

**Al Salam Bank B.S.C.**

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION**

**30 June 2023**

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KPMG Fakhro  
Audit  
12<sup>th</sup> Floor, Fakhro Tower,  
P.O. Box 710, Manama,  
Kingdom of Bahrain

Telephone +973 17224807  
Telefax +973 17227443  
Website: [www.kpmg.com/bh](http://www.kpmg.com/bh)  
CR No. 6220 - 2

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

**To the Board of Directors of**  
*Al Salam Bank B.S.C.*  
*Kingdom of Bahrain*

## Introduction

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

- the condensed consolidated statement of financial position as at 30 June 2023;
- the condensed consolidated income statement for the three-month and six-month periods ended 30 June 2023;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2023;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 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 June 2023 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with FAS 41, "Interim Financial Reporting".

10 August 2023

Al Salam Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at 30 June 2023

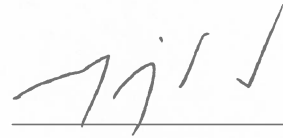
	30 June 2023 <i>(Reviewed)</i>	31 December 2022 <i>(Audited)</i>
	<i>BD '000</i>	<i>BD '000</i>
<b>ASSETS</b>		
Cash and balances with banks and central bank	572,912	367,747
Placements with financial institutions	178,262	113,096
Investment in sukuk	932,591	837,381
Financing assets	2,559,021	1,986,465
Non trading investments	110,654	106,796
Takaful and related assets	53,309	51,690
Investment in real estate	75,925	62,462
Investment in associates	221,406	254,006
Other assets	91,184	67,720
Goodwill and other intangible assets	75,547	51,998
<b>TOTAL ASSETS</b>	<b>4,870,811</b>	<b>3,899,361</b>
<b>LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS, OWNERS' EQUITY AND NON-CONTROLLING INTEREST</b>		
<b>LIABILITIES</b>		
Placements from financial institutions and customers	175,457	187,724
Customers' current accounts	960,976	550,281
Murabaha term financing	418,317	320,989
Takaful and related liabilities	92,225	91,741
Other liabilities	105,896	78,798
<b>TOTAL LIABILITIES</b>	<b>1,752,871</b>	<b>1,229,533</b>
<b>EQUITY OF INVESTMENT ACCOUNTHOLDERS</b>		
Wakala from financial institutions	310,231	319,339
Wakala and mudaraba from customers	2,423,631	2,013,134
<b>TOTAL EQUITY OF INVESTMENT ACCOUNTHOLDERS</b>	<b>2,733,862</b>	<b>2,332,473</b>
<b>OWNERS' EQUITY</b>		
Share capital	261,692	249,231
Treasury shares	(9,878)	(12,021)
Share premium	209	209
Retained earnings	27,400	31,691
Reserves	38,422	34,141
<b>Total owners' equity</b>	<b>317,845</b>	<b>303,251</b>
Non-controlling interest	66,233	34,104
<b>TOTAL EQUITY</b>	<b>384,078</b>	<b>337,355</b>
<b>TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS, OWNERS' EQUITY AND NON-CONTROLLING INTEREST</b>	<b>4,870,811</b>	<b>3,899,361</b>



H.E. Shaikh Khalid bin Mustahil Al Mashani  
Chairman



Matar Mohamed Al Blooshi  
Deputy Chairman




Rafik Nayed  
Group Chief Executive Officer

The attached notes 1 to 19 form part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INCOME STATEMENT  
For the six months period ended 30 June 2023

	Three months ended	Three months ended	Six months ended	Six months ended
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Note	BD '000	BD '000	BD '000	BD '000
<b>INCOME</b>				
Finance income	44,510	19,411	77,030	37,428
Income from sukuk	11,652	8,163	22,417	15,255
Income from non-trading investments, net	7,966	-	7,948	(1,480)
Fees and commission, net	4,615	2,324	6,816	4,118
Share of profit from associates, net	5,175	447	11,632	895
Income from Takaful operations, net	2,400	-	3,797	-
Other income	831	(76)	1,407	666
<b>Total income</b>	<b>77,149</b>	<b>30,269</b>	<b>131,047</b>	<b>56,882</b>
Finance expense on placements from financial institutions	(3,011)	(614)	(5,397)	(1,406)
Finance expense on murabaha term financing	(5,647)	(687)	(10,112)	(1,158)
Return on equity of investment accountholders before Group's share as a mudarib and wakil	(46,995)	(18,673)	(81,294)	(35,294)
Group's share as a mudarib and wakil	22,009	9,640	35,948	17,141
Share of profit of investment accountholders	(24,986)	(9,033)	(45,346)	(18,153)
<b>Net operating income</b>	<b>43,505</b>	<b>19,935</b>	<b>70,192</b>	<b>36,165</b>
<b>EXPENSES</b>				
Staff cost	8,702	5,077	15,307	9,434
Premises cost	861	419	1,559	809
Depreciation and amortization	1,170	319	1,820	645
Other operating expenses	7,764	3,237	13,258	5,688
<b>Total expenses</b>	<b>18,497</b>	<b>9,052</b>	<b>31,944</b>	<b>16,576</b>
<b>PROFIT BEFORE IMPAIRMENT ALLOWANCES</b>	<b>25,008</b>	<b>10,883</b>	<b>38,248</b>	<b>19,589</b>
Net impairment charge on financial assets and investments	(12,847)	(3,879)	(15,199)	(6,069)
<b>NET PROFIT BEFORE TAX</b>	<b>12,161</b>	<b>7,004</b>	<b>23,049</b>	<b>13,520</b>
Tax for the period	(1,181)	-	(1,181)	-
<b>NET PROFIT FOR THE PERIOD</b>	<b>10,980</b>	<b>7,004</b>	<b>21,868</b>	<b>13,520</b>
<b>ATTRIBUTABLE TO:</b>				
- Shareholders of the bank	10,279	7,007	20,554	13,519
- Non-controlling interest	701	(3)	1,314	1
<b>Basic and diluted earnings per share (fils)</b>	<b>4.0</b>	<b>2.8</b>	<b>8.0</b>	<b>5.5</b>

  
H.E. Shaikh Khalid bin Mustahil Al Mashani  
Chairman

  
Matar Mohamed Al Blooshi  
Deputy Chairman

  
Rafik Naved  
Group Chief Executive Officer

The attached notes 1 to 19 form part of the condensed consolidated interim financial information.

Al Salam Bank B.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS EQUITY

For the six months period ended 30 June 2023 (Reviewed)

