

Solidarity Bahrain B.S.C.

**Condensed consolidated interim
financial information**

Period ended 30 June 2025

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General information

Commercial registration	5091 obtained on 17 August 1976
Board of Directors	
H.E.Shaikh Khalid Al Mashani	Chairman of the Board, Chairman of Remuneration Committee and Chairman of the Executive Committee (Non-Executive Director)
Salman Al Mahmeed	Vice Chairman of the Board, Chairman of Audit & Risk Committee and Member of the Nomination and Corporate Governance Committee (Non-Executive Director)
Tariq AlAujaili	Board Member, Member of the Executive Committee and Member of the Remuneration Committee (Non-Executive Director)
Ashraf Bseisu	Board Member, Member of the Executive Committee, Member of the Nomination and Corporate Governance Committee and Member of the Remuneration Committee (Executive Director)
Anwar Murad	Board Member, Member of the Executive Committee and Member of the Remuneration Committee (Executive Director)
Dr. Nawaf Al Hamar	Board Member, Member of the Nomination and Corporate Governance Committee and Member of the Audit & Risk Committee (Independent Non-Executive Director)
Ahmed Habib Kassim	Board Member, Member of the Audit & Risk Committee (Independent Non-Executive Director)
Hala Farooq Al Moayyed	Board Member (Expert Director)
Fawaz Fuad Kanoo	Board Member (Expert Director)
Executive Committee	H.E.Shaikh Khalid Al Mashani – Chairman Tariq AlAujaili – Member Ashraf Bseisu – Member Anwar Murad – Member
Audit and Risk Committee	Salman Al Mahmeed – Chairman Dr. Nawaf Al Hamar – Member Ahmed Habib Kassim – Member
Nomination and Corporate Governance Committee	Shaikh Dr. Osama Bahar – Chairman Salman Al Mahmeed – Member Ashraf Bseisu – Member Dr. Nawaf Al Hamar – Member
Remuneration Committee	H.E.Shaikh Khalid Al Mashani – Chairman Tariq AlAujaili – Member Ashraf Bseisu – Member Anwar Murad – Member
Sharia Supervisory Board	
Shaikh Dr. Osama Bahar	Chairman of Sharia Supervisory Board and Chairman of Nomination and Corporate Governance Committee
Shaikh Mohsin Shaikh A. Hussain Al Asfoor	Member of Sharia Supervisory Board – Vice Chairman
Shaikh Abdul Naser Al Mahmood	Member of Sharia Supervisory Board

General information (continued)

Management

Jawad Mohammed
Sanjeev Aggarwal
Jai Prakash Pandey
Husain Sabt

Chief Executive Officer
Chief Financial Officer
Deputy General Manager – Business Development
Acting Assistant General Manager – Corporate Support

Head Office

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Telephone: +973 17585222
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Website: www.solidarity.com.bh

Branches

Seef Mall Branch
Arad Branch
Sanad Branch

Flat 379, Building 2102, Road 2825, Block 428 Al Seef
Building 35, Road 40, Block 240 Arad
Building 2414, Road 4571, Block 745 Sanad

Principal bankers

Al Salam Bank B.S.C., Kingdom of Bahrain
Kuwait Finance House B.S.C., Kingdom of Bahrain

Auditor

KPMG Fakhro
P.O. Box 710
Manama, Kingdom of Bahrain

Actuary

Lux Actuaries and Consultants
PO Box 50912 – Manama, Kingdom of Bahrain

Shares registrar

Bahrain Clear, Kingdom of Bahrain



KPMG Fakhro
Audit
12th Floor, Fakhro Tower,
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CR No.6220 - 2

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

To the Directors

Solidarity Bahrain B.S.C.

Kingdom of Bahrain

Introduction

We have reviewed the accompanying 30 June 2025 condensed consolidated interim financial information of Solidarity Bahrain B.S.C. (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2025;
- the condensed consolidated statement of income for the six-month and three-month periods ended 30 June 2025;
- the condensed consolidated statement of other comprehensive income for the six-month and three-month periods ended 30 June 2025;
- the condensed consolidated statement of participants' surplus and deficit for the six-month period ended 30 June 2025;
- the condensed consolidated statement of changes in shareholders' equity for the six-month period ended 30 June 2025;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2025; and
- notes to the condensed consolidated interim financial information.

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

Scope of Review

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

Conclusion

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

13 August 2025

Solidarity Bahrain B.S.C.

**Condensed consolidated statement of financial position
As at 30 June 2025**

In thousands of Bahraini Dinars

	Note	30 June 2025 (reviewed)	31 December 2024 (audited)
Assets			
Cash and cash equivalents		29,657	26,866
Placements with financial institutions		4,219	1,810
Investments	5	54,559	28,362
Investment in associates		23,430	16,377
Investments of participants in units	5	9,441	9,213
Intangible assets	13	37,535	7,027
Takaful arrangement assets *	6	580	-
Retakaful arrangement assets *	6	22,501	7,978
Prepayments and other assets		14,204	8,875
Conventional assets - under run-off management		347	439
Property and equipment		822	885
Right-of-use assets		731	345
Total assets		198,026	108,177
Liabilities, participants' funds and shareholders' equity			
Liabilities			
Takaful arrangement liabilities *	6	81,917	49,099
Retakaful arrangement liabilities *	6	4,310	586
Investment contract liabilities		1,835	-
Murabaha Financing		-	9,300
Other liabilities		23,701	8,378
Conventional liabilities - under run-off management		347	439
Ijarah liabilities		776	351
Total liabilities		112,886	68,153
Participants' funds			
		706	513
Shareholders' equity			
Share capital	15	17,000	13,333
Preference shares – advance capital contributions	17	5,088	-
Treasury shares		(4)	(4)
Statutory reserve		4,967	4,967
Share premium		5,733	5,733
Property revaluation reserve		-	532
Investment fair value reserve		80	3,413
Retained earnings		13,754	11,537
Total equity attributable to the shareholders		46,618	39,511
Subordinated Mudaraba	16	37,816	-
Total equity		84,434	39,511
Total liabilities, participants' funds and equity		198,026	108,177

This condensed consolidated interim financial information was approved and authorised for issue on 13 August 2025 and signed on behalf of the Board by:

H.E. Shaikh Khalid Al Mashani
Chairman

Salman Al Mahmeed
Vice Chairman

Jawad Mohammed
Chief Executive Officer

Notes 1 to 19 form an integral part of this condensed consolidated interim financial information.

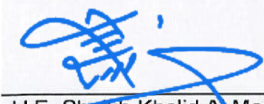
* Takaful and retakaful assets and liabilities reported as at 30 June 2025 includes conventional insurance assets and liabilities due to acquisition of subsidiaries (refer note 1).

