

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

**INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

**30 SEPTEMBER 2024 (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 2024, comprising the interim consolidated statement of financial position as at 30 September 2024 and the related interim consolidated statements of profit or loss, comprehensive income, 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.




29 October 2024  
Manama, Kingdom of Bahrain

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

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

		(Reviewed) 30 September 2024 US\$'000	(Audited) 31 December 2023 US\$'000
	Notes		
<b>ASSETS</b>			
Cash and balances with Central Bank and other banks	3	486,676	378,278
Deposits with banks and other financial institutions		869,458	280,640
Investments held for trading		12,108	2,989
Investment classified as fair value through profit or loss		10,631	-
Investment securities	4	283,198	265,079
Loans and advances	5	180,730	179,635
Investment property		11,734	11,734
Property, equipment and software		6,122	6,619
Interest receivable		18,040	17,359
Other assets		1,423	1,333
<b>TOTAL ASSETS</b>		<b>1,880,120</b>	<b>1,143,666</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Deposits from banks and other financial institutions		723,272	657,541
Due to banks and other financial institutions		272,004	106,234
Due to customers		507,360	21,299
Interest payable		6,606	4,111
Other liabilities		11,691	11,587
<b>Total liabilities</b>		<b>1,520,933</b>	<b>800,772</b>
<b>Equity</b>			
Share capital		250,000	250,000
Statutory reserve		32,549	32,549
Retained earnings		76,081	53,984
Fair value reserve		557	(6,139)
Proposed dividend	8	-	12,500
<b>Total equity</b>		<b>359,187</b>	<b>342,894</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,880,120</b>	<b>1,143,666</b>

  
Anthony C. Mallis  
Vice Chairman

  
Khaled AlGonsel  
Chairman

The attached notes 1 to 11 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 2024

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<i>Note</i>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Interest income	<b>26,633</b>	17,307	<b>63,897</b>	47,739
Interest expense	<b>(11,226)</b>	(8,380)	<b>(29,707)</b>	(22,158)
<b>Net interest income</b>	<b>15,407</b>	8,927	<b>34,190</b>	25,581
Fee and commission income	<b>706</b>	494	<b>1,455</b>	1,778
Trading income - net	<b>230</b>	-	<b>205</b>	29
Gain on investment classified as FVTPL	<b>357</b>	-	<b>631</b>	-
Gain (loss) on investment securities - net	<b>2</b>	-	<b>(28)</b>	(200)
Foreign exchange gain (loss) - net	<b>94</b>	(13)	<b>251</b>	57
Other income	<b>28</b>	29	<b>288</b>	89
<b>Operating income</b>	<b>16,824</b>	9,437	<b>36,992</b>	27,334
Provision reversal (charge) for expected credit losses	<b>4,360</b>	-	<b>(3,398)</b>	(254)
<b>Net operating income</b>	<b>21,184</b>	9,437	<b>33,594</b>	27,080
Staff costs	<b>(2,376)</b>	(2,247)	<b>(7,397)</b>	(7,457)
Depreciation	<b>(165)</b>	(179)	<b>(505)</b>	(540)
Other operating expenses	<b>(1,531)</b>	(1,079)	<b>(3,595)</b>	(2,996)
<b>Operating expenses</b>	<b>(4,072)</b>	(3,505)	<b>(11,497)</b>	(10,993)
<b>NET PROFIT FOR THE PERIOD</b>	<b>17,112</b>	5,932	<b>22,097</b>	16,087

  
Anthony C. Mallis  
Vice Chairman

  
Khaled AlGonsel  
Chairman

The attached notes 1 to 11 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 2024

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<b>2024</b>	2023	<b>2024</b>	2023
	<b>US\$'000</b>	US\$'000	<b>US\$'000</b>	US\$'000
<b>NET PROFIT FOR THE PERIOD</b>	<b>17,112</b>	5,932	<b>22,097</b>	16,087
<b>Other comprehensive gain (loss) :</b>				
<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	<b>5,784</b>	(495)	<b>7,495</b>	(1,319)
<i>Other comprehensive loss classified to profit or loss during the period:</i>				
Changes in allowance for expected credit losses on FVOCI investments	<b>(430)</b>	(180)	<b>(799)</b>	(459)
<b>Other comprehensive gain (loss) for the period</b>	<b>5,354</b>	(675)	<b>6,696</b>	(1,778)
<b>Total comprehensive income for the period</b>	<b>22,466</b>	5,257	<b>28,793</b>	14,309

