

Al Salam Bank B.S.C.
CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION
30 September 2025

Al Salam Bank B.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the Nine months period ended 30 September 2025

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

To the Board of Directors

*Al Salam Bank B.S.C.
Kingdom of Bahrain*

Introduction

We have reviewed the accompanying 30 September 2025 condensed consolidated interim financial information of Al Salam Bank B.S.C. (the "Bank") and its subsidiaries (together the "Group"), which comprises:

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

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

Scope of Review

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

Conclusion

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

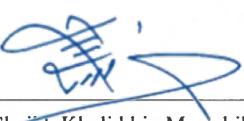
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Al Salam Bank B.S.C.

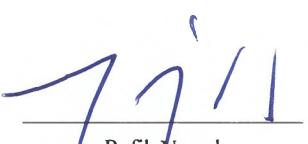
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2025

		30 September 2025 (Reviewed)	31 December 2024 (Audited)
	Note	BD '000	BD '000
ASSETS			
Cash and balances with banks and central banks		853,963	633,611
Placements with financial institutions		450,959	476,450
Investments in sukuk	3	1,937,120	1,447,803
Financing contracts	4	4,024,106	3,661,670
Non-trading investments		96,194	97,944
Takaful and related assets	6	35,697	26,353
Investments in real estate		99,397	129,295
Investments in associates	7	257,478	255,008
Other assets		119,501	129,894
Goodwill and other intangible assets		233,715	204,750
TOTAL ASSETS		8,108,130	7,062,778
LIABILITIES, QUASI-EQUITY AND OWNERS' EQUITY			
LIABILITIES			
Placements from financial institutions and individuals		70,540	171,016
Murabaha term financings		1,029,690	751,062
Customers' current accounts		1,682,418	1,279,886
Takaful and related liabilities	6	110,708	75,550
Other liabilities		138,086	127,822
TOTAL LIABILITIES		3,031,442	2,405,336
QUASI-EQUITY			
Wakala from financial institutions		568,784	420,231
Wakala and mudaraba from customers		3,760,651	3,643,830
TOTAL QUASI-EQUITY	8	4,329,435	4,064,061
OWNERS' EQUITY			
Share capital	2.2	296,760	274,778
Treasury shares		(8,251)	(28,010)
Employees incentive scheme shares		(6,617)	(6,617)
Share premium		209	209
Retained earnings		74,012	60,563
Reserves		99,866	59,554
Equity attributable to owners' of the Bank		455,979	360,477
Other equity participations		209,124	159,026
Non-controlling interests		82,150	73,878
TOTAL OWNERS' EQUITY		747,253	593,381
TOTAL LIABILITIES, QUASI-EQUITY AND OWNERS' EQUITY		8,108,130	7,062,778


H.E. Shaikh Khalid bin Mustahil Al Mashani
Chairman


Matar Moharred Al Blooshi
Deputy Chairman


Rafik Nayed
Group Chief Executive Officer

The attached notes 1 to 20 form an integral part of the condensed consolidated interim financial information.

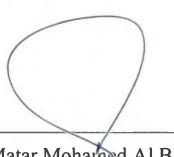
Al Salam Bank B.S.C.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the nine months period ended 30 September 2025

Note	Nine months ended		Nine months ended		Three months ended			
	30 September 2025 (Reviewed)		30 September 2024 (Reviewed)		30 September 2025 (Reviewed)		30 September 2024 (Reviewed)	
	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	
INCOME								
Income from financing contracts	186,199	171,691	63,592	63,379				
Income from placements with financial institutions	22,735	18,652	7,451	6,604				
Income from investments in sukuk	75,196	50,507	27,320	18,702				
Finance expense on placements from financial institutions and individuals	(6,912)	(8,359)	(1,903)	(3,076)				
Finance expense on murabaha term financing	(33,668)	(21,279)	(12,462)	(7,324)				
Other finance expense	(3,422)	(2,482)	(1,139)	(988)				
Net finance income	240,128	208,730	82,859	77,297				
Fees and commissions, net	20,422	18,218	7,350	6,521				
Share of profit from associates	16,250	14,016	5,018	4,051				
Income from takaful operations, net	1,885	4,164	797	1,470				
Other income	6,345	6,767	3,782	1,825				
Total income	285,030	251,895	99,806	91,164				
EXPENSES								
Staff cost	34,836	32,597	11,593	11,667				
Other operating expenses	44,043	35,554	16,435	12,227				
Total expenses	78,879	68,151	28,028	23,894				
Profit before allowances for impairment, income attribution to quasi-equity and tax	206,151	183,744	71,778	67,270				
Allowance for impairment on financing contracts, investments and other assets	5	(28,840)	(14,003)	(10,032)	(5,014)			
Profit before income attribution to quasi-equity and tax	177,311	169,741	61,746	62,256				
Income attributable to quasi-equity		(109,446)	(115,358)	(36,659)	(43,368)			
Profit before tax	67,865	54,383	25,087	18,888				
Tax expense		(4,895)	(5,116)	(1,787)	(2,180)			
PROFIT FOR THE PERIOD	62,970	49,267	23,300	16,708				
ATTRIBUTABLE TO:								
- Owners' of the Bank	58,188	42,329	20,819	14,037				
- Non-controlling interest	4,782	6,938	2,481	2,671				
	62,970	49,267	23,300	16,708				
Basic and diluted earnings per share (fils)	17.3	13.9	6.2	4.6				


H.E. Shaikh Khalid bin Mustahil Al Mashani
Chairman


Matar Mohained Al Blooshi
Deputy Chairman


Rafik Nayed
Group Chief Executive Officer

The attached notes 1 to 20 form an integral part of the condensed consolidated interim financial information.

Al Salam Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months period ended 30 September 2025

	Nine months ended 30 September 2025 (Reviewed)	Nine months ended 30 September 2024 (Reviewed)	Three months ended 30 September 2025 (Reviewed)	Three months ended 30 September 2024 (Reviewed)
	BD '000	BD '000	BD '000	BD '000
Profit for the period	62,970	49,267	23,300	16,708
Other comprehensive income				
Items that are or may be reclassified subsequently to the income statement				
Fair value changes on investments carried at fair value through other comprehensive income	36,404	22,834	35,744	18,821
Share of movements in fair value reserve of associates	(3,448)	3,150	(91)	(1,859)
Movement in foreign currency translation reserve	4,828	3,399	(341)	587
Share in fair value reserve attributable to quasi-equity	3,537	-	158	-
Total other comprehensive income	41,321	29,383	35,470	17,549
Total comprehensive income for the period	104,291	78,650	58,770	34,257
ATTRIBUTABLE TO:				
- Owners' of the Bank	98,066	71,094	56,448	31,255
- Non-controlling interests	6,225	7,556	2,322	3,002
	104,291	78,650	58,770	34,257

The attached notes 1 to 20 form an integral part of the condensed consolidated interim financial information.

Al Salam Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF INCOME AND ATTRIBUTION RELATED
TO QUASI-EQUITY

For the nine months period ended 30 September 2025

Note	Nine months ended	Nine months ended	Three months ended	Three months ended
	30 September 2025 (Reviewed)	30 September 2024 (Reviewed)	30 September 2025 (Reviewed)	30 September 2024 (Reviewed)
		BD '000	BD '000	BD '000
Profit before allowances for impairment, income attribution to quasi-equity and tax	206,151	183,744	71,778	67,270
Adjusted for:				
Income not attributable to quasi-equity	(38,229)	(31,427)	(14,389)	(10,255)
Expenses not attributable to quasi-equity	78,879	68,151	28,028	23,894
Share of income for Bank's investments, net	(56,923)	(43,251)	(21,102)	(16,293)
Allowance for impairment attributable to quasi-equity	(9,116)	(4,980)	(4,841)	(1,069)
Other finance expense	3,422	2,482	1,139	988
Total income available for quasi-equity holders	184,184	174,719	60,613	64,535
Mudarib's share	(6,565)	(4,091)	(2,223)	(1,440)
Wakala incentive	(68,173)	(55,270)	(21,731)	(19,727)
Income attributable to quasi-equity	A	109,446	115,358	36,659
Investment risk reserve -net movement	-	-	-	-
Profit distributable to quasi-equity	A	109,446	115,358	36,659
Other comprehensive income – attributable to quasi-equity - before recycling to statement of income				
Items that will not be classified to income statement	(3,537)	-	(158)	-
Other comprehensive income not subject to immediate distribution	3,537	-	158	-
Other comprehensive income subject to immediate distribution	B	-	-	-
Total income attributable to quasi-equity	C=A+B	109,446	115,358	36,659

The attached notes 1 to 20 form an integral part of the condensed consolidated interim financial information.

