '000 (Reviewed)
Income from financing contracts		25,426	23,522	13,277	11,757
Income from placements with financial institutions		2,544	3,825	1,279	1,801
Income from sukuk		11,497	13,465	6,284	6,172
Finance expense on placements from financial institutions, non-financial institutions and individuals		(10,715)	(14,814)	(4,955)	(7,538)
Finance expense on term financing from financial institutions		(6,803)	(8,162)	(3,767)	(3,959)
Net finance income		21,949	17,836	12,118	8,233
Income from investment securities		24	790	24	486
Income from investment in real estate, net	17	4,434	1,593	(21)	36
Share of loss from equity accounted investees		-	(283)	-	(41)
Fees and other income, net	18	1,562	4,640	779	2,960
TOTAL INCOME		27,969	24,576	12,900	11,674
Staff cost		4,427	3,604	1,921	1,765
Other operating expenses		5,191	3,787	2,423	1,755
TOTAL EXPENSE		9,618	7,391	4,344	3,520
Profit before impairment allowances and attribution to quasi-equity		18,351	17,185	8,556	8,154
Allowances for impairment and expected credit losses, net	19	(1,224)	(1,685)	271	(896)
Profit before attribution to quasi-equity		17,127	15,500	8,827	7,258
Less: Net profit attributable to quasi-equity		(11,513)	(10,362)	(6,456)	(5,128)
PROFIT FOR THE PERIOD		5,614	5,138	2,371	2,130
Attributable to:					
Bank's shareholders		5,614	5,138	2,371	2,130
Non-controlling interest		-	-	-	-
		5,614	5,138	2,371	2,130
Earnings per share					
Basic and diluted earnings per share (fils)	20	5.18	5.41	2.19	2.24


Yusuf Abdullah Taqi
Chairman


Sh. Ahmed Bin Isa Al Khalifa
Vice Chairman


Sattam Sulaiman Algosaihi
Chief Executive Officer

The accompanying notes 1 to 27 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2025

	Six months ended		Three months ended	
	30 June 2025 BD '000 (Reviewed)	30 June 2024 BD '000 (Reviewed)	30 June 2025 BD '000 (Reviewed)	30 June 2024 BD '000 (Reviewed)
Profit for the period	5,614	5,138	2,371	2,130
Other comprehensive income				
Items that are or may subsequently be classified to statement of income				
- Fair value changes on debt investments carried at fair value through other comprehensive income	570	(87)	(1)	(190)
- Fair value changes on equity investments carried at fair value through other comprehensive income	324	(104)	296	134
- Less: Attributable to quasi-equity	(127)	(109)	-	(161)
Total other comprehensive income for the Period	767	(300)	295	(217)
Total comprehensive income	6,381	4,838	2,666	1,913
Attributable to:				
Bank's shareholders	6,381	4,838	2,666	1,913
Non-controlling interest	-	-	-	-
	6,381	4,838	2,666	1,913

The accompanying notes 1 to 27 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 2025**

	Six months ended		Three months ended	
	30 June 2025 BD '000 (Reviewed)	30 June 2024 BD '000 (Reviewed)	30 June 2025 BD '000 (Reviewed)	30 June 2024 BD '000 (Reviewed)
Profit before impairment allowances and attribution to quasi-equity	18,351	17,185	8,556	8,154
Adjusted for:				
Less: Income not attributable to quasi-equity	(6,020)	(6,740)	(782)	(3,441)
Add: Finance expense on due to FIs and non-FIs	17,518	22,976	8,722	11,497
Add: Expenses not attributable to quasi-equity	9,618	7,391	4,344	3,520
Less: Institution's share of income for its own / share of investments	(25,540)	(30,148)	(12,898)	(14,682)
Less: Allowances for impairment and expected credit losses, net – attributable to quasi-equity	312	2,100	(299)	1,240
Total income available for quasi-equity holders	14,239	12,764	7,643	6,288
Profit equalization reserve – net movement	-	-	-	-
Total income attributable to quasi-equity holders	14,239	12,764	7,643	6,288
Less: Mudarib's share	(2,440)	(1,913)	(1,128)	(698)
Less: Wakala incentive	(286)	(489)	(59)	(462)
Net income attributable to quasi-equity	11,513	10,362	6,456	5,128
Investment risk reserve – net movement	-	-	-	-
Profit attributable to quasi-equity	11,513	10,362	6,456	5,128
Other comprehensive income that may subsequently be classified to statement of income – attributable to quasi-equity	127	109	69	161
Total comprehensive income – attributable to quasi-equity	11,640	10,471	6,525	5,289
Add: Other comprehensive income not subject to immediate distribution	(127)	(109)	(69)	(161)
Total comprehensive income subject to immediate distribution	11,513	10,362	6,456	5,128