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

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Nine months ended 30 September 2024

		Nine months ended 30 September (Reviewed)	
		2024	2023
	Note	US\$'000	US\$'000
<b>OPERATING ACTIVITIES</b>			
Net profit for the period		22,097	16,087
Adjustments for:			
Provision charge for expected credit losses	6	3,398	254
Depreciation		505	540
Amortisation of investments carried at amortised cost	4.1	992	1,127
Loss on investment securities - net		28	200
Trading income - net		(205)	(29)
Gain on investment classified as FVTPL		(631)	-
Amortisation of assets classified as loans and advances		(735)	(821)
Operating profit before changes in operating assets and liabilities		25,449	17,358
Changes in operating assets and liabilities:			
Balances with Central Bank		(107,412)	(88,709)
Deposits with banks and other financial institutions		34,094	(39,188)
Loans and advances		(4,981)	(40,777)
Interest receivable and other assets		(771)	(5,292)
Deposits from banks and other financial institutions		65,731	74,221
Due to banks and other financial institutions		165,770	(45,536)
Due to customers		486,061	(2,307)
Interest payable and other liabilities		2,599	2,548
Net cash from (used in) operating activities		666,540	(127,682)
<b>INVESTING ACTIVITIES</b>			
Purchase of investments classified as FVTPL		(25,509)	(2,011)
Purchase of investment securities		(47,634)	(45,739)
Proceeds from disposal / maturity of investments classified as FVTPL		6,595	2,040
Proceeds from disposal / maturity of investment securities		36,420	27,801
Purchase of property, equipment and software		(8)	(156)
Net cash used in investing activities		(30,136)	(18,065)
<b>FINANCING ACTIVITY</b>			
Dividend paid		(12,500)	(8,000)
Cash used in financing activity		(12,500)	(8,000)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>623,904</b>	<b>(153,747)</b>
Cash and cash equivalents at beginning of the period		168,039	364,181
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		<b>791,943</b>	<b>210,434</b>
<b>Cash and cash equivalents comprise:</b>			
Cash and balances with Central Bank and other banks with original maturities of 90 days or less - net		4,773	3,439
Deposits with banks and other financial institutions with original maturities of 90 days or less		787,170	206,995
	3	791,943	210,434

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

Nine months ended 30 September 2024

	<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>
<b>Balance as at</b>						
<b>1 January 2024</b>	<b>250,000</b>	<b>32,549</b>	<b>53,984</b>	<b>(6,139)</b>	<b>12,500</b>	<b>342,894</b>
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 (note 8)	-	-	-	-	(12,500)	(12,500)
<b>At 30 September 2024</b>	<b>250,000</b>	<b>32,549</b>	<b>76,081</b>	<b>557</b>	<b>-</b>	<b>359,187</b>
<b>Balance as at</b>						
<b>At 1 January 2023</b>	<b>250,000</b>	<b>31,075</b>	<b>53,223</b>	<b>(9,936)</b>	<b>8,000</b>	<b>332,362</b>
Net profit for the period	-	-	16,087	-	-	16,087
Other comprehensive loss for the period	-	-	-	(1,778)	-	(1,778)
Total comprehensive income for the period	-	-	16,087	(1,778)	-	14,309
Dividend paid	-	-	-	-	(8,000)	(8,000)
<b>At 30 September 2023</b>	<b>250,000</b>	<b>31,075</b>	<b>69,310</b>	<b>(11,714)</b>	<b>-</b>	<b>338,671</b>

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2024

**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 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 2024 were authorised for issue in accordance with a resolution of the Bank's Board of Directors on 29 October 2024.

**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 nine-month period ended 30 September 2024 are prepared in accordance with International Accounting Standard IAS 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 2023. In addition, results for the nine-month period ended 30 September 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

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 2023, except for the adoption of new standards effective as of 1 January 2024.

