

**Al Salam Bank B.S.C.**  
**CONDENSED CONSOLIDATED INTERIM**  
**FINANCIAL INFORMATION**  
**31 March 2024**

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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 31 March 2024 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 2024;
- the condensed consolidated statement of income for the three-month period ended 31 March 2024;
- the condensed consolidated statement of total comprehensive income for the three-month period ended 31 March 2024;
- the condensed consolidated statement of income and attribution related to quasi-equity for the three-month period ended 31 March 2024;
- the condensed consolidated statement of changes in owners' equity for the three-month period ended 31 March 2024;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2024;
- the condensed consolidated statement of changes in off-balance sheet assets under management for the three-month period ended 31 March 2024; 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 2024 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with FAS 41, "Interim Financial Reporting".

13 May 2024

## Al Salam Bank B.S.C.

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

		<i>31 March</i>	<i>31 December</i>
		<i>2024</i>	<i>2023</i>
		<i>(Reviewed)</i>	<i>(Audited)</i>
<i>Note</i>		<i>BD '000</i>	<i>BD '000</i>
<b>ASSETS</b>			
	Cash and balances with banks and central bank	568,199	537,874
	Placements with financial institutions	353,633	293,580
	Investment in sukuk	1,035,300	1,002,839
	Financing contracts	2,728,698	2,676,460
	Non-trading investments	100,959	100,060
	Takaful and related assets	27,173	67,370
	Investment in real estate	75,743	78,070
	Investment in associates	231,542	231,484
	Other assets	116,387	81,228
	Goodwill and other intangible assets	77,263	78,145
	<b>TOTAL ASSETS</b>	<b>5,314,897</b>	<b>5,147,110</b>
<b>LIABILITIES, QUASI-EQUITY, OWNERS' EQUITY AND NON-CONTROLLING INTEREST</b>			
<b>LIABILITIES</b>			
	Placements from financial institutions	126,721	136,511
	Murabaha term financing	418,226	510,848
	Customers' current accounts	1,139,957	1,066,031
	Takaful and related liabilities	77,807	114,493
	Other liabilities	125,120	106,192
	<b>TOTAL LIABILITIES</b>	<b>1,887,831</b>	<b>1,934,075</b>
<b>QUASI-EQUITY</b>			
	Wakala from financial institutions	463,890	379,768
	Wakala and mudaraba from customers	2,496,650	2,424,617
	<b>TOTAL QUASI-EQUITY</b>	<b>2,960,540</b>	<b>2,804,385</b>
<b>OWNERS' EQUITY</b>			
	Share capital	274,778	261,693
	Treasury stock	(6,956)	(6,799)
	Employees incentive scheme shares	(6,617)	(8,770)
	Share premium	209	209
	Retained earnings	25,039	44,348
	Reserves	58,304	46,722
	<b>Equity attributable to the parents' shareholders</b>	<b>344,757</b>	<b>337,403</b>
	Subordinated Mudaraba (AT1)	49,903	-
	<b>Equity attributable to owners of the parent</b>	<b>394,660</b>	<b>337,403</b>
	Non-controlling interest	71,866	71,247
	<b>TOTAL OWNERS' EQUITY</b>	<b>466,526</b>	<b>408,650</b>
	<b>TOTAL LIABILITIES, QUASI-EQUITY AND OWNERS' EQUITY</b>	<b>5,314,897</b>	<b>5,147,110</b>

H.E. Shaikh Khalid bin Mustahil Al Mashani  
Chairman

Matar Mohamed Al Blooshi  
Deputy Chairman

Rafik Nayad  
Group Chief Executive Officer

The attached notes 1 to 19 form part of the condensed consolidated interim financial information.

Al Salam Bank B.S.C.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months period ended 31 March 2024

		31 March 2024 (Reviewed) BD '000	31 March 2023 (Reviewed) BD '000
	Note		
<b>INCOME</b>			
Income from financing contracts		50,497	32,520
Income from investment in sukuk		14,068	10,764
Finance expense on placements from financial institutions		(1,960)	(2,386)
Finance expense on murabaha term financing		(7,008)	(4,466)
<b>Income from jointly financed assets</b>		<b>55,597</b>	<b>36,432</b>
Income from securities		500	(18)
Fees and commission, net		5,332	2,201
Share of profit from associates	7	4,817	6,457
Income from Takaful operations, net	9	754	1,397
Other income	10	1,691	577
<b>Total income</b>		<b>68,691</b>	<b>47,046</b>
<b>EXPENSES</b>			
Staff cost		8,990	6,605
Other operating expenses		10,082	6,841
<b>Total expenses</b>		<b>19,072</b>	<b>13,446</b>
<b>Operating income before impairment allowances, taxes and attribution to quasi-equity</b>		<b>49,619</b>	<b>33,600</b>
Net impairment charge on financing contracts, investments and other assets	5	(3,031)	(2,352)
<b>Operating income before taxes and attribution to quasi-equity</b>		<b>46,588</b>	<b>31,248</b>
Tax for the period		(1,564)	-
<b>Operating income before attribution to quasi-equity</b>		<b>45,024</b>	<b>31,248</b>
Income attributable to quasi-equity		(28,761)	(20,360)
<b>PROFIT FOR THE PERIOD</b>		<b>16,263</b>	<b>10,888</b>
<b>ATTRIBUTABLE TO:</b>			
- Owners of Parent		14,006	10,275
- Non-controlling interest		2,257	613
		<b>16,263</b>	<b>10,888</b>
<b>Basic and diluted earnings per share (fils)</b>		<b>4.9</b>	<b>3.7</b>

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 19 form part of the condensed consolidated interim financial information.

## Al Salam Bank B.S.C.

### CONDENSED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the three months period ended 31 March 2024

	<i>31 March</i> <i>2024</i> <i>(Reviewed)</i> <i>BD '000</i>	<i>31 March</i> <i>2023</i> <i>(Reviewed)</i> <i>BD '000</i>
Profit for the period	<b>16,263</b>	10,888
<b>Other comprehensive income</b>		
<b>Items that are or may be reclassified subsequently income statement</b>		
Fair value changes on investments carried at fair value through OCI	<b>6,928</b>	(292)
Movement in share of reserve of investment in associate	<b>3,719</b>	9,114
Movement in FX translation reserve	<b>1,754</b>	394
<i>Total other comprehensive income for the period</i>	12,401	9,216
<b>Total comprehensive income</b>	<b>28,664</b>	20,104
<b>ATTRIBUTABLE TO:</b>		
- Owners of Parent	<b>26,211</b>	19,491
- Non-controlling interest	<b>2,453</b>	613

The attached notes 1 to 19 form 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 three months period ended 31 March 2024

	<i>31 March 2024 (Reviewed) BD '000</i>	<i>31 March 2023 (Reviewed) BD '000</i>
<b>Operating income before impairment and expected credit losses</b>	<b>49,619</b>	33,600
Adjusted for:		
Less: income not attributable to quasi-equity	(8,557)	(10,614)
Add: expenses not attributable to quasi-equity	19,072	13,446
Less: institution's share of income for its own / share of investments	(15,004)	(2,134)
Less: allowance for impairment and expected credit losses - attributable to quasi-equity	-	-
<b>Total income available for quasi-equity holders</b>	<b>45,130</b>	34,298
Fair value reserve -net movement	-	-
Profit equalization reserve - net movement	-	-
<b>Total income attributable to quasi-equity holders (adjusted for reserves)</b>	<b>45,130</b>	34,298
Less: Mudarib's share	(1,425)	(3,345)
Less: incentives payable to Mudarib	-	-
Add: Hiba by Mudarib to the quasi-equity holders	-	-
Less: Wakala incentive	(14,944)	(10,593)
<b>Net income attributable to quasi-equity</b>	<b>28,761</b>	20,360
Investment risk reserve -net movement	-	-
<b>Profit distributable to quasi-equity</b>	<b>28,761</b>	20,360
	<b>A</b>	
<b>Other comprehensive income – attributable to quasi-equity - before recycling to statement of income</b>		
Items that will not be classified to income statement	-	-
Items that may subsequently be classified to income statement	-	-
Add / (less): net effect of items recycled to income statement	-	-
<b>Other comprehensive income – attributable to quasi-equity - net of recycling to income statement</b>	-	-
Less: other comprehensive income not subject to immediate distribution	-	-
<b>Other comprehensive income subject to immediate distribution</b>	-	-
	<b>B</b>	
<b>Total profit attributable to quasi-equity</b>	<b>28,761</b>	20,360
	<b>C=A+B</b>	

The attached notes 1 to 19 form part of the condensed consolidated interim financial information.

