

GFH FINANCIAL GROUP BSC
CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION

30 June 2024

Commercial registration	:	44136 (registered with Central Bank of Bahrain as an Islamic wholesale Bank)
Registered Office	:	2nd Floor, Harbor House Building Number 1436 Block: 346, Road: 4626 Manama, Kingdom of Bahrain Telephone +973 17538538
Directors	:	Abdulmohsen Rashed Alrashed, <i>Chairman</i> (from March 2024) Ghazi Faisal Ebrahim Alhajeri, <i>Vice Chairman</i> Hisham Ahmed Alrayes Ali Murad Darwish Al Ketbi Fawaz Talal Al Tamimi Rashid Nasser Al Kaabi Yusuf Abdulla Taqi (till March 2024) Edris Mohd Rafi Mohd Saeed Al-Rafi (till March 2024) Abdulaziz Abdulhamid Albassam (from March 2024) Abdulla Jehad Alzain (from March 2024) 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 six months ended 30 June 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 30 June 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 30 June 2024;
- the condensed consolidated statement of income for the three month and six-month periods ended 30 June 2024;
- the condensed consolidated statement of total comprehensive income for the three-month and six-month periods ended 30 June 2024;
- the condensed consolidated statement of income and attribution related to quasi-equity for the three-month and six-month periods ended 30 June 2024;
- the condensed consolidated statement of changes in owners' equity for the six-month period ended 30 June 2024;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2024;
- the condensed consolidated statement of changes in off-balance-sheet assets under management for the six-month period ended 30 June 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 30 June 2024 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with FAS 41, "Interim Financial Reporting".

12 August 2024

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

US\$ 000's

	Note	30 June 2024 (reviewed)	31 December 2023 (audited)	30 June 2023 (reviewed)
ASSETS				
Cash and bank balances		290,253	376,884	398,578
Treasury portfolio	8	4,768,073	5,135,032	4,944,127
Financing contracts	9	1,795,753	1,544,810	1,535,395
Real estate investment	10	1,244,496	1,371,932	1,320,989
Co-investments	11	278,371	254,610	169,471
Proprietary investments	12	1,183,067	1,044,727	1,033,743
Receivables and other assets	13	1,046,358	825,331	726,535
Property and equipment		282,243	229,534	207,223
Assets held for sale		-	338,619	-
TOTAL ASSETS		10,888,614	11,121,479	10,336,061
LIABILITIES				
Clients' funds		148,596	206,222	151,190
Placements from financial institutions		1,939,146	2,323,217	2,959,023
Placements from non-financial institutions and individuals		1,183,290	960,050	1,182,960
Customer current accounts		474,507	203,697	225,831
Term financing	14	1,981,348	2,124,307	1,975,706
Other liabilities	15	404,165	548,056	630,094
Liabilities directly associated with assets held for sale		-	230,562	-
TOTAL LIABILITIES		6,131,052	6,596,111	7,124,804
QUASI EQUITY	16	3,606,931	3,451,006	2,159,380
OWNERS' EQUITY				
Share capital		1,015,637	1,015,637	1,015,637
Treasury shares		(85,705)	(125,525)	(123,293)
Statutory reserve		47,518	47,518	36,995
Investment fair value reserve		(39,270)	(46,103)	(55,527)
Cash flow hedge reserve		-	(2,135)	-
Other reserve		(16,020)	(13,612)	-
Retained earnings		41,821	105,831	90,860
Share grant reserve		5,440	7,930	8,530
Total equity attributable to shareholders of the Bank		969,421	989,541	973,202
Non-controlling interests		181,210	84,821	78,675
TOTAL OWNERS' EQUITY		1,150,631	1,074,362	1,051,877
TOTAL LIABILITIES, QUASI EQUITY AND OWNERS' EQUITY		10,888,614	11,121,479	10,336,061

The Board of Directors approved the condensed consolidated interim financial information on 12 August 2024 and signed on its behalf by:


Abdumohsen Rashed Alrashed
Chairman


Hisham Alrayes
Chief Executive Officer & Board member

The accompanying notes 1 to 23 form an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF INCOME

