

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 March 2025 (UNAUDITED AND REVIEWED)



Review report on the 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 31 March 2025 and the related interim condensed consolidated statements of income, comprehensive income, income and attribution to quasi-equity, changes in owners' equity, cash flows and changes in off-balance sheet assets under management for the three-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*".

A handwritten signature in blue ink, appearing to read 'Elias Abi Nakhoul', is written over a light blue, stylized PwC logo.

Elias Abi Nakhoul

PricewaterhouseCoopers M.E Limited

Partner's registration number: 196

Manama, Kingdom of Bahrain

13 May 2025


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


INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025 (Reviewed)

	Notes	Reviewed 31 March 2025 BHD '000	Audited 31 December 2024 BHD '000
ASSETS			
Cash and balances with banks and financial institutions		60,312	58,986
Receivables	3	175,455	177,556
Ijara muntahia bittamleek and ijara receivables	4	215,765	217,460
Musharakat	5	74,980	74,358
Investments	6	407,860	377,729
Investment in joint venture		-	6,511
Investments in real estate		2,911	2,911
Premises and equipment	7	29,810	29,920
Intangibles and goodwill	8	8,923	8,251
Other assets	9	21,503	16,535
TOTAL ASSETS		997,519	970,217
LIABILITIES, QUASI EQUITY AND OWNERS' EQUITY			
Liabilities			
Current accounts		139,032	109,954
Murabaha and other payables		28,481	45,939
Other liabilities	10	43,058	40,331
Total liabilities		210,571	196,224
Quasi equity			
Participatory investment accounts		706,493	692,335
Subordinated mudaraba		2,423	2,361
Total quasi equity		708,916	694,696
Owners' equity			
Share capital		57,100	57,100
Perpetual equity-type instruments		36,192	36,192
Reserves		(9,197)	(9,068)
Accumulated losses		(15,541)	(14,638)
Equity attributable to parent's shareholders		68,554	69,586
Non-controlling interests		9,478	9,711
Total owners' equity		78,032	79,297
TOTAL LIABILITIES, QUASI EQUITY AND OWNERS' EQUITY		997,519	970,217
OFF-BALANCE SHEET ITEMS:			
ASSETS UNDER MANAGEMENT			
		383,485	339,724
CONTINGENCIES AND COMMITMENTS	11	79,467	74,088


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.

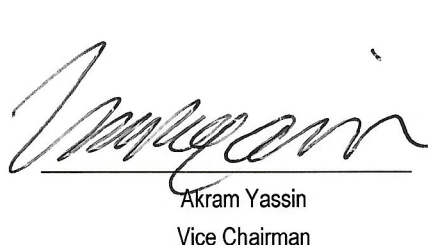
Al Baraka Islamic Bank B.S.C. (c)**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME**

For the three month period ended 31 March 2025 (Reviewed)

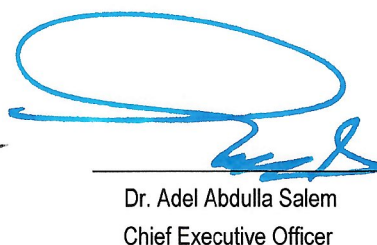
	Notes	Three months ended 31 March	
		2025	2024
		BHD '000	BHD '000
Income from financing contracts	12	8,929	9,440
Income from investments	13	7,862	10,836
Share of income from investment in joint venture		-	129
Income from banking services	14	768	768
Other income	15	1,101	815
Group's mudarib / agency fee from off-balance sheet assets under management		10	15
TOTAL INCOME		18,670	22,003
Cost of murabaha and other payables		(435)	(3,171)
TOTAL OPERATING INCOME			
BEFORE ATTRIBUTION TO QUASI EQUITY		18,235	18,832
Net income attributable to quasi-equity		(10,462)	(12,297)
TOTAL OPERATING INCOME		7,773	6,535
OPERATING EXPENSES			
Staff expenses		(3,053)	(2,999)
Depreciation and amortization		(1,092)	(998)
Other operating expenses		(2,965)	(2,851)
TOTAL OPERATING EXPENSES		(7,110)	(6,848)
NET OPERATING INCOME / (LOSS)		663	(313)
Allowances for impairment - net	16	325	(141)
NET INCOME / (LOSS) BEFORE TAXATION		988	(454)
Taxation		(1,355)	(1,213)
LOSS FOR THE PERIOD		(367)	(1,667)
Attributable to:			
Equity of the Parent's shareholders		(903)	(2,198)
Non-controlling interests		536	531
		(367)	(1,667)



