

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

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 JUNE 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 June 2025, comprising the interim consolidated statement of financial position as at 30 June 2025, the related interim consolidated statements of profit or loss, comprehensive income for the three-month period and six-month period then ended, and the interim consolidated cash flows and changes in equity for the six-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.



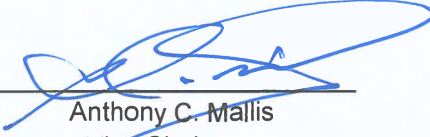
3 August 2025
Manama, Kingdom of Bahrain

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

		<i>(Reviewed)</i> 30 June 2025 US\$'000	<i>(Audited)</i> 31 December 2024 US\$'000
ASSETS			
Cash and balances with Central Bank and other banks	3	521,564	524,811
Deposits with banks and other financial institutions		313,198	747,932
Investment held for trading		-	14,436
Investment in fund		16,086	15,427
Investment securities	4	284,761	270,489
Loans and advances	5	166,385	156,387
Investment property		11,734	11,734
Property, equipment and software		5,732	6,046
Interest receivable		17,801	18,660
Other assets		989	1,240
TOTAL ASSETS		1,338,250	1,767,162
LIABILITIES AND EQUITY			
Liabilities			
Deposits from banks and other financial institutions		648,411	786,830
Due to banks and other financial institutions		124,726	204,470
Due to customers		189,033	396,178
Interest payable		5,038	4,585
Other liabilities		13,947	12,657
Total liabilities		981,155	1,404,720
Equity			
Share capital		250,000	250,000
Statutory reserve		35,549	35,549
Retained earnings		72,801	65,984
Fair value reserve		(1,255)	(4,091)
Proposed dividend	8	-	15,000
Total equity		357,095	362,442
TOTAL LIABILITIES AND EQUITY		1,338,250	1,767,162


Anthony C. Mallis
Vice Chairman


Khaled Al Gonsel
Chairman


The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

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

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 30 June 2025

	Note	Three months ended		Six months ended	
		30 June		30 June	
		(Reviewed)		(Reviewed)	
		2025	2024	2025	2024
		US\$'000	US\$'000	US\$'000	US\$'000
Interest income		18,146	20,082	37,664	37,264
Interest expense		(8,486)	(10,182)	(16,963)	(18,481)
Net interest income		9,660	9,900	20,701	18,783
Fee and commission income		401	383	943	749
Trading income (loss) - net		19	(27)	15	(25)
Unrealised gain on investment in fund		822	274	659	274
Gain (loss) on investment securities - net		25	(30)	25	(30)
Foreign exchange gain - net		71	131	147	157
Other income		33	30	89	260
Operating income		11,031	10,661	22,579	20,168
Provision charge for expected credit losses - net	6	(2,096)	(4,610)	(689)	(7,758)
Net operating income		8,935	6,051	21,890	12,410
Staff costs		(2,595)	(2,459)	(5,346)	(5,021)
Depreciation		(155)	(165)	(316)	(340)
Other operating expenses		(989)	(1,040)	(2,303)	(2,064)
Operating expenses		(3,739)	(3,664)	(7,965)	(7,425)
Profit for the period before taxation		5,196	2,387	13,925	4,985
Taxation	9	(1,054)	-	(2,108)	-
NET PROFIT FOR THE PERIOD		4,142	2,387	11,817	4,985


 Anthony C. Mallis
 Vice Chairman


 Khaled Al Gonsel
 Chairman

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

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2025

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	2025	2024	2025	2024
	US\$'000	US\$'000	US\$'000	US\$'000
NET PROFIT FOR THE PERIOD	4,142	2,387	11,817	4,985
Other comprehensive gain (loss):				
<i>Other comprehensive gain (loss) to be reclassified to profit or loss in subsequent periods:</i>				
Unrealised fair value gain (loss) on investments classified as fair value through other comprehensive income (FVOCI) - net	1,454	(264)	2,713	1,711
<i>Other comprehensive gain (loss) classified to profit or loss during the period:</i>				
Changes in allowance for expected credit losses on FVOCI investments	(64)	(142)	123	(369)
Other comprehensive gain (loss) for the period	1,390	(406)	2,836	1,342
Total comprehensive income for the period	5,532	1,981	14,653	6,327