Condensed consolidated statement of income
Six-month period ended 30 June 2025

In thousands of Bahraini Dinars

	Note	General Takaful fund		Family Takaful fund		Shareholders' fund *		Total	
		30 June 2025 (reviewed)	30 June 2024 (reviewed)	30 June 2025 (reviewed)	30 June 2024 (reviewed)	30 June 2025 (reviewed)	30 June 2024 (reviewed)	30 June 2025 (reviewed)	30 June 2024 (reviewed)
Recognised takaful contributions	7	27,106	26,430	1,185	629	12,171	-	40,462	27,059
Recognised takaful costs		(17,469)	(16,019)	(1,218)	(567)	(9,117)	-	(27,804)	(16,586)
Retakaful net results		(9,254)	(9,971)	3	52	(2,188)	-	(11,439)	(9,919)
Takaful participants' gross margin / (loss)		383	440	(30)	114	866	-	1,219	554
Net participants' investment income		247	426	95	106	-	-	342	532
Amortisation of deferred cost (related to provision of takaful arrangements)		(463)	(564)	(168)	(81)	(102)	-	(733)	(645)
Amortisation of deferred income (related to retakaful arrangements held)		100	137	14	30	108	-	222	167
Net surplus / (deficit)		267	439	(89)	169	872	-	1,050	608
Wakala fee income	8	-	-	-	-	6,843	6,598	6,843	6,598
Investment income, net		-	-	-	-	5,427	1,294	5,427	1,294
Mudarib share		-	-	-	-	228	287	228	287
Share of profit from an associate		-	-	-	-	678	16	678	16
Other income		-	-	-	-	817	326	817	326
Total shareholders' income		-	-	-	-	13,993	8,521	13,993	8,521
Employee costs		-	-	-	-	(2,598)	(2,375)	(2,598)	(2,375)
Commission expenses incurred		-	-	-	-	(1,577)	(1,208)	(1,577)	(1,208)
Third-party administrators (TPA) fees		-	-	-	-	(471)	(431)	(471)	(431)
Other expenses		-	-	-	-	(4,251)	(2,060)	(4,251)	(2,060)
Total shareholders' expense		-	-	-	-	(8,897)	(6,074)	(8,897)	(6,074)
Net profit / (loss) for the period		267	439	(89)	169	5,968	2,447	6,146	3,055
Basic and diluted earnings per share						35.12 Fils	14.41 Fils		

This condensed consolidated interim financial information was approved and authorised for issue on 13 August 2025 and signed on behalf of the Board by:


H.E. Shaikh Khalid Al Mashani
Chairman


Salman Al Mahmeed
Vice Chairman


Jawad Mohammed
Chief Executive Officer

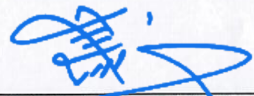
Notes 1 to 19 form an integral part of this condensed consolidated interim financial information.
* Shareholders fund includes conventional insurance activities related revenue and costs which resulted due to acquisition of subsidiaries (refer note 1).

Condensed consolidated statement of income
Three-month period ended 30 June 2025


In thousands of Bahraini Dinars

Note	General Takaful fund		Family Takaful fund		Shareholders' fund *		Total	
	30 June 2025 (reviewed)	30 June 2024 (reviewed)	30 June 2025 (reviewed)	30 June 2024 (reviewed)	30 June 2025 (reviewed)	30 June 2024 (reviewed)	30 June 2025 (reviewed)	30 June 2024 (reviewed)
7	14,063	12,830	574	308	12,171	-	26,808	13,138
Recognised takaful costs	(9,190)	(7,671)	(636)	(224)	(9,117)	-	(18,943)	(7,895)
Retakaful net results	(4,848)	(4,999)	(71)	1	(2,188)	-	(7,107)	(4,998)
Takaful participants' gross margin / (loss)	25	160	(133)	85	866	-	758	245
Net participants' investment income	104	238	65	80	-	-	169	318
Amortisation of deferred cost (related to provision of takaful arrangements)	(191)	(255)	(74)	(63)	(102)	-	(367)	(318)
Amortisation of deferred income (related to retakaful arrangements held)	27	47	26	13	108	-	161	60
Net surplus / (deficit)	(35)	190	(116)	115	872	-	721	305
8	-	-	-	-	3,384	3,342	3,384	3,342
Wakala fee income	-	-	-	-	4,785	686	4,785	686
Investment income, net	-	-	-	-	113	145	113	145
Mudarib share	-	-	-	-	367	9	367	9
Share of profit from an associate	-	-	-	-	651	177	651	177
Other income	-	-	-	-	-	-	-	-
Total shareholders' income	-	-	-	-	9,300	4,359	9,300	4,359
Employee costs	-	-	-	-	(1,450)	(1,217)	(1,450)	(1,217)
Commission expenses incurred	-	-	-	-	(811)	(571)	(811)	(571)
Third-party administrators (TPA) fees	-	-	-	-	(265)	(226)	(265)	(226)
Other expenses	-	-	-	-	(2,936)	(1,149)	(2,936)	(1,149)
Total shareholders' expense	-	-	-	-	(5,462)	(3,163)	(5,462)	(3,163)
Net profit / (loss) for the period	(35)	190	(116)	115	4,710	1,196	4,559	1,501
Basic and diluted earnings per share					27.72 Fils	7.04 Fils		

This condensed consolidated interim financial information was approved and authorised for issue on 13 August 2025 and signed on behalf of the Board by:


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Chairman


Salman Al Mahmeed
Vice Chairman


Jawad Mohammed
Chief Executive Officer

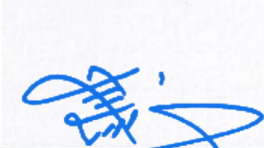
Notes 1 to 19 form an integral part of this condensed consolidated interim financial information.
* Shareholders fund includes conventional insurance activities related revenue and costs which resulted due to acquisition of subsidiaries (refer note 1).


Condensed consolidated statement of other comprehensive Income
Six-month period ended 30 June 2025

In thousands of Bahraini Dinars

	General Takaful fund		Family takaful fund		Shareholders' fund *		Total	
	30 June 2025 (reviewed)	30 June 2024 (reviewed)	30 June 2025 (reviewed)	30 June 2024 (reviewed)	30 June 2025 (reviewed)	30 June 2024 (reviewed)	30 June 2025 (reviewed)	30 June 2024 (reviewed)
Net profit / (loss) for the period	267	439	(89)	169	5,968	2,447	6,146	3,055
Items to be reclassified to the statement of income:								
Fair value changes arising during the period	7	10	8	42	30	(123)	45	(71)
Share of fair value reserve of Associate	-	-	-	-	22	-	22	-
Transferred to investment income on derecognition of equity instruments (note 5)	-	-	-	-	(3,385)	(9)	(3,385)	(9)
Other comprehensive income for the period	7	10	8	42	(3,333)	(132)	(3,318)	(80)
Total comprehensive income for the period	274	449	(81)	211	2,635	2,315	2,828	2,975

This condensed consolidated interim financial information was approved and authorised for issue on 13 August 2025 and signed on behalf of the Board by:


H.E. Shaikh Khalid Al Mashani
Chairman


Salman Al Mahmeed
Vice Chairman


Jawad Mohammed
Chief Executive Officer

Notes 1 to 19 form an integral part of this condensed consolidated interim financial information.
* Shareholders fund includes conventional insurance activities related revenue and costs which resulted due to acquisition of subsidiaries (refer note 1).