**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 2024. 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 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. 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.



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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2024

**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 2024**

The following new amendments to the accounting standards became effective in 2024 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.

*Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7*

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial statements.

*Amendments to IFRS 16: Lease Liability in a Sale and Leaseback*

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. This standard had no material impact on the Group.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2024

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)****2.3 New and amended standards and interpretations effective as of 1 January 2024 (continued)***Amendments to IAS 1: Classification of Liabilities as Current or Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. This standard had no material impact on the Group.

**3 CASH AND BALANCES WITH CENTRAL BANK AND OTHER BANKS**

	(Reviewed) 30 September 2024 US\$'000	(Audited) 31 December 2023 US\$'000
Cash and balance with bank	7	29
Money at call and short notice with other banks	8,442	7,407
Treasury bills - balances with Central Bank	481,903	374,489
Provision for expected credit losses	(3,676)	(3,647)
<b>Cash and balances with central bank and other banks</b>	<b>486,676</b>	<b>378,278</b>
Treasury bills - balances with Central Bank with original maturities of more than 90 days	(481,903)	(374,489)
Deposits with banks and other financial institutions with original maturities of 90 days or less	787,170	164,250
<b>Cash and cash equivalents</b>	<b>791,943</b>	<b>168,039</b>

As at 30 September 2024, exposure classified in stage 2 amounted to nil (31 December 2023: US\$ 31 thousand) and exposure classified in stage 3 amounted to US\$ 3,675 thousand (31 December 2023: US\$ 3,644 thousand). The remaining exposures are classified within Stage 1.

Movement in provision for expected credit losses were as follows:

	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
<b>Balance at 1 January</b>	<b>2</b>	<b>1</b>	<b>3,644</b>	<b>3,647</b>
Transfer to Stage 1	1	(1)	-	-
Provided during the period	-	-	-	-
Reversals during the period	(2)	-	-	(2)
	(1)	(1)	-	(2)
Exchange movement	-	-	31	31
<b>At 30 September</b>	<b>1</b>	<b>-</b>	<b>3,675</b>	<b>3,676</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2024

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

	<i>30 September 2023 (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>US\$'000</i>	<i>US\$'000</i>
			<i>Total ECL</i>
			<i>US\$'000</i>
Balance at 1 January	1	1	3,497
Exchange Movement	-	-	(41)
At 30 September	1	1	3,456

**4 INVESTMENT SECURITIES**

	<i>30 September 2024 (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>	
<b>Quoted investments</b>			
- Sovereign debt securities	157,560	98,397	255,957
- Banks and Corporate debt securities	21,485	6,064	27,549
Total quoted investments	179,045	104,461	283,506
Provision for expected credit losses on investment securities at amortised cost	-	(308)	(308)
<b>Total investment securities</b>	<b>179,045</b>	<b>104,153</b>	<b>283,198</b>
<i>31 December 2023 (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>	
Quoted investments			
- Sovereign debt securities	127,052	109,202	236,254
- Banks and Corporate debt securities	23,483	6,080	29,563
Total quoted investments	150,535	115,282	265,817
Provision for expected credit losses on investment securities at amortised cost	-	(738)	(738)
Total investment securities	150,535	114,544	265,079

At 30 September 2024, interest in suspense amounted to US\$ 775 thousand (30 September 2023: US\$ 458 thousand).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2024

