

ALUBAF Arab International Bank B.S.C. (c)

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 SEPTEMBER 2025 (REVIEWED)

REVIEW REPORT TO THE BOARD OF DIRECTORS OF ALUBAF ARAB INTERNATIONAL BANK B.S.C. (c)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of ALUBAF Arab International Bank B.S.C. (c) (the "Bank") and its subsidiary (together the "Group") as at 30 September 2025, comprising the interim consolidated statement of financial position as at 30 September 2025, the related interim consolidated statements of profit or loss, comprehensive income for the three-month period and nine-month period then ended, and the interim consolidated cash flows and changes in equity for the nine-month period then ended and explanatory notes. The Bank's Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim condensed 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 International Standards on Auditing 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



26 October 2025
Manama, Kingdom of Bahrain

ALUBAF Arab International Bank B.S.C. (c)


INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2025

		<i>(Reviewed)</i> 30 September 2025 US\$'000	<i>(Audited)</i> 31 December 2024 US\$'000
ASSETS	<i>Notes</i>		
Cash and balances with Central Bank and other banks	3	544,218	524,811
Deposits with banks and other financial institutions		315,496	747,932
Investment held for trading		9,084	14,436
Investment in fund		16,899	15,427
Investment securities	4	286,781	270,489
Loans and advances	5	153,054	156,387
Investment properties	6	14,538	11,734
Property, equipment and software		5,579	6,046
Interest receivable		17,527	18,660
Other assets		1,344	1,240
TOTAL ASSETS		1,364,520	1,767,162
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from banks and other financial institutions		660,787	786,830
Due to banks and other financial institutions		178,153	204,470
Due to customers		139,172	396,178
Interest payable		4,734	4,585
Other liabilities		12,371	12,657
TOTAL LIABILITIES		995,217	1,404,720
EQUITY			
Share capital		250,000	250,000
Statutory reserve		35,549	35,549
Retained earnings		79,567	65,984
Fair value reserve		4,187	(4,091)
Proposed dividend	9	-	15,000
TOTAL EQUITY		369,303	362,442
TOTAL LIABILITIES AND EQUITY		1,364,520	1,767,162



Abdulmgid Emhamed
Vice Chairman



Wisam Alsaadi Alkeelany
Chairman

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

ALUBAF Arab International Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Nine months ended 30 September 2025

	Note	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		<i>(Reviewed)</i>		<i>(Reviewed)</i>	
		2025	2024	2025	2024
		US\$'000	US\$'000	US\$'000	US\$'000
Interest income		17,019	26,633	54,683	63,897
Interest expense		(8,287)	(11,226)	(25,250)	(29,707)
Net interest income		8,732	15,407	29,433	34,190
Fee and commission income		491	706	1,434	1,455
Trading income - net		103	230	118	205
Unrealised gain on investment in fund		813	357	1,472	631
Gain (loss) on investment securities - net		431	2	456	(28)
Foreign exchange gain - net		88	94	235	251
Other income		29	28	118	288
Operating income		10,687	16,824	33,266	36,992
Provision reversal (charge) for expected credit losses - net	7	1,304	4,360	615	(3,398)
Net operating income		11,991	21,184	33,881	33,594
Staff costs		(2,473)	(2,376)	(7,819)	(7,397)
Depreciation		(158)	(165)	(474)	(505)
Other operating expenses		(1,506)	(1,531)	(3,809)	(3,595)
Operating expenses		(4,137)	(4,072)	(12,102)	(11,497)
Profit for the period before taxation		7,854	17,112	21,779	22,097
Taxation	10	(1,088)	-	(3,196)	-
NET PROFIT FOR THE PERIOD		6,766	17,112	18,583	22,097


 Abdulmgid Emhamed
 Vice Chairman


 Wisam Alsaadi Alkeelany
 Chairman

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

ALUBAF Arab International Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Nine months ended 30 September 2025