for the six months period ended 30 June 2024

US\$ 000's

	Note	Six months ended		Three months ended	
		30 June 2024 (reviewed)	30 June 2023 (reviewed)	30 June 2024 (reviewed)	30 June 2023 (reviewed)
Investment banking					
Deal related income		59,902	80,890	26,670	38,726
Asset management		28,226	9,627	15,300	6,704
		88,128	90,517	41,970	45,430
Commercial banking					
Income from financing		62,394	53,704	31,187	26,485
Treasury and investment income		49,293	45,464	23,135	19,951
Fee and other income		15,463	14,629	7,522	9,161
Commercial banking finance cost		(54,607)	(45,170)	(28,060)	(26,592)
		72,543	68,627	33,784	29,005
Treasury and Proprietary Investments					
Finance and treasury portfolio income, net		89,070	121,990	48,487	64,308
Direct investment income, net		79,149	4,152	19,531	1,097
Income from co-investments		14,696	21,629	7,883	13,933
Share of profit from equity-accounted investees		12,589	17,244	5,556	10,426
Income from sale of assets		46,850	5,713	36,727	5,641
Leasing and operating income		14,147	8,877	9,275	4,447
Other income		1,713	2,340	832	390
Finance expenses - Repo and FI		(86,655)	(124,875)	(34,788)	(63,518)
		171,559	57,070	93,503	36,724
Total income		332,230	216,214	169,257	111,159
Finance expense - term financing and others		33,448	31,359	19,666	10,598
Impairment allowances, net	17	18,605	6,952	4,819	6,316
Other expenses		111,814	78,266	50,202	37,166
Total expenses		163,867	116,577	74,687	54,080
Profit for the period before attribution to quasi equity		168,363	99,637	94,570	57,079
Less: Net profit attributable to quasi-equity		(100,466)	(42,448)	(57,016)	(24,328)
Profit for the period		67,897	57,189	37,554	32,751
Profit attributable to:					
Shareholders of the Bank		60,747	54,616	33,612	30,609
Non-controlling interests		7,150	2,573	3,942	2,142
		67,897	57,189	37,554	32,751
Earnings per share					
Basic and diluted earnings per share (US cents)	18	1.71	1.55	0.93	0.86


Abdulmohsen Rashed Alrashed
Chairman

Hisham Alrayes
Chief Executive Officer & Board member

The accompanying notes 1 to 23 form an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
for the six months period ended 30 June 2024

US\$ 000's

	Six months ended		Three months ended	
	30 June 2024 (reviewed)	30 June 2023 (reviewed)	30 June 2024 (reviewed)	30 June 2023 (reviewed)
Profit for the period	67,897	57,189	37,554	32,751
Other comprehensive income (OCI)				
Items that may subsequently be classified to income statement				
Fair value changes on debt investments carried at fair value through OCI	6,013	2,311	3,035	(3,092)
Fair value changes on equity investments carried at fair value through OCI	(3,977)	(5,122)	(5,545)	(22)
Attributable to quasi-equity	(290)	-	(427)	-
Total other comprehensive income for the period	1,746	(2,811)	(2,937)	(3,114)
Total comprehensive income	69,643	54,378	34,617	29,637
Total comprehensive income attributable to:				
Shareholders of the Bank	67,307	52,284	31,405	27,707
Non-controlling interests	2,336	2,094	3,212	1,930
	69,643	54,378	34,617	29,637

The accompanying notes 1 to 23 form an integral part of the condensed consolidated interim financial information.

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

For the six months period ended 30 June 2024

US\$ 000's

	Six months ended		Three months ended	
	30 June 2024 (reviewed)	30 June 2023 (reviewed)	30 June 2024 (reviewed)	30 June 2023 (reviewed)
Net operating income attribution to quasi equity	168,363	99,637	94,570	57,079
Adjusted for:				
Less: income not attributable to quasi-equity	(152,463)	(184,363)	(76,707)	(115,694)
Add: Profit expense on due to banks and non-banks	60,944	52,223	30,496	28,939
Add: expenses not attributable to quasi-equity	157,952	152,886	72,335	90,389
Less: institution's share of income for its own/ share of investments	(79,968)	(55,428)	(38,944)	(25,846)
Less: allowance for impairment allowances attributable to quasi-equity	5,570	(9,610)	3,289	(9,597)
Total income available for quasi-equity holders	160,398	55,345	85,039	25,270
Profit equalization reserve – net movement	-	-	-	-
Total income attributable to quasi-equity holders (adjusted for reserves)	160,398	55,345	85,039	25,270
Less: Mudarib's share	(5,074)	(8,375)	(1,850)	(942)
Less: Wakala fees	(54,858)	(4,522)	(26,173)	-
Net income attributable to quasi-equity	100,466	42,448	57,016	24,328
Investment risk reserve -net movement	-	-	-	-
Profit distributable to quasi-equity	100,466	42,448	57,016	24,328
Other comprehensive income that may subsequently be classified to statement of income	290	-	427	-
Total comprehensive income – attributable to quasi-equity	100,756	42,448	57,443	24,328
Add: Other comprehensive income not subject to immediate distribution	(290)	-	(427)	-
Net profit attributable to quasi-equity	100,466	42,448	57,016	24,328