The accompanying notes 1 to 27 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 2025

30 June 2025 (Reviewed)	Equity attributable to Bank's shareholders					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 2025	113,044	13,460	(6,254)	(5,816)	13,626	128,060	587	128,647
Profit for the period	-	-	-	-	5,614	5,614	-	5,614
Other comprehensive income	-	-	-	767	-	767	-	767
Total comprehensive income for the period	-	-	-	767	5,614	6,381	-	6,381
Transfer to Zakah fund	-	-	-	-	(828)	(828)	-	(828)
Dividend declared for 2024 (Note 21 b)	-	-	-	-	(5,414)	(5,414)	-	(5,414)
Issue of shares under staff incentive scheme	-	-	347	-	(165)	182	-	182
Parent's contribution towards staff incentive scheme	-	-	-	-	65	65	-	65
Balance at 30 June 2025	113,044	13,460	(5,907)	(5,049)	12,898	128,446	587	129,033

The accompanying notes 1 to 27 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 2025 (Continued)

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

The accompanying notes 1 to 27 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 2025

	Six months ended 30 June 2025 BD '000 (Reviewed)	Six months ended 30 June 2024 BD '000 (Reviewed)
OPERATING ACTIVITIES		
Profit for the period	5,614	5,138
Adjustments:		
Depreciation	695	885
Finance expenses on term financing	6,803	8,162
Allowances for impairment and expected credit losses, net	1,224	1,685
Amortization of premium / discount on sukuk	1,066	902
Fair value gains	-	(451)
Foreign exchange revaluation	(675)	(529)
Amortization of right-of-use assets	207	192
Investment securities income	-	(258)
Gain on sale of investment in sukuk	382	(782)
Gain on sale of investment in real estate	(4,336)	(1,820)
Share of results of associates, net	-	283
Operating profit before changes in operating assets and liabilities	10,980	13,407
Mandatory reserve with Central Bank of Bahrain	(335)	(1,889)
Financing contracts	(97,100)	(52,239)
Other assets	621	(4,909)
Customers' current accounts	(28,026)	102,047
Other liabilities	1,298	(6,856)
Placements from financial institutions	(72,546)	(105,193)
Placements from non-financial institutions and individuals	(41,965)	120,158
Quasi-equity	135,016	(63,083)
Net cash (used in) / generated from operating activities	(92,057)	1,443
INVESTING ACTIVITIES		
Purchase of sukuk	(154,585)	(69,601)
Proceeds from sale / redemption of sukuk	84,675	57,364
Proceeds from sale of investment in real estate	-	21,800
Proceeds from disposal / redemption of investment securities	-	256
Purchase of property and equipment, net	(121)	(164)
Net movement in margin call	(821)	5,721
Net cash (used in) / generated from investing activities	(70,852)	15,376
FINANCING ACTIVITIES		
Drawdown of term financing, net	141,716	(27,995)
Finance expenses paid on term financing	(6,803)	(8,162)
Dividend paid	(5,414)	-
Redemption of AT1 Capital	-	(31,739)
Net cash generated / (used in) from financing activities	129,499	(67,896)
Net decrease in cash and cash equivalents	(33,410)	(51,077)
Cash and cash equivalents at beginning of the period	138,904	202,371
Cash and cash equivalents at end of the period	105,494	151,294
Cash and cash equivalents comprises:*		
Cash and bank balances (excluding CBB reserve)	85,316	39,129
Placement with financial institutions with original maturities of 90 days or less (excluding margin call account)	20,178	112,165
	105,494	151,294

* Cash and cash equivalents is net of the expected credit loss of BD Nil thousand (30 June 2024: BD 1 thousand).
The accompanying notes 1 to 27 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 2025**

Investment in real estate	Six months ended 30 June 2025 BD '000 (Reviewed)	Six months ended June 30 2024 BD '000 (Reviewed)
Balance at 1 January	1,533	1,533
Additions	-	-
Recoveries / disposals / withdrawals / expenses	-	-
Net movement	1,533	1,533
Bank's management share	-	-
Distributions	-	-
Balance at 30 June	1,533	1,533

The accompanying notes 1 to 27 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the six-month period ended 30 June 2025

1 REPORTING ENTITY

Khaleeji 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.

