

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Al Baraka Islamic Bank B.S.C. (c)

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 MARCH 2023 (UNAUDITED AND REVIEWED)



Review report on the interim condensed consolidated financial statements to the Board of Directors of Al Baraka Islamic Bank B.S.C. (c)

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Al Baraka Islamic Bank B.S.C. (c) (the "Bank") and its subsidiary (together the "Group") as at 31 March 2023 and the related interim consolidated statements of income, changes in owners' equity, cash flows and changes in off-balance sheet equity of investment account holders for the three-month period then ended and other explanatory notes. The directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with FAS 41, "Interim Financial Reporting". 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 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 FAS 41, "Interim Financial Reporting".

Elias Abi Nakhoul

PricewaterhouseCoopers M.E Limited

Partner's registration number: 196

Manama, Kingdom of Bahrain

14 May 2023

Al Baraka Islamic Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023 (Reviewed)

	Notes	Reviewed 31 March 2023 BHD '000	Audited 31 December 2022 BHD '000
ASSETS			
Cash and balances with banks and financial institutions		70,024	61,239
Receivables	3	146,922	169,216
Ijara Muntahia Bittamleek and ijara receivables	4	225,845	211,856
Musharaka	5	68,366	90,270
Investments	6	387,916	423,044
Investments in real estate		3,331	3,331
Investment in joint venture		7,061	6,948
Premises and equipment		35,077	37,065
Goodwill		2,983	3,739
Other assets	7	22,313	19,708
TOTAL ASSETS		969,838	1,026,416
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS, SUBORDINATED MUDARABA AND OWNERS' EQUITY			
Liabilities			
Current accounts		91,634	91,631
Murabaha and other payables		93,307	64,767
Other liabilities	8	43,162	42,671
Total liabilities		228,103	199,069
Equity of investment accountholders (IAH)		642,840	721,190
Subordinated mudaraba		4,550	5,881
Equity			
Share capital		57,100	57,100
Additional tier-1 capital		36,192	36,192
Reserves		(10,271)	(6,595)
Retained earnings		5,683	6,093
Equity attributable to parent's shareholders		88,704	92,790
Non-controlling interest		5,641	7,486
Total equity		94,345	100,276
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS, SUBORDINATED MUDARABA AND EQUITY		969,838	1,026,416
OFF-BALANCE SHEET ITEMS:			
EQUITY OF INVESTMENT ACCOUNTHOLDERS		278,854	313,171
CONTINGENCIES AND COMMITMENTS	9	126,213	128,475

Sabah Khalil Al Moayyed
Chairman

Hamad Abdulla Aloqab
Chief Executive Officer and Borad Member

The attached explanatory notes 1 to 18 form part of these interim condensed consolidated financial statements.


Al Baraka Islamic Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three month period ended 31 March 2023 (Reviewed)

		<i>Three months ended</i>	
		<i>31 March</i>	
		2023	2022
		BHD '000	BHD '000
Notes			
INCOME FROM JOINTLY FINANCED ASSETS			
	Financings	8,922	8,018
	Investments	3,397	2,660
	Income from jointly financed assets	12,319	10,678
	Return on equity of investment accountholders before Group's share as a Mudarib	(11,878)	(8,817)
	Group's share as a Mudarib	1,044	1,954
	Return on equity of investment accountholders	(10,834)	(6,863)
	Group's share as a Mudarib and Rabalmaal	1,485	3,815
INCOME FROM SELF FINANCED ASSETS			
	Financings	590	804
	Share of income from investment in joint venture	113	228
	Investments	4,573	3,286
	Income from self financed assets	5,276	4,318
INCOME FROM BANKING SERVICES AND OTHERS			
	Revenue from banking services	894	1,161
	Other income	870	463
	Group's Mudarib / Agency fee from off-balance sheet equity of investment accountholders	12	-
	TOTAL OPERATING INCOME BEFORE OTHER FINANCING COST	8,537	9,757
	Other financing costs	(656)	(359)
	TOTAL OPERATING INCOME	7,881	9,398
OPERATING EXPENSES			
	Staff expenses	(3,052)	(3,177)
	Depreciation	(898)	(916)
	Other operating expenses	(2,443)	(2,757)
	TOTAL OPERATING EXPENSES	(6,393)	(6,850)
	NET OPERATING INCOME	1,488	2,548
	Allowances for impairment - net	(537)	336
	NET INCOME BEFORE TAXATION	951	2,884
	Taxation	(716)	(705)
	INCOME FOR THE PERIOD	235	2,179
Attributable to:			
	Equity of the parent's shareholders	(214)	1,767
	Non-controlling interest	449	412
		235	2,179


Sabah Khalil Al Moayyed
Chairman


Hamad Abdulla Aloqab
Chief Executive Officer and Board
Member

The attached explanatory notes 1 to 18 form part of these interim condensed consolidated financial statements.

Al Baraka Islamic Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the three month period ended 31 March 2023 (Reviewed)