Condensed consolidated statement of other comprehensive Income
Three-month period ended 30 June 2025

In thousands of Bahraini Dinars

	General Takaful fund		Family takaful fund		Shareholders' fund *		Total	
	30 June 2025 (reviewed)	30 June 2024 (reviewed)	30 June 2025 (reviewed)	30 June 2024 (reviewed)	30 June 2025 (reviewed)	30 June 2024 (reviewed)	30 June 2025 (reviewed)	30 June 2024 (reviewed)
Net profit / (loss) for the period	(35)	190	(116)	115	4,710	1,196	4,559	1,501
<i>Items to be reclassified to the statement of income:</i>								
Fair value changes arising during the period	7	48	8	-	(12)	(225)	3	(177)
Share of fair value reserve of Associate	-	-	-	-	15	-	15	-
Transferred to investment income on derecognition of equity instruments (note 5)	-	-	-	-	(3,385)	(9)	(3,385)	(9)
Other comprehensive income for the period	7	48	8	-	(3,382)	(234)	(3,367)	(186)
Total comprehensive income for the period	(28)	238	(108)	115	1,328	962	1,192	1,315

This condensed consolidated interim financial information was approved and authorised for issue on 13 August 2025 and signed on behalf of the Board by:



H.E. Shaikh Khalid Al Mashani
Chairman



Salman Al Mahmeed
Vice Chairman



Jawad Mohammed
Chief Executive Officer

Notes 1 to 19 form an integral part of this condensed consolidated interim financial information.

* Shareholders fund includes conventional insurance activities related revenue and costs which resulted due to acquisition of subsidiaries (refer note 1).

Condensed consolidated statement of participants' surplus and deficit
Six-month period ended 30 June 2025

In thousands of Bahraini Dinars

2025
(reviewed)

At 1 January
 Surplus/ (deficit) for the period
 Other comprehensive income

At 30 June (reviewed)

Accumulated (deficit)/surplus		Investment fair value reserve		Total
General Takaful	Family Takaful	General Takaful	Family Takaful	
510	(21)	18	6	513
267	(89)	-	-	178
-	-	7	8	15
777	(110)	25	14	706

2024
(reviewed)

At 1 January
 Surplus for the period
 Other comprehensive income

At 30 June (reviewed)

Accumulated (deficit)/surplus		Investment fair value reserve		Total
General Takaful	Family Takaful	General Takaful	Family Takaful	
(471)	(217)	(1)	(45)	(734)
439	169	-	-	608
-	-	10	42	52
(32)	(48)	9	(3)	(74)

Notes 1 to 19 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of changes in shareholders' equity
Six-month period ended 30 June 2025

In thousands of Bahraini Dinars

2025 (reviewed)	Share capital	Preference shares – prepaid capital contributions	Treasury shares	Statutory reserve	Share premium	Property revaluation reserve	Investment fair value reserve	Retained earnings	Total equity attributable to the shareholders	Subordinated Mudaraba	Total equity
At 1 January	13,333	-	(4)	4,967	5,733	532	3,413	11,537	39,511	-	39,511
Net profit for the period	-	-	-	-	-	-	-	5,968	5,968	-	5,968
Other comprehensive income	-	-	-	-	-	-	(3,333)	-	(3,333)	-	(3,333)
Total comprehensive income	-	-	-	-	-	-	(3,333)	5,968	2,635	-	2,635
Bonus shares issued (Note 15)	3,667	-	-	-	-	-	-	(3,667)	-	-	-
Capital received in advance	-	5,088	-	-	-	-	-	-	5,088	-	5,088
Issuance of subordinated mudaraba	-	-	-	-	-	-	-	-	-	39,034	39,034
Issuance cost of subordinated mudaraba	-	-	-	-	-	-	-	-	-	(1,218)	(1,218)
Profit distribution on subordinated mudaraba	-	-	-	-	-	-	-	(616)	(616)	-	(616)
Property revaluation reserve movement during the period	-	-	-	-	-	(532)	-	532	-	-	-
At 30 June (reviewed)	17,000	5,088	(4)	4,967	5,733	-	80	13,754	46,618	37,816	84,434

2024 (reviewed)	Share capital	Preference shares – prepaid capital contributions	Treasury shares	Statutory reserve	Share premium	Property revaluation reserve	Investment fair value reserve	Retained earnings	Total equity attributable to the shareholders	Subordinated Mudaraba	Total equity
At 1 January	13,333	-	(4)	4,278	5,733	747	3,601	8,666	36,354	-	36,354
Net profit for the period	-	-	-	-	-	-	-	2,447	2,447	-	2,447
Other comprehensive income	-	-	-	-	-	-	(132)	-	(132)	-	(132)
Total comprehensive income	-	-	-	-	-	-	(132)	2,447	2,315	-	2,315
Dividends declared for 2024	-	-	-	-	-	-	-	(3,331)	(3,331)	-	(3,331)
At 30 June (reviewed)	13,333	-	(4)	4,278	5,733	747	3,469	7,782	35,338	-	35,338

Notes 1 to 19 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of cash flows
Six-month period ended 30 June 2025

In thousands of Bahraini Dinars

	Notes	30 June 2025 (reviewed)	30 June 2024 (reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		6,146	3,055
<i>Adjustments for:</i>			
Depreciation		66	105
Depreciation of right-of-use assets		202	140
Ijarah cost		7	5
Amortization of intangible asset		252	179
Murabaha finance cost		274	-
Provision for employees end of service benefits		37	49
Investment income, net		(5,769)	(1,826)
Share of profit from associates		(678)	(16)
Amortisation during the period, net	5	(21)	(4)
		516	1,687
<i>Changes in:</i>			
Retakaful arrangement assets	6	6,996	(1,137)
Takaful arrangement assets	6	2,398	(61)
Prepayments and other assets		(3,602)	(3,720)
Takaful arrangement liabilities	6	(257)	1,239
Retakaful arrangement liabilities	6	(10,589)	33
Investment contract liabilities		1	-
Other liabilities		3,779	508
Cash used in operating activities		(758)	(1,451)
Payment towards employees end of service benefits		-	(121)
Net cash used in operating activities		(758)	(1,572)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment and intangible assets		(114)	(230)
Purchase of investments	5	(1,182)	(13,738)
Placements with financial institutions, net		4,826	5,658
Dividend received from investment in associate		890	27
Proceeds from disposal of investments		10,431	8,456
Investment income received		2,383	1,733
Sale of property and equipment and intangible assets		575	-
Pre-acquisition dividend received		5,854	-
Cash received on transfer of business, assets and liabilities		11,711	-
Cash paid on transfer of business, assets and liabilities		(64,241)	-
Net cash (used in)/generated from investing activities		(28,867)	1,906
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	15	-	(3,331)
Settlement of Murabaha Financing		(9,300)	-
Ijarah liabilities paid		(298)	(147)
Preference shares - capital received in advance	17	5,088	-
Issuance of Subordinated Mudaraba	16	37,816	-
Profit distribution on Subordinated Mudaraba		(616)	-
Profit paid on Murabaha Financing		(274)	-
Net cash generated from/(used in) financing activities		32,416	(3,478)
Net increase/(decrease) in cash and cash equivalents		2,791	(3,144)
Cash and cash equivalents at the beginning of the period		26,866	9,945
Cash and cash equivalents at the end of the period		29,657	6,801
Shareholders' fund		26,341	3,207
Participants' fund		3,316	3,594
Cash and cash equivalents at the end of the period		29,657	6,801

Notes 1 to 19 form an integral part of this condensed consolidated interim financial information.

1 GENERAL INFORMATION

Solidarity Bahrain B.S.C. (the "Company") is a public shareholding company incorporated in the Kingdom of Bahrain under commercial registration number 5091 obtained on 17 August 1976. The majority shareholder of the Group is Solidarity Group Holding B.S.C. (c) (the "Parent Company") which is a subsidiary of Al Salam Bank B.S.C. (the "Ultimate Parent Company"), a listed bank incorporated in the Kingdom of Bahrain.