Al Salam Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS EQUITY

For the nine months period ended 30 September 2025 (Reviewed)

Amounts in BD '000s

	Attributable to owners of the bank														
							Reserves								
	Share capital	Treasury shares	Employee incentive scheme shares	Share premium	Retained earnings	Statutory reserve	Share grant scheme	Investment fair value reserve	Real estate fair value reserve	Foreign exchange translation reserve	Total reserves	Attributable to Bank's owners	Other equity participations	Non-controlling interest	Total owners' equity
Balance at 1 January 2025	274,778	(28,010)	(6,617)	209	60,563	31,883	947	4,198	22,683	(157)	59,554	360,477	159,026	73,878	593,381
Profit for the period	-	-	-	-	58,188	-	-	-	-	-	58,188	-	-	4,782	62,970
Other comprehensive income	-	-	-	-	-	-	36,493	-	3,385	39,878	39,878	-	-	1,443	41,321
Issuance of other equity participations	-	-	-	-	-	-	-	-	-	-	-	-	51,021	-	51,021
Issuance cost on other equity participations	-	-	-	-	388	-	-	-	-	-	-	388	(923)	(388)	(923)
Profit distribution on other equity participations	-	-	-	-	(8,142)	-	-	-	-	-	-	(8,142)	-	(788)	(8,930)
Bonus shares issued	21,982	-	-	-	(21,982)	-	-	-	-	-	-	-	-	-	-
Cash dividend for the year 2024	-	-	-	-	(16,211)	-	-	-	-	-	(16,211)	-	-	-	(16,211)
Movement of treasury shares, net	-	19,759	-	-	2,208	-	-	-	-	-	21,967	-	-	-	21,967
Shares vested	-	-	-	-	-	434	-	-	-	434	434	-	-	-	434
Appropriation towards charity fund	-	-	-	-	(1,000)	-	-	-	-	-	(1,000)	-	-	-	(1,000)
Movements in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	3,223	3,223	3,223
Balance at 30 September 2025	296,760	(8,251)	(6,617)	209	74,012	31,883	1,381	40,691	22,683	3,228	99,866	455,979	209,124	82,150	747,253
 Balance at 1 January 2024	 261,693	 (6,799)	 (8,770)	 209	 44,348	 25,982	 2,120	 (2,607)	 22,691	 (1,464)	 46,722	 337,403	 -	 71,247	 408,650
Impact of adoption of FAS 42 and 43	-	-	-	-	(1,332)	-	-	-	-	-	-	(1,332)	-	(1,290)	(2,622)
Restated balance as at 1 January 2024	261,693	(6,799)	(8,770)	209	43,016	25,982	2,120	(2,607)	22,691	(1,464)	46,722	336,071	-	69,957	406,028
Profit for the period	-	-	-	-	42,329	-	-	-	-	-	-	42,329	-	6,938	49,267
Other comprehensive income	-	-	-	-	-	-	-	25,984	-	2,781	28,765	28,765	-	618	29,383
Issuance of other equity participations	-	-	-	-	-	-	-	-	-	-	-	-	68,676	-	68,676
Issuance cost on other equity participations	-	-	-	-	-	-	-	-	-	-	-	-	(1,400)	-	(1,400)
Profit distribution on other equity participations	-	-	-	-	(2,256)	-	-	-	-	-	-	(2,256)	-	-	(2,256)
Bonus shares issued	13,085	-	-	-	(13,085)	-	-	-	-	-	-	-	-	-	-
Cash dividend for the year 2023	-	-	-	-	(17,947)	-	-	-	-	-	(17,947)	-	-	-	(17,947)
Movement of treasury shares, net	-	(21,211)	-	-	-	-	-	-	-	-	(21,211)	-	-	-	(21,211)
Shares vested	-	-	2,153	-	(23)	-	(1,173)	-	-	(1,173)	957	-	-	-	957
Appropriation towards charity fund	-	-	-	-	(500)	-	-	-	-	-	(500)	-	-	-	(500)
Movements in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	695	695	695
Balance at 30 September 2024	274,778	(28,010)	(6,617)	209	51,534	25,982	947	23,377	22,691	1,317	74,314	366,208	67,276	78,208	511,692

The attached notes 1 to 20 form an integral part of the condensed consolidated interim financial information.

Al Salam Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months period ended 30 September 2025

	30 September 2025 (Reviewed)	30 September 2024 (Reviewed)
	BD '000	BD '000
OPERATING ACTIVITIES		
Profit for the period	62,970	49,267
Adjustments:		
Tax expense	4,895	5,116
Depreciation and amortisation	9,500	5,319
Amortisation of sukuk, net	453	546
Allowance for impairment on financing contracts, investments and other assets	28,840	14,003
Share of profits from associates	(16,250)	(14,016)
Operating income before changes in operating assets and liabilities	90,408	60,235
Changes in operating assets and liabilities:		
Mandatory reserve with central banks	8,076	59,520
Murabaha and Wakala receivables from banks	3,738	11,621
Financing contracts	(388,515)	(38,650)
Takaful and related assets	14,424	44,999
Other assets	9,519	(50,178)
Placements from financial institutions and individuals	(100,476)	(36,096)
Customers' current accounts	402,532	106,965
Takaful and related liabilities	(11,802)	(44,739)
Other liabilities	6,043	65,336
Quasi-equity	268,911	109,996
Net cash from operating activities	302,858	289,009
INVESTING ACTIVITIES		
Purchase of sukuk, net	(432,539)	(120,745)
Cash acquired as part of business combination	15,805	77,967
Cash paid for business acquisition	(69,146)	(214,488)
Disposal of securities and real estate	46,205	9,331
Dividends received from associates	17,576	15,052
Purchase of premises and equipment	(7,678)	(5,676)
Net cash used in investing activities	(429,777)	(238,559)
FINANCING ACTIVITIES		
Drawdown of murabaha term financing	278,628	91,976
Dividends paid	(16,211)	(17,947)
Issuance of other equity participations	41,956	65,020
Movement of treasury shares, net	21,967	(21,211)
Net cash from financing activities	326,340	117,838
NET INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at 1 January	199,421	168,288
CASH AND CASH EQUIVALENTS AT 30 September	920,511	711,643
	1,119,932	879,931
Cash and other balances with central banks*		
Balances with other banks **	278,726	342,003
Placements with financial institutions with original maturities of less than 90 days*	390,242	197,303
	450,964	340,625
	1,119,932	879,931
Profit received		
Dividends received	269,513	197,533
Profit paid	17,576	9,958
	154,932	147,205

* Cash and cash equivalents is gross of the expected credit loss of BD 143 thousand (2024: BD 135 thousand).

** Balances with other banks is net of restricted cash of BD 11,451 thousand (2024: BD 8,194 thousand) which is not available for day to day operations.

The attached notes 1 to 20 form an integral part of the condensed consolidated interim financial information.

Al Salam Bank B.S.C.

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

For the nine months period ended 30 September 2025

30 September 2025	Balance at 1 January 2025	Movement during the period				Balance at 30 September 2025 Total	Amounts in BD '000s
		Investment / (withdrawals)	Revaluation	Gross income	Bank's fees as an agent		
Fixed income portfolio	471,448	62,817	-	16,328	(1,105)	549,488	
Equity and funds portfolio	33,425	95,927	-	1,397	(1,211)	129,538	
Real estate portfolio	140,846	(4,837)	(1,927)	438	(106)	134,414	
Other portfolio	5,955	(829)	170	-	-	5,296	
	651,674	153,078	(1,757)	18,163	(2,422)	818,736	

30 September 2024	Balance at 1 January 2024	Movement during the period				Balance at 30 September 2024 Total	Amounts in BD '000s
		Investment / (withdrawals)	Revaluation	Gross income	Bank's fees as an agent		
Fixed income portfolio	157,647	229,122	-	6,827	(598)	392,998	
Equity and funds portfolio	50,396	(12,720)	-	9	(17)	37,668	
Real estate portfolio	128,195	3,660	117	6,727	(1,016)	137,683	
Other portfolio	5,963	-	(6)	-	-	5,957	
	342,201	220,062	111	13,563	(1,631)	574,306	

The attached notes 1 to 20 form an integral part of the condensed consolidated interim financial information.

1 REPORTING ENTITY

Al Salam Bank B.S.C. ("the Bank") was incorporated in the Kingdom of Bahrain under the Bahrain Commercial Companies Law No. 21/2001 (as amended) and registered with Ministry of Industry and Commerce ("MOIC") under Commercial Registration number 59308 on 19 January 2006. The Bank is regulated and supervised by the Central Bank of Bahrain ("the CBB") and has an Islamic retail banking license and operates under Islamic principles in accordance with all relevant regulatory guidelines for Islamic banks issued by the CBB.

The Bank's registered office is at Building 935, Road 1015, Block 410, Sanabis, Kingdom of Bahrain. The Bank's ordinary shares are listed on Bahrain Bourse and Dubai Financial Market.