	Equity attributable to shareholders of the Parent											Total equity BHD '000
	Reserves										Non-controlling interest BHD '000	
	Share capital BHD '000	Additional tier -1 capital BHD '000	Statutory BHD '000	General BHD '000	Employee defined benefit plan BHD '000	Cumulative changes in fair value BHD '000	Revaluation of premises and equipment BHD '000	Foreign exchange BHD '000	Retained earnings BHD '000	Equity attributable to parent's shareholders BHD '000		
Balance at 1 January 2023	57,100	36,192	9,847	3,275	(53)	1,494	129	(21,278)	6,090	92,796	7,486	100,282
Cumulative changes in fair value of investments	-	-	-	-	-	45	-	-	-	45	(146)	(101)
Foreign currency translation reserve	-	-	-	-	-	-	-	(3,741)	-	(3,741)	(2,155)	(5,896)
Distribution of Zakah	-	-	-	-	-	-	-	-	(193)	(193)	-	(193)
Movement in actuarial gain and losses	-	-	-	-	11	-	-	-	-	11	7	18
Net (loss) / income for the period	-	-	-	-	-	-	-	-	(214)	(214)	449	235
Balance at 31 March 2023	57,100	36,192	9,847	3,275	(42)	1,539	129	(25,019)	5,683	88,704	5,641	94,345
Balance at 1 January 2022	51,445	41,847	9,363	3,275	(38)	1,637	178	(16,206)	1,929	93,430	9,210	102,640
Cumulative changes in fair value of investments	-	-	-	-	-	913	-	-	-	913	104	1,017
Foreign currency translation reserve	-	-	-	-	-	-	-	(855)	-	(855)	(488)	(1,343)
Movement in actuarial gain and losses	-	-	-	-	2	-	-	-	-	2	1	3
Net income for the period	-	-	-	-	-	-	-	-	1,767	1,767	412	2,179
Balance at 31 March 2022	51,445	41,847	9,363	3,275	(36)	2,550	178	(17,061)	3,696	95,257	9,239	104,496

The attached explanatory notes 1 to 18 form part of these interim condensed consolidated financial statements.

Al Baraka Islamic Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three month period ended 31 March 2023 (Reviewed)

	<i>Three months ended</i>	
	<i>31 March</i>	
	2023	2022
	BHD '000	BHD '000
OPERATING ACTIVITIES		
Net income before taxation	951	2,884
Adjustments for :		
Depreciation	898	916
Allowances for impairment - net	537	(336)
Gain on sale of investments	(4)	(385)
Share of income from investment in joint venture	(113)	(229)
	2,269	2,850
Operating profit before changes in operating assets and liabilities		
Net changes in operating assets and liabilities:		
Balances with central banks in mandatory reserves	1,446	7,596
Receivables	10,637	(7,534)
Ijara Muntahia Bittamleek and ijara receivables	(13,871)	(11,570)
Musharaka	21,444	3,945
Other assets	(2,671)	(733)
Other liabilities	305	2,746
Murabaha and other payables	28,540	(15,298)
Current accounts	3	(11,791)
Equity of investment accountholders	(78,349)	12,985
Tax paid	(657)	(20)
	(30,904)	(16,824)
Net cash used in operating activities		
INVESTING ACTIVITIES		
Purchase of investments	(11,448)	(19,835)
Sale / redemption of investments	46,456	33,918
Sale in premises and equipment	1,091	192
	36,099	14,275
Net cash generated from investing activities		
FINANCING ACTIVITIES		
Subordinated mudaraba	(1,331)	(125)
	(1,331)	(125)
Cash used in financing activities		
Foreign currency translation adjustments	(5,141)	(1,161)
	(1,277)	(3,835)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at 1 January	45,440	111,586
	44,163	107,751
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents comprise the following:		
Cash on hand	9,876	12,787
Balances with central banks in unrestricted account	10,532	7,549
Balances with other banks and financial institutions (with original maturity of 3 months or less)	18,738	41,718
Receivables - Commodities and Wakala placement with Financial institutions (with original maturity of 3 months or less)	5,017	45,697
	44,163	107,751

The attached explanatory notes 1 to 18 form part of these interim condensed consolidated financial statements.

Al Baraka Islamic Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OFF-BALANCE SHEET EQUITY OF INVESTMENT ACCOUNTHOLDERS

For the three month period ended 31 March 2023 (Reviewed)

	<i>Balance at 1 January 2023 BHD '000</i>	<i>Net deposits/ withdrawals BHD '000</i>	<i>Gross income BHD '000</i>	<i>Mudarib's/ agency fee BHD '000</i>	<i>Balance at 31 March 2023 BHD '000</i>
Wakala Bi Al-Istithmar					
On balance sheet jointly financed assets	241,600	(24,885)	2,657	(350)	219,022
	241,600	(24,885)	2,657	(350)	219,022
Others					
Receivables	61,305	(11,183)	803	(12)	50,913
Investments	10,266	(1,348)	-	-	8,918
	71,571	(12,531)	803	(12)	59,831
	313,171	(37,416)	3,460	(362)	278,853
Wakala Bi Al-Istithmar					
On balance sheet jointly financed assets	194,036	21,284	1,811	(1,288)	215,843
	194,036	21,284	1,811	(1,288)	215,843
Others					
Receivables	44,161	-	-	-	44,161
Investments	15,604	(926)	-	-	14,678
	59,765	(926)	-	-	58,839
	253,801	20,358	1,811	(1,288)	274,682

The attached explanatory notes 1 to 18 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

1 INCORPORATION AND PRINCIPAL ACTIVITIES

Al Baraka Islamic Bank B.S.C. (c) (the "Bank") is a closed shareholding company incorporated in the Kingdom of Bahrain on 21 February 1984. The Bank operates under a Retail Banking license number RB/025 issued by the Central Bank of Bahrain (CBB). The Bank has five commercial branches in the Kingdom of Bahrain. The Bank is 92.81% (2022: 92.81%) owned by Al Baraka Group B.S.C. (the "Ultimate Parent").

The principal activities of the Bank and its subsidiary (the "Group") are taking demand, saving and investment accounts, providing Murabaha finance, Ijara and other Shari'a compliant forms of financing as well as managing investors' money on the basis of Mudaraba or agency for a fee, providing commercial banking services and other investment activities. The Bank's registered office is at Bahrain Bay, P.O. Box 1882, Manama, Kingdom of Bahrain.

Tier 1 Capital amounting to USD 15m was redeemed on 3 August 2022. The extraordinary general assembly (EGA) of the Ultimate Parent has approved increasing the share capital of Bank by 150,000 shares for the par value of USD 100 and to amend the memorandum and the articles of association. The CBB has approved the request through their letter dated 6 July 2022 where the issued and paid-up capital is increased from USD 136,457,800 to USD 151,457,800 with the full amount of USD 15,000,000 allocated to the Ultimate Parent. The Ultimate Parent injected the cash relating to the share capital increase on 4 August 2022. The formalities relating to the Ministry of Industry and Commerce around updating of the Commercial Registration are pending finalization.

