

**GFH FINANCIAL GROUP BSC**  
**CONDENSED CONSOLIDATED INTERIM**  
**FINANCIAL INFORMATION**

**31 March 2024**

|                         |   |   |
|-------------------------|---|---|
| Commercial registration | : | 44136 (registered with Central Bank of Bahrain as an Islamic wholesale Bank)  |
| Registered Office       | : | 2nd Floor, Harbor House<br>Building Number 1436<br>Block: 346, Road: 4626<br>Manama, Kingdom of Bahrain<br>Telephone +973 17538538  |
| Directors               | : | Abdulmohsen Rashed Alrashed, <i>Chairman</i> (from March 2024)<br>Ghazi Faisal Ebrahim Alhajeri, <i>Vice Chairman</i><br>Hisham Ahmed Alrayes<br>Ali Murad<br>Darwish Al Ketbi<br>Fawaz Talal Al Tamimi<br>Rashid Nasser Al Kaabi<br>Yusuf Abdulla Taqi (till March 2024)<br>Edris Mohd Rafi Mohd Saeed Al-Rafi (till March 2024)<br>Abdulaziz Abdulhamid Albassam (from March 2024)<br>Abdulla Jehad Alzain (from March 2024)<br>H.H Shaikha Minwa Bint Ali Bin Khalifa Al Khalifa (from March 2024) |
| Chief Executive Officer | : | Hisham Ahmed Alrayes  |
| Auditors                | : | KPMG Fakhro   |

**GFH FINANCIAL GROUP BSC**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
for the three months ended 31 March 2024**

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

**To the Board of Directors of**  
*GFH Financial Group BSC*  
*Kingdom of Bahrain*

## Introduction

We have reviewed the accompanying 31 March 2024 condensed consolidated interim financial information of GFH Financial Group BSC (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 Bank 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".

14 May 2024

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

US\$ 000's

|  | Note | 31 March<br>2024<br>(reviewed) | 31 December<br>2023<br>(audited) | 31 March<br>2023<br>(reviewed) |
|--|------|--------------------------------|----------------------------------|--------------------------------|
| <b>ASSETS</b>  |      |                                |                                  |                                |
| Cash and bank balances                                       |      | 353,153                        | 376,884                          | 752,515                        |
| Treasury portfolio   | 8    | 4,533,248                      | 5,135,032                        | 4,787,937                      |
| Financing contracts  | 9    | 1,845,623                      | 1,544,810                        | 1,506,597                      |
| Investment in real estate                                    | 10   | 1,132,287                      | 1,371,932                        | 1,296,531                      |
| Proprietary investments                                      | 11   | 1,155,023                      | 1,044,727                        | 1,020,915                      |
| Co-investments   | 12   | 262,796                        | 254,610                          | 157,847                        |
| Receivables and other assets                                 | 13   | 991,601                        | 780,144                          | 670,387                        |
| Property and equipment                                       |      | 284,442                        | 274,721                          | 208,138                        |
| Assets held for sale   |      | -                              | 338,619                          | -                              |
| <b>TOTAL ASSETS</b>  |      | <b>10,558,173</b>              | <b>11,121,479</b>                | <b>10,400,867</b>              |
| <b>LIABILITIES</b>   |      |                                |                                  |                                |
| Clients' funds   |      | 130,459                        | 206,222                          | 195,078                        |
| Placements from financial institutions                       |      | 1,776,829                      | 2,323,217                        | 3,898,395                      |
| Placements from non-financial institutions and individuals   |      | 1,125,507                      | 960,050                          | 1,081,942                      |
| Customer current accounts                                    |      | 220,274                        | 203,697                          | 176,676                        |
| Term financing   | 14   | 2,070,989                      | 2,124,307                        | 1,919,213                      |
| Other liabilities  | 15   | 477,198                        | 548,056                          | 428,037                        |
| Liabilities held for sale                                    |      | -                              | 230,562                          | -                              |
| <b>TOTAL LIABILITIES</b>                                     |      | <b>5,801,256</b>               | <b>6,596,111</b>                 | <b>7,699,341</b>               |
| <b>QUASI EQUITY</b>  | 16   | <b>3,672,269</b>               | <b>3,451,006</b>                 | <b>1,643,847</b>               |
| <b>OWNERS' EQUITY</b>  |      |                                |                                  |                                |
| Share capital  |      | 1,015,637                      | 1,015,637                        | 1,015,637                      |
| Treasury shares  |      | (110,668)                      | (125,525)                        | (84,467)                       |
| Statutory reserve  |      | 47,518                         | 47,518                           | 36,995                         |
| Investment fair value reserve                                |      | (39,059)                       | (46,103)                         | (52,626)                       |
| Cash flow hedge reserve                                      |      | (2,135)                        | (2,135)                          | -                              |
| Other reserve  |      | (11,887)                       | (13,612)                         | -                              |
| Retained earnings  |      | 19,883                         | 105,831                          | 60,251                         |
| Share grant reserve  |      | 4,440                          | 7,930                            | 6,930                          |
| <b>Total equity attributable to shareholders of the Bank</b> |      | <b>923,729</b>                 | <b>989,541</b>                   | <b>982,720</b>                 |
| Non-controlling interests                                    |      | 160,919                        | 84,821                           | 74,959                         |
| <b>Total owners' equity</b>                                  |      | <b>1,084,648</b>               | <b>1,074,362</b>                 | <b>1,057,679</b>               |
| <b>TOTAL LIABILITIES, QUASI EQUITY AND OWNERS' EQUITY</b>    |      | <b>10,558,173</b>              | <b>11,121,479</b>                | <b>10,400,867</b>              |

The Board of Directors approved the condensed consolidated interim financial information on 14 May 2024 and signed on its behalf by:

  
Abdulmohsen Rashed Alrashed  
Chairman

  
Hisham Alrayes  
Chief Executive Officer & Board member

The accompanying notes 1 to 24 form an integral part of the condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
for the three months period ended 31 March 2024

US\$ 000's

|   | Note | Three months ended          |                             |
|---|------|-----------------------------|-----------------------------|
|   |      | 31 March 2024<br>(reviewed) | 31 March 2023<br>(reviewed) |
| <b>Investment banking</b>                                       |      |                             |                             |
| Deal related income   |      | 33,232                      | 42,164                      |
| Asset management  |      | 12,926                      | 2,923                       |
|   |      | <b>46,158</b>               | <b>45,087</b>               |
| <b>Commercial banking</b>                                       |      |                             |                             |
| Income from financing contracts                                 |      | 31,207                      | 27,219                      |
| Treasury and investment income                                  |      | 26,158                      | 25,513                      |
| Fee and other income  |      | 7,941                       | 5,468                       |
| Less: Finance expense   |      | (26,547)                    | (18,578)                    |
|   |      | <b>38,759</b>               | <b>39,622</b>               |
| <b>Treasury and Proprietary Investments</b>                     |      |                             |                             |
| Finance and treasury portfolio income, net                      |      | 40,583                      | 57,682                      |
| Direct investment income, net                                   |      | 59,618                      | 3,055                       |
| Share of profit from equity-accounted investees                 |      | 7,033                       | 6,818                       |
| Income from co-investments                                      |      | 6,813                       | 7,696                       |
| Income from sale of assets                                      |      | 10,123                      | 72                          |
| Leasing and operating income                                    |      | 4,872                       | 4,430                       |
| Other income, net   |      | 881                         | 1,950                       |
| Finance expenses - Repo and FI                                  |      | (51,867)                    | (61,357)                    |
|   |      | <b>78,056</b>               | <b>20,346</b>               |
| <b>TOTAL INCOME</b>   |      | <b>162,973</b>              | <b>105,055</b>              |
| Other operating expenses  |      | 61,612                      | 41,100                      |
| Finance expense - Term financing and others                     |      | 13,782                      | 20,761                      |
| Impairment allowances   | 17   | 13,786                      | 636                         |
| <b>TOTAL EXPENSES</b>   |      | <b>89,180</b>               | <b>62,497</b>               |
| <b>Profit for the period before attribution to quasi equity</b> |      | <b>73,793</b>               | <b>42,558</b>               |
| Less: Net income attributable to quasi-equity                   |      | (43,450)                    | (18,120)                    |
| <b>PROFIT FOR THE PERIOD</b>                                    |      | <b>30,343</b>               | <b>24,438</b>               |
| <b>Attributable to:</b>   |      |                             |                             |
| Shareholders of the Bank  |      | 27,135                      | 24,007                      |
| Non-controlling interests                                       |      | 3,208                       | 431                         |
|   |      | <b>30,343</b>               | <b>24,438</b>               |
| <b>Earnings per share</b>                                       |      |                             |                             |
| Basic and diluted earnings per share (US cents)                 | 18   | <b>0.77</b>                 | 0.72                        |

