

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ  
Al Baraka Islamic Bank B.S.C. (c)

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

30 June 2025 (UNAUDITED AND REVIEWED)



# Report on review of interim condensed consolidated financial statements

To the Board of Directors of Al Baraka Islamic Bank B.S.C. (c)

## Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Baraka Islamic Bank B.S.C. (c) (the "Bank") and its subsidiary (together the "Group") as at 30 June 2025, and the related interim condensed consolidated statements of income, comprehensive income and income and attribution to quasi-equity for the three-month and six-month periods then ended, and the related interim condensed consolidated statements of changes in owners' equity, cash flows and changes in off-balance sheet assets under management for the six-month period then ended and other explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with FAS 41, "*Interim Financial Reporting*". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

## Scope of review

We conducted our review in accordance with 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 International Standards on Auditing 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with FAS 41 "*Interim Financial Reporting*".

Elias Abi Nakhoul

PricewaterhouseCoopers M.E Limited

Partner's registration number: 196

Manama, Kingdom of Bahrain

12 August 2025

**Al Baraka Islamic Bank B.S.C. (c)****INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2025 (Reviewed)

|   | Notes | Reviewed<br>30 June<br>2025<br>BHD '000 | Audited<br>31 December<br>2024<br>BHD '000 |
|---|-------|---|--|
| <b>ASSETS</b>   |       |   |  |
| Cash and balances with banks and financial institutions   |       | 69,156                                  | 58,986                                     |
| Receivables   | 3     | 214,350                                 | 177,556                                    |
| Ijara muntahia bittamleek and ijara receivables           | 4     | 214,337                                 | 217,460                                    |
| Musharakat  | 5     | 79,406                                  | 74,358                                     |
| Investments   | 6     | 389,558                                 | 377,729                                    |
| Investment in joint venture                               |       | -                                       | 6,511                                      |
| Investments in real estate                                |       | 2,911                                   | 2,911                                      |
| Premises and equipment                                    | 7     | 29,970                                  | 29,920                                     |
| Intangibles and goodwill                                  | 8     | 8,699                                   | 8,251                                      |
| Other assets  | 9     | 19,790                                  | 16,535                                     |
| <b>TOTAL ASSETS</b>                                       |       | <b>1,028,177</b>                        | <b>970,217</b>                             |
| <b>LIABILITIES, QUASI EQUITY AND OWNERS' EQUITY</b>       |       |   |  |
| <b>Liabilities</b>  |       |   |  |
| Current accounts  |       | 110,805                                 | 109,954                                    |
| Murabaha and other payables                               |       | 35,956                                  | 45,939                                     |
| Other liabilities   | 10    | 45,471                                  | 40,331                                     |
| <b>Total liabilities</b>                                  |       | <b>192,232</b>                          | <b>196,224</b>                             |
| <b>Quasi equity</b>                                       |       |   |  |
| Participatory investment accounts                         |       | 756,440                                 | 692,335                                    |
| Subordinated mudaraba                                     |       | 2,312                                   | 2,361                                      |
| <b>Total quasi equity</b>                                 |       | <b>758,752</b>                          | <b>694,696</b>                             |
| <b>Owners' equity</b>                                     |       |   |  |
| Share capital   |       | 57,100                                  | 57,100                                     |
| Perpetual equity-type instruments                         |       | 36,192                                  | 36,192                                     |
| Reserves  |       | (9,856)                                 | (9,068)                                    |
| Accumulated losses  |       | (15,755)                                | (14,638)                                   |
| <b>Equity attributable to parent's shareholders</b>       |       | <b>67,681</b>                           | <b>69,586</b>                              |
| Non-controlling interests                                 |       | 9,512                                   | 9,711                                      |
| <b>Total owners' equity</b>                               |       | <b>77,193</b>                           | <b>79,297</b>                              |
| <b>TOTAL LIABILITIES, QUASI EQUITY AND OWNERS' EQUITY</b> |       | <b>1,028,177</b>                        | <b>970,217</b>                             |
| <b>OFF-BALANCE SHEET ITEMS:</b>                           |       |   |  |
| <b>ASSETS UNDER MANAGEMENT</b>                            |       |   |  |
|   |       | <b>387,902</b>                          | <b>339,724</b>                             |
| <b>CONTINGENCIES AND COMMITMENTS</b>                      | 11    | <b>111,297</b>                          | <b>74,088</b>                              |

  
Sabah Khalil Al Moayyed  
Chairperson  
Akram Yasin  
Vice Chairman  
Dr. Adel Abdulla Salem  
Chief Executive Officer

The attached explanatory notes 1 to 20 form part of these interim condensed consolidated financial statements.

## Al Baraka Islamic Bank B.S.C. (c)

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the six month period ended 30 June 2025 (Reviewed)

|   | Notes | Three months ended<br>30 June |                | Six months ended<br>30 June |                 |
|---|-------|-------------------------------|----------------|-----------------------------|-----------------|
|   |       | 2025                          | 2024           | 2025                        | 2024            |
|   |       | BHD '000                      | BHD '000       | BHD '000                    | BHD '000        |
| Income from financings contracts  | 12    | 9,080                         | 10,762         | 18,009                      | 20,203          |
| Income from investments   | 13    | 8,012                         | 10,812         | 15,874                      | 21,648          |
| Share of income from investment in joint venture  |       | -                             | 71             | -                           | 200             |
| Income from banking services  | 14    | 706                           | 537            | 1,474                       | 1,305           |
| Other income  | 15    | 812                           | 739            | 1,913                       | 1,555           |
| Group's mudarib / agency fee from off-balance sheet equity of investment accountholders |       | 8                             | 9              | 18                          | 24              |
| <b>TOTAL INCOME</b>   |       | <b>18,618</b>                 | <b>22,930</b>  | <b>37,288</b>               | <b>44,935</b>   |
| Cost of murabaha and other payables   |       | (388)                         | (2,584)        | (823)                       | (4,604)         |
| <b>TOTAL OPERATING INCOME</b>   |       |                               |                |                             |                 |
| <b>BEFORE ATTRIBUTION TO QUASI EQUITY</b>   |       | <b>18,230</b>                 | <b>20,346</b>  | <b>36,465</b>               | <b>40,331</b>   |
| Net income attributable to quasi-equity   |       | (10,085)                      | (13,125)       | (20,547)                    | (26,572)        |
| <b>TOTAL OPERATING INCOME</b>   |       | <b>8,145</b>                  | <b>7,221</b>   | <b>15,918</b>               | <b>13,759</b>   |
| <b>OPERATING EXPENSES</b>   |       |                               |                |                             |                 |
| Staff expenses  |       | (3,234)                       | (3,119)        | (6,287)                     | (6,118)         |
| Depreciation and amortization   |       | (1,034)                       | (999)          | (2,126)                     | (1,997)         |
| Other operating expenses  |       | (3,137)                       | (3,083)        | (6,105)                     | (5,936)         |
| <b>TOTAL OPERATING EXPENSES</b>   |       | <b>(7,405)</b>                | <b>(7,201)</b> | <b>(14,518)</b>             | <b>(14,051)</b> |
| <b>NET OPERATING INCOME / (LOSS)</b>  |       | <b>740</b>                    | <b>20</b>      | <b>1,400</b>                | <b>(292)</b>    |
| Allowances for impairment - net   | 16    | (107)                         | (377)          | 220                         | (518)           |
| <b>NET INCOME / (LOSS) BEFORE TAXATION</b>  |       | <b>633</b>                    | <b>(357)</b>   | <b>1,620</b>                | <b>(810)</b>    |
| Taxation  |       | (497)                         | (1,147)        | (1,851)                     | (2,361)         |
| <b>INCOME / (LOSS) FOR THE PERIOD</b>   |       | <b>136</b>                    | <b>(1,504)</b> | <b>(231)</b>                | <b>(3,171)</b>  |
| Attributable to:  |       |                               |                |                             |                 |
| Equity of the parent's shareholders   |       | (146)                         | (1,986)        | (1,049)                     | (4,184)         |
| Non-controlling interest  |       | 282                           | 482            | 818                         | 1,013           |
|   |       | <b>136</b>                    | <b>(1,504)</b> | <b>(231)</b>                | <b>(3,171)</b>  |

  
Sabah Khalil Al Moayyed  
Chairperson

  
Akram Yassin  
Vice Chairman

  
Dr. Adel Abdulla Salem  
Chief Executive Officer

The attached explanatory notes 1 to 20 form part of these interim condensed consolidated financial statements.

**Al Baraka Islamic Bank B.S.C. (c)****INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the six month period ended 30 June 2025 (Reviewed)

|  | <i>Three months ended</i> |                 | <i>Six months ended</i> |                 |
|--|---------------------------|-----------------|-------------------------|-----------------|
|  | <b>30 June</b>            | <i>30 June</i>  | <b>30 June</b>          | <i>30 June</i>  |
|  | <b>2025</b>               | <i>2024</i>     | <b>2025</b>             | <i>2024</i>     |
|  | <b>BHD '000</b>           | <i>BHD '000</i> | <b>BHD '000</b>         | <i>BHD '000</i> |
| Net income / (loss) for the period   | <b>136</b>                | (1,504)         | <b>(231)</b>            | (3,171)         |
| <b>Other comprehensive (loss) / income</b>   |                           |                 |                         |                 |
| <b>Items that may subsequently be classified to consolidated statement of income</b>                                   |                           |                 |                         |                 |
| (Deficit) / surplus on foreign currency translations   | <b>(460)</b>              | (87)            | <b>(686)</b>            | 351             |
| Net changes in fair value of equity investments measured at fair value through other comprehensive income - net of tax | <b>(455)</b>              | (300)           | <b>(835)</b>            | (944)           |
| <b>Total other comprehensive loss for the period</b>   | <b>(915)</b>              | (387)           | <b>(1,521)</b>          | (593)           |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>   | <b>(779)</b>              | (1,891)         | <b>(1,752)</b>          | (3,764)         |
| Attributable to:   |                           |                 |                         |                 |
| Equity of the parent's shareholders  | <b>(3,204)</b>            | (2,265)         | <b>(1,836)</b>          | (4,782)         |
| Non-controlling interest   | <b>2,425</b>              | 374             | <b>84</b>               | 1,018           |
|  | <b>(779)</b>              | (1,891)         | <b>(1,752)</b>          | (3,764)         |