The consolidated financial information comprise the results of the Company and its subsidiaries (collectively the "Group"). The Company's effective holding in the below subsidiaries and associates is as follows:

Name of the entity	Location of business / country	Percentage of ownership		Nature of relationship	Nature of activities
		2025	2024		
AlHilal Life B.S.C. (c)*	Bahrain	100%	100%	Subsidiary	Takaful
Alliance Insurance P.S.C.	UAE	28.99%	28.99%	Associate	Conventional insurance
Health 360 Ancillary Services W.L.L.	Bahrain	22.22%	22.22%	Associate	Third Party Administrator
Bahrain National Insurance Company B.S.C. (c)	Bahrain	100%	-	Subsidiary	Conventional insurance
Bahrain National Life Assurance Company B.S.C. (c)	Bahrain	100%	-	Subsidiary	Conventional insurance
United Insurance Company B.S.C. (c)	Bahrain	20%	-	Associate	Conventional insurance

* Al Hilal Life B.S.C a subsidiary to the group is currently under liquidation.

The Company is licensed by the Central Bank of Bahrain (the "CBB") to carry out the following principal activities:

- (i) developing and providing protection covers for property, engineering, general accident, liability, marine cargo, marine hull, aviation, medical, group life, motor, level term assurance and decreasing term assurance; and
- (ii) management of general takaful and family takaful funds in accordance with the Islamic Shari'a principles on behalf of the participants of the fund.

The Group's general takaful funds comprise of all protection covers except decreasing term assurance, level term assurance and savings takaful which are part of family takaful fund.

The conventional run-off fund represents technical assets and liabilities of the insurance portfolio of the Company (formerly Al Ahlia Insurance) prior to merger. This portfolio is under run-off and belongs to the shareholders' fund.

During the period ended 30 June 2025, the Group obtained control and acquired 100% assets, business, and liabilities of Bahrain National Insurance Company BSC (c) ("BNI") and Bahrain National Life Assurance Company BSC (c) ("BNL") from Bahrain National Holding Company B.S.C. ("BNH") through settlement in cash amounted to BD 75 million (Note 14). For BNL, all the legal formalities and necessary regulatory approvals have been completed. For BNI, the legal formalities and necessary regulatory approvals are in progress and expected to be completed during the period ending 30 September 2025. BNI and BNL will be transitioning its conventional insurance portfolio to a Takaful model. This process will commence in 2025 and is expected to be largely completed in 2026, resulting in the transfer of the majority of conventional insurance assets and liabilities to the participants' fund. Refer note 14 for further details.

2 BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with Financial Accounting Standard 41 ("FAS 41") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") and in conformity with the Central Bank of Bahrain and Financial Institutions Law 2006, the applicable regulations set out in Volume 3 - Insurance, Volume 6 - capital markets of the Central Bank of Bahrain's rule book and the relevant provisions of the Commercial Companies Law 2001 (as amended) and its subsequent amendments. For the matters which are not covered by AAOIFI accounting standards, the Group uses guidance from the relevant IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). Accordingly, this interim financial information has been presented in condensed form in accordance with FAS 41, which permits the interim financial information to be in summarised form and does not include all of the information required for full annual financial statements. This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2024.

3 ACCOUNTING POLICIES

The accounting policies used in the preparation of this condensed consolidated interim financial information are consistent with those used in the annual audited financial statements of the Group prepared as at, and for the year ended 31 December 2024, except for the adoption of new and amended standards issued and effective from 1 January 2025.

Several amendments apply for the first time in 2025, but had no material impact on the condensed consolidated interim financial information.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

4 CYCLICAL VARIABILITY

The condensed interim results may not represent a proportionate share of the annual profits due to cyclical variability in contributions and uncertainty of claims occurrences.

5 INVESTMENTS**Sukuk**

Amortised cost:

Quoted instruments

33,653

22,571

Fair value through equity:

Quoted instruments

4,754

2,091

Equity type instruments

Fair value through equity:

Quoted instruments

437

-

Unquoted instruments

209

3,700

Fair value through income statement:

Quoted instruments

12,748

-

Unquoted instruments

2,758

-

54,559**28,362****Investments of participants in units**

At fair value:

Investment in funds

9,441

9,213

9,441**9,213**

5.1 The movements in investments are as follows:

At the beginning of the period/year

28,362

36,025

Transfer from BNI

28,427

-

Transfer from BNL

14,062

-

Additions during the period/year

1,182

22,357

Disposals during the period/year

(10,439)

(30,087)

Amortisation during the period/year, net

21

(4)

Transferred to investment income on disposal of equity instruments

(9)

(289)

Reclassification of equity instruments carried at fair value through equity to
Investment in associate

(7,244)

-

Net change in impairment/ECL during the year

20

190

Change in fair value, net

177

170

54,559**28,362**

At the end of the period/year

6 TAKAFUL AND RETAKAFUL CONTRACTS**30 June 2025****(reviewed)**

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	
Takaful arrangement liabilities – opening	23,843	2,854	21,869	533	49,099
Takaful arrangement assets – opening	-	-	-	-	-
Opening balance, net	23,843	2,854	21,869	533	49,099
Transfer from BNI	5,824	3	14,173	605	20,605
Transfer from BNL	1,963	740	6,657	132	9,492
Changes in the statement of income					
Recognised takaful contributions	(40,462)	-	-	-	(40,462)
Takaful service expenses					
Incurred claims and other takaful service expenses	-	(37)	39,553	-	39,516
Adjustments to liabilities	3,443	(2,590)	(13,494)	(81)	(12,722)
Reversal of losses on onerous contracts	-	1,010	-	-	1,010
Takaful service expenses	3,443	(1,617)	26,059	(81)	27,804
Net deferred cost from insurance contracts	(281)	8	1,047	-	774
Total changes in the statement of income	(37,300)	(1,609)	27,106	(81)	(11,884)
Cash flows					
Contributions received	44,344	-	-	-	44,344
Claims and other takaful service expenses paid	-	-	(28,975)	-	(28,975)
Insurance acquisition cashflows paid	(1,344)	-	-	-	(1,344)
Total cash flows	43,000	-	(28,975)	-	14,025
Takaful arrangements liabilities - closing	38,878	1,988	39,893	1,158	81,917
Takaful arrangements assets – closing	(1,548)	-	937	31	(580)
Net closing balance	37,330	1,988	40,830	1,189	81,337

Notes to the condensed consolidated interim financial information

Period ended 30 June 2025

In thousands of Bahraini Dinars

6 TAKAFUL AND RETAKAFUL CONTRACTS (continued)

31 December 2024 (audited)	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	
Takaful arrangement liabilities – opening	22,568	1,420	20,838	1,152	45,978
Takaful arrangement assets – opening	-	-	-	-	-
Opening balance, net	22,568	1,420	20,838	1,152	45,978
Transfer from conventional post-conversion to Takaful of Al Hilal life	696	1,367	2,686	-	4,749
Changes in the statement of income					
Recognised takaful contributions	(59,029)	-	-	-	(59,029)
Takaful service expenses					
Incurred claims and other takaful service expenses	-	(44)	51,054	-	51,010
Adjustments to liabilities	-	-	(15,655)	(619)	(16,274)
Reversal of losses on onerous contracts	-	98	-	-	98
Takaful service expenses	-	54	35,399	(619)	34,834
Net deferred cost from insurance contracts	(366)	13	1,166	-	813
Total changes in the statement of income	(59,395)	67	36,565	(619)	(23,382)
Cash flows					
Contributions received	59,974	-	-	-	59,974
Claims and other takaful service expenses paid	-	-	(38,220)	-	(38,220)
Total cash flows	59,974	-	(38,220)	-	21,754
Takaful arrangements liabilities - closing	23,843	2,854	21,869	533	49,099
Takaful arrangements assets – closing	-	-	-	-	-
Net closing balance	23,843	2,854	21,869	533	49,099

