

ITHMAAR BANK B.S.C. (c)

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
30 SEPTEMBER 2023

ITHMAAR BANK B.S.C. (c)
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

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

To the Board of Directors of

Ithmaar Bank B.S.C. (c)

Kingdom of Bahrain

Introduction

We have reviewed the accompanying 30 September 2023 condensed consolidated interim financial information of Ithmaar Bank B.S.C. (c) (the "Bank") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 September 2023;
- the condensed consolidated income statement for the three-month and nine-month period ended 30 September 2023;
- the condensed consolidated statement of changes in owners' equity for the nine-month period ended 30 September 2023;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2023;
- the condensed consolidated statement of changes in restricted investment accounts for the nine-month period ended 30 September 2023; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Bank is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with FAS 41, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Auditing standards for Islamic Financial Institutions and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2023 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with FAS 41, "Interim Financial Reporting".

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 20 February 2023. The condensed consolidated interim financial information of the Group as at and for the nine-months ended 30 September 2022 were reviewed by the same auditor who expressed an unmodified conclusion on that condensed consolidated interim financial information on 13 November 2022.


13 November 2023

Ithmaar Bank B.S.C. (c)**Condensed consolidated statement of financial position****as at 30 September 2023**

(Expressed in thousands of Bahraini Dinars unless otherwise stated)

| | Note | At 30 September 2023 (Reviewed) | At 31 December 2022 (Audited) |
|---|------|------------------------------------|----------------------------------|
| ASSETS | | | |
| Cash and balances with banks and central banks | | 125,138 | 122,377 |
| Commodity and other placements with banks, financial and other institutions | | 8,523 | 18,440 |
| Murabaha and other financings | 3 | 577,425 | 578,510 |
| Musharaka financing | 4 | 458,251 | 573,470 |
| Investment securities | 5 | 804,813 | 815,341 |
| Investment in associates | | 3,823 | 3,204 |
| Assets acquired for leasing | | 304 | 304 |
| Other assets | 6 | 31,336 | 67,527 |
| Investment in real estate | | 3,929 | 4,792 |
| Development properties | | 57,234 | 57,280 |
| Fixed assets | | 53,695 | 59,745 |
| Intangible assets | | 5,912 | 8,568 |
| Total assets | | 2,130,383 | 2,309,558 |
| LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACQUANTHOLDERS AND TOTAL EQUITY | | | |
| LIABILITIES | | | |
| Customers' current accounts | | 647,529 | 658,614 |
| Due to banks, financial and other institutions | | 396,844 | 419,454 |
| Due to investors | | 3,422 | 13,954 |
| Other liabilities | | 91,056 | 144,781 |
| Total liabilities | | 1,138,851 | 1,236,803 |
| Equity of unrestricted investment accountholders | 8 | 910,666 | 993,418 |
| Total liabilities and equity of unrestricted investment accountholders | | 2,049,517 | 2,230,221 |
| OWNERS' EQUITY | | | |
| Share capital | 9 | 100,000 | 100,000 |
| Reserves | 9 | (53,699) | (53,699) |
| Accumulated losses | | (6,310) | (10,182) |
| Total owners' equity | | 39,991 | 36,119 |
| Non-controlling interests | | 40,875 | 43,218 |
| Total equity | | 80,866 | 79,337 |
| Total liabilities, equity of unrestricted investment accountholders and total equity | | 2,130,383 | 2,309,558 |

This condensed consolidated interim financial information was approved by the Board of Directors on 13 November 2023 and signed on its behalf by:


 HRH Prince Amr Mohammed Al-Faisal
 Chairman


 Elham Hassan
 Director


 Abdulla Taleb
 CEO

The accompanying notes 1 to 15 form an integral part of the condensed consolidated interim financial information.

Ithmaar Bank B.S.C. (c)

Condensed consolidated income statement

for the nine months period ended 30 September 2023

(Expressed in thousands of Bahraini Dinars unless otherwise stated)

| Notes | Nine months ended | | Three months ended | |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | 30 September 2023 (Reviewed) | 30 September 2022 (Reviewed) | 30 September 2023 (Reviewed) | 30 September 2022 (Reviewed) |
| INCOME | | | | |
| Income from financing contracts | 98,926 | 84,452 | 36,006 | 29,967 |
| Income from investments | 92,467 | 65,097 | 34,755 | 24,897 |
| Other income | 8,782 | 18,172 | 3,633 | 6,238 |
| Total income | 200,175 | 167,721 | 74,394 | 61,102 |
| Less: profit to banks, financial and other institutions – net | (3,971) | (36,069) | (1,457) | (8,254) |
| Return on equity of investment accountholders before Group's share as a mudarib | (192,733) | (116,122) | (71,586) | (45,110) |
| Group's share as a mudarib | 72,109 | 57,175 | 25,799 | 18,877 |
| Share of profit of unrestricted investment accountholders | (120,624) | (58,947) | (45,787) | (26,233) |
| Net income | 75,580 | 72,705 | 27,150 | 26,615 |
| EXPENSES | | | | |
| General and administrative expenses | (40,601) | (40,907) | (13,685) | (13,637) |
| Depreciation and amortization | (4,771) | (5,859) | (1,552) | (1,509) |
| Total expenses | (45,372) | (46,766) | (15,237) | (15,146) |
| Profit before provision for impairment and overseas taxation | 30,208 | 25,939 | 11,913 | 11,469 |
| Provision for impairment - net | 7.1 (4,937) | (1,688) | (1,403) | 151 |
| Profit before overseas taxation | 25,271 | 24,251 | 10,510 | 11,620 |
| Tax expense | (15,148) | (14,659) | (5,748) | (5,894) |
| PROFIT FROM CONTINUING OPERATIONS | 10,123 | 9,592 | 4,762 | 5,726 |
| Net results from discontinued operations | - | 5,615 | - | 5,959 |
| PROFIT FOR THE PERIOD | 10,123 | 15,207 | 4,762 | 11,685 |
| Attributable to: | | | | |
| Equity holders of the Bank | 3,872 | 11,393 | 2,308 | 9,899 |
| Non-controlling interests | 6,251 | 3,814 | 2,454 | 1,786 |
| | 10,123 | 15,207 | 4,762 | 11,685 |

This condensed consolidated interim financial information was approved by the Board of Directors on 13 November 2023 and signed on its behalf by:



HRH Prince Amr Mohammed Al-Faisal
Chairman



Elham Hassan
Director



Abdulla Taleb
CEO

The accompanying notes 1 to 15 form an integral part of the condensed consolidated interim financial information.