82.95% (31 December 2024: 82.95%) 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.

The condensed consolidated interim financial information comprises results 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 2024. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2024.

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 2024 and comparatives for the condensed consolidated statements of income, the condensed consolidated statement of income and attribution related to quasi-equity, the condensed consolidated statement of changes in off-balance sheet assets under management, changes in owners' equity and 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 2024.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**For the six-month period ended 30 June 2025****3 SIGNIFICANT ACCOUNTING POLICIES (continued)****A. 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)" during 2023. The objective of this standard is to establish the principles for identifying, measuring, and presenting "quasi-equity" instruments in the financial statements of Islamic Financial Institutions "IFIs".

The standard prescribes the principles of financial reporting to participatory investment instruments (including investment accounts) in which an IFI controls underlying assets (mostly, as working partner), on behalf of the stakeholders other than owner's equity. This standard provides the overall criteria for on-balance sheet accounting for participatory investment instruments and quasi-equity, as well as, pooling, recognition, derecognition, measurement, presentation and disclosure for quasi-equity.

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

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

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

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

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

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

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

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" during 2023. The objective of this standard is to establish guidance on the accounting treatment and disclosures for transfers of assets between investment pools that are managed by the same institution or its related parties. The standard applies to transfers of assets that are not part of a business combination, a disposal of a business, or a restructuring of an institution.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**For the six-month period ended 30 June 2025**

3 SIGNIFICANT ACCOUNTING POLICIES (continued)**A. Relevant new standards, amendments, and interpretations issued but not yet effective (continued)****3) FAS 47: Transfer of Assets Between Investment Pools (continued)**

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.

4) FAS 48: Promotional Gifts and Prizes

This standard prescribes accounting and financial reporting requirements applicable to promotional gifts and prizes awarded by the Islamic financial institutions. The standard categorizes them into a) promotional gifts where entitlement occurs instantly; b) promotional prizes that are announced in advance to be awarded at a future date and c) loyalty programs where the obligation is accumulated over the period.

This standard is 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 the adoption of this standard.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the six-month period ended 30 June 2025

4 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the Group's last audited consolidated financial statements for the year ended 31 December 2024.

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 Group's audited consolidated financial statements as at and for the year ended 31 December 2024.

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 June 2025 BD '000 (Reviewed)	31 December 2024 BD '000 (Audited)
Debt type instruments - at amortised cost		
- Quoted sukuk*	467,810	419,267
- Unquoted sukuk	1,317	1,317
Less: impairment allowance	(1,691)	(2,096)
Debt type instruments - at fair value through other comprehensive income		
- Quoted sukuk**	55,185	54,502
Equity type instruments - at fair value through other comprehensive income		
- Quoted sukuk	29,149	29,149
	551,770	502,139

* As of 30 June 2025, out of sukuk of BD 486,660 thousand (31 December 2024: BD 419,267 thousand), BD 413,651 thousand (31 December 2024: BD 272,028 thousand) were pledged against term financing from financial institutions of BD 387,242 thousand (31 December 2024: BD 245,526 thousand).

** Fair value loss reserve amounted to BD 4,325 thousand (31 December 2024: BD 4,895 thousand). The impairment expense on debt type instrument at fair value through other comprehensive income amounted to Nil (30 June 2024: Nil). The expenses is recognised in the investment fair value reserve in the statement of changes in owners' equity.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the six-month period ended 30 June 2025

8 FINANCING CONTRACTS

	30 June 2025 BD '000 (Reviewed)	31 December 2024 BD '000 (Audited)
Murabaha (net of deferred profit)*	523,311	491,297
Mudaraba	2,279	6,818
Ijarah assets	312,114	244,043
Gross financing contracts	837,704	742,158
Less: Impairment allowance	(19,437)	(20,991)
Net financing contracts	818,267	721,167

*Murabaha financing assets are net of deferred profits of BD 27,325 thousand (31 December 2024: BD 15,718 thousand).