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

**Al Baraka Islamic Bank B.S.C. (c)****INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME AND  
ATTRIBUTION TO QUASI-EQUITY**

For the six month period ended 30 June 2025 (Reviewed)

|   | <i>Three months ended</i> |                 | <i>Six months ended</i> |                 |
|---|---------------------------|-----------------|-------------------------|-----------------|
|   | <b>30 June</b>            | <i>30 June</i>  | <b>30 June</b>          | <i>30 June</i>  |
|   | <b>2025</b>               | <i>2024</i>     | <b>2025</b>             | <i>2024</i>     |
|   | <b>BHD '000</b>           | <i>BHD '000</i> | <b>BHD '000</b>         | <i>BHD '000</i> |
| <b>Total operating income</b>   |                           |                 |                         |                 |
| <b>before attribution to quasi equity</b>   | <b>18,230</b>             | 20,346          | <b>36,465</b>           | 40,331          |
| Adjustments for:  |                           |                 |                         |                 |
| Less: net operating income from self-financed assets                                | <b>(6,057)</b>            | (4,983)         | <b>(11,719)</b>         | (9,798)         |
| Less: expenses attributable to quasi-equity   | <b>(1,043)</b>            | (878)           | <b>(1,909)</b>          | (1,801)         |
| Less: allowances for impairment<br>and credit losses - attributable to quasi-equity | <b>(483)</b>              | (281)           | <b>(614)</b>            | (997)           |
| <b>Total income available for quasi-equity</b>                                      | <b>10,647</b>             | 14,204          | <b>22,223</b>           | 27,735          |
| Less: Bank's share as mudarib (net of hibba)  | <b>(562)</b>              | (1,079)         | <b>(1,676)</b>          | (1,163)         |
| <b>Net income attributable to quasi-equity</b>                                      | <b>10,085</b>             | 13,125          | <b>20,547</b>           | 26,572          |

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

**Al Baraka Islamic Bank B.S.C. (c)**
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY**

For the six month period ended 30 June 2025 (Reviewed)

|  | <i>Equity attributable to shareholders of the Parent</i> |  |                  |                 |                                      |                              |  |                   |                         |                           |   |                                 |                             |
|--|--|--|------------------|-----------------|--------------------------------------|------------------------------|--|-------------------|-------------------------|---------------------------|---|---------------------------------|-----------------------------|
|  | <i>Share capital</i>                                     | <i>Perpetual equity-type instruments</i> | <i>Statutory</i> | <i>General</i>  | <i>Employee defined benefit plan</i> | <i>Reserves</i>              |  |                   | <i>Foreign exchange</i> | <i>Accumulated losses</i> | <i>Equity attributable to parent's shareholders</i> | <i>Non-controlling interest</i> | <i>Total owners' equity</i> |
|  |  |  |                  |                 |                                      | <i>changes in fair value</i> | <i>Revaluation of premises and equipment</i> | <i>Cumulative</i> |                         |                           |   |                                 |                             |
| <i>BHD '000</i>                                    | <i>BHD '000</i>  | <i>BHD '000</i>                          | <i>BHD '000</i>  | <i>BHD '000</i> | <i>BHD '000</i>                      | <i>BHD '000</i>              | <i>BHD '000</i>                              | <i>BHD '000</i>   | <i>BHD '000</i>         | <i>BHD '000</i>           | <i>BHD '000</i>                                     | <i>BHD '000</i>                 |                             |
| <b>Balance at 1 January 2025 (Audited)</b>         | <b>57,100</b>  | <b>36,192</b>                            | <b>9,845</b>     | <b>3,275</b>    | <b>(129)</b>                         | <b>2,452</b>                 | <b>119</b>                                   | <b>(24,630)</b>   | <b>(14,638)</b>         | <b>69,586</b>             | <b>9,711</b>  | <b>79,297</b>                   |                             |
| (Loss) / income for the period                     | -  | -  | -                | -               | -                                    | -                            | -  | -                 | (1,049)                 | (1,049)                   | 818   | (231)                           |                             |
| Other comprehensive loss for the period            | -  | -  | -                | -               | -                                    | (363)                        | -  | (425)             | -                       | (788)                     | (733)   | (1,521)                         |                             |
| Dividend paid by subsidiary                        | -  | -  | -                | -               | -                                    | -                            | -  | -                 | -                       | -                         | (284)   | (284)                           |                             |
| Distribution of Zakat                              | -  | -  | -                | -               | -                                    | -                            | -  | -                 | (68)                    | (68)                      | -   | (68)                            |                             |
| <b>Balance at 30 June 2025 (Reviewed)</b>          | <b>57,100</b>  | <b>36,192</b>                            | <b>9,845</b>     | <b>3,275</b>    | <b>(129)</b>                         | <b>2,089</b>                 | <b>119</b>                                   | <b>(25,055)</b>   | <b>(15,755)</b>         | <b>67,681</b>             | <b>9,512</b>  | <b>77,193</b>                   |                             |
| Balance at 1 January 2024 (Audited)                | 57,100   | 36,192                                   | 9,845            | 3,275           | (109)                                | 2,595                        | 119  | (24,835)          | (4,870)                 | 79,312                    | 7,251   | 86,563                          |                             |
| (Loss) / income for the period                     | -  | -  | -                | -               | -                                    | -                            | -  | -                 | (4,184)                 | (4,184)                   | 1,013   | (3,171)                         |                             |
| Other comprehensive (loss) / income for the period | -  | -  | -                | -               | -                                    | (818)                        | -  | 220               | -                       | (598)                     | 5   | (593)                           |                             |
| Distribution of Zakat                              | -  | -  | -                | -               | -                                    | -                            | -  | -                 | (73)                    | (73)                      | -   | (73)                            |                             |
| <b>Balance at 30 June 2024 (Reviewed)</b>          | <b>57,100</b>  | <b>36,192</b>                            | <b>9,845</b>     | <b>3,275</b>    | <b>(109)</b>                         | <b>1,777</b>                 | <b>119</b>                                   | <b>(24,615)</b>   | <b>(9,127)</b>          | <b>74,457</b>             | <b>8,269</b>  | <b>82,726</b>                   |                             |

The attached explanatory notes 1 to 20 form part of these interim condensed consolidated financial statements.

**Al Baraka Islamic Bank B.S.C. (c)****INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six month period ended 30 June 2025 (Reviewed)

|  | <i>Six months ended</i> |                       |
|--|-------------------------|-----------------------|
|  | <i>30 June</i>          |                       |
|  | <b>2025</b>             | <b>2024</b>           |
|  | <b>BHD '000</b>         | <b>BHD '000</b>       |
| <b>OPERATING ACTIVITIES</b>  |                         |                       |
| Net income / (loss) before taxation  | 1,620                   | (810)                 |
| <i>Adjustments for :</i>   |                         |                       |
| Depreciation and amortization  | 2,126                   | 1,997                 |
| Allowances for impairment - net (Note 16)  | (220)                   | 518                   |
| (Gain) / loss on sale of premises and equipment  | (1)                     | 40                    |
| Gain on sale of investments (Note 13)  | (162)                   | (112)                 |
| Share of income from investment in joint venture   | -                       | (200)                 |
| Operating profit before changes in operating assets and liabilities  | <u>3,363</u>            | <u>1,433</u>          |
| Net changes in operating assets and liabilities:   |                         |                       |
| Balances with central banks in mandatory reserves  | (5,385)                 | 2,892                 |
| Receivables  | (2,949)                 | 9,772                 |
| Ijara muntahia bittamleek and ijara receivables  | 3,151                   | 13,208                |
| Musharakat   | (4,858)                 | 2,832                 |
| Other assets   | (3,236)                 | (477)                 |
| Other liabilities  | 6,570                   | (2)                   |
| Murabaha and other payables  | (9,984)                 | 4,150                 |
| Current accounts   | 851                     | 2,595                 |
| Participatory investment accounts  | 64,104                  | 10,228                |
| Tax paid   | (3,148)                 | (2,421)               |
| Net cash generated from operating activities   | <u>48,479</u>           | <u>44,210</u>         |
| <b>INVESTING ACTIVITIES</b>  |                         |                       |
| Purchase of investments  | (154,003)               | (108,098)             |
| Proceeds from sale / redemption of investments   | 141,518                 | 107,623               |
| Net purchase of premises and equipment   | (2,679)                 | (2,256)               |
| Disposal of investment in joint venture  | 6,510                   | -                     |
| Net cash used in investing activities  | <u>(8,654)</u>          | <u>(2,731)</u>        |
| <b>FINANCING ACTIVITIES</b>  |                         |                       |
| Net movement in subordinated mudaraba  | (48)                    | 41                    |
| Dividend paid by subsidiary  | (284)                   | -                     |
| Zakah paid   | (68)                    | (73)                  |
| Net cash used in financing activities  | <u>(400)</u>            | <u>(32)</u>           |
| Foreign currency translation adjustments   | (631)                   | 313                   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>   | <b>38,794</b>           | <b>41,760</b>         |
| Cash and cash equivalents at beginning of the period   | <u>47,437</u>           | <u>72,491</u>         |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>  | <b><u>86,231</u></b>    | <b><u>114,251</u></b> |
| For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents comprise the following: |                         |                       |
| Cash in hand   | 8,498                   | 9,239                 |
| Balances with central banks in unrestricted accounts   | 8,287                   | 26,617                |
| Balances with other banks and financial institutions (with original maturity of 3 months or less)                                | 12,315                  | 26,735                |
| Receivables - Commodities and Wakala placement with FIs (with original maturity of 3 months or less)                             | 57,131                  | 51,660                |
| <b>TOTAL CASH AND CASH EQUIVALENTS</b>   | <b><u>86,231</u></b>    | <b><u>114,251</u></b> |

The attached explanatory notes 1 to 20 form part of these interim condensed consolidated financial statements.