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	2025	2024	2025	2024
	US\$'000	US\$'000	US\$'000	US\$'000
NET PROFIT FOR THE PERIOD	6,766	17,112	18,583	22,097
Other comprehensive gain:				
<i>Other comprehensive gain to be reclassified to profit or loss in subsequent periods:</i>				
Unrealised fair value gain on investments classified as fair value through other comprehensive income (FVOCI) - net	5,424	5,784	8,137	7,495
<i>Other comprehensive gain (loss) classified to profit or loss during the period:</i>				
Changes in allowance for expected credit losses on FVOCI investments	18	(430)	141	(799)
Other comprehensive gain for the period	5,442	5,354	8,278	6,696
Total comprehensive income for the period	12,208	22,466	26,861	28,793

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

ALUBAF Arab International Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Nine months ended 30 September 2025

		<i>Nine months ended 30 September (Reviewed)</i>	
		2025	2024
		US\$'000	US\$'000
	<i>Note</i>		
OPERATING ACTIVITIES			
Profit for the period before taxation		21,779	22,097
Adjustments for:			
Provision (reversal) charge for expected credit losses - net	7	(615)	3,398
Depreciation		474	505
Amortisation of investments carried at amortised cost	4.1	500	992
Trading income - net		(118)	(205)
Unrealised gain on investment in fund		(1,472)	(631)
(Gain) loss on investment securities - net		(456)	28
Amortisation of assets classified as loans and advances		(641)	(735)
Operating profit before changes in operating assets and liabilities		19,451	25,449
Changes in operating assets and liabilities:			
Balances with Central Bank		(48,820)	(107,412)
Deposits with banks and other financial institutions		34,512	34,094
Loans and advances		4,484	(4,981)
Investment properties		(2,804)	-
Interest receivable and other assets		1,029	(771)
Deposits from banks and other financial institutions		(126,043)	65,731
Due to banks and other financial institutions		(26,317)	165,770
Due to customers		(257,006)	486,061
Interest payable and other liabilities		(3,274)	2,599
Net cash (used in) generated from operating activities		(404,788)	666,540
INVESTING ACTIVITIES			
Purchase of investments classified as held for trading		(10,942)	(15,509)
Purchase of investment in fund		-	(10,000)
Purchase of investment securities		(39,323)	(47,634)
Proceeds from disposal / maturity of investments classified as held for trading		16,412	6,595
Proceeds from disposal / maturity of investment securities		31,283	36,420
Purchase of property, equipment and software		(7)	(8)
Net cash used in investing activities		(2,577)	(30,136)
FINANCING ACTIVITY			
Dividend paid		(20,000)	(12,500)
Cash used in financing activity		(20,000)	(12,500)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(427,365)	623,904
Cash and cash equivalents at beginning of the period		738,931	168,039
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		311,566	791,943
Cash and cash equivalents comprise:			
Cash and balances with Central Bank and other banks with original maturity of 90 days or less - net		3,436	4,773
Deposits with banks and other financial institutions with original maturity of 90 days or less		308,130	787,170
	3	311,566	791,943

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

ALUBAF Arab International Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine months ended 30 September 2025

	<i>Share capital US\$'000</i>	<i>Statutory reserve US\$'000</i>	<i>Retained earnings US\$'000</i>	<i>Fair value reserve US\$'000</i>	<i>Proposed dividend US\$'000</i>	<i>Total US\$'000</i>
Balance as at 1 January 2025	250,000	35,549	65,984	(4,091)	15,000	362,442
Net profit for the period	-	-	18,583	-	-	18,583
Other comprehensive income for the period	-	-	-	8,278	-	8,278
Total comprehensive income for the period	-	-	18,583	8,278	-	26,861
Increase in proposed dividend (note 8)	-	-	(5,000)	-	5,000	-
Dividend paid (note 8)	-	-	-	-	(20,000)	(20,000)
At 30 September 2025	250,000	35,549	79,567	4,187	-	369,303
Balance as at 1 January 2024	250,000	32,549	53,984	(6,139)	12,500	342,894
Net profit for the period	-	-	22,097	-	-	22,097
Other comprehensive income for the period	-	-	-	6,696	-	6,696
Total comprehensive income for the period	-	-	22,097	6,696	-	28,793
Dividend paid	-	-	-	-	(12,500)	(12,500)
At 30 September 2024	250,000	32,549	76,081	557	-	359,187

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2025

1 CORPORATE INFORMATION

ALUBAF Arab International Bank B.S.C. (c) (the "Bank") is a closed Bahraini joint stock company incorporated in the Kingdom of Bahrain and registered with the Ministry of Industry and Commerce under Commercial Registration (CR) number 12819. The Bank operates under a wholesale banking license issued by the Central Bank of Bahrain (the "CBB"). The Bank's registered office is Building 854, Road 3618, Avenue 436, Alubaf Tower, Al-Seef District, PO Box 11529, Manama, Kingdom of Bahrain.