These interim condensed consolidated financial statements were approved by the Board of Directors on 14 May 2023.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of Preparation

The interim condensed consolidated financial statements of the Group are prepared in accordance with applicable rules and regulations issued by the Central Bank of Bahrain ("CBB"). These rules and regulations require the adoption of all Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation of Islamic Financial Institutions (AAOIFI). In accordance with the AAOIFI framework, for matters not covered by FAS, the Group uses the requirements of the relevant International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). This framework is referred to as "FAS issued by AAOIFI". Accordingly, the interim condensed consolidated financial information of the Group has been presented in condensed form in accordance with the guidance provided by Financial Accounting Standard 41 - Interim Financial Reporting, which came into effect for financial periods beginning on or after 1 January 2023.

There are no major differences between FAS 41 "Interim Financial Reporting" and IAS 34 - Interim Financial Reporting, which was the basis of preparation used for the interim condensed financial statements for the three-month period ended 31 March 2022.

The interim condensed consolidated financial statements do not contain all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements as at 31 December 2022. In addition, results for the three months period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

Regulatory non-compliance - CBB rule book volume 2 - High level standards

Rule LR-2.5.2A requires all Bahraini Islamic retail bank licensees to maintain a minimum total equity of BD 100 million (equivalent to US\$ 265.3 million). The Bank is in breach of this rule as at 31 March 2023 as the equity stood at BD94.3 million (US \$ 250.2 million) as of that date. The management believes that this resulted from the fact that the Pakistani Rupee has significantly deteriorated against the US Dollar, which resulted in decrease in the equity position of the Bank below the minimum capital requirements. The Bank continues to focus on its capital structure in order to resolve this breach of the CBB requirements. The Bank has prepared a capitalization plan and submitted it to CBB on 30 November 2021 to improve the core capital and overall equity level in the Bank. In this regard, the Bank has implemented two core initiatives (conversion of CET 1 and swap of Itqan Capital Company) and working on initiatives to boost the core equity level.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of annual audited consolidated financial statements of the Group for the year ended 31 December 2022 except for the changes due to adoption of new and amended standards as set out in note 2.5.

2.3 Accounting convention

The interim condensed consolidated financial statements are prepared on a historical cost basis, except for investment in real estate, equity-type instruments through equity and debt type instruments through income statement and land owned by the Bank (classified as premises and equipment) that have been measured at fair value.

The interim condensed consolidated financial statements are presented in Bahraini Dinars (BHD), being the reporting currency of the Bank. All values are rounded to nearest Bahraini Dinars (BHD) thousand unless otherwise indicated. The functional currency of the Bank is Bahraini Dinars and that of the subsidiary is Pakistani Rupees. Items included in the financial statements of each entity are measured using respective functional currency.

2.4 Basis of consolidation

These interim condensed consolidated financial statements include the financial statements of the Bank and its subsidiary.

The following is the subsidiary of the Bank, which is consolidated in these interim condensed consolidated financial statements:

	<i>Ownership for 2023 / 2022</i>	<i>Year of incorporation</i>	<i>Country of incorporation</i>	<i>No. of branches/offices at 31 March 2023</i>
Held directly by the Bank				
Al Baraka Bank (Pakistan) Limited	59.13%	2004	Pakistan	175

2.5 New standards, interpretations and amendments adopted by the Group

During the period, the Group applied the following standards and amendments to standards in preparation of these interim condensed consolidated financial statements. The adoption of the below standards and amendments to standards did not result in changes to previously reported net income or equity of the Group, however, may result in additional disclosures at year end.

2.5.1 FAS 39 - Financial Reporting for Zakah

AAOIFI has issued FAS 39 in 2021. This standard improves upon and supersedes FAS 9 on "Zakah" and aims at setting out the accounting treatment of Zakah in the books of the institutions, including the presentation and disclosure by an Islamic financial institution. The accounting and financial reporting requirements such as recognition, presentation and disclosure requirements of this standard shall apply to institutions that are obliged to pay Zakah on behalf of certain or all stakeholders. Institutions that are not obliged to pay Zakah shall apply the disclosure requirements of this standard for certain or all stakeholders, as relevant.

2.5.2 FAS 41 - Interim Financial Reporting

The objective of this standard is to set out the principles for interim financial reporting for all institutions having adopted AAOIFI FASs and it should be read with other AAOIFI FASs and generally accepted accounting principles, applicable in relevant jurisdictions. The standard applies to institutions that elect to publish or are required to publish interim financial reports according to applicable laws, regulations, or practices.

The Group adopted this standard for the basis of preparation of its interim condensed consolidated financial information. The adoption of this standard did not have any significant impact on the Group's interim financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.6 New standards, amendments and interpretations issued but not yet effective

2.6.1 FAS 1 (Revised 2021) - General Presentation and Disclosures in the Financial Statements

AAOIFI has issued revised FAS 1 in 2021. The revised FAS 1 supersedes the earlier FAS 1 General Presentation and Disclosures in the Financial Statements of Islamic Banks and Financial Institutions and introduces the concepts of quasi-equity, off-balance-sheet assets under management and other comprehensive income to enhance the information provided to the users of the financial statements. This standard shall be effective for the financial periods beginning on or after 1 January 2024 with early adoption permitted.

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 Quasi 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 an amendments to other AAOIFI FASs; 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.