Ithmaar Bank B.S.C. (c)**Condensed consolidated statement of changes in owners' equity
for the nine months period ended 30 September 2023**

(Expressed in thousands of Bahraini Dinars unless otherwise stated)

| | Share capital | Reserves | Accumulated losses | Total owners' equity | Non- controlling interests | Total equity |
|--|------------------|-----------------|-----------------------|----------------------------|----------------------------------|----------------|
| At 1 January 2023 | 100,000 | (53,699) | (10,182) | 36,119 | 43,218 | 79,337 |
| Profit for the period | - | - | 3,872 | 3,872 | 6,251 | 10,123 |
| Movement from dividend distribution by subsidiaries | - | - | - | - | (1,378) | (1,378) |
| Movement in fair value of sukuk and investment securities | - | - | - | - | (251) | (251) |
| Movement in fair value of land and building | - | - | - | - | 49 | 49 |
| Movement in fair value of investment in real estate | - | - | - | - | 216 | 216 |
| Foreign currency translation adjustments | - | - | - | - | (7,230) | (7,230) |
| At 30 September 2023 (Reviewed) | 100,000 | (53,699) | (6,310) | 39,991 | 40,875 | 80,866 |

| | Share capital | Reserves | Accumulated losses | Total owners' equity | Non- controlling interest | Total equity |
|--|------------------|----------|-----------------------|-------------------------|---------------------------------|--------------|
| At 1 January 2022 | 100,000 | (40,120) | (16,150) | 43,730 | 53,202 | 96,932 |
| Profit for the period | - | - | 11,393 | 11,393 | 3,814 | 15,207 |
| Movement in fair value of sukuk and investment securities | - | (4,229) | - | (4,229) | (906) | (5,135) |
| Movement in hedging reserve | - | 1,350 | - | 1,350 | - | 1,350 |
| Movement in fair value of investment in real estate | - | - | - | - | - | - |
| Foreign currency translation adjustments | - | (20,140) | - | (20,140) | (11,206) | (31,346) |
| At 30 September 2022 (Reviewed) | 100,000 | (63,139) | (4,757) | 32,104 | 44,904 | 77,008 |

Please refer note 8 for equity of unrestricted investment accountholders and note 9.1 for details of reserves.

The accompanying notes 1 to 15 form an integral part of the condensed consolidated interim financial information.

Ithmaar Bank B.S.C. (c)
Condensed consolidated statement of cash flows
for the nine months period ended 30 September 2023
(Expressed in thousands of Bahraini Dinars unless otherwise stated)

| | Nine months ended | |
|---|--------------------------|--------------------------|
| | 30 September 2023 | 30 September 2022 |
| | (Reviewed) | (Reviewed) |
| OPERATING ACTIVITIES | | |
| Profit before taxes from: | | |
| Continuing operations | 25,271 | 24,251 |
| Discontinued operations | - | 5,615 |
| <u>Adjustments for:</u> | | |
| Depreciation and amortization | 4,771 | 5,859 |
| Provision for impairment - net | 4,937 | 1,688 |
| Income from sukuk and investment securities | (92,467) | (65,097) |
| Finance cost on net ijarah liability | 1,349 | 2,046 |
| Loss on sale of fixed assets | (26) | (53) |
| Operating loss before changes in operating assets and liabilities | (56,165) | (25,691) |
| Changes in operating assets and liabilities: | | |
| Balances with banks maturing after 90 days including central banks balances relating to minimum reserve requirement | (5,764) | 17,363 |
| Murabaha and other financings | (41,486) | 5,248 |
| Musharaka financing | (9,913) | (133,215) |
| Other assets | 34,943 | (95,493) |
| Customers' current accounts | 98,002 | 90,428 |
| Due to banks, financial and other institutions | 9,450 | 51,133 |
| Due to investors | (7,831) | (10,638) |
| Other liabilities | (30,796) | 34,254 |
| Increase in equity of unrestricted investment accountholders | 116,786 | 50,707 |
| Taxes paid | (18,442) | (15,130) |
| Net cash generated from/(used in) operating activities | 88,784 | (31,034) |
| INVESTING ACTIVITIES | | |
| Net changes in: | | |
| Assets acquired for leasing | - | 4,627 |
| Sukuk and investment securities | (79,403) | (19,608) |
| Fixed assets | (9,053) | (4,367) |
| Net cash used in investing activities | (88,456) | (19,348) |
| FINANCING ACTIVITY | | |
| Repayment of net Ijarah liability | (2,717) | (3,829) |
| Net cash used in financing activity | (2,717) | (3,829) |
| Foreign currency translation adjustments | (7,490) | (30,817) |
| Net decrease in cash and cash equivalents | (9,879) | (85,028) |
| Cash and cash equivalents at the beginning of the period | 125,656 | 225,530 |
| Cash and cash equivalents at the end of the period | 115,777 | 140,502 |
| <u>Details of cash and cash equivalents:</u> | | |
| Cash and balances with banks and central banks | 125,138 | 138,284 |
| Commodity and other placements with banks, financial and other institutions | 8,523 | 17,852 |
| Less: Placements with original maturing after 90 days and balances with central banks relating to minimum reserve requirement | (17,884) | (15,634) |
| Cash and cash equivalents at the end of the period | 115,777 | 140,502 |

The accompanying notes 1 to 15 form an integral part of the condensed consolidated interim financial information.

Ithmaar Bank B.S.C. (c)**Condensed consolidated statement of changes in restricted investment accounts
for the nine months period ended 30 September 2023**

(Expressed in thousands of Bahraini Dinars unless otherwise stated)

| | At 1 January 2023 | Foreign exchange movements | At 30 September 2023 |
|----------------------------------|--------------------------|---------------------------------------|-----------------------------|
| Shamil Bosphorus Modaraba* | 2,356 | - | 2,356 |
| European Real Estate Placements* | 3,942 | (139) | 3,803 |
| US Real Estate Placements* | 9,514 | - | 9,514 |
| Total (Reviewed) | 15,812 | (139) | 15,673 |

| | At 1 January 2022 | Foreign exchange movements | At 30 September 2022 |
|----------------------------------|--------------------------|---------------------------------------|-----------------------------|
| Shamil Bosphorus Modaraba* | 2,356 | - | 2,356 |
| European Real Estate Placements* | 4,793 | (1,239) | 3,554 |
| US Real Estate Placements* | 9,514 | - | 9,514 |
| Total (Reviewed) | 16,663 | (1,239) | 15,424 |

* Income/(loss) will be recognised and distributed at the time of disposal of the underlying investments.

