

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

31 March 2026

Al Salam Bank B.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months period ended 31 March 2026

Table of contents	Page
Independent auditors' report on review of condensed consolidated interim financial information	1
Condensed Consolidated statement of financial position	2
Condensed Consolidated income statement	3
Condensed Consolidated statement of comprehensive income	4
Condensed Consolidated statement of income and attribution related to quasi-equity	5
Condensed Consolidated statement of changes in owners equity	6
Condensed Consolidated statement of cash flows	7
Condensed Consolidated statement of changes in off-balance-sheet assets under management	8
Notes to the condensed consolidated interim financial information	9-27



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

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

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 31 March 2026 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 31 March 2026;
- the condensed consolidated statement of income for the three-month period ended 31 March 2026;
- the condensed consolidated statement of comprehensive income for the three-month period ended 31 March 2026;
- the condensed consolidated statement of income and attribution related to quasi-equity for the three-month period ended 31 March 2026;
- the condensed consolidated statement of changes in owners' equity for the three-month period ended 31 March 2026;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2026;
- the condensed consolidated statement of changes in off-balance sheet assets under management for the three-month period ended 31 March 2026; 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 31 March 2026 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with FAS 41, "Interim Financial Reporting".

12 May 2026


Al Salam Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

		<i>31 March</i>	<i>31 December</i>
		<i>2026</i>	<i>2025</i>
		<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>Note</i>	<i>BD '000</i>	<i>BD '000</i>
ASSETS			
Balances with banks and central banks		886,827	775,733
Placements with financial institutions		617,993	456,634
Investments in sukuk	3	2,085,376	1,934,154
Financing contracts	4	4,083,342	4,066,788
Non-trading investments		98,967	96,004
Takaful and related assets	6	30,478	29,748
Investments in real estate		83,139	84,129
Investments in associates	7	284,857	279,000
Other assets		110,060	100,767
Goodwill and intangible assets		229,865	230,939
TOTAL ASSETS		8,510,904	8,053,896
LIABILITIES, QUASI-EQUITY AND OWNERS' EQUITY			
LIABILITIES			
Placements from financial institutions and individuals		126,853	117,586
Murabaha term financings		1,321,426	1,076,354
Customers' current accounts		1,412,748	1,486,337
Takaful and related liabilities	6	92,621	93,460
Other liabilities		162,745	142,366
TOTAL LIABILITIES		3,116,393	2,916,103
QUASI-EQUITY			
Wakala from financial institutions		512,431	556,945
Wakala and mudaraba from customers		4,154,945	3,831,128
TOTAL QUASI-EQUITY	8	4,667,376	4,388,073
OWNERS' EQUITY			
Share capital	2.3	317,533	296,760
Treasury shares		(8,684)	(8,684)
Employees incentive scheme shares		(5,866)	(2,986)
Share premium		209	209
Retained earnings		57,269	82,111
Reserves		80,069	95,037
Equity attributable to owners' of the Bank		440,530	462,447
Other equity participations	2.4	209,124	209,124
Non-controlling interests		77,481	78,149
TOTAL OWNERS' EQUITY		727,135	749,720
TOTAL LIABILITIES, QUASI-EQUITY AND OWNERS' EQUITY		8,510,904	8,053,896


 H.E. Shaikh Khalid bin Mustahil Al Mashani
 Chairman


 Matar Mohamed Al Blooshi
 Deputy Chairman


 Rafik Nayed
 Group Chief Executive Officer

The attached notes 1 to 22 form an integral part of the consolidated financial statements.


Al Salam Bank B.S.C.

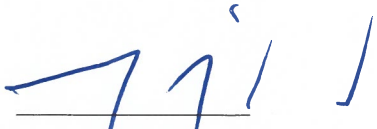
CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months period ended 31 March 2026

	<i>31 March</i> <i>2026</i> <i>(Reviewed)</i>	<i>31 March</i> <i>2025</i> <i>(Reviewed)</i>
<i>Note</i>	<i>BD '000</i>	<i>BD '000</i>
INCOME		
Income from financing contracts	62,825	60,481
Income from placements with financial institutions	7,452	6,511
Income from investments in sukuk	29,614	22,354
Finance expense on placements from financial institutions and individuals	(1,604)	(2,045)
Finance expense on murabaha term financing	(13,308)	(10,122)
Other finance expense	(1,364)	(1,144)
Net finance income	83,615	76,035
Fees and commissions, net	8,219	6,171
Share of profit of associates	7	6,847
Income from takaful operations, net	9	2,294
Other income	10	1,860
Total income	102,835	91,689
EXPENSES		
Staff cost	12,559	11,287
Other operating expenses	15,851	13,452
Total expenses	28,410	24,739
Profit before allowances for impairment, income attribution to quasi-equity and tax	74,425	66,950
Allowance for impairment on financial instruments	5	(9,549)
Profit before income attribution to quasi-equity and tax	64,876	57,565
Income attributable to quasi-equity	(36,794)	(36,050)
Profit before tax	28,082	21,515
Tax expense	(1,931)	(1,598)
PROFIT FOR THE PERIOD	26,151	19,917
ATTRIBUTABLE TO:		
- Owners' of the Bank	23,130	18,591
- Non-controlling interest	3,021	1,326
	26,151	19,917
Basic and diluted earnings per share (fils)	6.5	5.7


H.E. Shaikh Khalid bin Mustahil Al Mashani
Chairman


Matar Mohamed Al Blooshi
Deputy Chairman


Rafik Nayed
Group Chief Executive Officer

The attached notes 1 to 22 form an integral part of the consolidated financial statements.

Al Salam Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months period ended 31 March 2026

	<i>31 March</i> <i>2026</i> <i>(Reviewed)</i> <i>BD '000</i>	<i>31 March</i> <i>2025</i> <i>(Reviewed)</i> <i>BD '000</i>
Profit for the period	26,151	19,917
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	(66,706)	7,507
Share of movements in fair value reserve of associates	(140)	(1,880)
Movement in foreign currency translation reserve	(3,540)	1,281
Share in fair value reserve attributable to quasi-equity	55,848	1,886
Total other comprehensive income	(14,538)	8,794
Total comprehensive income for the period	11,613	28,711
ATTRIBUTABLE TO:		
- Owners' of the Bank	9,725	27,026
- Non-controlling interests	1,888	1,685
	11,613	28,711

The attached notes 1 to 22 form an integral part of the consolidated financial statements.

Al Salam Bank B.S.C.