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2025

		<i>Six months ended</i>	
		<i>30 June</i>	
		<i>(Reviewed)</i>	
		2025	2024
	<i>Note</i>	US\$'000	US\$'000
OPERATING ACTIVITIES			
Profit for the period before taxation		13,925	4,985
Adjustments for:			
Provision charge for expected credit losses - net	6	689	7,758
Depreciation		316	340
Amortisation of investments carried at amortised cost	4.1	336	680
Trading (income) loss - net		(15)	25
Unrealised gain on investment in fund		(659)	(274)
(Gain) loss on investment securities - net		(25)	30
Amortisation of assets classified as loans and advances		(428)	(490)
Operating profit before changes in operating assets and liabilities		14,139	13,054
Changes in operating assets and liabilities:			
Balances with Central Bank		(26,568)	(60,549)
Deposits with banks and other financial institutions		19,355	45,317
Loans and advances		(10,319)	(11,509)
Interest receivable and other assets		1,110	178
Deposits from banks and other financial institutions		(138,419)	453,501
Due to banks and other financial institutions		(79,744)	(10,358)
Due to customers		(207,145)	364,573
Interest payable and other liabilities		(306)	2,484
Net cash (used in) generated from operating activities		(427,897)	796,691
INVESTING ACTIVITIES			
Purchase of investments classified as held for trading		(1,960)	(15,507)
Purchase of investment in fund		-	(10,000)
Purchase of investment securities		(24,271)	(28,738)
Proceeds from disposal / maturity of investments classified as held for trading		16,411	6,565
Proceeds from disposal / maturity of investment securities		12,500	31,450
Purchase of property, equipment and software		(2)	(7)
Net cash generated from (used in) investing activities		2,678	(16,237)
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		(445,219)	767,954
Cash and cash equivalents at beginning of the period		738,931	168,039
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		293,712	935,993
Cash and cash equivalents comprise:			
Cash and balances with Central Bank and other banks with original maturity of 90 days or less - net		3,035	7,107
Deposits with banks and other financial institutions with original maturity of 90 days or less		290,677	928,886
	3	293,712	935,993

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2025

	<i>Share capital</i> US\$'000	<i>Statutory reserve</i> US\$'000	<i>Retained earnings</i> US\$'000	<i>Fair value reserve</i> US\$'000	<i>Proposed dividend</i> US\$'000	<i>Total</i> US\$'000
Balance as at 1 January 2025	250,000	35,549	65,984	(4,091)	15,000	362,442
Net profit for the period	-	-	11,817	-	-	11,817
Other comprehensive income for the period	-	-	-	2,836	-	2,836
Total comprehensive income for the period	-	-	11,817	2,836	-	14,653
Increase in proposed dividend (note 8)	-	-	(5,000)	-	5,000	-
Dividend paid (note 8)	-	-	-	-	(20,000)	(20,000)
At 30 June 2025	250,000	35,549	72,801	(1,255)	-	357,095
Balance as at 1 January 2024	250,000	32,549	53,984	(6,139)	12,500	342,894
Net profit for the period	-	-	4,985	-	-	4,985
Other comprehensive income for the period	-	-	-	1,342	-	1,342
Total comprehensive income for the period	-	-	4,985	1,342	-	6,327
Dividend paid	-	-	-	-	(12,500)	(12,500)
At 30 June 2024	250,000	32,549	58,969	(4,797)	-	336,721

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 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 six month period ended 30 June 2025 were authorised for issue in accordance with a resolution of the Bank's Board of Directors on 3 August 2025.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Bank and the Group for the six month period ended 30 June 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 six month period ended 30 June 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 June 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.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2025

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

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 June 2025

3 CASH AND BALANCES WITH CENTRAL BANK AND OTHER BANKS

	<i>(Reviewed)</i> 30 June 2025 US\$'000	<i>(Audited)</i> 31 December 2024 US\$'000
Cash and balance with bank	26	14
Money at call and short notice with other banks	6,869	36,272
Treasury bills - balances with Central Bank	518,529	491,955
Provision for expected credit losses	(3,860)	(3,430)
Cash and balances with central bank and other banks	521,564	524,811
Treasury bills - balances with Central Bank with original maturities of more than 90 days	(518,529)	(491,955)
Deposits with banks and other financial institutions with original maturities of 90 days or less	290,677	706,075
Cash and cash equivalents	293,712	738,931