The accompanying notes 1 to 15 form an integral part of the condensed consolidated interim financial information.

Ithmaar Bank B.S.C. (c)

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2023

1 REPORTING ENTITY

Ithmaar Bank B.S.C. (c) (the "Bank") was incorporated in the Kingdom of Bahrain on 12 May 2016 as a Closed Joint Stock entity and registered with the Ministry of Industry and Commerce (MOIC) under commercial registration number 99336-1 and is licensed as an Islamic retail bank by the Central Bank of Bahrain (the "CBB") on 14 August 2016.

Ithmaar Holding B.S.C. ["Ithmaar" or "Parent"], a Volume 4, Category 1 investment firm licensed and regulated by the CBB, is the Parent company of the Bank. Dar Al-Maal Al-Islami Trust ("DMIT" or "Ultimate Parent"), a Trust incorporated in the commonwealth of Bahamas is the ultimate parent company of the Bank.

The principal activities of the Bank and its subsidiaries (collectively the "Group") include a wide range of financial services, including retail, commercial and private banking services.

The Bank's activities are regulated by the CBB and are subject to the supervision of Shari'a Supervisory Board.

The Group's activities also include acting as a Mudarib (manager, on a trustee basis), of funds deposited for investment in accordance with Islamic laws and principles particularly with regard to the prohibition of receiving or paying interest. These funds are included in the condensed consolidated interim financial information as equity of unrestricted investment accountholders and restricted investment accounts. In respect of equity of unrestricted investment accountholders, the investment accountholders authorise the Group to commingle and invest the accountholders' funds in a manner which the Group deems appropriate without laying down any restrictions as to where, how and for what purpose the funds should be invested. In respect of restricted investment accounts, the investment accountholders impose certain restrictions as to where, how and for what purpose the funds are to be invested. Further, the Group should be restricted from commingling its own funds with the funds of restricted investment accounts.

The Group carries out its business activities through the Bank's head office, 1 commercial branch in Bahrain and its following principal subsidiary companies:

| | % owned | | Country of Incorporation | Principal business activities |
|--|----------------------|---------------------|-----------------------------|----------------------------------|
| | 30 September 2023 | 31 December 2022 | | |
| Faysal Bank Limited | 67 | 67 | Pakistan | Banking |
| Dilmunia Development Fund I L.P. | 92 | 92 | Cayman Islands | Real estate |
| Sakana Holistic Housing Solutions B.S.C. (c) (Sakana) [under Voluntary Liquidation] | 50 | 50 | Kingdom of Bahrain | Mortgage finance |

- 1.1 As of 30 September 2023, the consolidated equity of the Group stood at BD40 million (2022: BD36.1 million), which is below the minimum regulatory shareholder equity of BD100 million required by the CBB as per LR module of Volume 2 rulebook.

The Group's management assessed liquidity and equity projections of the entity for the next twelve months from reporting date of this condensed consolidated interim financial information. Management's assessment includes the following assumptions:

- No change in status of sanctioned liabilities and accordingly no repayments;
- Stressing the expected outflows of the liabilities;
- Stressing the expected inflows from assets;
- Ability to maintain core deposits through increased focus on corporate customers as part of the new business model of the remaining entity post the sale of consumer business (evidenced by actual cash flows till the reporting date);
- Reduction in operating expenses resulting from a leaner entity post sale of consumer business;
- Successful execution of aspects of the Equity Strengthening Plans;
- Increased availability of liquid assets in the form of interbank liquidity support facility; and
- Use of ALCO approved rollover/ renewal related behavioral patterns of liabilities.

The Board of Directors has reviewed the above assumptions and events, and believe that the Group will be able to continue its business without any significant curtailment of operations and meet its obligations for the next twelve months from the date of reporting of this condensed consolidated financial information. Accordingly, this condensed consolidated interim financial information is prepared on a going concern basis.

Ithmaar Bank B.S.C. (c)
Notes to the condensed consolidated interim financial information
for the nine months period ended 30 September 2023

2 BASIS OF PREPARATION AND PRESENTATION

The condensed consolidated interim financial information of the Group has been prepared in accordance with Financial Accounting Standard FAS 41, Interim Financial Reporting ("FAS 41") issued by the Accounting and Auditing Organisation of Islamic Financial Institutions ("AAOIFI").

The condensed consolidated interim financial information of the Group does not contain all information and disclosures required for the annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements for the year ended 31 December 2022. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2022. Further, results for the interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

Comparatives

The condensed consolidated interim financial information is reviewed, not audited. The comparatives for the condensed consolidated statement of financial position have been extracted from the audited consolidated financial statements for the year ended 31 December 2022 and comparatives for the condensed consolidated income statement, changes in owners' equity, cash flows and changes in restricted investment accounts have been extracted from the reviewed condensed consolidated interim financial information for the nine months period ended 30 September 2022.

2.1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation applied by the Group in the preparation of the condensed consolidated interim financial information are the same as those used in preparation of the Group's last audited consolidated financial statements as at and for the year ended 31 December 2022, except for those changes arising from adoption of the following standards and amendments to the standards effective from 1 January 2023.

A. Relevant new standards, amendments, and interpretations issued and effective for annual periods beginning on or after 1 January 2023

(i) FAS 39 Financial Reporting for Zakah

AAOIFI has issued FAS 39 Financial Reporting for Zakah in 2021. The objective of this standard is to establish principles of financial reporting related to Zakah attributable to different stakeholders of an Islamic financial Institution. This standard supersedes FAS 9 Zakah and is effective for the financial reporting periods beginning on or after 1 January 2023.

This standard shall apply to institution with regard to the recognition, presentation and disclosure of Zakah attributable to relevant stakeholders. While computation of Zakah shall be applicable individually to each institution within the Group, this standard shall be applicable on all consolidated and separate / standalone financial statements of an institution.

This standard does not prescribe the method for determining the Zakah base and measuring Zakah due for a period. An institution shall refer to relevant authoritative guidance for determination of Zakah base and to measure Zakah due for the period (for example: AAOIFI Shari'a standard 35 Zakah, regulatory requirements or guidance from Shari'a supervisory board, as applicable).

An institution obliged to pay Zakah by law or by virtue of its constitution documents shall recognise current Zakah due for the period as an expense in its financial statements. Where Zakah is not required to be paid by law or by virtue of its constitution documents, and where the institution is considered as an agent to pay Zakah on behalf of certain stakeholders, any amount paid in respect of Zakah shall be adjusted with the equity of the relevant stakeholders.