BD '000

	<i>Attributable to shareholders of the bank</i>												
	<i>Reserves</i>												
	<i>Share capital</i>	<i>Treasury stock</i>	<i>Share premium</i>	<i>Retained earnings</i>	<i>Statutory reserve</i>	<i>Share grant scheme</i>	<i>Investment fair value reserve</i>	<i>Real estate fair value reserve</i>	<i>Foreign exchange reserve</i>	<i>Total reserves</i>	<i>Total owners' equity</i>		<i>Non-controlling interest</i>
<b>Balance at 1 January 2023</b>	<b>249,231</b>	<b>(12,021)</b>	<b>209</b>	<b>31,691</b>	<b>21,759</b>	<b>1,934</b>	<b>(8,643)</b>	<b>22,799</b>	<b>(3,708)</b>	<b>34,141</b>	<b>303,251</b>	<b>34,104</b>	<b>337,355</b>
Profit for the period	-	-	-	20,554	-	-	-	-	-	-	20,554	1,314	21,868
Movement in fair value, net	-	-	-	-	-	-	(322)	-	-	(322)	(322)	-	(322)
Movement in share of reserve of investment in associate	-	-	-	-	-	-	2,384	-	-	2,384	2,384	-	2,384
Movement in FX translation reserve	-	-	-	-	-	-	-	-	3,123	3,123	3,123	-	3,123
<b>Total recognised income and expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,554</b>	<b>-</b>	<b>-</b>	<b>2,062</b>	<b>-</b>	<b>3,123</b>	<b>5,185</b>	<b>25,739</b>	<b>1,314</b>	<b>27,053</b>
Bonus shares issued	12,461	-	-	(12,461)	-	-	-	-	-	-	-	-	-
Cash dividend for the year 2022	-	-	-	(12,359)	-	-	-	-	-	-	(12,359)	-	(12,359)
Shares allocated to staff during the period	-	2,143	-	(25)	-	(303)	-	-	-	(303)	1,815	-	1,815
Movements in non-controlling interest	-	-	-	-	-	-	-	-	(601)	(601)	(601)	30,815	30,214
<b>Balance at 30 June 2023</b>	<b>261,692</b>	<b>(9,878)</b>	<b>209</b>	<b>27,400</b>	<b>21,759</b>	<b>1,631</b>	<b>(6,581)</b>	<b>22,799</b>	<b>(1,186)</b>	<b>38,422</b>	<b>317,845</b>	<b>66,233</b>	<b>384,078</b>
Balance at 1 January 2022	241,972	(12,473)	209	19,531	18,600	-	9,532	22,865	(3,985)	47,012	296,251	508	296,759
Profit for the period	-	-	-	13,519	-	-	-	-	-	-	13,519	1	13,520
Movement in fair value, net	-	-	-	-	-	-	(7,611)	(57)	-	(7,668)	(7,668)	-	(7,668)
Reclassified to amortized cost	-	-	-	-	-	-	(4,612)	-	-	(4,612)	(4,612)	-	(4,612)
Movement in FX translation reserve	-	-	-	-	-	-	-	-	(591)	(591)	(591)	-	(591)
<b>Total recognised income and expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,519</b>	<b>-</b>	<b>-</b>	<b>(12,223)</b>	<b>(57)</b>	<b>(591)</b>	<b>(12,871)</b>	<b>648</b>	<b>1</b>	<b>649</b>
Bonus shares issued	7,259	-	-	(7,259)	-	-	-	-	-	-	-	-	-
Cash dividend for the year 2021	-	-	-	(9,121)	-	-	-	-	-	-	(9,121)	-	(9,121)
Purchase of treasury shares	-	456	-	106	-	-	-	-	-	-	562	-	562
Movements in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	229	229
<b>Balance at 30 June 2022</b>	<b>249,231</b>	<b>(12,017)</b>	<b>209</b>	<b>16,776</b>	<b>18,600</b>	<b>-</b>	<b>(2,691)</b>	<b>22,808</b>	<b>(4,576)</b>	<b>34,141</b>	<b>288,340</b>	<b>738</b>	<b>289,078</b>

The attached notes 1 to 19 form part of the condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months period ended 30 June 2023

	<b>30 June</b>	<b>30 June</b>
	<b>2023</b>	<b>2022</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>BD '000</b>	<b>BD '000</b>
<b>OPERATING ACTIVITIES</b>		
Net profit for the year	<b>21,868</b>	13,520
Adjustments:		
Tax for the period	<b>1,181</b>	
Depreciation and amortisation of intangible	<b>1,820</b>	645
Amortisation of premium on sukuk - net	<b>234</b>	874
Loss from non-trading investments	<b>366</b>	1,710
Net impairment charge	<b>15,199</b>	6,069
Share of profits from associates	<b>(11,632)</b>	(895)
Operating income before changes in operating assets and liabilities	<b>29,036</b>	21,923
<b>Changes in operating assets and liabilities:</b>		
Mandatory reserve with central bank	<b>(1,786)</b>	(567)
Financing assets	<b>(586,044)</b>	(163,007)
Takaful and related assets	<b>(1,619)</b>	229
Other assets	<b>(4,546)</b>	(2,318)
Placements from financial institutions and customers	<b>(12,267)</b>	(5,702)
Customers' current accounts	<b>410,695</b>	37,791
Takaful liabilities	<b>484</b>	-
Other liabilities	<b>(270,309)</b>	(477)
Equity of investment accountholders	<b>401,389</b>	72,075
<b>Net cash (used in) operating activities</b>	<b>(34,967)</b>	(40,053)
<b>INVESTING ACTIVITIES</b>		
Acquisition of sukuk, net	<b>(95,122)</b>	(93,090)
Cash acquired as part of business combination	<b>297,407</b>	-
Disposal of non-trading investments and real estate	<b>78</b>	10,479
Dividends received from associates	<b>15,754</b>	-
Purchase of premises and equipment	<b>(976)</b>	(2,196)
<b>Net cash from / (used in) investing activities</b>	<b>217,141</b>	(84,807)
<b>FINANCING ACTIVITIES</b>		
Drawdown of murabaha term financing	<b>103,405</b>	56,552
Dividends paid	<b>(12,359)</b>	(9,121)
Purchase of treasury shares	<b>-</b>	562
<b>Net cash from financing activities</b>	<b>91,046</b>	47,993
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>273,220</b>	(76,867)
Cash and cash equivalents at 1 January	<b>383,532</b>	395,947
<b>CASH AND CASH EQUIVALENTS AT 30 June</b>	<b>656,752</b>	319,080
<b>Cash and cash equivalents comprise of:*</b>		
Cash and other balances with central bank	<b>96,935</b>	89,954
Balances with other banks **	<b>381,541</b>	116,160
Placements with financial institutions with original maturities of less than 90 days	<b>178,276</b>	112,966
	<b>656,752</b>	319,080

\* Cash and cash equivalents is gross of the expected credit loss of BD 119 thousand (2022: BD 79 thousand).

\*\* Balances with other banks is net of restricted cash of BD 2,300 thousand which is not available for day to day operations (2022: BD 7,574 thousand).

The attached notes 1 to 19 form part of the condensed consolidated interim financial information.

**1 REPORTING ENTITY**

Al Salam Bank B.S.C. ("the Bank") was incorporated in the Kingdom of Bahrain under the Bahrain Commercial Companies Law No. 21/2001 and registered with Ministry of Industry and Commerce ("MOIC") under Commercial Registration number 59308 on 19 January 2006. The Bank is regulated and supervised by the Central Bank of Bahrain ("the CBB") and has an Islamic retail banking license and operates under Islamic principles in accordance with all relevant regulatory guidelines for Islamic banks issued by the Central Bank of Bahrain ("CBB").

The Bank's registered office is at Building 935, Road 1015, Block 410, Sanabis, Kingdom of Bahrain. The Bank's ordinary shares are listed in Bahrain Bourse and Dubai Financial Market.

The principal subsidiaries as follows:

Name of entity	Country of incorporation	Principal activities	Effective holding %	
			2023	2022
Al Salam Bank- Seychelles	Seychelles	Provide Banking services	70.00%	70.00%
Solidarity Group Holding BSC (c)	Bahrain	Holding Company	55.91%	55.91%
Al Salam Bank Algeria *	Algeria	Provide Banking services	68.03%	-

The Bank and its principal banking subsidiary operates through 16 branches (2022: 23 branches) in the Kingdom of Bahrain and 1 branch (2022: 1 branch) in Seychelles and offer a full range of Shari'a-compliant banking services and products. The activities of the Bank includes managing profit sharing investment accounts, offering Islamic financing contracts, dealing in Shari'a-compliant financial contracts as principal / agent, managing Shari'a-compliant financial contracts and other activities permitted for under the CBB's Regulated Islamic Banking Services as defined in the licensing framework.

\*During the period, the Group has increased its legal shareholding in Al Salam Bank Algeria (ASBA) to 53.13%, thereby establishing control. Furthermore, the Group has firm commitments at agreed pricing terms from other selling shareholders to increase its shareholding by another 14.90%, which is currently under a regulatory approval process. Accordingly, the Bank has present access to 68.03% of the interest in ASBA. The Group has applied the anticipated acquisition method and consolidated the results and financial position of ASBA from 1 April 2023 (refer note 18)

These condensed consolidated interim financial information have been authorised for issue in accordance with a resolution of the Board of Directors dated 10 August 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.