As at 30 June 2025, exposure classified in stage 3 amounted to US\$ 3,858 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 June 2025 (Reviewed)			Total ECL US\$'000
	Stage 1: 12-month ECL US\$'000	Stage 2: Lifetime ECL not credit- impaired US\$'000	Stage 3: Lifetime ECL credit- impaired US\$'000	
Balance at 1 January 2025	8	-	3,422	3,430
Provided during the period	1	-	-	1
Reversals during the period	(7)	-	-	(7)
	(6)	-	-	(6)
Exchange movement	-	-	436	436
At 30 June 2025	2	-	3,858	3,860

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2025

3 CASH AND BALANCES WITH CENTRAL BANK AND OTHER BANKS (continued)

	<i>30 June 2024 (Reviewed)</i>			<i>Total ECL US\$'000</i>		
	<i>Stage 1: 12-month ECL US\$'000</i>	<i>Stage 2: Lifetime ECL not credit- impaired US\$'000</i>	<i>Stage 3: Lifetime ECL credit- impaired US\$'000</i>			
	Balance at 1 January 2024	2	1		3,644	3,647
	Provided during the period	-	-		-	-
Reversals during the period	(1)	-	-	(1)		
	(1)	-	-	(1)		
Exchange Movement	-	-	(120)	(120)		
At 30 June 2024	1	1	3,524	3,526		

4 INVESTMENT SECURITIES

	<i>30 June 2025 (Reviewed)</i>		
	<i>FVOCI US\$'000</i>	<i>Amortised cost US\$'000</i>	<i>Total US\$'000</i>
Quoted investments			
- Sovereign debt securities	182,176	75,313	257,489
- Banks and Corporate debt securities	21,383	6,048	27,431
Total quoted investments	203,559	81,361	284,920
Provision for expected credit losses on investment securities at amortised cost	-	(159)	(159)
Total investment securities	203,559	81,202	284,761
	<i>31 December 2024 (Audited)</i>		
	<i>FVOCI US\$'000</i>	<i>Amortised cost US\$'000</i>	<i>Total 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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2025

4 INVESTMENT SECURITIES (continued)**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 June 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	16,799	-	-	16,799
Investments sold / matured	(2,475)	-	-	(2,475)
Fair value movement	1,960	753	-	2,713
At 30 June	180,200	23,359	-	203,559
	<i>30 June 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	21,067	-	-	21,067
Investments sold / matured	(10,240)	(3,710)	-	(13,950)
Transfers between stages	14,813	(14,813)	-	-
Fair value movement	(394)	1,803	302	1,711
At 30 June	115,018	41,474	2,871	159,363
	<i>30 June 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 amortised cost				
At 1 January	74,215	10,010	-	84,225
Investments purchased	7,472	-	-	7,472
Investments sold / matured	(5,000)	(5,000)	-	(10,000)
Amortisation of premium / discount - net	(327)	(9)	-	(336)
At 30 June	76,360	5,001	-	81,361
	<i>30 June 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 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	(613)	(67)	-	(680)
At 30 June	94,753	10,020	-	104,773

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2025

4 INVESTMENT SECURITIES (continued)

Note 4.2

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

	<i>FVOCI</i>			<i>Total</i> <i>US\$ '000</i>
	<i>30 June 2025 (Reviewed)</i>			
	<i>Stage 1:</i>	<i>Stage 2:</i>	<i>Stage 3:</i>	
	<i>ECL</i>	<i>Lifetime ECL</i>	<i>Lifetime ECL</i>	
	<i>not credit-</i>	<i>credit-</i>		
	<i>impaired</i>	<i>impaired</i>		
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	
Balance at 1 January	378	727	-	1,105
Provided during the period	300	-	-	300
Reversals during the period	(40)	(137)	-	(177)
	260	(137)	-	123
At 30 June	638	590	-	1,228

	<i>FVOCI</i>			<i>US\$ '000</i>
	<i>30 June 2024 (Reviewed)</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>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</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	155	-	-	155
Reversals during the period	(102)	(422)	-	(524)
	130	(499)	-	(369)
At 30 June	221	1,254	2,817	4,292

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

	<i>Amortised cost</i>		<i>Total ECL</i> <i>US\$ '000</i>
	<i>30 June 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>US\$ '000</i>	<i>impaired</i>	<i>US\$ '000</i>
Balance at 1 January	163	95	258
Reversals during the period	(27)	(72)	(99)
At 30 June	136	23	159