The accompanying notes 1 to 23 form an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
for the six months period ended 30 June 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
30 June 2024 (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	-	-	-	-	-	-	60,747	-	60,747	7,150	67,897
Other comprehensive income	-	-	-	2,135	(2,408)	6,833	-	-	6,560	(4,814)	1,746
Total comprehensive income for the period	-	-	-	2,135	(2,408)	6,833	60,747	-	67,307	2,336	69,643
Issue of shares under incentive scheme (net)	-	-	-	-	-	-	-	(2,490)	(2,490)	-	(2,490)
Transfer to zakah and charity fund	-	-	-	-	-	-	(7,037)	-	(7,037)	-	(7,037)
Dividends declared for 2023	-	-	-	-	-	-	(61,000)	-	(61,000)	-	(61,000)
Sale of treasury shares	-	174,422	-	-	-	-	(20,941)	-	153,481	-	153,481
Purchase of treasury shares	-	(134,602)	-	-	-	-	-	-	(134,602)	-	(134,602)
Additional NCI without a change in control (note 1)	-	-	-	-	-	-	(35,779)	-	(35,779)	124,650	88,871
Sale of shares in subsidiary	-	-	-	-	-	-	-	-	-	(37,937)	(37,937)
Reduction in NCI due to additional stake in subsidiary (note 1)	-	-	-	-	-	-	-	-	-	(4,947)	(4,947)
Additional NCI on acquisition of subsidiary (note 23)	-	-	-	-	-	-	-	-	-	12,287	12,287
Balance at 30 June 2024	1,015,637	(85,705)	47,518	-	(16,020)	(39,270)	41,821	5,440	969,421	181,210	1,150,631

The accompanying notes 1 to 23 form an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
for the six months period ended 30 June 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
30 June 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	-	-	-	-	54,616	-	54,616	2,573	57,189
Other comprehensive income	-	-	-	(2,332)	-	-	(2,332)	(479)	(2,811)
Total comprehensive income for the period	-	-	-	(2,332)	54,616	-	52,284	2,094	54,378
Long Term Incentive Plan (LTIP)	-	-	-	-	-	1,600	1,600	-	1,600
Transfer to zakah and charity fund	-	-	-	-	(1,000)	-	(1,000)	-	(1,000)
Dividends declared for 2022	-	-	-	-	(56,261)	-	(56,261)	-	(56,261)
Purchase of treasury shares	-	(47,169)	-	-	-	-	(47,169)	-	(47,169)
Sale of treasury shares	-	29,474	-	-	(2,326)	-	27,148	-	27,148
Additional NCI without a change in control	-	-	-	-	-	-	-	5,747	5,747
Reduction in NCI due to loss of control	-	-	-	-	-	-	-	(3,960)	(3,960)
Balance at 30 June 2023	1,015,637	(123,293)	36,995	(55,527)	90,860	8,530	973,202	78,675	1,051,877

The accompanying notes 1 to 23 form an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months period ended 30 June 2024

US\$ 000's

	30 June 2024 (reviewed)	30 June 2023 (reviewed)
OPERATING ACTIVITIES		
Profit for the period	67,897	57,189
Adjustments for:		
Treasury and proprietary investments	(258,214)	(181,945)
Foreign exchange loss	2,608	2,238
Finance expense	275,176	201,403
Impairment allowances, net	18,605	6,952
Depreciation and amortisation	6,333	4,299
	112,405	90,136
Changes in:		
Placements with financial institutions (original maturities of more than 3 months)	68,074	418,680
Financing assets	(145,944)	(106,914)
Receivable and other assets	(214,592)	(142,303)
CBB Reserve and restricted bank balance	(4,974)	(8,230)
Clients' funds	(57,626)	27,890
Customer current accounts	270,810	94,597
Placements from financial, non-financial institutions and individuals	(160,831)	(713,145)
Quasi equity	155,925	945,706
Other liabilities	(236,903)	168,750
Net cash (used in) / generated from operating activities	(213,656)	775,167
INVESTING ACTIVITIES		
Payments for purchase of equipment	(2,973)	(2,581)
Purchase of proprietary investment securities, net	-	(52,891)
Purchase of treasury portfolio, net	(8,500)	(237,445)
Cash acquired on acquisition of subsidiary	5,584	1,346
Cash paid on acquisition of subsidiary	-	(7,000)
Cash paid on acquisition of additional stake in subsidiary	(4,000)	-
Proceeds from sale of real estate	64,224	11,771
Dividends received from proprietary investments and co-investments	28,790	20,659
Payment for Purchase of real estate	(1,208)	(12,026)
Net cash generated from /(used in) investing activities	81,917	(278,167)
FINANCING ACTIVITIES		
Financing liabilities, net	(75,872)	33,773
Finance expense paid	(244,051)	(153,228)
Dividends paid	(58,865)	(57,860)
Sale/(Purchase) of treasury shares, net	39,827	(17,694)
Net cash used in financing activities	(338,961)	(195,009)
Net (decrease) / increase in cash and cash equivalents during the period	(470,700)	301,991
Cash and cash equivalents at 1 January	1,687,727	1,041,064
Cash and cash equivalents at 30 June *	1,217,027	1,343,055
Cash and cash equivalents comprise:		
Cash and balances with banks (excluding CBB reserve balance and restricted cash)	209,130	320,958
Placements with financial institutions (original maturities of 3 months or less)	1,007,897	1,022,097
	1,217,027	1,343,055

* net of expected credit loss of US\$ 26 thousands (30 June 2023: US\$ 31 thousands).