The movement on impairment allowances is as follows:

30 June 2025 (Reviewed)

	Stage 1 BD '000	Stage 2 BD '000	Stage 3 BD '000	POCI* BD '000	Total BD '000
Gross financing contracts	697,450	73,496	65,252	1,506	837,704
Less: Expected credit losses allowance					
At 1 January 2025	933	4,364	15,242	452	20,991
Net movement between stages	(840)	24	816	-	-
Net charge	341	29	1,092	75	1,537
Write-off	-	-	(3,091)	-	(3,091)
Expected credit losses allowance at 30 June 2025	434	4,417	14,059	527	19,437
Net financing contracts	697,016	69,079	51,193	979	818,267

31 December 2024 (Audited)

	Stage 1 BD '000	Stage 2 BD '000	Stage 3 BD '000	POCI* BD '000	Total BD '000
Gross financing contracts	613,372	71,084	56,196	1,506	742,158
Less: Expected credit losses allowance					
At 1 January 2024	1,709	5,717	15,200	325	22,951
Net movement between stages	3,442	(4,224)	782	-	-
Net charge	(4,218)	2,871	2,652	127	1,432
Write-off	-	-	(3,392)	-	(3,392)
Expected credit losses allowance at 31 December 2024	933	4,364	15,242	452	20,991
Net financing contracts	612,439	66,720	40,954	1,054	721,167

* 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 22.45% (31 December 2024: 24.17%) compared to their original contractual outstanding amounts. On a cumulative basis, the impaired assets (Stage 3 and POCI) are carried at 74.95% (31 December 2024: 69.39%) compared to their original contractual outstanding amounts.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
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9 INVESTMENT SECURITIES

	30 June 2025 BD '000 (Reviewed)	31 December 2024 BD '000 (Audited)
Equity type instruments:		
<i>At fair value through other comprehensive income -</i>		
Unquoted equity securities	21,190	20,895
	21,190	20,895

10 INVESTMENT IN REAL ESTATE

	30 June 2025 BD '000 (Reviewed)	31 December 2024 BD '000 (Audited)
Development property*	7,774	7,774
Investment property**	17,739	32,064
Trading property***	16,784	-
	42,297	39,838

* Includes Bank's share in real estate properties with carrying value of BD 3,207 thousand (31 December 2024: BD 3,207 thousand) for which the title deeds are in the name of a third party held for beneficial interest of the Bank.

** Includes Bank's share in real estate properties with carrying value of BD 9,226 thousand (31 December 2024: BD 16,201 thousand) for which the title deeds are in the name of a third party held for beneficial interest of the Bank.

*** Includes Bank's share in flats with carrying value of BD 16,784 thousand (31 December 2024: Nil) for which the title deeds are in the name of a third party held for beneficial interest of the Bank.

11 EQUITY ACCOUNTED INVESTEEES

	30 June 2025 BD '000 (Reviewed)	31 December 2024 BD '000 (Audited)
At beginning of the period	6,516	24,689
Addition	-	3,128
Sale	-	(20,797)
Share of loss for the period	-	(504)
At end of the period	6,516	6,516

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12 OTHER ASSETS

	30 June 2025 BD '000 (Reviewed)	31 December 2024 BD '000 (Audited)
Reposessed assets	5,559	5,465
Profit accrued on Sukuk	6,195	6,428
Receivable from customers*	7,292	7,412
Right-of-use assets (Note 12.1)	1,039	1,069
Prepaid expenses	1,347	803
Due from investments	19,457	454
Other receivables	2,889	3,918
	43,778	25,549

**Pertains to receivables from customers of BD 4,600 thousand (31 December 2024: BD 4,600 thousand) upon the in-kind settlement of stage 3 financing exposures. The process of transfer of the collateral real estate was not completed as at 30 June 2025. However, beneficial interest has been transferred to the Bank.

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

	30 June 2025 BD '000 (Reviewed)	31 December 2024 BD '000 (Audited)
Balance as at beginning of the period	1,069	1,378
Additional right-of-use assets for the period, net	71	81
Amortisation charge during the period	(101)	(390)
Balance as at end of the period	1,039	1,069

13 OTHER LIABILITIES

	30 June 2025 BD '000 (Reviewed)	31 December 2024 BD '000 (Audited)
Payable to investors*	5,738	5,738
Mudaraba profit accrual	5,428	5,706
Net Ijarah liability (Note 13.1)	920	1,042
Advance received from customers	76	276
Zakah and charity payable**	1,172	352
Employee related accruals	646	1,196
Payable for Istisna'a contracts	27	27
Other payables and accrued expenses***	7,118	6,265
	21,125	20,602

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

**During the period ended 30 June 2025, BD 831 thousand (2024: BD 779 thousand) was transferred into the Zakah and charity fund and BD 12 thousand (30 June 2024: BD 42 thousand) was utilised from the Zakah and charity fund.