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

For the three months period ended 31 March 2026

	<i>31 March</i> <i>2026</i> <i>(Reviewed)</i> <i>BD '000</i>	<i>31 March</i> <i>2025</i> <i>(Reviewed)</i> <i>BD '000</i>
Profit before allowances for impairment, income attribution to quasi-equity and tax	74,425	66,950
Adjusted for:		
Income not attributable to quasi-equity	(32,004)	(11,429)
Expenses not attributable to quasi-equity	28,410	24,739
Share of income for Bank's investments, net	(3,053)	(17,898)
Allowance for impairment attributable to quasi-equity	(2,829)	(6,491)
Other finance expense	1,364	1,144
Total income available for quasi-equity holders	66,313	57,015
Mudarib's share	(3,487)	(1,622)
Wakala incentive	(26,032)	(19,343)
Profit distributable to quasi-equity	36,794	36,050
	A	
Other comprehensive income – attributable to quasi-equity - before recycling to statement of income		
Items that may be reclassified subsequently to the income statement	(55,848)	(1,886)
Other comprehensive income not subject to immediate distribution	55,848	1,886
Other comprehensive income subject to immediate distribution	-	-
	B	
Total income attributable to quasi-equity	36,794	36,050
	C=A+B	

The attached notes 1 to 22 form an integral part of the consolidated financial statements.

Al Salam Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS EQUITY

For the three months period ended 31 March 2026 (Reviewed)

Amounts in BD '000s

	Attributable to owners of the bank														
	Reserves										Non-controlling interest	Total owners' equity			
	Share capital	Treasury shares	Employee incentive 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	Equity attributable to Bank's owners	Other equity participations
Balance at 1 January 2026	296,760	(8,684)	(2,986)	209	82,111	39,566	2,154	27,614	22,683	3,020	95,037	462,447	209,124	78,149	749,720
Profit for the period	-	-	-	-	23,130	-	-	-	-	-	-	23,130	-	3,021	26,151
Other comprehensive income	-	-	-	-	(2,864)	-	(10,998)	-	-	(2,407)	(13,405)	(13,405)	-	(1,133)	(14,538)
Profit distribution on other equity participations	-	-	-	-	(20,773)	-	-	-	-	-	-	(2,864)	-	(433)	(3,297)
Bonus shares issued	20,773	-	-	-	(20,773)	-	-	-	-	-	-	-	-	-	-
Cash dividend for the year 2025	-	-	-	-	(23,335)	-	-	-	-	-	-	(23,335)	-	-	(23,335)
Shares vested	-	-	(2,880)	-	(1,000)	-	(1,563)	-	-	-	(1,563)	(4,443)	-	-	(4,443)
Appropriation towards charity fund	-	-	-	-	(1,000)	-	-	-	-	-	-	(1,000)	-	-	(1,000)
Movements in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,123)	(2,123)
Balance at 31 March 2026	317,533	(8,684)	(5,866)	209	57,269	39,566	591	16,616	22,683	613	80,069	440,530	209,124	77,481	727,135
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	-	-	-	-	18,591	-	-	-	-	-	-	18,591	-	1,326	19,917
Other comprehensive income	-	-	-	-	-	-	-	7,513	-	922	8,435	8,435	-	359	8,794
Issuance of other equity participations	-	-	-	-	(2,476)	-	-	-	-	-	-	-	33,283	-	33,283
Profit distribution on other equity participations	-	-	-	-	(21,982)	-	-	-	-	-	-	(2,476)	-	-	(2,476)
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	-	-	-	-	(1,000)	-	434	-	-	-	434	434	-	-	434
Appropriation towards charity fund	-	-	-	-	(1,000)	-	-	-	-	-	-	(1,000)	-	-	(1,000)
Movements in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	776	776
Balance at 31 March 2025	296,760	(8,251)	(6,617)	209	39,693	31,883	1,381	11,711	22,683	765	68,423	390,217	192,309	76,339	658,865

The attached notes 1 to 22 form an integral part of the consolidated financial statements.

Al Salam Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months period ended 31 March 2026

	<i>31 March 2026 (Reviewed) BD '000</i>	<i>31 March 2025 (Reviewed) BD '000</i>
OPERATING ACTIVITIES		
Profit for the period	26,151	19,917
Adjustments:		
Tax expense	1,931	1,598
Depreciation and amortisation	2,258	1,857
Amortisation of sukuk, net	(157)	(913)
Loss from non-trading investments	344	175
Loss from real estate	990	-
Allowance for impairment on financial instruments	9,549	9,385
Share of profits from associates	(6,847)	(5,339)
Operating income before changes in operating assets and liabilities	34,219	26,680
Changes in operating assets and liabilities:		
Mandatory reserve with central banks	7,865	(694)
Murabaha and Wakala receivables from banks	(31,485)	(18,994)
Financing contracts	(27,647)	(187,122)
Takaful and related assets	(730)	(3,276)
Other assets	(5,889)	30,508
Placements from financial institutions and individuals	9,267	(56,732)
Customers' current accounts	(73,589)	216,109
Takaful and related liabilities	(839)	2,474
Other liabilities	9,601	(17,596)
Quasi-equity	335,151	77,256
Net cash from operating activities	255,924	68,613
INVESTING ACTIVITIES		
Purchase of sukuk, net	(217,849)	(106,753)
Disposal of real estate	-	3,196
Purchase of non-trading investments	(3,307)	(1,733)
Dividends received from associates	850	-
Purchase of premises and equipment	(5,169)	(988)
Net cash used in investing activities	(225,475)	(106,278)
FINANCING ACTIVITIES		
Drawdown of murabaha term financing	245,072	32,306
Dividends paid	(23,335)	(16,211)
Profit / Issuance of other equity participations, net.	(3,297)	30,807
Movement on treasury shares, net	-	21,967
Net cash from financing activities	218,440	68,869
NET INCREASE IN CASH AND CASH EQUIVALENTS	248,889	31,204
Cash and cash equivalents at the beginning of the period	1,036,554	920,511
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,285,443	951,715
Cash and unrestricted balances with central banks*	155,759	231,064
Balances with commercial banks **	511,675	238,736
Placements with financial institutions with original maturities of less than 90 days*	618,009	481,915
	1,285,443	951,715
Profit received	101,780	80,256
Dividends received	874	17,576
Profit paid	47,848	56,518

* Cash and cash equivalents is gross of the expected credit loss of BD 251 thousand (2025: BD 195 thousand).

** Balances with commercial banks is net of restricted cash of BD 59,628 thousand (2025: BD 28,191 thousand) which is not available for day to day operations.

The attached notes 1 to 22 form an integral part of the consolidated financial statements.

Al Salam Bank B.S.C.

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

For the three months period ended 31 March 2026

Amounts in BD '000s

	Balance at 1 January 2026	Movement during the period			Balance at 31 March 2026 Total
		Investment / (withdrawals)	Revaluation	Gross income	
				Bank's fees as an agent	
Fixed income portfolio	536,118	(30,296)	-	6,821	(663)
Equity and funds portfolio	133,996	12,814	-	274	(217)
Real estate portfolio	133,450	(85)	(591)	121	(36)
Other portfolio	4,838	-	(452)	-	-
	808,402	(17,567)	(1,043)	7,216	(916)

Amounts in BD '000s

	Balance at 1 January 2025	Movement during the period			Balance at 31 March 2025 Total
		Investment / (withdrawals)	Revaluation	Gross income	
				Bank's fees as an agent	
Fixed income portfolio	471,448	(859)	-	5,110	(347)
Equity and funds portfolio	33,425	(2,247)	-	202	(197)
Real estate portfolio	140,846	(5,478)	(559)	216	(37)
Other portfolio	5,955	-	189	-	-
	651,674	(8,584)	(370)	5,528	(581)

The attached notes 1 to 22 form an integral part of the consolidated financial statements.