2.6.2 FAS 40 - Financial Reporting for Islamic Finance Windows

AAOIFI has issued FAS 40 in 2021. The objective of this revised standard is to establish financial reporting requirements for Islamic finance windows and applicable to all conventional financial institutions providing Islamic financial services through an Islamic finance window. This standard improves upon and supersedes FAS 18 "Islamic Financial Services Offered by Conventional Financial Institutions". This standard shall be effective for the financial periods beginning on or after 1 January 2024 with early adoption permitted. The Group is currently evaluating the impact of this standard.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.6 New standards, amendments and interpretations issued but not yet effective (continued)

2.6.2 FAS 40 - Financial Reporting for Islamic Finance Windows

AAOIFI has issued FAS 40 in 2021. The objective of this revised standard is to establish financial reporting requirements for Islamic finance windows and applicable to all conventional financial institutions providing Islamic financial services through an Islamic finance window. This standard improves upon and supersedes FAS 18 “Islamic Financial Services Offered by Conventional Financial Institutions”. This standard shall be effective for the financial periods beginning on or after 1 January 2024 with early adoption permitted. The Group is currently evaluating the impact of this standard.

2.6.3 FAS 42 - Presentation and disclosures in the Financial Statements of Takaful Institutions

AAOIFI has issued FAS 42 in 2022. This standard supersedes the earlier FAS 12 – General Presentation and Disclosures in the Financial Statements of Islamic Insurance Companies”. The objective of this standard is to set out the overall requirements for the presentation of financial statements, the minimum requirement for the contents of and disclosures in the financial statements and recommended structure of financial statements that facilitates fair presentation in line with Shari’a principles and rules for Takaful institutions. This standard shall be effective for the financial periods beginning on or after 1 January 2025 with early adoption permitted if adopted alongside FAS 43 – Accounting for Takaful: Recognition and Measurement. The Group is currently evaluating the impact of this standard.

2.6.4 FAS 43 - Accounting for Takaful: Recognition and Measurement

AAOIFI has issued FAS 43 in 2022. The objective of this standard is to set out the principles for the recognition and measurement of Takaful arrangements and ancillary transactions with the objective of faithfully representing the information related to these arrangements to the relevant stakeholders. The standard should be read in conjunction with FAS 42 – Presentation and disclosures in the Financial Statements of Takaful Institutions. This standard shall be effective for the financial periods beginning on or after 1 January 2025 with early adoption permitted if adopted alongside FAS 42 – Presentation and disclosures in the Financial Statements of Takaful Institutions. The Group is currently evaluating the impact of this standard.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

3 RECEIVABLES

	<i>Reviewed</i>			<i>Audited</i>		
	<i>31 March 2023</i>			<i>31 December 2022</i>		
	<i>Self financed BHD '000</i>	<i>Jointly financed BHD '000</i>	<i>Total BHD '000</i>	<i>Self financed BHD '000</i>	<i>Jointly financed BHD '000</i>	<i>Total BHD '000</i>
Commodities and Wakala placement with financial institutions	-	5,024	5,024	-	16,522	16,522
Salam financing	-	11,272	11,272	-	14,138	14,138
Istisna'a financing	-	30,701	30,701	-	40,672	40,672
Murabaha financing	424	130,735	131,159	424	130,318	130,742
Bills receivables and other financing	-	5,912	5,912	-	5,961	5,961
Gross receivables	424	183,644	184,068	424	207,611	208,035
Deferred profits	-	(15,309)	(15,309)	-	(14,318)	(14,318)
	424	168,335	168,759	424	193,293	193,717
Less: Allowance for expected credit losses (3.1)	(271)	(21,566)	(21,837)	(250)	(24,251)	(24,501)
Net receivables	153	146,769	146,922	174	169,042	169,216

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and stage classification. The amounts presented are gross of expected credit losses ("ECL").

	<i>Reviewed</i>				<i>Audited</i>			
	<i>31 March 2023</i>				<i>31 December 2022</i>			
	<i>Stage 1 BHD '000</i>	<i>Stage 2 BHD '000</i>	<i>Stage 3 BHD '000</i>	<i>Total BHD '000</i>	<i>Stage 1 BHD '000</i>	<i>Stage 2 BHD '000</i>	<i>Stage 3 BHD '000</i>	<i>Total BHD '000</i>
Good (1-4)	81,186	8,862	-	90,048	88,897	8,526	-	97,423
Satisfactory (5-7)	33,774	23,483	-	57,257	51,491	20,398	-	71,889
Default (8-10)	-	-	21,454	21,454	-	-	24,405	24,405
	114,960	32,345	21,454	168,759	140,388	28,924	24,405	193,717

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

3 RECEIVABLES (continued)

3.1 Allowances for expected credit losses

An analysis of the changes in ECL allowances, is as follows:

	<i>Reviewed</i> 31 March 2023			
	<i>Stage 1: 12-month ECL BHD '000</i>	<i>Stage 2: Lifetime ECL not credit- impaired BHD '000</i>	<i>Stage 3: Lifetime ECL credit- impaired BHD '000</i>	<i>Total BHD '000</i>
Balance at 1 January	614	3,427	20,461	24,502
Changes during the period:				
- transferred to Stage 1: 12 month ECL	1	(1)	-	-
- transferred to Stage 2: Lifetime ECL not credit-impaired	(41)	41	-	-
- transferred to Stage 3: Lifetime ECL credit-impaired	-	(269)	269	-
Net remeasurement of loss allowance	(55)	157	58	160
Recoveries / write-backs	-	-	(8)	(8)
	(95)	(72)	319	152
FX translation	(5)	(34)	(2,778)	(2,817)
Balance at 31 March	514	3,321	18,002	21,837
	<i>Audited</i> 31 December 2022			
	<i>Stage 1: 12- month ECL BHD '000</i>	<i>Stage 2: Lifetime ECL not credit- impaired BHD '000</i>	<i>Stage 3: Lifetime ECL credit- impaired BHD '000</i>	<i>Total BHD '000</i>
Balance at 1 January	782	3,071	24,739	28,592
Changes during the year:				
- transferred to Stage 2: Lifetime ECL not credit-impaired	(35)	86	(51)	-
- transferred to Stage 3: Lifetime ECL credit-impaired	-	(11)	11	-
Net remeasurement of loss allowance	(120)	323	2,247	2,450
Recoveries / write-backs	-	-	(1,101)	(1,101)
	(155)	398	1,106	1,349
Allocation from investment risk reserve	-	-	(1,660)	(1,660)
Amounts written off during the year	(14)	(42)	(3,724)	(3,780)
Balance at 31 December	613	3,427	20,461	24,501