## Al Baraka Islamic Bank B.S.C. (c)

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OFF-BALANCE SHEET ASSETS UNDER MANAGEMENT

For the six month period ended 30 June 2025 (Reviewed)

|   | Balance at<br>1 January 2025<br>BHD '000 | Net<br>deposits /<br>(withdrawals)<br>BHD '000 | Gross<br>income<br>BHD '000 | Mudarib/<br>agency<br>fee<br>BHD '000 | Balance at<br>30 June<br>2025<br>BHD '000 |
|---|--|--|-----------------------------|---------------------------------------|---|
| Wakala Bi Al-Istithmar<br>on balance sheet jointly<br>financed assets | 257,484                                  | 50,532   | 6,348                       | (919)                                 | 313,445                                   |
| Receivables   | 71,390                                   | (5,989)  | 338                         | (4)                                   | 65,735                                    |
| Investments   | 10,850                                   | (2,880)  | 766                         | (14)                                  | 8,722                                     |
|   | <b>339,724</b>                           | <b>41,663</b>                                  | <b>7,452</b>                | <b>(937)</b>                          | <b>387,902</b>                            |
|   | Balance at<br>1 January 2024<br>BHD '000 | Net<br>deposits<br>BHD '000                    | Gross<br>income<br>BHD '000 | Mudarib/<br>agency<br>fee<br>BHD '000 | Balance at<br>30 June<br>2024<br>BHD '000 |
| Wakala Bi Al-Istithmar<br>on balance sheet jointly<br>financed assets | 136,497                                  | 41,277   | 4,828                       | (793)                                 | 181,809                                   |
| Receivables   | 46,077                                   | 26,813   | 1,106                       | (13)                                  | 73,983                                    |
| Investments   | 8,390                                    | 1,663  | 555                         | (11)                                  | 10,597                                    |
|   | <b>190,964</b>                           | <b>69,753</b>                                  | <b>6,489</b>                | <b>(817)</b>                          | <b>266,389</b>                            |

The attached explanatory notes 1 to 20 form part of these interim condensed consolidated financial statements.

## **Al Baraka Islamic Bank B.S.C. (c)**

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended 30 June 2025 (Reviewed)

#### **1 INCORPORATION AND PRINCIPAL ACTIVITIES**

Al Baraka Islamic Bank B.S.C. (c) (the "Bank") is a closed shareholding company incorporated in the Kingdom of Bahrain on 21 February 1984. The Bank operates under a Retail Banking license number RB/025 issued by the Central Bank of Bahrain (CBB). The Bank has four commercial branches in the Kingdom of Bahrain. The Bank is 92.81% (2024: 92.81%) owned by Al Baraka Group B.S.C.(c) (the "Parent Company").

The principal activities of the Bank and its subsidiary (the "Group") are taking demand, saving and investment accounts, providing Murabaha, Ijara and other Shari'a compliant forms of financing as well as managing investors' money on the basis of Mudaraba or agency for a fee, providing commercial banking services and other investment activities. The Bank's registered office is at Bahrain Bay, P.O. Box 1882, Manama, Kingdom of Bahrain.

These interim condensed consolidated financial statements were approved by the Board of Directors on 12 August 2025.

#### **2 BASIS OF PREPARATION AND ACCOUNTING POLICIES**

##### **2.1 Basis of Preparation**

The interim condensed consolidated financial statements of the Group are prepared in accordance with applicable rules and regulations issued by the Central Bank of Bahrain ("CBB"). These rules and regulations require the adoption of all Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation of Islamic Financial Institutions (AAOIFI). In accordance with the AAOIFI framework, for matters not covered by FAS, the Group uses the requirements of the relevant IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). This framework is referred to as "FAS issued by AAOIFI". Accordingly, the interim condensed consolidated financial statements of the Group has been presented in condensed form in accordance with the guidance provided by Financial Accounting Standard 41 - Interim Financial Reporting.

The interim condensed consolidated financial statements do not contain all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements as at 31 December 2024. In addition, results for the six month period ended 30 June 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

##### **Regulatory non-compliance - CBB rule book volume 2 - High level standards**

As of 30 June 2025, the Group owners' equity stood at BD 77.19 million which continues to be below the "minimum total shareholders' equity" of BD 100 million as stipulated under Rule LR 2.5.2A of CBB rulebook.

##### **Domestic Minimum Top-Up Tax Law and Pillar Two Model Rules**

The Group falls within the scope of the OECD Pillar Two Model Rules ("Model Rules"), by virtue of being consolidated by Dallah Albaraka Holding Company B.S.C. (Closed), which qualifies as the Ultimate Parent Entity ("UPE") under the Model Rules. As such, the Group forms part of Dallah Albaraka Holding Company B.S.C. (Closed) Pillar Two Group ("MNE Group").

On 1 September 2024, the Kingdom of Bahrain issued Decree Law (11) of 2024, introducing a Domestic Minimum Top-Up Tax ("DMTT") for Multinational Enterprises ("MNEs") ("DMTT Law"), effective from 1 January 2025. The DMTT Law is broadly aligned with the Model Rules and applies a 15% effective tax rate to the Bahrain profits of MNE Group. Bahrain is the only jurisdiction in which the Group operates that has implemented Pillar Two.

Based on the Group's preliminary assessment of applicability of the DMTT law and Model Rules, it has assessed and concluded that no top-up tax liability is expected to arise under Bahrain DMTT as the Group is loss making for the current period.

##### **2.2 Significant accounting policies**

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of annual audited consolidated financial statements of the Group for the year ended 31 December 2024 except for the changes due to adoption of new and amended standards as set out in note 2.5.

## Al Baraka Islamic Bank B.S.C. (c)

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2025 (Reviewed)

#### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

##### 2.3 Accounting convention

The interim condensed consolidated financial statements are prepared on a historical cost basis, except for investment in real estate, equity-type instruments through other comprehensive income, equity-type instruments through income statement, debt type instruments through other comprehensive, debt type instruments through income statement and land owned by the Group (classified as premises and equipment) that have been measured at fair value.

The interim condensed consolidated financial statements are presented in Bahraini Dinars ("BHD"), being the presentational currency of the Group. All values are rounded to nearest Bahraini Dinars thousand unless otherwise indicated. However, the functional currency of the Bank is Bahraini Dinars and that of the subsidiary is Pakistani Rupees. Items included in the interim condensed consolidated financial statements of each entity are measured using their respective functional currency.

##### 2.4 Basis of consolidation

These interim condensed consolidated financial statements include the interim condensed financial statements of the Bank and its subsidiary.

The following is the subsidiary of the Bank, which is consolidated in these interim condensed consolidated financial statements:

|                                   | <i>Ownership<br/>for 2025 / 2024</i> | <i>Year of<br/>incorporation</i> | <i>Country of<br/>incorporation</i> | <i>No. of<br/>branches/<br/>offices at<br/>30 June 2025/<br/>31 December 2024</i> |
|-----------------------------------|--------------------------------------|----------------------------------|-------------------------------------|---|
| <b>Held directly by the Bank</b>  |                                      |                                  |                                     |   |
| Al Baraka Bank (Pakistan) Limited | 59.13% / 59.13%                      | 2004                             | Pakistan                            | 185 / 185   |

##### 2.5 New standards, interpretations and amendments adopted by the Group

During the period, the Group applied the following standards and amendments to standards in preparation of these interim condensed consolidated financial statements. The adoption of the below standards and amendments to standards did not result in changes to previously reported net income or equity of the Group. However, the adoption of these standards has resulted in certain adjustments, additional disclosures and re-classification of previously reported financial statements and notes.

###### 2.5.1 FAS 42 – Presentation and disclosures in the Financial Statements of Takaful Institutions

AAOIFI has issued FAS 42 in 2022. This standard supersedes the earlier FAS 12 – General Presentation and Disclosures in the Financial Statements of Islamic Insurance Companies". The objective of this standard is to set out the overall requirements for the presentation of financial statements, the minimum requirement for the contents of and disclosures in the financial statements and recommended structure of financial statements that facilitates fair presentation in line with Shari'a principles and rules for Takaful institutions. This standard shall be effective for the financial periods beginning on or after 1 January 2025 with early adoption permitted if adopted alongside FAS 43 – Accounting for Takaful: Recognition and Measurement, provided that FAS 1 (Revised 2021) has already been adopted or is simultaneously adopted.

The adoption of this standard did not have significant impact on the Group's presentation and disclosures in these interim condensed consolidated financial statements.

###### 2.5.2 FAS 43 – Accounting for Takaful: Recognition and Measurement

AAOIFI has issued FAS 43 in 2022. The objective of this standard is to set out the principles for the recognition and measurement of Takaful arrangements and ancillary transactions with the objective of faithfully representing the information related to these arrangements to the relevant stakeholders. The standard should be read in conjunction with FAS 42 – Presentation and disclosures in the Financial Statements of Takaful Institutions. This standard shall be effective for the financial periods beginning on or after 1 January 2025 with early adoption permitted if adopted alongside FAS 42 – Presentation and disclosures in the Financial Statements of Takaful Institutions. The adoption of this standard did not have significant impact on the Group's recognition and measurement.

## **Al Baraka Islamic Bank B.S.C. (c)**

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended 30 June 2025 (Reviewed)

#### **2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)**

##### **2.6 New standards, amendments and interpretations issued but not yet effective**

###### **2.6.1 FAS 45 - Quasi-Equity (Including Investment Accounts)**

AAOIFI has issued FAS 45 in 2023. This standard prescribes the principles of financial reporting related to the participatory investment instruments (including investment accounts) in which an Islamic financial institution controls the underlying assets (mostly, as a working partner), on behalf of the stakeholders other than the owners' equity. Such instruments (including, in particular, the unrestricted investment accounts) normally qualify for on-balance-sheet accounting and are reported as quasi-equity. This standard also 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. It further addresses financial reporting related to other quasi-equity instruments and certain specific issues. This standard shall be effective for the financial reporting periods beginning on or after 1 January 2026.

The concept of quasi-equity has been introduced in FAS 1 "General Presentation and Disclosures in the Financial Statements (Revised 2021)". The Group shall address the requirements of FAS 45 "Quasi-Equity (Including Investment Accounts)" on the effective date of the standard.