The accompanying notes 1 to 23 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 six months period ended 30 June 2024**

US\$ 000's

30 June 2024 (Reviewed)	Opening Balance	Additions during the period	Distribution/NAV Movement	Income	Expenses	Group fees	Closing Balance
Real Estate	9,142,438	438,273	(394,512)	98,339	(78,623)	(19,716)	9,186,199
Private Equity	709,755	155,500	(168,053)	27,586	(19,627)	(8,510)	696,651
As at 30 June 2024	9,852,193	593,773	(562,565)	125,925	(98,250)	(28,226)	9,882,850

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\$ 278,371 thousand (31 Dec 2023: US\$ 254,610 thousand).

30 June 2023 (Reviewed)	Opening Balance	Additions during the period	Distribution/NAV Movement	Income	Expenses	Group fees	Closing Balance
Real Estate	7,132,745	542,722	(447,877)	35,131	(26,353)	(8,777)	7,227,591
Private Equity	584,187	380,854	(323,858)	7,864	(7,014)	(850)	641,183
As at 30 June 2023	7,716,932	923,576	(771,735)	42,995	(33,367)	(9,627)	7,868,774

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\$ 169,471 million (31 Dec 2022: US\$ 142,051 thousand).

The accompanying notes 1 to 23 form an integral part of the condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**for the six months period ended 30 June 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 six months ended 30 June 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.

Investee name	Country of incorporation	Effective ownership interests as at 30 June 2024	Activities
GFH Partners Ltd (formally known as GFH Capital Limited)	United Arab Emirates	100%	Investment management
GFH Capital S.A.	Saudi Arabia	100%	Investment management
Al Areen Hotels W.L.L.	Kingdom of Bahrain	100%	Hospitality management services
Khaleeji Bank BSC ('KHALEEJI')*		57.95%	Islamic retail bank
GFH Equities BSC (c)**		76.63%	Investment management

*During the period, the Group’s stake in KHALEEJI was diluted due to capital increase. The effective ownership as on 30 June 2024 is 57.95% (31 December 2023: 85.41%).

** During the period, the Group acquired additional stake in GFH Equities BSC (c) which resulted in increase in effective ownership as on 30 June 2024 to 76.63% (31 December 2023: 62.91%).

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 six months period ended 30 June 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 IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

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 six months period ended 30 June 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 six months period ended 30 June 2024**

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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 six months period ended 30 June 2024**

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5 FINANCIAL RISK MANAGEMENT (continued)

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

As at 30 June 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
Available Stable Funding (ASF):						
1	Capital:					
2	Regulatory Capital	953,060	-	-	73,471	1,026,531
3	Other Capital Instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers:					
5	Stable deposits		161,520	42,773	2,964	197,043
6	Less stable deposits	-	2,457,037	734,449	133,885	3,006,223
7	Wholesale funding:					
8	Operational deposits					
9	Other Wholesale funding	-	3,650,787	1,342,099	873,354	4,830,111
10	Other liabilities:					
11	NSFR Shari'a-compliant hedging contract liabilities		-	-	-	
12	All other liabilities not included in the above categories	-	370,447	-	61,802	61,802
13	Total ASF					9,121,709
Required Stable Funding (RSF):						
14	Total NSFR high-quality liquid assets (HQLA)					98,293
15	Deposits held at other financial institutions for operational purposes					
16	Performing financing and sukuk/ securities:	-	1,301,248	-	1,160,492	1,181,605
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	-	74,928	77,516	1,146,167	1,050,465

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**for the six months period ended 30 June 2024**

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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
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:	-	124,931	123,120	366,961	362,550
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	-	962,862	146,125	444,612	999,106
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		-	-	-	896
28	NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted		-	-	-	-
29	All other assets not included in the above categories	3,144,346	-	-	-	3,144,346
30	OBS items		-	-	-	74,655
31	Total RSF		2,463,970	346,761	3,118,232	6,911,916
32	NSFR(%)					132%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months period ended 30 June 2024

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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
Available Stable Funding (ASF):						
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
Required Stable Funding (RSF):						
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 six months period ended 30 June 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	
	30 June 2024 (reviewed)	31 December 2023 (audited)
Stock of HQLA	561,223	444,865
Net cashflows	237,299	196,313
LCR %	240%	233%
Minimum required by CBB	100%	100%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months period ended 30 June 2024