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 three month period ended 31 March 2025 (Reviewed)

	<i>Three months ended</i>	
	<i>31 March</i>	
	2025	<i>2024</i>
	BHD '000	<i>BHD '000</i>
Loss for the period	(367)	(1,667)
Other comprehensive (loss) / income		
<i>Items that may subsequently be classified to consolidated statement of income</i>		
(Deficit) / surplus on foreign currency translations	(227)	438
Net changes in fair value of equity investments measured at fair value through other comprehensive income - net of tax	(379)	(644)
Total other comprehensive loss for the period	(606)	(206)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(973)	(1,873)
Attributable to:		
Equity of the Parent's shareholders	(1,032)	(2,517)
Non-controlling interests	59	644
	(973)	(1,873)

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 three month period ended 31 March 2025 (Reviewed)

	<i>Three months ended</i>	
	<i>31 March</i>	
	2025	2024
	BHD '000	BHD '000
Total operating income		
before attribution to quasi equity	18,235	18,832
Adjustments for:		
Less: net operating income from self-financed assets	(5,663)	(4,815)
Less: expenses attributable to quasi-equity	(865)	(923)
Less: allowances for impairment and credit losses - attributable to quasi-equity	(131)	(717)
Total income available for quasi-equity	11,576	12,377
Less: Group's share as mudarib (net of hibba)	(1,114)	(80)
Net income attributable to quasi-equity	10,462	12,297

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 three month period ended 31 March 2025 (Reviewed)

	<i>Equity attributable to shareholders of the Parent</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>Share capital</i>	<i>Perpetual equity-type instruments</i>	<i>Statutory</i>	<i>General</i>	<i>Employee defined benefit plan</i>	<i>Cumulative changes in fair value</i>	<i>Revaluation of premises and equipment</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>	
Balance at 1 January 2025 (Audited)	57,100	36,192	9,845	3,275	(129)	2,452	119	(24,630)	(14,638)	69,586	9,711	79,297
(Loss) / income for the period	-	-	-	-	-	-	-	-	(903)	(903)	536	(367)
Other comprehensive income / (loss)	-	-	-	-	-	11	-	(140)	-	(129)	(477)	(606)
Dividend paid by subsidiary	-	-	-	-	-	-	-	-	-	-	(292)	(292)
Balance at 31 March 2025 (Reviewed)	57,100	36,192	9,845	3,275	(129)	2,463	119	(24,770)	(15,541)	68,554	9,478	78,032
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	-	-	-	-	-	-	-	-	(2,198)	(2,198)	531	(1,667)
Other comprehensive (loss) / income	-	-	-	-	-	(592)	-	273	-	(319)	113	(206)
Balance at 31 March 2024 (Reviewed)	57,100	36,192	9,845	3,275	(109)	2,003	119	(24,562)	(7,068)	76,795	7,895	84,690

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 three month period ended 31 March 2025 (Reviewed)