***Includes impairment allowance on commitments and financial guarantees of BD 27 thousand (31 December 2024: BD 75 thousand).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
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13 *OTHER LIABILITIES (continued)*

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

Net ijarah liability

Maturity analysis	30 June 2025 (Reviewed)		
	Gross ijarah liability BD '000	Deferred ijarah BD '000	Net ijarah liability BD '000
Less than one year	398	(5)	393
One to five years	555	(28)	527
Total	953	(33)	920

Maturity analysis	31 December 2024 (Audited)		
	Gross ijarah liability BD '000	Deferred ijarah BD '000	Net ijarah liability BD '000
Less than one year	387	(5)	382
One to five years	699	(39)	660
Total	1,086	(44)	1,042

14 **QUASI-EQUITY**

Participatory-based

Mudaraba
Fair value reserve attributable to Quasi-equity

	30 June 2025 BD '000 (Reviewed)	31 December 2024 BD '000 (Audited)
	654,826	519,936
	(613)	(740)
	654,213	519,196

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

	30 June 2025 BD '000 (Reviewed)	31 December 2024 BD '000 (Audited)
CBB reserve account	32,293	31,958
Investment in sukuk*	67,321	67,438
Financing assets**	536,003	391,712
Investment securities	11,380	11,630
Investment in real estate	7,216	16,458
	654,213	519,196

*Impairment allowance as at 30 June 2025 amounts to BD 419 thousand (BD 461 thousand 31 December 2024).

**Impairment allowance as at 30 June 2025 amounts to BD 3,684 thousand (BD 3,024 thousand 31 December 2024).

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14 *QUASI-EQUITY (continued)*

The distribution of asset by ownership is as follows:

	30 June 2025		31 December 2024	
	BD '000		BD '000	
	(Reviewed)		(Audited)	
	Self	Quasi equity (jointly financed)	Self	Quasi equity (jointly financed)
Balances with banks	85,316	-	73,488	-
CBB reserve account	-	32,293	-	31,958
Placements with financial institutions	26,600	-	71,017	-
Investment in sukuk	484,449	67,321	434,701	67,438
Financing contracts	282,264	536,003	329,455	391,712
Investment securities	9,810	11,380	9,265	11,630
Investment in real estate	35,081	7,216	23,380	16,458
Equity accounted investees	6,516	-	6,516	-
Other assets	43,778	-	25,549	-
Property and equipment	3,207	-	3,562	-
Total	977,021	654,213	976,933	519,196

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
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14 *QUASI-EQUITY (continued)*

The distribution of income by ownership is as follows:

	30 June 2025 BD '000 (Reviewed)		30 June 2024 BD '000 (Reviewed)	
	Self	Quasi equity (jointly financed)	Self	Quasi equity (jointly financed)
Income				
Income from financing contracts	17,498	7,928	18,610	4,912
Income from placements with financial institutions	293	2,251	1,672	2,153
Income from sukuk	7,749	3,748	10,429	3,036
Finance expense on placements from financial institutions, non-financial institutions and individuals	(10,715)	-	(14,814)	-
Finance expense on term financing from financial institutions	(6,803)	-	(8,162)	-
Net finance income	8,022	13,927	7,735	10,101
Income from investment securities	24	-	120	670
Income from investment in real estate, net	4,434	-	1,700	(107)
Share of loss from equity accounted investees	-	-	(283)	-
Fees and other income, net	1,562	-	4,640	-
TOTAL INCOME	14,042	13,927	13,912	10,664
Staff cost	4,427	-	3,604	-
Other operating expenses	5,191	-	3,787	-
TOTAL EXPENSES	9,618	-	7,391	-
Profit before impairment allowances and attribution to quasi-equity	4,424	13,927	6,521	10,664
Allowances for impairment and expected credit losses, net	(1,536)	312	(3,785)	2,100
Profit before attribution to quasi-equity	2,888	14,239	2,736	12,764
Group's share as a mudarib and wakil	2,726	(2,726)	2,402	(2,402)
PROFIT FOR THE PERIOD	5,614	11,513	5,138	10,362

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15 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).