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2025

4 INVESTMENT SECURITIES (continued)

	<i>Amortised cost</i>		
	<i>30 June 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	(47)	(190)	(237)
At 30 June	<u>360</u>	<u>141</u>	<u>501</u>

5 LOANS AND ADVANCES

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

	<i>30 June 2025 (Reviewed)</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>Total</i>
	<i>US\$ 000</i>	<i>impaired</i>	<i>impaired</i>	<i>US\$ 000</i>
Letters of credit - financing and discounting	70,921	584	33,490	104,995
Commercial loans	64,970	-	36,279	101,249
Sovereign loans	18,941	-	-	18,941
	<u>154,832</u>	<u>584</u>	<u>69,769</u>	<u>225,185</u>
Provision for expected credit losses	(1,719)	(9)	(57,072)	(58,800)
	<u>153,113</u>	<u>575</u>	<u>12,697</u>	<u>166,385</u>
	<i>31 December 2024 (Audited)</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>Total</i>
	<i>US\$ 000</i>	<i>impaired</i>	<i>impaired</i>	<i>US\$ 000</i>
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
	<u>144,326</u>	<u>-</u>	<u>67,671</u>	<u>211,997</u>
Provision for expected credit losses	(957)	-	(54,653)	(55,610)
	<u>143,369</u>	<u>-</u>	<u>13,018</u>	<u>156,387</u>

At 30 June 2025, interest in suspense on past due loans that are impaired amounted to US\$ 35,340 thousand (31 December 2024: US\$ 33,540 thousand).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2025

5 LOANS AND ADVANCES (continued)

Movements in provision for expected credit losses were as follows:

	30 June 2025 (Reviewed)			
		Stage 2:	Stage 3:	
	Stage 1:	Lifetime ECL	Lifetime ECL	
	12-month	not credit-	credit-	Total ECL
	ECL	impaired	impaired	US\$ '000
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Balance at 1 January 2025	957	-	54,653	55,610
Provided during the period	1,205	9	1,978	3,192
Reversals during the period*	(443)	-	(2,000)	(2,443)
	762	9	(22)	749
Exchange movement	-	-	2,441	2,441
At 30 June 2025	1,719	9	57,072	58,800
	30 June 2024 (Reviewed)			
		Stage 2:	Stage 3:	
	Stage 1:	Lifetime ECL	Lifetime ECL	
	12-month	not credit-	credit-	Total ECL
	ECL	impaired	impaired	US\$ '000
	US\$ '000	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	695	-	8,172	8,867
Reversals during the period	(456)	(51)	-	(507)
	239	(8,562)	16,683	8,360
Exchange movement	-	-	(113)	(113)
At 30 June 2024	2,148	-	57,894	60,042

* During the six month period ended 30 June 2025, the Group received a cash recovery of US\$ 2,000 thousand in lieu of partial settlement of a fully provided financing facility (30 June 2024: nil).

6 PROVISION CHARGE FOR EXPECTED CREDIT LOSSES

	<i>Six months ended</i>	
	<i>(Reviewed)</i>	
	30 June	30 June
	2025	2024
	US\$'000	US\$'000
Reversal of (charge for) expected credit losses on:		
Balances with Central Banks and other banks - net	6	1
Deposits with banks and other financial institutions - net	19	(32)
Investment securities - net	(24)	606
Loans - net	(749)	(8,360)
Off balance sheet exposures - net	59	27
	(689)	(7,758)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2025

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

	<i>(Reviewed)</i>	<i>(Audited)</i>
	30 June	31 December
	2025	2024
	US\$'000	US\$'000
Letters of credit	24,205	23,853
Loan commitment	-	10,000
	24,205	33,853

As at 30 June 2025, exposure classified in stage 2 amounted to US\$ 244 thousand (31 December 2024: nil). The remaining exposures were classified within Stage 1. Further, provision against off balance sheet exposures amounted to US\$ 26 thousand (31 December 2024: US\$ 85 thousand) which are classified under other liabilities.

8 DIVIDEND

Based on the approval of the shareholders at the Annual General Assembly Meeting held on 13 March 2025 the proposed dividend was increased from US\$ 15 million i.e. US\$ 3 per share to US\$ 20 million i.e. US\$ 4 per share. The proposed dividend was also paid out during the period.