	<i>Three months ended</i>	
	<i>31 March</i>	
	2025	2024
	BHD '000	BHD '000
OPERATING ACTIVITIES		
Net income / (loss) before taxation	988	(454)
<i>Adjustments for :</i>		
Depreciation and amortization	1,092	998
Allowances for impairment - net (Note 16)	(325)	141
(Gain) / loss on sale of premises and equipment	-	40
Gain on sale of investments (Note 13)	(162)	(26)
Share of income from investment in joint venture	-	(129)
Operating profit before changes in operating assets and liabilities	<u>1,593</u>	<u>570</u>
Net changes in operating assets and liabilities:		
Balances with central banks in mandatory reserves	1,127	6,431
Receivables	(2,807)	(701)
Ijara muntahia bittamleek and ijara receivables	1,565	7,068
Musharakat	(506)	1,145
Other assets	(4,952)	901
Other liabilities	3,365	(4,895)
Murabaha and other payables	(17,458)	(2,703)
Current accounts	29,078	3,896
Participatory investment accounts	14,157	(8,208)
Tax paid	(1,909)	(1,296)
Net cash generated from operating activities	<u>23,253</u>	<u>2,208</u>
INVESTING ACTIVITIES		
Purchase of investments	(119,042)	(76,244)
Proceeds from sale / redemption of investments	88,682	64,075
Net purchase of premises and equipment	(980)	(1,699)
Disposal of investment in joint venture	6,510	-
Net cash used in from investing activities	<u>(24,830)</u>	<u>(13,868)</u>
FINANCING ACTIVITIES		
Net movement in subordinated mudaraba	62	71
Dividend paid by subsidiary	(287)	-
Net cash (used in) / generated from financing activities	<u>(225)</u>	<u>71</u>
Foreign currency translation adjustments	(900)	395
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,702)	(11,194)
Cash and cash equivalents at beginning of the period	<u>47,437</u>	<u>72,491</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>44,735</u>	<u>61,297</u>
For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents comprise the following:		
Cash in hand	8,390	10,211
Balances with central banks in unrestricted accounts	11,017	9,163
Balances with other banks and financial institutions (with original maturity of 3 months or less)	18,318	19,184
Receivables - Commodities and Wakala placement with FIs (with original maturity of 3 months or less)	7,010	22,739
TOTAL CASH AND CASH EQUIVALENTS	<u>44,735</u>	<u>61,297</u>

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 three month period ended 31 March 2025 (Reviewed)

	Balance at 1 January 2025 BHD '000	Net deposits/ (withdrawals) BHD '000	Gross income BHD '000	Mudarib/ agency fee BHD '000	Balance at 31 March 2025 BHD '000
Wakala Bi Al-Istithmar on balance sheet jointly financed assets	257,484	49,103	3,185	(288)	309,484
Receivables	71,390	(5,655)	-	-	65,735
Investments	10,850	(3,230)	656	(10)	8,266
	339,724	40,218	3,841	(298)	383,485

	Balance at 1 January 2024 BHD '000	Net deposits/ (withdrawals) BHD '000	Gross income BHD '000	Mudarib's/ agency fee BHD '000	Balance at 31 March 2024 BHD '000
Wakala Bi Al-Istithmar on balance sheet jointly financed assets	136,497	(21,538)	2,267	(417)	116,809
Receivables	46,078	680	719	(8)	47,469
Investments	8,390	339	439	(6)	9,162
	190,965	(20,519)	3,425	(431)	173,440

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 three month period ended 31 March 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 13 May 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 three month period ended 31 March 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

Rule LR-2.5.2A requires all Bahraini Islamic retail bank licensees to maintain a minimum total equity of BD 100 million. The Group is in breach of this rule as at 31 March 2025 as the equity stood at BD 78.0 million as of that date. In this regard, the Group is currently working in collaboration with its major shareholder to ensure compliance with such regulations issued by Central Bank of Bahrain.

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.

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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2025 (Reviewed)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

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

2.5 New standards, interpretations and amendments adopted by the Group

These interim condensed consolidated financial statements have been prepared using accounting policies, which are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards and interpretations effective as of 1 January 2025.