**2.1 SIGNIFICANT ACCOUNTING POLICIES**

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 the preparation of the Group's annual audited consolidated financial statements as at and for the year ended 31 December 2022.

**A. 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.



**2.1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(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 interim financial information.

**B. 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 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 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 statement in line with the wider market practice.

**(ii) FAS 40 Financial Reporting for Islamic Financing Windows**

This standard requires conventional financial institutions offering Islamic financial services through an Islamic financing window to prepare and present the financial statements of Islamic finance window in line with the requirements of this standard, read with other AAOIFI FAS's. This standard provides principles of financial reporting including the presentation and disclosure requirements applicable to Islamic finance windows.

**(iii) FAS 42 Presentation and Disclosures in the Financial Statements of Takaful Institutions**

This standard sets out the principles for the presentation and disclosure in the financial statements of Takaful Institutions and prescribes the set of financial statements that the institutions should periodically publish to satisfy the common information needs of users of financial statements. Further this standard also establishes the general principles of presentation of information and adequately reflecting the rights and obligations of different stakeholders within the Takaful business model. This standard should be read in conjunction with FAS 43 – Accounting for Takaful Recognition and Measurement.

This standard supersedes the existing FAS 12 General presentation and disclosures in the financial statements of Islamic Takaful Companies and introduces following key changes:

- a) the standard is aligned with the AAOIFI Conceptual Framework for Financial Reporting (Revised 2020) and FAS 1 General Presentation and Disclosures in the Financial Statements;
- b) the presentation and disclosure in the standard have been amended to be aligned with the Sharia principles and rules relating to Takaful, whereby the Takaful operator is distinct from the participants' funds (including participants' Takaful fund (PTF) and participants' investment fund (PIF));

**2.1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(iii) FAS 42 Presentation and Disclosures in the Financial Statements of Takaful Institutions (continued)**

- c) the PTF and PIF are considered to be off-balance sheet assets under management, therefore, separate from the Takaful Operator;
- d) statements for the managed PTF and managed PIF have been introduced, including separate statements for financial position and financial activities of the managed PTF;
- e) disclosures of Zakah, Charity and Qard funds have been relocated to the notes to the financial statements in line with FAS 1; and
- f) new definitions of Takaful, Takaful institution, Takaful operator, PIF and PTF have been introduced.

This standard is applicable to all Takaful institutions regardless of their legal form or size, including Takaful window operations and is effective for the financial reporting periods beginning on or after 1 January 2025 with an option to early adopt.

Based on management assessment for the takaful portfolio of the takaful subsidiary, this standard is not expected to have a material impact on the consolidated financial statements of the Group.

**(iv) FAS 43 Accounting for Takaful Recognition and Measurement**

This standard supersedes the following FAS; FAS 13 – Disclosure of Bases for Determining and Allocation Surplus or Deficit in Islamic Takaful Companies; FAS 15 – Provisions and Reserves in Islamic Takaful Companies and FAS 19 – Contributions in Islamic Takaful Companies introduces following key changes:

- a) the standard is aligned with the AAOIFI Conceptual Framework for Financial Reporting (Revised 2020) and FAS 1 General Presentation and Disclosures in the Financial Statements;
- b) the principal accounting treatments in respect of Takaful arrangements have been aligned with the globally generally accepted accounting principles and newer regulatory requirements (where applicable);
- c) new accounting treatments have been introduced in respect of matters which were not addressed or superseded standards or were not in line with the global best practices, particularly with regard to the accounting for provisions (or liability, as appropriate) for Takaful arrangements and accounting treatment and presentation for the investment component;
- d) accounting treatments mapped in the standard are mapped to the Sharia principles and rules relating to Takaful, including the rights and obligations of respective stakeholders of Takaful arrangements;
- e) new definitions for the accounting terms in respect of the newly introduced accounting treatments, as well as, improved definitions for earlier used terms, have been incorporated; and
- f) accounting treatments respect to ancillary transactions have been introduced, particularly the transactions and balances between various stakeholders of Takaful institutions, eg. Accounting for Wakala fees an Qard Hassan.

Under the transitional provisions of this standard, following approaches are prescribed upon first time adoption:

- 1) A full retrospective approach – whereby the effects of transition shall be incorporated from the beginning of the earliest period presented in the financial statements; however, the disclosure of the effect of such adoption in each line item and to the basic and diluted earnings per share shall not be mandatory; or
- 2) A modified retrospective approach – whereby effects of transition shall be taken to retained earnings, as well as accumulated surplus or deficit in the respective Takaful funds at the beginning of the current financial period; or
- 3) A fair value option – whereby the Takaful residual margin or loss component of the provision for the remaining entitlement period, at the transition date (beginning of the current period) shall be determined as the difference between fair value of Takaful arrangements at that date and the fair value of the fulfilment cashflows measured at that date, and the corresponding effects shall be adjusted in the retained earnings of Takaful institution, as well as accumulated surplus or deficit in the respective Takaful funds.

This standard shall apply to Takaful institutions (including in their capacity of being Takaful operators) and their managed participants' Takaful fund (PTF) and managed participants investment funds (PIF) in respect of the following, a) Takaful arrangements, including re-Takaful arrangements issued; b) re-Takaful arrangements held; c) investment contracts with or without discretionary features that are issued along with, and part of, the Takaful arrangements; and d) ancillary transactions related to Takaful operations. This standard is effective for the financial reporting periods beginning on or after 1 January 2025 with an option to early adopt.

Based on management assessment for the Takaful portfolio of the Takaful subsidiary, this standard is not expected to have a material impact on the consolidated financial statements of the Group.

**2.2 SHARE CAPITAL**

The shareholders in their Annual General Meeting held on 20 March 2023 approved to issue 124,615,721 bonus shares of BD 12,462 thousand representing 5% of issued share capital and approved a cash dividends of BD 12,359 thousand (2022: BD 7,259 thousand) being 5 fils per share or 5% of the par value of BD 0.100 per share excluding treasury shares. The total outstanding shares as of 30 June 2023 were 2,616,930,150 shares (December 2022: 2,492,314,429 shares). The calculation of basic and diluted earnings per share for previous period has also been adjusted to reflect the impact of bonus shares.

**3 INVESTMENT IN SUKUK**

	30 June 2023		
	Sovereign Sukuk	Corporate Sukuk	Total
	BD '000	BD '000	BD '000
<b>Carried at FVTE</b>			
At 1 January 2023	210,846	15,772	226,618
Purchases	163,393	10,090	173,483
Sale / redemption	(48,580)	(1,804)	(50,384)
Fair value movement	22	(344)	(322)
Profit accrual / Dividend	509	68	577
<b>Closing balance</b>	<b>326,190</b>	<b>23,782</b>	<b>349,972</b>

This includes sukuk with carrying value of BD 139,843 thousand (2022: BD 76,360 thousand) which are pledged against murabaha term financing.

	30 June 2023		
	Sovereign Sukuk	Corporate Sukuk	Total
	BD '000	BD '000	BD '000
<b>Carried at Amortised cost</b>			
At 1 January 2023	587,008	23,756	610,764
Reclassification	-	(5,901)	(5,901)
Purchases	62,107	15,718	77,825
Redemptions/ sale	(91,521)	(9,484)	(101,005)
Impairment / reversal	(286)	60	(226)
Amortisation	(25)	9	(16)
Profit accrual / Dividend	1,057	121	1,178
<b>Closing balance</b>	<b>558,340</b>	<b>24,279</b>	<b>582,619</b>
	<b>884,530</b>	<b>48,061</b>	<b>932,591</b>

This includes sukuk with carrying value of BD 282,469 thousand (2022: 332,242 thousand) which are pledged against murabaha term financing. Sukuk with carrying value of BD 19,044 thousand (2022: BD 16,182 thousand) treated as equity sukuk.