**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:

	30 September 2024			
	Stage 1:	Stage 2:	Stage 3:	Total
	US\$ 000	US\$ 000	US\$ 000	US\$ 000
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
30 September 2023				
	Stage 1:	Stage 2:	Stage 3:	Total
	US\$ 000	US\$ 000	US\$ 000	US\$ 000
Investment securities at FVOCI				
At 1 January	70,174	50,238	1,550	121,962
Investments purchased	34,866	-	-	34,866
Investments sold / matured	(1,292)	(5,128)	-	(6,420)
Transfers between stages	8,394	(8,394)	-	-
Fair value movement	(2,929)	682	928	(1,319)
Other movements	-	-	(81)	(81)
At 30 September	109,213	37,398	2,397	149,008
30 September 2024 (Reviewed)				
	Stage 1:	Stage 2:	Stage 3:	Total
	US\$ 000	US\$ 000	US\$ 000	US\$ 000
Investment securities at amortised cost				
At 1 January	90,695	24,587	-	115,282
Investments purchased	7,671	-	-	7,671
Investments matured	(3,000)	(14,500)	-	(17,500)
Amortisation of premium / discount - net	(920)	(72)	-	(992)
At 30 September	94,446	10,015	-	104,461
30 September 2023 (Reviewed)				
	Stage 1:	Stage 2:	Stage 3:	Total
	US\$ 000	US\$ 000	US\$ 000	US\$ 000
Investment securities at amortised cost				
At 1 January	113,741	13,670	-	127,411
Investments purchased	10,873	-	-	10,873
Investments matured	(12,500)	(9,000)	-	(21,500)
Amortisation of premium / discount - net	(1,027)	(100)	-	(1,127)
At 30 September	111,087	4,570	-	115,657

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2024

**4 INVESTMENT SECURITIES (continued)****Note 4.2**

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

	FVOCI			
	30 September 2024 (Reviewed)			
	Stage 1:	Stage 2:	Stage 3:	
	ECL	Lifetime ECL	Lifetime ECL	Total
	not credit-	credit-		
	impaired	impaired		
	ECL	ECL		
	US\$ 000	US\$ 000	US\$ 000	US\$ 000
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

	FVOCI			
	30 September 2023 (Reviewed)			
	Stage 1:	Stage 2:	Stage 3:	
	12-month	Lifetime ECL	Lifetime ECL	US\$ '000
	ECL	not credit-	credit-	Total
	US\$ 000	impaired	impaired	US\$ 000
		US\$ 000	US\$ 000	US\$ 000
Balance at 1 January	295	1,609	3,302	5,206
Transfer to Stage 1	50	(50)	-	-
Provided during the period	13	-	-	13
Reversals during the period	(118)	(354)	-	(472)
	(55)	(404)	-	(459)
At 30 September	240	1,205	3,302	4,747

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

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2024

**4 INVESTMENT SECURITIES (continued)**

	<i>Amortised cost</i> <i>30 September 2023 (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>Total ECL</i> <i>US\$ '000</i>
Balance at 1 January	561	259	820
Provided during the period	19	216	235
Reversals during the period	(42)	-	(42)
	(23)	216	193
At 30 September	538	475	1,013

**5 LOANS AND ADVANCES**

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

	<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>Total</i> <i>US\$ 000</i>
Letters of credit - financing and discounting	72,088	-	42,118	114,206
Commercial loans	71,062	-	27,925	98,987
Sovereign loans	21,700	-	-	21,700
	164,850	-	70,043	234,893
Provision for expected credit losses	(1,397)	-	(52,766)	(54,163)
	163,453	-	17,277	180,730

	<i>31 December 2023 (Audited)</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>Total</i> <i>US\$ 000</i>
Letters of credit - financing and discounting	19,478	40,738	41,324	101,540
Commercial loans	58,768	43,290	-	102,058
Sovereign loans	27,832	-	-	27,832
	106,078	84,028	41,324	231,430
Provision for expected credit losses	(1,909)	(8,562)	(41,324)	(51,795)
	104,169	75,466	-	179,635

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2024

**5 LOANS AND ADVANCES (continued)**

Movements in provision for expected credit losses were as follows:

	<b>30 September 2024 (Reviewed)</b>			
	<b>Stage 1: 12-month ECL US\$ '000</b>	<b>Stage 2: Lifetime ECL not credit- impaired US\$ '000</b>	<b>Stage 3: Lifetime ECL credit- impaired US\$ '000</b>	<b>Total ECL US\$ '000</b>
<b>Balance at 1 January</b>	<b>1,909</b>	<b>8,562</b>	<b>41,324</b>	<b>51,795</b>
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
<b>At 30 September</b>	<b>1,397</b>	<b>-</b>	<b>52,766</b>	<b>54,163</b>