  
Abdulmohsen Rashed Alrashed  
Chairman

  
Hisham Alrayes  
Chief Executive Officer & Board member

The accompanying notes 1 to 24 form an integral part of the condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME**  
**for the three months period ended 31 March 2024**

US\$ 000's

|  | <b>Three months<br/>ended<br/>31 March 2024<br/>(Reviewed)</b> | <b>Three months<br/>ended<br/>31 March 2023<br/>(Reviewed)</b> |
|--|--|--|
| <b>Profit for the period</b>   | <b>30,343</b>  | 24,438   |
| <b>Other comprehensive income (OCI)</b>                                    |  |  |
| <b>Items that may subsequently be classified to income statement</b>       |  |  |
| Fair value changes on debt investments carried at fair value through OCI   | 2,976  | 5,642  |
| Fair value changes on equity investments carried at fair value through OCI | 1,569  | (5,339)  |
| Attributable to quasi-equity   | 138  | -  |
| <b>Total other comprehensive income for the period</b>                     | <b>4,683</b>   | 303  |
| <b>Total comprehensive income</b>  | <b>35,026</b>  | 24,741   |
| <b>Attributable to:</b>  |  |  |
| Shareholders of the Bank   | 35,904   | 24,576   |
| Non-controlling interests  | (878)  | 165  |
|  | <b>35,026</b>  | 24,741   |

The accompanying notes 1 to 24 form an integral part of the condensed consolidated interim financial information.

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

For the three months period ended 31 March 2024

US\$ 000's

| Note  | <b>Three months<br/>ended<br/>31 March 2024<br/>(Reviewed)</b> | Three months<br>ended<br>31 March 2023<br>(Reviewed) |
|---|--|--|
| <b>Net operating income attribution to quasi equity</b>                               | <b>73,793</b>  | 42,558   |
| Adjusted for:   |  |  |
| Less: income not attributable to quasi-equity   | (75,686)   | (68,669)   |
| Add: Profit expense on due to banks and non-banks                                     | 30,448   | 23,284   |
| Add: expenses not attributable to quasi-equity  | 85,617   | 62,497   |
| Less: institution's share of income for its own/ share of investments                 | (41,024)   | (29,581)   |
| Less: allowance for impairment allowances attributable to quasi-equity                | 2,281  | (13)   |
| <b>Total income available for quasi-equity holders</b>                                | <b>75,429</b>  | 30,076   |
| Profit equalization reserve – net movement  | -  | -  |
| <b>Total income attributable to quasi-equity holders (adjusted for reserves)</b>      | <b>75,429</b>  | 30,076   |
| Less: Mudarib's share   | (3,222)  | (7,433)  |
| Less: Wakala fees   | (28,757)   | (4,523)  |
| <b>Net income attributable to quasi-equity</b>  | <b>43,450</b>  | 18,120   |
| Investment risk reserve -net movement   | -  | -  |
| <b>Profit distributable to quasi-equity</b>   | <b>43,450</b>  | 18,120   |
| Other comprehensive income that may subsequently be classified to statement of income | (138)  | -  |
| <b>Total comprehensive income – attributable to quasi-equity</b>                      | <b>43,312</b>  | 18,120   |
| Add: Other comprehensive income not subject to immediate distribution                 | 138  | -  |
| <b>Net profit attributable to quasi-equity</b>  | <b>43,450</b>  | 18,120   |

The accompanying notes 1 to 24 form an integral part of the condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY**  
**for the three months period ended 31 March 2024**

US\$ 000's

|   | Attributable to shareholders of the Bank |                  |                   |                        |                 |                               |                   |                     | Non-Controlling Interests (NCI) | Total owners' equity |                  |
|---|--|------------------|-------------------|------------------------|-----------------|-------------------------------|-------------------|---------------------|---------------------------------|----------------------|------------------|
|   | Share capital                            | Treasury shares  | Statutory reserve | Cashflow hedge reserve | Other reserve   | Investment fair value reserve | Retained earnings | Share grant reserve |                                 |                      | Total            |
| <b>31 March 2024</b> (Reviewed)                     |  |                  |                   |                        |                 |                               |                   |                     |                                 |                      |                  |
| Balance at 1 January 2024                           | 1,015,637                                | (125,525)        | 47,518            | (2,135)                | (13,612)        | (46,103)                      | 105,831           | 7,930               | 989,541                         | 84,821               | 1,074,362        |
| Profit for the period                               | -  | -                | -                 | -                      | -               | -                             | 27,135            | -                   | 27,135                          | 3,208                | 30,343           |
| Other comprehensive income                          | -  | -                | -                 | -                      | 1,725           | 7,044                         | -                 | -                   | 8,769                           | (4,086)              | 4,683            |
| <b>Total comprehensive income for the period</b>    | -  | -                | -                 | -                      | <b>1,725</b>    | <b>7,044</b>                  | <b>27,135</b>     | -                   | <b>35,904</b>                   | <b>(878)</b>         | <b>35,026</b>    |
| Issue of shares under incentive scheme (net)        | -  | -                | -                 | -                      | -               | -                             | -                 | (3,490)             | (3,490)                         | -                    | (3,490)          |
| Transfer to zakah and charity fund                  | -  | -                | -                 | -                      | -               | -                             | (7,038)           | -                   | (7,038)                         | -                    | (7,038)          |
| Dividends declared for 2023                         | -  | -                | -                 | -                      | -               | -                             | (61,000)          | -                   | (61,000)                        | -                    | (61,000)         |
| Sale of shares in subsidiary                        | -  | -                | -                 | -                      | -               | -                             | -                 | -                   | -                               | (33,766)             | (33,766)         |
| Purchase of treasury shares                         | -  | (85,751)         | -                 | -                      | -               | -                             | -                 | -                   | (85,751)                        | -                    | (85,751)         |
| Sale of treasury shares                             | -  | 100,608          | -                 | -                      | -               | -                             | (9,266)           | -                   | 91,342                          | -                    | 91,342           |
| Additional NCI without a change in control (note 1) | -  | -                | -                 | -                      | -               | -                             | (35,779)          | -                   | (35,779)                        | 110,742              | 74,963           |
| <b>Balance at 31 March 2024</b>                     | <b>1,015,637</b>                         | <b>(110,668)</b> | <b>47,518</b>     | <b>(2,135)</b>         | <b>(11,887)</b> | <b>(39,059)</b>               | <b>19,883</b>     | <b>4,440</b>        | <b>923,729</b>                  | <b>160,919</b>       | <b>1,084,648</b> |

The accompanying notes 1 to 24 form an integral part of the condensed consolidated interim financial information



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY**  
for the three months period ended 31 March 2024 *(continued)*

US\$ 000's

|   | Attributable to shareholders of the Bank |                 |                   |                               |                   |                     | Non-Controlling Interests (NCI) | Total owners' equity |           |
|---|--|-----------------|-------------------|-------------------------------|-------------------|---------------------|---------------------------------|----------------------|-----------|
|   | Share capital                            | Treasury shares | Statutory reserve | Investment fair value reserve | Retained earnings | Share grant reserve |                                 |                      | Total     |
| 31 March 2023 (Reviewed)                  |  |                 |                   |                               |                   |                     |                                 |                      |           |
| Balance at 1 January 2023                 | 1,015,637                                | (105,598)       | 36,995            | (53,195)                      | 95,831            | 6,930               | 996,600                         | 74,794               | 1,071,394 |
| Profit for the period                     | -  | -               | -                 | -                             | 24,007            | -                   | 24,007                          | 431                  | 24,438    |
| Other comprehensive income                | -  | -               | -                 | 569                           | -                 | -                   | 569                             | (266)                | 303       |
| Total comprehensive income for the period | -  | -               | -                 | 569                           | 24,007            | -                   | 24,576                          | 165                  | 24,741    |
| Purchase of treasury shares               | -  | (8,342)         | -                 | -                             | -                 | -                   | (8,342)                         | -                    | (8,342)   |
| Sale / vesting of treasury shares         | -  | 29,473          | -                 | -                             | (2,326)           | -                   | 27,147                          | -                    | 27,147    |
| Dividends declared for 2022               | -  | -               | -                 | -                             | (56,261)          | -                   | (56,261)                        | -                    | (56,261)  |
| Transfer to zakah and charity fund        | -  | -               | -                 | -                             | (1,000)           | -                   | (1,000)                         | -                    | (1,000)   |
| Balance at 31 March 2023                  | 1,015,637                                | (84,467)        | 36,995            | (52,626)                      | 60,251            | 6,930               | 982,720                         | 74,959               | 1,057,679 |