The Group has adopted this standard and will provide the necessary additional disclosures in its annual financial statements.

(ii) FAS 41 Interim financial reporting

This standard prescribes the principles for the preparation of condensed interim financial information and the relevant presentation and disclosure requirements, emphasizing the minimum disclosures specific to Islamic financial institutions in line with various financial accounting standards issued by AAOIFI. This standard is also applicable to the institutions which prepare a complete set of financial statements at interim reporting dates in line with the respective FAS's.

This standard is effective for financial statements for the period beginning on or after 1 January 2023. The Group has adopted this standard for the basis of preparation of its condensed consolidated interim financial information. The adoption of this standard did not have any significant impact on the Group's condensed consolidated interim financial information.

2 BASIS OF PREPARATION AND PRESENTATION (continued)

2.1 SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Relevant new standards, amendments, and interpretations issued but not yet effective

(i) FAS 1 General Presentation and Disclosures in the Financial Statements

AAOIFI has issued the revised FAS 1 General Presentation and Disclosures in the Financial Statements in 2021. This standard describes and improves the overall presentation and disclosure requirements prescribed in line with the global best practices and supersedes the earlier FAS 1. It is applicable to all the Islamic Financial Institutions and other institutions following AAOIFI FAS's. This standard is effective for the financial reporting periods beginning on or after 1 January 2024 with an option to early adopt.

The revision of FAS 1 is in line with the modifications made to the AAOIFI conceptual framework for financial reporting.

Some of the significant revisions to the standard are as follows:

- a) Revised conceptual framework is now integral part of the AAOIFI FAS's;
- b) Definition of Quassi equity is introduced;
- c) Definitions have been modified and improved;
- d) Concept of comprehensive income has been introduced;
- e) Institutions other than Banking institutions are allowed to classify assets and liabilities as current and non-current;
- f) Disclosure of Zakah and Charity have been relocated to the notes;
- g) True and fair override has been introduced;
- h) Treatment for change in accounting policies, change in estimates and correction of errors has been introduced;
- i) Disclosures of related parties, subsequent events and going concern have been improved;
- j) Improvement in reporting for foreign currency, segment reporting;
- k) Presentation and disclosure requirements have been divided into three parts. First part is applicable to all institutions, second part is applicable only to banks and similar IFI's and third part prescribes the authoritative status, effective date and amendments to other AAOIFI FAS's; and
- l) The illustrative financial statements are not part of this standard and will be issued separately.

The Group is assessing the impact of adoption of this standard and expects changes in certain presentation and disclosures in its consolidated financial statements.

2.2 ESTIMATES AND JUDGEMENTS

Preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The areas of significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those applied to the audited consolidated financial statements as at and for the year ended 31 December 2022.

Ithmaar Bank B.S.C. (c)**Notes to the condensed consolidated interim financial information
for the nine months period ended 30 September 2023**

(Expressed in thousands of Bahraini Dinars unless otherwise stated)

3 MURABAHA AND OTHER FINANCINGS

| | 30 September 2023 | 31 December 2022 |
|--------------------------------|--------------------------|------------------|
| Murabaha and other financings | 683,456 | 690,237 |
| Less: Allowance for impairment | (106,031) | (111,727) |
| | 577,425 | 578,510 |

The movement in allowance for impairment is as follows:

| | 30 September 2023 | 31 December 2022 |
|-----------------------------------|--------------------------|------------------|
| At beginning of the period | 111,727 | 134,929 |
| Charge for the period/year | 5,661 | 7,079 |
| Write back during the period/year | (4,662) | (6,004) |
| Utilised during the period/year | (141) | (2,304) |
| Movement due to sale of assets | - | (13,333) |
| Reclassification | - | 949 |
| Foreign exchange differences | (6,554) | (9,589) |
| At end of the period | 106,031 | 111,727 |

4 MUSHARAKA FINANCING

| | 30 September 2023 | 31 December 2022 |
|--------------------------------|--------------------------|------------------|
| Musharaka financing | 464,326 | 579,533 |
| Less: Allowance for impairment | (6,075) | (6,063) |
| | 458,251 | 573,470 |

Ithmaar Bank B.S.C. (c)**Notes to the condensed consolidated interim financial information
for the nine months period ended 30 September 2023**

(Expressed in thousands of Bahraini Dinars unless otherwise stated)

5 INVESTMENT SECURITIES

| | <u>30 September 2023</u> | <u>31 December 2022</u> |
|---|--------------------------|-------------------------|
| Investment securities at fair value through income statement | | |
| Debt-type instruments – listed | - | 42 |
| Debt-type instruments – unlisted | 260 | 418 |
| Equity-type securities – listed | 424 | 746 |
| | <u>684</u> | <u>1,206</u> |
| Investment securities at fair value through equity | | |
| Debt-type instruments – listed | 63,807 | 82,661 |
| Debt-type instruments – unlisted | 690,223 | 684,424 |
| Equity-type securities – listed | 6,138 | 16,424 |
| Equity-type securities – unlisted | 2,234 | 2,152 |
| | <u>762,402</u> | <u>785,661</u> |
| Less: Allowance for impairment | (4,730) | (3,248) |
| | <u>757,672</u> | <u>782,413</u> |
| Investment securities carried at amortised cost | | |
| Debt-type instruments – listed | 36,252 | 15,442 |
| Debt-type instruments – unlisted | 12,056 | 18,727 |
| | <u>48,308</u> | <u>34,169</u> |
| Less: Allowance for impairment | (1,851) | (2,447) |
| | <u>46,457</u> | <u>31,722</u> |
| | <u>804,813</u> | <u>815,341</u> |

Ithmaar Bank B.S.C. (c)**Notes to the condensed consolidated interim financial information
for the nine months period ended 30 September 2023**

(Expressed in thousands of Bahraini Dinars unless otherwise stated)

5 INVESTMENT SECURITIES (continued)

A hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical investments.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the investments, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the investments that are not based on observable market data (unobservable inputs).