###### **2.6.2 FAS 46 - Off-Balance sheet Assets Under Management**

AAOIFI has issued FAS 46 in 2023. This standard prescribes the criteria for characterisation of off-balance sheet assets under management, and the related principles of financial reporting in line with the "AAOIFI Conceptual Framework for Financial Reporting". The standard encompasses the aspects of recognition, derecognition, measurement, selection and adoption of accounting policies, related to off-balance-sheet assets under management, as well as certain specific aspects of financial reporting such as impairment and onerous commitments by the institution. The standard also includes the presentation and disclosure requirements particularly aligning the same with the requirements of the revised FAS 1 "General Presentation and Disclosures in the Financial Statements" in respect of the statement of changes in off-balance sheet assets under management. This standard, along with, FAS 45 "Quasi-Equity (Including Investment Accounts)", supersedes the earlier FAS 27 "Investment Accounts". This standard shall be effective for the financial periods beginning on or after 1 January 2026 and shall be adopted at the same time of adoption of FAS 45 - Quasi-Equity (Including Investment Accounts).

###### **2.6.3 FAS 48 – Promotional Gifts and Prizes**

AAOIFI has issued FAS 48 on 9 December 2024. This standard prescribes the accounting and financial reporting requirements applicable to promotional gifts and prizes awarded by the Islamic financial institutions to their customers, including quasi-equity and other investment accountholders. This standard shall be effective for the financial periods beginning or after 1 January 2026.

###### **2.6.4 FAS 49 – Financial Reporting for Institutions Operating in Hyperinflationary Economies**

AAOIFI has issued FAS 49 on 19 December 2024. This standard outlines the principles governing financial reporting for the institutions applying AAOIFI FASs operating in hyperinflationary economies, duly considering the relevant Shari'a principles and rules and their unique business models. This standard shall be effective for the financial periods beginning or after 1 January 2026 with early adoption encouraged.

###### **2.6.5 FAS 50 – Financial Reporting for Islamic Investment Institutions (Including Investment Funds)**

AAOIFI has issued FAS 50 on 24 December 2024. This standard supersedes the earlier FAS 14 "Investment Funds." This standard sets out the principles of financial reporting for Islamic Investment Institutions ("IIIs") particularly prescribing overall requirements for the presentation, minimum contents and recommended structure of their financial statements in a manner that facilitates truthful and fair presentation in line with Shari'a principles and rules. This standard shall be effective on the annual financial statements of an III or after 1 January 2027.

## Al Baraka Islamic Bank B.S.C. (c)

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2025 (Reviewed)

#### 3 RECEIVABLES

|  | <i>Reviewed</i>                       |  |                           | <i>Audited</i>                        |  |                           |
|--|---------------------------------------|--|---------------------------|---------------------------------------|--|---------------------------|
|  | <i>30 June 2025</i>                   |  |                           | <i>31 December 2024</i>               |  |                           |
|  | <i>Self<br/>financed<br/>BHD '000</i> | <i>Jointly<br/>financed<br/>BHD '000</i> | <i>Total<br/>BHD '000</i> | <i>Self<br/>financed<br/>BHD '000</i> | <i>Jointly<br/>financed<br/>BHD '000</i> | <i>Total<br/>BHD '000</i> |
| Commodities, wakala and<br>musharaka placement with financial institutions | 52,044                                | 5,091                                    | 57,135                    | 21,227                                | 1,897                                    | 23,124                    |
| Salam financing  | -                                     | 12,934                                   | 12,934                    | -                                     | 13,879                                   | 13,879                    |
| Istisna'a financing  | -                                     | 45,969                                   | 45,969                    | -                                     | 50,832                                   | 50,832                    |
| Murabaha financing   | -                                     | 128,103                                  | 128,103                   | 424                                   | 125,117                                  | 125,541                   |
| Credit cards and others receivables  | -                                     | 4,737                                    | 4,737                     | -                                     | 4,969                                    | 4,969                     |
| Gross receivables  | 52,044                                | 196,834                                  | 248,878                   | 21,651                                | 196,694                                  | 218,345                   |
| Deferred profits   | -                                     | (15,414)                                 | (15,414)                  | -                                     | (15,337)                                 | (15,337)                  |
|  | 52,044                                | 181,420                                  | 233,464                   | 21,651                                | 181,357                                  | 203,008                   |
| Less: Allowances for expected<br>credit losses (3.1)                       | (4)                                   | (19,110)                                 | (19,114)                  | (426)                                 | (25,026)                                 | (25,452)                  |
| Net receivables  | 52,040                                | 162,310                                  | 214,350                   | 21,225                                | 156,331                                  | 177,556                   |

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and stage classification. The amounts presented are gross of expected credit losses ("ECL").

|                       | <i>Reviewed</i>             |                             |                             |                           | <i>Audited</i>              |                             |                             |                           |
|-----------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------|
|                       | <i>30 June 2025</i>         |                             |                             |                           | <i>31 December 2024</i>     |                             |                             |                           |
|                       | <i>Stage 1<br/>BHD '000</i> | <i>Stage 2<br/>BHD '000</i> | <i>Stage 3<br/>BHD '000</i> | <i>Total<br/>BHD '000</i> | <i>Stage 1<br/>BHD '000</i> | <i>Stage 2<br/>BHD '000</i> | <i>Stage 3<br/>BHD '000</i> | <i>Total<br/>BHD '000</i> |
| Good (1-4)            | 108,763                     | 3,787                       | -                           | 112,550                   | 92,664                      | 6,262                       | -                           | 98,926                    |
| Satisfactory<br>(5-7) | 62,916                      | 35,255                      | -                           | 98,171                    | 47,950                      | 28,826                      | -                           | 76,776                    |
| Default<br>(8-10)     | -                           | -                           | 22,743                      | 22,743                    | -                           | -                           | 27,306                      | 27,306                    |
|                       | 171,679                     | 39,042                      | 22,743                      | 233,464                   | 140,614                     | 35,088                      | 27,306                      | 203,008                   |

## Al Baraka Islamic Bank B.S.C. (c)

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2025 (Reviewed)

#### 3 RECEIVABLES (continued)

##### 3.1 Allowances for expected credit losses

An analysis of the changes in ECL allowances, is as follows:

|   | <i>Reviewed</i>     |                    |                 |               |
|---|---------------------|--------------------|-----------------|---------------|
|   | <i>30 June 2025</i> |                    |                 |               |
|   | <i>Stage 1: 12-</i> | <i>Stage 2:</i>    | <i>Stage 3:</i> | <i>Total</i>  |
|   | <i>month ECL</i>    | <i>Lifetime</i>    | <i>Lifetime</i> |               |
| <i>BHD '000</i>   | <i>ECL not</i>      | <i>ECL credit-</i> | <i>BHD '000</i> |               |
| <i>BHD '000</i>   | <i>credit-</i>      | <i>impaired</i>    | <i>BHD '000</i> |               |
| <i>BHD '000</i>   | <i>impaired</i>     | <i>impaired</i>    | <i>BHD '000</i> |               |
| <b>Balance at 1 January</b>                                   | 731                 | 3,982              | 20,739          | 25,452        |
| <b>Changes during the period:</b>                             |                     |                    |                 |               |
| - transferred to Stage 1: 12 month ECL                        | 20                  | (19)               | (1)             | -             |
| - transferred to Stage 2: Lifetime<br>ECL not credit-impaired | (5)                 | 36                 | (31)            | -             |
| - transferred to Stage 3: Lifetime<br>ECL credit-impaired     | -                   | (426)              | 426             | -             |
| Net remeasurement of loss allowance                           | (72)                | (107)              | 345             | 166           |
| Recoveries / write-backs                                      | -                   | -                  | (3)             | (3)           |
| Allowances for credit losses                                  | (57)                | (516)              | 736             | 163           |
| Amounts written off during the period                         | -                   | -                  | (6,254)         | (6,254)       |
| FX translation  | (3)                 | (6)                | (238)           | (247)         |
| <b>Balance at 30 June</b>                                     | <b>671</b>          | <b>3,460</b>       | <b>14,983</b>   | <b>19,114</b> |

|   | <i>Audited</i>          |                    |                 |               |
|---|-------------------------|--------------------|-----------------|---------------|
|   | <i>31 December 2024</i> |                    |                 |               |
|   | <i>Stage 1: 12-</i>     | <i>Stage 2:</i>    | <i>Stage 3:</i> | <i>Total</i>  |
|   | <i>month ECL</i>        | <i>Lifetime</i>    | <i>Lifetime</i> |               |
| <i>BHD '000</i>   | <i>ECL not</i>          | <i>ECL credit-</i> | <i>BHD '000</i> |               |
| <i>BHD '000</i>   | <i>credit-</i>          | <i>impaired</i>    | <i>BHD '000</i> |               |
| <i>BHD '000</i>   | <i>impaired</i>         | <i>impaired</i>    | <i>BHD '000</i> |               |
| Balance at 1 January  | 718                     | 3,394              | 19,592          | 23,704        |
| <b>Changes during the year:</b>                               |                         |                    |                 |               |
| - transferred to Stage 1: 12 month ECL                        | 34                      | (25)               | (9)             | -             |
| - transferred to Stage 2: Lifetime<br>ECL not credit-impaired | (101)                   | 443                | (342)           | -             |
| - transferred to Stage 3: Lifetime<br>ECL credit-impaired     | (5)                     | (280)              | 285             | -             |
| Net remeasurement of loss allowance                           | 85                      | 447                | 2,303           | 2,835         |
| Recoveries / write-backs                                      | -                       | -                  | (346)           | (346)         |
| Allowances for credit losses                                  | 13                      | 585                | 1,891           | 2,489         |
| Amounts written off during the year                           | -                       | -                  | (881)           | (881)         |
| FX translation  | -                       | 3                  | 137             | 140           |
| <b>Balance at 31 December</b>                                 | <b>731</b>              | <b>3,982</b>       | <b>20,739</b>   | <b>25,452</b> |

## Al Baraka Islamic Bank B.S.C. (c)

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2025 (Reviewed)