<b>Breakup of Sukuk by type</b>	2023	2022
	BD '000	BD '000
Sovereign Sukuk	884,530	797,177
Corporate Sukuk	48,061	40,204
<b>Closing balance</b>	<b>932,591</b>	<b>837,381</b>

<b>Breakup of Sukuk by rating</b>	2023	2022
	BD '000	BD '000
Investment grade (AAA - BBB+)	17,583	22,712
High Yielding (Below BBB-)	7,248	840
Un-rated Sukuk	23,293	16,759
Allowance for credit losses	(63)	(107)
	<b>48,061</b>	<b>40,204</b>

**4 FINANCING ASSETS**

	30 June 2023 (Reviewed)				
	Stage 1: 12- month ECL	Stage 2: Lifetime ECL not credit-	Stage 3: Lifetime ECL credit- impaired	POCI	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Finance lease assets	800,419	31,450	16,653	6,506	855,028
Murabaha financing	698,517	19,101	36,224	4,384	758,226
Mudaraba financing	595,588	33,187	8,644	61	637,480
Musharaka financing	32,415	-	276	-	32,691
Credit cards	13,467	328	1,264	-	15,059
Salam	276,071	3,160	-	1,362	280,593
Istisnaa	40,636	4,727	-	249	45,612
<b>Total financing assets</b>	<b>2,457,113</b>	<b>91,953</b>	<b>63,061</b>	<b>12,562</b>	<b>2,624,689</b>
Allowance for credit losses	(20,875)	(8,937)	(34,113)	(435)	(64,360)
Foreign currency translation	(1,308)	-	-	-	(1,308)
	<b>2,434,930</b>	<b>83,016</b>	<b>28,948</b>	<b>12,127</b>	<b>2,559,021</b>

**4 FINANCING ASSETS (continued)**

	31 December 2022 (Audited)				
	Stage 1: 12-month ECL	Stage 2:	Stage 3:	POCI	Total
		Lifetime	Lifetime		
		ECL not credit-impaired	ECL credit-impaired		
BD '000	BD '000	BD '000	BD '000	BD '000	
Finance lease assets	703,638	42,296	10,843	4,151	760,928
Murabaha financing	629,700	35,664	18,708	5,774	689,846
Mudaraba financing	507,456	23,699	8,555	-	539,710
Musharaka financing	14,725	14,921	276	-	29,922
Credit cards	13,075	456	1,464	-	14,995
Total financing assets	1,868,594	117,036	39,846	9,925	2,035,401
Allowance for credit losses	(17,309)	(12,290)	(19,337)	-	(48,936)
	<b>1,851,285</b>	<b>104,746</b>	<b>20,509</b>	<b>9,925</b>	<b>1,986,465</b>

The balance of allowance for credit loss in the below table for financing assets

	30 June 2023 (Reviewed)				
	Stage 1: 12-month ECL	Stage 2:	Stage 3:	POCI	Total
		Lifetime	Lifetime		
		ECL not credit-impaired	ECL credit-impaired		
BD '000	BD '000	BD '000	BD '000	BD '000	
<b>Balance at the beginning of the period</b>	<b>17,309</b>	<b>12,290</b>	<b>19,337</b>	<b>-</b>	<b>48,936</b>
<b>Changes due to receivables recognised in opening balance that have:</b>					
Movement between stages, net	(1,236)	(1,606)	2,842	-	-
Movement of loss allowance, net	4,802	(1,747)	11,919	(1,497)	13,477
Exchange adjustments and other transfers on settlement	-	-	15	1,932	1,947
<b>Balance at the end of the period</b>	<b>20,875</b>	<b>8,937</b>	<b>34,113</b>	<b>435</b>	<b>64,360</b>

	31 December 2022 (Audited)				
	Stage 1: 12-month ECL	Stage 2:	Stage 3:	POCI	Total
		Lifetime	Lifetime		
		ECL not credit-impaired	ECL credit-impaired		
BD '000	BD '000	BD '000	BD '000	BD '000	
Balance at the beginning of the period		15,028	7,279	13,907	36,214
Changes due to receivables recognised in opening balance that have:					
Movement between stages, net		(1,499)	1,067	432	-
Net movement of loss allowance, net		5,196	3,944	4,849	13,989
Exchange adjustments and other transfers on settlement		(1,416)	-	(2)	(1,418)
Amounts written off during the period		-	-	151	151
Balance at the end of the period		<b>17,309</b>	<b>12,290</b>	<b>19,337</b>	<b>48,936</b>

The accumulated depreciation on finance lease assets as of 30 June 2023 amounted to BD 30,478 thousand (2022: BD 70,236 thousand).

The POCI assets are currently carried at 26.4% compared to their original contractual outstanding amounts. On a cumulative basis, the impaired assets (Stage 3 and POCI) have an effective loss coverage of 62.9% compared to their original contractual outstanding amounts.

Murabaha financing is reported net of deferred profits of BD 22,317 thousand (2022: BD 71,281 thousand).

**5 MOVEMENT IN NET ALLOWANCE FOR CREDIT LOSSES / IMPAIRMENT**

The balance of allowance for credit loss in the below table includes all financial assets and off-balance sheet exposures in addition to financing assets.

	30 June 2023 (Reviewed)				
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit-impaired	Stage 3: Lifetime ECL credit-impaired	POCI	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
<b>Balance at the beginning of the period</b>	18,257	12,327	27,150	-	57,734
<b>Changes due to receivables recognised in opening balance that have:</b>					
- transferred to Stage 1: 12 month ECL	343	(242)	(101)	-	-
- transferred to Stage 2: Lifetime ECL not credit-impaired	(1,557)	2,127	(570)	-	-
- transferred to Stage 3: Lifetime ECL credit-impaired	(290)	(3,431)	3,721	-	-
Net movement of loss allowance	5,378	(1,625)	11,693	(1,497)	13,949
Recoveries / write-backs	-	-	(461)	-	(461)
<b>Allowance for credit losses</b>	3,874	(3,171)	14,282	(1,497)	13,488
Exchange adjustments and other transfers	(2)	(3)	(80)	1,932	1,847
<b>Balance at the end of the period</b>	22,129	9,153	41,352	435	73,069

	30 June 2023 (Reviewed)				
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit-impaired	Stage 3: Lifetime ECL credit-impaired	POCI	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Cash and balances with banks and central bank	44	62	-	-	106
Placements with financial institutions	11	2	-	-	13
Sovereign sukuk	517	2	-	-	519
Corporate sukuk	21	42	-	-	63
Financing assets	20,875	8,937	34,113	435	64,360
Loans and advances to customers					
- Assets under conversion	566	-	5,029	-	5,595
- Other receivables	-	-	2,182	-	2,182
Financing commitments and financial guarantee contracts	95	108	28	-	231
	22,129	9,153	41,352	435	73,069

	30 June 2023 (Reviewed)	30 June 2022 (Reviewed)
Cash and balances with banks and central bank	(26)	4
Placements with financial institutions	(70)	2
Sukuk	336	382
Financing assets	13,477	3,015
Other Assets	12	334
Financing commitments and financial guarantee contracts	(241)	156
	13,488	3,893

**Net impairment charge on financial assets and investment for the period**

	30-Jun 2023	30-Jun 2022
	BD '000	BD '000
Net impairment charge on investments	1,711	2,176
	1,711	2,176
Net impairment charge on financial assets	5,919	3,893
Day 1 ECL on, financing assets acquired (Note 18)	7,569	-
	13,488	3,893
	15,199	6,069

**5 MOVEMENT IN NET ALLOWANCE FOR CREDIT LOSSES / IMPAIRMENT (continued)**

The balance of allowance for credit loss in the below table includes all financial assets and off-balance sheet exposures in addition to financing assets.