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

Investment securities measured at fair value

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------|----------------|----------------|----------------|
| At 30 September 2023 | | | | |
| Investment securities at fair value through income statement | | | | |
| Debt-type instruments | 260 | - | - | 260 |
| Equity-type securities | 424 | - | - | 424 |
| Investment securities at fair value through equity | | | | |
| Debt-type instruments | 63,805 | 688,729 | - | 752,534 |
| Equity-type securities | 4,452 | 163 | 523 | 5,138 |
| | <u>68,941</u> | <u>688,892</u> | <u>523</u> | <u>758,356</u> |
| Investment securities carried at amortised cost | | | | |
| Debt-type instruments | <u>36,253</u> | <u>10,204</u> | <u>-</u> | <u>46,457</u> |
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| At 31 December 2022 | | | | |
| Investment securities at fair value through income statement | | | | |
| Debt-type instruments | 460 | - | - | 460 |
| Equity-type securities | 746 | - | - | 746 |
| Investment securities at fair value through equity | | | | |
| Debt-type instruments | 82,233 | 684,626 | - | 766,859 |
| Equity securities | 13,364 | 2,190 | - | 15,554 |
| | <u>96,803</u> | <u>686,816</u> | <u>-</u> | <u>783,619</u> |
| Investment securities carried at amortised cost | | | | |
| Debt-type instruments | <u>15,442</u> | <u>16,280</u> | <u>-</u> | <u>31,722</u> |

Ithmaar Bank B.S.C. (c)
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6 OTHER ASSETS

| | 30 September 2023 | 31 December 2022 |
|------------------------------------|------------------------------|---------------------|
| Accounts receivable | 36,912 | 68,414 |
| Due from related parties (note 10) | 4,225 | 5,401 |
| Taxes – deferred | 4,350 | 1,508 |
| Taxes – current | 117 | 4,870 |
| Assets acquired against claims | 154 | 1,747 |
| | 45,758 | 81,940 |
| Less: Allowance for impairment | (14,422) | (14,413) |
| | 31,336 | 67,527 |

7 PROVISION FOR IMPAIRMENT

Loss allowance

The following table sets out information about the credit quality of financings and receivables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

30 September 2023

| | Stage 1 | Stage 2 | Stage 3 | Total |
|--|-----------------|----------------|-----------------|------------------|
| Commodity and other placements with banks, financial and other institutions | | | | |
| Gross exposure | 8,550 | - | - | 8,550 |
| Less: Allowance for impairment | (27) | - | - | (27) |
| Net exposure | 8,523 | - | - | 8,523 |
| Murabaha and other financings | | | | |
| Gross exposure | 495,541 | 89,185 | 98,730 | 683,456 |
| Less: Allowance for impairment | (28,111) | (6,144) | (71,776) | (106,031) |
| Net exposure | 467,430 | 83,041 | 26,954 | 577,425 |
| Musharaka financing | | | | |
| Gross exposure | 390,287 | 68,552 | 5,487 | 464,326 |
| Less: Allowance for impairment | (1,162) | (2,322) | (2,591) | (6,075) |
| Net exposure | 389,125 | 66,230 | 2,896 | 458,251 |
| Assets acquired for leasing | | | | |
| Gross exposure | - | 591 | - | 591 |
| Less: Allowance for impairment | - | (287) | - | (287) |
| Net exposure | - | 304 | - | 304 |
| Other assets | | | | |
| Gross exposure | 21,209 | 10,869 | 13,680 | 45,758 |
| Less: Allowance for impairment | (706) | (36) | (13,680) | (14,422) |
| Net exposure | 20,503 | 10,833 | - | 31,336 |
| Total gross exposure | 915,587 | 169,197 | 117,897 | 1,202,681 |
| Less: Total allowance for impairment | (30,006) | (8,789) | (88,047) | (126,842) |
| Total Net exposure | 885,581 | 160,408 | 29,850 | 1,075,839 |

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7 PROVISION FOR IMPAIRMENT (continued)

31 December 2022

| | Stage 1 | Stage 2 | Stage 3 | Total |
|--|----------|---------|----------|-----------|
| Commodity and other placements with banks, financial and other institutions | | | | |
| Gross exposure | 18,467 | - | - | 18,467 |
| Less: Allowance for impairment | (27) | - | - | (27) |
| Net exposure | 18,440 | - | - | 18,440 |
| Murabaha and other financings | | | | |
| Gross exposure | 504,858 | 75,920 | 109,459 | 690,237 |
| Less: Allowance for impairment | (28,748) | (5,619) | (77,360) | (111,727) |
| Net exposure | 476,110 | 70,301 | 32,099 | 578,510 |
| Musharaka financing | | | | |
| Gross exposure | 290,641 | 284,547 | 4,345 | 579,533 |
| Less: Allowance for impairment | (1,282) | (2,370) | (2,411) | (6,063) |
| Net exposure | 289,359 | 282,177 | 1,934 | 573,470 |
| Assets acquired for leasing | | | | |
| Gross exposure | - | 591 | - | 591 |
| Less: Allowance for impairment | - | (287) | - | (287) |
| Net exposure | - | 304 | - | 304 |
| Other assets | | | | |
| Gross exposure | 48,965 | 20,099 | 12,876 | 81,940 |
| Less: Allowance for impairment | (1,498) | (39) | (12,876) | (14,413) |
| Net exposure | 47,467 | 20,060 | - | 67,527 |
| Total gross exposure | 862,931 | 381,157 | 126,680 | 1,370,768 |
| Less: Total allowance for impairment | (31,555) | (8,315) | (92,647) | (132,517) |
| Total Net exposure | 831,376 | 372,842 | 34,033 | 1,238,251 |

Cash and balances with banks and central banks did not have significant ECL impact.

7.1 PROVISION MOVEMENT

| | 30 September 2023 | 30 September 2022 |
|--------------------------------|----------------------|----------------------|
| At 1 January | 172,890 | 194,194 |
| Charge for the period - net | 4,937 | 1,688 |
| Movement due to sale of assets | - | (13,124) |
| Utilised during the period | (141) | (1,553) |
| Foreign exchange differences | (9,414) | (12,913) |
| At 31 September | 168,272 | 168,292 |

Ithmaar Bank B.S.C. (c)
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8 EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS

Equity of unrestricted investment accountholders comprise:

| | 30 September 2023 | 31 December 2022 |
|--|------------------------------|---------------------|
| Modaraba accounts - corporates | 473,111 | 477,238 |
| Modaraba accounts - financial institutions | 200,062 | 200,075 |
| Modaraba accounts - individuals | 232,618 | 294,340 |
| Wakala from financial institutions | 21,825 | 21,765 |
| Fair value & foreign exchange translation movement from investments attributable to unrestricted investment accountholders (i) | (16,950) | - |
| | 910,666 | 993,418 |

The Group utilizes the above funds to invest in the following assets:

| | 30 September 2023 | 31 December 2022 |
|---|------------------------------|---------------------|
| Cash and balances with banks and central banks | 107,604 | 89,438 |
| Commodity and other placements with banks, financial and other institutions | - | 6,736 |
| Financing assets | 704,788 | 813,892 |
| Investment securities | 15,357 | 15,442 |
| Due from the Group | - | 58,438 |
| Other assets | 9,923 | 9,472 |
| Investments in equity (i) | 72,994 | - |
| | 910,666 | 993,418 |

(i) Effective 1 January 2023, the unrestricted Modaraba pool of the parent includes an allocation to its investment in subsidiaries as they form part of the income generating pool of assets that support the Modaraba investment accounts. In line with the requirements of Financial Accounting Standards, at the time of preparation of the condensed consolidated interim financial information, foreign exchange translation & fair value reserves arising from consolidation of a foreign subsidiary is attributed to the equity of the investment accountholders. While this attribution is at a consolidated level, the URIA pool considers the net asset value of the investment in subsidiary for the purpose of allocation of assets to Modaraba pools. Any subsequent changes in the value of the net investments is recognised respectively in income statement and equity of the investment accountholders.