Al Salam Bank B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

As at 31 March 2026

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	
			2026	2025
Al Salam Bank- Seychelles limited.	Seychelles	Banking services	70.0%	70.0%
Solidarity Group Holding B.S.C. (c).*	Kingdom of Bahrain	Holding Company for insurance business	55.9%	55.9%
Al Salam Bank Algeria (S.P.A).	Algeria	Banking services	68.0%	68.0%
ASB Capital limited.	United Arab Emirates	Assets management	100.0%	100.0%
ASB Finance B.S.C. (c) (formerly Kuwait Finance House (Bahrain) B.S.C. (c)).	Kingdom of Bahrain	Banking services	100.0%	100.0%

The Bank and its principal banking subsidiaries operates through 20 branches (2025: 20 branches) in the Kingdom of Bahrain, 26 branches in Algeria (2025: 26 branches) and 1 branch (2025: 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.

* Its main subsidiary is Solidarity Investment Company BSC, a takaful company listed on Bahrain Bourse.

The condensed consolidated interim financial information comprise the financial results of the Bank and its subsidiaries together (the "Group") as at 31 March 2026.

The condensed consolidated interim financial information have been authorised for issue in accordance with a resolution of the Board of Directors dated 12 May 2026.

2 BASIS OF PREPARATION

2.1 BASIS OF ACCOUNTING

The condensed consolidated interim financial information are prepared in accordance with the Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), and in conformity with the Bahrain Commercial Companies Law 2001 (as amended) and the guidelines of CBB and Financial Institutions Law.

In line with the requirements of AAOIFI and the CBB rule book, for matters not covered under AAOIFI accounting standards the Group takes guidance from the relevant International Financial Reporting Standards ("IFRS Accounting Standards") issued by the International Accounting Standards Board ("IASB").

The condensed consolidated interim financial information of the Group are prepared on a historical cost basis, except for certain investment in sovereign and corporate sukuk, non-trading investments, investments properties, which are carried at fair value.

The condensed consolidated interim financial information is presented in Bahraini Dinars, being the functional and presentation currency of the Bank, rounded to the nearest thousand [BD '000], except where otherwise indicated.

2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation applied by the Group in the preparation of the condensed consolidated interim financial information are consistent with those used in preparation of the audited consolidated financial statements for the year ended 31 December 2025, except for adoption and amendments to standards effective from 1 January 2026;

- (i) FAS 45: Quasi-Equity (Including Investment Accounts)
- (ii) FAS 46: Off-Balance-Sheet Assets Under Management
- (iii) FAS 47: Transfer of Assets Between Investment Pools
- (iv) FAS 48: Promotional Gifts and Prizes

The adoption of these standards did not have a significant impact on this condensed consolidated interim financial information.

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

FAS 50 "Financial Reporting for Islamic Investment Institutions (Including Investment Funds) has been issued but effective from annual period beginning on or before 1 January 2027 with earlier application permitted. The Group is not expecting a significant impact on its consolidated financial statements from adopting this standard.

2 BASIS OF PREPARATION (continued)

2.3 SHARE CAPITAL

The shareholders in their Annual General Meeting held on 12 March 2026 approved to issue 207,731,915 bonus shares of BD 20,773 thousand representing 8% of issued and paid up share capital and approved a cash dividend of BD 23,335 thousand (2025: BD 16,211 thousand) being 0.007 fils per share or 7% of the par value of BD 0.100 per share excluding treasury shares. During the period, the Bank did not sell any treasury shares (2025: 110 million). The total outstanding shares as of 31 March 2026 were 3,175,330,706 shares (December 2025: 2,967,598,791 shares). The calculation of basic and diluted earnings per share for previous year has also been adjusted to reflect the impact of bonus shares.

2.4 OTHER EQUITY PARTICIPATIONS

i) Subordinated Mudaraba issued by the Bank

During 2025, the Bank issued bilateral subordinated mudaraba, classified as Additional Tier 1 mudaraba (AT1) of BD 169,675 thousand. The subscription was fully paid in cash, total issuance cost was BD 3,733 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 consolidated statement of financial position and the profits paid under the contract are accounted for as appropriation of profits. During the period, BD 2,545 thousand (2025: BD 10,108 thousand) was paid as profit on AT1 Mudaraba.

ii) Subordinated Mudaraba issued by a subsidiary of the Bank

During 2025, 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 was BD 440 thousand.

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 consolidated statement of financial position and the profits paid under the contract are accounted for as appropriation of profits. During the period, BD 752 thousand was paid as profit on this subordinated Mudaraba (2025: BD 2,119 thousand).

iii) Musharaka-based participatory shares

During 2025, 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 was BD 188 thousand. Dividends distributed during Q1 2026 was BD 32 thousand (2025: 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 consolidated statement of financial position and the dividends paid to these shares are accounted as appropriation of profits.

Al Salam Bank B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

As at 31 March 2026

3 INVESTMENTS IN SUKUK

	31 March 2026 (Reviewed)	31 December 2025 (Audited)
	<u>BD '000</u>	<u>BD '000</u>
Sovereign sukuk	1,961,715	1,823,041
Corporate sukuk	123,661	111,113
	<u>2,085,376</u>	<u>1,934,154</u>

The rating of corporate sukuk are as follows:

	31 March 2026 (Reviewed)	31 December 2025 (Audited)
	<u>BD '000</u>	<u>BD '000</u>
Investment grade (AAA - BBB+)	110,173	84,144
High Yielding (Below BBB-)	12,193	13,827
Un-rated sukuk	1,363	13,180
Allowance for credit losses	(68)	(38)
	<u>123,661</u>	<u>111,113</u>

	31 March 2026 (Reviewed)		31 December 2025 (Audited)	
	<i>Sovereign Sukuk</i>	<i>Corporate Sukuk</i>	<i>Total</i>	<i>Total</i>
	<u>BD '000</u>	<u>BD '000</u>	<u>BD '000</u>	<u>BD '000</u>
i) Sukuk Carried at FVOCI				
At beginning of the period	1,145,118	89,861	1,234,979	800,387
Purchases	183,096	20,206	203,302	507,208
Acquired through business combination	-	-	-	1,390
Sale / redemption	(1,828)	(728)	(2,556)	(107,086)
Fair value movement	(64,683)	(2,023)	(66,706)	23,262
Movement in allowance for credit losses	(35)	(30)	(65)	175
Movement in profit accrual	(1,187)	(524)	(1,711)	9,643
At end of the period	<u>1,260,481</u>	<u>106,762</u>	<u>1,367,243</u>	<u>1,234,979</u>

Corporate Sukuk with carrying value of BD 63,276 thousand (2025: BD 50,595 thousand) are equity-type sukuk and balance is debt-type sukuk

Sukuk with carrying value of BD 802,101 thousand (2025: BD 699,030 thousand) are pledged against murabaha term financing.