	30 June 2022 (Reviewed)				Total BD '000
	Stage 1: 12- month ECL	Stage 2: Lifetime ECL not credit- impaired	Stage 3: Lifetime ECL credit- impaired	POCI	
	BD '000	BD '000	BD '000	BD '000	
Balance at the beginning of the period	15,627	7,332	21,525	-	44,484
Changes due to receivables recognised in opening balance that have:					
- transferred to Stage 1: 12 month ECL	871	(871)	-	-	-
- transferred to Stage 2: Lifetime ECL not credit-impaired	(78)	1,197	(1,119)	-	-
- transferred to Stage 3: Lifetime ECL credit-impaired	(45)	-	45	-	-
Net movement of loss allowance	1,874	397	1,702	-	3,973
Recoveries / write-backs	-	-	(80)	-	(80)
Allowance for credit losses	2,622	723	548	-	3,893
Exchange adjustments and other transfers	(1,416)	-	(2)	-	(1,418)
Amounts written off during the period	-	-	(352)	-	(352)
Balance at the end of the period	16,833	8,055	21,719	-	46,607

	30 June 2022 (Reviewed)				Total BD '000
	Stage 1: 12- month ECL	Stage 2: Lifetime ECL not credit- impaired	Stage 3: Lifetime ECL credit- impaired	POCI	
	BD '000	BD '000	BD '000	BD '000	
Cash and balances with banks and central bank	77	-	-	-	77
Placements with financial institutions	2	-	-	-	2
Sovereign sukuk	400	-	-	-	400
Corporate sukuk	142	-	-	-	142
Financing assets	15,666	8,055	13,722	-	37,443
Loans and advances to customers					
- Assets under conversion	5	-	5,535	-	5,540
- Other receivables	42	-	2,182	-	2,224
Financing commitments and financial guarantee contracts	499	-	280	-	779
	16,833	8,055	21,719	-	46,607

**6 TAKAFUL ASSETS AND LIABILITIES**

	30 June 2023 (Reviewed) BD '000	31 December 2022 (Audited) BD '000
Retakaful share of outstanding claims	8,101	6,837
Retakaful share of unearned contribution	16,957	16,275
Takaful and other receivables	28,251	28,578
<b>Takaful assets</b>	<b>53,309</b>	<b>51,690</b>
Outstanding claims	23,917	23,600
Unearned contributions and other reserves	40,218	39,614
Unearned commission	720	636
Takaful and other payable	27,370	27,891
<b>Takaful liabilities</b>	<b>92,225</b>	<b>91,741</b>

As at 30 June 2023

**7 INVESTMENT IN ASSOCIATES, NET**

The Group has a 20.94% (2022: 20.94%) stake in Gulf African Bank ("GAB"), an Islamic commercial bank incorporated as the first Islamic bank in Kenya in August 2006, licensed by the Central Bank of Kenya.

During 2022, as part of its acquisition of the retail business of Ihmaar Holding, the Group acquired economic interests in a sharia compliant financing arrangement provided to FINCORP W.L.L (formerly Al Salam International W.L.L. ("ASI")), who is the holder of 26.19% stake in Bank of Bahrain and Kuwait B.S.C. ("BBK"), a retail bank incorporated in Bahrain and licensed by the Central Bank of Bahrain. FINCORP W.L.L's investment in BBK forms part of a security package assigned to the Bank under a shariah compliant financing structure. The Bank or its investment accountholders do not directly participate in the underlying business activities of FINCORP W.L.L and are not legal owners of its underlying assets. The returns generated by the Bank are to the extent of the profit and the respective repayment, if any, generated from the sharia compliant financing arrangement only. As per the requirements of the financial accounting standards, the effective economic interest of this arrangement is recognized in these financial statements.

	<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>(Reviewed)</b>	<b>(Audited)</b>
	<b>BD '000</b>	<b>BD '000</b>
Balance at the beginning of the period	<b>254,006</b>	14,533
Acquisitions during the period	-	217,820
Additional stake acquired during the period	-	19,897
Derecognition of associate due to step up acquisition (Note 18)	<b>(33,765)</b>	-
Share of profits	<b>11,632</b>	9,329
Share of other changes is equity	<b>2,384</b>	(7,412)
Dividends received from associates	<b>(12,946)</b>	-
Foreign exchange differences	<b>95</b>	(161)
<b>Balance at end of the period</b>	<b>221,406</b>	<b>254,006</b>

Following the summary of financial information of the Group's material investment in associates, which is adjusted for changes in accounting policies and fair value adjustments on acquisition.

Reconciliation of financial information to carrying value of Group's interest in BBK.

	<b>Indirect exposure BBK</b>
	<b>BD '000</b>
Group's holding	<b>26.19%</b>
Total assets	<b>3,888,063</b>
Total liabilities	<b>3,308,300</b>
Net assets (100%)	<b>579,763</b>
Group's share of recognised net assets	<b>151,840</b>
Acquisition accounting related adjustments	<b>65,202</b>
<b>Carrying amount of interest in associate</b>	<b>217,042</b>
Revenue	<b>83,000</b>
Profit (100%)	<b>38,541</b>
Other change in equity (comprehensive income)	<b>9,103</b>
Total comprehensive income (100%)	<b>47,644</b>
Group's share of profits	<b>10,094</b>
Groups share of other changes in equity	<b>2,384</b>

The market value of BBK stood at BD 221 million as at 30 June 2023. The values for disclosure purposes were determined using market value per share and were not adjusted for any holding of account related adjustments.

For other associates based on the summarized financial statements the Group's share of profit were BD 1,307 thousand (Q2 2022: 732 thousand), BD 211 thousand (Q2 2022: 163 thousand) and BD 20 thousand (Q2 2022: Nil), respectively.

**8 EQUITY OF INVESTMENT ACCOUNTHOLDERS (EIAH)**

Equity of investment accountholders comprise:

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>BD '000</i>	<i>BD '000</i>
Wakala from financial institutions	<b>310,231</b>	319,339
Wakala and mudaraba from customers	<b>2,423,631</b>	2,013,134
	<b>2,733,862</b>	2,332,473

The Group utilizes the funds from EIAH to finance assets.

Asset in which EIAH funds are invested:

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
<b>Asset</b>	<i>BD '000</i>	<i>BD '000</i>
Mandatory reserve with central bank	<b>94,432</b>	92,507
Cash and other balances with central bank	<b>2,802</b>	40,693
Placements with financial institutions	<b>153,511</b>	113,170
Investment in associate	<b>217,042</b>	217,509
Financing assets	<b>2,266,075</b>	1,868,594
	<b>2,733,862</b>	2,332,473

Equity of investment accountholder's fund is commingled with Group's mudaraba and wakala funds to form one general mudaraba pool. The pooled fund are used to fund and invest in income generating assets, however no priority is granted to any party for the purpose of investments and distribution of profits.

The Group does not allocate non-performing assets to EIAH pool. All the impairment allowances are allocated to owners' equity. Recoveries from non-performing financial assets are also not allocated to IAH accountholders. Only the profits earned on pool of assets funded from IAH are allocated between the owners' equity and IAH. As per the policy of the Group, minimum of 15% of return on assets earned is distributed to investment accountholders and up to 85% is retained by the Group as mudarib share. During the period, the Bank has sacrificed portion of its share of mudarib, in order to maintain a competitive profit distribution to the EIAH. The Group did not charge any administration expenses to investment account holders. The average profit rate attributed to the equity of investment accountholders based on the above ratio for the period ended 30 June 2023 was 3.70% (2022: 2.29%).