Notes to the condensed consolidated interim financial information

Period ended 30 June 2025

In thousands of Bahraini Dinars

6 TAKAFUL AND RETAKAFUL CONTRACTS (continued)

30 June 2025 (reviewed)	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	
Retakaful arrangements liabilities – opening	586	-	-	-	586
Retakaful arrangements assets – opening	1,717	(1,994)	(7,493)	(208)	(7,978)
Opening balance, net	2,303	(1,994)	(7,493)	(208)	(7,392)
Transfer from BNI	6,251	(2)	(12,188)	(357)	(6,296)
Transfer from BNL	6,405	(8)	(7,225)	(82)	(910)
Allocation of retakaful contribution expenses	17,182	34	-	-	17,216
Claims recovered and other directly attributable expenses	(449)	4	(9,316)	-	(9,761)
Recoveries and reversal of losses on onerous contracts	-	(415)	-	-	(415)
Adjustments to assets	(608)	608	4,387	12	4,399
Net expenses from retakaful contracts	16,125	231	(4,929)	12	11,439
Net deferred expense from retakaful contracts	(12)	(2)	(208)	-	(222)
Total changes in the statement of income	16,113	229	(5,137)	12	11,217
Cashflows					
Contributions paid	(20,803)	-	-	-	(20,803)
Amounts received related to incurred claims	-	-	5,993	-	5,993
Total cash flows	(20,803)	-	5,993	-	(14,810)
Retakaful arrangements liabilities – closing	4,310	-	-	-	4,310
Retakaful arrangements assets – closing	5,959	(1,775)	(26,050)	(635)	(22,501)
Net closing balance	10,269	(1,775)	(26,050)	(635)	(18,191)

Notes to the condensed consolidated interim financial information

Period ended 30 June 2025

In thousands of Bahraini Dinars

6 TAKAFUL AND RETAKAFUL CONTRACTS (continued)

31 December 2024
(audited)

	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	
Retakaful arrangements liabilities – opening	452	-	-	-	452
Retakaful arrangements assets – opening	2,090	(1,827)	(7,071)	(369)	(7,177)
Opening balance, net	2,542	(1,827)	(7,071)	(369)	(6,725)
Transfer from conventional post-conversion to Takaful of Al Hilal life	(319)	(190)	(1,454)	-	(1,963)
Allocation of retakaful contribution expenses	27,667	-	-	-	27,667
Claims recovered and other directly attributable expenses	-	7	(10,503)	-	(10,496)
Recoveries and reversal of losses on onerous contracts	-	19	-	-	19
Adjustments to assets	-	-	6,016	161	6,177
Net expenses from retakaful contracts	27,667	26	(4,487)	161	23,367
Net deferred expense from retakaful contracts	(132)	(3)	(147)	-	(282)
Total changes in the statement of income	27,535	23	(4,634)	161	23,085
Cashflows					
Contributions paid	(27,455)	-	-	-	(27,455)
Amounts received related to incurred claims	-	-	5,666	-	5,666
Total cash flows	(27,455)	-	5,666	-	(21,789)
Retakaful arrangements liabilities – closing	586	-	-	-	586
Retakaful arrangements assets – closing	1,717	(1,994)	(7,493)	(208)	(7,978)
Net closing balance	2,303	(1,994)	(7,493)	(208)	(7,392)

7 RECOGNISED TAKAFUL CONTRIBUTIONS

The following tables present an analysis of the insurance revenue recognized in the period.

30 June 2025 (reviewed)	Six-month ended				Three-month ended			
	Family Takaful	General Takaful	Shareholder	Total	Family Takaful	General Takaful	Shareholder	Total
Arrangements not measured under the contribution allocation approach (CAA)								
Amounts relating to changes in liabilities for remaining coverage								
- Takaful residue margin (TRM) recognised in statement of income for services provided	312	-	22	334	116	-	22	138
- Change in risk adjustment for nonfinancial risk for risk expired	56	-	2	58	29	-	2	31
- Expected incurred claims and other takaful service expenses	817	-	29	846	429	-	29	458
	1,185	-	53	1,238	574	-	53	627
Arrangements measured under contribution allocation approach								
	-	27,106	12,118	39,224	-	14,063	12,118	26,181
Total recognised takaful contributions	1,185	27,106	12,171	40,462	574	14,063	12,171	26,808

30 June 2024 (reviewed)	Six-month ended				Three-month ended			
	Family Takaful	General Takaful	Shareholder	Total	Family Takaful	General Takaful	Shareholder	Total
Arrangements not measured under the contribution allocation approach (CAA)								
Amounts relating to changes in liabilities for remaining coverage								
- Takaful residue margin (TRM) recognised in statement of income for services provided	133	-	-	133	66	-	-	66
- Change in risk adjustment for nonfinancial risk for risk expired	18	-	-	18	8	-	-	8
- Expected incurred claims and other takaful service expenses	478	-	-	478	234	-	-	234
	629	-	-	629	308	-	-	308
Arrangements measured under contribution allocation approach								
	-	26,430	-	26,430	-	12,830	-	12,830
Total recognised takaful contributions	629	26,430	-	27,059	308	12,830	-	13,138

8 WAKALA FEE

The Group receives Wakala fee for administration of the takaful funds on behalf of the participants in accordance with the contracts of the respective takaful funds. The Group has charged the Wakala within the Wakala cap approved by the Shari'a Supervisory Board (SSB) on the overall gross contributions, net of refunds.

9 RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the significant shareholder and entities over which the Group and the shareholder exercises significant influence, directors and executive management of the Group.

During the period ended 30 June 2025 and 2024, the Group has entered into transactions with related parties on terms approved by the management.

Transactions with key management personnel

Key management personnel of the Group comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. Remuneration paid to the Board of Directors of the Group during the period amounted to BD 220 thousand (2024: BD 145 thousand). Sitting fees paid to the members of the Committees of the Board of Directors amounted to BD 44 thousand (2024: BD 29 thousand) and salaries and benefits for key members of management amounted to BD 652 thousand (2024: BD 431 thousand). End of service and other benefits due to key management personnel as at 30 June 2025 amounted to BD 677 thousand (2024: BD 463 thousand).