The accompanying notes 1 to 24 form an integral part of the condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the three months period ended 31 March 2024**

US\$ 000's

|  | <b>31 March 2024</b><br>(reviewed) | 31 March 2023<br>(reviewed) |
|--|------------------------------------|-----------------------------|
| <b>OPERATING ACTIVITIES</b>  |                                    |                             |
| Profit for the period  | 30,343                             | 24,438                      |
| Adjustments for:   |                                    |                             |
| Treasury and proprietary investments   | (78,056)                           | (20,346)                    |
| Foreign exchange loss  | 2,344                              | 953                         |
| Finance expense  | 13,782                             | 20,761                      |
| Impairment allowances  | 13,786                             | 636                         |
| Depreciation and amortisation  | 3,133                              | 1,949                       |
|  | <b>(14,668)</b>                    | <b>28,391</b>               |
| Changes in:  |                                    |                             |
| Placements with financial institutions (original maturities of more than 3 months) | 63,895                             | 150,012                     |
| Receivable and other assets  | (81,654)                           | (64,359)                    |
| CBB Reserve and restricted bank balance  | (5,082)                            | (5,638)                     |
| Financing contracts  | (317,930)                          | (69,669)                    |
| Clients' funds   | (15,763)                           | 71,778                      |
| Customer current accounts  | 16,577                             | 45,444                      |
| Quasi equity   | 221,263                            | 430,173                     |
| Other liabilities  | (181,967)                          | (52,587)                    |
| <b>Net cash (used in) / from operating activities</b>                              | <b>(315,329)</b>                   | <b>533,545</b>              |
| <b>INVESTING ACTIVITIES</b>  |                                    |                             |
| Payments for purchase of equipment   | (3,085)                            | (809)                       |
| Sale / (purchase) of proprietary investment securities, net                        | 844                                | (4,355)                     |
| Sale / (purchase) of treasury portfolio, net                                       | 12,413                             | (179,535)                   |
| Dividends received from proprietary investments and co-investments                 | 36,796                             | 11,531                      |
| Sale / (purchase) of investment in real estate                                     | 57,825                             | (10,655)                    |
| <b>Net cash from / (used in) investing activities</b>                              | <b>104,793</b>                     | <b>(183,823)</b>            |
| <b>FINANCING ACTIVITIES</b>  |                                    |                             |
| Financing liabilities, net   | (37,069)                           | (18,127)                    |
| Finance expense paid   | (123,090)                          | (101,782)                   |
| Proceeds from issuance additional shares in subsidiary (note 1)                    | 102,000                            | -                           |
| Placements from financial, non-financial institutions and individuals              | (380,931)                          | 125,209                     |
| Dividends paid   | (152)                              | (130)                       |
| Net proceeds from sale of treasury shares  | 14,863                             | 21,130                      |
| <b>Net cash (used in) / from financing activities</b>                              | <b>(424,379)</b>                   | <b>26,300</b>               |
| <b>Net (decrease) / increase in cash and cash equivalents during the period</b>    | <b>(634,915)</b>                   | <b>376,022</b>              |
| Cash and cash equivalents at 1 January   | 1,687,727                          | 1,041,064                   |
| <b>Cash and cash equivalents at 31 March *</b>                                     | <b>1,052,812</b>                   | <b>1,417,086</b>            |
| Cash and cash equivalents comprise:  |                                    |                             |
| Cash and balances with banks (excluding CBB reserve balance and restricted cash)   | 278,680                            | 677,487                     |
| Placements with financial institutions (original maturities of 3 months or less)   | 774,132                            | 739,599                     |
|  | <b>1,052,812</b>                   | <b>1,417,086</b>            |

\* net of expected credit loss of US\$ 23 thousands (31 March 2023: US\$ 10 thousands).

The accompanying notes 1 to 24 form an integral part of the condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OFF-BALANCE-SHEET ASSETS UNDER MANAGEMENT****for the three months period ended 31 March 2024**

US\$ 000's

| <b>31 March 2024 (Reviewed)</b> | <b>Opening Balance</b> | <b>Additions during the period</b> | <b>Distribution/ NAV Movement</b> | <b>Income</b> | <b>Expenses</b> | <b>Group fees</b> | <b>Closing Balance</b> |
|---------------------------------|------------------------|------------------------------------|-----------------------------------|---------------|-----------------|-------------------|------------------------|
| Real Estate                     | 9,142,438              | 87,092                             | (182,624)                         | 46,284        | (37,694)        | (8,590)           | 9,046,906              |
| Private Equity                  | 709,755                | 155,500                            | 11,784                            | 15,385        | (11,049)        | (4,336)           | 877,039                |
| <b>As at 31 March 2024</b>      | <b>9,852,193</b>       | <b>242,592</b>                     | <b>(170,840)</b>                  | <b>61,669</b> | <b>(48,743)</b> | <b>(12,926)</b>   | <b>9,923,945</b>       |

The above assets under management are also funded by financing arrangements at the level of operations amounting to US\$ 3.82 billion (31 December 2023: US\$ 3.55 billion).

The Group fees is in the form of management fee, performance fee and/ or Wakala fees at the level of investment vehicles or investors. The above amounts include the groups co-investments in these products amounting to US\$ 262,796 thousand (31 Dec 2023: US\$ 254,610 thousand).

| <b>31 March 2023 (Reviewed)</b> | <b>Opening Balance</b> | <b>Additions during the period</b> | <b>Distribution/ NAV Movement</b> | <b>Income</b> | <b>Expenses</b> | <b>Group fees</b> | <b>Closing Balance</b> |
|---------------------------------|------------------------|------------------------------------|-----------------------------------|---------------|-----------------|-------------------|------------------------|
| Real Estate                     | 7,132,745              | 88,206                             | (83,261)                          | 27,464        | (25,035)        | (2,429)           | 7,137,690              |
| Private Equity                  | 584,187                | -                                  | 67,020                            | 6,876         | (6,382)         | (494)             | 651,207                |
| <b>As at 31 March 2023</b>      | <b>7,716,932</b>       | <b>88,206</b>                      | <b>(16,241)</b>                   | <b>34,340</b> | <b>(31,417)</b> | <b>(2,923)</b>    | <b>7,788,897</b>       |

The above assets under management are also funded by financing arrangements at the level of operations amounting to US\$ 3.27 billion (31 December 2022: US\$ 3.27 billion).

The Group fees is in the form of management fee, performance fee and/ or Wakala fees at the level of investment vehicles or investors. The above amounts include the groups co-investments in these products amounting to US\$ 157,847 million (31 Dec 2022: US\$ 142,051 thousand).

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the three months period ended 31 March 2024**

US\$ 000's

**1 REPORTING ENTITY**

GFH Financial Group BSC (“the Bank”) was incorporated in 1999 in the Kingdom of Bahrain under Commercial Registration No. 44136 and operates under an Islamic Wholesale Investment Banking license issued by the Central Bank of Bahrain (“CBB”). The Bank’s shares are listed on the Bahrain, Kuwait, Dubai and Abu Dhabi Financial Market Stock Exchanges. The Bank’s sukuk certificates are listed on London Stock Exchange. The Bank’s activities are regulated by the CBB. The principal activities of the Bank include investment advisory services and investment transactions which comply with Islamic rules and principles determined by the Bank’s Shari’a Supervisory Board.

The condensed consolidated interim financial information for the three months ended 31 March 2024 comprise the financial information of GFH Financial Group BSC (GFH or the “Bank”) and its subsidiaries (together referred to as “the Group”).

The following are the principal subsidiaries consolidated in the condensed consolidated interim financial information.

| <b>Investee name</b>  | <b>Country of incorporation</b> | <b>Effective ownership interests as at 31 March 2024</b> | <b>Activities</b>               |
|---|---------------------------------|--|---------------------------------|
| GFH Partners Ltd<br>(formally known as GFH Capital Limited) | United Arab Emirates            | 100%   | Investment management           |
| GFH Capital S.A.  | Saudi Arabia                    | 100%   | Investment management           |
| Khaleeji Bank BSC (‘KHALEEJI’)*                             | Kingdom of Bahrain              | 64.05%   | Islamic retail bank             |
| GBCORP B.S.C (c)  |                                 | 62.91%   | Investment management           |
| Al Areen Hotels W.L.L.                                      |                                 | 100%   | Hospitality management services |

\*During the period, the Group has stake in KHALEEJI was diluted due to capital increase and the effective ownership as on 31 March 2024 is 64.05% (31 December 2023: 85.41%).