Al Salam Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS EQUITY

For the three months period ended 31 March 2024 (Reviewed)

Amounts in BD '000s

	Attributable to shareholders of the bank															
	Reserves											Equity Attributable to Parent's Shareholders	Subordinated Mudaraba (AT1)	Equity attributable to owners of the parent	Non- controlling interest	Total owners' equity
	Share capital	Treasury stock	Employee incentive scheme shares	Share premium	Retained earnings	Statutory reserve	Share grant scheme	Investment fair value reserve	Real estate fair value reserve	Foreign exchange reserve	Total reserves					
<b>Balance at 1 January 2024</b>	<b>261,693</b>	<b>(6,799)</b>	<b>(8,770)</b>	<b>209</b>	<b>44,348</b>	<b>25,982</b>	<b>2,120</b>	<b>(2,607)</b>	<b>22,691</b>	<b>(1,464)</b>	<b>46,722</b>	<b>337,403</b>	-	<b>337,403</b>	<b>71,247</b>	<b>408,650</b>
Impact of adoption of FAS 42 and 43 (note 2.1 (ii) and (iii))	-	-	-	-	(1,332)	-	-	-	-	-	-	(1,332)	-	(1,332)	(1,290)	(2,622)
<b>Restated balance as at 1 January 2024</b>	<b>261,693</b>	<b>(6,799)</b>	<b>(8,770)</b>	<b>209</b>	<b>43,016</b>	<b>25,982</b>	<b>2,120</b>	<b>(2,607)</b>	<b>22,691</b>	<b>(1,464)</b>	<b>46,722</b>	<b>336,071</b>	-	<b>336,071</b>	<b>69,957</b>	<b>406,028</b>
Profit for the period	-	-	-	-	14,006	-	-	-	-	-	-	14,006	-	14,006	2,257	16,263
Other comprehensive income	-	-	-	-	-	-	-	10,647	-	1,558	12,205	12,205	-	12,205	196	12,401
Issuance of subordinated AT1 capital	-	-	-	-	-	-	-	-	-	-	-	-	50,453	50,453	-	50,453
Issuance cost of AT1 capital	-	-	-	-	-	-	-	-	-	-	-	-	(550)	(550)	-	(550)
Profit distribution on AT1	-	-	-	-	(428)	-	-	-	-	-	-	(428)	-	(428)	-	(428)
Bonus shares issued	13,085	-	-	-	(13,085)	-	-	-	-	-	-	-	-	-	-	-
Cash dividend for the year 2023	-	-	-	-	(17,947)	-	-	-	-	-	-	(17,947)	-	(17,947)	-	(17,947)
Movement of treasury shares, net	-	(157)	-	-	-	-	-	-	-	-	-	(157)	-	(157)	-	(157)
Shares vested	-	-	2,153	-	(23)	-	(623)	-	-	-	(623)	1,507	-	1,507	-	1,507
Appropriation towards charity fund	-	-	-	-	(500)	-	-	-	-	-	-	(500)	-	(500)	-	(500)
Movements in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(544)	(544)
<b>Balance at 31 March 2024</b>	<b>274,778</b>	<b>(6,956)</b>	<b>(6,617)</b>	<b>209</b>	<b>25,039</b>	<b>25,982</b>	<b>1,497</b>	<b>8,040</b>	<b>22,691</b>	<b>94</b>	<b>58,304</b>	<b>344,757</b>	<b>49,903</b>	<b>394,660</b>	<b>71,866</b>	<b>466,526</b>
Balance as at 1 January 2023	249,231	(12,021)	-	209	31,691	21,759	1,934	(8,643)	22,799	(3,708)	34,141	303,251	-	303,251	34,104	337,355
Profit for the period	-	-	-	-	10,275	-	-	-	-	-	-	10,275	-	10,275	613	10,888
Other comprehensive income	-	-	-	-	-	-	-	8,822	-	394	9,216	9,216	-	9,216	-	9,216
Bonus shares issued	12,462	-	-	-	(12,462)	-	-	-	-	-	-	-	-	-	-	-
Cash dividend for the year 2022	-	-	-	-	(12,359)	-	-	-	-	-	-	(12,359)	-	(12,359)	-	(12,359)
Shares vested	-	2,143	-	-	(25)	-	(575)	-	-	-	(575)	1,543	-	1,543	-	1,543
Movements in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(942)	(942)
Balance at 31 March 2023	261,693	(9,878)	-	209	17,120	21,759	1,359	179	22,799	(3,314)	42,782	311,926	-	311,926	33,775	345,701

The attached notes 1 to 19 form part of the condensed consolidated interm financial information.



# Al Salam Bank B.S.C.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months period ended 31 March 2024

	<i>31 March 2024 (Reviewed) BD '000</i>	<i>31 March 2023 (Reviewed) BD '000</i>
<b>OPERATING ACTIVITIES</b>		
Profit for the period	16,263	10,888
Adjustments:		
Tax for the period	1,564	-
Depreciation and amortisation	1,283	650
Amortisation of premium on sukuk - net	14,068	136
Income from securities	(500)	18
Net impairment charge on financing contracts, investments and other assets	3,031	2,352
Share of profits from associates	(4,817)	(6,457)
<b>Operating income before changes in operating assets and liabilities</b>	<b>30,892</b>	<b>7,587</b>
<b>Changes in operating assets and liabilities:</b>		
Mandatory reserve with central bank	6,357	335
Financing contracts	(55,269)	(86,783)
Takaful and related assets	40,197	(7,651)
Other assets	(48,868)	20,372
Placements from financial institutions	(9,790)	(2,736)
Customers' current accounts	73,926	(1,063)
Takaful and related liabilities	(36,686)	6,900
Other liabilities	(107)	6,713
Quasi-equity	156,155	76,534
<b>Net cash from operating activities</b>	<b>156,807</b>	<b>20,208</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of sukuk, net	(39,601)	(55,092)
Disposal of securities and real estate	1,428	26
Purchase of premises and equipment	(760)	(976)
<b>Net cash used in investing activities</b>	<b>(38,933)</b>	<b>(56,042)</b>
<b>FINANCING ACTIVITIES</b>		
(Repayment) / drawdown of murabaha term financing	(92,622)	78,313
Dividends paid	-	(12,359)
Issuance of AT1	50,453	-
Profit paid on AT1	(428)	-
Issuance cost of AT1 capital	(550)	-
<b>Net cash (used in) / from financing activities</b>	<b>(43,147)</b>	<b>65,954</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>74,727</b>	<b>30,120</b>
Cash and cash equivalents at 1 January	711,643	383,532
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<b>786,370</b>	<b>413,652</b>
<b>Cash and cash equivalents comprise of:*</b>		
Cash and other balances with central bank	254,445	141,353
Balances with other banks **	178,274	178,568
Placements with financial institutions with original maturities of less than 90 days	353,651	93,731
	<b>786,370</b>	<b>413,652</b>
Profit received	45,934	39,399
Profit paid	36,838	19,660

\* Cash and cash equivalents is gross of the expected credit loss of BD 164 thousand (2023: BD 346 thousand).

\*\* Balances with other banks is net of restricted cash of BD 5,003 thousand which is not available for day to day operations (2023: BD 4,240 thousand).