The movement in reserves attributable to equity of unrestricted investment accountholders as follows:

| | 30 September 2023 | | | | |
|---|---|--|---|---|-----------------|
| | Investments fair value reserve | Fixed assets fair value reserve | Investment in real estate fair value reserve | Foreign currency translation reserve | Total |
| At 1 January 2023 | - | - | - | - | - |
| Movement in fair value of sukuk and investment securities | 110 | - | - | - | 110 |
| Movement in fair value of investment in real estate | - | - | 2,007 | - | 2,007 |
| Movement in fair value of land and building | - | (97) | - | - | (97) |
| Foreign currency translation adjustments | 417 | (2,147) | (262) | (16,978) | (18,970) |
| At 30 September 2023 (Reviewed) | 527 | (2,244) | 1,745 | (16,978) | (16,950) |

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| 9 SHARE CAPITAL | 30 September 2023 | 31 December 2022 |
|--|--------------------------|------------------|
| Authorised (7.54 billion share @BD.100 each) | 754,000 | 754,000 |
| Issued and fully paid (1 billion share @BD.100 each) | 100,000 | 100,000 |

9.1 RESERVES

| | 30 September 2023 | | | | | |
|---|--------------------------|--------------------------------------|---------------------------------------|---|---|-----------------|
| | Statutory reserve | Investments fair value reserve | Fixed Assets fair value reserve | Investment in real estate fair value reserve | Foreign currency translation reserve | Total |
| At 1 January 2023 | 609 | 1,787 | 9,981 | 951 | (67,027) | (53,699) |
| At 30 September 2023 (Reviewed) | 609 | 1,787 | 9,981 | 951 | (67,027) | (53,699) |
| | 30 September 2022 | | | | | |
| | Statutory reserve | Investments fair value reserve | Hedging reserve | Investment in real estate fair value reserve | Foreign currency translation reserve | Total |
| At 1 January 2022 | 299 | 6,609 | (1,350) | 746 | (46,424) | (40,120) |
| Movement in fair value of sukuk and investment securities | - | (4,229) | - | - | - | (4,229) |
| Movement in hedging reserve | - | - | 1,350 | - | - | 1,350 |
| Movement in fair value of investment in real estate | - | - | - | - | - | - |
| Foreign currency translation adjustments | - | 141 | - | (52) | (20,229) | (20,140) |
| At 30 September 2022 (Reviewed) | 299 | 2,521 | - | 694 | (66,653) | (63,139) |

Ithmaar Bank B.S.C. (c)**Notes to the condensed consolidated interim financial information
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10 RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions.

- (a) Directors and companies in which they have an ownership interest.
- (b) Major shareholders of the Bank, Parent Company, Ultimate Parent and companies in which Ultimate Parent has ownership interest and subsidiaries of such companies (affiliates).
- (c) Associated companies of the Bank.
- (d) Senior management.

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

Significant balances with related parties comprise:

| | 30 September 2023 | | | | |
|--|--|---|---|------------------------------|----------------|
| | Shareholders & affiliates | Associated companies and other investments | Directors and related entities | Senior management | Total |
| Assets | | | | | |
| Murabaha and other financings | 322,811 | - | - | - | 322,811 |
| Other assets | 4,163 | - | - | 62 | 4,225 |
| Liabilities | | | | | |
| Customers' current accounts | 9,118 | 671 | - | - | 9,789 |
| Due to banks, financial and other institutions | 21,305 | 5,759 | - | - | 27,064 |
| Other liabilities | 43 | - | - | - | 43 |
| Equity of unrestricted investment accountholders | 4,127 | - | - | - | 4,127 |
| Income | | | | | |
| Return to unrestricted investment accountholders | (198) | - | - | - | (198) |
| Income from financing contracts | 4,014 | - | - | - | 4,014 |
| Profit paid to banks, financial and other institutions | (680) | (270) | - | - | (950) |
| Other income - Management fees | (156) | - | - | - | (156) |
| Expenses | | | | | |
| General and administrative expenses | 128 | - | - | - | 128 |

Ithmaar Bank B.S.C. (c)**Notes to the condensed consolidated interim financial information
for the nine months period ended 30 September 2023**

(Expressed in thousands of Bahraini Dinars unless otherwise stated)

10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

| | 31 December 2022 | | | | |
|--|------------------------------|---|--------------------------------------|----------------------|---------|
| | Shareholders & affiliates | Associated companies and other investments | Directors and related entities | Senior management | Total |
| Assets | | | | | |
| Murabaha and other financings | 324,056 | - | - | - | 324,056 |
| Other assets | 5,347 | - | - | 54 | 5,401 |
| Liabilities | | | | | |
| Customers' current accounts | 4,603 | 1,178 | - | - | 5,781 |
| Due to banks, financial and other institutions | 19,959 | - | - | - | 19,959 |
| Other liabilities | 16 | - | - | - | 16 |
| Equity of unrestricted investment accountholders | 5,527 | - | - | - | 5,527 |
| | 30 September 2022 | | | | |
| Income | | | | | |
| Return to unrestricted investment accountholders | (206) | - | - | (44) | (250) |
| Income from financing contracts | 7,340 | - | - | - | 7,340 |
| Sukuk and investment securities | - | 195 | - | - | 195 |
| Profit paid to banks, financial and other institutions | (240) | (83) | - | - | (323) |
| Other income - Management fees | (258) | - | - | - | (258) |
| Expenses | | | | | |
| General and administrative expenses | (155) | - | (14) | - | (169) |