**9 INCOME FROM TAKAFUL OPERATIONS, NET**

	<i>30 June 2023</i>	<i>30 June 2022</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>BD '000</i>	<i>BD '000</i>
Net contribution earned	<b>20,749</b>	-
Net commission earned	<b>1,955</b>	-
	<b>22,704</b>	-
Less: Net claims incurred	<b>14,554</b>	-
Less: General & Administrative Expenses – Takaful operations	<b>4,353</b>	-
Income from Takaful operations, net	<b>3,797</b>	-

**10 INCOME FROM NON-TRADING INVESTMENTS**

	<i>30 June 2023</i>	<i>30 June 2022</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>BD '000</i>	<i>BD '000</i>
Net loss on investments	<b>(7,612)</b>	(1,480)
Gain on bargain purchase (Note 18)	<b>15,560</b>	-
	<b>7,948</b>	(1,480)



**11 RELATED PARTY TRANSACTIONS**

Related parties comprise major shareholders, directors of the Bank, senior management, close members of their families, entities owned or controlled by them and companies affiliated by virtue of common ownership with that of the Bank. The transactions with these parties were approved by the board of directors.

The balances with related parties at 30 June 2023 and 31 December 2022 were as follows:

	<i>30 June 2023 (Reviewed)</i>				
	<i>Associates and joint ventures</i>	<i>Major shareholders</i>	<i>Directors and related entities</i>	<i>Senior management</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
<b>Assets:</b>					
Cash and balances with banks and central bank	-	107	-	-	107
Financing assets	20,437	8,410	1,860	1,419	32,126
Non trading investments	71,954	-	-	-	71,954
Investment in associates	221,406	-	-	-	221,406
Other assets	1,717	44	-	21	1,782
<b>Liabilities and equity of investment accountholders:</b>					
Placements from financial institutions	-	3,993	-	-	3,993
Customers' current accounts	2,042	344	3,876	856	7,118
Takaful liabilities	346	-	-	-	346
Equity of investment accountholders	3,353	2,847	6,634	2,103	14,937
Other liabilities	18	-	73	324	415
Contingent liabilities and commitments	-	-	151	-	151

	<i>31 December 2022 (Audited)</i>				
	<i>Associates and joint ventures</i>	<i>Major shareholders</i>	<i>Directors and related entities</i>	<i>Senior management</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
<b>Assets:</b>					
Cash and balances with banks and central bank	-	120	-	-	120
Financing assets	19,279	8,371	2,079	1,681	31,410
Non-trading investments	71,639	-	-	-	71,639
Investment in associates	254,006	-	-	-	254,006
Other assets	6,789	-	-	-	6,789
<b>Liabilities and equity of investment accountholders:</b>					
Placements from financial institutions	-	1,240	-	-	1,240
Customers' current accounts	2,907	2,208	3,466	865	9,446
Equity of investment accountholders	300	4,913	7,119	2,917	15,249
Other liabilities	19	-	27	12	58
Contingent liabilities and commitments	-	-	-	-	-

The income and expenses in respect of related parties included in the condensed consolidated income statement are as follows:

	<i>30 June 2023 (Reviewed)</i>				
	<i>Associates and joint ventures</i>	<i>Major shareholders</i>	<i>Directors and related entities</i>	<i>Senior management</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
<b>Income:</b>					
Finance income	664	322	64	28	1,078
Takaful Revenue	1,521	-	-	-	1,521
Income from non-trading investments, net	78	-	-	-	78
Share of profit from associates	11,632	-	-	-	11,632
<b>Expenses:</b>					
Finance expense on placements from financial institutions	-	78	-	-	78
Profit on placements from customers	449	-	-	-	449
Share of profits on equity of investment accountholders	40	124	136	38	338
Other operating expenses	-	-	-	1,139	1,139
Impairment Allowance	(1,522)	-	-	-	(1,522)

**11 RELATED PARTY TRANSACTIONS (continued)**

	<i>30 June 2022 (Reviewed)</i>				
	<i>Associates and joint ventures</i>	<i>Major shareholders</i>	<i>Directors and related entities</i>	<i>Senior management</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
<b>Income:</b>					
Finance income	507	125	97	32	761
Fees and commission	16	53	5	4	78
Loss from properties, net	-	-	-	(12)	(12)
Share of profit from associates	895	-	-	-	895
<b>Expenses:</b>					
Finance expense on placements from financial institutions	-	65	-	-	65
Share of profits on equity of investment accountholders	11	49	130	32	222
Other operating expenses	-	-	667	-	667
Impairment Allowance	(1,176)	-	(612)	-	(1,788)

**12 CONTINGENT LIABILITIES AND COMMITMENTS**

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>BD '000</i>	<i>BD '000</i>
<b>Contingent liabilities on behalf of customers</b>		
Guarantees	109,965	60,217
Letters of credit	153,291	12,611
Acceptances	2,161	1,254
	<b>265,417</b>	<b>74,082</b>
<b>Unutilised commitments</b>		
Unutilised financing commitments	326,835	196,652
Unutilised non-funded commitments	9,092	4,912
	<b>335,927</b>	<b>201,564</b>

Letters of credit, guarantees (including standby letters of credit) commit the Group to make payments on behalf of customers contingent upon their failure to perform under the terms of the contract.

Commitments generally have fixed expiration dates, or other termination clauses. Since commitments may expire without being utilized, the total contract amounts do not necessarily represent future cash requirements.

**13 WA'AD BASED FX TRANSACTIONS FOR RISK MANAGEMENT**

The Group entered into Wa'ad based FX transactions to manage its exposures to foreign currency risk. The fair values of FX Wa'ad instruments is as follows;

	<i>30 June 2023 (Reviewed)</i>		<i>31 December 2022 (Audited)</i>	
	<b>Notional Amount</b>	<b>Fair Value</b>	Notional Amount	Fair Value
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
<b>FX Wa'ad instruments</b>				
Assets position	26,541	529	62,926	1,247
Liabilities position	35,563	460	14,509	440

The above contracts have residual maturity of up to six months as at the end of the reporting period.

**14 SEGMENT INFORMATION****Primary segment information**

For management purposes, the Group is organised into the following primary business segments:

**Banking**

Principally managing Shari'a compliant profit sharing investment accounts, and offering Shari'a compliant financing contracts and other Shari'a-compliant products. This segment comprises corporate banking, retail banking, private banking and wealth management in Bahrain and through the Bank's subsidiary in Seychelles. Banking segment also includes the Group's investments in banking associates which are allocated as assets attributable to the jointly financed pool of investment accountholders. Other overseas associate investments form part of the investment segment.

**Treasury**

Principally handling Shari'a compliant money market, trading, fixed income products and treasury services including short-term commodity murabaha.

**Investments**

Principally the Group's proprietary portfolio and asset management services to clients with a range of investment products, funds and alternative investments. These also include the Group's investment in certain associates and joint ventures.

**Takaful**

Represents the Group's investment in Solidarity Group Holding BSC (c) which is primarily involved in the business of offering Shari'a compliant takaful contracts. These comprise motor, non-motor, medical, group life and family takaful products. All activities of this business including its investment activities are reported under this segment as they are managed together along with the Takaful business.

Transactions between banking and other segments are conducted at estimated allocated internal rates. Transfer charges are based on a pool rate which approximates the cost of funds.