	31 March 2026 (Reviewed)		31 December 2025 (Audited)	
	<i>Sovereign Sukuk</i>	<i>Corporate Sukuk</i>	<i>Total</i>	<i>Total</i>
	<u>BD '000</u>	<u>BD '000</u>	<u>BD '000</u>	<u>BD '000</u>
ii) Sukuk Carried at Amortised cost				
At beginning of the period	679,741	19,434	699,175	647,416
Purchases	41,458	-	41,458	249,880
Acquired through business combination	-	-	-	19,133
Redemption	(17,403)	(2,546)	(19,949)	(221,056)
Movement in allowance for credit losses	(13)	-	(13)	288
Amortisation of premium / discount	146	11	157	913
Movement in profit accrual	(2,695)	-	(2,695)	2,601
At end of the period	<u>701,234</u>	<u>16,899</u>	<u>718,133</u>	<u>699,175</u>
	<u>1,961,715</u>	<u>123,661</u>	<u>2,085,376</u>	<u>1,934,154</u>

This includes sukuk with carrying value of BD 356,406 thousand (2025: BD 314,745 thousand) which are pledged against murabaha term financing.

Al Salam Bank B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

As at 31 March 2026

4 FINANCING CONTRACTS

31 March 2026 (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	1,434,969	60,570	92,334	27,157	1,615,030
Trade-based:					
Murabaha*	1,298,808	15,679	23,337	9,099	1,346,923
Salam	220,572	2,129	30,774	177	253,652
Istisnaa	136,630	2,741	3,269	-	142,640
Participatory-based:					
Mudaraba	755,950	17,752	23,807	86	797,595
Musharaka	28,565	-	2,517	-	31,082
Credit cards	21,301	250	161	-	21,712
Total gross financing contracts	3,896,795	99,121	176,199	36,519	4,208,634
Allowance for credit losses	(39,166)	(8,410)	(55,694)	-	(103,270)
Foreign currency translation	(20,270)	(326)	(1,415)	(11)	(22,022)
	3,837,359	90,385	119,090	36,508	4,083,342

31 December 2025 (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	1,443,624	99,964	53,166	28,485	1,625,239
Trade-based:					
Murabaha*	1,268,834	23,650	20,776	9,925	1,323,185
Salam	234,801	3,732	27,905	146	266,584
Istisnaa	137,663	2,588	2,611	157	143,019
Participatory-based:					
Mudaraba	669,268	19,080	24,773	150	713,271
Musharaka	29,481	15	2,342	-	31,838
Credit cards	24,936	157	188	-	25,281
Total gross financing contracts	3,808,607	149,186	131,761	38,863	4,128,417
Allowance for credit losses	(35,879)	(12,748)	(48,541)	-	(97,168)
Foreign currency translation	33,003	529	1,983	24	35,539
	3,805,731	136,967	85,203	38,887	4,066,788

* Murabaha financing is reported net of deferred profits of BD 156,517 thousand (2025: BD 154,900 thousand).

Movement on allowance for credit losses

31 March 2026 (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	35,879	12,748	48,541	-	97,168
Movement between stages, net	158	(4,034)	3,876	-	-
Net remeasurement of loss allowance	3,562	(296)	4,373	1,047	8,686
Exchange adjustments and other transfers on settlement	(433)	(8)	(668)	(1,047)	(2,156)
Exposures charged off during the period*	-	-	(428)	-	(428)
Balance at 31 March	39,166	8,410	55,694	-	103,270

31 December 2025 (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	22,590	14,947	30,574	-	68,111
Movement between stages, net	1,549	(5,196)	3,647	-	-
Net remeasurement of loss allowance	11,740	2,997	29,151	(7,893)	35,995
Exchange adjustments and other transfers on settlement	-	-	-	7,893	7,893
Exposures charged off during the period *	-	-	(14,831)	-	(14,831)
Balance at 31 December	35,879	12,748	48,541	-	97,168

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

The non-performing financing ratio at 31 March 2026 exclusive and inclusive of POCI is 4.2% and 5.1% respectively (31 December 2025: 3.2% and 4.2%).

The POCI assets are currently carried at 35.4% (2025: 37.1%) compared to the original contractual amounts. On a cumulative basis, the impaired assets (Stage 3 and POCI) have a provision coverage of 44.0% (2025: 48.0%) compared to their original contractual amounts. Provision coverage including collateral amounts to 128.2% (2025: 133.2%).

Al Salam Bank B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
As at 31 March 2026

5 ALLOWANCE FOR IMPAIRMENT ON FINANCIAL INSTRUMENTS

31 March 2026 (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
Balance at 1 January	38,187	13,111	50,996	-	102,294
- transfer to Stage 1: 12 month ECL	316	(157)	(159)	-	-
- transfer to Stage 2: Lifetime ECL not credit-impaired	(91)	293	(202)	-	-
- transfer to Stage 3: Lifetime ECL credit-impaired	(48)	(4,189)	4,237	-	-
Net remeasurement of loss allowance	3,914	(317)	4,488	1,047	9,132
Allowance for credit losses	4,091	(4,370)	8,364	1,047	9,132
Exchange adjustments and other transfers	(462)	(5)	(726)	(1,047)	(2,240)
Exposures charged off during the period*	-	-	(428)	-	(428)
Balance at 31 March	41,816	8,736	58,206	-	108,758

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

31 March 2026 (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
Balances with banks and central banks	235	-	-	-	235
Placements with financial institutions	16	-	-	-	16
Investments in sukuk	277	-	-	-	277
Financing contracts	39,166	8,410	55,694	-	103,270
Financing other assets	6	13	1,550	-	1,569
Other receivables	-	-	236	-	236
Financing commitments and financial guarantee contracts	2,116	313	726	-	3,155
	41,816	8,736	58,206	-	108,758

	31 March 2026 (Reviewed)	31 March 2025 (Reviewed)
	BD '000	BD '000
Net impairment charge on financial instruments	48	174
Balances with banks and central banks	8	24
Placements with financial institutions	78	(160)
Investments in sukuk	8,686	8,414
Financing contracts (note 4)	164	384
Financing other assets	148	392
Financing commitments and financial guarantee contracts	417	157
Investments	9,549	9,385

31 March 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
Balance at 1 January	26,133	15,088	33,329	-	74,550
- transfer to Stage 1: 12 month ECL	654	(570)	(84)	-	-
- transfer to Stage 2: Lifetime ECL not credit-impaired	(284)	543	(259)	-	-
- transfer to Stage 3: Lifetime ECL credit-impaired	(60)	(5,876)	5,936	-	-
Net remeasurement of loss allowance	3,125	6,397	6,989	(7,283)	9,228
Allowance for credit losses	3,435	494	12,582	(7,283)	9,228
Exchange adjustments and other transfers on settlement	-	-	(1,947)	7,283	5,336
Exposures charged off during the period*	-	-	(1,230)	-	(1,230)
Balance at 31 March	29,568	15,582	42,734	-	87,884