#### 4 IJARA MUNTAHIA BITTAMLEEK AND IJARA RECEIVABLES

|  | Reviewed<br>30 June 2025     |                                 |                   | Audited<br>31 December 2024  |                                 |                   |
|--|------------------------------|---------------------------------|-------------------|------------------------------|---------------------------------|-------------------|
|  | Self<br>financed<br>BHD '000 | Jointly<br>financed<br>BHD '000 | Total<br>BHD '000 | Self<br>financed<br>BHD '000 | Jointly<br>financed<br>BHD '000 | Total<br>BHD '000 |
| Ijara muntahia bittamleek                            | 1,935                        | 195,954                         | 197,889           | 2,362                        | 200,804                         | 203,166           |
| Ijara income receivables                             | 1,133                        | 18,436                          | 19,569            | 945                          | 17,775                          | 18,720            |
|  | <b>3,068</b>                 | <b>214,390</b>                  | <b>217,458</b>    | <b>3,307</b>                 | <b>218,579</b>                  | <b>221,886</b>    |
| Less: Allowances for expected<br>credit losses (4.1) | (35)                         | (3,086)                         | (3,121)           | (41)                         | (4,385)                         | (4,426)           |
|  | <b>3,033</b>                 | <b>211,304</b>                  | <b>214,337</b>    | <b>3,266</b>                 | <b>214,194</b>                  | <b>217,460</b>    |

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and stage classification. The amounts presented are gross of expected credit losses.

|                       | Reviewed<br>30 June 2025 |                     |                     |                   | Audited<br>31 December 2024 |                     |                     |                   |
|-----------------------|--------------------------|---------------------|---------------------|-------------------|-----------------------------|---------------------|---------------------|-------------------|
|                       | Stage 1<br>BHD '000      | Stage 2<br>BHD '000 | Stage 3<br>BHD '000 | Total<br>BHD '000 | Stage 1<br>BHD '000         | Stage 2<br>BHD '000 | Stage 3<br>BHD '000 | Total<br>BHD '000 |
| Good (1-4)            | 200,969                  | 1,321               | -                   | 202,290           | 203,896                     | 1,044               | -                   | 204,940           |
| Satisfactory<br>(5-7) | 8,823                    | 380                 | -                   | 9,203             | 9,048                       | 74                  | -                   | 9,122             |
| Default<br>(8-10)     | -                        | -                   | 5,965               | 5,965             | -                           | -                   | 7,824               | 7,824             |
|                       | <b>209,792</b>           | <b>1,701</b>        | <b>5,965</b>        | <b>217,458</b>    | <b>212,944</b>              | <b>1,118</b>        | <b>7,824</b>        | <b>221,886</b>    |

#### 4.1 Allowances for expected credit losses

An analysis of the changes in ECL allowances, is as follows:

|   | Reviewed<br>30 June 2025              |  |   |                   |
|---|---------------------------------------|--|---|-------------------|
|   | Stage 1: 12-<br>month ECL<br>BHD '000 | Stage 2:<br>Lifetime<br>ECL not<br>credit-<br>impaired<br>BHD '000 | Stage 3:<br>Lifetime<br>ECL credit-<br>impaired<br>BHD '000 | Total<br>BHD '000 |
| Balance at 1 January  | 286                                   | 88   | 4,052   | 4,426             |
| Changes during the period:                                    |                                       |  |   |                   |
| - transferred to Stage 1: 12 month ECL                        | 13                                    | (13)   | -   | -                 |
| - transferred to Stage 2: Lifetime<br>ECL not credit-impaired | (11)                                  | 16   | (5)   | -                 |
| - transferred to Stage 3: Lifetime<br>ECL credit-impaired     | -                                     | -  | -   | -                 |
| Net remeasurement of loss allowance                           | (35)                                  | 7  | 89  | 61                |
| Recoveries / write-backs                                      | -                                     | -  | (90)  | (90)              |
| Allowances for credit losses                                  | (33)                                  | 10   | (6)   | (29)              |
| Amounts written off during the period                         | -                                     | -  | (1,271)   | (1,271)           |
| FX translation  | -                                     | -  | (5)   | (5)               |
| <b>Balance at 30 June</b>                                     | <b>253</b>                            | <b>98</b>  | <b>2,770</b>  | <b>3,121</b>      |

## Al Baraka Islamic Bank B.S.C. (c)

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2025 (Reviewed)

#### 4 IJARA MUNTAHIA BITTAMLEEK AND IJARA RECEIVABLES (continued)

##### 4.1 Allowances for expected credit losses - continued

|  | <i>Audited</i>               |  |  | <i>Total</i>    |
|--|------------------------------|--|--|-----------------|
|  | <i>31 December 2024</i>      |  |  |                 |
|  | <i>Stage 1: 12-month ECL</i> | <i>Stage 2: Lifetime ECL not credit-impaired</i> | <i>Stage 3: Lifetime ECL credit-impaired</i> | <i>Total</i>    |
|  | <i>BHD '000</i>              | <i>BHD '000</i>                                  | <i>BHD '000</i>                              | <i>BHD '000</i> |
| Balance at 1 January                                       | 338                          | 286  | 3,598  | 4,222           |
| Changes during the year:                                   |                              |  |  |                 |
| - transferred to Stage 1: 12 month ECL                     | 99                           | (28)   | (71)   | -               |
| - transferred to Stage 2: Lifetime ECL not credit-impaired | (30)                         | 30   | -  | -               |
| - transferred to Stage 3: Lifetime ECL credit-impaired     | -                            | (254)  | 254  | -               |
| Net remeasurement of loss allowance                        | (121)                        | 54   | 343  | 276             |
| Recoveries / write-backs                                   | -                            | -  | (14)   | (14)            |
| Allowances for credit losses                               | (52)                         | (198)  | 512  | 262             |
| Amounts written off during the year                        | -                            | -  | (61)   | (61)            |
| FX translation   | -                            | -  | 3  | 3               |
| Balance at 31 December                                     | 286                          | 88   | 4,052  | 4,426           |

#### 5 MUSHARAKAT

|   | <i>Reviewed</i>      |                         |                 | <i>Audited</i>          |                         |                 |
|---|----------------------|-------------------------|-----------------|-------------------------|-------------------------|-----------------|
|   | <i>30 June 2025</i>  |                         |                 | <i>31 December 2024</i> |                         |                 |
|   | <i>Self financed</i> | <i>Jointly financed</i> | <i>Total</i>    | <i>Self financed</i>    | <i>Jointly financed</i> | <i>Total</i>    |
|   | <i>BHD '000</i>      | <i>BHD '000</i>         | <i>BHD '000</i> | <i>BHD '000</i>         | <i>BHD '000</i>         | <i>BHD '000</i> |
| Musharakat  | 8,896                | 75,078                  | 83,974          | 9,617                   | 69,588                  | 79,205          |
| Less: Allowances for expected credit losses (5.1) | -                    | (4,568)                 | (4,568)         | -                       | (4,847)                 | (4,847)         |
|   | <b>8,896</b>         | <b>70,510</b>           | <b>79,406</b>   | <b>9,617</b>            | <b>64,741</b>           | <b>74,358</b>   |

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and stage classification. The amounts presented are gross of expected credit losses.

|                    | <i>Reviewed</i>     |                 |                 |                 | <i>Audited</i>          |                 |                 |                 |
|--------------------|---------------------|-----------------|-----------------|-----------------|-------------------------|-----------------|-----------------|-----------------|
|                    | <i>30 June 2025</i> |                 |                 |                 | <i>31 December 2024</i> |                 |                 |                 |
|                    | <i>Stage 1</i>      | <i>Stage 2</i>  | <i>Stage 3</i>  | <i>Total</i>    | <i>Stage 1</i>          | <i>Stage 2</i>  | <i>Stage 3</i>  | <i>Total</i>    |
|                    | <i>BHD '000</i>     | <i>BHD '000</i> | <i>BHD '000</i> | <i>BHD '000</i> | <i>BHD '000</i>         | <i>BHD '000</i> | <i>BHD '000</i> | <i>BHD '000</i> |
| Good (1-4)         | 59,689              | 5,099           | -               | 64,788          | 56,510                  | 1,417           | -               | 57,927          |
| Satisfactory (5-7) | 10,295              | 5,004           | -               | 15,299          | 11,149                  | 5,986           | -               | 17,135          |
| Default (8-10)     | -                   | -               | 3,887           | 3,887           | -                       | -               | 4,143           | 4,143           |
|                    | <b>69,984</b>       | <b>10,103</b>   | <b>3,887</b>    | <b>83,974</b>   | <b>67,659</b>           | <b>7,403</b>    | <b>4,143</b>    | <b>79,205</b>   |

## Al Baraka Islamic Bank B.S.C. (c)

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2025 (Reviewed)

#### 5 MUSHARAKAT (continued)

##### 5.1 Allowances for expected credit losses

An analysis of the changes in ECL allowances, is as follows:

|  | <i>Reviewed</i>              |  |                                     | <i>Total</i>    |
|--|------------------------------|--|-------------------------------------|-----------------|
|  | <i>30 June 2025</i>          |  |                                     |                 |
|  | <i>Stage 1: 12-month ECL</i> | <i>Stage 2: Lifetime ECL not credit-impaired</i> | <i>Stage 3: ECL credit-impaired</i> |                 |
|  | <i>BHD '000</i>              | <i>BHD '000</i>                                  | <i>BHD '000</i>                     | <i>BHD '000</i> |
| <b>Balance at 1 January</b>                                | 242                          | 628  | 3,977                               | 4,847           |
| <b>Changes during the period:</b>                          |                              |  |                                     |                 |
| - transferred to Stage 1: 12 month ECL                     | 3                            | (3)  | -                                   | -               |
| - transferred to Stage 2: Lifetime ECL not credit-impaired | (18)                         | 18   | -                                   | -               |
| - transferred to Stage 3: credit impaired                  | -                            | (38)   | 38                                  | -               |
| Net remeasurement of loss allowance                        | 17                           | (272)  | 65                                  | (190)           |
| Allowances for expected credit losses                      | 2                            | (295)  | 103                                 | (190)           |
| FX translation   | (4)                          | (12)   | (73)                                | (89)            |
| <b>Balance at 30 June</b>                                  | <b>240</b>                   | <b>321</b>                                       | <b>4,007</b>                        | <b>4,568</b>    |

|  | <i>Audited</i>               |  |                                     | <i>Total</i>    |
|--|------------------------------|--|-------------------------------------|-----------------|
|  | <i>31 December 2024</i>      |  |                                     |                 |
|  | <i>Stage 1: 12-month ECL</i> | <i>Stage 2: Lifetime ECL not credit-impaired</i> | <i>Stage 3: ECL credit-impaired</i> |                 |
|  | <i>BHD '000</i>              | <i>BHD '000</i>                                  | <i>BHD '000</i>                     | <i>BHD '000</i> |
| Balance at 1 January                                       | 831                          | 1,323  | 3,745                               | 5,899           |
| <b>Changes during the year:</b>                            |                              |  |                                     |                 |
| - transferred to Stage 1: 12 month ECL                     | 3                            | (3)  | -                                   | -               |
| - transferred to Stage 2: Lifetime ECL not credit-impaired | (20)                         | 20   | -                                   | -               |
| Net remeasurement of loss allowance                        | (15)                         | (158)  | 173                                 | -               |
| Recoveries / write-backs                                   | (568)                        | (570)  | 148                                 | (990)           |
| Allowances for credit losses                               | (600)                        | (711)  | 321                                 | (990)           |
| Amounts written off during the year                        | -                            | -  | (133)                               | (133)           |
| FX translation   | 11                           | 16   | 44                                  | 71              |
| <b>Balance at 31 December</b>                              | <b>242</b>                   | <b>628</b>                                       | <b>3,977</b>                        | <b>4,847</b>    |