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

4 IJARA MUNTAHIA BITTAMLEEK AND IJARA RECEIVABLES

	<i>Reviewed</i>			<i>Audited</i>		
	<i>31 March 2023</i>			<i>31 December 2022</i>		
	<i>Self financed</i>	<i>Jointly financed</i>	<i>Total</i>	<i>Self financed</i>	<i>Jointly financed</i>	<i>Total</i>
<i>BHD '000</i>	<i>BHD '000</i>	<i>BHD '000</i>	<i>US '000</i>	<i>US '000</i>	<i>US '000</i>	
Ijara Muntahia Bittamleek	3,875	208,292	212,167	4,087	195,268	199,355
Ijara income receivables	1,287	15,143	16,430	1,379	14,070	15,449
	5,162	223,435	228,597	5,466	209,338	214,804
Less: Allowance for expected credit losses (4.1)	(55)	(2,697)	(2,752)	(67)	(2,881)	(2,948)
	5,107	220,738	225,845	5,399	206,457	211,856

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and stage classification. The amounts presented are gross of expected credit losses.

	<i>Reviewed</i>				<i>Audited</i>			
	<i>31 March 2023</i>				<i>31 December 2022</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>BHD '000</i>	<i>BHD '000</i>	<i>BHD '000</i>	<i>BHD '000</i>	<i>BHD '000</i>	<i>BHD '000</i>	<i>BHD '000</i>	<i>BHD '000</i>
Good (1-4)	218,499	1,235	-	219,734	204,256	1,238	-	205,494
Satisfactory (5-7)	1,572	1,714	-	3,286	1,052	2,491	-	3,543
Default (8-10)	-	-	5,577	5,577	-	-	5,767	5,767
	220,071	2,949	5,577	228,597	205,308	3,729	5,767	214,804

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

4 IJARA MUNTAHIA BITTAMLEEK AND IJARA RECEIVABLES (continued)

4.1 Allowances for expected credit losses

An analysis of the changes in ECL allowances, is as follows:

	<i>Reviewed</i>			
	<i>31 March 2023</i>			
	<i>Stage 1:</i>	<i>Stage 2:</i>	<i>Stage 3:</i>	<i>Total</i>
	<i>12-month</i>	<i>Lifetime</i>	<i>Lifetime</i>	
	<i>ECL</i>	<i>ECL not</i>	<i>ECL credit-</i>	
	<i>impaired</i>	<i>credit-</i>	<i>impaired</i>	
	<i>BHD '000</i>	<i>impaired</i>	<i>BHD '000</i>	<i>BHD '000</i>
	<i>BHD '000</i>	<i>BHD '000</i>	<i>BHD '000</i>	<i>BHD '000</i>
Balance at 1 January	242	41	2,665	2,948
Changes during the period:				
- transferred to Stage 1: 12 month ECL	3	(3)	-	-
- transferred to Stage 2: Lifetime ECL not credit-impaired	(10)	10	-	-
- transferred to Stage 3: Lifetime ECL credit-impaired	-	(3)	3	-
Net remeasurement of loss allowance	83	72	92	247
Recoveries / write-backs	-	-	(363)	(363)
Allowances for expected credit losses	76	76	(268)	(116)
FX translation	-	-	(80)	(80)
Balance at 31 March	318	117	2,317	2,752

	<i>Audited</i>			
	<i>31 December 2022</i>			
	<i>Stage 1: 12-</i>	<i>Stage 2:</i>	<i>Stage 3:</i>	<i>Total</i>
	<i>month ECL</i>	<i>Lifetime</i>	<i>Lifetime</i>	
	<i>ECL</i>	<i>ECL not</i>	<i>ECL credit-</i>	
	<i>impaired</i>	<i>credit-</i>	<i>impaired</i>	
	<i>BHD '000</i>	<i>impaired</i>	<i>BHD '000</i>	<i>BHD '000</i>
	<i>BHD '000</i>	<i>BHD '000</i>	<i>BHD '000</i>	<i>BHD '000</i>
Balance at 1 January	293	18	3,031	3,342
Changes during the year:				
- transferred to Stage 2: Lifetime ECL not credit-impaired	(31)	31	-	-
- transferred to Stage 3: Lifetime ECL credit-impaired	-	(2)	2	-
Net remeasurement of loss allowance	(22)	(4)	326	300
Recoveries / write-backs	-	-	(318)	(318)
	(53)	25	10	(18)
Amounts written off during the year	-	-	(187)	(187)
FX translation	-	-	(189)	(189)
Balance at 31 December	240	43	2,665	2,948

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

5 MUSHARAKA

	Reviewed 31 March 2023			Audited 31 December 2022		
	Self financed BHD '000	Jointly financed BHD '000	Total BHD '000	Self financed US '000	Jointly financed US '000	Total US '000
Musharaka	9,373	62,711	72,084	12,071	82,282	94,353
Less: Allowance for expected credit losses (5.1)	-	(3,718)	(3,718)	-	(4,083)	(4,083)
	9,373	58,993	68,366	12,071	78,199	90,270

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and stage classification. The amounts presented are gross of expected credit losses.