The Bank is majority owned by Libyan Foreign Bank, a bank registered in Libya.

The Bank has incorporated a special purpose vehicle (the "SPV") namely 'Bahrain Real Estate Development Company' in Jordan for the purpose of registration of land on behalf of the Bank. These interim condensed consolidated financial statements include the operating results of the Bank and its wholly owned SPV (together the "Group").

The interim condensed consolidated financial statements of the Group for the nine month period ended 30 September 2025 were authorised for issue in accordance with a resolution of the Bank's Board of Directors on 26 October 2025.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Bank and the Group for the nine month period ended 30 September 2025 are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Bank's annual financial statements as at 31 December 2024. In addition, results for the nine month period ended 30 September 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025.

2.2 Basis of consolidation

The interim condensed consolidated financial statements include the financial statements of the Bank and its SPV as at 30 September 2025. The reporting dates of the SPV and the Bank are identical and the SPV's accounting policies conform to those used by the Bank for like transactions and events in similar circumstances.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2025

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- a) Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- b) Derecognises the carrying amount of any non-controlling interest;
- c) Derecognises the cumulative transaction differences, recorded in equity;
- d) Recognises the fair value of consideration received;
- e) Recognises the fair value of any investment retained;
- f) Recognises any surplus or deficit in the consolidated statement of income; and
- g) Reclassifies the parent's share of a component previously recognised in OCI to consolidated statement of income or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 New and amended standards and interpretations effective as of 1 January 2025

The following new amendments to the accounting standards became effective in 2025 and have been adopted by the Group in preparation of these interim condensed consolidated financial statements as applicable. Further, the Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability - Amendments to IAS 21

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information. The amendments did not have a material impact on the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2025

3 CASH AND BALANCES WITH CENTRAL BANK AND OTHER BANKS

	<i>(Reviewed)</i> 30 September 2025 US\$'000	<i>(Audited)</i> 31 December 2024 US\$'000
Cash in hand	11	14
Money at call and short notice with other banks	7,285	36,272
Treasury bills - balances with Central Bank	540,782	491,955
Provision for expected credit losses	(3,860)	(3,430)
Cash and balances with central bank and other banks	544,218	524,811
Treasury bills - balances with Central Bank with original maturities of more than 90 days	(540,782)	(491,955)
Deposits with banks and other financial institutions with original maturities of 90 days or less	308,130	706,075
Cash and cash equivalents	311,566	738,931

As at 30 September 2025, exposure classified in Stage 3 amounted to US\$ 3,859 thousand (31 December 2024: US\$ 3,422 thousand). The remaining exposures are classified within Stage 1.

Movement in provision for expected credit losses were as follows:

	30 September 2025 (Reviewed)			
	Stage 1: 12-month ECL US\$'000	Stage 2: Lifetime ECL not credit- impaired US\$'000	Stage 3: Lifetime ECL credit- impaired US\$'000	Total ECL US\$'000
Balance at 1 January 2025	8	-	3,422	3,430
Reversals during the period	(7)	-	-	(7)
Exchange movement	-	-	437	437
At 30 September 2025	1	-	3,859	3,860
	30 September 2024 (Reviewed)			
	Stage 1: 12-month ECL US\$'000	Stage 2: Lifetime ECL not credit- impaired US\$'000	Stage 3: Lifetime ECL credit- impaired US\$'000	Total ECL US\$'000
Balance at 1 January 2024	2	1	3,644	3,647
Transfer to stage 1	1	(1)	-	-
Reversals during the period	(2)	-	-	(2)
Exchange Movement	(1)	(1)	-	(2)
Exchange Movement	-	-	31	31
At 30 September 2024	1	-	3,675	3,676