	<b>30 September 2023 (Reviewed)</b>			
	<b>Stage 1: 12-month ECL US\$ '000</b>	<b>Stage 2: Lifetime ECL not credit- impaired US\$ '000</b>	<b>Stage 3: Lifetime ECL credit- impaired US\$ '000</b>	<b>Total ECL US\$ '000</b>
<b>Balance at 1 January</b>	<b>2,343</b>	<b>-</b>	<b>41,324</b>	<b>43,667</b>
Transfer to Stage 2	(290)	290	-	-
Provided during the period	1,178	-	-	1,178
Reversals during the period	(526)	(141)	-	(667)
	362	149	-	511
<b>At 30 September</b>	<b>2,705</b>	<b>149</b>	<b>41,324</b>	<b>44,178</b>

At 30 September 2024, interest in suspense on past due loans that are impaired amounted to US\$ 32,925 thousand (30 September 2023: US\$ 32,161 thousand).

**6 PROVISION CHARGE FOR EXPECTED CREDIT LOSSES**

	<b>Nine months ended (Reviewed)</b>	
	<b>30 September 2024 US\$'000</b>	<b>30 September 2023 US\$'000</b>
Charge for (reversal of) expected credit losses on:		
Balances with Central Banks and other banks - net	(2)	-
Deposits with banks and other financial institutions - net	8	(68)
Investment securities - net	(1,229)	(266)
Loans - net	4,621	511
Off balance sheet exposures - net	-	77
	<b>3,398</b>	<b>254</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2024

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

	<i>(Reviewed)</i> <b>30 September</b> <b>2024</b> <b>US\$'000</b>	<i>(Audited)</i> <b>31 December</b> <b>2023</b> <b>US\$'000</b>
Letters of credit	<b>36,445</b>	21,211
Loan commitment	<b>10,000</b>	20,000
	<b>46,445</b>	41,211

As of 30 September 2024, all the above exposures are classified within Stage 1 (31 December 2023: same) and provision against off balance sheet exposures amounting to US\$ 98 thousand (31 December 2023: US\$ 98 thousand) is classified under other liabilities.

**8 DIVIDEND**

During the nine month period ended 30 September 2024, dividend for the year ended 31 December 2023 amounting to US\$ 12.5 million i.e. US\$ 2.5 per share was paid after due approval from the shareholders at the Annual General Assembly Meeting held on 27 March 2024.

**9 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> <b>30 September</b> <b>2024</b> <b>US\$'000</b>	<i>(Audited)</i> <b>31 December</b> <b>2023</b> <b>US\$'000</b>
<b>Interim consolidated statement of financial position</b>		
<b>Assets</b>		
Cash and balances with banks	<b>1,015</b>	1,047
Deposits with banks and other financial institutions	<b>4,468</b>	4,431
Loans and advances	<b>4,468</b>	4,523
Interest receivable	<b>16</b>	39
Other assets	<b>100</b>	110
<b>Liabilities</b>		
Deposits from banks and other financial institutions *	<b>485,714</b>	518,249
Due to banks and other financial institutions	<b>221,961</b>	37,982
Interest payable	<b>5,509</b>	4,038
Other liabilities	<b>1,246</b>	847
<b>Contingent liabilities</b>		
Letters of credit	<b>7,598</b>	6,343

\* Deposits from banks and other financial institutions include pledged cash collateral deposits amounting to US\$ 150 million (31 December 2023: US\$ 150 million) from the major shareholder of the Group for foreign trade business that the Group will receive from certain banking entities.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2024

**9 TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)**

	<i>Nine months ended</i> <i>(Reviewed)</i>	
	<b>30 September</b> <b>2024</b> <b>US\$ '000</b>	<b>30 September</b> <b>2023</b> <b>US\$ '000</b>
<b>Interim consolidated statement of profit or loss</b>		
Interest income	361	203
Interest expense	25,900	19,904
Fee and commission income - net	216	123
	<i>Nine months ended</i> <i>(Reviewed)</i>	
	<b>30 September</b> <b>2024</b> <b>US\$ '000</b>	<b>30 September</b> <b>2023</b> <b>US\$ '000</b>
<b>Compensation paid to the Board of Directors and key management personnel</b>		
Short term benefits*	2,236	2,400
End of service benefits	205	208
	<b>2,441</b>	<b>2,608</b>

\*Includes sitting fees of US\$ 163 thousand (30 September 2023: US\$ 219 thousand), reimbursement of travel, accommodation paid to the Board of Directors and other meeting expenses amounting to US\$ 141 thousand (30 September 2023: US\$ 157 thousand).