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 three month period ended 31 March 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 account holders. 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 three month period ended 31 March 2025 (Reviewed)

3 RECEIVABLES

	<i>Reviewed</i>			<i>Audited</i>		
	<i>31 March 2025</i>			<i>31 December 2024</i>		
	<i>Self financed BHD '000</i>	<i>Jointly financed BHD '000</i>	<i>Total BHD '000</i>	<i>Self financed BHD '000</i>	<i>Jointly financed BHD '000</i>	<i>Total BHD '000</i>
Commodities, wakala and musharaka placement with financial institutions	17,967	-	17,967	21,227	1,897	23,124
Salam financing	-	13,685	13,685	-	13,879	13,879
Istisna'a financing	-	48,671	48,671	-	50,832	50,832
Murabaha financing	-	124,015	124,015	424	125,117	125,541
Credit cards and others receivables	-	4,888	4,888	-	4,969	4,969
Gross receivables	17,967	191,258	209,226	21,651	196,694	218,345
Deferred profits	-	(14,901)	(14,901)	-	(15,337)	(15,337)
	17,967	176,357	194,325	21,651	181,357	203,008
Less: Allowances for expected credit losses (3.1)	(2)	(18,868)	(18,870)	(426)	(25,026)	(25,452)
Net receivables	17,965	157,489	175,455	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>31 March 2025</i>				<i>31 December 2024</i>			
	<i>Stage 1 BHD '000</i>	<i>Stage 2 BHD '000</i>	<i>Stage 3 BHD '000</i>	<i>Total BHD '000</i>	<i>Stage 1 BHD '000</i>	<i>Stage 2 BHD '000</i>	<i>Stage 3 BHD '000</i>	<i>Total BHD '000</i>
Good (1-4)	93,588	3,562	-	97,150	92,664	6,262	-	98,926
Satisfactory (5-7)	39,455	36,955	-	76,410	47,950	28,826	-	76,776
Default (8-10)	-	-	20,765	20,765	-	-	27,306	27,306
	133,043	40,517	20,765	194,325	140,614	35,088	27,306	203,008

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 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> 31 March 2025			
	<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	731	3,982	20,739	25,452
Changes during the period:				
- transferred to Stage 1: 12 month ECL	8	(7)	(1)	-
- transferred to Stage 2: Lifetime ECL not credit-impaired	(14)	45	(31)	-
- transferred to Stage 3: Lifetime ECL credit-impaired	-	(18)	18	-
Net remeasurement of loss allowance	(82)	(114)	(49)	(245)
Recoveries / write-backs	-	-	(3)	(3)
Allowances for credit losses	(88)	(94)	(66)	(248)
Amounts written off during the period	-	-	(6,257)	(6,257)
FX translation	(1)	(2)	(74)	(77)
Balance at 31 March	642	3,886	14,342	18,870

	<i>Audited</i> 31 December 2024			
	<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	718	3,394	19,592	23,704
Changes during the year:				
- transferred to Stage 1: 12 month ECL	34	(25)	(9)	-
- transferred to Stage 2: Lifetime ECL not credit-impaired	(101)	443	(342)	-
- transferred to Stage 3: Lifetime 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
Balance at 31 December	731	3,982	20,739	25,452

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2025 (Reviewed)

4 IJARA MUNTAHIA BITTAMLEEK AND IJARA RECEIVABLES

	Reviewed 31 March 2025			Audited 31 December 2024		
	Self financed BHD '000	Jointly financed BHD '000	Total BHD '000	Self financed BHD '000	Jointly financed BHD '000	Total BHD '000
Ijara muntahia bittamleek	2,149	197,325	199,474	2,362	200,804	203,166
Ijara income receivables	1,203	18,280	19,483	945	17,775	18,720
	3,352	215,605	218,957	3,307	218,579	221,886
Less: Allowances for expected credit losses (4.1)	(39)	(3,153)	(3,192)	(41)	(4,385)	(4,426)
	3,313	212,452	215,765	3,266	214,194	217,460

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and

	Reviewed 31 March 2025				Audited 31 December 2024			
	Stage 1 BHD '000	Stage 2 BHD '000	Stage 3 BHD '000	Total BHD '000	Stage 1 BHD '000	Stage 2 BHD '000	Stage 3 BHD '000	Total BHD '000
Good (1-4)	201,877	1,208	-	203,085	203,896	1,044	-	204,940
Satisfactory (5-7)	9,049	45	-	9,094	9,048	74	-	9,122
Default (8-10)	-	-	6,778	6,778	-	-	7,824	7,824
	210,926	1,253	6,778	218,957	212,944	1,118	7,824	221,886