11 CONTINGENT LIABILITIES AND COMMITMENTS**Contingent liabilities**

| | 30 September 2023 | 31 December 2022 |
|----------------------------------|----------------------|---------------------|
| Acceptances and endorsements | 22,910 | 11,530 |
| Guarantees and letters of credit | 170,282 | 172,813 |
| Customer and other claims | 41,386 | 52,871 |
| | 234,578 | 237,214 |

Commitments

| | 30 September 2023 | 31 December 2022 |
|--|----------------------|---------------------|
| Undrawn facilities, financing lines and other commitments to finance | 474,284 | 488,187 |

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12 SEGMENTAL INFORMATION

The Group constitutes of three main business segments, namely:

- (i) Retail/ Commercial banking business, in which the Group receives customer funds and deposits and extends financing to its retail and corporate clients.
- (ii) Asset Management/Investment Banking, in which the Group directly participates in investment opportunities.

| | 30 September 2023 | | | 30 September 2022 | | |
|--|----------------------------------|---------------------------------------|------------------|----------------------------------|---------------------------------------|----------------|
| | Retail & Corporate banking | Management / Investment Banking | Asset Total | Retail & Corporate banking | Management / Investment Banking | Asset Total |
| Operating income/(loss) | 77,948 | (2,368) | 75,580 | 72,176 | 529 | 72,705 |
| Total expenses | (43,284) | (2,088) | (45,372) | (44,573) | (2,193) | (46,766) |
| Net income/(loss) before provision and overseas taxation | 34,664 | (4,456) | 30,208 | 27,603 | (1,664) | 25,939 |
| Provision and overseas taxation - net | (19,723) | (362) | (20,085) | (16,147) | (200) | (16,347) |
| Net income/(loss) from continuing operations | 14,941 | (4,818) | 10,123 | 11,456 | (1,864) | 9,592 |
| Net results for the period from discontinued operations | - | - | - | 5,615 | - | 5,615 |
| Net income for the period | 14,941 | (4,818) | 10,123 | 17,071 | (1,864) | 15,207 |
| Attributable to: | | | | | | |
| Equity holders of the Bank | 8,249 | (4,377) | 3,872 | 12,801 | (1,408) | 11,393 |
| Minority interests | 6,692 | (441) | 6,251 | 4,270 | (456) | 3,814 |
| | 14,941 | (4,818) | 10,123 | 17,071 | (1,864) | 15,207 |
| Total assets | 2,062,652 | 67,731 | 2,130,383 | 2,241,531 | 68,027 | 2,309,558 |
| Total liabilities and equity of unrestricted investment account holders | 2,040,140 | 9,377 | 2,049,517 | 2,221,116 | 9,105 | 2,230,221 |

Ithmaar Bank B.S.C. (c)**Notes to the condensed consolidated interim financial information
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12 SEGMENTAL INFORMATION (continued)

The Group constitutes of two geographical segments which are Middle East & Asia.

| | 30 September 2023 | | | 30 September 2022 | | |
|--|-------------------------|------------------|------------------|-------------------------|--------------|------------------|
| | Middle East & Africa | Rest of Asia | Total | Middle East & Africa | Rest of Asia | Total |
| Operating income/(loss) | (1,934) | 77,514 | 75,580 | 10,938 | 61,767 | 72,705 |
| Total expenses | (6,995) | (38,377) | (45,372) | (9,561) | (37,205) | (46,766) |
| Net income/(loss) before provision and overseas taxation | (8,929) | 39,137 | 30,208 | 1,377 | 24,562 | 25,939 |
| Provision and overseas taxation - net | (1,392) | (18,693) | (20,085) | (5,338) | (11,009) | (16,347) |
| Net income/(loss) from continuing operations | (10,321) | 20,444 | 10,123 | (3,961) | 13,553 | 9,592 |
| Net results for the period from discontinued operations | - | - | - | 5,615 | - | 5,615 |
| Net income for the period | (10,321) | 20,444 | 10,123 | 1,654 | 13,553 | 15,207 |
| Attributable to: | | | | | | |
| Equity holders of the Bank | (9,705) | 13,577 | 3,872 | 2,248 | 9,145 | 11,393 |
| Minority interests | (616) | 6,867 | 6,251 | (594) | 4,408 | 3,814 |
| | (10,321) | 20,444 | 10,123 | 1,654 | 13,553 | 15,207 |
| | | | | | | 31 December 2022 |
| Total assets | 513,443 | 1,616,940 | 2,130,383 | 504,775 | 1,804,783 | 2,309,558 |
| Total liabilities and equity of unrestricted investment account holders | 547,958 | 1,501,559 | 2,049,517 | 489,173 | 1,741,048 | 2,230,221 |

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13 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2022.

14 REGULATORY RATIOS**14.1 Liquidity Coverage Ratio (LCR)**

LCR is computed as a ratio of Stock of HQLA over the net cash outflows. The average consolidated LCR for nine months calculated as per the requirements of the CBB rulebook and guidelines applicable for the Bank, as of 30 September 2023 and 31 December 2022, is as follows:

| | <u>30 September 2023</u> | <u>31 December 2022</u> |
|-------------------------|--------------------------|-------------------------|
| Stock of HQLA | 474,588 | 451,564 |
| Net cashflows | 471,030 | 421,885 |
| LCR % | 101% | 107% |
| Minimum required by CBB | 100% | 100% |

14.2 Capital Adequacy Ratio

The table below summarises the composition of regulatory capital and the ratios of the Group for the year ended. The capital adequacy ratio has been calculated in accordance with CBB guidelines & CBB directives applicable for the Bank, incorporating credit risk, operational risk and market risk. The banking subsidiaries comply with the directives of the respective local regulators for their capital management and their capital and risk-weighted assets are aggregated for the purpose of reporting the Group's CAR.

| | <u>30 September 2023</u> | <u>31 December 2022</u> |
|-------------------------------|--------------------------|-------------------------|
| Tier 1 | 97,815 | 99,288 |
| Tier 2 | 7,442 | 6,588 |
| Total Capital Base | 105,257 | 105,876 |
| Total Risk-Weighted Exposures | 761,689 | 801,711 |
| Capital Adequacy Ratio (CAR) | 13.82% | 13.21% |

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14.3 NET STABLE FUNDING RATIO (NSFR)