16 COMMITMENTS AND CONTINGENCIES

	30 June 2025 BD '000 (Reviewed)	31 December 2024 BD '000 (Audited)
Undrawn commitments to extend finance*	66,729	35,188
Financial guarantees	41,119	38,762
	107,848	73,950

* 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 46 thousand (2024: BD 14 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.

17 INCOME FROM INVESTMENT IN REAL ESTATE, NET

	30 June 2025 BD '000 (Reviewed)	30 June 2024 BD '000 (Reviewed)
Gain on disposal of investment properties	4,336	1,820
Rental income on investment in real estate, net	98	(227)
	4,434	1,593

18 FEES AND OTHER INCOME, NET

	30 June 2025 BD '000 (Reviewed)	30 June 2024 BD '000 (Reviewed)
Fees income	612	511
Foreign exchange gain	726	592
Recovery of written-off assets	224	3,537
	1,562	4,640

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19 ALLOWANCES FOR IMPAIRMENT AND EXPECTED CREDIT LOSSES, NET

	30 June 2025 BD '000 (Reviewed)	30 June 2024 BD '000 (Reviewed)
Balances and placements with banks and financial institutions	-	(5)
Financing contracts (note 8)	1,537	1,526
Investments in sukuk (note 7)	(404)	164
Commitments and financial guarantees (note 16)	(46)	-
Investment in real estate	20	-
Other assets	117	-
	1,224	1,685

Movement on ECL in various stages during the period:

30 June 2025 (Reviewed)	Stage 1 BD '000	Stage 2 BD '000	Stage 3 BD '000	POCI BD '000	Total BD '000
ECL balance at 1 January	1,779	4,366	16,564	452	23,161
Transfer to Stage 1	95	(95)	-	-	-
Transfer to Stage 2	(275)	275	-	-	-
Transfer to Stage 3	(675)	(156)	831	-	-
Net movement	(855)	24	831	-	-
Charge for the period (net)	(94)	27	1,079	75	1,087
Write-off	-	-	(3,091)	-	(3,091)
ECL balance as at 30 June 2025	830	4,417	15,383	527	21,157

30 June 2025 (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)	434	4,417	14,586	19,437
Investments in sukuk at amortised cost	374	-	1,318	1,692
Commitments and financial guarantees	21	-	6	27
	830	4,417	15,910	21,157

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

Movement on ECL in various stages during the period:

	Stage 1 BD '000	Stage 2 BD '000	Stage 3 BD '000	POCI BD '000	Total BD '000
30 June 2024 (Reviewed)					
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)
ECL balance as at 30 June 2024	3,100	3,837	18,512	364	25,813

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 at amortised cost	463	-	1,318	1,781
Commitments and financial guarantees	54	-	7	61
	3,100	4,188	18,525	25,813

* Stage 3: Life time ECL credit impaired includes POCI

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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.

	Six months ended		Three months ended	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
	BD '000	BD '000	BD '000	BD '000
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Profit for the period attributable to the shareholders of the parent	5,614	5,138	2,371	2,130
Profit for the period attributable to the shareholders of the parent for basic and diluted earnings per share computation	5,614	5,138	2,371	2,130
Weighted average number of shares outstanding during the period, net of treasury shares (thousand)	1,084,645	949,312	1,085,050	949,312
Basic and diluted earnings per share (fils)	5.18	5.41	2.19	2.24

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

21 b The shareholders, in their General Assembly meeting on 17 March 2025 resolved to declare dividends on all ordinary shares, excluding treasury shares, at a rate of 5% of the nominal value of the share, equivalent to 5 Fils per share, totalling BD 5,414 thousand which was effected during the period ended 30 June 2025.

22 FUNDS UNDER MANAGEMENT

The Group provides corporate administration, investment management and advisory services to its investment entities, which involves making decisions on behalf of such entities. Assets that are held in such capacity are not included in these consolidated financial statements. No income or expenses has been recognized from the funds under management during the period. At the reporting date, the Group had Funds under management of having net asset value of BD 158,930 thousand (2024: BD 158,930 thousand).