Transactions and balances with related parties**a) Transactions with related parties**

30 June 2025 (reviewed)	Associate	Parent company	Ultimate parent	Key management personnel	Entities under common control	Total
Takaful contributions	2	1	1,559	1	923	2,486
Takaful expenses for Retakaful arrangements held	-	-	-	-	9	9
Takaful costs	58	-	882	-	250	1,190
TPA fees	253	-	-	-	-	253
Income from placements	-	-	376	-	-	376
Other Income	54	-	-	-	-	54

30 June 2024 (reviewed)	Associate	Parent company	Ultimate parent	Key management personnel	Entities under common control	Total
Takaful contributions	-	18	1,109	1	564	1,692
Takaful expenses for Retakaful arrangements held	-	-	-	-	8	8
takaful costs	-	-	520	-	62	582
TPA fees	262	-	-	-	-	262
Income from placements	-	-	146	-	-	146
Share of profit from associates	16	-	-	-	-	16
Other Income	83	-	-	-	-	83

Notes to the condensed consolidated interim financial information

Period ended 30 June 2025

In thousands of Bahraini Dinars

9 RELATED PARTIES (Continued)

b) Balances with related parties

30 June 2025 (reviewed)	Associate	Parent company	Ultimate parent	Key management personnel	Entities under common control	Total
Placements with financial institutions	-	-	1,515	-	-	1,515
Cash and cash equivalents	-	-	3,516	-	-	3,516
Takaful and other receivables	-	-	-	-	1,040	1,040
Takaful and other payables	447	12,405	1,123	-	-	13,975

31 December 2024 (audited)	Associate	Parent company	Ultimate parent	Key management personnel	Entities under common control	Total
Placements with financial institutions	-	-	1,705	-	-	1,705
Cash and cash equivalents	-	-	492	-	-	492
Takaful and other receivables	-	-	-	-	620	620
Takaful and other payables	653	26	592	-	9	1,280

10 SEGMENTAL INFORMATION

The Group makes operating decisions on a combined basis for general takaful, family takaful and conventional insurance run-off fund. Management monitors the underwriting results and performance of the Group using the following business segments:

- Non-motor which includes fire, marine, general accident, liability, aviation and engineering lines of business
- Motor
- Medical
- Group Life which includes group life and credit life business
- Family Takaful which includes long-term decreasing term, level term business, protection takaful and saving takaful

The segmental information is presented on a consolidated basis including BNI and BNL. The long term life business of BNL is reported under the Family Takaful segment.

Management monitors the underwriting results of the operating segments separately for the purpose of making decisions on the resource allocation and performance assessment. Segment performance is evaluated based on underwriting profit. The table overleaf presents the segment revenues, measurement of segment profit for the period and their reconciliation to the total income and profit for the period of the Group.

Notes to the condensed consolidated interim financial information

Period ended 30 June 2025

In thousands of Bahraini Dinars

10 SEGMENTAL INFORMATION (continued)

	30 June 2025 (reviewed)					30 June 2024 (reviewed)						
	Non-Motor (*)	Motor	Medical	Group Life	Family Takaful	Total	Non-Motor (*)	Motor	Medical	Group Life	Family Takaful	Total
Recognised takaful contributions	11,214	10,711	14,552	2,748	1,237	40,462	7,202	6,588	10,678	1,962	629	27,059
Recognised takaful costs	(3,179)	(10,753)	(9,059)	(3,577)	(1,236)	(27,804)	(1,741)	(6,093)	(6,142)	(2,043)	(567)	(16,586)
Takaful service result before retakaful contracts held	8,035	(42)	5,493	(829)	1	12,658	5,461	495	4,536	(81)	62	10,473
Retakaful net results	(6,897)	(89)	(5,301)	857	(9)	(11,439)	(5,481)	(65)	(4,388)	(37)	52	(9,919)
Takaful gross margin	1,138	(131)	192	28	(8)	1,219	(20)	430	148	(118)	114	554
Net Investment income	48	61	125	13	95	342	31	205	180	10	106	532
Amortisation of deferred cost (related to provision of takaful arrangements)	(121)	(359)	(52)	(46)	(155)	(733)	(92)	(419)	(40)	(13)	(81)	(645)
Amortisation of deferred profit (related to provision of retakaful arrangements held)	142	(1)	19	49	13	222	119	1	6	11	30	167
Net participant's surplus / (deficit)	1,207	(430)	284	44	(55)	1,050	38	217	294	(110)	169	608
Identifiable assets	2,836	-	5,783	2,559	19,503	30,681	3,114	552	889	475	16,801	21,831
Identifiable liabilities	17,538	25,328	11,278	6,049	19,599	79,792	8,371	15,504	6,084	553	16,801	47,313

(*) Non - motor includes fire, marine, aviation, general accident, liability, and engineering.

Assets amounting to BD 167.345 million (2024: BD 84.446 million) and liabilities amounting to BD 33.094 million (2024: BD 18.292 million) are not specifically identifiable.

Notes to the condensed consolidated interim financial information

Period ended 30 June 2025

In thousands of Bahraini Dinars

10 SEGMENTAL INFORMATION (continued)

	General Takaful fund		Family Takaful fund		Shareholders' fund		Total	
	30 June 2025 (reviewed)	31 December 2024 (audited)	30 June 2025 (reviewed)	31 December 2024 (audited)	30 June 2025 (reviewed)	31 December 2024 (audited)	30 June 2025 (reviewed)	31 December 2024 (audited)
Assets								
Cash and cash equivalents	2,169	14,322	1,147	5,401	26,341	7,143	29,657	26,866
Placements with financial institutions	565	705	-	-	3,654	1,105	4,219	1,810
Investments	10,647	13,228	1,259	1,758	42,653	13,376	54,559	28,362
Investment in associates	15,740	-	-	-	7,690	16,377	23,430	16,377
Investments of participants in units	-	-	9,441	9,213	-	-	9,441	9,213
Intangible assets	-	-	-	-	37,535	7,027	37,535	7,027
Takaful arrangement assets	-	-	-	-	580	-	580	-
Retakaful arrangement assets	8,002	5,384	2,347	2,594	12,152	-	22,501	7,978
Prepayments and other assets	1,925	1,725	5,309	575	6,970	6,575	14,204	8,875
Conventional assets - under run-off management	-	-	-	-	347	439	347	439
Property and equipment	-	-	-	-	822	885	822	885
Right-of-use assets	-	-	-	-	731	345	731	345
Total assets	39,048	35,364	19,503	19,541	139,475	53,272	198,026	108,177
Liabilities, participants' funds and shareholders' equity								
Liabilities								
Takaful arrangement liabilities	32,528	30,294	19,134	18,805	30,255	-	81,917	49,099
Retakaful arrangement liabilities	-	586	-	-	4,310	-	4,310	586
Investment contract liabilities	-	-	-	-	1,835	-	1,835	-
Murabaha Financing	-	-	-	-	-	9,300	-	9,300
Other liabilities	5,718	3,956	465	751	17,518	3,671	23,701	8,378
Conventional liabilities - under run-off management	-	-	-	-	347	439	347	439
Ijarah liabilities	-	-	-	-	776	351	776	351
Total liabilities	38,246	34,836	19,599	19,556	55,041	13,761	112,886	68,153
Participants' funds	802	528	(96)	(15)	-	-	706	513
Shareholders' equity								
Share capital	-	-	-	-	17,000	13,333	17,000	13,333
Preference shares – prepaid capital contributions	-	-	-	-	5,088	-	5,088	-
Treasury shares	-	-	-	-	(4)	(4)	(4)	(4)
Statutory reserve	-	-	-	-	4,967	4,967	4,967	4,967
Share premium	-	-	-	-	5,733	5,733	5,733	5,733
Property revaluation reserve	-	-	-	-	-	532	-	532
Investment fair value reserve	-	-	-	-	80	3,413	80	3,413
Retained earnings	-	-	-	-	13,754	11,537	13,754	11,537
Total equity attributable to the shareholders	-	-	-	-	46,618	39,511	46,618	39,511
Subordinated Mudaraba	-	-	-	-	37,816	-	37,816	-
Total owners' equity	-	-	-	-	84,434	39,511	84,434	39,511
Total liabilities, participants' funds and owners' equity	39,048	35,364	19,503	19,541	139,475	53,272	198,026	108,177

11 CONTINGENT LIABILITIES AND COMMITMENTS

The Group is a defendant in a number of cases brought by policyholders in respect of claims which the Group disputes. While it is not possible to predict the eventual outcome of such legal actions, the management has made provisions which, in their opinion, are adequate. There are no commitments as at 30 June 2025 (31 December 2024: Nil).