The principal subsidiaries as follows:

Name of entity	Country of incorporation	Principal activities	% holding	
			2025	2024
Al Salam Bank- Seychelles limited.	Seychelles	Banking services	70.0%	70.0%
Solidarity Group Holding B.S.C. (c).	Kingdom of Bahrain	Holding Company	55.9%	55.9%
Al Salam Bank Algeria (S.P.A).	Algeria	Banking services	68.0%	68.0%
ASB Finance B.S.C. (c) (formerly Kuwait Finance House (Bahrain) B.S.C. (c)).	Kingdom of Bahrain	Banking services	100.0%	100.0%
ASB Capital limited.	United Arab Emirates	Assets management	100.0%	100.0%

The Bank and its principal banking subsidiaries operates through 20 branches (2024: 24 branches) in the Kingdom of Bahrain, 26 branches in Algeria (2024: 25 branches) and 1 branch (2024: 1 branch) in Seychelles and offer a full range of Shari'a-compliant banking services and products. The activities of the Bank includes managing profit sharing investment accounts, offering Islamic financing contracts, dealing in Shari'a-compliant financial contracts as principal / agent, managing Shari'a-compliant financial contracts and other activities permitted under the CBB's Regulated Islamic Banking Services as defined in the licensing framework.

The condensed consolidated interim financial information comprise the financial statements of the Bank and its subsidiaries together (the "Group") as at 30 September 2025.

The condensed consolidated interim financial information has been authorised for issue in accordance with a resolution of the Board of Directors dated 12 November 2025.

2 BASIS OF PREPARATION AND PRESENTATION

The condensed consolidated interim financial information of the Group has been prepared in accordance with Financial Accounting Standard 41, Interim Financial Reporting ("FAS 41") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"). In line with the requirements of AAOIFI and CBB rulebook for matters not covered under AAOIFI standards, the Group uses guidance from the relevant IFRS Accounting standards issued by the International Accounting Standard Board ("IFRS Accounting standards").

The condensed consolidated interim financial information of the Group does not contain all information and disclosures required for the annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements for the year ended 31 December 2024. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last audited annual consolidated financial statements as at and for the year ended 31 December 2024.

The condensed interim financial information is reviewed not audited.

2.1 SIGNIFICANT ACCOUNTING POLICIES

New standards, amendments, and interpretations issued but not yet effective.

i) FAS 45: Quasi-Equity (Including Investment Accounts)

AAOIFI had issued Financial Accounting Standard (FAS) 45 "Quasi-Equity (Including Investment Accounts)" during 2023. The objective of this standard is to establish the principles for identifying, measuring, and presenting "quasi-equity" instruments in the financial statements of Islamic Financial Institutions "IFIs".

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

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

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

2.1 SIGNIFICANT ACCOUNTNG POLICIES (continued)

New standards, amendments, and interpretations issued but not yet effective. (continued)

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

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

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

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

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

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

iii) FAS 47: Transfer of Assets Between Investment Pools

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

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

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

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

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

iv) FAS 48: Promotional Gifts and Prizes

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

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

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

2 BASIS OF PREPARATION AND PRESENTATION (continued)

2.2 SHARE CAPITAL

The shareholders in their Annual General Meeting held on 19 March 2025 approved to issue 219,822,133 bonus shares of BD 21,982 thousand representing 8% of issued and paid up share capital and approved a cash dividend of BD 16,211 thousand (2024: BD 17,947 thousand) being 0.006 fils per share or 6% of the par value of BD 0.100 per share excluding treasury shares. During the period, the bank sold 110 million treasury shares at a gain of BD 2.2 million recognised in the retained earnings. The total outstanding shares as of 30 September 2025 were 2,967,598,791 shares (December 2024: 2,747,776,658 shares). The calculation of basic and diluted earnings per share for previous period has also been adjusted to reflect the impact of bonus shares.

i) Subordinated Mudaraba issued by the Bank

The Bank issued bilateral subordinated mudaraba, classified as additional Tier 1 mudaraba (AT1) of BD 169,675 thousand (2024: BD 162,464 thousand). The subscription was fully paid in cash, total issuance cost is BD 3,733 thousand (2024: BD 3,438 thousand).

Summary of key terms and conditions of this issue are as follows:

- a) Profits on this contract are distributed monthly starting from date of subscription at an expected rate of 6% p.a. Profit payments under the contract are discretionary and non-cumulative and non-payment will not be considered as an event of default.
- b) The contract does not have a stated maturity and is perpetual in nature and the Bank has an option to settle the AT1 Mudaraba at its discretion after 5 years from the date of its initial subscription.
- c) The AT1 mudaraba has a write-down feature in the event of non-viability as per the terms of the contract.

Accordingly, AT1 mudaraba meets the criteria for classification as equity as per FAS 1 and is recognized under the owners' equity in the condensed consolidated statement of financial position and the profits paid under the contract are accounted for as appropriation of profits. During the period, BD 7,563 thousand (2024 BD 2,256 thousand) was paid as profit on AT1 Mudaraba.

ii) Subordinated Mudaraba issued by a Subsidiary of the Bank

During the period, Solidarity Bahrain BSC, a subsidiary of Solidarity Group Holding issued bilateral subordinated mudaraba of BD 43,000 thousand, classified as upper Tier 2 as per volume 3 of the rule book issued by the CBB. The subscription was fully paid in cash, total issuance cost BD 440 thousand (2024: BD Nil).

Summary of key terms and conditions of the issue are as follows:

- a. Profits on this contract are distributed quarterly starting from the date of subscription at an expected rate of 7% p.a. Profit payments under the contract are discretionary and non-cumulative and non-payment will not be considered as an event of default.
- b. The contract does not have a stated maturity and is perpetual in nature and the issuer has an option to settle the Mudaraba at its discretion after 5 years from the date of its initial subscription.
- c. The mudaraba has a write-down feature in the event of non-viability as per the terms of the contract.

Accordingly, Subordinated mudaraba meets the criteria for classification as equity as per FAS 1 and is recognized under the owners' equity in the condensed consolidated statement of financial position and the profits paid under the contract are accounted for as appropriation of profits. During the period, BD 1,367 thousand was paid as profit on this subordinated Mudaraba.

iii) Musharaka-based participatory shares

During the period, Solidarity Bahrain BSC issued a Musharaka-based, non-voting, non-cumulative perpetual shares of BD 810 thousand, classified as Tier 1 as per volume 3 of the rule book issued by the CBB. Total issue was for BD 12,000 thousand and the subscription was fully paid in cash, total issuance cost BD 188 thousand (2024: BD Nil).

Summary of key terms and conditions of this issue are as follows:

- a) The shares are non-cumulative, and the dividend distribution is at the discretion of the issuer.
- b) The shares do not have any stated maturity and are perpetual in nature and the issuer has a call option at its discretion after 5 years from the date of its initial subscription.
- c) The shares rank pari-passu with the ordinary shares in terms of return to them upon liquidation, however the shares do not carry any voting rights.

Accordingly, these shares meet the criteria for classification as equity as per FAS 1 and is recognized under Owners' equity in the condensed consolidated statement of financial position and the dividends paid to these shares are accounted as appropriation of profits.

3 INVESTMENTS IN SUKUK

	30 September 2025 (Reviewed)	31 December 2024 (Audited)
	BD '000	BD '000
Sovereign sukuk	1,846,086	1,401,378
Corporate sukuk	91,034	46,425
	1,937,120	1,447,803

The rating of corporate sukuk are as follows:

	30 September 2025 (Reviewed)	31 December 2024 (Audited)
	BD '000	BD '000
Investment grade (AAA - BBB+)	68,081	24,842
High Yielding (Below BBB-)	12,879	10,923
Un-rated sukuk	10,108	10,782
Allowance for credit losses	(34)	(122)
	91,034	46,425

	30 September 2025 (Reviewed)	31 December 2024 (Audited)		
	Sovereign Sukuk BD '000	Corporate Sukuk BD '000	Total BD '000	Total BD '000
i) Carried at FVTOCI				
At beginning of the period	774,079	26,308	800,387	364,518
Purchases	385,932	46,692	432,624	391,333
Acquired through business combination	742	644	1,386	124,365
Sale / redemption	(98,253)	(5,228)	(103,481)	(96,094)
Fair value movement	35,691	713	36,404	7,905
Movement in allowance for credit losses	56	87	143	(106)
Profit accrual	4,344	163	4,507	8,466
At end of the period	1,102,591	69,379	1,171,970	800,387

Sukuk with carrying value of BD 40,434 thousand (2024: BD 13,916 thousand) are equity-type sukuk and remaining are debt-type sukuk.

This includes sukuk with carrying value of BD 678,223 thousand (2024: BD 293,525 thousand) which are pledged against murabaha term financing.

	30 September 2025 (Reviewed)	31 December 2024 (Audited)		
	Sovereign Sukuk BD '000	Corporate Sukuk BD '000	Total BD '000	Total BD '000
ii) Carried at Amortised cost				
At beginning of the period	627,299	20,117	647,416	638,321
Purchases	223,105	3,533	226,638	178,116
Reclassified	(187)	187	-	-
Acquired through business combination	12,494	6,594	19,088	102,904
Redemption	(121,006)	(8,763)	(129,769)	(273,594)
Movement in allowance for credit losses	209	1	210	(46)
Amortisation of premium / discount	(473)	20	(453)	1,324
Profit accrual	2,054	(34)	2,020	391
At end of the period	743,495	21,655	765,150	647,416
	1,846,086	91,034	1,937,120	1,447,803

This includes sukuk with carrying value of of BD 326,403 thousand (2024: BD 360,813 thousand) which are pledged against murabaha term financing.