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23 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

30 June 2025 (Reviewed)	Related parties				Total
	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)	
	BD '000	BD '000	BD '000	BD '000	
Assets					
Financing contracts	-	4,581	19,957	-	24,538
Investment in sukuk	-	-	58,297	-	58,297
Investment securities	-	-	2,284	5,395	7,679
Equity accounted investees	6,516	-	-	-	6,516
Other assets	-	-	153	173	326
Liabilities and Quasi-equity					
Placement from financial institutions, non-financial institutions and individuals	-	3,236	77,393	-	80,629
Customers' current accounts	1	108	9,975	422	10,506
Other liabilities	-	550	-	-	550
Quasi-equity	310	2,144	83,623	125	86,202

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
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23 **SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)**

Six months ended 30 June 2025 (Reviewed)	Related parties			Assets under management (including special purpose entities)	Total
	Associates	Directors / Key management personnel and shari'a board members	Parent / related entities / other significant shareholders / entities in which directors are interested		
	BD '000	BD '000	BD '000		
Income					
Income from financing	-	113	1,012	-	1,125
Income from Sukuk	-	-	874	-	874
Income from investment securities	-	-	-	-	-
Share of loss from equity accounted investees	-	-	-	-	-
Other income	-	-	14	-	14
Expenses					
Finance expense on placements from financial institutions, non-financial institutions and individuals	-	50	627	-	677
Net income attributable to quasi-equity	8	31	1,021	3	1,063
Staff cost	-	1,365	-	-	1,365
Other operating expenses	-	145	-	47	192

31 December 2024 (Audited)	Related parties			Assets under management (including special purpose entities)	Total
	Associates	Directors / Key management personnel and shari'a board members	Parent / related entities / other significant shareholders / entities in which directors are interested		
	BD '000	BD '000	BD '000		
Assets					
Financing contracts	-	3,995	23,091	-	27,086
Investment securities	-	-	2,284	3,151	5,435
Equity accounted investees	6,516	-	-	-	6,516
Investment in sukuk	-	-	58,297	-	58,297
Other assets	-	-	66	173	239
Liabilities and Quasi-equity					
Placement from financial institutions, non-financial institutions and individuals	-	2,439	61,908	-	64,347
Customers' current accounts	699	350	13,687	410	15,146
Other liabilities	-	560	-	-	560
Quasi-equity	318	2,147	29,855	123	32,443

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23 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

30 June 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	-	114	589	-	703
Income from Sukuk	-	-	1,228	-	1,228
Income from investment securities	-	-	-	-	-
Share of loss from equity accounted investees	(283)	-	-	-	(283)
Expenses					
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

During 2025, the Bank paid BD 5,414 as dividend to its shareholders. During the year 2024, 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.

24 SEGMENT INFORMATION

30 June 2025 (Reviewed)	Corporate and Retail Banking BD '000	Investment Banking BD '000	Unallocated BD '000	Total BD '000
Segment revenue	45,313	174	-	45,487
Segment results	11,535	68	(5,989)	5,614
Segment assets	1,539,842	75,958	15,434	1,631,234
30 June 2024 (Reviewed)	Corporate and Retail Banking BD '000	Investment Banking BD '000	Unallocated BD '000	Total BD '000
Segment revenue	47,155	397	-	47,552
Segment results	9,861	(190)	(4,533)	5,138
31 December 2024 (Audited)	Corporate and Retail Banking BD '000	Investment Banking BD '000	Unallocated BD '000	Total BD '000
Segment assets	1,327,431	139,637	23,541	1,490,609

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25 FINANCIAL INSTRUMENTS

a) Fair value

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 486,659 thousand (31 December 2024: BD 419,266 thousand) is BD 485,010 thousand as at 30 June 2025 (31 December 2024: BD 411,228 thousand).

The estimated fair values of the Group's other financial instruments 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).

30 June 2025 (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	-	55,185	-	55,185
Equity-type sukuk at fair value through other comprehensive income	-	29,149	-	29,149
Equity-type securities carried at fair value through other comprehensive income	-	-	21,190	21,190
	-	84,334	21,190	105,524

31 December 2024 (Audited)

	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	-	54,502	-	54,502
Equity-type sukuk at fair value through other comprehensive income	-	29,149	-	29,149
Equity-type securities carried at fair value through other comprehensive income	-	-	20,895	20,895
	-	83,651	20,895	104,546

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25 *FINANCIAL INSTRUMENTS (continued)*

The following table analyses the movement in Level 3 financial assets during the six month period ended 30 June 2025:

	30 June 2025 BD '000 (Reviewed)	30 June 2024 BD '000 (Reviewed)
At 1 January	20,895	23,774
Movement in investment fair value reserve	324	(104)
Other movements	(29)	279
As at 30 June	21,190	23,949

During the six months period ended 30 June 2025 and 30 June 2024, there were no transfers between Level 1 and Level 2 fair value measurements.