12 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or broker price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included with in level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. All fair value measurements below are recurring:

30 June 2025 (reviewed)

Investments carried at fair value through equity
Investments carried at fair value through income
statement
Investments of participants in units

Level 1	Level 2	Level 3	Total
5,191	-	209	5,400
12,748	-	2,758	15,506
9,441	-	-	9,441
27,380	-	2,967	30,347

31 December 2024 (audited)

Investments carried at fair value through equity
Investments of participants in units

Level 1	Level 2	Level 3	Total
2,091	-	3,700	5,791
9,213	-	-	9,213
11,304	-	3,700	15,004

Notes to the condensed consolidated interim financial information
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12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The table below sets out the Group's classification of each class of financial assets and liabilities, and their fair values:

30 June 2025 (reviewed)	Fair value through equity	Fair value through income statement	At amortised cost	Total carrying value	Fair value
Cash and cash equivalents	-	-	29,657	29,657	29,657
Placements with financial institutions	-	-	4,219	4,219	4,219
Investment securities	5,400	15,506	33,653	54,559	55,767
Other assets	-	-	14,204	14,204	14,204
Total financial assets	5,400	15,506	81,733	102,639	103,847
Other liabilities	-	-	23,701	23,701	23,701
Investment contract liabilities	-	-	1,835	1,835	1,835
Total financial liabilities	-	-	25,536	25,536	25,536

31 December 2024 (audited)	Fair value through equity	Fair value through income statement	At amortised cost	Total carrying value	Fair value
Cash and cash equivalents	-	-	26,866	26,866	26,866
Placements with financial institutions	-	-	1,810	1,810	1,810
Investment securities	5,791	-	22,571	28,362	28,525
Other assets	-	-	8,875	8,875	8,875
Total financial assets	5,791	-	60,122	65,913	66,076
Other liabilities	-	-	8,729	8,729	8,729
Total financial liabilities	-	-	8,729	8,729	8,729

The carrying value of the Group's financial instruments except investments were deemed to approximate fair value due to the immediate or short-term maturities of those financial instruments.

13 INTANGIBLE ASSETS

	Goodwill	Customer relationships	License	Software	Total
Cost or valuation:					
Balance at 1 January 2025	4,295	1,251	385	3,934	9,865
Goodwill arising on business combination (Note 14)	32,330	-	-	-	32,330
Transfer from BNI – 2025	-	-	-	1,634	1,634
Transfer from BNL – 2025	-	-	-	425	425
Additions during the period	-	-	-	91	91
Effect of IFRS 3 provisional adjustments (Note 14)	(1,707)	-	-	(1,868)	(3,575)
Balance as at 30 June 2025	34,918	1,251	385	4,216	40,770
Accumulated amortisation:					
Balance at 1 January 2025	-	247	-	2,591	2,838
Transfer from BNI – 2025	-	-	-	1,463	1,463
Transfer from BNL – 2025	-	-	-	344	344
Amortisation for the period	-	94	-	158	252
Effect of IFRS 3 provisional adjustments (Note 14)	-	-	-	(1,662)	(1,662)
Balance at 30 June 2025	-	341	-	2,894	3,235
Carrying amount:					
At 30 June 2025	34,918	910	385	1,322	37,535

Goodwill arising on the acquisition of:**(a) Bahrain National Insurance's net assets**

The goodwill arose on the Group's acquisition of Bahrain National Insurance Company B.S.C. (c)'s ("BNI") net assets is recognised on a provisional basis. The Group is in the process of undertaking a comprehensive purchase price allocation which is expected to be completed within 12 months from the acquisition date and will focus on, but is not limited to, finalising valuation adjustments related to recognition of intangible assets and other assets and liabilities. Refer note 14 for details.

(b) Bahrain National Life's net assets

The goodwill arose on the Group's acquisition of Bahrain National Life Assurance Company B.S.C. (c)'s ("BNL") net assets is recognised on a provisional basis. The Group is in the process of undertaking a comprehensive purchase price allocation which is expected to be completed within 12 months from the acquisition date and will focus on, but is not limited to, finalising valuation adjustments related to recognition of intangible assets and other assets and liabilities. Refer note 14 for details.

13 INTANGIBLE ASSETS (continued)

At 30 June 2025, the provisional goodwill is allocated to the following CGUs:

Cash generating units (CGUs)	Goodwill provisional allocation
Non-motor	6,999
Motor	11,410
Medical	7,942
Group life	2,690
Family Takaful	1,088
Treasury	4,789
	34,918

CGUs were not tested for impairment because there were no impairment indicators at 30 June 2025.

14 ACQUISITION OF SUBSIDIARIES

On 10 September 2024, the Board of Directors of the Group ratified the offer submitted by the Parent Company to acquire 100% of the issued share capital of Bahrain National Insurance Company B.S.C. (c) ("BNI") and Bahrain National Life Assurance Company B.S.C. (c) ("BNL"), both wholly owned subsidiaries of Bahrain National Holding Company B.S.C. ("BNH"), for a total purchase price of BD 75 million. This offer was subject to the satisfactory completion of confirmatory due diligence, regulatory approvals, shareholder approvals, and other customary conditions precedent.

Following the completion of due diligence and receipt of necessary approvals, on 9 January 2025, the Group signed a definitive Share Purchase Agreement ("SPA") with BNH for the acquisition of both entities, subject to the fulfilment of conditions precedent, including completion of a capital-raising exercise and final regulatory and shareholder approvals.

On 18 March 2025, a variation in the transaction structure was announced, whereby BNL would be acquired directly by the Group from BNH, while BNI would be acquired by the Parent Company from BNH. The Group would subsequently acquire BNI from the Parent Company upon completion of its capital increase and obtaining final regulatory approvals, as stipulated in the SPA dated 18 March 2025 executed between the Group and the Parent Company. In line with this revised structure, the Group has also executed an escrow agreement with the Parent Company, BNH, and Bank of Bahrain and Kuwait B.S.C. to facilitate settlement arrangements.

Following shareholder approval on 27 March 2025 and the receipt of all required regulatory approvals in April 2025, the Group completed the acquisition of 100% of the issued share capital of BNL on 16 April 2025. Simultaneously, the Parent Company completed the acquisition of BNI from BNH.

On 16 April 2025, the Group obtained control of BNI and BNL, hence, these entities are consolidated in this condensed consolidated interim financial information. In line with the revised structure, the Group will acquire BNI from the Parent Company upon completion of its capital increase and obtaining final regulatory approvals. The legal procedures are in progress and expected to be completed during the period ending 30 September 2025.

14 ACQUISITION OF SUBSIDIARIES (continued)

The acquisition has been accounted for using the acquisition method of accounting under IFRS 3 – Business Combinations (IFRS 3) and, accordingly, assets acquired, liabilities assumed, and consideration transferred were recorded at estimated fair value on the acquisition date.