The Bank has other investment holding companies, SPV’s and subsidiaries, which are set up to supplement the activities of the Bank and its principal subsidiaries.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
for the three months period ended 31 March 2024**

US\$ 000's

**2 BASIS OF PREPARATION**

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

Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

These condensed consolidated interim financial information are reviewed and not audited. 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.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The 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 last audited consolidated financial statements as at and for the year ended 31 December 2023, except those arising from certain changes due to adoption of the following standards and amendments to standards effective from 1 January 2024. The impact of adoption of these standards and amendments is set out below.

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

AAOIFI has 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. It is applicable to all the Islamic Financial Institutions and other institutions following AAOIFI FAS's. 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; b) Concept of comprehensive income has been introduced; and c) Disclosure of movement in Zakah and Charity have been relocated disclosed into the notes to the condensed consolidated financial information.

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. Below is a summary of the new primary statements:

**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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the three months period ended 31 March 2024**

US\$ 000's

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

*New standards, amendments and interpretations issued and effective for annual periods beginning on or after 1 January 2024: (continued)*

**Primary statements discontinued**

Statement of sources and uses of zakah and charity fund

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.

**a. New standards, amendments, and interpretations issued but not yet effective****(i) 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.

**(ii) 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 reporting periods beginning on or after 1 January 2026 with an option to early adopt.

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.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the three months period ended 31 March 2024**

US\$ 000's

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)****(iii) 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.

**4 ESTIMATES AND JUDGEMENTS**

Preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The areas of significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those applied to the audited consolidated financial statements as at and for the year ended 31 December 2023.

**5 FINANCIAL RISK MANAGEMENT**

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2023.

**Regulatory ratios****a. Net stable funding Ratio (NSFR)**

NSFR as a percentage is calculated as "Available stable funding" divided by "Required stable funding".

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the three months period ended 31 March 2024

US\$ 000's

## 5 FINANCIAL RISK MANAGEMENT (continued)

The Consolidated NSFR calculated as per the requirements of the CBB rulebook, is as follows:

As at 31 March 2024

| No.                                    | Item  | No Specified Maturity | Less than 6 months | More than 6 months and less than one year | Over one year | Total weighted value |
|--|---|-----------------------|--------------------|---|---------------|----------------------|
| <b>Available Stable Funding (ASF):</b> |   |                       |                    |   |               |                      |
| 1                                      | Capital:  |                       |                    |   |               |                      |
| 2                                      | Regulatory Capital  | 943,645               | -                  | -   | 73,762        | 1,017,407            |
| 3                                      | Other Capital Instruments   | -                     | -                  | -   | -             | -                    |
| 4                                      | Retail deposits and deposits from small business customers:   |                       |                    |   |               |                      |
| 5                                      | Stable deposits   |                       | 161,534            | 36,985                                    | 3,176         | 191,769              |
| 6                                      | Less stable deposits  | -                     | 1,926,517          | 954,649                                   | 181,554       | 2,774,603            |
| 7                                      | Wholesale funding:  |                       |                    |   |               |                      |
| 8                                      | Operational deposits  |                       |                    |   |               |                      |
| 9                                      | Other Wholesale funding   | -                     | 3,458,997          | 1,311,156                                 | 1,053,772     | 4,822,447            |
| 10                                     | Other liabilities:  |                       |                    |   |               |                      |
| 11                                     | NSFR Shari'a-compliant hedging contract liabilities   |                       | -                  | -   | -             |                      |
| 12                                     | All other liabilities not included in the above categories  | -                     | 414,326            | -   | 51,077        | 51,077               |
| 13                                     | Total ASF   |                       |                    |   |               | 8,857,304            |
| <b>Required Stable Funding (RSF):</b>  |   |                       |                    |   |               |                      |
| 14                                     | Total NSFR high-quality liquid assets (HQLA)  |                       |                    |   |               | 100,411              |
| 15                                     | Deposits held at other financial institutions for operational purposes  |                       |                    |   |               |                      |
| 16                                     | Performing financing and sukuk/ securities:   | -                     | 1,221,265          | -   | 1,107,955     | 1,124,952            |
| 17                                     | Performing financial to financial institutions by level 1 HQLA  | -                     | -                  | -   | -             | -                    |
| 18                                     | Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions                                   | -                     | 20,857             | 77,653                                    | 1,126,519     | 1,006,796            |
| 19                                     | Performing financing to non-financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which: | -                     | 210,043            | 140,111                                   | 358,420       | 408,050              |
| 20                                     | With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines  | -                     | -                  | -   | -             | -                    |
| 21                                     | Performing residential mortgages, of which:   | -                     | -                  | -   | -             | -                    |
| 22                                     | With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines   | -                     | -                  | -   | -             | -                    |
| 23                                     | Securities/sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities   | -                     | 1,032,977          | 23,355                                    | 532,610       | 1,060,776            |
| 24                                     | Other assets:   |                       |                    |   |               |                      |
| 25                                     | Physical traded commodities, including gold   | -                     |                    |   |               | -                    |
| 26                                     | Assets posted as initial margin for Shari'a-compliant hedging contracts and contributions to default funds of CCPs  |                       | -                  | -   | -             | -                    |
| 27                                     | NSFR Shari'a-compliant hedging assets   |                       | -                  | -   | -             | 2,195                |
| 28                                     | NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted   |                       | -                  | -   | -             | -                    |
| 29                                     | All other assets not included in the above categories   | 2,880,139             | -                  | -   | -             | 2,880,139            |
| 30                                     | OBS items   |                       | -                  | -   | -             | 67,006               |
| 31                                     | Total RSF   |                       | 2,485,142          | 241,118                                   | 3,125,505     | 6,650,325            |
| 32                                     | NSFR(%)   |                       |                    |   |               | 133%                 |



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the three months period ended 31 March 2024

US\$ 000's

## 5 FINANCIAL RISK MANAGEMENT (continued)

As at 31 December 2023

| No.                                    | Item   | No Specified Maturity | Less than 6 months | More than 6 months and less than one year | Over one year | Total weighted value |
|--|--|-----------------------|--------------------|---|---------------|----------------------|
| <b>Available Stable Funding (ASF):</b> |  |                       |                    |   |               |                      |
| 1                                      | Capital:   |                       |                    |   |               |                      |
| 2                                      | Regulatory Capital   | 1,023,275             | -                  | -   | 64,133        | 1,087,409            |
| 3                                      | Other Capital Instruments  | -                     | -                  | -   | -             | -                    |
| 4                                      | Retail deposits and deposits from small business customers:  |                       |                    |   |               |                      |
| 5                                      | Stable deposits  | -                     | 159,304            | 36,446                                    | 3,763         | 189,725              |
| 6                                      | Less stable deposits   | -                     | 1,964,119          | 518,381                                   | 503,663       | 2,737,913            |
| 7                                      | Wholesale funding:   |                       |                    |   |               |                      |
| 8                                      | Operational deposits   | -                     | -                  | -   | -             | -                    |
| 9                                      | Other Wholesale funding  | -                     | 4,157,571          | 544,672                                   | 1,438,472     | 5,452,622            |
| 10                                     | Other liabilities:   |                       |                    |   |               |                      |
| 11                                     | NSFR Shari'a-compliant hedging contract liabilities  |                       | -                  | -   | -             |                      |
| 12                                     | All other liabilities not included in the above categories   | -                     | 481,509            | -   | 36,139        | 36,139               |
| 13                                     | Total ASF  |                       |                    |   |               | 9,503,808            |
| <b>Required Stable Funding (RSF):</b>  |  |                       |                    |   |               |                      |
| 14                                     | Total NSFR high-quality liquid assets (HQLA)   |                       |                    |   |               | 97,918               |
| 15                                     | Deposits held at other financial institutions for operational purposes   |                       |                    |   |               |                      |
| 16                                     | Performing financing and sukuk/ securities:  |                       | 1,841,985          |   | 791,830       | 949,354              |
| 17                                     | Performing financial to financial institutions by level 1 HQLA   | -                     | -                  | -   | -             | -                    |
| 18                                     | Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions                                    | -                     | 19,610             | 934                                       | 1,041,445     | 895,500              |
| 19                                     | Performing financing to non- financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which: | -                     | 254,059            | 76,796                                    | 364,685       | 402,473              |
| 20                                     | With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines   | -                     | -                  | -   | -             | -                    |
| 21                                     | Performing residential mortgages, of which:  | -                     | -                  | -   | -             | -                    |
| 22                                     | With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines  | -                     | -                  | -   | -             | -                    |

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the three months period ended 31 March 2024