The attached notes 1 to 19 form 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 three months period ended 31 March 2024

Amounts in BD '000s

31 March 2024 (Reviewed)	<i>Balance at 1 January 2024</i>	<i>Movements during the period</i>					<i>Balance at 31 March 2024</i>
		<i>Investment / (withdrawals)</i>	<i>Revaluation</i>	<i>Gross income</i>	<i>Bank's fees as an agent</i>	<i>Administration expenses</i>	<i>Total</i>
Real estate development portfolio	128,195	-	-	-	-	(324)	127,871
Other portfolio	5,963	-	-	-	-	-	5,963
	<b>134,158</b>	-	-	-	-	<b>(324)</b>	<b>133,834</b>

31 December 2023 (Audited)	<i>Balance at 1 January 2023</i>	<i>Movements during the period</i>					<i>Balance at 31 December 2023</i>
		<i>Investment / (withdrawals)</i>	<i>Revaluation</i>	<i>Gross income</i>	<i>Bank's fees as an agent</i>	<i>Administration expenses</i>	<i>Total</i>
Real estate development portfolio	121,878	-	6,317	-	-	-	128,195
Other portfolio	7,861	(1,206)	(692)	-	-	-	5,963
	<b>129,739</b>	<b>(1,206)</b>	<b>5,625</b>	-	-	-	<b>134,158</b>

The attached notes 1 to 19 form part of the condensed consolidated interm 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 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 Central Bank of Bahrain ("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 in Bahrain Bourse and Dubai Financial Market.

The principal subsidiaries as follows:

Name of entity	Country of incorporation	Principal activities	% holding	
			2024	2023
Al Salam Bank- Seychelles	Seychelles	Provide Banking services	70.0%	70.0%
Solidarity Group Holding BSC (c)	Bahrain	Holding Company	55.9%	55.9%
Al Salam Bank Algeria	Algeria	Provide Banking services	68.0%	68.0%

The Bank and its principal banking subsidiary operates through 15 branches (2023: 17 branches) in the Kingdom of Bahrain, 24 branches in Algeria (2023: 24 branch) and 1 branch (2023: 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 for under the CBB's Regulated Islamic Banking Services as defined in the licensing framework.

The condensed consolidated financial statements comprise the financial statements of the Bank and its subsidiaries together (the "Group") as at 31 March 2024

These condensed consolidated interim financial information have been authorised for issue in accordance with a resolution of the Board of Directors dated 13 May 2024.

**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 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2023 except for changes arising from the adoption on 1 January 2024 of the following standards.

**2.1 SIGNIFICANT ACCOUNTING POLICIES**

Accounting policies and methods of computation applied by the Group in the preparation of the condensed consolidated interim financial information are the same as those used in the preparation of the Group's annual audited consolidated financial statements as at and for the year ended 31 December 2023, except for the impact of new standards adopted during the period.

**A. New standards, amendments, and interpretations issued and effective for annual periods beginning on or after 1 January 2024.****(i) FAS 1 General Presentation and Disclosures in the Financial Statements**

AAOIFI had issued the revised FAS 1 General Presentation and Disclosures in the Financial Statements in 2021. This standard describes and improves the overall presentation and disclosure requirements prescribed in line with the global best practices and supersedes the earlier FAS 1. This standard is effective for the financial reporting periods beginning on or after 1 January 2024 with an option to early adopt.

The revision of FAS 1 is in line with the modifications made to the AAOIFI conceptual framework for financial reporting. Significant changes relevant to the Group are a) Definition of Quasi equity is introduced; and b) Concept of comprehensive income has been introduced.

During the period, the Group has adopted FAS 1 revised. As a result of this adoption following changes were made to the primary statements of the Group:

**Primary statements introduced**

Statement of total comprehensive income

Statement of income and attribution related to quasi-equity

Statement of changes in off-balance-sheet assets under management

**2 BASIS OF PREPARATION AND PRESENTATION (continued)**

**2.1 SIGNIFICANT ACCOUNTING POLICIES**

**(i) FAS 1 General Presentation and Disclosures in the Financial Statements (continued)**

As a result of the adoption of FAS 1 revised certain prior year figures have been represented and regrouped to be consistent with the current year presentation. Such grouping did not affect previously reported net profit, total assets, total liabilities and total equity of the Group. Further, the Group has elected to present statement of income and a statement of other comprehensive income as two separate statements.

**(ii) FAS 42 Presentation and Disclosures in the Financial Statements of Takaful Institutions**

This standard sets out the principles for the presentation and disclosure in the financial statements of Takaful Institutions and prescribes the set of financial statements that the institutions should periodically publish to satisfy the common information needs of users of financial statements. Further this standard also establishes the general principles of presentation of information and adequately reflecting the rights and obligations of different stakeholders within the Takaful business model. This standard should be read in conjunction with FAS 43 – Accounting for Takaful Recognition and Measurement.

This standard supersedes the existing FAS 12 General presentation and disclosures in the financial statements of Islamic Takaful Companies and introduces following key changes:

- a) the standard is aligned with the AAOIFI Conceptual Framework for Financial Reporting (Revised 2020) and FAS 1 General Presentation and Disclosures in the Financial Statements;
- b) the presentation and disclosure in the standard have been amended to be aligned with the Sharia principles and rules relating to Takaful, whereby the Takaful operator is distinct from the participants' funds (including participants' Takaful fund (PTF) and participants' investment fund (PIF));
- c) the PTF and PIF are considered to be off-balance sheet assets under management, therefore, separate from the Takaful Operator;
- d) statements for the managed PTF and managed PIF have been introduced, including separate statements for financial position and financial activities of the managed PTF;
- e) disclosures of Zakah, Charity and Qard funds have been relocated to the notes to the financial statements in line with FAS 1; and
- f) new definitions of Takaful, Takaful institution, Takaful operator, PIF and PTF have been introduced.

This standard is applicable to all Takaful institutions regardless of their legal form or size, including Takaful window operations and is effective for the financial reporting periods beginning on or after 1 January 2025 with an option to early adopt.

The Group has early adopted this standard for the insurance portfolio of its insurance subsidiary. Adoption of this standard did not have a material impact on the condensed consolidated financial information of the Group.

**(iii) FAS 43 Accounting for Takaful Recognition and Measurement**

This standard supersedes the following FAS; FAS 13 – Disclosure of Bases for Determining and Allocation Surplus or Deficit in Islamic Takaful Companies; FAS 15 – Provisions and Reserves in Islamic Takaful Companies and FAS 19 – Contributions in Islamic Takaful Companies introduces following key changes:

- a) the standard is aligned with the AAOIFI Conceptual Framework for Financial Reporting (Revised 2020) and FAS 1 General Presentation and Disclosures in the Financial Statements;
- b) the principal accounting treatments in respect of Takaful arrangements have been aligned with the globally generally accepted accounting principles and newer regulatory requirements (where applicable);
- c) new accounting treatments have been introduced in respect of matters which were not addressed or superseded standards or were not in line with the global best practices, particularly with regard to the accounting for provisions (or liability, as appropriate) for Takaful arrangements and accounting treatment and presentation for the investment component;
- d) accounting treatments mapped in the standard are mapped to the Sharia principles and rules relating to Takaful, including the rights and obligations of respective stakeholders of Takaful arrangements;
- e) new definitions for the accounting terms in respect of the newly introduced accounting treatments, as well as, improved definitions for earlier used terms, have been incorporated; and
- f) accounting treatments respect to ancillary transactions have been introduced, particularly the transactions and balances between various stakeholders of Takaful institutions, eg. Accounting for Wakala fees and Qard Hassan.