US\$ 000's

5 *FINANCIAL RISK MANAGEMENT (continued)*c. *Capital Adequacy Ratio*

	30 June 2024 (reviewed)	31 December 2023 (audited)
CET 1 Capital before regulatory adjustments	1,002,368	1,023,275
Less: regulatory adjustments	-	-
<i>CET 1 Capital after regulatory adjustments</i>	1,002,368	1,023,275
AT1 Capital	9,862	-
T 2 Capital adjustments	73,471	64,133
Regulatory Capital	1,085,701	1,087,409
Risk weighted exposure:		
Credit Risk Weighted Assets	5,328,436	4,585,950
Market Risk Weighted Assets	153,717	90,135
Operational Risk Weighted Assets	511,093	506,408
Total Regulatory Risk Weighted Assets	5,993,246	5,182,493
Investment risk reserve (30% only)	2	2
Profit equalization reserve (30% only)	3	3
Total Adjusted Risk Weighted Exposures	5,993,241	5,182,488
Capital Adequacy Ratio (CAR)	18.12%	20.98%
Tier 1 Capital Adequacy Ratio	16.89%	19.74%
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 treasury and proprietary), the six-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 six months period ended 30 June 2024

US\$ 000's

8 TREASURY PORTFOLIO

	30 June 2024 (reviewed)	31 December 2023 (audited)	30 June 2023 (reviewed)
Placements with financial institutions	1,011,100	1,458,368	1,079,143
Derivatives			
<i>At fair value through statement of income</i>	896	2,195	3,035
Equity type investments			
<i>At fair value through OCI</i>			
- Quoted sukuk	32,889	33,326	33,008
<i>At fair value through statement of income</i>			
- Structured notes*	437,723	404,839	390,631
- Quoted fund	26,347	27,099	28,803
Debt type investments			
<i>At fair value through OCI*</i>			
- Quoted sukuk	791,535	784,300	805,585
<i>At amortised cost</i>			
- Quoted sukuk *	2,487,772	2,447,489	2,619,503
- Unquoted sukuk	4,546	3,494	3,494
Less: Impairment allowances	(24,735)	(26,078)	(19,075)
	4,768,073	5,135,032	4,944,127

* Short-term and medium-term facilities of US\$ 1,727,513 thousand (31 December 2023: US\$ 1,857,388 thousand) are secured by quoted sukuk of US\$ 2,986,593 thousand (31 December 2023: US\$ 2,762,506 thousand) and structured notes of US\$ 437,723 thousand (31 December 2023: US\$ 404,839 thousand).

9 FINANCING CONTRACTS

	30 June 2024 (reviewed)	31 December 2023 (audited)	30 June 2023 (reviewed)
Murabaha*	1,290,801	1,029,324	1,016,521
Wakala	-	-	239
Mudharaba	20,862	20,564	18,652
Ijarah assets	550,890	559,200	571,112
	1,862,553	1,609,088	1,606,524
Less: Impairment allowances	(66,800)	(64,278)	(71,129)
	1,795,753	1,544,810	1,535,395

*Murabaha financing receivables are net of deferred profits of US\$ 36,247 thousands (31 December 2023: US\$ 41,727 thousands).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months period ended 30 June 2024

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9 Financing Contracts (continued)

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

Financing contracts	Stage 1	Stage 2	Stage 3	Total
Financing contracts (gross)	1,485,710	233,902	142,941	1,862,553
Expected credit loss	(7,652)	(10,178)	(48,970)	(66,800)
Financing contracts (net)	1,478,058	223,724	93,971	1,795,753

Impairment allowances	Stage 1	Stage 2	Stage 3	Total
At 1 January 2024	4,788	18,310	41,180	64,278
Net movement between stages	5,372	(7,308)	1,936	-
Net charge for the period	(2,508)	(824)	7,198	3,866
Write-offs	-	-	(1,344)	(1,344)
At 30 June 2024 (reviewed)	7,652	10,178	48,970	66,800

	Stage 1	Stage 2	Stage 3	Total
31 December 2023				
Financing contracts (gross)	1,192,539	284,047	132,502	1,609,088
Expected credit loss	(4,788)	(18,310)	(41,180)	(64,278)
Financing contracts (net)	1,187,751	265,737	91,322	1,544,810

Impairment allowances	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2023	18,046	11,990	34,336	64,372
Net transfers	(6,879)	(1,920)	8,799	-
Net charge for the year	(6,379)	8,240	644	2,505
Write-off	-	-	(2,599)	(2,599)
At 31 December 2023 (audited)	4,788	18,310	41,180	64,278

Financing assets	Stage 1	Stage 2	Stage 3	Total
Financing assets (gross)	1,219,642	291,391	95,491	1,606,524
Expected credit loss	(6,144)	(28,374)	(36,611)	(71,129)
Financing assets (net)	1,213,498	263,017	58,880	1,535,395