4 FINANCING CONTRACTS

	30 September 2025 (Reviewed)				
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit-impaired	Stage 3: Lifetime ECL credit-impaired	POCI	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Leased-based:					
Ijarah	1,414,779	96,789	55,290	28,797	1,595,655
Trade-based:					
Murabaha	1,252,202	23,969	27,948	11,986	1,316,105
Salam	258,198	16,491	27,380	214	302,283
Istisnaa	129,302	5,716	4,820	158	139,996
Participatory-based:					
Mudaraba	628,392	26,669	29,605	128	684,794
Musharaka	29,344	17	2,354	-	31,715
Credit cards	21,439	122	280	-	21,841
Total gross financing contracts	3,733,656	169,773	147,677	41,283	4,092,389
Allowance for credit losses	(31,092)	(14,613)	(59,344)	-	(105,049)
Foreign currency translation	33,349	1,509	1,877	31	36,766
	3,735,913	156,669	90,210	41,314	4,024,106
31 December 2024 (Audited)					
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit-impaired	Stage 3: Lifetime ECL credit-impaired	POCI	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Leased-based:					
Ijarah	1,333,453	105,440	45,999	23,900	1,508,792
Trade-based:					
Murabaha	1,079,838	41,763	19,435	13,118	1,154,154
Salam	265,419	5,590	25,809	499	297,317
Istisnaa	73,534	1,587	4,722	154	79,997
Participatory-based:					
Mudaraba	581,757	21,613	31,394	55	634,819
Musharaka	30,020	22	2,353	-	32,395
Credit cards	26,251	239	1,421	-	27,911
Total gross financing contracts	3,390,272	176,254	131,133	37,726	3,735,385
Allowance for credit losses	(22,590)	(14,947)	(30,574)	-	(68,111)
Foreign currency translation	(5,202)	(86)	(307)	(9)	(5,604)
	3,362,480	161,221	100,252	37,717	3,661,670

Murabaha financing is reported net of deferred profits of BD 148,060 thousand (2024: BD 133,184 thousand).

Movement on allowance for credit losses

	30 September 2025 (Reviewed)				
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit-impaired	Stage 3: Lifetime ECL credit-impaired	Purchased credit-impaired POCI	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Balance at 1 January					
Movement between stages, net	22,590	14,947	30,574	-	68,111
Movement in allowance for credit loss	47	(5,151)	5,104	-	-
Exchange adjustments and other transfers on settlement	8,455	4,817	24,920	(8,728)	29,464
Exposures charged off during the period *	-	-	-	8,728	8,728
Balance at 30 September	31,092	14,613	59,344	-	105,049
31 December 2024 (Audited)					
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit-impaired	Stage 3: Lifetime ECL credit-impaired	Purchased credit-impaired POCI	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Balance at 1 January	16,334	8,332	23,922	435	49,023
Movement between stages, net	590	2,351	(2,941)	-	-
Movement in allowance for credit loss	5,666	4,264	15,734	(5,319)	20,345
Exposures charged off during the year *	-	-	-	4,884	4,884
Exchange adjustments and other transfers on settlement	-	-	(6,141)	-	(6,141)
Balance at 31 December	22,590	14,947	30,574	-	68,111

* Represent exposures charged off during the period / year for which recovery efforts will continue.

The non-performing financing ratio at 30 September 2025 exclusive and inclusive of non-performing POCI is 3.6% and 4.6% respectively (31 December 2024: 3.5% and 4.5%).

The POCI assets are currently carried at 38.8% (2024: 33.4%) compared to the original contractual amounts. On a cumulative basis, the impaired assets (Stage 3 and POCI) have a provision coverage of 48.6% (2024: 43.4%) compared to their original contractual amounts. Provision coverage including collateral amounts to 130.6% (2024: 126.6%).

5 ALLOWANCE FOR IMPAIRMENT ON FINANCING CONTRACTS, INVESTMENTS IN SUKUK AND OTHER ASSETS

The balance of allowance for impairment in the below table includes all financing, finance lease assets, off-balance sheet exposures, investments and other assets.

30 September 2025 (Reviewed)

	Stage 2: Lifetime ECL not credit- impaired					Stage 3: Lifetime ECL credit-impaired		POCI	Total
	Stage 1: 12- month ECL	BD '000	Stage 2: Lifetime ECL not credit- impaired	BD '000	Stage 3: Lifetime ECL credit-impaired	BD '000	BD '000		
	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000		
Balance at 1 January		26,133	15,088	33,329		-		74,550	
- transfer to Stage 1: 12 month ECL		883	(457)	(426)		-		-	
- transfer to Stage 2: Lifetime ECL not credit-impaired		(658)	1,492	(834)		-		-	
- transfer to Stage 3: Lifetime ECL credit-impaired		(196)	(6,165)	6,361		-		-	
Net remeasurement of loss allowance		7,327	4,815	25,426		(8,728)		28,840	
Allowance for credit losses		7,356	(315)	30,527		(8,728)		28,840	
Exchange adjustments and other transfers		-	-	(2,114)		8,728		6,614	
Exposures written off during the period*		-	-	(1,254)		-		(1,254)	
Balance at 30 September		33,489	14,773	60,488		-		108,750	

* Represent exposures charged off during the period for which recovery efforts will continue.

30 September 2025 (Reviewed)

	Stage 2: Lifetime ECL not credit- impaired					Stage 3: Lifetime ECL credit-impaired		POCI	Total
	Stage 1: 12- month ECL	BD '000	Stage 2: Lifetime ECL not credit- impaired	BD '000	Stage 3: Lifetime ECL credit-impaired	BD '000	BD '000		
	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000		
Cash and balances with banks and central banks		138		-		-		-	138
Placements with financial institutions		5		-		-		-	5
Investments in sukuk		309		-		-		-	309
Financing contracts		31,092		14,613		59,344		-	105,049
Financing other assets		33		18		46		-	97
Other receivables		-		-		236		-	236
Financing commitments and financial guarantee contracts		1,912		142		862		-	2,916
Balance at 30 September		33,489	14,773	60,488		-		108,750	

Net impairment charge on financing contracts, investments and other assets for the period

	30 September 2025 (Reviewed)	30 September 2024 (Reviewed)	BD '000	
			BD '000	BD '000
Cash and balances with banks and central banks			9	(175)
Placements with financial institutions			(1)	6
Investments in sukuk			(353)	(280)
Financing contracts (note 4)			29,464	13,942
Other Assets			342	(929)
Financing commitments and financial guarantee contracts			(621)	1,497
Investments			-	(58)
Balance at 30 September			28,840	14,003

30 September 2024 (Reviewed)

	Stage 2: Lifetime ECL not credit- impaired					Stage 3: Lifetime ECL credit-impaired		POCI	Total
	Stage 1: 12- month ECL	BD '000	Stage 2: Lifetime ECL not credit- impaired	BD '000	Stage 3: Lifetime ECL credit-impaired	BD '000	BD '000		
	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000		
Balance at 1 January		19,222	8,487	26,450		435		54,594	
- transfer to Stage 1: 12 month ECL		666	(524)	(142)		-		-	
- transfer to Stage 2: Lifetime ECL not credit-impaired		(259)	440	(181)		-		-	
- transfer to Stage 3: Lifetime ECL credit-impaired		(87)	(1,183)	1,270		-		-	
Net remeasurement of loss allowance		4,987	6,834	4,046		(1,864)		14,003	
Allowance for credit losses		5,307	5,567	4,993		(1,864)		14,003	
Exchange adjustments and other transfers on settlement		-	-	58		1,429		1,487	
Balance at 30 September		24,529	14,054	31,501		-		70,084	

5 ALLOWANCE FOR IMPAIRMENT ON FINANCING CONTRACTS, INVESTMENTS IN SUKUK AND OTHER ASSETS (continued)

30 September 2024 (Reviewed)

	Stage 2: Lifetime ECL not credit- impaired					Stage 3: Lifetime ECL credit- impaired	POCI	Total			
	Stage 1: 12- month ECL		BD '000		BD '000						
	BD '000	BD '000	BD '000	BD '000							
Cash and balances with banks and central banks	130	34	-	-	-	-	-	164			
Placements with financial institutions	21	2	-	-	-	-	-	23			
Investments in sukuk	202	26	-	-	-	-	-	228			
Financing contracts	21,825	13,732	28,837	-	-	-	-	64,394			
Financing other assets	35	-	-	-	-	-	-	35			
Other receivables	-	-	2,057	-	-	-	-	2,057			
Financing commitments and financial guarantee contracts	2,316	260	607	-	-	-	-	3,183			
	24,529	14,054	31,501	-	-	-	-	70,084			

6 TAKAFUL ASSETS AND LIABILITIES

	30 September 2025 (Reviewed)	31 December 2024 (Audited)
	BD '000	BD '000

Takaful assets	25,958	17,140
Investments of participants in units	9,739	9,213
Takaful assets	35,697	26,353

Takaful liabilities	98,045	66,273
Other liabilities	12,663	9,277
Takaful liabilities	110,708	75,550

7 INVESTMENTS IN ASSOCIATES

The Group has a 20.9% (2024: 20.9%) stake in Gulf African Bank ("GAB"), an Islamic commercial bank incorporated as the first Islamic bank in Kenya in August 2006, licensed by the Central Bank of Kenya.