4.1 Allowances for expected credit losses

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

	Reviewed 31 March 2025			
	Stage 1: 12- month ECL BHD '000	Stage 2: Lifetime ECL not credit- impaired BHD '000	Stage 3: Lifetime ECL credit- impaired BHD '000	Total BHD '000
Balance at 1 January	286	88	4,052	4,426
Changes during the period:				
- transferred to Stage 1: 12 month ECL	2	(2)	-	-
- transferred to Stage 2: Lifetime ECL not credit-impaired	(11)	16	(5)	-
- transferred to Stage 3: Lifetime ECL credit-impaired	-	(33)	33	-
Net remeasurement of loss allowance	(16)	17	128	129
Recoveries / write-backs	-	-	-	-
Allowances for credit losses	(25)	(2)	156	129
Amounts written off during the period	-	-	(1,362)	(1,362)
FX translation	-	-	(1)	(1)
Balance at 31 March	261	86	2,845	3,192

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 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>31 March 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	8,674	71,009	79,683	9,617	69,588	79,205
Less: Allowances for expected credit losses (5.1)	-	(4,703)	(4,703)	-	(4,847)	(4,847)
	8,674	66,306	74,980	9,617	64,741	74,358

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>31 March 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)	58,542	1,578	-	60,120	56,510	1,417	-	57,927
Satisfactory (5-7)	10,526	4,925	-	15,451	11,149	5,986	-	17,135
Default (8-10)	-	-	4,112	4,112	-	-	4,143	4,143
	69,068	6,503	4,112	79,683	67,659	7,403	4,143	79,205

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 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>31 March 2025</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>BHD '000</i>	<i>BHD '000</i>	<i>BHD '000</i>	<i>BHD '000</i>
Balance at 1 January	242	628	3,977	4,847
Changes during the period:				
- transferred to Stage 1: 12 month ECL	3	(3)	-	-
- transferred to Stage 2: Lifetime ECL not credit-impaired	(13)	13	-	-
- transferred to Stage 3: credit impaired	-	(40)	40	-
Net remeasurement of loss allowance	(54)	(226)	165	(115)
Allowances for expected credit losses	(64)	(256)	205	(115)
Amounts written off during the period	-	-	-	-
FX translation	(2)	(4)	(23)	(29)
Balance at 31 March	176	368	4,159	4,703

	<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>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
Changes during the year:				
- 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
Balance at 31 December	242	628	3,977	4,847

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2025 (Reviewed)

6 INVESTMENTS

	Reviewed 31 March 2025			Audited 31 December 2024		
	Self financed BHD '000	Jointly financed BHD '000	Total BHD '000	Self financed BHD '000	Jointly financed BHD '000	Total BHD '000
i) Equity-type instruments at fair value through OCI						
Quoted						
Listed equity shares	11,531	-	11,531	10,965	-	10,965
Unquoted						
Unlisted equity shares	3,362	172	3,534	3,362	173	3,535
Managed funds	377	-	377	377	-	377
Real estate funds	-	6,956	6,956	-	7,323	7,323
	15,270	7,128	22,398	14,704	7,496	22,200
Less: Provision for impairment	(1,087)	(66)	(1,153)	(1,088)	(67)	(1,155)
Total equity investments	14,183	7,062	21,245	13,616	7,429	21,045
ii) Debt-type instruments at fair value through statement of income (Note 6.1)						
Quoted						
Sukuk	-	22,113	22,113	-	66	66
Unquoted						
Sukuk	-	136	136	-	138	138
	-	22,249	22,249	-	204	204
iii) Debt-type instruments at fair value through equity (Note 6.1)						
Quoted						
Sukuk	84,049	93,798	177,847	89,666	85,339	175,005
Unquoted						
Sukuk	-	909	909	-	944	944
	84,049	94,707	178,756	89,666	86,283	175,949
iv) Debt-type instruments at amortised cost (Note 6.1)						
Quoted						
Sukuk	81,012	84,724	165,736	73,950	82,218	156,168
Unquoted						
Sukuk	-	20,338	20,338	-	24,813	24,813
	81,012	105,062	186,074	73,950	107,031	180,981
Less: Allowance for expected credit losses (6.2)	(118)	(346)	(464)	(153)	(297)	(450)
Total debt-type investments	164,943	221,672	386,615	163,463	193,221	356,684
Total investments	179,126	228,734	407,860	177,079	200,650	377,729