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2025

4 INVESTMENT SECURITIES

	<i>30 September 2025 (Reviewed)</i>		
	<i>FVOCI</i>	<i>Amortised</i>	<i>Total</i>
	<i>US\$'000</i>	<i>cost</i>	<i>US\$'000</i>
		<i>US\$'000</i>	<i>US\$'000</i>
Quoted investments			
- Sovereign debt securities	189,180	69,693	258,873
- Banks and Corporate debt securities	21,964	6,043	28,007
Total quoted investments	211,144	75,736	286,880
Provision for expected credit losses on investment securities at amortised cost	-	(99)	(99)
Total investment securities	211,144	75,637	286,781
	<i>31 December 2024 (Audited)</i>		
	<i>FVOCI</i>	<i>Amortised</i>	<i>Total</i>
	<i>US\$'000</i>	<i>cost</i>	<i>US\$'000</i>
		<i>US\$'000</i>	<i>US\$'000</i>
Quoted investments			
- Sovereign debt securities	165,325	78,166	243,491
- Banks and Corporate debt securities	21,197	6,059	27,256
Total quoted investments	186,522	84,225	270,747
Provision for expected credit losses on investment securities at amortised cost	-	(258)	(258)
Total investment securities	186,522	83,967	270,489

Note 4.1

A reconciliation of changes in gross carrying amounts of investment securities at FVOCI and investment securities at amortised cost by stage is as follows:

	<i>30 September 2025</i>			
	<i>Stage 1:</i>	<i>Stage 2:</i>	<i>Stage 3:</i>	<i>Total</i>
	<i>US\$ 000</i>	<i>US\$ 000</i>	<i>US\$ 000</i>	<i>US\$ 000</i>
Investment securities at FVOCI				
At 1 January	163,916	22,606	-	186,522
Investments purchased	29,334	-	-	29,334
Investments sold / matured	(8,105)	(4,744)	-	(12,849)
Fair value movement	4,262	3,875	-	8,137
At 30 September	189,407	21,737	-	211,144
	<i>30 September 2024</i>			
	<i>Stage 1:</i>	<i>Stage 2:</i>	<i>Stage 3:</i>	<i>Total</i>
	<i>US\$ 000</i>	<i>US\$ 000</i>	<i>US\$ 000</i>	<i>US\$ 000</i>
Investment securities at FVOCI				
At 1 January	89,772	58,194	2,569	150,535
Investments purchased	39,963	-	-	39,963
Investments sold / matured	(15,238)	(3,710)	-	(18,948)
Transfers between stages	14,813	(14,813)	-	-
Fair value movement	4,030	3,229	236	7,495
At 30 September	133,340	42,900	2,805	179,045

ALUBAF Arab International Bank B.S.C. (c)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2025

4 INVESTMENT SECURITIES (continued)

	<i>30 September 2025</i>			
	<i>Stage 1:</i> <i>US\$ 000</i>	<i>Stage 2:</i> <i>US\$ 000</i>	<i>Stage 3:</i> <i>US\$ 000</i>	<i>Total</i> <i>US\$ 000</i>
Investment securities at amortised cost				
At 1 January	74,215	10,010	-	84,225
Investments purchased	9,989	-	-	9,989
Investments sold / matured	(12,978)	(5,000)	-	(17,978)
Amortisation of premium / discount - net	(490)	(10)	-	(500)
At 30 September	70,736	5,000	-	75,736

	<i>30 September 2024</i>			
	<i>Stage 1:</i> <i>US\$ 000</i>	<i>Stage 2:</i> <i>US\$ 000</i>	<i>Stage 3:</i> <i>US\$ 000</i>	<i>Total</i> <i>US\$ 000</i>
Investment securities at amortised cost				
At 1 January	90,695	24,587	-	115,282
Investments purchased	7,671	-	-	7,671
Investments sold / matured	(3,000)	(14,500)	-	(17,500)
Amortisation of premium / discount - net	(920)	(72)	-	(992)
At 30 September	94,446	10,015	-	104,461

Note 4.2

Movements in provision for expected credit losses of FVOCI investments were as follows:

	<i>FVOCI</i> <i>30 September 2025 (Reviewed)</i>			
	<i>Stage 1:</i> <i>ECL</i> <i>US\$ 000</i>	<i>Stage 2:</i> <i>Lifetime ECL</i> <i>not credit-</i> <i>impaired</i> <i>US\$ 000</i>	<i>Stage 3:</i> <i>Lifetime ECL</i> <i>credit-</i> <i>impaired</i> <i>US\$ 000</i>	<i>Total</i> <i>US\$ 000</i>
Balance at 1 January	378	727	-	1,105
Provided during the period	439	29	-	468
Reversals during the period	(149)	(178)	-	(327)
	290	(149)	-	141
At 30 September	668	578	-	1,246

	<i>FVOCI</i> <i>30 September 2024 (Reviewed)</i>			
	<i>Stage 1:</i> <i>12-month</i> <i>ECL</i> <i>US\$ 000</i>	<i>Stage 2:</i> <i>Lifetime ECL</i> <i>not credit-</i> <i>impaired</i> <i>US\$ 000</i>	<i>Stage 3:</i> <i>Lifetime ECL</i> <i>credit-</i> <i>impaired</i> <i>US\$ 000</i>	<i>US\$ '000</i> <i>Total</i> <i>US\$ 000</i>
Balance at 1 January	91	1,753	2,817	4,661
Transfer to stage 1	77	(77)	-	-
Provided during the period	152	-	-	152
Reversals during the period	(104)	(847)	-	(951)
	125	(924)	-	(799)
At 30 September	216	829	2,817	3,862

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2025

4 INVESTMENT SECURITIES (continued)

Movements in provision for expected credit losses of amortised cost investments were as follows:

	<i>Amortised cost</i>		
	<i>30 September 2025 (Reviewed)</i>		
	<i>Stage 1:</i>	<i>Stage 2:</i>	
	<i>12-month</i>	<i>Lifetime ECL</i>	
	<i>ECL</i>	<i>not credit-</i>	<i>Total ECL</i>
	<i>US\$ '000</i>	<i>impaired</i>	<i>US\$ '000</i>
Balance at 1 January	163	95	258
Reversals during the period	(68)	(91)	(159)
At 30 September	95	4	99

	<i>Amortised cost</i>		
	<i>30 September 2024 (Reviewed)</i>		
	<i>Stage 1:</i>	<i>Stage 2:</i>	
	<i>12-month</i>	<i>Lifetime ECL</i>	
	<i>ECL</i>	<i>not credit-</i>	<i>Total ECL</i>
	<i>US\$ '000</i>	<i>impaired</i>	<i>US\$ '000</i>
Balance at 1 January	407	331	738
Reversals during the period	(211)	(219)	(430)
At 30 September	196	112	308

5 LOANS AND ADVANCES

Loans and advances are stated net of provision for loan losses.

	<i>30 September 2025 (Reviewed)</i>			<i>Total</i>
	<i>Stage 1:</i>	<i>Stage 2:</i>	<i>Stage 3:</i>	
	<i>12-month</i>	<i>Lifetime ECL</i>	<i>Lifetime ECL</i>	
	<i>ECL</i>	<i>not credit-</i>	<i>credit-</i>	
	<i>US\$ '000</i>	<i>impaired</i>	<i>impaired</i>	<i>US\$ '000</i>
Letters of credit - financing and discounting	62,926	-	30,686	93,612
Commercial loans	64,979	-	36,285	101,264
Sovereign loans	15,722	-	-	15,722
	143,627	-	66,971	210,598
Provision for expected credit losses	(1,458)	-	(56,086)	(57,544)
	142,169	-	10,885	153,054

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2025

5 LOANS AND ADVANCES (continued)

	31 December 2024 (Audited)			Total US\$ '000
	Stage 1:	Stage 2:	Stage 3:	
	12-month	Lifetime ECL	Lifetime ECL	
	ECL	not credit-	credit-	
	US\$ '000	impaired	impaired	
		US\$ '000	US\$ '000	US\$ '000
Letters of credit - financing and discounting	75,113	-	35,490	110,603
Commercial loans	47,267	-	32,181	79,448
Sovereign loans	21,946	-	-	21,946
	144,326	-	67,671	211,997
Provision for expected credit losses	(957)	-	(54,653)	(55,610)
	143,369	-	13,018	156,387

At 30 September 2025, interest in suspense on past due loans that are impaired amounted to US\$ 36,060 thousand (31 December 2024: US\$ 33,540 thousand).