During 2022, as part of its acquisition of the retail business of Ithmaar Holding, the Group acquired economic interests in a sharia compliant financing arrangement provided to FINCORP W.L.L (formerly Al Salam International W.L.L. ("ASI")), the holder of 26.2% stake in Bank of Bahrain and Kuwait B.S.C. ("BBK"), a retail bank incorporated in Bahrain and licensed by the Central Bank of Bahrain. FINCORP W.L.L's investment in BBK forms part of a security package assigned to the Bank under a shariah compliant financing structure. The Bank or its quasi-equity do not directly participate in the underlying business activities of FINCORP W.L.L and are not legal owners of its underlying assets. The returns generated by the Bank are to the extent of the profit and the respective repayment, if any, generated from the sharia compliant financing arrangement only. As per the requirements of the financial accounting standards, the effective economic interest of this arrangement is recognized in these financial statements.

During 2024, Solidarity Bahrain B.S.C., insurance subsidiary of the Group had aquired 28.9% stake in Alliance Insurance P.J.S.C., an insurance company listed on the Dubai Financial Market resulting in the Groups share of bargain purchase BD 2,681 thousand.

During the period, Solidarity Bahrain B.S.C., insurance subsidiary of the Group aquired additional stake of 10.0% stake in United Insurance B.S.C.(C), an insurance company incorporated in Bahrain, resulting in total stake of 20.0%.

	30 September 2025 (Reviewed)	31 December 2024 (Audited)
	BD '000	BD '000
Balance at beginning of the period	255,008	231,484
Acquisitions during the period	7,244	16,131
Share of profits	16,250	18,169
Share of other changes in equity	(3,448)	4,276
Dividends received from associates	(17,576)	(15,052)
Balance at end of the period	257,478	255,008

The summary of financial information of the Group's material investments in associates, which is adjusted for changes in accounting policies and fair value adjustments on acquisition.

Reconciliation of financial information to carrying value of Group's interest in BBK.

	30 September 2025 (Reviewed)	30 September 2024 (Reviewed)
	BD '000	BD '000
Group's holding	26.2%	26.2%
Total assets	4,309,142	4,113,400
Total liabilities	3,680,500	3,485,600
Net assets (100%)	628,642	627,800
Group's share of recognised net assets	164,641	164,421
Acquisition accounting related adjustments	65,202	65,202
Carrying amount of interest in associate	229,843	229,623
Revenue	120,100	125,200
Profit (100%)	57,800	55,000
Other change in equity (comprehensive income)	(13,500)	12,524
Total comprehensive income (100%)	44,300	67,524
Group's share of profits	15,138	13,715
Groups share of other changes in equity	(3,537)	3,280

The market value of BBK stood at BD 241.2 million as at 30 September 2025 (2024: BD 229.3 million). This fair value was determined using market value per share and was not adjusted for any holding of account related adjustments.

For other associates based on the summarized financial statements, the revenue, profit and Group's share of profit were BD 20,166 thousand (2024: BD 2,797 thousand), BD 4,513 thousand (2024: BD 1,304 thousand) and BD 1,112 thousand (2024: BD 310 thousand), respectively.

8 QUASI-EQUITY

	30 September 2025 (Reviewed)	31 December 2024 (Audited)
	BD '000	BD '000
Wakala from financial institutions	568,784	420,231
Wakala, Mudaraba from customers	3,760,651	3,643,830
	<u>4,329,435</u>	<u>4,064,061</u>

Including in Quasi-equity is an amount of BD 1,839 thousand (2024: BD 5,376 thousand) representing the Quasi-equity holders share of movement in fair value reserve.

Quasi-equity mudaraba and wakala is commingled with Group's funds to form one general pool. The pooled fund are used to fund and invest in income generating assets, however no priority is granted to any party for the purpose of investments and distribution of profits.

The Group does not allocate stage 3 assets to quasi-equity pool. All the impairment allowances relating to non performing assets are allocated to owners' equity. Recoveries from non-performing financial assets are also not allocated to quasi-equity. Only the profits earned on pool of assets funded from quasi-equity are allocated between the owners' equity and quasi-equity. As per the policy of the Group, minimum of 15% of return on assets earned is distributed to quasi-equity and up to 85% is retained by the Group as mudarib share. The Group did not charge any administration expenses to quasi-equity. The average profit rate earned on assets attributed to quasi-equity based on the above ratio for the period ended 30 September 2025 was 5.9% (2024: 6.7%) and the average profit rate distributed to quasi-equity for the period ended 30 September 2025 was 3.5% (2024: 4.1%).

Distribution of assets by ownership

	30 September 2025 (Reviewed)			31 December 2024 (Audited)		
	Self-financed BD '000	Quasi equity BD '000	Total BD '000	Self-financed BD '000	Quasi equity BD '000	Total BD '000
Cash and balances with banks and central banks	571,489	282,474	853,963	489,993	143,618	633,611
Placements with financial institutions	21,948	429,011	450,959	8,094	468,356	476,450
Investments in sukuk	1,937,120	-	1,937,120	1,447,803	-	1,447,803
Financing contracts	652,756	3,371,350	4,024,106	469,986	3,191,684	3,661,670
Non-trading investments	96,194	-	96,194	89,676	8,268	97,944
Takaful and related assets	35,697	-	35,697	26,353	-	26,353
Investments in real estate*	82,640	16,757	99,397	112,053	17,242	129,295
Investments in associates	27,635	229,843	257,478	20,115	234,893	255,008
Other assets	119,501	-	119,501	129,894	-	129,894
Goodwill and other intangible assets	233,715	-	233,715	204,750	-	204,750
Total Assets	3,778,695	4,329,435	8,108,130	2,998,717	4,064,061	7,062,778

*real estate investments allocated to quasi-equity are yielding.

Distribution of income by ownership

	30 September 2025 (Reviewed)			30 September 2024 (Reviewed)		
	Self-financed BD '000	Quasi equity BD '000	Total BD '000	Self-financed BD '000	Quasi equity BD '000	Total BD '000
INCOME						
Income from financing contracts	30,256	155,943	186,199	24,314	147,377	171,691
Income from placements with financial institutions	922	21,813	22,735	364	18,288	18,652
Income from Investments in sukuk	75,196	-	75,196	50,507	-	50,507
Finance expense on placements from financial institutions and individuals	(6,912)	-	(6,912)	(8,359)	-	(8,359)
Finance expense on murabaha term financing	(33,668)	-	(33,668)	(21,279)	-	(21,279)
Other finance expense	(3,422)	-	(3,422)	(2,482)	-	(2,482)
Net finance income	62,372	177,756	240,128	43,065	165,665	208,730
Income from non-trading investments, net	-	-	-	-	-	-
Fees and commission, net	20,422	-	20,422	18,218	-	18,218
Share of profit from associates	1,112	15,138	16,250	301	13,715	14,016
Income from Takaful operations, net	1,885	-	1,885	4,164	-	4,164
Other income	5,939	406	6,345	6,448	319	6,767
Total income	91,730	193,300	285,030	72,196	179,699	251,895
EXPENSES						
Staff costs	34,836	-	34,836	32,597	-	32,597
Other operating expenses	44,043	-	44,043	35,554	-	35,554
Total expenses	78,879	-	78,879	68,151	-	68,151
Profit before impairment allowances, tax and income attribution to quasi-equity	12,851	193,300	206,151	4,045	179,699	183,744
Allowance for impairment on financing contracts, investments and other assets	(19,724)	(9,116)	(28,840)	(9,023)	(4,980)	(14,003)
Group's share as a mudarib and wakil	74,738	(74,738)	-	59,361	(59,361)	-
Allocated profits	67,865	109,446	177,311	54,383	115,358	169,741

Al Salam Bank B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION As at 30 September 2025

9 INCOME FROM TAKAFUL OPERATIONS, NET

	30 September 2025 (Reviewed)	30 September 2024 (Reviewed)
	BD '000	BD '000
Takaful revenue	100,818	70,796
Takaful service expenses	(60,576)	(39,004)
Net from retakaful contracts	(26,896)	(19,321)
Net finance expense from takaful contracts	(1,277)	(1,091)
Net finance expense from retakaful contracts	262	234
Takaful corporate expenses	(10,446)	(7,450)
	1,885	4,164

10 OTHER INCOME

	30 September 2025 (Reviewed)	30 September 2024 (Reviewed)
	BD '000	BD '000
Income from non-trading investments, net	(2,087)	340
Foreign exchange gains	2,394	1,407
Recoveries	2,882	893
Others	3,156	4,127
	6,345	6,767

11 RELATED PARTY TRANSACTIONS

Related parties comprise major shareholders, directors of the Bank, senior management, close members of their families, entities owned or controlled by them and companies affiliated by virtue of common ownership with that of the Bank. The transactions with these parties were approved by the board of directors.