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2025 (Reviewed)

6 INVESTMENTS (continued)

Within unquoted investments which are held at fair value through equity are investments amounting to BHD 10.0 million (2024: BHD 10.3 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

The Group's investments in sukuk held at amortised cost amounting to BHD 186.0 million (2024: BHD 181.0 million) have a fair value amounting to BHD 181.8 million (2024: BHD 175.9 million).

Investments having face value amounting to BHD 38.5 million (2024: BHD 24.1 million) are pledged to raise funds under repurchase agreements (REPO) from a 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 31 March 2025				Audited 31 December 2024			
	Stage 1 BHD '000	Stage 2 BHD '000	Stage 3 BHD '000	Total BHD '000	Stage 1 BHD '000	Stage 2 BHD '000	Stage 3 BHD '000	Total BHD '000
Good (1-4)	199,960	-	-	199,960	175,071	-	-	175,071
Satisfactory (5-7)	185,968	1,151	-	187,119	180,929	1,134	-	182,063
	385,927	1,151	-	387,079	356,000	1,134	-	357,134

6.2 Allowances for expected credit losses

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

	Reviewed 31 March 2025		
	Stage 1: 12- month ECL BHD '000	Stage 2: Lifetime ECL not credit- impaired BHD '000	Total BHD '000
Balance at 1 January	288	162	450
Changes during the period			
Net remeasurement of loss allowance	2	13	15
Allowances for expected credit losses	2	13	15
FX translation	-	(1)	(1)
Balance at 31 March	290	174	464
	Audited 31 December 2024		
	Stage 1: 12- month ECL BHD '000	Stage 2: Lifetime ECL not credit- impaired BHD '000	Total BHD '000
Balance at 1 January	309	119	428
Changes during the year			
Net remeasurement of loss allowance	(19)	43	24
Allowances for expected credit losses	(19)	43	24
FX translation	(2)	-	(2)
Balance at 31 December	288	162	450

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2025 (Reviewed)

7 PREMISES AND EQUIPMENT

	<i>Reviewed</i> 31 March 2025 <i>BHD '000</i>	<i>Audited</i> 31 December 2024 <i>BHD '000</i>
Land and building	26,383	26,610
Capital work in progress	1,222	927
Office furniture and equipment	2,073	2,241
Vehicles	132	142
	<u>29,810</u>	<u>29,920</u>

8 INTANGIBLES AND GOODWILL

	<i>Reviewed</i> 31 March 2025 <i>BHD '000</i>	<i>Audited</i> 31 December 2024 <i>BHD '000</i>
Softwares and licenses	1,813	2,004
Right of use assets	4,088	3,208
Goodwill	3,022	3,039
	<u>8,923</u>	<u>8,251</u>

9 OTHER ASSETS

	<i>Reviewed</i> 31 March 2025 <i>BHD '000</i>	<i>Audited</i> 31 December 2024 <i>BHD '000</i>
Collaterals pending sale	4,451	4,466
Accounts receivable	4,680	3,951
Deferred tax (9.1)	4,916	4,311
Prepayments	2,497	1,149
Others	5,224	2,944
	<u>21,768</u>	<u>16,821</u>
Less: Provision for impairment	<u>(265)</u>	<u>(286)</u>
	<u>21,503</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.