	Reviewed 31 March 2023				Audited 31 December 2022			
	Stage 1 BHD '000	Stage 2 BHD '000	Stage 3 BHD '000	Total BHD '000	Stage 1 US '000	Stage 2 US '000	Stage 3 US '000	Total US '000
Good (1-4)	59,442	2,646	-	62,088	81,012	3,919	-	84,931
Satisfactory (5-7)	2,277	3,966	-	6,243	2,673	3,227	-	5,900
Default (8-10)	-	-	3,753	3,753	-	-	3,522	3,522
	61,719	6,612	3,753	72,084	83,685	7,146	3,522	94,353

5.1 Allowances for expected credit losses

An analysis of the changes in ECL allowances, is as follows:

	Reviewed 31 March 2023			
	Stage 1: 12-month ECL BHD '000	Stage 2: Lifetime ECL not credit- impaired BHD '000	Stage 3: Lifetime ECL credit- impaired BHD '000	Total BHD '000
Balance at 1 January	739	769	2,575	4,083
Changes during the period:				
- transferred to Stage 1: 12 month ECL	9	(9)	-	-
- transferred to Stage 2: Lifetime ECL not credit-impaired	(23)	23	-	-
Net remeasurement of loss allowance	(27)	(47)	535	461
Allowances for expected credit losses	(41)	(33)	535	461
FX translation	(129)	(176)	(521)	(826)
Balance at 31 March	569	560	2,589	3,718

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

5 MUSHARAKA (continued)

5.1 Allowances for expected credit losses (continued)

	<i>Audited</i>			
	<i>31 December 2022</i>			
	<i>Stage 1: 12-month ECL BHD '000</i>	<i>Stage 2: Lifetime ECL not credit- impaired BHD '000</i>	<i>Stage 3: Lifetime ECL credit- impaired BHD '000</i>	<i>Total BHD '000</i>
Balance at 1 January	648	857	2,342	3,847
Changes during the year:				
- transferred to Stage 1: 12 month ECL	32	(32)	-	-
- transferred to Stage 2: Lifetime ECL not credit-impaired	(61)	61	-	-
Net remeasurement of loss allowance	262	72	750	1,084
Recoveries / write-backs	-	-	-	-
	233	101	750	1,084
FX translation	(142)	(189)	(517)	(848)
Balance at 31 December	739	769	2,575	4,083

6 INVESTMENTS

	<i>Reviewed</i>			<i>Audited</i>		
	<i>31 March 2023</i>			<i>31 December 2022</i>		
	<i>Self financed BHD '000</i>	<i>Jointly financed BHD '000</i>	<i>Total BHD '000</i>	<i>Self financed BHD '000</i>	<i>Jointly financed BHD '000</i>	<i>Total BHD '000</i>
i) Equity-type instruments at fair value through equity						
Quoted						
Listed equity shares	11,186	74	11,260	11,072	91	11,163
Unquoted						
Unlisted equity shares	3,362	154	3,516	3,362	193	3,555
Managed funds	377	-	377	377	-	377
Real estate funds	617	7,688	8,305	617	7,688	8,305
	15,542	7,916	23,458	15,428	7,972	23,400
Less: Provision for impairment	(1,685)	(99)	(1,784)	(1,761)	(125)	(1,886)
Total equity investments	13,857	7,817	21,674	13,667	7,847	21,514

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

6 INVESTMENTS (continued)

	Reviewed 31 March 2023			Audited 31 December 2022		
	Self financed BHD '000	Jointly financed BHD '000	Total BHD '000	Self financed BHD '000	Jointly financed BHD '000	Total BHD '000
ii) Debt-type instruments at fair value through equity (6.1)						
Quoted						
Sukuk	85,727	60,133	145,860	94,503	84,971	179,474
Unquoted						
Sukuk	-	6,792	6,792	4,646	2,737	7,383
	85,727	66,925	152,652	99,149	87,708	186,857
iii) Debt-type instruments at amortised cost (6.1)						
Quoted						
Sukuk	126,246	62,587	188,833	126,298	62,978	189,276
Unquoted						
Sukuk	831	24,071	24,902	1,024	24,492	25,516
	127,077	86,658	213,735	127,322	87,470	214,792
Less: Allowance for expected credit losses (6.2)	(108)	(37)	(145)	(85)	(34)	(119)
Total debt-type investments	212,696	153,546	366,242	226,386	175,144	401,530
Total investments	226,553	161,363	387,916	240,053	182,991	423,044

Within unquoted investments which are held at fair value through equity are investments amounting to BHD 11 million (2022: BHD 11 million) which are held at cost less allowance for impairment. These are mainly investments in unlisted companies whose shares are not traded on active markets. The investments are primarily in closely-held companies and structured products. The investments are held at cost less provision for impairment due to the unpredictable nature of their future cash flows and the lack of other suitable methods for determining a reliable fair value.

The Group's investments in sukuk held at amortised cost amounting to BHD 213.6 million (2022: BHD 214.8 million) have a fair value amounting to BHD 207.1 million (2022: BHD 207.1 million).

Investments stated at a carrying amount of BHD 181.9 million (2022: BHD 187.0 million) are placed in custody of a financial institution to secure a financing line.

6.1 Debt-type instruments

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and stage classification. The amounts presented are gross of expected credit losses.

	Reviewed 31 March 2023				Audited 31 December 2022			
	Stage 1 BHD '000	Stage 2 BHD '000	Stage 3 BHD '000	Total BHD '000	Stage 1 BHD '000	Stage 2 BHD '000	Stage 3 BHD '000	Total BHD '000
Good (1-4)	157,430	-	-	157,430	191,807	-	-	191,807
Satisfactory (5-7)	208,957	-	-	208,957	209,842	-	-	209,842
	366,387	-	-	366,387	401,649	-	-	401,649

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

6 INVESTMENTS (continued)

6.2 Allowances for expected credit losses

An analysis of the changes in ECL allowances, is as follows:

	<i>Reviewed</i> 31 March 2023
	<i>Stage 1:</i> <i>12-month</i> <i>ECL</i> <i>BHD '000</i>
Balance at 1 January	118
Changes during the period:	
Net remeasurement of loss allowance	28
FX translation	-
Balance at 31 March	146
	<i>Audited</i> <i>31</i> <i>December</i> <i>2022</i>
	<i>Stage 1: 12-</i> <i>month ECL</i> <i>BHD '000</i>
Balance at 1 January	168
Changes during the year:	
Net remeasurement of loss allowance	(48)
FX translation	(1)
Balance at 31 December	119