9 TAXATION

Tax expense for the period was as follows:

	<i>Six months ended</i>	
	<i>(Reviewed)</i>	
	30 June	30 June
	2025	2024
	US\$'000	US\$'000
Domestic Minimum Top-up Tax (DMTT)	(2,108)	-

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 o 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 it future financial performance and resultant tax obligations.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2025

10 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> 30 June 2025 US\$'000	<i>(Audited)</i> 31 December 2024 US\$'000
Interim consolidated statement of financial position		
Assets		
Cash and balances with banks	1,376	1,027
Deposit with banks and financial institutions	2,744	4,161
Loans and advances	4,691	4,161
Interest receivable	11	12
Other assets	51	95
Liabilities		
Deposits from banks and other financial institutions *	523,290	552,920
Due to banks and other financial institutions	8,065	4,991
Interest payable	4,782	3,917
Other liabilities	1,716	1,284
Contingent liabilities		
Letters of credit	8,206	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>Six months ended</i> <i>(Reviewed)</i>	
	30 June	30 June
	2025	2024
	US\$ '000	US\$ '000
Interim statement of profit or loss		
Interest income	203	224
Interest expense	12,210	16,648
Fee and commission income - net	106	189

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2025

10 TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

	<i>Six months ended</i>	
	<i>(Reviewed)</i>	
	30 June	<i>30 June</i>
	2025	<i>2024</i>
	US\$ '000	<i>US\$ '000</i>
Compensation paid to the Board of Directors and key management personnel		
Short term benefits*	1,562	<i>1,507</i>
End of service benefits	132	<i>137</i>
	1,694	<i>1,644</i>

*Includes sitting fees of US\$ 115 thousand (30 June 2024: US\$ 115 thousand), reimbursement of travel, accommodation paid to the Board of Directors and other meeting expenses amounting to US\$ 64 thousand (30 June 2024: US\$ 94 thousand).

11 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 June 2025 (Reviewed)

	Level 1	Level 2	Total
	US\$ '000	US\$ '000	US\$ '000
Investments classified as fair value through			
- other comprehensive income	203,559	-	203,559
Investment in fund	-	16,086	16,086
	203,559	16,086	219,645

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2025

11 FINANCIAL INSTRUMENTS (continued)*At 31 December 2024 (Audited)*

	<i>Level 1</i> <i>US\$ '000</i>	<i>Level 2</i> <i>US\$ '000</i>	<i>Total</i> <i>US\$ '000</i>
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
	<u>200,958</u>	<u>15,427</u>	<u>216,385</u>

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

Transfers between level 1, level 2 and level 3

During the six month period ended 30 June 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.

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 June 2025 (Reviewed)

	<i>Fair</i> <i>value</i> <i>US\$ '000</i>	<i>Gross</i> <i>Carrying</i> <i>value</i> <i>US\$ '000</i>
Investments at amortised cost	81,784	81,361
Loans and advances - sovereign loans	20,309	18,941
	<u>102,093</u>	<u>100,302</u>

At 31 December 2024 (Audited)

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

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 June 2025 and 31 December 2024.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2025

12 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 June 2025, the Group's LCR was well above the regulatory requirement and stood at 864% (31 December 2024: 408%). The Group's simple average of daily LCR computed on working days of the quarter was 745% (31 March 2025: 607%).

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.

The Groups NSFR was well above the regulatory requirement and stood at 153% as at 30 June 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 45% (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 27% (31 December 2024: 25%) of the total RSF.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2025

12 LIQUIDITY RATIOS (continued)

Net Stable Funding Ratio (continued)

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

	<i>Unweighted Values (i.e. before applying relevant factors)</i>				30 June 2025	<i>31 December 2024</i>
					USD 000s	<i>USD 000s</i>
<i>Item</i>	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	357,375	-	-	-	357,375	362,133
Wholesale funding:						
Other wholesale funding	-	810,694	151,478	-	161,149	296,624
Other liabilities:						
All other liabilities not included in the above categories	-	18,874	83	-	-	-
Total ASF					518,524	658,757
Required Stable Funding (RSF):						
High-quality liquid assets (HQLA)					39,097	39,742
Performing loans and securities:						
Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions	-	328,067	71,042	45,741	130,652	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	-	-	-	26,441	22,475	25,029
Performing residential mortgages, of which:						
Securities/sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	17,014	9,873	91,493	91,213	92,560
Other assets:						
All other assets not included in the above categories	55,216	-	-	-	55,190	59,541
Off balance sheet items	24,205	-	-	-	1,210	1,693
Total RSF					339,837	369,336
NSFR (%)					153%	178%