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10 OTHER LIABILITIES

	<i>Reviewed</i> 31 March 2025 <i>BHD '000</i>	<i>Audited</i> 31 December 2024 <i>BHD '000</i>
Bills payable	9,938	10,356
Margins received	10,184	11,986
Accounts payable	7,572	4,299
Provision for employees benefits	2,791	2,625
Operating ijarah liability	4,353	3,431
Accrued expenses	2,454	3,043
Advance payments from customers	1,996	1,268
Valuation of foreign exchange contracts	-	285
Charity fund (note 10.1)	134	179
Taxation and duties	267	193
Allowance for expected credit losses-unfunded facilities	116	202
Security deposit against ijara muntahia bittamleek	89	89
Others	3,164	2,375
	<u>43,058</u>	<u>40,331</u>

10.1 Movement in charity fund

	<i>Reviewed</i> 2025 <i>BHD '000</i>	<i>Audited</i> 2024 <i>BHD '000</i>
Balance at 1 January	179	205
Net movement	(45)	(26)
Balance at 31 March / 31 December	<u>134</u>	<u>179</u>

11 CONTINGENCIES AND COMMITMENTS

	<i>Reviewed</i> 31 March 2025 <i>BHD '000</i>	<i>Audited</i> 31 December 2024 <i>BHD '000</i>
Foreign exchange contracts	28,091	14,792
Guarantees	21,949	28,818
Letters of credit	21,213	22,583
Acceptances	3,667	3,411
Taxation	4,394	4,420
Others	153	64
	<u>79,467</u>	<u>74,088</u>

12 INCOME FROM FINANCING CONTRACTS

	<i>Reviewed</i> <i>Three months ended</i> <i>31 March</i>	
	2025 <i>BHD '000</i>	2024 <i>BHD '000</i>
Income from receivables	3,634	3,113
Income from participatory investments	2,313	3,004
Income from ijarah muntahia bittamleek	2,982	3,323
	<u>8,929</u>	<u>9,440</u>
Income from jointly financed financing assets	8,274	8,485
Income from self financed financing assets	655	955
	<u>8,929</u>	<u>9,440</u>

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13 INCOME FROM INVESTMENTS

	<i>Reviewed</i> <i>Three months ended</i> <i>31 March</i>	
	2025	2024
	BHD '000	BHD '000
Yield, coupon or return on investments	7,607	10,376
Gain on sale of investments	162	26
Dividend income	75	409
Rental income	18	25
	<u>7,862</u>	<u>10,836</u>
Income from jointly financed investments	4,298	5,532
Income from self financed investments	3,564	5,304
	<u>7,862</u>	<u>10,836</u>

14 INCOME FROM BANKING SERVICES

	<i>Reviewed</i> <i>Three months ended</i> <i>31 March</i>	
	2025	2024
	BHD '000	BHD '000
Fees and commissions	638	652
Letters of credit and acceptances	82	95
Guarantees	48	21
	<u>768</u>	<u>768</u>

15 OTHER INCOME

	<i>Reviewed</i> <i>Three months ended</i> <i>31 March</i>	
	2025	2024
	BHD '000	BHD '000
Foreign exchange gain - net	564	594
Others	537	221
	<u>1,101</u>	<u>815</u>

16 ALLOWANCES FOR IMPAIRMENT - NET

	<i>Reviewed</i> <i>Three months ended</i> <i>31 March</i>	
	2025	2024
	BHD '000	BHD '000
Reversals / (charges) against:		
Receivables	248	(648)
Ijara muntahia bittamleek and ijara receivables	(129)	(20)
Musharakat	115	578
Investments - debt type	(15)	(18)
Off balance sheet assets under management	85	1
Other assets	21	(34)
	<u>325</u>	<u>(141)</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 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>	
	31 March 2025	<i>31 December 2024</i>	31 March 2025	<i>31 December 2024</i>	31 March 2025	<i>31 December 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>
Assets	599,793	599,736	397,726	370,481	997,519	970,217
Liabilities and quasi equity	555,135	554,388	364,352	336,532	919,487	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>Three months ended 31 March</i>		<i>Three months ended 31 March</i>		<i>Three months ended 31 March</i>	
	2025	<i>2024</i>	2025	<i>2024</i>	2025	<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>
Total operating income	2,151	1,317	5,622	5,218	7,773	6,535
Total operating expenses	(3,623)	(3,792)	(3,487)	(3,056)	(7,110)	(6,848)
Allowances for impairment - net	(206)	(491)	531	350	325	(141)
Taxation	-	-	(1,355)	(1,213)	(1,355)	(1,213)
Net (loss) / income for the period	(1,678)	(2,966)	1,311	1,299	(367)	(1,667)