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

Al Salam Bank B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

As at 31 March 2026

5 ALLOWANCE FOR IMPAIRMENT ON FINANCIAL INSTRUMENTS (continued)

	31 March 2025 (Reviewed)				
	Stage 1:	Stage 2:	Stage 3:	POCI	Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired		
	BD '000	BD '000	BD '000	BD '000	BD '000
Cash and balances with banks and central banks	303	-	-	-	303
Placements with financial institutions	30	-	-	-	30
Investments in sukuk	500	-	-	-	500
Financing contracts	25,612	15,427	41,539	-	82,578
Financing other assets	255	18	33	-	306
Other receivables	-	-	236	-	236
Financing commitments and financial guarantee contracts	2,868	137	926	-	3,931
	29,568	15,582	42,734	-	87,884

6 TAKAFUL ASSETS AND LIABILITIES

	31 March	31 December
	2026	2025
	(Reviewed)	(Audited)
	BD '000	BD '000
Takaful assets	20,590	19,708
Investments of participants in units	9,888	10,040
Takaful and related assets	30,478	29,748
Takaful liabilities	80,772	83,791
Other liabilities	11,849	9,669
Takaful and related liabilities	92,621	93,460

Al Salam Bank B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

As at 31 March 2026

7 INVESTMENTS IN ASSOCIATES

The Group has a 20.9% (2025: 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 sharia 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 2025, Solidarity Bahrain B.S.C., acquired 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%.

	31 March 2026 <i>(Reviewed)</i>	31 December 2025 <i>(Audited)</i>
	<i>BD '000</i>	<i>BD '000</i>
At beginning of the period	279,000	255,008
Acquisitions during the period	-	3,700
Additional stake acquired during the period	-	3,544
Recognition of associate due to step down acquisition	-	9,344
Share of profits	6,847	21,423
Share of other changes in equity	(140)	3,557
Dividends received from associates	(850)	(17,576)
At end of the period	284,857	279,000

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.

	31 March 2026 <i>(Reviewed)</i>	31 March 2025 <i>(Reviewed)</i>
	<i>BD '000</i>	<i>BD '000</i>
Group's holding	26.2%	26.2%
Total assets	5,010,943	4,228,824
Total liabilities	4,313,900	3,568,900
Net assets (100%)	697,043	659,924
Group's share of recognised net assets	182,556	172,834
Acquisition accounting related adjustments	65,202	65,202
Carrying amount of interest in associate	247,758	238,036
Revenue	41,400	40,300
Profit (100%)	23,500	19,200
Other change in equity (comprehensive income)	2,000	(2,500)
Total comprehensive income (100%)	25,500	16,700
Group's share of profits	6,155	5,028
Groups share of other changes in equity	134	(1,886)

The market value of BBK stood at BD 247 million as at 31 March 2026 (2025: BD 245 million). This fair value was determined using market value per share not adjusted for the size of the holding.

For other associates based on the summarized financial statements, the revenue, profit and Group's share of profit were BD 25,327 thousand (Q1 2025: BD 3,350 thousand), BD 2,653 thousand (Q1 2025: BD 1,419 thousand) and BD 692 thousand (Q1 2025: BD 311 thousand), respectively.

Al Salam Bank B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

As at 31 March 2026

8 QUASI-EQUITY

	31 March 2026 (Reviewed)	31 December 2025 (Audited)
	BD '000	BD '000
Wakala from financial institutions	512,431	556,945
Wakala, Mudaraba from customers	4,154,945	3,831,128
	4,667,376	4,388,073

It includes Quasi-equity holders share of fair value reserve (loss) / gain of BD (47.069) thousand (2025: BD 8.779 thousand)

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 31 March 2026 was 5.8% (2025: 5.8%) and the average profit rate distributed to quasi-equity for the period ended 31 March 2026 was 3.2% (2025: 3.4%).

Distribution of assets by ownership

	31 March 2026 (Reviewed)			31 December 2025 (Audited)		
	Self-financed	Quasi equity	Total	Self-financed	Quasi equity	Total
	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000
Balances with banks and central banks	685,857	200,970	886,827	524,223	251,510	775,733
Placements with financial institutions	617,993	-	617,993	8,018	448,616	456,634
Investments in sukuk	1,320,613	764,763	2,085,376	1,934,154	-	1,934,154
Financing contracts	637,303	3,446,039	4,083,342	634,759	3,432,029	4,066,788
Non-trading investments	98,967	-	98,967	96,004	-	96,004
Takaful and related assets	30,478	-	30,478	29,748	-	29,748
Investments in real estate*	75,293	7,846	83,139	76,283	7,846	84,129
Investments in associates	37,099	247,758	284,857	37,528	241,472	279,000
Other assets	110,060	-	110,060	94,167	6,600	100,767
Goodwill and other intangible assets	229,865	-	229,865	230,939	-	230,939
Total Assets	3,843,528	4,667,376	8,510,904	3,665,823	4,388,073	8,053,896

*Real estate investments allocated to quasi-equity are yielding

Distribution of income by ownership

	31 March 2026 (Reviewed)			31 March 2025 (Reviewed)		
	Self-financed	Quasi equity	Total	Self-financed	Quasi equity	Total
	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000
INCOME						
Income from financing contracts	11,180	51,645	62,825	8,983	51,498	60,481
Income from placements with financial institutions	7,452	-	7,452	38	6,473	6,511
Income from Investments in sukuk	18,304	11,310	29,614	22,354	-	22,354
Finance expense on placements from financial institutions and individuals	(1,604)	-	(1,604)	(2,045)	-	(2,045)
Finance expense on murabaha term financing	(13,308)	-	(13,308)	(10,122)	-	(10,122)
Other finance expense	(1,364)	-	(1,364)	(1,144)	-	(1,144)
Net finance income	20,660	62,955	83,615	18,064	57,971	76,035
Fees and commission, net	8,219	-	8,219	6,171	-	6,171
Share of profit from associates	692	6,155	6,847	311	5,028	5,339
Income from Takaful operations, net	2,294	-	2,294	1,540	-	1,540
Other income	1,828	32	1,860	2,097	507	2,604
Total income	33,693	69,142	102,835	28,183	63,506	91,689
EXPENSES						
Staff costs	12,559	-	12,559	11,287	-	11,287
Other operating expenses	15,851	-	15,851	13,452	-	13,452
Total expenses	28,410	-	28,410	24,739	-	24,739
Profit before impairment allowances, tax and income attribution to quasi-equity	5,283	69,142	74,425	3,444	63,506	66,950
Allowance for impairment on financial instruments	(6,720)	(2,829)	(9,549)	(2,894)	(6,491)	(9,385)
Group's share as a mudarib and wakil	29,519	(29,519)	-	20,965	(20,965)	-
Allocated profits	28,082	36,794	64,876	21,515	36,050	57,565