**10 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.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2024

**10 FINANCIAL INSTRUMENTS (continued)***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 2024 (Reviewed)**

	<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	179,045	-	179,045
- profit or loss	-	10,631	10,631
Investments held for trading	12,108	-	12,108
	<b>191,153</b>	<b>10,631</b>	<b>201,784</b>

**At 31 December 2023 (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	150,535	-	150,535
- profit or loss	2,989	-	2,989
	<b>153,524</b>	<b>-</b>	<b>153,524</b>

The Group has no financial instruments measured at fair value qualifying for level 3 of the fair value hierarchy as at 30 September 2024 and as at 31 December 2023.

**Transfers between level 1, level 2 and level 3**

During the nine month period ended 30 September 2024 and 2023 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 September 2024 (Reviewed)**

	<i>Total 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	105,731	104,461
Loans and advances - sovereign loans	23,229	21,700
	<b>128,960</b>	<b>126,161</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2024

**10 FINANCIAL INSTRUMENTS (continued)***At 31 December 2023 (Audited)*

	<i>Total fair value US\$ '000</i>	<i>Carrying value US\$ '000</i>
Investments at amortised cost	113,346	114,544
Loans and advances - sovereign loans	28,888	27,832
	142,234	142,376

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 2024 and 31 December 2023.

**11 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 2024, the Group's LCR was well above the regulatory requirement and stood at 459% (31 December 2023: 783%). The Group's simple average of daily LCR computed on working days of the quarter was 446% (30 June 2024: 507%).

***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 180% as at 30 September 2024 (31 December 2023: 149%). The main drivers for robust Available Stable Funding (ASF) is its sizeable capital base, which contributes about 51% (31 December 2023: 76%) of total ASF and the remaining 49% (31 December 2023: 24%) 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 51% (31 December 2023: 50%) of total RSF. High quality liquid assets (that comprised mainly of Bahrain government securities and other highly rated debt issuances) accounted for about 9% (31 December 2023: 9%) of the total RSF, while non-HQLA securities accounted for 24% (31 December 2023: 29%) of the total RSF.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2024

### 11 LIQUIDITY RATIOS (continued)

#### **Net Stable Funding Ratio (continued)**

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

	30 September 2024				31 December 2023
	Unweighted Values (i.e. before applying relevant factors)				
	US\$ 000s				US\$ 000s
Item	No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	Total weighted value
<b>Available Stable Funding (ASF):</b>					
<b>Capital:</b>					
Regulatory Capital	359,416	-	-	-	359,416
<b>Wholesale funding:</b>					
Other wholesale funding	-	1,322,109	180,528	-	343,944
<b>Other liabilities:</b>					
All other liabilities not included in the above categories	-	17,921	278	-	-
<b>Total ASF</b>					<b>703,360</b>
<b>Required Stable Funding (RSF):</b>					
High-quality liquid assets (HQLA)					36,444
<b>Performing loans and securities:</b>					
Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions	-	966,221	5,750	15,638	163,446
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities	-	22,340	-	29,201	35,991
Performing residential mortgages, of which:					
Securities/sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	9,995	10,944	97,449	93,301
<b>Other assets:</b>					
All other assets not included in the above categories	60,195	-	-	-	60,195
Off balance sheet items	46,445	-	-	-	2,322
<b>Total RSF</b>					<b>391,699</b>
<b>NSFR (%)</b>					<b>180%</b>

### 12 COMPARATIVE FIGURES

Certain of the prior periods's figures have been re-classified to conform to the presentation adopted in the current period. Such reclassifications do not affect previously reported net profit, total comprehensive income for the period, shareholder's equity, assets or liabilities.