**2 BASIS OF PREPARATION AND PRESENTATION (continued)**

**2.1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(iii) FAS 43 Accounting for Takaful Recognition and Measurement (continued)**

Under the transitional provisions of this standard, following approaches are prescribed upon first time adoption:

- 1) A full retrospective approach – whereby the effects of transition shall be incorporated from the beginning of the earliest period presented in the financial statements; however, the disclosure of the effect of such adoption in each line item and to the basic and diluted earnings per share shall not be mandatory; or
- 2) A modified retrospective approach – whereby effects of transition shall be taken to retained earnings, as well as accumulated surplus or deficit in the respective Takaful funds at the beginning of the current financial period; or
- 3) A fair value option – whereby the Takaful residual margin or loss component of the provision for the remaining entitlement period, at the transition date (beginning of the current period) shall be determined as the difference between fair value of Takaful arrangements at that date and the fair value of the fulfilment cashflows measured at that date, and the corresponding effects shall be adjusted in the retained earnings of Takaful institution, as well as accumulated surplus or deficit in the respective Takaful funds.

This standard shall apply to Takaful institutions (including in their capacity of being Takaful operators) and their managed participants' Takaful fund (PTF) and managed participants investment funds (PIF) in respect of the following, a) Takaful arrangements, including re-Takaful arrangements issued; b) re-Takaful arrangements held; c) investment contracts with or without discretionary features that are issued along with, and part of, the Takaful arrangements; and d) ancillary transactions related to Takaful operations. This standard is effective for the financial reporting periods beginning on or after 1 January 2025 with an option to early adopt.

The Group has early adopted this standard for the insurance portfolio of its insurance subsidiary. Adoption of this standard did not have a material impact on the condensed consolidated financial information of the Group.

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

**1) FAS 45: Quasi-Equity (Including Investment Accounts)**

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

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

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

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

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

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

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

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

This standard shall be effective for the financial 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.

**2 BASIS OF PREPARATION AND PRESENTATION (continued)**

**2.1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**3) FAS 47: Transfer of Assets Between Investment Pools**

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

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.

**2.2 SHARE CAPITAL**

The shareholders in their Annual General Meeting held on 31 March 2024 approved to issue 130,846,508 bonus shares of BD 13,085 thousand representing 5% of issued and paid up share capital and approved a cash dividend of BD 17,947 thousand (2023: BD 12,359 thousand) being 0.007 fils per share or 7% of the par value of BD 0.100 per share excluding treasury shares. The total outstanding shares as of 31 March 2024 were 2,747,776,658 shares (December 2023: 2,616,930,150 shares). The calculation of basic and diluted earnings per share for previous period has also been adjusted to reflect the impact of bonus shares.

**Subordinated Mudaraba (AT1)**

During the period, the Bank has issued a Subordinated Mudaraba (Additional Tier 1 capital instrument) of BD 50,453 thousand. The issue was at par and paid in cash.

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

- a. Profits on this instrument shall be distributed monthly starting from date of issue subject to and in accordance with terms and conditions on the outstanding par value of the securities at an expected rate of 6% p.a.
- b. Instrument holder will not have a right to claim the profits and such event will not be considered as an event of default.
- c. The Subordinated Mudaraba includes a call option after 5 years from the date of issue.

The Subordinated Mudaraba is recognized under the owners' equity in the condensed consolidated statement of financial position and the profits paid to rab al-maal (security holder) will be accounted for as appropriation of profits.

During the period, BD 428 thousand was paid as profit on AT1 securities.

**3 INVESTMENT IN SUKUK**

	<i>31 March 2024 (Reviewed)</i>			<i>31 December 2023 (Audited)</i>
	<i>Sovereign Sukuk</i>	<i>Corporate Sukuk</i>	<i>Total</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
<b>Carried at FVTOCI</b>				
<b>At 1 January</b>	<b>340,834</b>	<b>23,684</b>	<b>364,518</b>	226,617
Purchases	88,902	3,770	92,672	279,773
Sale / redemption	(26,896)	-	(26,896)	(140,933)
Fair value movement	6,276	652	6,928	(2,475)
(Impairment) / reversal of ECL	11	(14)	(3)	(105)
Profit accrual / Dividend	3,268	2	3,270	1,641
<b>Closing Balance</b>	<b>412,395</b>	<b>28,094</b>	<b>440,489</b>	364,518

This includes sukuk with carrying value of BD 159,431 thousand (2023: BD 228,250 thousand) which are pledged against murabaha term financing.

	<i>31 March 2024 (Reviewed)</i>			<i>31 December 2023 (Audited)</i>
	<i>Sovereign Sukuk</i>	<i>Corporate Sukuk</i>	<i>Total</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
<b>Carried at Amortised cost</b>				
<b>At 1 January</b>	<b>604,683</b>	<b>33,638</b>	<b>638,321</b>	610,764
Purchases	46,634	12,005	58,639	276,536
Acquired through business combination	-	-	-	7,518
Redemption	(90,023)	(11,591)	(101,614)	(257,957)
Impairment / reversal	(43)	(208)	(251)	(157)
Write-off	-	-	-	(1)
Amortisation	336	(1)	335	(114)
Profit accrual / Dividend	(516)	(103)	(619)	1,732
<b>Closing Balance</b>	<b>561,071</b>	<b>33,740</b>	<b>594,811</b>	638,321
	<b>973,466</b>	<b>61,834</b>	<b>1,035,300</b>	1,002,839

This includes sukuk with carrying value of BD 313,777 thousand (2023: 354,258) which are pledged against murabaha term financing.

Sukuk with carrying value of BD 14,935 thousand (2023: BD 14,905 thousand) are equity sukuk.

<b>Breakup of Sukuk by issuer</b>	<i>31 March 2024 (Reviewed)</i>	<i>31 December 2023 (Audited)</i>
	<i>BD '000</i>	<i>BD '000</i>
	Sovereign sukuk	973,466
Corporate sukuk	61,834	57,321
	<b>1,035,300</b>	<b>1,002,839</b>

The rating of corporate sukuk are as follows:	<i>31 March 2024 (Reviewed)</i>	<i>31 December 2023 (Audited)</i>
	<i>BD '000</i>	<i>BD '000</i>
	Investment grade (AAA - BBB+)	25,694
High Yielding (Below BBB-)	14,660	8,868
Un-rated sukuk	21,694	25,886
Allowance for credit losses	(214)	(48)
	<b>61,834</b>	<b>57,321</b>

As at 31 March 2024

## 4 FINANCING CONTRACTS

	31 March 2024 (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
Ijarah	825,521	38,643	33,378	4,321	901,863
Murabaha financing	704,567	56,904	16,421	5,297	783,189
Mudaraba financing	588,752	31,560	30,362	93	650,767
Musharaka financing	26,323	3,921	87	38	30,369
Credit cards	13,442	253	1,266	-	14,961
Salam financing	260,875	83,574	2,532	753	347,734
Istisnaa financing	34,788	9,538	4,369	134	48,829
<b>Total financing contracts</b>	<b>2,454,268</b>	<b>224,393</b>	<b>88,415</b>	<b>10,636</b>	<b>2,777,712</b>
Allowance for credit losses	(13,552)	(18,287)	(21,032)	(435)	(53,306)
Foreign currency translation	3,277	935	67	13	4,292
	<b>2,443,993</b>	<b>207,041</b>	<b>67,450</b>	<b>10,214</b>	<b>2,728,698</b>

	31 December 2023 (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
Ijarah	829,724	23,152	33,670	5,027	891,573
Murabaha financing	697,789	21,244	26,545	5,533	751,111
Mudaraba financing	592,379	33,848	20,279	44	646,550
Musharaka financing	30,234	415	152	-	30,801
Credit cards	13,709	353	1,288	-	15,350
Salam financing	321,848	8,807	4,752	1,396	336,803
Istisnaa financing	39,734	3,000	4,769	498	48,001
Total financing contracts	2,525,417	90,819	91,455	12,498	2,720,189
Allowance for credit losses	(16,334)	(8,332)	(23,922)	(435)	(49,023)
Foreign currency translation	4,993	164	108	29	5,294
	<b>2,514,076</b>	<b>82,651</b>	<b>67,641</b>	<b>12,092</b>	<b>2,676,460</b>