Impairment allowances	Stage 1	Stage 2	Stage 3	Total
At 1 January 2023	18,046	11,990	34,336	64,372
Net movement between stages	(5,082)	3,774	1,308	-
Net charge for the period	(6,820)	12,610	967	6,757
At 30 June 2023 (reviewed)	6,144	28,374	36,611	71,129

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months period ended 30 June 2024

US\$ 000's

10 INVESTMENT IN REAL ESTATE

	30 June 2024 (reviewed)	31 December 2023 (audited)	30 June 2023 (reviewed)
Investment Property			
- Land	448,694	483,685	572,314
- Building	124,305	141,471	199,177
	572,999	625,156	771,491
Development Property			
- Land	165,727	165,565	154,183
- Building	505,770	581,211	395,315
	671,497	746,776	549,498
	1,244,496	1,371,932	1,320,989

11 CO-INVESTMENTS

	30 June 2024 (reviewed)	31 December 2023 (audited)	30 June 2023 (reviewed)
<i>At fair value through OCI</i>			
- Unquoted securities	270,584	247,048	160,532
<i>At fair value through statement of income</i>			
- Unquoted securities	9,393	9,168	8,939
Impairment allowance	(1,606)	(1,606)	-
	278,371	254,610	169,471

12 PROPRIETARY INVESTMENTS

	30 June 2024 (reviewed)	31 December 2023 (audited)	30 June 2023 (reviewed)
Equity type investments			
<i>At fair value through statement of income</i>			
- Unquoted securities	9,942	2,942	2,942
- Listed securities	11,266	14,252	14,830
	21,208	17,194	17,772
<i>At fair value through OCI</i>			
- Listed securities (at fair value)	20,035	-	-
- Equity type Sukuk	940,382	827,012	833,051
- Unquoted securities	60,598	64,045	56,999
	1,021,015	891,057	890,050
Equity-accounted investees	142,810	137,390	125,932
Impairment allowance	(1,966)	(914)	(11)
	1,183,067	1,044,727	1,033,743

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the six months period ended 30 June 2024

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13 RECEIVABLES AND OTHER ASSETS

	30 June 2024 (reviewed)	31 December 2023 (audited)	30 June 2023 (reviewed)
Investment banking receivables*	305,611	307,597	206,390
Receivable from equity-accounted investees	93,789	93,318	89,844
Financing to projects, net	11,695	12,241	10,765
Receivable on sale of real estate	132,747	16,376	21,787
Advances and deposits	71,938	62,416	90,321
Employee receivables	11,192	7,443	12,195
Profit on sukuk receivable	20,232	19,948	18,172
Lease rentals receivable	3,588	4,025	5,460
Goodwill and intangibles	70,523	45,187	30,675
Receivable from sale of investments	63,311	71,281	-
Tax receivable	8,710	7,327	6,107
Prepayments and other receivables	276,039	186,120	242,229
Less: Impairment allowance	(23,017)	(7,948)	(7,410)
	1,046,358	825,331	726,535

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

14 TERM FINANCING

	30 June 2024 (reviewed)	31 December 2023 (audited)	30 June 2023 (reviewed)
Murabaha financing* (note 8)	1,738,485	1,880,910	1,716,001
Sukuk **	241,224	241,777	241,807
Ijarah financing	-	-	16,298
Other borrowings	1,639	1,620	1,600
	1,981,348	2,124,307	1,975,706

*Murabaha financing comprise:

Short-term and medium-term facilities of US\$ 1,727,513 thousand (31 December 2023: US\$ 1,857,388 thousand) are secured by quoted sukuk of US\$ 2,986,593 thousand (31 December 2023: US\$ 2,762,506 thousand) and structured notes of US\$ 437,723 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\$ 8,535 thousand.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months period ended 30 June 2024

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15 OTHER LIABILITIES

	30 June 2024 (reviewed)	31 December 2023 (audited)	30 June 2023 (reviewed)
Investment banking payables*	97,676	173,297	352,981
Accounts Payables	94,423	48,724	70,523
Unclaimed dividends	4,447	2,312	3,154
Payables to equity-accounted investees	51,415	107,466	16,450
Other accrued expenses and payables	34,757	64,659	100,248
Deferred Income	10,525	32,240	16,804
Payables towards purchase of investments	56,477	63,068	25,675
Zakah and Charity Fund	12,517	6,331	6,751
Advance received from customers**	2,065	2,106	7,869
Employee related accruals	26,195	24,459	16,309
Mudaraba profit accrual	12,952	22,814	13,021
Provision for employees' leaving indemnities	716	580	309
	404,165	548,056	630,094

*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.

**Represents amount received in advance from the customers on account of real estate assets to be delivered by the Group.