Segment information is disclosed as follows:

	<i>30 June 2023 (Reviewed)</i>					
	<i>Banking</i>	<i>Treasury</i>	<i>Investments</i>	<i>Takaful</i>	<i>Unallocated</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Finance income	72,552	3,414	454	610	-	77,030
Income from sukuk	-	21,897	-	520	-	22,417
Income from non-trading investments, net	15,500	(7,921)	(326)	695	-	7,948
Fees and commission, net	6,148	632	36	-	-	6,816
Share of profit from associates, net	11,401	-	211	20	-	11,632
Income from Takaful operations, net	-	-	-	3,797	-	3,797
Other income	442	688	171	106	-	1,407
Finance expense on placements from financial institutions	(104)	(5,293)	-	-	-	(5,397)
Finance expense on murabaha term financing	-	(10,112)	-	-	-	(10,112)
Return on equity of investment	(37,388)	(7,578)	(380)	-	-	(45,346)
<b>Net operating income</b>	<b>68,551</b>	<b>(4,273)</b>	<b>166</b>	<b>5,748</b>	<b>-</b>	<b>70,192</b>
Staff cost	10,574	2,834	1,899	-	-	15,307
Premises cost and depreciation	2,674	452	253	-	-	3,379
Other operating expenses	6,402	1,899	2,297	2,660	-	13,258
<b>Operating income before impairment allowances</b>	<b>48,901</b>	<b>(9,458)</b>	<b>(4,283)</b>	<b>3,088</b>	<b>-</b>	<b>38,248</b>
Net impairment charge	(13,721)	(44)	(1,246)	(188)	-	(15,199)
Tax for the period	(1,181)	-	-	-	-	(1,181)
<b>Segment result</b>	<b>33,999</b>	<b>(9,502)</b>	<b>(5,529)</b>	<b>2,900</b>	<b>-</b>	<b>21,868</b>
<b>Segment assets</b>	<b>3,145,116</b>	<b>1,345,192</b>	<b>165,218</b>	<b>159,606</b>	<b>55,679</b>	<b>4,870,811</b>
<b>Segment liabilities, and EIAH</b>	<b>3,262,556</b>	<b>1,050,386</b>	<b>26,100</b>	<b>93,415</b>	<b>54,276</b>	<b>4,486,733</b>

**14 SEGMENT INFORMATION (continued)**

	30 June 2022 (Reviewed)					
	<i>Banking</i>	<i>Treasury</i>	<i>Investments</i>	<i>Takaful</i>	<i>Unallocated</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Finance income	36,555	873	-	-	-	37,428
Income from sukuk	-	15,255	-	-	-	15,255
Income from non-trading investments, net	-	-	(1,480)	-	-	(1,480)
Fees and commission, net	2,664	1,453	1	-	-	4,118
Share of profit from associates, net	-	-	895	-	-	895
Income from Takaful operations, net	-	-	-	-	-	-
Other income	634	262	(230)	-	-	666
Finance expense on placements from financial institutions	(614)	(792)	-	-	-	(1,406)
Finance expense on murabaha term financing	-	(1,158)	-	-	-	(1,158)
Return on equity of investment accountholders	(16,117)	(2,031)	(5)	-	-	(18,153)
Net operating income	23,122	13,862	(819)	-	-	36,165
Staff cost	6,265	2,178	991	-	-	9,434
Premises cost & depreciation	1,000	333	121	-	-	1,454
Other operating expenses	3,615	1,273	800	-	-	5,688
<i>Operating income before impairment allowances</i>	12,242	10,078	(2,731)	-	-	19,589
Net impairment charge	(3,280)	(613)	(2,176)	-	-	(6,069)
Segment result	8,962	9,465	(4,907)	-	-	13,520

Segment information for the year ended 31 December 2022 (Audited) was as follows:

Segment assets	2,211,788	1,286,557	197,264	154,523	49,229	3,899,361
Segment liabilities, and EIAH	2,436,309	937,770	15,739	93,397	78,791	3,562,006

The distribution of assets, liabilities and equity of investment accountholders by geographic segment was as follows:

	2023			2022		
	<i>Assets</i>	<i>Liabilities and equity of investment account holders</i>	<i>Contingent liabilities and commitments</i>	<i>Assets</i>	<i>Liabilities and equity of investment account holders</i>	<i>Contingent liabilities and commitments</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
GCC	3,835,412	3,197,280	230,048	3,652,878	3,071,611	266,346
International	1,035,399	1,289,453	371,295	246,483	490,395	9,300
<b>Total</b>	<b>4,870,811</b>	<b>4,486,733</b>	<b>601,343</b>	<b>3,899,361</b>	<b>3,562,006</b>	<b>275,646</b>

**15 FAIR VALUE HIERARCHY**

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

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

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

**Financial instruments measured at fair value**

The following table shows an analysis of the non-trading investments and sukuk portfolio carried at fair value in the condensed consolidated statement of financial position:

30 June 2023 (Reviewed)	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Sovereign sukuk	214,200	111,989	-	326,189
Corporate sukuk	23,437	346	-	23,783
Equity securities at fair value through income statement	3,415	6,191	81,606	91,212
Equity securities at fair value through equity	16,709	-	2,733	19,442
FX Wa'ad assets position	-	529	-	529
	257,761	119,055	84,339	461,155
FX Wa'ad liabilities position	-	460	-	460
	-	460	-	460

**15 FAIR VALUE HIERARCHY (continued)**

<b>31 December 2022 (Audited)</b>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Sovereign sukuk	73,071	139,635	-	212,706
Corporate sukuk	15,423	350	-	15,773
Investment securities at fair value through income statement	11,898	302	82,915	95,115
Investment securities at fair value through equity	8,881	-	2,800	11,681
FX Wa'ad assets position	-	1,247	-	1,247
	<u>109,273</u>	<u>141,534</u>	<u>85,715</u>	<u>336,522</u>
FX Wa'ad liabilities position	-	440	-	440
	<u>-</u>	<u>440</u>	<u>-</u>	<u>440</u>

**Financial instruments measured at amortized cost**

<b>30 June 2023 (Reviewed)</b>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Sovereign sukuk at amortized cost	<b>483,688</b>	<b>74,652</b>	-	<b>558,340</b>
Corporate sukuk at amortized cost	<b>18,524</b>	-	<b>5,755</b>	<b>24,279</b>
	<u><b>502,212</b></u>	<u><b>74,652</b></u>	<u><b>5,755</b></u>	<u><b>582,619</b></u>

**31 December 2022 (Audited)**

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
# Sovereign sukuk at amortized cost	496,936	87,535	-	584,471
Corporate sukuk at amortized cost	10,118	-	14,313	24,431
	<u>507,054</u>	<u>87,535</u>	<u>14,313</u>	<u>608,902</u>

The fair value of sukuk carried at amortized cost is BD 599,583 thousand (2022: BD579,528 thousand).

The movements in fair value of non-trading investments classified in Level 3 of the fair value hierarchy are as follows:

	<i>30 June</i>	<i>31 December</i>
	<i>2023</i>	<i>2022</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>BD '000</i>	<i>BD '000</i>
At 1 January	<b>85,715</b>	87,173
Transferred from Solidarity	-	2,805
Purchases	<b>34</b>	49
Disposals	-	(23)
Fair value changes	<b>112</b>	(275)
Impairment	<b>(1,522)</b>	(4,014)
	<u><b>84,339</b></u>	<u>85,715</u>

The sensitivity analysis for Level 3 of non-trading investments are summarized below:

<b>Valuation technique used</b>	<b>Key unobservable inputs</b>	<b>Fair value at 30 June 2023 BD'000</b>	<b>Reasonable possible shift +/- (in average input)</b>	<b>Increase / (decrease) in valuation</b>
Asset Valuation	Underlying real estate	104,761	+/- 5%	5,238 / (5,238)

The movements of sukuk portfolio carried at amortized cost classified in Level 3 of the fair value hierarchy are as follows:

	<i>30 June</i>	<i>31 December</i>
	<i>2023</i>	<i>2022</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>BD '000</i>	<i>BD '000</i>
At 1 January	<b>14,313</b>	-
Reclassified from FVTE	-	11,774
Additions/ redemptions	<b>(8,578)</b>	2,539
	<u><b>5,735</b></u>	<u>14,313</u>

**15 FAIR VALUE HIERARCHY (continued)**

The estimated fair value of yielding financing assets and financing liabilities approximates their carrying value as their pricing is not materially different to expected market return on such contracts.

**Financial instruments not measured at fair value**

The estimated fair value of yielding financing assets and financing liabilities approximates their carrying value as their pricing is not materially different to expected market return on such contracts.

The estimated fair values of other financial assets are not expected to be materially different from their carrying values as of 30 June 2023 and 31 December 2022 due to their short term nature.