Al Salam Bank B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

As at 31 March 2026

9 INCOME FROM TAKAFUL OPERATIONS, NET

	<i>31 March 2026 (Reviewed)</i>	<i>31 March 2025 (Audited)</i>
	<i>BD '000</i>	<i>BD '000</i>
Takaful revenue	26,961	24,220
Takaful service expenses	(15,882)	(12,950)
Net from retakaful contracts	(6,052)	(6,590)
Net finance expense from takaful contracts	(541)	(702)
Net finance expense from retakaful contracts	386	116
Takaful corporate expenses	(2,578)	(2,554)
	2,294	1,540

10 OTHER INCOME

	<i>31 March 2026 (Reviewed)</i>	<i>31 March 2025 (Audited)</i>
	<i>BD '000</i>	<i>BD '000</i>
(Loss) / gain from non-trading investments, net	(967)	175
Foreign exchange gains	1,567	812
Recoveries of written-off exposures	889	918
Others	371	699
	1,860	2,604

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 31 March 2026 and 31 December 2025 were as follows:

	<i>31 March 2026 (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:					
Balances with banks and central bank	3	1,241	-	-	1,244
Placements with financial institutions	1,480	-	-	-	1,480
Financing contracts	23,033	-	1,911	1,091	26,035
Non-trading investments	66,597	-	-	-	66,597
Takaful and related assets	-	-	1,960	-	1,960
Investments in associates	284,857	-	-	-	284,857
Other assets	-	-	-	17,028	17,028
Liabilities and Quasi-equity:					
Placements from financial institutions and individuals	8,400	-	-	-	8,400
Customers' current accounts	5,314	260	9,917	1,397	16,888
Other liabilities	138	-	86	74	298
Takaful liabilities	717	-	-	-	717
Quasi-equity	15,208	43,150	7,991	5,011	71,360
Contingent liabilities and commitments	-	-	502	-	502

Al Salam Bank B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

As at 31 March 2026

11 RELATED PARTY TRANSACTIONS (continued)

	31 December 2025 (Audited)				
	<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:					
Balances with banks and central bank	-	244	-	-	244
Placements with financial institutions	1,480	-	-	-	1,480
Financing contracts	22,905	-	2,002	1,014	25,921
Non-trading investments	68,538	-	-	-	68,538
Takaful and related assets	-	-	2,149	-	2,149
Investments in associates	279,000	-	-	-	279,000
Other assets	-	-	31	6,262	6,293
Liabilities and Quasi-equity:					
Placements from financial institutions and individuals	8,400	-	-	-	8,400
Customers' current accounts	1,807	360	7,134	1,034	10,335
Other liabilities	146	-	55	47	248
Takaful liabilities	729	-	-	-	729
Quasi-equity	17,166	39,080	7,776	4,856	68,878
Contingent liabilities and commitments	-	-	351	-	351

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

	31 March 2026 (Reviewed)				
	<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	17	32	-	-	49
Income from financing contracts	352	-	32	4	388
Share of profit from associates, net	6,847	-	-	-	6,847
Income from takaful operations, net	-	-	322	-	322
Expenses:					
Finance expense on placements from financial institutions and individuals	158	-	-	-	158
Other operating expenses	-	-	1,744	40	1,784
Expense from takaful operations	234	-	28	-	262
Income attributable to quasi-equity	172	552	84	40	848

	31 March 2025 (Reviewed)				
	<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	-	16	-	-	16
Income from financing contracts	396	-	41	11	448
Share of profit from associates, net	5,339	-	-	-	5,339
Income from takaful operations	-	-	621	1	622
Expenses:					
Other operating expenses	-	-	1,189	41	1,230
Expense from takaful operations	182	-	190	-	372
Income attributable to quasi-equity	122	80	59	48	309

Al Salam Bank B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

As at 31 March 2026

12 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>31 March 2026 (Reviewed) BD '000</i>	<i>31 December 2025 (Audited) BD '000</i>
Contingent liabilities on behalf of customers		
Guarantees	180,959	201,996
Letters of credit	53,445	135,827
Acceptances	103	1,573
	234,507	339,396
Unutilised commitments		
Unutilised financing commitments	384,637	285,672
Unutilised non-funded commitments	23,313	28,501
	407,950	314,173

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 outflows.

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>31 March 2026 (Reviewed)</i>		<i>31 December 2025 (Audited)</i>	
	Notional Amount <i>BD '000</i>	Fair Value <i>BD '000</i>	Notional Amount <i>BD '000</i>	Fair Value <i>BD '000</i>
FX Wa'ad instruments				
Assets position	77,133	626	56,351	261
Liabilities position	177,530	1,733	236,279	617

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

Al Salam Bank B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

As at 31 March 2026

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:

	31 March 2026 (Reviewed)					
	Banking	Treasury	Investments	Takaful	Unallocated	Total
	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000
Income						
Income from financing contracts	62,452	373	-	-	-	62,825
Income from placements with financial institutions	-	7,055	-	397	-	7,452
Income from Investments in sukuk	67	28,951	-	596	-	29,614
Finance expense on placements from financial institutions and individuals	-	(1,446)	-	(158)	-	(1,604)
Finance expense on murabaha term financing	-	(13,308)	-	-	-	(13,308)
Other finance expense	(1,364)	-	-	-	-	(1,364)
Net finance income	61,155	21,625	-	835	-	83,615
Fees and commission, net	5,811	2,408	-	-	-	8,219
Share of profit from associates	6,155	-	-	692	-	6,847
Income from Takaful operations, net	-	-	-	2,294	-	2,294
Other income	1,221	1,565	(1,316)	390	-	1,860
Total income	74,342	25,598	(1,316)	4,211	-	102,835
Expenses						
Staff costs	10,350	2,083	126	-	-	12,559
Other operating expenses	10,952	2,201	199	2,499	-	15,851
Total Expenses	21,302	4,284	325	2,499	-	28,410
Profit before allowances for impairment, income attribution to quasi-equity and tax	53,040	21,314	(1,641)	1,712	-	74,425
Allowance for impairment on financial instruments	(8,968)	(165)	(427)	11	-	(9,549)
Profit before income attribution to quasi-equity and tax	44,072	21,149	(2,068)	1,723	-	64,876
Income attributable to quasi-equity	(30,954)	(5,840)	-	-	-	(36,794)
Profit before tax	13,118	15,309	(2,068)	1,723	-	28,082
Tax	(1,931)	-	-	-	-	(1,931)
Profit for the period	11,187	15,309	(2,068)	1,723	-	26,151
Segment assets	4,685,987	3,374,220	171,093	223,769	55,835	8,510,904
Segment liabilities, and quasi-equity	5,372,538	2,234,051	545	101,021	75,614	7,783,769