## Movement on allowance for credit losses

	31 March 2024 (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
<b>Balance at 1 January</b>	<b>16,334</b>	<b>8,332</b>	<b>23,922</b>	<b>435</b>	<b>49,023</b>
Movement between stages, net	(5,521)	10,352	(4,831)	-	-
Movement on loss allowance, net	2,739	(397)	1,941	(307)	3,976
Exchange adjustments and other transfers on settlement	-	-	-	307	307
<b>Balance at 31 March</b>	<b>13,552</b>	<b>18,287</b>	<b>21,032</b>	<b>435</b>	<b>53,306</b>



As at 31 March 2024

**4 FINANCING CONTRACTS (continued)**

Movement on allowance for credit losses (continued)

	31 December 2023 (Audited)				Total
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit-impaired	Stage 3: Lifetime ECL credit-impaired	Purchased credit-impaired POCI	
	BD '000	BD '000	BD '000	BD '000	BD '000
Balance at 1 January	17,309	12,290	19,337	-	48,936
Movement between stages, net	(3,486)	(2,427)	5,913	-	-
Movement on loss allowance, net	2,511	(1,531)	19,499	(2,317)	18,162
Amounts written off during the year	-	-	(20,827)	-	(20,827)
Exchange adjustments and other transfers on settlement	-	-	-	2,752	2,752
Balance at 31 December	16,334	8,332	23,922	435	49,023

The POCI assets are currently carried at 22.8% compared to their original contractual outstanding amounts. On a cumulative basis, the impaired assets (Stage 3 and POCI) have an effective loss coverage of 41.4% compared to their original contractual outstanding amounts.

Murabaha financing is reported net of deferred profits of BD 102,386 thousand (2023: BD 102,116 thousand).

**5 NET IMPAIRMENT CHARGE ON FINANCING CONTRACTS, INVESTMENTS AND OTHER ASSETS**

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

	31 March 2024 (Reviewed)				Total
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit-impaired	Stage 3: Lifetime ECL credit-impaired	POCI	
	BD '000	BD '000	BD '000	BD '000	BD '000
<b>Balance at 1 January</b>	<b>19,222</b>	<b>8,487</b>	<b>26,450</b>	<b>435</b>	<b>54,594</b>
- transfer to Stage 1: 12 month ECL	472	(461)	(11)	-	-
- transfer to Stage 2: Lifetime ECL not credit-impaired	(5,373)	10,977	(5,604)	-	-
- transfer to Stage 3: Lifetime ECL credit-impaired	(110)	(685)	795	-	-
Net remeasurement of loss allowance	1,094	249	1,978	(307)	3,014
<b>Allowance for credit losses</b>	<b>(3,917)</b>	<b>10,080</b>	<b>(2,842)</b>	<b>(307)</b>	<b>3,014</b>
Exchange adjustments and other transfers	-	-	132	307	439
<b>Balance at 31 March</b>	<b>15,305</b>	<b>18,567</b>	<b>23,740</b>	<b>435</b>	<b>58,047</b>

	31 March 2024 (Reviewed)				Total
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit-impaired	Stage 3: Lifetime ECL credit-impaired	POCI	
	BD '000	BD '000	BD '000	BD '000	BD '000
Cash and balances with banks and central bank	146	-	-	-	146
Placements with financial institutions	18	-	-	-	18
Investment in sukuk	507	48	-	-	555
Financing contracts	13,552	18,287	21,032	435	53,306
Financing other assets	75	-	-	-	75
Other receivables	-	-	2,082	-	2,082
Financing commitments and financial guarantee contracts	1,007	232	626	-	1,865
	15,305	18,567	23,740	435	58,047

As at 31 March 2024

**5 NET IMPAIRMENT CHARGE ON FINANCING ASSETS, INVESTMENTS AND OTHER ASSETS (continued)****Net impairment charge on financing assets, investments and other assets**

	<i>31 March 2024 (Reviewed) BD '000</i>	<i>31 March 2023 (Reviewed) BD '000</i>
Net impairment charge on financing contracts (note 4)	<b>3,976</b>	2,524
Net impairment charge on investments	<b>17</b>	757
Net impairment charge on other assets	<b>(962)</b>	(929)
	<b>3,031</b>	2,352

  

	<i>31 March 2024 (Reviewed) BD '000</i>	<i>31 March 2023 (Reviewed) BD '000</i>
Cash and balances with banks and central bank	<b>(182)</b>	54
Placements with financial institutions	<b>(8)</b>	(73)
Sukuk	<b>46</b>	366
Financing contracts	<b>3,976</b>	2,524
Other Assets	<b>(1,007)</b>	(1,061)
Financing commitments and financial guarantee contracts	<b>189</b>	(215)
Investments	<b>17</b>	757
	<b>3,031</b>	2,352

	<i>31 March 2023 (Reviewed)</i>				
	<i>Stage 1: 12- month ECL BD '000</i>	<i>Stage 2: Lifetime ECL not credit- impaired BD '000</i>	<i>Stage 3: Lifetime ECL credit- impaired BD '000</i>	<i>POCI BD '000</i>	<i>Total BD '000</i>
Balance at 1 January	18,257	12,327	27,150	-	57,734
- transfer to Stage 1: 12 month ECL	2,596	(2,596)	-	-	-
- transfer to Stage 2: Lifetime ECL not credit-impaired	(1,459)	1,806	(347)	-	-
- transfer to Stage 3: Lifetime ECL credit-impaired	(279)	(279)	558	-	-
Net remeasurement of loss allowance	(1,581)	(330)	3,455	435	1,979
Recoveries / write-backs	-	-	(384)	-	(384)
Allowance for credit losses	(723)	(1,399)	3,282	435	1,595
Exchange adjustments and other transfers on settlement	-	-	(33)	-	(33)
Balance at 31 March	<b>17,534</b>	<b>10,928</b>	<b>30,399</b>	<b>435</b>	<b>59,296</b>

	<i>31 March 2023 (Reviewed)</i>				
	<i>Stage 1: 12- month ECL BD '000</i>	<i>Stage 2: Lifetime ECL not credit- impaired BD '000</i>	<i>Stage 3: Lifetime ECL credit- impaired BD '000</i>	<i>POCI BD '000</i>	<i>Total BD '000</i>
Cash and balances with banks and central bank	218	-	-	-	218
Placements with financial institutions	78	6	-	-	84
Investment in sukuk	692	-	-	-	692
Financing contracts	16,426	10,780	20,939	435	48,580
Financing other assets	1	-	3,875	-	3,876
Other receivables	31	-	4,995	-	5,026
Financing commitments and financial guarantee contracts	88	142	590	-	820
	<b>17,534</b>	<b>10,928</b>	<b>30,399</b>	<b>435</b>	<b>59,296</b>

As at 31 March 2024

**6 TAKAFUL ASSETS AND LIABILITIES**

	<b>31 March 2024 (Reviewed) BD '000</b>	<b>31 December 2023 (Audited) BD '000</b>
Takaful assets	<b>18,030</b>	67,370
Investments of participants in units	<b>9,143</b>	-
<b>Takaful assets</b>	<b>27,173</b>	<b>67,370</b>
Insurance liabilities	<b>65,037</b>	114,493
Other liabilities	<b>12,770</b>	-
<b>Takaful liabilities</b>	<b>77,807</b>	<b>114,493</b>

**7 INVESTMENT IN ASSOCIATES**

The Group has a 68.0% (2023: 37.4%) stake in Al Salam Bank Algeria ("ASBA"), an Islamic commercial bank incorporated in Algeria. The Group has representation on the board of ASBA through which the Bank exercises significant influence on ASBA.

The Group has a 20.9% (2023: 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")), who is 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 investment accountholders 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.