## Al Baraka Islamic Bank B.S.C. (c)

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2025 (Reviewed)

#### 6 INVESTMENTS

|   | Reviewed<br>30 June 2025     |                                 |                   | Audited<br>31 December 2024  |                                 |                   |
|---|------------------------------|---------------------------------|-------------------|------------------------------|---------------------------------|-------------------|
|   | Self<br>financed<br>BHD '000 | Jointly<br>financed<br>BHD '000 | Total<br>BHD '000 | Self<br>financed<br>BHD '000 | Jointly<br>financed<br>BHD '000 | Total<br>BHD '000 |
| <b>i) Equity-type instruments at fair value through OCI</b>                           |                              |                                 |                   |                              |                                 |                   |
| <b>Quoted</b>   |                              |                                 |                   |                              |                                 |                   |
| Listed equity shares  | 11,149                       | -                               | 11,149            | 10,965                       | -                               | 10,965            |
| <b>Unquoted</b>   |                              |                                 |                   |                              |                                 |                   |
| Unlisted equity shares  | 3,362                        | 170                             | 3,532             | 3,362                        | 173                             | 3,535             |
| Managed funds   | 377                          | -                               | 377               | 377                          | -                               | 377               |
| Real estate funds   | -                            | 6,956                           | 6,956             | -                            | 7,323                           | 7,323             |
|   | <b>14,888</b>                | <b>7,126</b>                    | <b>22,014</b>     | <b>14,704</b>                | <b>7,496</b>                    | <b>22,200</b>     |
| Less: Provision for impairment  | (1,027)                      | (66)                            | (1,093)           | (1,088)                      | (67)                            | (1,155)           |
| <b>Total equity investments</b>   | <b>13,862</b>                | <b>7,060</b>                    | <b>20,921</b>     | <b>13,616</b>                | <b>7,429</b>                    | <b>21,045</b>     |
| <b>ii) Debt-type instruments at fair value through statement of income (Note 6.1)</b> |                              |                                 |                   |                              |                                 |                   |
| <b>Quoted</b>   |                              |                                 |                   |                              |                                 |                   |
| Sukuk   | -                            | -                               | -                 | -                            | 66                              | 66                |
| <b>Unquoted</b>   |                              |                                 |                   |                              |                                 |                   |
| Sukuk   | -                            | 134                             | 134               | -                            | 138                             | 138               |
|   | <b>-</b>                     | <b>134</b>                      | <b>134</b>        | <b>-</b>                     | <b>204</b>                      | <b>204</b>        |
| <b>iii) Debt-type instruments at fair value through OCI (6.1)</b>                     |                              |                                 |                   |                              |                                 |                   |
| <b>Quoted</b>   |                              |                                 |                   |                              |                                 |                   |
| Sukuk   | 79,546                       | 88,840                          | 168,386           | 89,666                       | 85,339                          | 175,005           |
| <b>Unquoted</b>   |                              |                                 |                   |                              |                                 |                   |
| Sukuk   | -                            | 887                             | 887               | -                            | 944                             | 944               |
|   | <b>79,546</b>                | <b>89,727</b>                   | <b>169,273</b>    | <b>89,666</b>                | <b>86,283</b>                   | <b>175,949</b>    |
| <b>iv) Debt-type instruments at amortised cost (6.1)</b>                              |                              |                                 |                   |                              |                                 |                   |
| <b>Quoted</b>   |                              |                                 |                   |                              |                                 |                   |
| Sukuk   | 80,303                       | 98,993                          | 179,296           | 73,950                       | 82,218                          | 156,168           |
| <b>Unquoted</b>   |                              |                                 |                   |                              |                                 |                   |
| Sukuk   | -                            | 20,423                          | 20,423            | -                            | 24,813                          | 24,813            |
|   | <b>80,303</b>                | <b>119,416</b>                  | <b>199,719</b>    | <b>73,950</b>                | <b>107,031</b>                  | <b>180,981</b>    |
| Less: Allowance for expected credit losses (6.2)                                      | (158)                        | (331)                           | (489)             | (153)                        | (297)                           | (450)             |
| <b>Total debt-type investments</b>  | <b>159,691</b>               | <b>208,946</b>                  | <b>368,637</b>    | <b>163,463</b>               | <b>193,221</b>                  | <b>356,684</b>    |
| <b>Total investments</b>  | <b>173,552</b>               | <b>216,006</b>                  | <b>389,558</b>    | <b>177,079</b>               | <b>200,650</b>                  | <b>377,729</b>    |

## Al Baraka Islamic Bank B.S.C. (c)

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2025 (Reviewed)

#### 6 INVESTMENTS (continued)

Within unquoted investments which are held at fair value through equity are investments amounting to BHD 9.99 million (2024: BHD 10.37 million) which are held at cost less allowance for impairment. These are mainly investments in unlisted companies whose shares are not traded on active markets. The investments are primarily in closely-held companies and structured products. The investments are held at cost less provision for impairment due to the unpredictable nature of their future cash flows and the lack of other suitable methods for determining a reliable fair value.

The Group's investments in sukuk held at amortised cost amounting to BHD 199.73 million (2024: BHD 181 million) have a fair value amounting to BHD 196.27 million (2024: BHD 175.95 million).

Investments having face value amounting to BHD 48.63 million (2024: BHD 24.13 million) are pledged to raise funds under repurchase agreements (REPO) from financial institutions.

#### 6.1 Debt-type instruments

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and stage classification. The amounts presented are gross of expected credit losses.

|                       | Reviewed<br>30 June 2025 |                     |                     |                   | Audited<br>31 December 2024 |                     |                     |                   |
|-----------------------|--------------------------|---------------------|---------------------|-------------------|-----------------------------|---------------------|---------------------|-------------------|
|                       | Stage 1<br>BHD '000      | Stage 2<br>BHD '000 | Stage 3<br>BHD '000 | Total<br>BHD '000 | Stage 1<br>BHD '000         | Stage 2<br>BHD '000 | Stage 3<br>BHD '000 | Total<br>BHD '000 |
| Good (1-4)            | 168,386                  | -                   | -                   | 168,386           | 175,071                     | -                   | -                   | 175,071           |
| Satisfactory<br>(5-7) | 199,571                  | 1,169               | -                   | 200,740           | 180,929                     | 1,134               | -                   | 182,063           |
|                       | <b>367,957</b>           | <b>1,169</b>        | <b>-</b>            | <b>369,126</b>    | <b>356,000</b>              | <b>1,134</b>        | <b>-</b>            | <b>357,134</b>    |

#### 6.2 Allowances for expected credit losses

An analysis of the changes in ECL allowances, is as follows:

|                                       | Reviewed<br>30 June 2025              |  |                   |
|---------------------------------------|---------------------------------------|--|-------------------|
|                                       | Stage 1: 12-<br>month ECL<br>BHD '000 | Stage 2:<br>Lifetime<br>ECL not<br>credit-<br>impaired<br>BHD '000 | Total<br>BHD '000 |
| <b>Balance at 1 January</b>           | 288                                   | 162  | 450               |
| <b>Changes during the period</b>      |                                       |  |                   |
| Net remeasurement of loss allowance   | 53                                    | (12)   | 41                |
| Allowances for expected credit losses | 53                                    | (12)   | 41                |
| FX translation                        | -                                     | (2)  | (2)               |
| <b>Balance at 30 June</b>             | <b>341</b>                            | <b>148</b>   | <b>489</b>        |
|                                       | Audited<br>31 December 2024           |  |                   |
|                                       | Stage 1: 12-<br>month ECL<br>BHD '000 | Stage 2:<br>Lifetime ECL<br>not credit-<br>impaired<br>BHD '000    | Total<br>BHD '000 |
| <b>Balance at 1 January</b>           | 309                                   | 119  | 428               |
| <b>Changes during the year</b>        |                                       |  |                   |
| Net remeasurement of loss allowance   | (19)                                  | 43   | 24                |
| Allowances for expected credit losses | (19)                                  | 43   | 24                |
| FX translation                        | (2)                                   | -  | (2)               |
| <b>Balance at 31 December</b>         | <b>288</b>                            | <b>162</b>   | <b>450</b>        |

## Al Baraka Islamic Bank B.S.C. (c)

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2025 (Reviewed)

#### 7 PREMISES AND EQUIPMENT

|                                | <i>Reviewed</i><br><b>30 June</b><br>2025<br><i>BHD '000</i> | <i>Audited</i><br>31 December<br>2024<br><i>BHD '000</i> |
|--------------------------------|--|--|
| Land and building              | 26,237   | 26,610   |
| Capital work in progress       | 1,201  | 927  |
| Office furniture and equipment | 2,381  | 2,241  |
| Vehicles                       | 152  | 142  |
|                                | <u>29,970</u>  | <u>29,920</u>  |

#### 8 INTANGIBLES AND GOODWILL

|                        | <i>Reviewed</i><br><b>30 June</b><br>2025<br><i>BHD '000</i> | <i>Audited</i><br>31 December<br>2024<br><i>BHD '000</i> |
|------------------------|--|--|
| Softwares and licenses | 1,777  | 2,004  |
| Right of use assets    | 3,938  | 3,208  |
| Goodwill               | 2,984  | 3,039  |
|                        | <u>8,699</u>   | <u>8,251</u>   |

#### 9 OTHER ASSETS

|                                | <i>Reviewed</i><br><b>30 June</b><br>2025<br><i>BHD '000</i> | <i>Audited</i><br>31 December<br>2024<br><i>BHD '000</i> |
|--------------------------------|--|--|
| Deferred tax (9.1)             | 5,528  | 4,311  |
| Accounts receivable            | 4,763  | 3,951  |
| Collaterals pending sale       | 4,418  | 4,466  |
| Prepayments                    | 2,210  | 1,149  |
| Others                         | 3,128  | 2,944  |
|                                | <u>20,047</u>  | <u>16,821</u>  |
| Less: Provision for impairment | (257)  | (286)  |
|                                | <u>19,790</u>  | <u>16,535</u>  |

9.1 The net deferred tax asset has been recognised in accordance with the Group's accounting policy. The management based on recent financial projections prepared, estimates that sufficient taxable profits would be available in future against which the deferred tax asset could be realised.