7 OTHER ASSETS

	<i>Reviewed</i> 31 March 2023 <i>BHD '000</i>	<i>Audited</i> 31 December 2022 <i>BHD '000</i>
Collaterals pending sale	3,596	4,138
Deferred tax (7.1)	3,954	5,029
Advance against capital expenditure	1,416	1,638
Accounts receivable	7,336	7,547
Income receivable	-	1
Prepayments	2,744	1,235
Others	3,800	787
	22,846	20,375
Less: Provision for impairment	(533)	(667)
	22,313	19,708

7.1 The net deferred tax asset has been recognised in accordance with the Group's accounting policy. The management based on recent financial projections prepared, estimates that sufficient taxable profits would be available in future against which the deferred tax asset could be realised.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

8 OTHER LIABILITIES

	<i>Reviewed</i> 31 March 2023 BHD '000	<i>Audited</i> 31 December 2022 BHD '000
Margins received	10,862	8,711
Accounts payable	12,718	10,116
Bills payable	11,356	11,951
Security deposit against Ijara Muntahia Bittamleek	109	136
Provision for employees benefits	3,274	3,356
Allowance for expected credit losses-unfunded facilities	43	35
Charity fund	274	149
Operating Ijarah liability	2,586	3,078
Others	1,940	5,139
	43,162	42,671

9 CONTINGENCIES AND COMMITMENTS

	<i>Reviewed</i> 31 March 2023 BHD '000	<i>Audited</i> 31 December 2022 BHD '000
Letters of credit	23,932	23,666
Guarantees	35,776	40,447
Foreign exchange contracts	60,744	58,894
Acceptances	4,536	3,932
Taxation	1,219	1,528
Others	6	8
	126,213	128,475

10 INCOME FROM FINANCING

	<i>Three months ended</i> 31 March	
	2023 BHD '000	2022 BHD '000
Income from receivables	3,332	3,016
Income from musharaka	3,231	3,439
Income from ijarah muntahia bittamleek	2,949	2,367
	9,512	8,822
	<i>Three months ended</i> 31 March	
	2023 BHD '000	2022 BHD '000
Income from jointly financed financing assets	8,922	8,018
Income from self financed financing assets	590	804
	9,512	8,822

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

11 INCOME FROM INVESTMENTS

	<i>Three months ended</i>	
	<i>31 March</i>	
	2023	2022
	BHD '000	BHD '000
Yield, coupon or return on investments	7,785	5,483
Gain on sale of investments	4	385
Dividend income	164	37
Income from properties	17	41
	7,970	5,946
Income from jointly financed investments	3,397	2,660
Income from self financed investments	4,573	3,286
	7,970	5,946

12 REVENUE FROM BANKING SERVICES

	<i>Three months ended</i>	
	<i>31 March</i>	
	2023	2022
	BHD '000	BHD '000
Fees and commissions	776	712
Letters of credit and acceptances	58	302
Guarantees	60	147
	894	1,161

13 OTHER INCOME

	<i>Three months ended</i>	
	<i>31 March</i>	
	2023	2022
	BHD '000	BHD '000
Foreign exchange gain - net	509	370
Others	361	93
	870	463

14 ALLOWANCES FOR IMPAIRMENT - NET

	<i>Three months ended</i>	
	<i>31 March</i>	
(Charge) / reversal against:	2023	2022
	BHD '000	BHD '000
Receivables	(152)	(119)
Ijara Muntahia Bittamleek and ijara receivables	116	(28)
Musharaka	(461)	185
Investments - debt type	(28)	42
Investments - equity type	-	97
Off balance sheet items	(12)	159
	(537)	336

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

15 SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's geographical segments. The geographical segments are based upon the location of the units responsible for recording the transactions and reflects the manner in which financial information is evaluated by management and the Board of Directors.

For financial reporting purposes, the Group is divided into two geographical segments, Middle East and Other Asian Countries. Other Asian Countries represent operations in Pakistan.

The results reported for the geographic segments are based on the Group's internal financial reporting systems. The accounting policies of the segments are the same as those applied in the preparation of the Group's interim condensed consolidated financial statements. Transactions between segments are conducted at estimated market rates.

The segmental results of the Group were as follows:

	<i>Middle East</i>		<i>Other Asian Countries</i>		<i>Total</i>	
	31 March 2023	<i>31 March 2022</i>	31 March 2023	<i>31 March 2022</i>	31 March 2023	<i>31 March 2022</i>
	BHD '000	<i>BHD '000</i>	BHD '000	<i>BHD '000</i>	BHD '000	<i>BHD '000</i>
	652,788	638,750	317,054	387,666	969,842	1,026,416
Liabilities, equity of investment accountholders Subordinated	582,389	567,689	293,104	358,451	875,493	926,140
	<i>Middle East</i>		<i>Other Asian Countries</i>		<i>Total</i>	
	<i>Three months ended 31 March</i>		<i>Three months ended 31 March</i>		<i>Three months ended 31 March</i>	
	2023	<i>2022</i>	2023	<i>2022</i>	2023	<i>2022</i>
	BHD '000	<i>BHD '000</i>	BHD '000	<i>BHD '000</i>	BHD '000	<i>BHD '000</i>
Total operating income	3,165	5,003	4,716	4,395	7,881	9,398
Total operating expenses	(3,912)	(3,613)	(2,481)	(3,237)	(6,393)	(6,850)
Allowance for impairment - net	(117)	(218)	(420)	554	(537)	336
Taxation	-	-	(716)	(705)	(716)	(705)
Net income for the period	(864)	1,172	1,099	1,007	235	2,179

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

16 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties comprise major shareholders, directors of the Bank, entities owned or controlled, jointly controlled or significantly influenced by them, companies affiliated by virtue of shareholding in common with that of the Group, Shari'a supervisory board and external auditors.