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 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>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</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>
Assets:						
Cash and balances with banks and financial institutions	2	6	17	17	19	23
Receivables	-	-	526	492	526	492
Musharakat	-	-	597	676	597	676
Investments	10,507	9,889	2,898	9,452	13,405	19,341
Other assets	3,318	3,394	-	-	3,318	3,394
Total assets	13,827	13,289	4,038	10,637	17,865	23,926
Liabilities:						
Current accounts	825	945	15,477	12,893	16,302	13,838
Other liabilities	22	121	299	310	321	431
Total liabilities	847	1,066	15,776	13,203	16,623	14,269
Participatory investment accounts	16,656	17,010	9,353	23,741	26,009	40,751
OFF-BALANCE SHEET ITEMS:						
Assets under management	37,748	38,463	36,155	43,678	73,903	82,141
Contingencies and commitments	754	754	24	140	778	894

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>Three months ended</i>		<i>Three months ended</i>		<i>Three months ended</i>	
	<i>31 March</i>	<i>2024</i>	<i>31 March</i>	<i>2024</i>	<i>31 March</i>	<i>2024</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>
Income						
Income from financings contracts	-	-	5	135	5	135
Group's Mudarib / Agency fee from off-balance sheet assets under management	4	11	5	21	9	32
Other income	228	169	-	-	228	169
	232	180	10	156	242	336
Expenses						
Net income attributable to quasi-equity	109	356	189	293	298	649
Other expenses	-	-	205	221	205	221
	109	356	394	514	503	870

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2025 (Reviewed)

18 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Compensation of key management personnel is as follows:

	<i>Three months ended</i>	
	<i>31 March</i>	
	2025	2024
	BHD '000	BHD '000
Salaries	508	649
Other benefits	290	269
	798	918

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 three month period ended 31 March 2025.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 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 31 March 2025 is 177.30%.

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

Item	Unweighted Values (i.e. before applying relevant factors)				Total weighted value BHD '000
	No specified maturity BHD '000	Less than 6 months BHD '000	More than 6 months and less than one year BHD '000	Over one year BHD '000	
Available Stable Funding (ASF):					
Capital:	65,858	-	-	4,225	70,083
Regulatory capital	65,858	-	-	-	65,858
Other capital instruments	-	-	-	4,225	4,225
Retail deposits and deposits from small business customers:					
Stable deposits	-	37,239	15	41	35,433
Less stable deposits	-	333,278	27,494	23,041	347,735
Wholesale funding:					
Operational deposits	-	-	-	-	-
Other wholesale funding	-	391,073	7,881	1,063	75,889
Other liabilities:					
NSFR Shari'a-compliant hedging contract liabilities	-	-	-	-	-
All other liabilities not included in the above categories	-	-	-	42,940	42,940
Total ASF	65,858	761,590	35,390	71,310	572,080
Required stable funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	347,848	-	2,790	35,702	51,737
Deposits held at other financial institutions for operational purposes	-	-	-	-	-
Performing financing and sukuk/securities:					
Performing financing to financial institutions secured by Level 1 HQLA	-	-	-	-	-
Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	31,580	-	31,383	36,120

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 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:	-	80,366	107,664	292,852	94,015
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	-	-	-	119,040	77,376
Securities/sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	1,108	942
Other assets:					
Physical traded commodities, including gold	-	-	-	-	-
Assets posted as initial margin for Shari'a-compliant hedging contracts and contributions to default funds of CCPs	-	-	-	-	-
NSFR Shari'a-compliant hedging assets	-	-	-	-	-
NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted	-	-	-	-	-
All other assets not included in the above categories	59,509	-	-	-	59,509
OBS items	59,099	-	-	-	2,955
Total RSF	466,456	111,946	110,454	480,085	322,654
NSFR (%)					177.30%