US\$ 000's

## 5 FINANCIAL RISK MANAGEMENT (continued)

| No. | Item   | No Specified Maturity | Less than 6 months | More than 6 months and less than one year | Over one year | Total weighted value |
|-----|--|-----------------------|--------------------|---|---------------|----------------------|
| 23  | Securities/sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities            | -                     | 1,048,701          | 25,995                                    | 578,308       | 1,115,656            |
| 24  | Other assets:  | -                     | -                  | -   | -             | -                    |
| 25  | Physical traded commodities, including gold  | -                     | -                  | -   | -             | -                    |
| 26  | Assets posted as initial margin for Shari'a-compliant hedging contracts and contributions to default funds of CCPs | -                     | -                  | -   | -             | -                    |
| 27  | NSFR Shari'a-compliant hedging assets  | -                     | -                  | -   | -             | 2,195                |
| 28  | NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted                    | -                     | -                  | -   | -             | -                    |
| 29  | All other assets not included in the above categories  | 2,908,175             | -                  | -   | -             | 2,908,175            |
| 30  | OBS items  | -                     | -                  | -   | -             | 62,381               |
| 31  | Total RSF  | -                     | 3,164,354          | 103,726                                   | 2,776,269     | 6,433,652            |
| 32  | NSFR(%)  | -                     | -                  | -   | -             | 148%                 |

## b. Liquidity Coverage Ratio (LCR)

LCR is computed as a ratio of Stock of High-Quality Liquid Assets (HQLA) over the Net cash outflows over the next 30 calendar days.

|                         | Average balance             |                                  |
|-------------------------|-----------------------------|----------------------------------|
|                         | 31 March 2024<br>(reviewed) | 31 December<br>2023<br>(audited) |
| Stock of HQLA           | 505,969                     | 444,865                          |
| Net cashflows           | 236,726                     | 196,313                          |
| LCR %                   | 219%                        | 233%                             |
| Minimum required by CBB | 100%                        | 100%                             |

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the three months period ended 31 March 2024

US\$ 000's

## 5 FINANCIAL RISK MANAGEMENT (continued)

## c. Capital Adequacy Ratio

|   | 31 March 2024<br>(reviewed) | 31 December 2023<br>(audited) |
|---|-----------------------------|-------------------------------|
| CET 1 Capital before regulatory adjustments       | 983,783                     | 1,023,275                     |
| Less: regulatory adjustments                      | -                           | -                             |
| <i>CET 1 Capital after regulatory adjustments</i> | 983,783                     | 1,023,275                     |
| AT1 Capital                                       | 8,028                       | -                             |
| T 2 Capital adjustments                           | 73,762                      | 64,133                        |
| <b>Regulatory Capital</b>                         | <b>1,065,573</b>            | <b>1,087,409</b>              |
| Risk weighted exposure:                           |                             |                               |
| Credit Risk Weighted Assets                       | 4,836,718                   | 4,585,950                     |
| Market Risk Weighted Assets                       | 76,551                      | 90,135                        |
| Operational Risk Weighted Assets                  | 511,093                     | 506,408                       |
| <b>Total Regulatory Risk Weighted Assets</b>      | <b>5,424,362</b>            | <b>5,182,493</b>              |
| Investment risk reserve (30% only)                | 2                           | 2                             |
| Profit equalization reserve (30% only)            | 3                           | 3                             |
| <b>Total Adjusted Risk Weighted Exposures</b>     | <b>5,424,357</b>            | <b>5,182,488</b>              |
| <b>Capital Adequacy Ratio (CAR)</b>               | <b>19.64%</b>               | <b>20.98%</b>                 |
| <b>Tier 1 Capital Adequacy Ratio</b>              | <b>18.28%</b>               | <b>19.74%</b>                 |
| Minimum CAR required by CBB                       | 12.50%                      | 12.50%                        |

## 6 SEASONALITY

Due to the inherent nature of the Group's business (investment banking, commercial banking and Proprietary and treasury), the three-months results reported in this condensed consolidated interim financial information may not represent a proportionate share of the overall annual results.

## 7 COMPARATIVES

Comparative figures have been regrouped to conform with the presentation for current period. Such regrouping did not affect previously reported profit for the period or total equity.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months period ended 31 March 2024**

US\$ 000's

**8 TREASURY PORTFOLIO**

|  | <b>31 March<br/>2024</b><br>(reviewed) | 31 December<br>2023<br>(audited) | 31 March<br>2023<br>(reviewed) |
|--|--|----------------------------------|--------------------------------|
| <b>Placements with financial institutions</b>    | 781,615                                | 1,458,368                        | 1,065,226                      |
| <b>Derivatives</b>                               |  |                                  |                                |
| <i>At fair value through statement of income</i> | 3,255                                  | 2,195                            | 1,682                          |
| <b>Equity type investments</b>                   |  |                                  |                                |
| <i>At fair value through OCI</i>                 |  |                                  |                                |
| - Quoted sukuk                                   | 32,520                                 | 33,326                           | 32,642                         |
| <i>At fair value through statement of income</i> |  |                                  |                                |
| - Structured notes*                              | 414,695                                | 404,839                          | 388,258                        |
| - Quoted fund                                    | 26,347                                 | 27,099                           | 25,000                         |
| <b>Debt type investments</b>                     |  |                                  |                                |
| <i>At fair value through OCI*</i>                |  |                                  |                                |
| - Quoted sukuk                                   | 852,523                                | 784,300                          | 828,240                        |
| <i>At amortised cost</i>                         |  |                                  |                                |
| - Quoted sukuk *                                 | 2,442,855                              | 2,447,489                        | 2,464,377                      |
| - Unquoted sukuk                                 | 4,538                                  | 3,494                            | 3,494                          |
| <i>Less: Impairment allowances</i>               | (25,100)                               | (26,078)                         | (20,982)                       |
|  | <b>4,533,248</b>                       | <b>5,135,032</b>                 | <b>4,787,937</b>               |

\* Short-term and medium-term facilities of US\$ 1,821,934 thousand (31 December 2023: US\$ 1,857,388 thousand) are secured by quoted sukuk of US\$ 3,093,356 thousand (31 December 2023: US\$ 2,762,506 thousand) and structured notes of US\$ 414,695 thousand (31 December 2023: US\$ 404,839 thousand).

**9 FINANCING CONTRACTS**

|                                    | <b>31 March<br/>2024</b><br>(reviewed) | 31 December<br>2023<br>(audited) | 31 March<br>2023<br>(reviewed) |
|------------------------------------|--|----------------------------------|--------------------------------|
| Murabaha                           | 1,326,114                              | 1,029,324                        | 973,027                        |
| Wakala                             | -                                      | -                                | 239                            |
| Mudharaba                          | 20,894                                 | 20,564                           | 17,956                         |
| Ijarah assets                      | 565,267                                | 559,200                          | 578,056                        |
|                                    | 1,912,275                              | 1,609,088                        | 1,569,278                      |
| <i>Less: Impairment allowances</i> | (66,652)                               | (64,278)                         | (62,681)                       |
|                                    | <b>1,845,623</b>                       | <b>1,544,810</b>                 | <b>1,506,597</b>               |

Murabaha financing receivables are net of deferred profits of US\$ 38,615 thousands (31 December 2023: US\$ 41,727 thousands).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the three months period ended 31 March 2024

US\$ 000's

## 9 Financing Contracts (continued)

The movement on financing contracts and impairment allowances is as follows:

| <b>Financing contracts</b>       | <b>Stage 1</b>   | <b>Stage 2</b> | <b>Stage 3</b> | <b>Total</b>     |
|----------------------------------|------------------|----------------|----------------|------------------|
| Financing contracts (gross)      | 1,513,560        | 281,055        | 117,660        | 1,912,275        |
| Expected credit loss             | (7,595)          | (17,473)       | (41,584)       | (66,652)         |
| <b>Financing contracts (net)</b> | <b>1,505,965</b> | <b>263,582</b> | <b>76,076</b>  | <b>1,845,623</b> |

| <b>Impairment allowances</b>       | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>Total</b>  |
|------------------------------------|----------------|----------------|----------------|---------------|
| At 1 January 2023                  | 4,788          | 18,310         | 41,180         | 64,278        |
| Net movement between stages        | 2,239          | (340)          | (1,899)        | -             |
| Net charge for the period          | 568            | (497)          | 2,303          | 2,374         |
| Write-offs                         | -              | -              | -              | -             |
| <b>At 31 March 2024 (reviewed)</b> | <b>7,595</b>   | <b>17,473</b>  | <b>41,584</b>  | <b>66,652</b> |

| <b>Financing contracts</b>       | <b>Stage 1</b>   | <b>Stage 2</b> | <b>Stage 3</b> | <b>Total</b>     |
|----------------------------------|------------------|----------------|----------------|------------------|
| Financing contracts (gross)      | 1,295,211        | 177,377        | 96,690         | 1,569,278        |
| Expected credit loss             | (10,642)         | (16,592)       | (35,447)       | (62,681)         |
| <b>Financing contracts (net)</b> | <b>1,284,569</b> | <b>160,785</b> | <b>61,243</b>  | <b>1,506,597</b> |

| <b>Impairment allowances</b>       | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>Total</b>  |
|------------------------------------|----------------|----------------|----------------|---------------|
| At 1 January 2023                  | 18,049         | 11,989         | 34,334         | 64,372        |
| Net movement between stages        | (1,937)        | 889            | 1,048          | -             |
| Net charge for the period          | (5,470)        | 3,714          | 65             | (1,691)       |
| Write-offs                         | -              | -              | -              | -             |
| <b>At 31 March 2023 (Reviewed)</b> | <b>10,642</b>  | <b>16,592</b>  | <b>35,447</b>  | <b>62,681</b> |