	<b>31 March 2024 (Reviewed) BD '000</b>	<b>31 December 2023 (Audited) BD '000</b>
Balance at the beginning of the period	<b>231,484</b>	254,006
Decrecognition of associate due to step up acquisition	-	(33,767)
Share of profits	<b>4,817</b>	21,043
Share of other changes in equity	<b>3,719</b>	8,511
Dividends received from associates	<b>(9,063)</b>	(17,477)
Foreign exchange differences	<b>585</b>	(832)
<b>Balance at end of the period</b>	<b>231,542</b>	<b>231,484</b>

Following the summary of financial information of the Group's material investment 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.

	<b>Indirect exposure BBK 2024 BD '000</b>	<b>Indirect exposure BBK 2023 BD '000</b>
Group's holding		
Total assets	<b>3,905,720</b>	4,005,203
Total liabilities	<b>3,288,000</b>	3,384,400
Net assets (100%)	<b>617,720</b>	620,803
Group's share of recognised net assets	<b>161,781</b>	162,588
Acquisition accounting related adjustments	<b>65,202</b>	65,202
<b>Carrying amount of interest in associate</b>	<b>226,983</b>	227,790
Revenue	<b>43,100</b>	138,200
Profit (100%)	<b>18,200</b>	19,222
Other change in equity (comprehensive income)	<b>14,202</b>	34,800
Total comprehensive income (100%)	<b>39,102</b>	153,778
Group's share of profits	<b>4,537</b>	5,034
Groups share of other changes in equity	<b>3,719</b>	9,114

The market value of BBK stood at BD 233.6 million as at 31 March 2024 (2023: BD 228.4 million). The values for disclosure purposes were determined using market value per share and were 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 2,797 thousand (2023: BD 2,646 thousand), BD 1,304 thousand (2023: BD 1,307 thousand) and BD 273 thousand (2023: BD 1,423 thousand), respectively.

As at 31 March 2024

**8 QUASI-EQUITY**

Quasi-equity comprise:

	<i>31 March</i> <i>2024</i> <i>(Reviewed)</i>	<i>31 December</i> <i>2023</i> <i>(Audited)</i>
	<i>BD '000</i>	<i>BD '000</i>
Wakala from financial institutions	<b>463,890</b>	379,768
Wakala, Mudaraba from customers	<b>2,496,650</b>	2,424,617
	<b>2,960,540</b>	2,804,385

The Group utilizes the funds from quasi-equity to finance the following assets.

	<i>31 March</i> <i>2024</i> <i>(Reviewed)</i>	<i>31 December</i> <i>2023</i> <i>(Audited)</i>
<b>Asset</b>	<i>BD '000</i>	<i>BD '000</i>
Mandatory reserve with central bank	-	93,158
Cash and other balances with central bank	<b>113,268</b>	-
Placements with financial institutions	<b>335,392</b>	217,380
Investment in associate	<b>226,983</b>	227,790
Financing contracts	<b>1,459,376</b>	1,525,505
Ijara Muntahia Bitamleek	<b>825,521</b>	740,552
	<b>2,960,540</b>	2,804,385

Quasi-equity is commingled with Group's mudaraba and wakala funds to form one general mudaraba 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 non-performing assets to quasi-equity pool. All the impairment allowances are allocated to owners' equity. Recoveries from non-performing financial assets are also not allocated to quasi-equity accountholders. 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 attributed to quasi-equity based on the above ratio for the period ended 31 March 2024 was 4.1% (2023: 3.6%).

**9 INCOME FROM TAKAFUL OPERATIONS, NET**

	<i>31 March</i> <i>2024</i> <i>(Reviewed)</i>	<i>31 March</i> <i>2023</i> <i>(Reviewed)</i>
	<i>BD '000</i>	<i>BD '000</i>
Insurance revenue	<b>22,626</b>	20,565
Insurance service expenses	<b>(11,790)</b>	(10,353)
Net from reinsurance contracts	<b>(6,635)</b>	(6,292)
Net finance expense from insurance contracts	<b>(437)</b>	(497)
Net finance expense from reinsurance contracts	<b>120</b>	130
Insurance corporate expenses	<b>(3,130)</b>	(2,156)
<b>Income from Takaful operations, net</b>	<b>754</b>	1,397

**10 OTHER INCOME**

	<i>31 March</i> <i>2024</i> <i>(Reviewed)</i>	<i>31 March</i> <i>2023</i> <i>(Reviewed)</i>
	<i>BD '000</i>	<i>BD '000</i>
Foreign exchange gains	<b>926</b>	232
Recoveries	<b>8</b>	111
Income from properties	<b>264</b>	20
Others	<b>493</b>	214
	<b>1,691</b>	577

**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 2024 and 31 December 2023 were as follows:

	<i>31 March 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>
<b>Assets:</b>					
Cash and balances with banks and central bank	-	234	-	-	234
Financing contracts	23,989	-	1,542	1,134	26,665
Non trading investments	71,946	-	-	-	71,946
Investment in associates	231,542	-	-	-	231,542
Other assets	-	-	24	-	24
<b>Liabilities and Quasi-equity:</b>					
Customers' current accounts	3,005	559	5,010	410	8,984
Quasi-equity	6,340	-	7,356	3,241	16,937
Other liabilities	23	-	971	13	1,007
Takaful Liabilities	360	-	-	-	360
Contingent liabilities and commitments	8	-	-	-	8

	<i>31 December 2023 (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>
<b>Assets:</b>					
Cash and balances with banks and central bank	-	95	-	-	95
Financing contracts	23,237	9,376	1,637	1,340	35,590
Non trading investments	67,054	-	-	-	67,054
Investment in associates	231,484	-	-	-	231,484
<b>Liabilities and Quasi-equity:</b>					
Customers' current accounts	1,846	463	4,136	467	6,912
Quasi-equity	4,376	1,646	6,926	2,651	15,599
Other liabilities	91	-	953	16	1,060
Contingent liabilities and commitments	8	-	651	-	659

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

	<i>31 March 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>
<b>Income:</b>					
Income from financing contracts	407	1	27	12	447
Dividend Income	179	-	-	-	179
Income from takaful operations, net	9	-	1	-	10
Share of profit from associates, net	4,817	-	-	-	4,817
<b>Expenses:</b>					
Income attributable to quasi-equity	79	32	91	23	225
Takaful Expenses	2	-	-	-	2
Other operating expenses	-	-	1,316	-	1,316
Impairment charge	17	-	-	-	17

**11 RELATED PARTY TRANSACTIONS (continued)**

	<i>31 March 2023 (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	326	235	34	12	607
Share of profit from associates, net	6,457	-	-	-	6,457
Expenses:					
Finance expense on placements from financial institutions	-	30	-	-	30
Income attributable to quasi-equity	5	69	67	21	162
Other operating expenses	-	-	-	367	367
Impairment charge	757	-	-	-	757

**12 CONTINGENT LIABILITIES AND COMMITMENTS**

	<i>31 March 2024 (Reviewed)</i>	<i>31 December 2023 (Audited)</i>
	<i>BD '000</i>	<i>BD '000</i>
<b>Contingent liabilities on behalf of customers</b>		
Guarantees	141,194	137,932
Letters of credit	156,752	170,259
Acceptances	224	1,648
	<b>298,170</b>	<b>309,839</b>
<b>Unutilised commitments</b>		
Unutilised financing commitments	301,142	313,076
Unutilised non-funded commitments	47,521	37,261
	<b>348,663</b>	<b>350,337</b>

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 entered 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 2024 (Reviewed)</i>		<i>31 December 2023 (Audited)</i>	
	<b>Notional Amount</b>	<b>Fair Value</b>	Notional Amount	Fair Value
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
<b>FX Wa'ad instruments</b>				
Assets position	94,123	373	42,630	563
Liabilities position	45,275	146	52,515	337

The above contracts have residual maturity of up to six months as at the end of the reporting period.