The purchase consideration (also referred to as “purchase price”) of the acquisition have been allocated to the assets acquired assets and liabilities using their preliminary fair values at the acquisition date. The computation of the purchase consideration and its allocation to the net assets of BNI and BNL based on their respective fair values as of acquisition date and the resulting provisional goodwill is presented below. Goodwill based on provisional purchase price allocation, represents the difference between purchase consideration and fair value of identifiable net assets.

The allocation of the purchase price may be modified within a period of twelve months from the date of business combination, as more information is obtained about the fair value of assets acquired and liabilities assumed, including alignment in business model, if needed. Adjustment to the provisional values will be finalised within twelve months of the date of acquisition as allowed by IFRS 3.

(a) Bahrain National Insurance acquisition

Assets acquired	Shareholders' Fund	IFRS 3 Adjustments	Fair value recognized after adjustment
Cash and cash equivalents	5,463	-	5,463
Placements with financial institutions	4,344	-	4,344
Investments	28,692	(265)	28,427
Intangible asset	171	(139)	32
Insurance contract assets	590	-	590
Reinsurance contract assets	12,749	-	12,749
Prepayments, equipment and other assets	2,847	(258)	2,589
	54,856	(662)	54,194

Less: Liabilities assumed	Shareholders' Fund	IFRS 3 Adjustments	Fair value recognized after adjustment
Liabilities			
Insurance contract liabilities	20,466	729	21,195
Other liabilities	1,207	-	1,207
Reinsurance contract liabilities	6,453	-	6,453
	28,126	729	28,855
NET TANGIBLE ASSETS	26,730	(1,391)	25,339
Identifiable net assets acquired			(25,339)
Purchase consideration			58,124
Pre-acquisition dividend received			(3,592)
Goodwill arising on transfer			29,193

14 ACQUISITION OF SUBSIDIARIES (continued)

In the three months to 30 June 2025, BNI contributed insurance revenue of BD 7,373 thousand and profit of BD 927 thousand to the Group's results. If the acquisition had occurred on 1 January 2025, management estimates that consolidated insurance revenue would have been BD 14,191 thousand, and consolidated profit for the period would have been BD 423 thousand. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2025.

(b) Bahrain National Life acquisition

Assets acquired	Shareholders' Fund	IFRS 3 Adjustments	Fair value recognized after adjustment
Cash and cash equivalents	6,248	-	6,248
Placements with financial institutions	2,918	-	2,918
Investments	14,171	(109)	14,062
Intangible asset	81	(67)	14
Insurance contract assets	2,388	-	2,388
Reinsurance contract assets	8,770	-	8,770
Prepayments, equipment and other assets	1,295	(346)	949
	35,871	(522)	35,349

Less: Liabilities assumed	Shareholders' Fund	IFRS 3 Adjustments	Fair value recognized after adjustment
Liabilities			
Insurance contract liabilities	11,880	-	11,880
Other liabilities	591	-	591
Investment contract liabilities	1,834	-	1,834
Reinsurance contract liabilities	7,860	-	7,860
	22,165	-	22,165
NET TANGIBLE ASSETS	13,706	(522)	13,184
Identifiable net assets acquired			(13,184)
Purchase consideration			16,876
Pre-acquisition dividend received			(2,262)
Goodwill arising on transfer			1,430

In the three months to 30 June 2025, BNL contributed insurance revenue of BD 4,798 thousand and profit of BD 631 thousand to the Group's results. If the acquisition had occurred on 1 January 2025, management estimates that consolidated insurance revenue would have been BD 9,451 thousand, and consolidated profit for the period would have been BD 372 thousand. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2025.

15 DIVIDENDS

The Group issued stock dividends amounting to 27.5% of the paid-up share capital (equivalent to 1 share for every 3.636 shares held) in 2025 for the year ended 31 December 2024 (2024: Cash dividend of BD 3.331 million representing 25% of the paid capital). As a result, paid-up share capital has been increased to BD 17 million. The calculation of basic and diluted earnings per share for previous period has also been adjusted to reflect the impact of bonus shares.

16 SUBORDINATED MUDARABA

During the period, the Group launched a bilateral subordinated mudaraba programme amounting to BD 43 million, which qualifies as Upper Tier 2 capital in accordance with Volume 3 of the CBB Rulebook. Of this, BD 37.816 million was received in cash net of issuance cost as a partial subscription during the period.

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

- Profits on this contract are expected to be distributed quarterly at a rate of 7% per annum from the date of subscription until (but excluding) the first optional liquidation date. Profit distributions are fully discretionary, non-cumulative, and non-payment does not constitute an event of default.
- The contract is perpetual in nature and does not have stated maturity. The Group has the right, subject to CBB approval, to liquidate the mudaraba in full (but not in part) on the first optional liquidation date of 22 June 2030 and on every fifth anniversary thereafter.
- The subordinated mudaraba includes a non-viability clause under which, in the event of non-viability as per the terms of the contract, the capital may be written down in whole or in part on a permanent basis with no right of reinstatement.

Accordingly, subordinated mudaraba meets the criteria for classification as equity as per FAS 1 and hence, is recognized under 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, profit for an amount of BD 616 thousand was paid to subscribers.

17 PREFERENCE SHARES

At the reporting date, the Group received BHD 5.08 million as a capital contribution in advance for the issuance of perpetual, non-cumulative, non-redeemable preference shares. The total planned issuance comprises 12,000,000 preference shares with a nominal value of BHD 1.000 per share, to be issued via private placement. The remaining capital is expected to be received in subsequent periods.

As the Group's obligation is limited to issuing a fixed number of equity instruments with no contractual obligation to deliver cash or other financial assets, and given the discretionary nature of dividend payments, the instrument qualifies as equity under IAS 32. Accordingly, the amount received in advance is recognised as an advance preference shares within equity.

These preference shares are perpetual in nature and carry non-cumulative discretionary dividends, do not carry voting rights, and are classified as equity instruments, consistent with their terms and substance. Dividends, if and when declared, are recognised directly in equity.

18 INCOME TAX

Al Salam Bank B.S.C. ('Ultimate Parent Entity'), MNE group, is domiciled and operates in the Kingdom of Bahrain which has issued and enacted Decree Law No. (11) of 2024 ('Bahrain DMTT law') on 1 September 2024 introducing a domestic minimum top-up tax ("DMTT") of 15% on the taxable income of the Bahrain resident constituent entities of the MNE group for fiscal years commencing on or after 1 January 2025.

The Ultimate Parent Entity has assessed that it is in scope of the Bahrain DMTT law. The Group is the constituent entity of the MNE Group which is also domiciled and operates in the Kingdom of Bahrain and therefore it is also within the scope of the Bahrain DMTT law, effective 1 January 2025

The Ultimate Parent Entity is the designated filing constituent entity responsible for filing DMTT on behalf of the group entities operating in the Kingdom of Bahrain. The Ultimate Parent Entity is currently preparing for compliance with the Bahrain DMTT law and GloBE rules by upgrading reporting systems, evaluating transfer pricing adjustments and aligning with domestic and international DMTT regulations. However, as at the reporting date, Ultimate Parent Entity's initial assessment is that it will be able to meet the requirements of an exclusion as specified in the Bahrain DMTT law and related legislation for the year ended 31 December 2025 and therefore, the Group has not recognised any tax provision for the period ended 30 June 2025.

19 COMPARATIVES

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

Given that the transfer of business, assets and liabilities from BNI and BNL (Note 14) occurred on 16 April 2025, the profit and loss comparative information does not include the results of BNI and BNL. Therefore, the comparative information is not comparable