## 10 INVESTMENT IN REAL ESTATE

|                      | <b>31 March<br/>2024<br/>(reviewed)</b> | <b>31 December<br/>2023<br/>(audited)</b> | <b>31 March<br/>2023<br/>(reviewed)</b> |
|----------------------|---|---|---|
| Investment Property  |   |   |   |
| - Land               | 467,913                                 | 483,685                                   | 549,896                                 |
| - Building           | 145,923                                 | 141,471                                   | 201,271                                 |
|                      | <b>613,836</b>                          | <b>625,156</b>                            | <b>751,167</b>                          |
| Development Property |   |   |   |
| - Land               | 165,558                                 | 165,565                                   | 152,703                                 |
| - Building           | 352,893                                 | 581,211                                   | 392,661                                 |
|                      | <b>518,451</b>                          | <b>746,776</b>                            | <b>545,364</b>                          |
|                      | <b>1,132,287</b>                        | <b>1,371,932</b>                          | <b>1,296,531</b>                        |

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**11 PROPRIETARY INVESTMENTS**

|   | <b>31 March<br/>2024</b><br>(reviewed) | 31 December<br>2023<br>(audited) | 31 March<br>2023<br>(reviewed) |
|---|--|----------------------------------|--------------------------------|
| <b>Equity type investments</b>                          |  |                                  |                                |
| <b><i>At fair value through statement of income</i></b> |  |                                  |                                |
| - Unquoted securities                                   | 9,942                                  | 2,942                            | 9,480                          |
| - Listed securities                                     | 12,911                                 | 14,252                           | 11,828                         |
|   | <b>22,853</b>                          | 17,194                           | 21,308                         |
| <b><i>At fair value through OCI</i></b>                 |  |                                  |                                |
| - Equity type Sukuk                                     | 937,724                                | 827,012                          | 833,507                        |
| - Unquoted securities                                   | 63,073                                 | 64,045                           | 57,783                         |
|   | <b>1,000,797</b>                       | 891,057                          | 891,290                        |
| Equity-accounted investees                              | 131,373                                | 136,476                          | 108,317                        |
|   | <b>1,155,023</b>                       | 1,044,727                        | 1,020,915                      |

**12 CO-INVESTMENTS**

|   | <b>31 March<br/>2024</b><br>(reviewed) | 31 December<br>2023<br>(audited) | 31 March<br>2023<br>(reviewed) |
|---|--|----------------------------------|--------------------------------|
| <b><i>At fair value through OCI</i></b>                 |  |                                  |                                |
| - Unquoted securities                                   | 253,403                                | 245,442                          | 150,505                        |
| <b><i>At fair value through statement of income</i></b> |  |                                  |                                |
| - Unquoted securities                                   | 9,393                                  | 9,168                            | 7,342                          |
|   | <b>262,796</b>                         | 254,610                          | 157,847                        |

**13 RECEIVABLES AND OTHER ASSETS**

|  | <b>31 March<br/>2024</b> | 31 December<br>2023 | 31 March<br>2023 |
|--|--------------------------|---------------------|------------------|
| Investment banking receivables*              | 305,985                  | 330,038             | 220,480          |
| Receivable from associate                    | 246,465                  | 93,318              | 101,841          |
| Financing to projects, net                   | 11,554                   | 12,241              | 10,765           |
| Receivable on sale of development properties | 35,735                   | 16,376              | 13,125           |
| Advances and deposits                        | 77,310                   | 62,416              | 106,217          |
| Employee receivables                         | 7,929                    | 7,443               | 4,530            |
| Profit on sukuk receivable                   | 20,167                   | 17,409              | 21,461           |
| Lease rentals receivable                     | 3,730                    | 4,025               | 6,829            |
| VAT Receivables                              | 8,118                    | 7,327               | 5,512            |
| Receivable from sale of investments          | 85,161                   | 71,281              | -                |
| Prepayments and other receivables            | 209,273                  | 166,218             | 187,184          |
| Less: ECL provision                          | (19,826)                 | (7,948)             | (7,557)          |
|  | <b>991,601</b>           | 780,144             | 670,387          |

\* Subsequent to the period, the amounts due were significantly settled from subscriptions collected in client money accounts.

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**14 TERM FINANCING**

|                             | <b>31 March<br/>2024<br/>(reviewed)</b> | 31 December<br>2023<br>(audited) | 31 March<br>2023<br>(reviewed) |
|-----------------------------|---|----------------------------------|--------------------------------|
| Murabaha financing (note 8) | 1,832,409                               | 1,880,910                        | 1,663,238                      |
| Sukuk **                    | 236,951                                 | 241,777                          | 237,429                        |
| Ijarah financing            | -                                       | -                                | 16,956                         |
| Other borrowings            | 1,629                                   | 1,620                            | 1,590                          |
|                             | <b>2,070,989</b>                        | <b>2,124,307</b>                 | <b>1,919,213</b>               |

*\*Murabaha financing comprise:*

Short-term and medium-term facilities of US\$ 1,821,934 thousand (31 December 2023: US\$ 1,857,388 thousand) are secured by quoted sukuk of US\$ 3,093,356 thousand (31 December 2023: US\$ 2,762,506 thousand), structured notes of US\$ 414,695 thousand (31 December 2023: US\$ 404,839 thousand).

*\*\* Sukuk*

Represents outstanding unsecured sukuk certificates with a profit rate of 7.5% p.a. repayable by 2025. The outstanding sukuk also includes accrued profit of US\$ 3,073 thousand.

**15 OTHER LIABILITIES**

|  | <b>31 March<br/>2024</b> | 31 December<br>2023 | 31 March<br>2023 |
|--|--------------------------|---------------------|------------------|
| Investment banking payables*                 | 105,557                  | 173,297             | 138,903          |
| Accounts Payables                            | 53,318                   | 48,724              | 83,916           |
| Unclaimed dividends                          | 63,160                   | 2,312               | 60,887           |
| Payables to equity-accounted investees       | 54,938                   | 107,466             | 20,388           |
| Other accrued expenses and payables          | 44,435                   | 64,659              | 62,788           |
| Deferred Income                              | 30,295                   | 32,240              | 18,244           |
| Payables towards purchase of investments     | 78,957                   | 63,068              | 1,025            |
| Zakah and Charity Fund                       | 13,264                   | 6,331               | 8,991            |
| Employee related accruals                    | 17,850                   | 24,459              | 11,937           |
| Mudaraba profit accrual                      | 11,580                   | 22,814              | 8,662            |
| Provision for employees' leaving indemnities | 1,602                    | 580                 | 399              |
| Advance received from customers              | 2,242                    | 2,106               | 11,897           |
|  | <b>477,198</b>           | <b>548,056</b>      | <b>428,037</b>   |

\*Represents amounts payable against assets acquired as part of investment banking deals along with payable for ongoing project related costs of the said SPVs. These payables on receipt of funds from investment banking receivables and underlying SPV's are usually settled within 12 months.