As at 31 March 2024

**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 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>31 March 2024 (Reviewed)</i>					
	<i>Banking</i>	<i>Treasury</i>	<i>Investments</i>	<i>Takaful</i>	<i>Unallocated</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
<b>Income</b>						
Income from financing contracts	44,987	5,133	-	377	-	50,497
Income from investment in sukuk	-	13,736	-	332	-	14,068
Finance expense on placements from financial institutions	(37)	(1,923)	-	-	-	(1,960)
Finance expense on murabaha term financing	-	(7,008)	-	-	-	(7,008)
<b>Income from jointly financed assets</b>	<b>44,950</b>	<b>9,938</b>	<b>-</b>	<b>709</b>	<b>-</b>	<b>55,597</b>
Income from securities	-	-	-	500	-	500
Fees and commission, net	4,231	1,101	-	-	-	5,332
Share of profit from associates	4,537	-	273	7	-	4,817
Income from Takaful operations, net	-	-	-	754	-	754
Other income	1,180	433	(82)	160	-	1,691
<b>Total income</b>	<b>54,898</b>	<b>11,472</b>	<b>191</b>	<b>2,130</b>	<b>-</b>	<b>68,691</b>
<b>Expense</b>						
Staff cost	7,366	1,404	220	-	-	8,990
Other operating expenses	7,613	1,343	315	811	-	10,082
<b>Total Expense</b>	<b>14,979</b>	<b>2,747</b>	<b>535</b>	<b>811</b>	<b>-</b>	<b>19,072</b>
<b>Operating income before impairment allowances, taxes and attribution to quasi-equity</b>	<b>39,919</b>	<b>8,725</b>	<b>(344)</b>	<b>1,319</b>	<b>-</b>	<b>49,619</b>
Net impairment charge on financing contracts, investments and other assets	(3,151)	137	(17)	-	-	(3,031)
<b>Operating income before taxes and attribution to quasi-equity</b>	<b>36,768</b>	<b>8,862</b>	<b>(361)</b>	<b>1,319</b>	<b>-</b>	<b>46,588</b>
Tax for the period	(1,564)	-	-	-	-	(1,564)
<b>Operating income before attribution to quasi-equity</b>	<b>35,204</b>	<b>8,862</b>	<b>(361)</b>	<b>1,319</b>	<b>-</b>	<b>45,024</b>
Income attributable to quasi-equity	(23,321)	(5,440)	-	-	-	(28,761)
<b>Profit for the period</b>	<b>11,883</b>	<b>3,422</b>	<b>(361)</b>	<b>1,319</b>	<b>-</b>	<b>16,263</b>
<b>Segment assets</b>	<b>3,339,728</b>	<b>1,612,726</b>	<b>181,060</b>	<b>118,233</b>	<b>63,150</b>	<b>5,314,897</b>
<b>Segment liabilities, and quasi-equity</b>	<b>3,517,676</b>	<b>1,188,651</b>	<b>801</b>	<b>65,706</b>	<b>75,537</b>	<b>4,848,371</b>

Goodwill and other intangibles include BD 66,287 thousand (2023: BD 66,865 thousand) allocated from prior acquisitions within the banking segment and BD 10,976 thousand (2023: 11,280 thousand) attributable to the Takaful segment.

**14 SEGMENT INFORMATION (continued)**

	31 March 2023 (Reviewed)					
	<i>Banking</i>	<i>Treasury</i>	<i>Investments</i>	<i>Takaful</i>	<i>Unallocated</i>	<i>Total</i>
	<i>BD '000</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	30,552	1,643	-	325	-	32,520
Income from investment in sukuk	-	10,527	-	237	-	10,764
Finance expense on placements from financial institutions	(78)	(2,308)	-	-	-	(2,386)
Finance expense on murabaha term financing	-	(4,466)	-	-	-	(4,466)
Income from jointly financed assets	30,474	5,396	-	562	-	36,432
Income from securities	-	-	(340)	322	-	(18)
Fees and commission, net	1,921	261	19	-	-	2,201
Share of profit from associates	5,034	-	1,411	12	-	6,457
Income from Takaful operations, net	-	-	-	1,397	-	1,397
Other income	18	341	172	46	-	577
Total income	37,447	5,998	1,262	2,339	-	47,046
Expense						
Staff cost	4,986	1,340	279	-	-	6,605
Other operating expenses	4,217	1,117	261	1,246	-	6,841
Total Expense	9,203	2,457	540	1,246	-	13,446
Operating income before impairment allowances, taxes and attribution to quasi-equity	28,244	3,541	722	1,093	-	33,600
Net impairment charge on financing contracts, investments and other assets	(1,520)	(350)	(482)	-	-	(2,352)
Operating income before taxes and attribution to quasi-equity	26,724	3,191	240	1,093	-	31,248
Tax for the period	-	-	-	-	-	-
Operating income before attribution to quasi-equity	26,724	3,191	240	1,093	-	31,248
Income attributable to quasi-equity	(16,562)	(3,795)	(3)	-	-	(20,360)
Profit for the period	10,162	(604)	237	1,093	-	10,888

Segment information for the year ended 31 December 2023 (Audited) was as follows:

Segment assets	3,274,290	1,485,734	181,630	158,944	46,512	5,147,110
Segment liabilities, and quasi-equity	3,387,058	1,184,538	1,315	107,580	57,969	4,738,460

**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 HIERARCHY**

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.

**Financial instruments measured at fair value**

The following table shows an analysis of the non-trading investments and sukuk portfolio carried at fair value in the condensed consolidated statement of financial position:

31 March 2024 (Reviewed)	<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>
Sovereign sukuk at fair value through OCI	343,253	69,142	-	412,395
Corporate sukuk at fair value through OCI	27,741	353	-	28,094
Equity securities at fair value through income statement	3,611	6,666	75,955	86,232
Equity securities at fair value through OCI	11,991	-	2,736	14,727
FX Wa'ad assets position	-	373	-	373
	386,596	76,534	78,691	541,821
FX Wa'ad liabilities position	-	146	-	146
	-	146	-	146



As at 31 March 2024

**15 FAIR VALUE HIERARCHY (continued)**

31 December 2023 (Audited)	<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>
Sovereign sukuk at fair value through OCI	270,865	69,970	-	340,835
Corporate sukuk at fair value through OCI	23,337	346	-	23,683
Equity securities at fair value through income statement	3,611	6,622	75,972	86,205
Equity securities at fair value through OCI	11,133	-	2,722	13,855
FX Wa'ad assets position	-	563	-	563
	<u>308,946</u>	<u>77,501</u>	<u>78,694</u>	<u>465,141</u>
FX Wa'ad liabilities position	-	337	-	337
	<u>-</u>	<u>337</u>	<u>-</u>	<u>337</u>

**Financial instruments measured at amortized cost****31 March 2024 (Reviewed)**

	<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>
Sovereign sukuk	<b>497,690</b>	<b>63,381</b>	-	<b>561,071</b>
Corporate sukuk	<b>30,083</b>	-	<b>3,657</b>	<b>33,740</b>
	<u><b>527,773</b></u>	<u><b>63,381</b></u>	<u><b>3,657</b></u>	<u><b>594,811</b></u>

**31 December 2023 (Audited)**

	<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>
Sovereign sukuk	540,408	64,275	-	604,683
Corporate sukuk	33,638	-	-	33,638
	<u>574,046</u>	<u>64,275</u>	<u>-</u>	<u>638,321</u>

The fair value of sukuk carried at amortized cost is BD 589,708 thousand (2023: BD 750,394 thousand).