Al Salam Bank B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

As at 31 March 2026

14 SEGMENT INFORMATION (continued)

	31 March 2025 (Reviewed)					
	Banking	Treasury	Investments	Takaful	Unallocated	Total
	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000
Income						
Income from financing contracts	59,865	178	-	438	-	60,481
Income from placements with financial institutions	-	6,511	-	-	-	6,511
Income from Investments in sukuk	-	21,886	-	468	-	22,354
Finance expense on placements from financial institutions and individuals	(1,095)	(950)	-	-	-	(2,045)
Finance expense on murabaha term financing	-	(10,122)	-	-	-	(10,122)
Other finance expense	(1,144)	-	-	-	-	(1,144)
Net finance income	57,626	17,503	-	906	-	76,035
Fees and commission, net	5,017	1,154	-	-	-	6,171
Share of profit from associates	5,028	-	-	311	-	5,339
Income from Takaful operations, net	-	-	-	1,540	-	1,540
Other income	1,449	813	(250)	592	-	2,604
Total income	69,120	19,470	(250)	3,349	-	91,689
Expenses						
Staff costs	9,285	1,891	111	-	-	11,287
Other operating expenses	9,115	2,335	139	1,863	-	13,452
Total Expenses	18,400	4,226	250	1,863	-	24,739
Profit before allowances for impairment, income attribution to quasi-equity and tax	50,720	15,244	(500)	1,486	-	66,950
Allowance for impairment on financial instruments	(9,214)	(14)	(163)	6	-	(9,385)
Profit before income attribution to quasi-equity and tax	41,506	15,230	(663)	1,492	-	57,565
Income attributable to quasi-equity	(30,690)	(5,360)	-	-	-	(36,050)
Profit before tax	10,816	9,870	(663)	1,492	-	21,515
Tax	(1,523)	-	-	(75)	-	(1,598)
Profit for the period	9,293	9,870	(663)	1,417	-	19,917

Segment information for the year ended 31 December 2025 (audited) was as follows:

Segment assets	4,685,478	2,920,508	171,654	224,141	52,115	8,053,896
Segment liabilities, and quasi-equity	5,116,514	2,006,901	545	101,860	78,356	7,304,176

Total assets in the Banking segment includes goodwill and intangibles of BD 189,702 thousand (2025: BD 190,529 thousand) and total assets in the Takaful segment includes goodwill and intangibles of BD 40,163 thousand (2025: 40,410 thousand).

As at 31 March 2026

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received upon the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability, or
 ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

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 consolidated statement of financial position:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
31 March 2026 (Reviewed)				
Sovereign sukuk at fair value through OCI	912,410	348,071	-	1,260,481
Corporate sukuk at fair value through OCI	103,647	3,115	-	106,762
Equity securities at fair value through income statement	2,063	28	81,022	83,113
Equity securities at fair value through OCI	4,222	1,303	4,442	9,967
	<u>1,022,342</u>	<u>352,517</u>	<u>85,464</u>	<u>1,460,323</u>
FX Wa'ad assets position	-	626	-	626
FX Wa'ad liabilities position	-	1,733	-	1,733
	<u>-</u>	<u>(1,107)</u>	<u>-</u>	<u>(1,107)</u>
31 December 2025 (Audited)				
Sovereign sukuk at fair value through OCI	850,216	293,084	-	1,143,300
Corporate sukuk at fair value through OCI	91,679	-	-	91,679
Equity securities at fair value through income statement	2,196	-	81,010	83,206
Equity securities at fair value through OCI	5,419	298	4,054	9,771
	<u>949,510</u>	<u>293,382</u>	<u>85,064</u>	<u>1,327,956</u>
FX Wa'ad assets position	-	261	-	261
FX Wa'ad liabilities position	-	617	-	617
	<u>-</u>	<u>(356)</u>	<u>-</u>	<u>(356)</u>
(ii) Financial instruments measured at amortised cost				
31 March 2026 (Reviewed)				
Sovereign sukuk	479,040	222,194	-	701,234
Corporate sukuk	16,715	184	-	16,899
	<u>495,755</u>	<u>222,378</u>	<u>-</u>	<u>718,133</u>
Fair value	<u>477,134</u>	<u>222,477</u>	<u>-</u>	<u>699,611</u>
31 December 2025 (Audited)				
Sovereign sukuk	467,463	212,278	-	679,741
Corporate sukuk	19,434	-	-	19,434
	<u>486,897</u>	<u>212,278</u>	<u>-</u>	<u>699,175</u>
Fair value	<u>494,169</u>	<u>212,717</u>	<u>-</u>	<u>706,886</u>

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

	<i>31 March</i>	<i>31 December</i>
	<i>2026</i>	<i>2025</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>BD '000</i>	<i>BD '000</i>
At beginning of the period	85,064	82,802
Acquired as part of business combination	-	1,242
Purchases	-	5,656
Disposals	-	(247)
Transfers	-	(3,609)
Fair value changes	400	(780)
At end of the period	<u>85,464</u>	<u>85,064</u>

Al Salam Bank B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

As at 31 March 2026

15 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The carrying value of other financial assets, are not materially different from their fair value due to their short term nature.

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

16 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2025 except as disclosed in note 20.

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>31 March 2026 (Reviewed)</i>	<i>31 December 2025 (Audited)</i>
BD'000		
CET 1 Capital before regulatory adjustments	413,214	452,872
Less: regulatory adjustments	52,576	52,620
CET 1 Capital after regulatory adjustments	360,638	400,252
AT 1 Capital	170,644	171,008
T 2 Capital adjustments	84,345	88,400
Regulatory Capital	615,627	659,660
Risk weighted exposure:		
Credit Risk Weighted Assets	2,314,030	2,180,268
Market Risk Weighted Assets	14,968	2,164
Operational Risk Weighted Assets	330,742	244,159
Total Regulatory Risk Weighted Assets	2,659,740	2,426,591
Total Adjusted Risk Weighted Exposures	2,659,740	2,426,591
Capital Adequacy Ratio	23.1%	27.2%
Common Equity Tier 1 Capital Ratio	13.6%	16.5%
Tier 1 Capital Adequacy Ratio	20.0%	23.5%
Tier 2 Capital Ratio	3.2%	3.6%
Minimum required by CBB	14.0%	14.0%

(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 31 March 2026 and 31 December 2025, is as follows:

	<i>Total weighted value BD'000</i>	
	<i>31 March 2026 (Reviewed)</i>	<i>31 December 2025 (Audited)</i>
Stock of HQLA	1,170,227	1,197,284
Net cashflows	330,898	382,615
LCR %	354.3%	323.0%
Minimum required by CBB	100.0%	100.0%

Al Salam Bank B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

As at 31 March 2026

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 31 March 2026 is calculated as follows:

Item	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	
BD'000					
Available Stable Funding (ASF):					
Capital:					
Regulatory Capital	600,886	-	-	70,606	671,492
Retail deposits and deposits from small business customers:					
Stable deposits	-	614,645	29,681	7,472	619,582
Less stable deposits	-	2,293,233	703,215	135,058	2,831,861
Wholesale funding:					
Other wholesale funding	-	3,091,208	306,166	267,982	1,056,168
Other liabilities:					
All other liabilities not included in the above categories	-	211,516	-	-	-
Total ASF	600,886	6,210,602	1,039,062	481,118	5,179,103
Required Stable Funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	81,124
Performing financing and sukuk/ securities:					
Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	1,182,807	1,129	18,334	196,319
Performing financing to non-financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	-	1,450,520	542,865	1,430,841	2,183,474
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio guidelines	-	-	-	147,169	95,660
Performing residential mortgages, of which:	-	-	-	512,155	332,901
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	512,155	332,901
Securities/ sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	1,870	-	4,707	4,936
Other assets:					
All other assets not included in the above categories	995,887	83,226	1,916	219,384	1,203,279
OBS items	-	641,729	-	-	32,086
Total RSF	995,887	3,360,152	545,910	2,185,421	4,034,119
NSFR (%)	-	-	-	-	128.4%

Al Salam Bank B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
As at 31 March 2026

17 REGULATORY RATIOS (continued)

(iii) Net Stable funding Ratio (continued)

The NSFR (as a percentage) as at 31 December 2025 is calculated as follows:

Item	BD'000		Unweighted Values (before applying relevant factors)			
	No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	Total weighted value	
Available Stable Funding (ASF):						
Capital:						
Regulatory Capital	626,974	-	-	72,338	699,312	
Retail deposits and deposits from small business customers:						
Stable deposits	-	604,193	35,160	7,923	615,308	
Less stable deposits	-	2,363,270	560,114	230,891	2,861,936	
Wholesale funding:						
Other wholesale funding	-	2,712,653	275,795	202,332	874,636	
Other liabilities:						
All other liabilities not included in the above categories	-	186,784	-	-	-	
Total ASF	626,974	5,866,900	871,069	513,484	5,051,192	
Required Stable Funding (RSF):						
Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	65,768	
Performing financing and sukuk/ securities:						
Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	910,433	1,084	8,706	145,812	
Performing financing to non- financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	-	1,347,296	572,625	1,499,295	2,206,405	
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio guidelines	-	-	-	139,784	90,860	
Performing residential mortgages, of which:	-	-	-	511,181	332,268	
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	511,181	332,268	
Securities/ sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	7,435	-	-	3,717	
Other assets:						
All other assets not included in the above categories	1,116,671	68,742	5,607	212,846	1,227,956	
OBS items	-	652,720	-	-	32,636	
Total RSF	1,116,671	2,986,626	579,316	2,232,028	4,014,562	
NSFR (%)	-	-	-	-	125.8%	

Al Salam Bank B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

As at 31 March 2026

18 GLOBAL MINIMUM TAX

The Global Anti-Base Erosion (“Pillar Two”) Model Rules issued by the Organisation for Economic Co-operation and Development (“OECD”) (the “GloBE Rules”) apply to multinational enterprise (“MNE”) groups with consolidated annual revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

The Kingdom of Bahrain enacted Decree Law No. (11) of 2024 (the “Bahrain DMTT Law”) on 1 September 2024, introducing a domestic minimum top-up tax (“DMTT”) of up to 15% on the taxable income of Bahrain-resident entities within in-scope groups, applicable for fiscal years beginning on or after 1 January 2025.

Based on management’s assessment, the Group falls within the scope of the Bahrain DMTT Law. However, no DMTT liability arises for the period ended 31 March 2026 in respect of the Group’s Bahrain-resident entities, as the Group qualifies for the Initial Phase of International Activity exclusion under the Bahrain DMTT Law.

19 BUSINESS COMBINATION

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
Balances with banks and central banks	12,254
Placements with financial institutions	6,719
Investments in sukuk	20,523
Non-trading investments	17,675
Takaful contract assets	2,915
Retakaful contract assets	20,508
Investments in associates	3,700
Identified intangible assets	7,525
Other assets	3,460
Total assets acquired (A)	95,279
LIABILITIES ASSUMED	BD '000
Takaful contract liabilities	32,346
Retakaful contract liabilities	14,218
Investment contract liabilities	1,834
Other provisions and liabilities	1,725
Total liabilities (B)	50,123
Total fair value of identifiable net assets acquired (C = A-B)	45,156
c) Goodwill	BD '000
Consideration paid	69,146
Fair value of identifiable net assets acquired	(45,156)
Goodwill	23,990

20 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENT

Preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The areas of significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those applied to the Group's audited consolidated financial statements as at and for the year ended 31 December 2025 except for the below.

Since 28 February 2026, the geopolitical situation in the Middle East has intensified and continues to evolve, resulting in increased uncertainty in the economic environment across the region, including the Kingdom of Bahrain.

The Group is closely monitoring developments and has activated its business continuity and risk management protocols to mitigate the potential impact of any disruption on its operations and financial performance. The Group also continues to assess the potential business implications arising from these uncertainties, together with the effect of any support and relief measures introduced by regional governments and central banks. Based on its assessment upto the date of approval of this condensed consolidated interim financial information, the Group's core operation have continued without material disruptions.

Given the recent and rapidly evolving nature of the situation, the volatility and uncertainty inherent in forward-looking economic forecasts may not be fully reflected in the modelled ECL outcomes as at 31 March 2026. Accordingly, a higher degree of management judgement and estimation uncertainty was involved in determining ECL as at 31 March 2026. In particular, the Group revisited the probability weightings assigned to the forward-looking macroeconomic scenarios used in the measurement of ECL to reflect the heightened uncertainty in the current environment. The revised scenario weightings applied by the Group are as follows:

Scenario	31-Mar-26	31-Dec-25	31-Mar-25
Best	0%	10%	10%
Base	40%	65%	65%
Worst	60%	25%	25%

The Group also considered management overlays to address model limitations and portfolio-specific risk characteristics not fully captured by the underlying modelled outcomes. The reported ECL allowance represents management's best estimate at the reporting date based on available information. The situation remains fluid and the Group will continue to reassess the related impact as developments unfold.

Assessment of the carrying values of assets

As of 31 March 2026, management performed an assessment of the carrying values of the Group's financial and non-financial assets, including financing contracts, investments securities, investment in real estate, goodwill and other intangible assets, for any indicators of impairment or the need for valuation adjustments arising from the current geopolitical environment. Based on the information available at the reporting date, management concluded that the carrying values of these assets remain appropriate and no additional adjustments were required in this condensed consolidated interim financial information.

The Group continues to closely monitor regional and global developments and will revise its assumptions, judgments and estimates, where necessary, as the situation evolves.

21 SUBSEQUENT EVENTS

On 14 April 2026, the Central Bank of Bahrain introduced a number of support measures for the economy and the banking sector, including liquidity lines to retail banks against eligible securities, repayment deferrals of up to three months for eligible borrowers, extension of repurchase operation maturities, a reduction in the required cash reserve ratio, and a lowering of the minimum LCR and NSFR thresholds applicable to banks.

The Group continues to monitor these developments and is assessing the extent to which these measures may have an impact on its condensed consolidated interim financial information.

22 COMPARATIVE FIGURES

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.