Movements in provision for expected credit losses were as follows:

	30 September 2025 (Reviewed)			Total ECL US\$ '000
	Stage 1:	Stage 2:	Stage 3:	
	12-month	Lifetime ECL	Lifetime ECL	
	ECL	not credit-	credit-	
	US\$ '000	impaired	impaired	
		US\$ '000	US\$ '000	US\$ '000
Balance at 1 January 2025	957	-	54,653	55,610
Provided during the period	1,057	9	3,793	4,859
Reversals during the period	(556)	(9)	(4,804)	(5,369)
	501	-	(1,011)	(510)
Exchange movement	-	-	2,444	2,444
At 30 September 2025	1,458	-	56,086	57,544

	30 September 2024 (Reviewed)			Total ECL US\$ '000
	Stage 1:	Stage 2:	Stage 3:	
	12-month	Lifetime ECL	Lifetime ECL	
	ECL	not credit-	credit-	
	US\$ '000	impaired	impaired	
		US\$ '000	US\$ '000	US\$ '000
Balance at 1 January 2024	1,909	8,562	41,324	51,795
Transfer to Stage 3	-	(8,511)	8,511	-
Provided during the period	512	-	8,184	8,696
Reversals during the period	(1,024)	(51)	(3,000)	(4,075)
	(512)	(8,562)	13,695	4,621
Write-off during the period	-	-	(2,834)	(2,834)
Exchange movement	-	-	581	581
At 30 September 2024	1,397	-	52,766	54,163

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2025

5 LOANS AND ADVANCES (continued)

* During the nine month period ended 30 September 2025, the Group has acquired an investment property amounting to US\$ 2,804 thousand and received a cash recovery of US\$ 2,000 thousand in lieu of partial settlement of a fully provided financing facility (30 September 2024: US\$ 3,000 thousand).

6 INVESTMENT PROPERTIES

During the nine month period ended 30 September 2025, the Group has acquired investment property amounting to US\$ 2,804 thousand in lieu of partial settlement of a fully provided financing facility. The Group has determined the cost of such investment property to be equal to the value of the facility settled which is also deemed to be the fair value of the investment property.

7 PROVISION REVERSAL (CHARGE) FOR EXPECTED CREDIT LOSSES

	<i>Nine months ended</i> <i>(Reviewed)</i>	
	30 September 2025 US\$'000	30 September 2024 US\$'000
Reversal of (charge for) expected credit losses on:		
Balances with Central Banks and other banks - net	7	2
Deposits with banks and other financial institutions - net	21	(8)
Investment securities - net	18	1,229
Loans - net	510	(4,621)
Off balance sheet exposures - net	59	-
	615	(3,398)

8 COMMITMENTS AND CONTINGENT LIABILITIES**Credit related commitments and contingencies**

	<i>(Reviewed)</i> 30 September 2025 US\$'000	<i>(Audited)</i> 31 December 2024 US\$'000
Letters of credit	21,533	23,853
Loan commitment	-	10,000
	21,533	33,853

As at 30 September 2025 all exposures were classified within Stage 1 (31 December 2024: same) and provision against off balance sheet exposures amounted to US\$ 26 thousand (31 December 2024: US\$ 85 thousand) which are classified under other liabilities.

9 DIVIDEND

Based on the approval of the shareholders at the Annual General Assembly Meeting held on 13 March 2025, US\$ 15 million (US\$ 3 per share) dividend initially proposed by the Bank's Board of Directors was increased to US\$ 20 million (US\$ 4 per share) and paid out during the period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2025

10 TAXATION

Tax expense for the period was as follows:

	<i>Nine months ended (Reviewed)</i>	
	<u>30 September</u>	<u>30 September</u>
	2025	2024
	US\$'000	US\$'000
Domestic Minimum Top-up Tax (DMTT)	(3,196)	-

The Group is within the scope of the Organisation for Economic Co-operation and Development (OECD) Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) Pillar 2 model rules, under which multinational entities (MNE Group) whose revenue exceeds EUR 750 million are liable to pay corporate income tax at a minimum effective tax rate of 15% in each jurisdiction they operate.