The balances with related parties at 30 September 2025 and 31 December 2024 were as follows:

	<i>30 September 2025 (Reviewed)</i>				
	<i>Associates and joint ventures</i>	<i>Major shareholders</i>	<i>Directors and related entities</i>	<i>Senior management</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Assets:					
Cash and balances with banks and central bank	-	247	-	-	247
Placements with financial institutions	-	1,885	-	-	1,885
Financing contracts	23,430	-	1,437	1,282	26,149
Non-trading investments	68,695	-	-	-	68,695
Takaful and related assets	-	-	815	-	815
Investments in associates	257,478	-	-	-	257,478
Liabilities and Quasi-equity:					
Placements from financial institutions and individuals	8,400	-	-	-	8,400
Customers' current accounts	3,630	221	5,674	1,224	10,749
Other liabilities	157	-	59	55	271
Takaful Liabilities	525	-	-	-	525
Quasi-equity	15,603	29,574	7,623	4,981	57,781
Contingent liabilities and commitments					
	-	-	1,671	-	1,671

11 RELATED PARTY TRANSACTIONS (continued)

	<i>31 December 2024 (Audited)</i>				
	<i>Associates and joint ventures</i>	<i>Major shareholders</i>	<i>Directors and related entities</i>	<i>Senior management</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Assets:					
Cash and balances with banks and central bank	-	244	-	-	244
Financing contracts	24,958	-	2,557	2,036	29,551
Non-trading investments	68,854	-	-	-	68,854
Takaful and related assets	-	-	620	-	620
Investments in associates	255,008	-	-	-	255,008
Liabilities and Quasi-equity:					
Customers' current accounts	1,234	358	3,944	1,795	7,331
Other liabilities	16	-	106	85	207
Takaful Liabilities	372	-	-	-	372
Quasi-equity	12,271	3,407	7,718	7,655	31,051
Contingent liabilities and commitments	8	-	502	191	701

The income and expenses in respect of related parties included in the condensed consolidated income statement are as follows:

	<i>30 September 2025 (Reviewed)</i>				
	<i>Associates and joint ventures</i>	<i>Major shareholders</i>	<i>Directors and related entities</i>	<i>Senior management</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Income:					
Placements with financial institutions	-	77	-	-	77
Income from financing contracts	1,155	-	109	25	1,289
Share of profit from associates, net	16,250	-	-	-	16,250
Income from takaful operations, net	-	-	1,206	-	1,206
Expenses:					
Finance expense on placements from financial institutions and individuals	2,370	-	-	-	2,370
Other operating expenses	-	-	2,522	130	2,652
Expense from takaful operations	316	-	271	-	587
Income attributable to quasi-equity	374	619	258	132	1,383
Allowance for impairment	-	-	-	-	-

	<i>30 September 2024 (Reviewed)</i>				
	<i>Associates and joint ventures</i>	<i>Major shareholders</i>	<i>Directors and related entities</i>	<i>Senior management</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Income:					
Income from financing contracts	1,236	27	287	61	1,611
Share of profit from associates, net	14,016	-	-	-	14,016
Income from takaful operations, net	-	-	773	3	776
Expenses:					
Other operating expenses	-	-	2,188	1,903	4,091
Expense from takaful operations	335	-	154	-	489
Income attributable to quasi-equity	318	82	353	152	905
Allowance for impairment	17	-	-	-	17

12 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>30 September 2025 (Reviewed)</i>	<i>31 December 2024 (Audited)</i>
	<i>BD '000</i>	<i>BD '000</i>
Contingent liabilities on behalf of customers		
Guarantees	199,225	155,363
Letters of credit	162,900	212,977
Acceptances	2,568	1,558
	<u>364,693</u>	<u>369,898</u>
Unutilised commitments		
Unutilised financing commitments	340,072	384,562
Unutilised non-funded commitments	38,878	46,089
	<u>378,950</u>	<u>430,651</u>

Letters of credit, guarantees (including standby letters of credit) commit the Group to make payments on behalf of customers contingent upon their failure to perform under the terms of the contract.

Commitments generally have fixed expiration dates, or other termination clauses. Since commitments may expire without being utilized, the total contract amounts do not necessarily represent future cash requirements.

13 WA'AD BASED FX TRANSACTIONS FOR RISK MANAGEMENT

The Group enter into Wa'ad based FX transactions to manage its exposures to foreign currency risk. The fair values of FX Wa'ad instruments is as follows;

	<i>30 September 2025 (Reviewed)</i>		<i>31 December 2024 (Audited)</i>	
	<i>Notional Amount</i>	<i>Fair Value</i>	<i>Notional Amount</i>	<i>Fair Value</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
FX Wa'ad instruments				
Assets position	57,707	189	49,024	321
Liabilities position	173,163	706	82,281	847

The above contracts have tenor not more than two years as at the end of the reporting period.

14 SEGMENT INFORMATION**Primary segment information**

For management purposes, the Group is organised into the following primary business segments:

Banking

Principally managing Shari'a compliant profit sharing investment accounts, and offering Shari'a compliant financing contracts and other Shari'a-compliant products. This segment comprises corporate banking, retail banking, private banking and wealth management in Kingdom of Bahrain and through the Bank's subsidiaries in Seychelles and Algeria. Banking segment also includes the Group's investments in banking associates which are allocated as assets attributable to the jointly financed pool of investment accountholders. Other overseas associate investments form part of the investment segment.

Treasury

Principally handling Shari'a compliant money market, trading, fixed income products and treasury services including short-term commodity murabaha.

Investments

Principally the Group's proprietary portfolio and asset management services to clients with a range of investment products, funds and alternative investments. These also include the Group's investment in certain associates and joint ventures.

Takaful

Represents the Group's investment in Solidarity Group Holding BSC (c) which is primarily involved in the business of offering Shari'a compliant takaful contracts. These comprise motor, non-motor, medical, group life and family takaful products. All activities of this business including its investment activities are reported under this segment as they are managed together along with the Takaful business.

Transactions between banking and other segments are conducted at estimated allocated internal rates. Transfer charges are based on a pool rate which approximates the cost of funds.

Segment information is disclosed as follows:

	<i>30 September 2025 (Reviewed)</i>				
	<i>Banking</i>	<i>Treasury</i>	<i>Investments</i>	<i>Takaful</i>	<i>Unallocated</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Income					
Income from financing contracts	185,535	664	-	-	-
Income from placements with financial institutions	-	20,805	-	1,930	-
Income from Investments in sukuk	-	73,528	-	1,668	-
Finance expense on placements from financial institutions and individuals	(933)	(3,220)	-	(2,759)	-
Finance expense on murabaha term financing	-	(33,668)	-	-	(33,668)
Other finance expense	(3,422)	-	-	-	(3,422)
Net finance income	181,180	58,109	-	839	-
					240,128
Fees and commission, net	15,435	4,987	-	-	20,422
Share of profit from associates	15,137	-	-	1,113	-
Income from Takaful operations, net	-	-	-	1,885	-
Other income	4,630	2,392	(4,585)	3,908	-
Total income	216,382	65,488	(4,585)	7,745	-
					285,030
Expenses					
Staff costs	28,627	5,857	352	-	-
Other operating expenses	32,770	6,306	720	4,247	-
Total Expenses	61,397	12,163	1,072	4,247	-
					78,879
Profit before allowances for impairment, income attribution to quasi-equity and tax					
Allowance for impairment on financing contracts, investments and other assets	(28,985)	312	(164)	(3)	-
					(28,840)
Profit before income attribution to quasi-equity and tax					
126,000	53,637	(5,821)	3,495	-	177,311
(92,406)	(17,040)	-	-	-	(109,446)
Profit before tax	33,594	36,597	(5,821)	3,495	-
Tax	(5,012)	-	-	117	-
Profit for the period	28,582	36,597	(5,821)	3,612	-
					62,970
Segment assets	4,762,595	2,875,893	179,068	245,706	44,868
Segment liabilities, and quasi-equity	5,195,439	1,972,015	671	119,108	73,644
					7,360,877

14 SEGMENT INFORMATION (continued)

Goodwill and other intangibles include BD 191,357 thousand (2024: BD 193,841 thousand) allocated from acquisitions during prior years within the banking segment and BD 42,358 thousand (2024: 10,909 thousand) attributable to the Takaful segment.