16 QUASI EQUITY

	30 June 2024 (reviewed)	31 December 2023 (audited)	30 June 2023 (reviewed)
Financial institutions	2,347,904	2,312,153	994,540
Non-financial institutions and individuals	1,259,027	1,138,853	1,164,840
	3,606,931	3,451,006	2,159,380

	30 June 2024 (reviewed)	31 December 2023 (audited)	30 June 2023 (reviewed)
Balances with banks	71,061	50,266	46,416
CBB reserve account	80,321	75,310	76,711
Treasury portfolio	2,506,596	2,202,334	1,030,986
Financing contracts	832,775	1,006,144	888,480
Proprietary Investments	71,061	71,334	71,854
Investment in real estate	45,117	45,618	44,933
	3,606,931	3,451,006	2,159,380

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months period ended 30 June 2024

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17 IMPAIRMENT ALLOWANCES, NET

	Six months ended		Three months ended	
	30 June 2024 (reviewed)	30 June 2023 (reviewed)	30 June 2024 (reviewed)	30 June 2023 (reviewed)
Expected credit loss on:				
Bank balances	(39)	20	(36)	22
Treasury portfolio (note 8)	(1,343)	2,112	(365)	(1,907)
Financing assets, net (note 9)	3,866	6,757	1,492	8,448
	2,484	8,889	1,091	6,563
Impairment on proprietary investment (note 12)	1,052	(31)	518	(99)
Impairment on other receivables (note 13)	15,069	(1,906)	3,210	(148)
	18,605	6,952	4,819	6,316

18 EARNINGS 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 earnings per share is similar.

	Six months ended		Three months ended	
	30 June 2024 (reviewed)	30 June 2023 (reviewed)	30 June 2024 (reviewed)	30 June 2023 (reviewed)
Profit attributable to shareholders of the Bank	60,747	54,616	33,612	30,609
Weighted Average number of shares outstanding during the period	3,558,268	3,528,590	3,599,595	3,547,177
Earnings per share				
Basic and diluted earnings per share (US cents)	1.71	1.55	0.93	0.86

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 30 June 2024 are given below:

	Related parties as per FAS 1			Assets under management (including special purpose and other entities)	Total
	Equity-accounted investees	Key management personnel	Significant shareholders / entities in which directors are interested		
30 June 2024 (reviewed)					
Assets					
Treasury portfolio	-	-	-	69,969	69,969
Financing contracts	-	11,106	227,652	17,368	256,126
Proprietary investments	940,382	-	6,058	9,355	955,795
Co-investments	-	-	-	278,371	278,371
Receivables and other assets	98,022	10,299	199	305,611	414,131
Liabilities					
Placements from financial, non-financial institutions and individuals	-	4,536	222,917	-	227,453
Current accounts	2,851	313	112,446	18,995	134,605
Other liabilities	51,419	10,616	-	97,676	159,711
Quasi equity	5,459	4,796	117,967	14,780	143,002
Income					
Investment banking	726	-	-	88,965	89,691
Commercial banking					
- <i>Income from financing</i>	-	302	1,562	-	1,864
- <i>Less: Finance expense</i>	-	(135)	(8,141)	-	(8,276)
Treasury and proprietary investments	16,793	-	-	40,063	56,856
<i>Less: Quasi equity</i>	(29)	(119)	(6,273)	(8)	(6,429)
Expenses					
Operating expenses	-	(345)	-	(167)	(512)
Staff Cost	-	(6,452)	(280)	-	(6,732)
Finance Cost	(12)	-	-	(3,462)	(3,474)

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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
	Equity-accounted investees	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	307,597	409,153
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	-	173,297	287,959
Quasi equity	2,485	5,027	44,145	14,422	66,079
30 June 2023 (reviewed)					
Income					
Investment banking	-	-	-	81,851	81,851
Commercial banking					
- <i>Income from financing</i>	-	324	133	-	457
- <i>Less: Return to quasi equity</i>	(24)	(117)	(2,653)	(8)	(2,802)
- <i>Less: Finance expense</i>	-	(125)	(6,430)	-	(6,555)
Treasury and proprietary investments	17,251	-	403	3,536	21,190
Expenses					
Operating expenses	(3)	(790)	-	(37)	(830)
Staff Cost	-	(5,670)	(347)	-	(6,017)
Finance Cost	-	-	-	(1,262)	(1,262)

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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.