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.

26 **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 2025, the Bank is required to maintain LCR greater than 100%. As of 30 June 2025, the Bank had LCR ratio of 196.21% (31 December 2024: 182.02%).

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".

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26 **REGULATORY RATIOS** (continued)

The Consolidated NSFR calculated as per the requirements of the CBB rulebook, as of 30 June 2025 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	129,920	-	-	5,247	135,167
Other Capital Instruments	-	-	-	-	-
Retail deposits and deposits from small business customers:					
Stable deposits	-	64,368	17,878	238	78,372
Less Stable deposits	-	224,439	136,426	3,213	327,991
Wholesale funding:					
Operational deposits	-	-	-	-	-
Other wholesale funding	-	919,755	67,288	48,567	270,271
Other liabilities:					
NSFR derivative liabilities	-	-	-	-	-
All other liabilities not included in the above categories	-	18,932	-	-	3,753
Total ASF	129,920	1,227,493	221,592	57,264	815,554

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**For the six-month period ended 30 June 2025**26 *REGULATORY RATIOS (continued)**b. Net stable funding Ratio (NSFR) (continued)*

Required Stable Funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	520,814	-	-	-	24,340
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	-	105,806	-	-	15,871
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	52,697	106,429	513,585	484,608
With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	-	-	157,510	102,382
Performing residential mortgages, of which:					
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	98,235	63,853
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	29,536	13,621	11,727	34,236	86,648
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	122,482	-	-	-	122,482
OBS items	106,518	-	-	-	5,326
Total RSF	779,350	172,125	118,157	646,056	803,129
NSFR%					101.55%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**For the six-month period ended 30 June 2025**26 *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 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	
<u>Available Stable Funding (ASF):</u>					
Capital:					
Regulatory Capital	131,214	-	-	6,581	137,795
Other Capital Instruments	-	-	-	-	-
Retail deposits and deposits from small business customers:					
Stable deposits	-	24,870	11,124	327	34,521
Less Stable deposits	-	311,967	101,958	8,252	380,785
Wholesale funding:					
Operational deposits	-	-	-	-	-
Other wholesale funding	-	763,459	75,000	51,019	284,346
Other liabilities:					
NSFR derivative liabilities	-	-	-	-	-
All other liabilities not included in the above categories	-	22,161	-	-	-
Total ASF	131,214	1,122,456	188,082	66,180	837,447

<u>Required Stable Funding (RSF):</u>					
Total NSFR high-quality liquid assets (HQLA)	409,422	-	-	-	19,612
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	-	135,212	-	-	20,282
Performing financing to non-financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	-	86,424	36,861	452,870	433,794
- With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	-	-	63,940	41,561
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 / sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	29,241	23,735	-	111,012	136,169
All other assets not included in the above categories	110,986	-	-	-	110,986
OBS items	76,423	-	-	-	3,821
Total RSF	626,071	245,372	36,861	672,183	795,060
NSFR%					105.34%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**For the six-month period ended 30 June 2025**26 *REGULATORY RATIOS (continued)**c. Capital Adequacy Ratio*

	30 June 2025 BD '000	31 December 2024 BD '000
CET 1 Capital before regulatory adjustments	129,920	131,214
Less: regulatory adjustments	-	-
<i>CET 1 Capital after regulatory adjustments</i>	129,920	131,214
<i>T1 Capital</i>	-	-
T 2 Capital adjustments	5,247	6,145
Regulatory Capital	135,167	137,359
Risk weighted exposure:		
Credit Risk Weighted Assets	518,282	518,901
Market Risk Weighted Assets	8,965	8,725
Operational Risk Weighted Assets	76,519	76,519
Total Regulatory Risk Weighted Assets	603,766	604,145
Investment risk reserve (30% only)	-	-
Profit equalization reserve (30% only)	-	-
Total Adjusted Risk Weighted Exposures	603,766	604,145
Capital Adequacy Ratio	22.39%	22.74%
Tier 1 Capital Adequacy Ratio	21.52%	21.72%
Minimum required by CBB	12.5%	12.5%

27 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.