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**16 QUASI EQUITY**

|  | <b>31 March<br/>2024</b> | 31 December<br>2023 | 31 March<br>2023 |
|--|--------------------------|---------------------|------------------|
| Financial institutions                     | 2,283,014                | 2,312,153           | 64,165           |
| Non-financial institutions and individuals | 1,389,255                | 1,138,853           | 1,579,682        |
|  | <b>3,672,269</b>         | <b>3,451,006</b>    | <b>1,643,847</b> |

|                           | <b>31 March<br/>2024</b> | 31 December<br>2023 | 31 March<br>2023 |
|---------------------------|--------------------------|---------------------|------------------|
| Balances with banks       | 219,703                  | 50,266              | 385,284          |
| CBB reserve account       | 73,639                   | 75,310              | 74,082           |
| Treasury portfolio        | 2,406,882                | 2,202,334           | 953,236          |
| Financing contracts       | 855,867                  | 1,006,144           | 231,245          |
| Proprietary Investments   | 71,061                   | 71,334              | -                |
| Investment in real estate | 45,117                   | 45,618              | -                |
|                           | <b>3,672,269</b>         | <b>3,451,006</b>    | <b>1,643,847</b> |

**17 IMPAIRMENT ALLOWANCES**

|                                       | <b>Three months ended</b>               |                                |
|---------------------------------------|---|--------------------------------|
|                                       | <b>31 March<br/>2024<br/>(reviewed)</b> | 31 March<br>2023<br>(reviewed) |
| Expected credit loss on:              |   |                                |
| Bank balances                         | (3)                                     | (2)                            |
| Treasury portfolio (note 8)           | (978)                                   | 4,019                          |
| Financing contracts, net (note 9)     | 2,374                                   | (1,691)                        |
| Other receivables (note 13)           | 11,878                                  | (1,758)                        |
| Commitments and financial guarantees  | (19)                                    | -                              |
| Impairment on proprietary investments | 534                                     | 68                             |
|                                       | <b>13,786</b>                           | <b>636</b>                     |



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****for the three months period ended 31 March 2024**

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**18 EARNING PER SHARE**

The calculation of basic earnings per share has been based on the following profit attributable to the ordinary shareholders and weighted-average number of ordinary shares outstanding. The Group does not have any diluted potentially ordinary shares as of the reporting dates. Hence, the basic and diluted earning per share is similar.

|   | <b>Three months ended</b>           |                             |
|---|-------------------------------------|-----------------------------|
|   | <b>31 March 2024<br/>(reviewed)</b> | 31 March 2023<br>(reviewed) |
| Profit attributable to shareholders of the Bank                 | 27,135                              | 24,007                      |
| Weighted Average number of shares outstanding during the period | 3,517,935                           | 3,330,002                   |
| <b>Earnings per share</b>                                       |                                     |                             |
| Basic and diluted earnings per share (US cents)                 | <b>0.77</b>                         | 0.72                        |

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
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**19 RELATED PARTY TRANSACTIONS**

The significant related party balances and transactions as at 31 March 2024 are given below:

|   | Related parties as per FAS 1 |                          |   | Assets under management (including special purpose and other entities) | Total    |
|---|------------------------------|--------------------------|---|--|----------|
|   | Associates and joint venture | Key management personnel | Significant shareholders / entities in which directors are interested |  |          |
| <b>31 March 2024 (reviewed)</b>                                       |                              |                          |   |  |          |
| <b>Assets</b>   |                              |                          |   |  |          |
| Treasury portfolio  | -                            | -                        | -   | 74,612   | 74,612   |
| Financing contracts   | -                            | 10,952                   | 227,290   | 17,105   | 255,347  |
| Proprietary investments   | 937,724                      | -                        | 6,058   | 9,024  | 952,806  |
| Co-investments  | -                            | -                        | -   | 262,796  | 262,796  |
| Receivables and other assets  | 246,465                      | 7,107                    | 1,316   | 305,985  | 560,873  |
| <b>Liabilities</b>  |                              |                          |   |  |          |
| Placements from financial, non-financial institutions and individuals | -                            | 5,602                    | -   | -  | 5,602    |
| Current accounts  | 4,406                        | 77                       | 57,159  | 19,091   | 80,733   |
| Payables and accruals   | 54,938                       | 7,420                    | -   | 117,813  | 180,171  |
| <b>Quasi equity</b>   | 10,756                       | 4,507                    | 26,341  | 12,907   | 54,511   |
| <b>Income</b>   |                              |                          |   |  |          |
| Investment banking  | 363                          | -                        | -   | 46,593   | 46,956   |
| Commercial banking  |                              |                          |   |  |          |
| - <i>Income from financing</i>  | -                            | 151                      | 1,393   | -  | 1,544    |
| - <i>Less: Finance expense</i>  | -                            | (40)                     | (1,812)   | -  | (1,852)  |
| Treasury and proprietary investments                                  | 33,561                       | -                        | 3,042   | 18,107   | 54,710   |
| <i>Less: Quasi equity</i>   | (29)                         | (56)                     | (12,833)  | (5)  | (12,923) |
| <b>Expenses</b>   |                              |                          |   |  |          |
| Operating expenses  | -                            | (156)                    | -   | -  | (156)    |
| Staff Cost  | -                            | (1,217)                  | (280)   | -  | (1,497)  |
| Finance Cost  | (12)                         | -                        | -   | (1,782)  | (1,794)  |

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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## 19 RELATED PARTY TRANSACTIONS (continued)

|   | Related parties as per FAS 1 |                          |   | Assets under management (including special purpose and other entities) | Total   |
|---|------------------------------|--------------------------|---|--|---------|
|   | Associates and joint venture | Key management personnel | Significant shareholders / entities in which directors are interested |  |         |
| 31 December 2023 (audited)  |                              |                          |   |  |         |
| Assets  |                              |                          |   |  |         |
| Treasury portfolio  | -                            | -                        | -   | 70,546   | 70,546  |
| Financing contracts   | -                            | 11,202                   | 85,055  | 19,489   | 115,746 |
| Proprietary investments   | 827,161                      | -                        | 7,686   | 13,667   | 848,514 |
| Co-investments  | -                            | -                        | -   | 254,610  | 254,610 |
| Receivables and prepayments   | 93,318                       | 6,731                    | 1,507   | 330,038  | 431,594 |
| Liabilities   |                              |                          |   |  |         |
| Placements from financial, non-financial institutions and individuals | -                            | 5,602                    | 8,622   | -  | 14,224  |
| Current accounts  | 2,971                        | 16                       | 29,233  | 19,122   | 51,342  |
| Payables and accruals   | 107,466                      | 7,196                    | -   | 198,943  | 313,605 |
| Quasi equity  | 2,485                        | 5,027                    | 44,145  | 14,422   | 66,079  |
| 31 March 2023 (reviewed)  |                              |                          |   |  |         |
| Income  |                              |                          |   |  |         |
| Investment banking  | -                            | -                        | -   | 45,876   | 45,876  |
| Commercial banking  |                              |                          |   |  |         |
| - <i>Income from financing</i>  | -                            | 159                      | 133   | -  | 292     |
| - <i>Fee and other income</i>   | -                            | -                        | -   | -  | -       |
| - <i>Less: Return to quasi equity</i>                                 | (11)                         | (56)                     | (4,334)   | (5)  | (4,406) |
| - <i>Less: Finance expense</i>  | -                            | (53)                     | (3,876)   | -  | (3,929) |
| Treasury and proprietary investments                                  | 6,822                        | -                        | -   | 572  | 7,394   |
| Real Estate Income  | -                            | -                        | -   | -  | -       |
| Expenses  |                              |                          |   |  |         |
| Operating expenses  | -                            | (684)                    | -   | (13)   | (697)   |
| Staff Cost  | -                            | (2,681)                  | -   | -  | (2,681) |
| Finance Cost  | -                            | -                        | -   | (489)  | (489)   |

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
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**20 SEGMENT REPORTING**

The Group is organised into business units based on their nature of operations and independent reporting entities and has three reportable operating segments namely investment banking, commercial banking and treasury and proprietary.

|   | <b>Investment<br/>banking</b> | <b>Commercial<br/>banking</b> | <b>Proprietary and<br/>treasury</b> | <b>Total</b>      |
|---|-------------------------------|-------------------------------|-------------------------------------|-------------------|
| <b>31 March 2024</b> (reviewed)                               |                               |                               |                                     |                   |
| Segment revenue   | 46,158                        | 34,218                        | 82,597                              | <b>162,973</b>    |
| Segment expenses  | (33,246)                      | (24,150)                      | (61,448)                            | <b>(118,844)</b>  |
| Impairment allowance  | -                             | (2,092)                       | (11,694)                            | <b>(13,786)</b>   |
| Segment result  | 12,912                        | 7,976                         | 9,455                               | <b>30,343</b>     |
| Segment assets  | 261,748                       | 3,789,780                     | 6,506,645                           | <b>10,558,173</b> |
| Segment liabilities   | 112,932                       | 2,204,180                     | 3,484,144                           | <b>5,801,256</b>  |
| Quasi equity  | -                             | 1,268,045                     | 2,404,224                           | <b>3,672,269</b>  |
| <i>Other segment information</i>                              |                               |                               |                                     |                   |
| Proprietary investments ( <i>Equity-accounted investees</i> ) | -                             | 8,654                         | 122,719                             | <b>131,373</b>    |
| Commitments   | 17,778                        | 104,114                       | 27,831                              | <b>149,723</b>    |