The consolidated NSFR is calculated in accordance with Liquidity Risk Management Module guidelines issued by the CBB and guidelines set for the Bank. The minimum NSFR ratio set for the Bank as per CBB is 100%. The NSFR as at 30 September 2023 is calculated as follows:

| No. | Item | Unweighted Values (i.e. before applying relevant factors) | | | | Total weighted value |
|--|---|---|--------------------|---|----------------|----------------------|
| | | No specified maturity | Less than 6 months | More than 6 months and less than one year | Over one year | |
| Available Stable Funding (ASF): | | | | | | |
| 1 | Capital: | 97,815 | - | - | 7,442 | 105,257 |
| 2 | Regulatory Capital | 97,815 | - | - | - | 97,815 |
| 3 | Other Capital Instruments | - | - | - | 7,442 | 7,442 |
| 4 | Retail deposits and deposits from small business customers: | - | 559,333 | 50,397 | 3,237 | 553,588 |
| 5 | Stable deposits | - | 31,244 | 658 | 18 | 30,325 |
| 6 | Other wholesale funding | - | 528,089 | 49,739 | 3,219 | 523,263 |
| 7 | Wholesale funding: | - | 613,187 | 277,392 | 311,598 | 620,707 |
| 8 | Operational deposits | - | - | - | - | - |
| 9 | Other wholesale funding | - | 613,187 | 277,392 | 311,598 | 620,707 |
| 10 | Other liabilities:: | - | 226,077 | - | 4,943 | 4,943 |
| 11 | NSFR Shari'a-compliant hedging contract liabilities | - | 9,312 | - | - | - |
| 12 | All other liabilities not included in the above categories | - | 216,765 | - | 4,943 | 4,943 |
| 13 | Total ASF | | | | | 1,284,495 |
| Required Stable Funding (RSF): | | | | | | |
| 14 | Total NSFR high-quality liquid assets (HQLA) | | | | | 40,920 |
| 15 | Deposits held at other financial institutions for operational purposes | - | - | - | - | - |
| 16 | Performing loans and securities: | - | 316,260 | 80,922 | 605,702 | 717,877 |
| 17 | Performing loans to financial institutions secured by Level 1 HQLA | - | - | - | - | - |
| 18 | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions | - | 13,425 | 7,924 | 260,336 | 266,312 |
| 19 | Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which: | - | 302,835 | 72,998 | 193,890 | 352,723 |
| 20 | - With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines | - | - | - | 128,902 | 83,786 |
| 21 | Performing residential mortgages, of which: | | | | | |
| 22 | - With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines | - | - | - | 21,479 | 13,961 |
| 23 | Securities that are not in default and do not qualify as HQLA, including exchange-traded equities | - | - | - | 1,095 | 1,095 |
| 24 | Other assets: | - | 269,251 | - | - | 269,251 |
| 25 | Physical traded commodities, including gold | - | - | - | - | - |
| 26 | Assets posted as initial margin for Shari'a-compliant hedging contracts and contributions to default funds of CCPs | - | - | - | - | - |
| 27 | NSFR Shari'a-compliant hedging assets | - | - | - | - | - |
| 28 | NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted | - | 1,636 | - | - | 1,636 |
| 29 | All other assets not included in the above categories | - | 267,615 | - | - | 267,615 |
| 30 | OBS items | - | 527,703 | - | - | 26,385 |
| 31 | Total RSF | | | | | 1,054,433 |
| 32 | NSFR (%) | | | | | 122% |

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14.3 NET STABLE FUNDING RATIO (NSFR) (continued)

The NSFR as at 31 December 2022 is calculated as follows:

| No. | Item | Unweighted Values (i.e. before applying relevant factors) | | | | Total weighted value |
|--|--|---|--------------------|---|---------------|----------------------|
| | | No specified maturity | Less than 6 months | More than 6 months and less than one year | Over one year | |
| Available Stable Funding (ASF): | | | | | | |
| 1 | Capital: | 99,288 | - | - | 6,588 | 105,876 |
| 2 | Regulatory Capital | 99,288 | - | - | - | 99,288 |
| 3 | Other Capital Instruments | - | - | - | 6,588 | 6,588 |
| 4 | Retail deposits and deposits from small business customers: | - | 672,469 | 55,730 | 3,213 | 660,470 |
| 5 | Stable deposits | - | 37,018 | 537 | 43 | 35,720 |
| 6 | Other wholesale funding | - | 635,451 | 55,193 | 3,170 | 624,750 |
| 7 | Wholesale funding: | - | 603,020 | 261,369 | 330,670 | 631,712 |
| 8 | Operational deposits | - | - | - | - | - |
| 9 | Other wholesale funding | - | 603,020 | 261,369 | 330,670 | 631,712 |
| 10 | Other liabilities:: | - | 281,799 | - | 3,022 | 3,022 |
| 11 | NSFR Shari'a-compliant hedging contract liabilities | - | 10,731 | - | - | - |
| 12 | All other liabilities not included in the above categories | - | 271,068 | - | 3,022 | 3,022 |
| 13 | Total ASF | | | | | 1,401,080 |
| Required Stable Funding (RSF): | | | | | | |
| 14 | Total NSFR high-quality liquid assets (HQLA) | | | | | 31,640 |
| 15 | Deposits held at other financial institutions for operational purposes | - | - | - | - | - |
| 16 | Performing loans and securities: | - | 320,754 | 44,411 | 654,137 | 713,385 |
| 17 | Performing loans to financial institutions secured by Level 1 HQLA | - | - | - | - | - |
| 18 | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions | - | 14,211 | 5,536 | 168,722 | 173,622 |
| 19 | Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which: | - | 306,543 | 38,875 | 255,227 | 389,652 |
| 20 | - With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines | - | - | - | 203,789 | 132,463 |
| 21 | Performing residential mortgages, of which: | | | | | |
| 22 | - With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines | - | - | - | 25,003 | 16,252 |
| 23 | Securities that are not in default and do not qualify as HQLA, including exchange-traded equities | - | - | - | 1,396 | 1,396 |
| 24 | Other assets: | - | 258,549 | - | - | 258,549 |
| 25 | Physical traded commodities, including gold | - | - | - | - | - |
| 26 | Assets posted as initial margin for Shari'a-compliant hedging contracts and contributions to default funds of CCPs | - | - | - | - | - |
| 27 | NSFR Shari'a-compliant hedging assets | - | - | - | - | - |
| 28 | NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted | - | 2,146 | - | - | 2,146 |
| 29 | All other assets not included in the above categories | - | 256,403 | - | - | 256,403 |
| 30 | OBS items | - | 654,709 | - | - | 32,735 |
| 31 | Total RSF | | | | | 1,036,309 |
| 32 | NSFR (%) | | | | | 135% |

15 COMPARATIVE FIGURES

Certain of the prior year figures have been regrouped to conform to the current period presentation. Such grouping did not affect previously reported profit for the period or total equity of the Group.