The Kingdom of Bahrain issued Decree-Law no (11) of 2024 (the "Law") on 1 September 2024 introducing DMTT effective from the year 2025 on entities which are part of MNE Group with annual revenues of EUR 750 million or more. This was followed by Executive regulations issued on 15 December 2024 under decision no (172) of 2024. The Law provides that a top-up tax of shall be payable on the taxable income at a rate equal to the difference between 15% and the effective tax of all the constituent entities of the MNE Group operating in Kingdom of Bahrain.

The Group has successfully registered itself for DMTT purposes with the National Bureau for Revenue effective from 25 June 2025, with the Bank being appointed as the Filing Constituent Entity of the Group. The Group has estimated in consultation with a tax specialist the top-up tax charge in line with the regulations and based on OECD guidelines. The Group continues to monitor the developments and assess the impact of evolving Pillar 2 tax regulations on its future financial performance and resultant tax obligations.

11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties represent shareholders, directors and key management personnel of the Bank, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the interim consolidated statement of financial position and interim consolidated statement of profit or loss are as follows:

	<i>(Reviewed)</i>	<i>(Audited)</i>
	<u>30 September</u>	<u>31 December</u>
	2025	2024
	US\$'000	US\$'000
Interim consolidated statement of financial position		
Assets		
Cash and balances with banks	1,346	1,027
Deposit with banks and financial institutions	-	4,161
Loans and advances	4,692	4,161
Interest receivable	12	12
Other assets	39	95

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2025

11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

	<i>(Reviewed)</i> 30 September 2025 US\$'000	<i>(Audited)</i> 31 December 2024 US\$'000
Liabilities		
Deposits from banks and other financial institutions *	495,787	552,920
Due to banks and other financial institutions	2,719	4,991
Interest payable	3,365	3,917
Other liabilities	201	1,284
Contingent liabilities		
Letters of credit	9,704	6,580

* Deposits from banks and other financial institutions include pledged cash collateral deposits amounting to US\$ 150 million (31 December 2024: US\$ 150 million) from the major shareholder of the Group for foreign trade business that the Group will receive from certain banking entities.

	<i>Nine months ended</i> <i>(Reviewed)</i>	
	30 September 2025 US\$ '000	30 September 2024 US\$ '000
Interim statement of profit or loss		
Interest income	285	361
Interest expense	18,133	25,900
Fee and commission income - net	178	216

	<i>Nine months ended</i> <i>(Reviewed)</i>	
	30 September 2025 US\$ '000	30 September 2024 US\$ '000
Compensation paid to the Board of Directors and key management personnel		
Short term benefits*	2,361	2,236
End of service benefits	197	205
	2,558	2,441

*Includes sitting fees of US\$ 191 thousand (30 September 2024: US\$ 163 thousand), reimbursement of travel, accommodation paid to the Board of Directors and other meeting expenses amounting to US\$ 100 thousand (30 September 2024: US\$ 141 thousand).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2025

12 FINANCIAL INSTRUMENTS

Fair value is 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Fair value hierarchy - financial instruments measured at fair value

The following table provides the fair value measurement hierarchy of the Group's financial instruments measured at fair value:

At 30 September 2025 (Reviewed)

	Level 1	Level 2	Total
	US\$ '000	US\$ '000	US\$ '000
Investments classified as fair value through			
- other comprehensive income	211,144	-	211,144
Investment in fund	-	16,899	16,899
Investments held for trading	9,084	-	9,084
	220,228	16,899	237,127

At 31 December 2024 (Audited)

	Level 1	Level 2	Total
	US\$ '000	US\$ '000	US\$ '000
Investments classified as fair value through			
- other comprehensive income	186,522	-	186,522
Investment in fund	-	15,427	15,427
Investments held for trading	14,436	-	14,436
	200,958	15,427	216,385

The Group has no financial instruments measured at fair value qualifying for level 3 of the fair value hierarchy as at 30 September 2025 and as at 31 December 2024.

Transfers between level 1, level 2 and level 3

During the nine month period ended 30 September 2025 and 2024 respectively, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into or out of the level 3 fair value measurement.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2025

12 FINANCIAL INSTRUMENTS (continued)**Transfers between level 1, level 2 and level 3 (continued)*****Financial instruments not measured at fair value - comparison of fair value to carrying value***

The following table provides details of the Group's financial instruments carried at amortised cost where the fair value is different from its carrying value.