## Al Baraka Islamic Bank B.S.C. (c)

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2025 (Reviewed)

#### 10 OTHER LIABILITIES

|  | <i>Reviewed</i><br><b>30 June</b><br>2025<br>BHD '000 | <i>Audited</i><br>31 December<br>2024<br>BHD '000 |
|--|---|---|
| Bills payable  | 14,667  | 10,356  |
| Margins received   | 10,357  | 11,986  |
| Accounts payable   | 7,105   | 4,299   |
| Provision for employees benefits                         | 2,808   | 2,625   |
| Operating ijarah liability                               | 4,249   | 3,431   |
| Accrued expenses   | 2,103   | 3,043   |
| Advance payments from customers                          | 1,624   | 1,268   |
| Valuation of foreign exchange contracts                  | -   | 285   |
| Charity fund (note 10.1)                                 | 159   | 179   |
| Taxation and duties                                      | 168   | 193   |
| Allowance for expected credit losses-unfunded facilities | 72  | 202   |
| Security deposit against ijara muntahia bittamleek       | 87  | 89  |
| Others   | 2,072   | 2,375   |
|  | <u>45,471</u>   | <u>40,331</u>                                     |

#### 10.1 Movement in charity fund

|   | <i>Reviewed</i><br>2025<br>BHD '000 | <i>Audited</i><br>2024<br>BHD '000 |
|---|-------------------------------------|------------------------------------|
| <b>Balance at 1 January</b>             | 179                                 | 205                                |
| Net movement                            | (20)                                | (26)                               |
| <b>Balance at 30 June / 31 December</b> | <u>159</u>                          | <u>179</u>                         |

#### 11 CONTINGENCIES AND COMMITMENTS

|                            | <i>Reviewed</i><br><b>30 June</b><br>2025<br>BHD '000 | <i>Audited</i><br>31 December<br>2024<br>BHD '000 |
|----------------------------|---|---|
| Foreign exchange contracts | 36,159  | 14,792  |
| Guarantees                 | 41,589  | 28,818  |
| Letters of credit          | 27,346  | 22,583  |
| Acceptances                | 2,402   | 3,411   |
| Taxation                   | 3,704   | 4,420   |
| Others                     | 97  | 64  |
|                            | <u>111,297</u>  | <u>74,088</u>                                     |

#### 12 INCOME FROM FINANCING CONTRACTS

|   | <i>Reviewed</i><br><i>Six months ended</i><br><i>30 June</i> |                  |
|---|--|------------------|
|   | 2025<br>BHD '000   | 2024<br>BHD '000 |
| Income from receivables                       | 7,224  | 7,695            |
| Income from participatory investments         | 4,756  | 5,992            |
| Income from ijarah muntahia bittamleek        | 6,029  | 6,516            |
|   | <u>18,009</u>  | <u>20,203</u>    |
| Income from jointly financed financing assets | 16,460   | 18,737           |
| Income from self financed financing assets    | 1,549  | 1,466            |
|   | <u>18,009</u>  | <u>20,203</u>    |

**Al Baraka Islamic Bank B.S.C. (c)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended 30 June 2025 (Reviewed)

**13 INCOME FROM INVESTMENTS**

|  | <i>Reviewed</i>         |          |
|--|-------------------------|----------|
|  | <i>Six months ended</i> |          |
|  | <i>30 June</i>          |          |
|  | <b>2025</b>             | 2024     |
|  | <b>BHD '000</b>         | BHD '000 |
| Yield, coupon or return on investments   | <b>14,808</b>           | 20,718   |
| Gain on sale of investments              | <b>162</b>              | 112      |
| Dividend income                          | <b>868</b>              | 749      |
| Income from properties                   | <b>36</b>               | 69       |
|  | <b>15,874</b>           | 21,648   |
| Income from jointly financed investments | <b>8,285</b>            | 11,795   |
| Income from self financed investments    | <b>7,589</b>            | 9,853    |
|  | <b>15,874</b>           | 21,648   |

**14 INCOME FROM BANKING SERVICES**

|                                   | <i>Reviewed</i>         |          |
|-----------------------------------|-------------------------|----------|
|                                   | <i>Six months ended</i> |          |
|                                   | <i>30 June</i>          |          |
|                                   | <b>2025</b>             | 2024     |
|                                   | <b>BHD '000</b>         | BHD '000 |
| Fees and commissions              | <b>1,229</b>            | 1,123    |
| Letters of credit and acceptances | <b>153</b>              | 142      |
| Guarantees                        | <b>92</b>               | 40       |
|                                   | <b>1,474</b>            | 1,305    |

**15 OTHER INCOME**

|                             | <i>Reviewed</i>         |          |
|-----------------------------|-------------------------|----------|
|                             | <i>Six months ended</i> |          |
|                             | <i>30 June</i>          |          |
|                             | <b>2025</b>             | 2024     |
|                             | <b>BHD '000</b>         | BHD '000 |
| Foreign exchange gain - net | <b>1,085</b>            | 917      |
| Others                      | <b>828</b>              | 638      |
|                             | <b>1,913</b>            | 1,555    |

**16 ALLOWANCES FOR IMPAIRMENT - NET**

|   | <i>Reviewed</i>         |          |
|---|-------------------------|----------|
|   | <i>Six months ended</i> |          |
|   | <i>30 June</i>          |          |
|   | <b>2025</b>             | 2024     |
|   | <b>BHD '000</b>         | BHD '000 |
| <b>(Charges) / reversals against:</b>           |                         |          |
| Receivables                                     | <b>(163)</b>            | (1,552)  |
| Ijara muntahia bittamleek and ijara receivables | <b>29</b>               | (167)    |
| Musharakat                                      | <b>190</b>              | 1,334    |
| Investments - debt type                         | <b>(41)</b>             | (18)     |
| Investments - equity type                       | <b>57</b>               | -        |
| Financial guarantees                            | <b>127</b>              | (12)     |
| Other assets                                    | <b>21</b>               | (103)    |
|   | <b>220</b>              | (518)    |

# Al Baraka Islamic Bank B.S.C. (c)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2025 (Reviewed)

### 17 SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's geographical segments. The geographical segments are based upon the location of the units responsible for recording the transactions and reflects the manner in which financial information is evaluated by management and the Board of Directors.

For financial reporting purposes, the Group is divided into two geographical segments, Middle East and Other Asian Countries. Other Asian Countries represent operations in Islamic Republic of Pakistan.

The results reported for the geographic segments are based on the Group's internal financial reporting systems. The accounting policies of the segments are the same as those applied in the preparation of the Group's interim condensed consolidated financial statements. Transactions between segments are conducted at estimated market rates.

The segmental assets and liabilities of the Group were as follows:

|                              | <i>Middle East</i>                               |  | <i>Other Asian Countries</i>                     |  | <i>Total</i>                                     |  |
|------------------------------|--|--|--|--|--|--|
|                              | <b>30 June</b><br><b>2025</b><br><b>BHD '000</b> | <i>31 December</i><br><i>2024</i><br><i>BHD '000</i> | <b>30 June</b><br><b>2025</b><br><b>BHD '000</b> | <i>31 December</i><br><i>2024</i><br><i>BHD '000</i> | <b>30 June</b><br><b>2025</b><br><b>BHD '000</b> | <i>31 December</i><br><i>2024</i><br><i>BHD '000</i> |
| Assets                       | <b>646,363</b>                                   | 599,736  | <b>381,814</b>                                   | 370,481  | <b>1,028,177</b>                                 | 970,217  |
| Liabilities and quasi equity | <b>602,578</b>                                   | 554,388  | <b>348,406</b>                                   | 336,532  | <b>950,984</b>                                   | 890,920  |

The segmental income and expenses of the Group were as follows:

|                                    | <i>Middle East</i>                        |                                | <i>Other Asian Countries</i>              |                                | <i>Total</i>                              |                                |
|------------------------------------|---|--------------------------------|---|--------------------------------|---|--------------------------------|
|                                    | <i>Six months ended</i><br><i>30 June</i> |                                | <i>Six months ended</i><br><i>30 June</i> |                                | <i>Six months ended</i><br><i>30 June</i> |                                |
|                                    | <b>2025</b><br><b>BHD '000</b>            | <i>2024</i><br><i>BHD '000</i> | <b>2025</b><br><b>BHD '000</b>            | <i>2024</i><br><i>BHD '000</i> | <b>2025</b><br><b>BHD '000</b>            | <i>2024</i><br><i>BHD '000</i> |
| Total operating income             | <b>5,889</b>                              | 2,969                          | <b>10,439</b>                             | 10,790                         | <b>15,918</b>                             | 13,759                         |
| Total operating expenses           | <b>(7,370)</b>                            | (7,836)                        | <b>(7,148)</b>                            | (6,215)                        | <b>(14,518)</b>                           | (14,051)                       |
| Allowances for impairment - net    | <b>(340)</b>                              | (782)                          | <b>560</b>                                | 264                            | <b>220</b>                                | (518)                          |
| Taxation                           | -   | -                              | <b>(1,851)</b>                            | (2,361)                        | <b>(1,851)</b>                            | (2,361)                        |
| Net (loss) / income for the period | <b>(1,821)</b>                            | (5,649)                        | <b>2,000</b>                              | 2,478                          | <b>(231)</b>                              | (3,171)                        |

# Al Baraka Islamic Bank B.S.C. (c)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2025 (Reviewed)

### 18 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties comprise major shareholders, directors of the Bank, entities owned or controlled, jointly controlled or significantly influenced by them, companies affiliated by virtue of shareholding in common with that of the Group, Shari'a supervisory board and external auditors.