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
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*20 Segment reporting (continued)*

|   | Investment banking | Commercial banking | Proprietary and treasury | Total      |
|---|--------------------|--------------------|--------------------------|------------|
| 31 March 2023 (reviewed)                                      |                    |                    |                          |            |
| Segment revenue   | 45,087             | 25,478             | 34,490                   | 105,055    |
| Segment expenses  | (33,513)           | (15,379)           | (31,089)                 | (79,981)   |
| Impairment allowance  | -                  | (1,451)            | 815                      | (636)      |
| Segment result  | 11,574             | 8,648              | 4,216                    | 24,438     |
| 31 Dec 2023 (audited)   |                    |                    |                          |            |
| Segment assets  | 278,056            | 3,985,192          | 6,858,231                | 11,121,479 |
| Segment liabilities   | 208,859            | 2,146,851          | 4,240,401                | 6,596,111  |
| Quasi equity  | -                  | 1,420,854          | 2,030,152                | 3,451,006  |
| <i>Other segment information</i>                              |                    |                    |                          |            |
| Proprietary investments ( <i>Equity-accounted investees</i> ) | -                  | 8,656              | 127,820                  | 136,476    |
| Commitments   | 49,147             | 154,550            | -                        | 203,697    |

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
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**21 COMMITMENTS AND CONTINGENCIES**

The commitments contracted in the normal course of business of the Group:

|  | <b>31 March<br/>2024<br/>(reviewed)</b> | 31 December<br>2023<br>(audited) | 31 March<br>2023<br>(reviewed) |
|--|---|----------------------------------|--------------------------------|
| Undrawn commitments to extend finance                      | 84,576                                  | 113,873                          | 87,085                         |
| Financial guarantees                                       | 19,539                                  | 40,677                           | 43,809                         |
| Capital commitment for infrastructure development projects | 45,608                                  | 49,147                           | 55,485                         |
|  | <b>149,723</b>                          | <b>203,697</b>                   | <b>186,379</b>                 |

*Performance obligations*

During the ordinary course of business, the Group may enter performance obligations in respect of its infrastructure development projects. It is the usual practice of the Group to pass these performance obligations, wherever possible, on to the companies that own the projects. In the opinion of the management, no liabilities are expected to materialise on the Group at 31 March 2024 due to the performance of any of its projects.

*Litigations, claims and contingencies*

The Group has several claims and litigations filed against it in connection with projects promoted by the Bank in the past and with certain transactions. Further, claims against the Group entities also have been filed by former employees and customers. Based on the advice of the Bank's external legal counsel, the management is of the opinion that the Bank has strong grounds to successfully defend itself against these claims. Where applicable, appropriate provision has been made in the books of accounts. No further disclosures regarding contingent liabilities arising from any such claims are being made by the Bank as the directors of the Bank believe that such disclosures may be prejudicial to the Bank's legal position.

**22 FINANCIAL INSTRUMENTS**

**Fair values**

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. This represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

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**22 FINANCIAL INSTRUMENTS (continued)**

**Fair value hierarchy**

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the valuation techniques used in measuring fair values, as well as the significant unobservable inputs used:

| Type               | Valuation technique   | Significant unobservable inputs   | Inter-relationship between significant unobservable inputs and fair value measurement  |
|--------------------|---|---|--|
| Structured notes   | Fair value of underlying reference portfolio adjusted for embedded derivatives that protect downside risk and cap upside potential over the period of the contract. | Credit risk of counterparty and volatility assumptions for time to maturity | Ability of the Group to hold the structure note to maturity and impact of the value of embedded derivatives (strike prices and barriers for coupon and principal). |
| Equity investments | Discounted cash flow  | Marketability factor and Discount rate                                      | Ability of Group to exit these investments and their impact on the overall value as these are unquoted investments.  |

The potential effect of change in assumptions used above would have the following effects.

|  | 31 March 2024<br>(reviewed) |              | 31 March 2023<br>(reviewed) |              |
|--|-----------------------------|--------------|-----------------------------|--------------|
|  | Statement of Income         | FVOCI        | Statement of Income         | FVOCI        |
| Equity instruments- marketability factor ( $\pm 10\%$ )          | $\pm 939$                   | $\pm 31,808$ | $\pm 734$                   | $\pm 18,745$ |
| Structure notes- impact in underlying value ( $\pm 5\%$ )        | $\pm 20,735$                | -            | $\pm 20,361$                | -            |
| Proprietary Investments- impact of change in value ( $\pm 5\%$ ) | $\pm 1,143$                 | -            | $\pm 1,065$                 | -            |
| Quoted Fund- impact in underlying value ( $\pm 5\%$ )            | $\pm 1,317$                 | -            | $\pm 1,250$                 | -            |

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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## 22 FINANCIAL INSTRUMENTS (continued)

The table below analyses the financial instruments carried at fair value, by valuation method.

## 31 March 2024 (reviewed)

## i) Proprietary investments

Investment securities carried at fair value through:

- statement of income
- OCI

|  | Level 1        | Level 2          | Level 3        | Total            |
|--|----------------|------------------|----------------|------------------|
|  | 22,853         | -                | -              | 22,853           |
|  | -              | 937,724          | 63,073         | 1,000,797        |
|  | <b>22,853</b>  | <b>937,724</b>   | <b>63,073</b>  | <b>1,023,650</b> |
|  |                |                  |                |                  |
|  | -              | 444,297          | -              | 444,297          |
|  | 885,043        | -                | -              | 885,043          |
|  | <b>885,043</b> | <b>444,297</b>   | <b>-</b>       | <b>1,329,340</b> |
|  |                |                  |                |                  |
|  | -              | -                | 253,403        | 253,403          |
|  | -              | -                | 9,393          | 9,393            |
|  | -              | -                | <b>262,796</b> | <b>262,796</b>   |
|  | <b>907,896</b> | <b>1,382,021</b> | <b>325,869</b> | <b>2,615,786</b> |

## ii) Treasury portfolio

Investment securities carried at fair value through:

- statement of income
- OCI

## iii) Co-investments

Investment securities carried at fair value through

- OCI
- statement of income

## 31 December 2023 (audited)

## (i) Proprietary investments

Investment securities carried at fair value through:

- statement of income
- OCI

## (ii) Treasury portfolio

Investment securities carried at fair value through:

- statement of income
- OCI

## iii) Co-investments

Investment securities carried at fair value through OCI

Investment securities carried at fair value through statement of income

|  | Level 1        | Level 2          | Level 3        | Total            |
|--|----------------|------------------|----------------|------------------|
|  | 17,194         | -                | -              | 17,194           |
|  | -              | 827,012          | 64,045         | 891,057          |
|  | <b>17,194</b>  | <b>827,012</b>   | <b>64,045</b>  | <b>908,251</b>   |
|  |                |                  |                |                  |
|  | -              | 434,133          | -              | 434,133          |
|  | 817,626        | -                | -              | 817,626          |
|  | <b>817,626</b> | <b>434,133</b>   | <b>-</b>       | <b>1,251,759</b> |
|  |                |                  |                |                  |
|  | -              | -                | 245,442        | 245,442          |
|  | -              | -                | 9,168          | 9,168            |
|  | -              | -                | <b>254,610</b> | <b>254,610</b>   |
|  | <b>828,593</b> | <b>1,261,145</b> | <b>318,655</b> | <b>2,408,393</b> |



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
for the three months ended 31 March 2024**

US\$ 000's

**22 FINANCIAL INSTRUMENTS (continued)**

The following table analyses the movement in Level 3 financial assets during the period:

|  | <b>31 March<br/>2024</b><br>(reviewed) | 31 December<br>2023<br>(audited) |
|--|--|----------------------------------|
| At beginning of the period                                     | 318,655                                | 197,944                          |
| Disposals at carrying value                                    | (3,293)                                | (5,288)                          |
| Purchases / reclassification from receivables and other assets | 10,281                                 | 127,134                          |
| Fair value changes during the period                           | 226                                    | (1,135)                          |
| <b>At end of the period</b>                                    | <b>325,869</b>                         | <b>318,655</b>                   |

**23 BUSSINESS COMBINATION:**

During the period, the Board of Ithmaar Holding B.S.C. and the Bank have agreed to an overall framework of terms regarding purchase of certain assets and liabilities of Ithmaar's corporate banking business in Bahrain and certain investment assets (the "Transaction"). The Transaction is subject to the signing of definitive agreements, shareholders' approval, and related regulatory approvals. The timing and final values of transfer of assets and liabilities forming part of the transaction and the consideration are under consideration at the date of approval of these financial statements and are yet to be finalized.

**24 DECONSOLIDATION OF SUBSIDIARIES**

During the period, as part of its initiatives for sale of real estate exposures, the Group transferred certain real estate project subsidiaries which included non-controlling interests (NCI). The Group recognised gains of US\$ 25,584 thousand on sale of the real estate assets and derecognised NCI amounting to US\$ 33,766 thousand on loss of control over its subsidiaries. The retained stake have been recognised in accordance with the classification of the retained assets.