At 30 September 2025 (Reviewed)

	<i>Fair value US\$ '000</i>	<i>Gross Carrying value US\$ '000</i>
Investments at amortised cost	77,229	75,736
Loans and advances - sovereign loans	17,074	15,722
	94,303	91,458

At 31 December 2024 (Audited)

	<i>Fair value US\$ '000</i>	<i>Gross Carrying value US\$ '000</i>
Investments at amortised cost	83,932	84,225
Loans and advances - sovereign loans	23,418	21,946
	107,350	106,171

Management has assessed that the fair values of financial instruments carried at amortised cost (other than those disclosed in the table above) to approximate their carrying values as of 30 September 2025 and 31 December 2024.

13 LIQUIDITY RATIOS***Liquidity Coverage Ratio***

The Group is subject to the Basel III liquidity ratios requirement, as stipulated by the regulator Central Bank of Bahrain, whereby the Bank is required to maintain a minimum of 100% Liquidity Coverage ratio (LCR).

The main objective of the Liquidity Coverage Ratio (LCR) is to promote the short-term resilience of the liquidity risk profile of banks by ensuring that they have sufficient level of high-quality liquid assets (HQLA) to survive a significant stress scenario lasting for a period of up to 30 days.

At 30 September 2025, the Group's LCR was well above the regulatory requirement and stood at 878% (31 December 2024: 408%). The Group's simple average of daily LCR computed on working days of the quarter was 704% (30 June 2025: 745%).

Net Stable Funding Ratio

The Group is subject to the Basel III liquidity ratios requirement, as stipulated by the regulator Central Bank of Bahrain, whereby the Bank is required to maintain a minimum of 100% Net Stable Funding ratio (NSFR).

The objective of the NSFR is to promote the resilience of the banking system by improving the funding profile of banks by ensuring they have a sufficient level of stable funding from stable sources and long term borrowing in relation to their assets and commitments, in order to reduce the risks of disruptions which might impact the bank's liquidity position.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2025

13 LIQUIDITY RATIOS (continued)**Net Stable Funding Ratio (continued)**

The Groups NSFR was well above the regulatory requirement and stood at 160% as at 30 September 2025 (31 December 2024: 178%). The main drivers for robust Available Stable Funding (ASF) is its sizeable capital base, which contributes about 69% (31 December 2024: 55%) of total ASF and the remaining 31% (31 December 2024: 45%) of ASF constituted funding from deposits from financial institutions and non-financial corporate customers. Required Stable Funding (RSF), primarily comprised of short term deposit placements with Banks and other performing loans, which constituted about 40% (31 December 2024: 48%) of total RSF. High quality liquid assets (that comprised mainly of Bahrain government securities and other highly rated debt issuances) accounted for about 12% (31 December 2024: 11%) of the total RSF, while non-HQLA securities accounted for 31% (31 December 2024: 25%) of the total RSF.

The NSFR (as a percentage) is calculated as follows:

Item	Unweighted Values (i.e. before applying relevant factors)				30 September 2025	31 December 2024
					USD 000s	USD 000s
	No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	Total weighted value	Total weighted value
Available Stable Funding (ASF):						
Capital:						
Regulatory Capital	369,249	-	-	-	369,249	362,133
Wholesale funding:						
Other wholesale funding	-	696,541	281,572	-	168,767	296,624
Other liabilities:						
All other liabilities not included in the above categories	-	16,042	1,037	-	-	-
Total ASF					538,016	658,757
Required Stable Funding (RSF):						
High-quality liquid assets (HQLA)					40,206	39,742
Performing loans and securities:						
Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions	-	361,695	31,904	45,749	115,955	150,771
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities	-	-	-	23,222	19,739	25,029
Performing residential mortgages, of which: Securities/sukuk that are not in default and do not qualify as HQLA, including exchange- traded equities	-	18,508	5,024	107,906	103,486	92,560
Other assets:						
All other assets not included in the above categories	56,519	-	-	-	56,508	59,541
Off balance sheet items	21,533	-	-	-	1,077	1,693
Total RSF					336,971	369,336
NSFR (%)					160%	178%