The movements in fair value of non-trading investments classified in Level 3 of the fair value hierarchy are as follows:

	<b>31 March</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<b>(Reviewed)</b>	<b>(Audited)</b>
	<b>BD '000</b>	<b>BD '000</b>
At 1 January	<b>78,694</b>	85,718
Transfers	-	(1,462)
Fair value changes	<b>14</b>	(2,410)
Impairment	<b>(17)</b>	(3,152)
	<u><b>78,691</b></u>	<u>78,694</u>

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

<b>Valuation technique used</b>	<b>Key unobservable inputs</b>	<b>Fair value at 31 March 2024</b>	<b>Reasonable possible shift +/- (in average input)</b>	<b>Increase / (decrease) in valuation</b>
		<b>BD'000</b>		
Asset Valuation	Underlying real estate	104,115	+/- 5%	5,206 / (5,206)

The movements of sukuk portfolio carried at amortized cost classified in Level 3 of the fair value hierarchy are as follows:

	<b>31 March</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<b>(Reviewed)</b>	<b>(Audited)</b>
	<b>BD '000</b>	<b>BD '000</b>
At 1 January	-	14,313
Reclassified within FVTOCI	-	(14,313)
	<u>-</u>	<u>-</u>

As at 31 March 2024

**15 FAIR VALUE HIERARCHY (continued)****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 31 March 2024 and 31 December 2023 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 annual consolidated financial statements for the year ended 31 December 2023.

**17 REGULATORY RATIOS****1) 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 2024 and 31 December 2023, is as follows:

	<i>Total weighted value BD'000</i>	
	<i>31 March 2024 (Reviewed)</i>	<i>31 December 2023 (Audited)</i>
Stock of HQLA	665,187	640,852
Net cashflows	400,117	351,585
LCR %	167.4%	185.0%
Minimum required by CBB	100.0%	100.0%

**2) 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.

<b>BD'000</b>	<i>As at</i>	
	<i>31 March 2024 (Reviewed)</i>	<i>31 December 2023 (Audited)</i>
CET 1 Capital before regulatory adjustments	344,665	337,263
Less: regulatory adjustments	49,407	49,667
CET 1 Capital after regulatory adjustments	295,258	287,596
AT 1 Capital	53,703	3,574
T 2 Capital adjustments	57,829	52,160
<b>Regulatory Capital</b>	<b>406,790</b>	<b>343,330</b>
<b>Risk weighted exposure:</b>		
Credit Risk Weighted Assets	1,649,680	1,548,447
Market Risk Weighted Assets	1,677	1,300
Operational Risk Weighted Assets	174,544	137,610
<b>Total Regulatory Risk Weighted Assets</b>	<b>1,825,901</b>	<b>1,687,357</b>
Total Adjusted Risk Weighted Exposures	1,825,901	1,687,357
<b>Capital Adequacy Ratio</b>	<b>22.3%</b>	<b>20.4%</b>
<b>Tier 1 Capital Adequacy Ratio</b>	<b>19.1%</b>	<b>17.3%</b>
<b>Tier 2 Capital Ratio</b>	<b>3.2%</b>	<b>3.1%</b>
Minimum required by CBB	12.5%	12.5%

As of 31 March 2024, aggregate of modification loss of BD 16,512 thousand (2023: BD 16,512 thousand) has been added back to Tier 1 capital.

As at 31 March 2024

**17 REGULATORY RATIOS (continued)****3) 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 2024 is calculated as follows:

Item	<i>BD'000</i>				
	<i>Unweighted Values (before applying relevant factors)</i>				<i>Total weighted value</i>
	<i>No specified maturity</i>	<i>Less than 6 months</i>	<i>More than 6 months and less than one year</i>	<i>Over one year</i>	
<b>Available Stable Funding (ASF):</b>					
<b>Capital:</b>					
Regulatory Capital	383,285	-	-	57,829	441,114
<b>Retail deposits and deposits from small business customers:</b>					
Stable deposits	-	354,814	13,151	9,173	358,740
Less stable deposits	-	1,271,993	465,072	182,589	1,745,947
<b>Wholesale funding:</b>					
Other wholesale funding	-	2,062,172	161,883	92,325	648,921
<b>Other liabilities:</b>					
All other liabilities not included in the above categories	-	169,494	-	-	-
<b>Total ASF</b>	<b>383,285</b>	<b>3,858,473</b>	<b>640,106</b>	<b>341,916</b>	<b>3,194,722</b>
<b>Required Stable Funding (RSF):</b>					
Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	36,370
<b>Performing financing and sukuk/ securities:</b>					
Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	523,179	377	4,166	82,831
Performing financing to non-financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	-	929,504	383,839	987,452	1,465,511
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio guidelines	-	-	-	152,474	99,108
Performing residential mortgages, of which:	-	-	-	355,379	230,996
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	355,379	230,996
Securities/ sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	5,505	16,177	13,756	22,534
<b>Other assets:</b>					
All other assets not included in the above categories	777,288	22,691	-	93,847	819,984
OBS items	-	645,655	-	-	32,283
<b>Total RSF</b>	<b>777,288</b>	<b>2,126,534</b>	<b>400,393</b>	<b>1,454,600</b>	<b>2,690,509</b>
<b>NSFR (%)</b>	-	-	-	-	<b>118.7%</b>

Al Salam Bank B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

As at 31 March 2024

**17 REGULATORY RATIOS (continued)**

**3) Net Stable funding Ratio (continued)**

The NSFR (as a percentage) as at 31 December 2023 is calculated as follows:

Item	<i>BD'000</i>	<i>Unweighted Values (before applying relevant factors)</i>				<i>Total weighted value</i>
		<i>No specified maturity</i>	<i>Less than 6 months</i>	<i>More than 6 months and less than one year</i>	<i>Over one year</i>	
<u>Available Stable Funding (ASF):</u>						
Capital:						
Regulatory Capital	325,754	-	-	52,160	377,914	
Retail deposits and deposits from small business customers:						
Stable deposits	-	340,231	15,956	10,512	348,890	
Less stable deposits	-	1,215,891	363,513	273,026	1,694,490	
Wholesale funding:					-	
Other wholesale funding	-	2,028,868	133,881	104,315	610,515	
Other liabilities:					-	
All other liabilities not included in the above categories	-	144,683	-	-	-	
<b>Total ASF</b>	<b>325,754</b>	<b>3,729,673</b>	<b>513,350</b>	<b>440,013</b>	<b>3,031,809</b>	
<u>Required Stable Funding (RSF):</u>						
Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	38,622	
Performing financing and sukuk/ securities:						
Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	415,492	883	4,333	67,098	
Performing financing to non-financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:						
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio guidelines	-	-	-	166,799	108,419	
Performing residential mortgages, of which:						
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	355,894	231,331	
Securities/ sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	18,929	7,212	2,789	15,441	
Other assets:						
All other assets not included in the above categories	682,607	18,413	1,638	93,168	758,424	
OBS items	-	659,523	-	-	32,976	
<b>Total RSF</b>	<b>682,607</b>	<b>1,966,689</b>	<b>272,326</b>	<b>1,580,487</b>	<b>2,624,653</b>	
<b>NSFR (%)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115.5%</b>	

**18 SUBSEQUENT EVENT – ACQUISITION OF BUSINESS AND ASSETS**

The Bank has entered into definitive agreements with Kuwait Finance House K.S.C.P. (“KFH Group”) in relation to the acquisition of 100% shares in KFH Bahrain, a Retail Islamic Bank incorporated in the Kingdom of Bahrain, fully owned subsidiary of KFH Group, subject to obtaining the requisite regulatory approvals and completing transaction closing requirements.

As at 1 April 2024, the proposed acquisition date, the unadjusted carrying value of the assets to be acquired was BD 1,459 million and total liabilities and equity of investment account holders assumed was BD 1,313 million. The total cash consideration is subject to final adjustments and cannot be disclosed due to contractual restrictions. The buyer and seller are in the process of completing the transaction related obligations and obtaining the requisite regulatory approvals. The process of determining the fair value of assets acquired and liabilities assumed and the resultant intangible assets in the business combination in accordance with IFRS 3 Business Combinations is in progress as of the date of approval of this condensed consolidated interim financial information.

**19 COMPARATIVE FIGURES**

Certain of the prior year figures have been regrouped to conform to the current year presentation. Such grouping did not affect previously reported net profit, total assets, total liabilities and total equity of the Group.