The significant balances with related parties were as follows:

	<i>Parent and Other Shareholders</i>		<i>Other Related Parties</i>		<i>Total</i>	
	<i>31 March 2023</i>	<i>31 December 2022</i>	<i>31 March 2023</i>	<i>31 December 2022</i>	<i>31 March 2023</i>	<i>31 December 2022</i>
	<i>BHD '000</i>	<i>BHD '000</i>	<i>BHD '000</i>	<i>BHD '000</i>	<i>BHD '000</i>	<i>BHD '000</i>
Assets:						
Cash and balances with banks and financial institutions	2	1	17	17	19	18
Receivables	-	-	491	315	491	315
Musharaka	-	-	444	516	444	516
Investments	9,592	9,592	10,292	10,104	19,884	19,696
Other assets	2,479	2,360	-	-	2,479	2,360
	12,073	11,953	11,244	10,952	23,317	22,905
Liabilities:						
Current accounts	2,737	2,432	375	729	3,112	3,161
Other liabilities	1,857	1,857	94	353	1,951	2,210
	4,594	4,289	469	1,082	5,064	5,371
Equity of investment accountholders	6,734	12,479	18,643	10,073	25,377	22,552
OFF-BALANCE SHEET ITEMS:						
Equity of investment accountholders	8,820	10,266	52,670	61,306	61,490	71,572
Contingencies and commitments	754	754	12	395	766	1,149
The transactions with the related parties included in the interim consolidated statement of income are as follows:						
	<i>Parent and Other</i>		<i>Other Related Parties</i>		<i>Total</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>BHD '000</i>	<i>BHD '000</i>	<i>BHD '000</i>	<i>BHD '000</i>	<i>BHD '000</i>	<i>BHD '000</i>
Income						
Income from jointly financed sales	-	-	9	8	9	8
Income from jointly financed, other financings and investments	-	-	4	3	4	3
Other income	240	30	-	2	240	32
	240	30	13	13	253	43
Expenses						
Return on equity of investment accountholders before Group's share as a Mudarib	53	-	149	60	202	60
Other expenses	-	33	339	406	339	439
	53	33	488	466	541	499

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

16 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Compensation of key management personnel is as follows:

	<i>Three months ended</i>	
	<i>31 March</i>	
	2023	2022
	BHD '000	BHD '000
Salaries	499	668
Other benefits	202	375
	701	1,043

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the

Fair value is determined for each financial asset individually in accordance with the valuation policies set out below:

- (i) For investments that are traded in organised financial markets, fair value is determined by reference to the quoted market bid prices prevailing on the statement of financial position date.
- (ii) For unquoted investments, fair value is determined by reference to recent significant buy or sell transactions with third parties that are either completed or are in progress. Where no recent significant transactions have been completed or are in progress, fair value is determined by reference to the current market value of similar investments. For others, the fair value is based on the net present value of estimated future cash flows, or other relevant valuation methods.
- (iii) For investments that have fixed or determinable cash flows, fair value is based on the net present value of estimated future cash flows determined by the Group using current profit rates for investments with similar terms and risk characteristics.
- (iv) Investments which cannot be remeasured to fair value using any of the above techniques are carried at cost, less provision for impairment.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2023

18 NSFR REQUIREMENTS AND CALCULATION METHODOLOGY

The Net Stable Funding Ratio ('NSFR') is calculated in accordance with the Liquidity Risk Management Module guidelines, issued by the CBB and is effective from December 2019. The minimum NSFR ratio as per CBB is 100%. The Group's consolidated NSFR ratio as of 31 March 2023 is 201.96%.

The NSFR (as a percentage) must be calculated as follows:

Item	Unweighted values (i.e. before applying relevant factors)				Total weighted value BHD '000
	No specified maturity BHD '000	Less than 6 months BHD '000	More than 6 months and less than one year BHD '000	Over one year BHD '000	
Available Stable Funding (ASF):					
Capital:	88,487	-	-	4,200	92,687
Regulatory capital	88,487	-	-	-	88,487
Other capital instruments	-	-	-	4,200	4,200
Retail deposits and deposits from small business customers:		295,524	20,520	22,835	307,544
Stable deposits	-	4,907	22	-	4,704
Less stable deposits	-	290,617	20,498	22,835	302,839
Wholesale funding:	-	396,416	66,538	3,116	121,259
Operational deposits	-	-	-	-	-
Other wholesale funding	-	396,416	66,538	3,116	121,259
Other liabilities:	-	-	-	43,685	43,685
NSFR Shari'a-compliant hedging contract liabilities	-	-	-	-	-
All other liabilities not included in the above categories	-	-	-	43,685	43,685
Total ASF	88,487	691,940	87,058	73,836	565,175
Required Stable Funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	322,409	-	-	9,830	26,194
Deposits held at other financial institutions for operational purposes	-	-	-	-	-
Performing financing and sukuk/securities:	-	-	-	-	-
Performing financing to financial institutions secured by Level 1 HQLA	-	-	-	-	-
Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	34,222	1,999	10,763	16,896

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2023

18 NSFR REQUIREMENTS AND CALCULATION METHODOLOGY (continued)

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	
Performing financing to non-financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	-	66,088	27,357	-	46,723
With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	-	-	-	-
Performing residential mortgages, of which:					
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	114,398	74,359
Securities/sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	1,983	10,806	11,798
Other assets:					
Physical traded commodities, including gold	-	-	-	-	-
Assets posted as initial margin for Shari'a-compliant hedging contracts and contributions to default funds of CCPs	-	-	-	-	-
NSFR Shari'a-compliant hedging assets	39,750	-	-	-	39,750
NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted	-	-	-	-	-
All other assets not included in the above categories	61,586	-	-	-	61,586
OBS items	50,882	-	-	-	2,544
Total RSF	474,627	100,310	31,339	145,797	279,850
NSFR (%)					201.96%