	Investment banking	Commercial banking	Proprietary and treasury	Total
30 June 2024 (reviewed)				
Segment revenue	88,128	65,188	178,914	332,230
Segment expenses	(57,767)	(47,089)	(140,872)	(245,728)
Impairment allowance	-	(4,470)	(14,135)	(18,605)
Segment result	30,361	13,629	23,907	67,897
Segment assets	230,676	3,953,869	6,704,069	10,888,614
Segment liabilities	146,605	2,377,424	3,607,023	6,131,052
Quasi equity	-	1,253,525	2,353,406	3,606,931
<i>Other segment information</i>				
Proprietary investments (<i>Equity-accounted investees</i>)	-	17,219	125,591	142,810
Commitments	17,778	104,114	38,338	160,230

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20 Segment reporting (continued)

	Investment banking	Commercial banking	Proprietary and treasury	Total
30 June 2023 (reviewed)				
Segment revenue	90,517	41,242	84,455	216,214
Segment expenses	(62,510)	(24,469)	(65,094)	(152,073)
Impairment allowance	-	(2,857)	(4,095)	(6,952)
Segment result	28,007	13,916	15,266	57,189
31 December 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
Other segment information				
Proprietary investments (Equity-accounted investees)	-	8,656	128,734	137,390
Commitments	49,147	154,550	-	203,697

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21 COMMITMENTS AND CONTINGENCIES

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

	30 June 2024 (reviewed)	31 December 2023 (audited)	30 June 2023 (reviewed)
Undrawn commitments to extend finance	97,080	113,873	126,804
Financial guarantees	17,815	40,677	43,852
Capital commitment for infrastructure development projects	45,335	49,147	55,485
	160,230	203,697	226,141

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 30 June 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 at a 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.

	30 June 2024 (reviewed)		30 June 2023 (reviewed)	
	Statement of Income	FVOCI	Statement of Income	FVOCI
Equity instruments- marketability factor (±10%)	±939	±33,118	±894	±21,753
Structure notes- impact in underlying value (±5%)	±21,886	-	±19,532	-
Derivative and Fund- impact in underlying value (±5%)	±1,362	-	±1,592	-

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22 FINANCIAL INSTRUMENTS (continued)

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

30 June 2024 (reviewed)

i) Proprietary investments

Investment securities carried at fair value through:

- *statement of income*
- OCI

Level 1	Level 2	Level 3	Total
21,208	-	-	21,208
20,035	940,382	60,598	1,021,015
41,243	940,382	60,598	1,042,223

ii) Treasury portfolio

Investment securities carried at fair value through:

- *statement of income*
- OCI

-	464,966	-	464,966
824,424	-	-	824,424
824,424	464,966	-	1,289,390

iii) Co-investments

Investment securities carried at fair value through

- OCI
- *statement of income*

-	-	270,584	270,584
-	-	9,393	9,393
-	-	279,977	279,977
855,725	1,405,348	340,575	2,611,590

31 December 2023 (audited)

(i) Proprietary investments

Investment securities carried at fair value through:

- *statement of income*
- OCI

Level 1	Level 2	Level 3	Total
17,194	-	-	17,194
-	827,012	64,045	891,057
17,194	827,012	64,045	908,251

(ii) Treasury portfolio

Investment securities carried at fair value through:

- *statement of income*
- OCI

-	434,133	-	434,133
817,626	-	-	817,626
817,626	434,133	-	1,251,759

iii) Co-investments

Investment securities carried at fair value through OCI

Investment securities carried at fair value through *statement of income*

-	-	247,048	247,048
-	-	9,168	9,168
-	-	256,216	256,216
834,820	1,261,145	320,261	2,416,226

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22 *FINANCIAL INSTRUMENTS (continued)*

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

	30 June 2024 (reviewed)	31 December 2023 (audited)
At beginning of the period	320,261	197,944
Disposals at carrying value	(5,771)	(3,682)
Purchases / reclassification	25,859	127,134
Fair value changes during the period	226	(1,135)
At end of the period	340,575	320,261

23 ACQUISITION OF SUBSIDIARIES

During the period, the Group acquired controlling stake in the below subsidiary.

	% Stake acquired	Place of incorporation	Nature of activities
TEI Holdings	50.1%	Cayman Islands	Investment in market leading mobile commerce- based discount offering business in UAE

Identifiable assets acquired and liabilities assumed

Entity acquired was considered as a business. The fair value of assets, liabilities, equity interests have been reported on a provisional basis. If new information, obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date, identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised. Revisions to provisional acquisition accounting are required to be done on a retrospective basis.

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23 ACQUISITION OF SUBSIDIARIES (continued)

The reported amounts below represent the adjusted acquisition carrying values of the acquired entities at the date of acquisition reported on a provisional basis as permitted by accounting standards.

	2024
Intangible assets	2,803
Tangible assets	1,907
Receivables	33,262
Cash and bank balances	5,584
Total assets	43,456
Accruals and other liabilities	22,935
Total liabilities	22,935
Total net identifiable assets and liabilities (A)	20,521
	2024
Consideration	35,534
Non-controlling interests recognised	12,287
Total consideration (B)	47,821
Goodwill (B-A)	27,300