The significant balances with related parties were as follows:

|   | <i>Ultimate Parent and other shareholders</i> |                    | <i>Other related parties</i> |                    | <i>Total</i>    |                    |
|---|---|--------------------|------------------------------|--------------------|-----------------|--------------------|
|   | <i>30 June</i>                                | <i>31 December</i> | <i>30 June</i>               | <i>31 December</i> | <i>30 June</i>  | <i>31 December</i> |
|   | <i>2025</i>                                   | <i>2024</i>        | <i>2025</i>                  | <i>2024</i>        | <i>2025</i>     | <i>2024</i>        |
|   | <i>BHD '000</i>                               | <i>BHD '000</i>    | <i>BHD '000</i>              | <i>BHD '000</i>    | <i>BHD '000</i> | <i>BHD '000</i>    |
| <b>Assets:</b>  |   |                    |                              |                    |                 |                    |
| Cash and balances with banks and financial institutions | 1   | 6                  | 17                           | 17                 | 18              | 23                 |
| Receivables   | -   | -                  | 358                          | 492                | 358             | 492                |
| Musharakat  | -   | -                  | 654                          | 676                | 654             | 676                |
| Investments   | 10,259  | 9,889              | 2,890                        | 9,452              | 13,149          | 19,341             |
| Other assets  | 4,032   | 3,394              | -                            | -                  | 4,032           | 3,394              |
| <b>Total assets</b>                                     | <b>14,292</b>                                 | <b>13,289</b>      | <b>3,919</b>                 | <b>10,637</b>      | <b>18,211</b>   | <b>23,926</b>      |
| <b>Liabilities:</b>                                     |   |                    |                              |                    |                 |                    |
| Current accounts  | 1,558   | 945                | 184                          | 12,893             | 1,742           | 13,838             |
| Other liabilities                                       | 1   | 121                | 305                          | 310                | 306             | 431                |
| <b>Total liabilities</b>                                | <b>1,559</b>                                  | <b>1,066</b>       | <b>489</b>                   | <b>13,203</b>      | <b>2,048</b>    | <b>14,269</b>      |
| <b>Participatory investment accounts</b>                | <b>20,696</b>                                 | <b>17,010</b>      | <b>38,261</b>                | <b>23,741</b>      | <b>58,957</b>   | <b>40,751</b>      |
| <b>OFF-BALANCE SHEET ITEMS:</b>                         |   |                    |                              |                    |                 |                    |
| <b>Assets under management</b>                          | <b>38,096</b>                                 | <b>38,463</b>      | <b>36,174</b>                | <b>43,678</b>      | <b>74,270</b>   | <b>82,141</b>      |
| <b>Contingencies and commitments</b>                    | <b>-</b>                                      | <b>754</b>         | <b>3,409</b>                 | <b>140</b>         | <b>3,409</b>    | <b>894</b>         |

The transactions with the related parties included in the interim condensed consolidated statement of income are as follows:

|   | <i>Ultimate Parent and other shareholders</i> |                 | <i>Other related parties</i> |                 | <i>Total</i>            |                 |
|---|---|-----------------|------------------------------|-----------------|-------------------------|-----------------|
|   | <i>Six months ended</i>                       |                 | <i>Six months ended</i>      |                 | <i>Six months ended</i> |                 |
|   | <i>30 June</i>                                | <i>30 June</i>  | <i>30 June</i>               | <i>30 June</i>  | <i>30 June</i>          | <i>30 June</i>  |
|   | <i>2025</i>                                   | <i>2024</i>     | <i>2025</i>                  | <i>2024</i>     | <i>2025</i>             | <i>2024</i>     |
|   | <i>BHD '000</i>                               | <i>BHD '000</i> | <i>BHD '000</i>              | <i>BHD '000</i> | <i>BHD '000</i>         | <i>BHD '000</i> |
| <b>Income</b>   |   |                 |                              |                 |                         |                 |
| Income from financings contracts  | -   | -               | 11                           | 10              | 11                      | 10              |
| Income from investments   | 524   | 462             | 217                          | 334             | 741                     | 796             |
| Group's Mudarib / Agency fee from off-balance sheet assets under management | 8   | 5               | 9                            | 18              | 17                      | 23              |
| Other income  | 354   | 520             | -                            | -               | 354                     | 520             |
|   | <b>886</b>                                    | <b>987</b>      | <b>237</b>                   | <b>362</b>      | <b>1,123</b>            | <b>1,349</b>    |
| <b>Expenses</b>   |   |                 |                              |                 |                         |                 |
| Net income attributable to quasi-equity                                     | 783   | 588             | 882                          | 494             | 1,665                   | 1,082           |
| Other expenses  | -   | -               | 569                          | 610             | 569                     | 610             |
|   | <b>783</b>                                    | <b>588</b>      | <b>1,451</b>                 | <b>1,104</b>    | <b>2,234</b>            | <b>1,692</b>    |

## Al Baraka Islamic Bank B.S.C. (c)

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 June 2025 (Reviewed)

#### 18 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Compensation of key management personnel is as follows:

|                | <i>Six months ended</i> |                 |
|----------------|-------------------------|-----------------|
|                | <i>30 June</i>          |                 |
|                | <b>2025</b>             | <b>2024</b>     |
|                | <b>BHD '000</b>         | <b>BHD '000</b> |
| Salaries       | 1,111                   | 1,033           |
| Other benefits | 484                     | 447             |
|                | <b>1,595</b>            | <b>1,480</b>    |

#### 19 SUBSEQUENT EVENTS

There have been no events subsequent to the interim condensed consolidated statement of financial position date that would significantly affect the amounts reported in the interim condensed consolidated financial statements as at and for the six month period ended 30 June 2025.

## Al Baraka Islamic Bank B.S.C. (c)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2025

#### 20 NSFR REQUIREMENTS AND CALCULATION METHODOLOGY

The Net Stable Funding Ratio ('NSFR') is calculated in accordance with the Liquidity Risk Management Module guidelines, issued by the CBB and is effective from December 2019. The minimum NSFR ratio as per CBB is 100%. The Group's consolidated NSFR ratio as of 30 June 2025 is 207.58%.

The NSFR (as a percentage) must be calculated as follows:

| Item  | Unweighted Values (i.e. before applying relevant factors) |                                |   |                           | Total weighted value<br>BHD '000 |
|---|---|--------------------------------|---|---------------------------|----------------------------------|
|   | No specified maturity<br>BHD '000                         | Less than 6 months<br>BHD '000 | More than 6 months and less than one year<br>BHD '000 | Over one year<br>BHD '000 |                                  |
| <b>Available Stable Funding (ASF):</b>  |   |                                |   |                           |                                  |
| <b>Capital:</b>   | <b>64,486</b>   | -                              | -   | <b>4,872</b>              | <b>69,358</b>                    |
| Regulatory capital  | 64,486  | -                              | -   | -                         | 64,486                           |
| Other capital instruments   | -   | -                              | -   | 4,872                     | 4,872                            |
| <b>Retail deposits and deposits from small business customers:</b>  |   |                                |   |                           |                                  |
| Stable deposits   | -   | 375,776                        | 41,267  | 22,127                    | 398,982                          |
| Less stable deposits  | -   | 30,320                         | 26  | 31                        | 28,859                           |
|   | -   | 345,456                        | 41,241  | 22,096                    | 370,123                          |
| <b>Wholesale funding:</b>   |   |                                |   |                           |                                  |
| Operational deposits  | -   | 435,680                        | 14,668  | 1,000                     | 89,862                           |
| Other wholesale funding   | -   | -                              | -   | -                         | -                                |
|   | -   | 435,680                        | 14,668  | 1,000                     | 89,862                           |
| <b>Other liabilities:</b>   |   |                                |   |                           |                                  |
| NSFR Shari'a-compliant hedging contract liabilities   | -   | -                              | -   | 45,403                    | 45,403                           |
| All other liabilities not included in the above categories  | -   | -                              | -   | -                         | -                                |
|   | -   | -                              | -   | 45,403                    | 45,403                           |
| <b>Total ASF</b>  | <b>64,486</b>   | <b>811,456</b>                 | <b>55,935</b>   | <b>73,402</b>             | <b>603,605</b>                   |
| <b>Required stable funding (RSF):</b>   |   |                                |   |                           |                                  |
| <b>Total NSFR high-quality liquid assets (HQLA)</b>   | <b>415,883</b>  | -                              | -   | <b>48,445</b>             | <b>65,107</b>                    |
| <b>Deposits held at other financial institutions for operational purposes</b>   | -   | -                              | -   | -                         | -                                |
| <b>Performing financing and sukuk/securities:</b>   |   |                                |   |                           |                                  |
| 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 | -   | 36,024                         | -   | 31,383                    | 36,786                           |

# Al Baraka Islamic Bank B.S.C. (c)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2025

### 20 NSFR REQUIREMENTS AND CALCULATION METHODOLOGY (continued)

| Item  | Unweighted Values (i.e. before applying relevant factors) |                    |   |                | Total weighted value |
|---|---|--------------------|---|----------------|----------------------|
|   | No specified maturity                                     | Less than 6 months | More than 6 months and less than one year | Over one year  |                      |
| Performing financing to non-financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which: | -   | 41,854             | 60,695                                    | 344,433        | 51,274               |
| 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   | -   | -                  | -   | 118,595        | 77,087               |
| Securities/sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities   | -   | -                  | -   | 1,110          | 943                  |
| <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 contract liabilities before deduction of variation margin posted   | -   | -                  | -   | -              | -                    |
| All other assets not included in the above categories   | 56,305  | -                  | -   | -              | 56,305               |
| <b>OBS items</b>  | 65,718  | -                  | -   | -              | 3,286                |
| <b>Total RSF</b>  | <b>537,906</b>  | <b>77,878</b>      | <b>60,695</b>                             | <b>543,966</b> | <b>290,788</b>       |
| <b>NSFR (%)</b>   |   |                    |   |                | <b>207.58%</b>       |