	30 September 2024 (Reviewed)					
	Banking BD '000	Treasury BD '000	Investments BD '000	Takaful BD '000	Unallocated BD '000	Total BD '000
Income						
Income from financing contracts	171,406	285	-	-	-	171,691
Income from placements with financial institutions	-	17,972	-	680	-	18,652
Income from Investments in sukuk	-	48,984	-	1,523	-	50,507
Finance expense on placements from financial institutions and individuals	(2,225)	(6,134)	-	-	-	(8,359)
Finance expense on murabaha term financing	-	(21,279)	-	-	-	(21,279)
Other finance expense	(2,482)	-	-	-	-	(2,482)
Net finance income	<u>166,699</u>	<u>39,828</u>	<u>-</u>	<u>2,203</u>	<u>-</u>	<u>208,730</u>
Fees and commission, net	14,122	4,096	-	-	-	18,218
Share of profit from associates	13,715	-	273	28	-	14,016
Income from Takaful operations, net	-	-	-	4,164	-	4,164
Other income	4,640	1,395	(449)	1,181	-	6,767
Total income	<u>199,176</u>	<u>45,319</u>	<u>(176)</u>	<u>7,576</u>	<u>-</u>	<u>251,895</u>
Expenses						
Staff costs	26,255	5,974	368	-	-	32,597
Other operating expenses	24,832	6,127	627	3,968	-	35,554
Total Expenses	<u>51,087</u>	<u>12,101</u>	<u>995</u>	<u>3,968</u>	<u>-</u>	<u>68,151</u>
Profit before allowances for impairment, income attribution to quasi-equity and tax	148,089	33,218	(1,171)	3,608	-	183,744
Allowance for impairment on financing contracts, investments and other assets	(14,513)	452	(71)	129	-	(14,003)
Profit before income attribution to quasi-equity and tax	133,576	33,670	(1,242)	3,737	-	169,741
Income attributable to quasi-equity	(89,982)	(25,376)	-	-	-	(115,358)
Profit before tax	<u>43,594</u>	<u>8,294</u>	<u>(1,242)</u>	<u>3,737</u>	<u>-</u>	<u>54,383</u>
Tax	(4,964)	-	-	(152)	-	(5,116)
Profit for the period	<u>38,630</u>	<u>8,294</u>	<u>(1,242)</u>	<u>3,585</u>	<u>-</u>	<u>49,267</u>

Segment information for the year ended 31 December 2024 (audited) was as follows:

Segment assets	<u>4,381,587</u>	<u>2,234,185</u>	<u>199,354</u>	<u>156,631</u>	<u>91,021</u>	<u>7,062,778</u>
Segment liabilities, and quasi-equity	<u>4,838,936</u>	<u>1,464,323</u>	<u>679</u>	<u>78,932</u>	<u>86,527</u>	<u>6,469,397</u>

Secondary segment information

The Group primarily operates in the GCC and derives substantially all its operating income and incurs all operating expenses in the GCC.

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; or

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

(i) Financial instruments measured at fair value

The following table shows an analysis of the non-trading investments (equity securities), sukuk and FX waad portfolio carried at fair value in the condensed consolidated statement of financial position:

30 September 2025 (Reviewed)

Sovereign sukuk at fair value through OCI
Corporate sukuk at fair value through OCI
Equity securities at fair value through income statement
Equity securities at fair value through OCI

	<i>Level 1</i> <i>BD '000</i>	<i>Level 2</i> <i>BD '000</i>	<i>Level 3</i> <i>BD '000</i>	<i>Total</i> <i>BD '000</i>
Sovereign sukuk at fair value through OCI	814,906	287,685	-	1,102,591
Corporate sukuk at fair value through OCI	66,375	3,004	-	69,379
Equity securities at fair value through income statement	9,822	728	77,708	88,258
Equity securities at fair value through OCI	3,621	127	4,188	7,936
	894,724	291,544	81,896	1,268,164
FX Wa'ad assets position	-	189	-	189
FX Wa'ad liabilities position	-	706	-	706
	-	(517)	-	(517)

31 December 2024 (Audited)

Sovereign sukuk at fair value through OCI
Corporate sukuk at fair value through OCI
Equity securities at fair value through income statement
Equity securities at fair value through OCI

	<i>Level 1</i> <i>BD '000</i>	<i>Level 2</i> <i>BD '000</i>	<i>Level 3</i> <i>BD '000</i>	<i>Total</i> <i>BD '000</i>
Sovereign sukuk at fair value through OCI	679,521	94,559	-	774,080
Corporate sukuk at fair value through OCI	25,001	1,306	-	26,307
Equity securities at fair value through income statement	2,868	638	75,789	79,295
Equity securities at fair value through OCI	11,636	-	7,013	18,649
	719,026	96,503	82,802	898,331
FX Wa'ad assets position	-	321	-	321
FX Wa'ad liabilities position	-	847	-	847
	-	(526)	-	(526)

(ii) Financial instruments measured at amortised cost

30 September 2025 (Reviewed)

Sovereign sukuk
Corporate sukuk

	<i>Level 1</i> <i>BD '000</i>	<i>Level 2</i> <i>BD '000</i>	<i>Level 3</i> <i>BD '000</i>	<i>Total</i> <i>BD '000</i>
Sovereign sukuk	464,717	278,778	-	743,495
Corporate sukuk	21,264	-	391	21,655
	485,981	278,778	391	765,150
Fair value	498,022	279,300	391	777,713

31 December 2024 (Audited)

Sovereign sukuk
Corporate sukuk

	<i>Level 1</i> <i>BD '000</i>	<i>Level 2</i> <i>BD '000</i>	<i>Level 3</i> <i>BD '000</i>	<i>Total</i> <i>BD '000</i>
Sovereign sukuk	553,718	73,581	-	627,299
Corporate sukuk	15,865	-	4,252	20,117
	569,583	73,581	4,252	647,416
Fair value	410,145	276,767	4,252	691,164

The movements in fair value of investments in equity securities classified in Level 3 of the fair value hierarchy are as follows:

	<i>30 September 2025 (Reviewed)</i> <i>BD '000</i>	<i>31 December 2024 (Audited)</i> <i>BD '000</i>
At beginning of the period	82,802	78,694
Acquired as part of business combination	2,440	3,055
Purchases	443	-
Disposals	(146)	-
Transfers	(3,500)	-
Fair value changes	(143)	1,053
At end of the period	81,896	82,802

The sensitivity analysis for Level 3 of non-trading investments are summarized below:

<i>Valuation technique used</i>	<i>Key unobservable inputs</i>	<i>Fair value at 30 September 2025 BD'000</i>	<i>Reasonable possible shift +/- (in average input)</i>	<i>Increase / (decrease) in valuation</i>
Asset Valuation	Underlying real estate	81,896	+/- 5%	4,095 / (4,095)

15 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(iii) Other Financial instruments not measured at fair value

The estimated fair value of yielding financing liabilities approximates their carrying value as their pricing is not materially different to expected market return on such contracts.

The estimated fair values of other financial assets are not expected to be materially different from their carrying values as of 30 September 2025 and 31 December 2024 due to their short term nature.

16 FINANCIAL RISK MANAGEMENT

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

17 REGULATORY RATIOS

(i) Capital Adequacy Ratio

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

The regulatory capital and risk-weighted assets have been calculated in accordance with Basel III as adopted by the CBB.

	<i>As at</i>	
	<i>30 September 2025 (Reviewed)</i>	<i>31 December 2024 (Audited)</i>
BD'000		
CET 1 Capital before regulatory adjustments	457,085	352,201
Less: regulatory adjustments	52,729	48,628
CET 1 Capital after regulatory adjustments	404,356	303,573
AT 1 Capital	171,053	163,719
T 2 Capital adjustments	86,078	63,425
Regulatory Capital	661,487	530,717
Risk weighted exposure:		
Credit Risk Weighted Assets	2,168,790	1,962,782
Market Risk Weighted Assets	4,664	1,357
Operational Risk Weighted Assets	244,159	174,544
Total Regulatory Risk Weighted Assets	2,417,613	2,138,683
Total Adjusted Risk Weighted Exposures	2,417,613	2,138,683
Capital Adequacy Ratio	27.4%	24.8%
Common Equity Tier 1 Capital Ratio	16.7%	14.2%
Tier 1 Capital Adequacy Ratio	23.8%	21.8%
Tier 2 Capital Ratio	3.6%	3.0%
Minimum required by CBB	14.0%	14.0%

As of 30 September 2025, aggregate of modification loss of BD 8,256 thousand (2024: BD 8,256 thousand) has been added back to Tier 1 capital.

(ii) Liquidity Coverage Ratio (LCR)

LCR has been developed to promote short-term resilience of a bank's liquidity risk profile. The LCR requirements aim to ensure that a bank has an adequate stock of unencumbered high quality liquidity assets (HQLA) that consists of assets that can be converted into cash immediately to meet its liquidity needs for a 30 calendar day stressed liquidity year. The stock of unencumbered HQLA should enable the bank to survive until day 30 of the stress scenario, by which time appropriate corrective actions would have been taken by management to find the necessary solutions to the liquidity crisis.

LCR is computed as a ratio of Stock of HQLA over the net cash outflows. The average consolidated LCR for three months calculated as per the requirements of the CBB rulebook, as of 30 September 2025 and 31 December 2024, is as follows:

	<i>Total weighted value BD'000</i>	
	<i>30 September 2025 (Reviewed)</i>	<i>31 December 2024 (Audited)</i>
Stock of HQLA	1,158,961	1,121,664
Net cashflows	436,368	316,329
LCR %	272.7%	363.5%
Minimum required by CBB	100.0%	100.0%

17 REGULATORY RATIOS (continued)

(iii) Net Stable funding Ratio

The objective of the NSFR is to promote the resilience of banks' liquidity risk profiles and to incentivize a more resilient banking sector over a longer time horizon. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on-balance sheet and off-balance sheet items, and promotes funding stability.

NSFR is calculated in accordance with the Liquidity Risk Management Module guidelines, issued by CBB and its affective from 2019. The minimum NSFR ratio as per CBB is 100%.

The NSFR (as a percentage) as at 30 September 2025 is calculated as follows:

Item	BD'000	Unweighted Values (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	
Available Stable Funding (ASF):						
Capital:						
Regulatory Capital	620,597				73,356	693,953
Retail deposits and deposits from small business customers:						
Stable deposits	-	598,621	35,413	8,707	611,038	
Less stable deposits	-	2,326,535	577,954	229,113	2,843,153	
Wholesale funding:						
Other wholesale funding	-	2,584,457	478,828	199,091	995,479	
Other liabilities:						
All other liabilities not included in the above categories	-	175,765	-	-	-	
Total ASF	620,597	5,685,378	1,092,195	510,267	5,143,623	
Required Stable Funding (RSF):						
Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	-	62,478
Performing financing and sukuk/ securities:						
Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	829,226	1,088	14,317	139,245	
Performing financing to non-financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	-	1,326,742	571,834	1,504,100	2,196,812	
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio guidelines	-	-	-	154,803	100,622	
Performing residential mortgages, of which:	-	-	-	494,793	321,616	
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	494,793	321,616	
Securities/ sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	3,161	-	-	1,580	
Other assets:						
All other assets not included in the above categories	1,230,611	48,199	3,902	213,791	1,283,595	
OBS items	-	742,783	-	-	37,139	
Total RSF	1,230,611	2,950,111	576,824	2,227,001	4,042,465	
NSFR (%)	-	-	-	-	127.2%	

17 REGULATORY RATIOS (continued)

(iii) Net Stable funding Ratio (continued)

The NSFR (as a percentage) as at 31 December 2024 is calculated as follows:

	BD'000	Unweighted Values (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	
Item						
Available Stable Funding (ASF):						
Capital:						
Regulatory Capital	508,378		-	-	63,425	571,803
Retail deposits and deposits from small business customers:						
Stable deposits	-	571,095	33,455	11,305	585,628	
Less stable deposits	-	2,058,395	540,615	219,778	2,558,887	
Wholesale funding:						
Other wholesale funding	-	2,421,460	253,136	105,069	756,018	
Other liabilities:						
All other liabilities not included in the above categories	-	172,320	-	-	-	-
Total ASF	508,378	5,223,270	827,206	399,577	4,472,336	
Required Stable Funding (RSF):						
Total NSFR high-quality liquid assets (HQLA)		-	-	-	-	54,201
Performing financing and sukuk/ securities:						
Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	648,620	210	3,783	101,181	
Performing financing to non- financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	-	1,341,203	444,796	1,249,265	1,934,973	
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio guidelines	-	-	-	99,508	64,680	
Performing residential mortgages, of which:	-	-	-	497,045	323,079	
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	497,045	323,079	
Securities/ sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	19,557	867	-	10,212	
Other assets:						
All other assets not included in the above categories	1,108,102	26,366	3,970	101,667	1,131,103	
OBS items	-	799,874	-	-	39,994	
Total RSF	1,108,102	2,835,620	449,843	1,851,760	3,648,944	
NSFR (%)						122.6%

18 GLOBAL MINIMUM TAX

The Global Anti-Base Erosion Pillar Two Model Rules ("GloBE rules") established by the Organization for Economic Cooperation and Development ("OECD" apply to multinational enterprise ("MNE") groups with total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

In line with the requirements of GloBE rules, the Kingdom of Bahrain has issued and enacted Decree Law No. (11) of 2024 ("Bahrain DMTT law") on 1st September 2024 introducing a domestic minimum top-up tax ("DMTT") of up to 15% on the taxable income of the Bahrain resident entities within the Group for fiscal years beginning on or after 1st January 2025.

As per the Group's assessment of applicability of the Bahrain DMTT law and global anti-base erosion model (GloBE) rules, the tax liability for the fiscal year 2025 is expected to be Nil for the Bahrain resident entities as the group is expected to meet certain conditions for exclusions as specified in the Bahrain DMTT law.

19 BUSINESS COMBINATION

i) Acquisition of Bahrain National Insurance Company BSC Closed ("BNI") and Bahrain National Life Assurance Company BSC Closed ("BNL")

During Q1 2025, Solidarity Bahrain, a subsidiary of the Group that engages in Takaful business and listed on Bahrain Bourse had entered into a sale and purchase agreement with Bahrain National Holding company BSC, a company incorporated in Kingdom of Bahrain and listed on Bahrain Bourse for the purchase of 100% of the issued share capital of its two subsidiaries, BNI and BNL. In April 2025, the necessary regulatory and shareholders' approval were obtained and share transfers were completed and accordingly the Group consolidated the results and financial position of BNI and BNL from 1 April 2025.

a) Total consideration

Total cash consideration paid is BD 69,146 thousand.

b) Fair value of identifiable net assets acquired

ASSETS ACQUIRED	BD '000
Cash and balances with banks and central banks	15,805
Placements with financial institutions	7,262
Investments in sukuk	20,474
Non-trading investments	14,557
Takaful contract assets	2,978
Retakaful contract assets	20,790
Investments in associates	3,364
Property and equipment	1,009
Other assets	2,575
Total assets acquired (A)	88,814

LIABILITIES ASSUMED	BD '000
Takaful contract liabilities	32,663
Retakaful contract liabilities	14,297
Investment contract liabilities	1,534
Other provisions and liabilities	1,725
Total liabilities (B)	50,219

Total fair value of identifiable net assets acquired (C = A-B)

38,595

c) Goodwill

	BD '000
Consideration paid	69,146
Fair value of identifiable net assets acquired	(38,595)
Goodwill	30,551

19 BUSINESS COMBINATION (continued)

ii) Acquisition of Kuwait Finance House (Bahrain) BSC closed

On 1 April 2024, the Bank acquired 100% shareholding in ASB Finance B.S.C. (c) (formerly Kuwait Finance House (Bahrain) B.S.C. (c)), a Retail Islamic Bank incorporated in the Kingdom of Bahrain, which was fully owned subsidiary of Kuwait Finance House K.S.C.P. (“KFH Group”) an Islamic retail bank listed on Kuwait stock exchange, after obtaining the requisite regulatory approvals. The Group consolidated the results and financial position of KFH Bahrain from 1 April 2024.

The fair value of assets, liabilities, equity interests are reported in these disclosures on a provisional basis and will be finalized within a period of 12 months from the date of acquisition. In line with the provisions of IFRS 3 “Business Combinations”, if new information, obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date, identified adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised. Revisions to provisional acquisition accounting will be reflected on a retrospective basis.

a) Total consideration

Total cash consideration paid is BD 214,488 thousand.

b) Fair value of identifiable assets acquired and liabilities assumed

ASSETS ACQUIRED

	<i>BD '000</i>
Cash and balances with banks and central banks	77,967
Placements with financial institutions	48,583
Financing contracts	977,930
Non-trading investments	12,887
Investments in sukuk	227,269
Investments in real estate	47,090
Identified Intangible assets	15,000
Other assets	15,190
Total assets acquired (A)	1,421,916

LIABILITIES ASSUMED

	<i>BD '000</i>
Placements from financial institutions and individuals	23,019
Customers' current accounts	119,759
Other liabilities	31,348
Total liabilities	174,126
Quasi-equity	1,148,340
Total liabilities and Quasi-equity (B)	1,322,466
Total fair value of identifiable net assets acquired (C = A-B)	99,450

c) Goodwill

	<i>BD '000</i>
Consideration paid	214,488
Fair value of identifiable net assets acquired	(99,450)
Goodwill	115,038

20 COMPARATIVE FIGURES

The comparatives for the condensed consolidated statement of financial position have been extracted from the Group's audited consolidated financial statements for the year ended 31 December 2024, and comparatives for the condensed consolidated statements of income, condensed consolidated statements of comprehensive income, condensed consolidated statement of income and attribution related to quasi-equity, changes in owner's equity, and cash flows, and charges in off-balance sheet assets under management have been extracted from the Group's reviewed condensed consolidated interim financial information for the nine months ended 30 September 2024

Certain of the prior period figures have been regrouped to conform to the current year presentation. Such re-grouping did not affect previously reported profit for the period or total owners' equity of the Group.