**16 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.

**17 REGULATORY RATIOS****1) Liquidity Coverage Ratio (LCR)**

LCR has been developed to promote short-term resilience of a bank's liquidity risk profile. The LCR requirements aim to ensure that a bank has an adequate stock of unencumbered high quality liquidity assets (HQLA) that consists of assets that can be converted into cash immediately to meet its liquidity needs for a 30 calendar day stressed liquidity year. The stock of unencumbered HQLA should enable the bank to survive until day 30 of the stress scenario, by which time appropriate corrective actions would have been taken by management to find the necessary solutions to the liquidity crisis.

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

	<i>Total weighted value BD'000</i>	
	<i>30 June 2023 (Reviewed)</i>	<i>31 December 2022 (Audited)</i>
Stock of HQLA	<b>647,559</b>	538,323
Net cashflows	<b>299,132</b>	219,621
LCR %	<b>220.02%</b>	251.40%
Minimum required by CBB	<b>100%</b>	100%

**2) Capital Adequacy Ratio**

The primary objectives of the Group's capital management policies are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value. Capital adequacy for each of the group companies is also managed separately at individual company level. The Group does not have any significant restrictions on its ability to access or use its assets and settle its liabilities other than any restrictions that may result from the supervisory frameworks within which the banking subsidiaries operate.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

The regulatory capital and risk-weighted assets have been calculated in accordance with Basel III as adopted by the CBB.

<b>BD'000</b>	<i>As at</i>	
	<i>30 June 2023 (Reviewed)</i>	<i>31 December 2022 (Audited)</i>
CET 1 Capital before regulatory adjustments	<b>316,528</b>	302,173
Less: regulatory adjustments	<b>50,156</b>	34,562
CET 1 Capital after regulatory adjustments	<b>266,372</b>	267,611
AT 1 Capital	<b>2,807</b>	44
T2 Capital adjustments	<b>54,632</b>	38,415
<b>Regulatory Capital</b>	<b>323,811</b>	306,070
<b>Risk weighted exposure:</b>		
Credit Risk Weighted Assets	<b>1,429,717</b>	1,244,559
Market Risk Weighted Assets	<b>983</b>	38,237
Operational Risk Weighted Assets	<b>137,610</b>	113,494
<b>Total Regulatory Risk Weighted Assets</b>	<b>1,568,310</b>	1,396,290
Total Adjusted Risk Weighted Exposures	<b>1,568,310</b>	1,396,290
<b>Capital Adequacy Ratio</b>	<b>20.65%</b>	21.92%
<b>Tier 1 Capital Adequacy Ratio</b>	<b>17.16%</b>	19.17%

As of 30 June 2023, aggregate of modification loss of BD 16,512 thousand (2022: BD 24,768 thousand) has been added back to Tier 1 capital.

**17 REGULATORY RATIOS (continued)****2) Capital Adequacy Ratio (continued)**

As per CBB instructions, the above concessional treatment would be followed for three years ending 31 December 2020, 31 December 2021 and 31 December 2022, thereafter this amount will be proportionately deducted from Tier 1 capital for three years starting 1 January 2023.

**3) Net Stable funding Ratio**

The objective of the NSFR is to promote the resilience of banks' liquidity risk profiles and to incentivize a more resilient banking sector over a longer time horizon. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on-balance sheet and off-balance sheet items, and promotes funding stability.

NSFR is calculated in accordance with the Liquidity Risk Management Module guidelines, issued by CBB and its affective from 2019. The minimum NSFR ratio as per CBB is 100%.

The NSFR (as a percentage) as at 30 June 2023 is calculated as follows:

<i>BD'000</i>	<i>Unweighted Values (before applying relevant factors)</i>				<i>Total weighted value</i>
	<i>No specified maturity</i>	<i>Less than 6 months</i>	<i>More than 6 months and less than one year</i>	<i>Over one year</i>	
<b>Item</b>					
<b>Available Stable Funding (ASF):</b>					
<b>Capital:</b>					
Regulatory Capital	304,252	-	-	54,631	358,884
<b>Retail deposits and deposits from small business customers:</b>					
Stable deposits	-	230,482	7,283	6,653	232,529
Less stable deposits	-	1,303,298	439,112	281,388	1,849,557
<b>Wholesale funding:</b>					
Other wholesale funding	-	1,593,626	329,330	76,003	610,384
<b>Other liabilities:</b>					
All other liabilities not included in the above categories	-	135,288	-	-	-
<b>Total ASF</b>	<b>304,252</b>	<b>3,262,694</b>	<b>775,725</b>	<b>418,675</b>	<b>3,051,354</b>
<b>Required Stable Funding (RSF):</b>					
Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	33,154
<b>Performing financing and sukuk/ securities:</b>					
Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	247,681	-	12,501	49,653
Performing financing to non-financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	-	788,919	262,411	1,114,077	1,437,374
With a risk weight of less than or equal to 35% as per the Capital Adequacy Ratio guidelines	-	-	-	176,281	114,583
Performing residential mortgages, of which:	-	-	-	356,514	231,734
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	356,514	231,734
Securities/ sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	14,722	11,112	12,640	23,661
<b>Other assets:</b>					
All other assets not included in the above categories	727,286	17,806	-	68,943	740,948
OBS items	-	601,317	-	-	30,067
<b>Total RSF</b>	<b>727,286</b>	<b>1,670,445</b>	<b>273,523</b>	<b>1,564,676</b>	<b>2,546,591</b>
<b>NSFR (%)</b>	-	-	-	-	<b>119.82%</b>

**17 REGULATORY RATIOS (continued)****3) Net Stable funding Ratio (continued)**

The NSFR (as a percentage) as at 31 December 2022 is calculated as follows:

Item	BD'000	Unweighted Values (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	
<u>Available Stable Funding (ASF):</u>						
Capital:						
Regulatory Capital	279,592	-	-	-	38,415	318,007
Retail deposits and deposits from small business customers:						
Stable deposits	-	315,809	21,822	15,879	-	336,629
Less stable deposits	-	936,116	233,070	133,844	-	1,186,111
Wholesale funding:						
Other wholesale funding	-	1,452,526	184,892	87,198	-	473,702
Other liabilities:						
All other liabilities not included in the above categories	-	51,422	-	46,593	-	46,593
<b>Total ASF</b>	<b>279,592</b>	<b>2,755,873</b>	<b>439,784</b>	<b>321,929</b>	<b>-</b>	<b>2,361,042</b>
<u>Required Stable Funding (RSF):</u>						
Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	-	34,634
Performing financing and sukuk/ securities:						
Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	285,379	-	6,496	-	49,302
Performing financing to non- financial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	-	357,123	154,489	1,222,473	-	1,268,029
With a risk weight of less than or equal to 35% as per the Capital Adequacy Ratio guidelines	-	-	-	134,393	-	87,356
Performing residential mortgages, of which:	-	-	-	221,246	-	143,810
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	221,246	-	143,810
Securities/ sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	12,236	2,458	12,357	-	17,850
Other assets:						
All other assets not included in the above categories	557,037	14,025	-	88,124	-	652,174
OBS items	-	275,333	-	-	-	13,767
<b>Total RSF</b>	<b>557,037</b>	<b>944,096</b>	<b>156,947</b>	<b>1,550,696</b>	<b>-</b>	<b>2,179,566</b>
<b>NSFR (%)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108.33%</b>



**18 BUSINESS COMBINATION****Acquisition of subsidiary**

During the period, the Group has increased its legal shareholding in Al Salam Bank Algeria (ASBA) to 53.13%, thereby establishing control. Furthermore, the Group has firm commitments at agreed pricing terms from other selling shareholders to increase its shareholding by another 14.90%, which is currently under a regulatory approval process. Accordingly, the Bank has present access to 68.03% of the interest in ASBA. The Group has applied the anticipated acquisition method and consolidated the results and financial position of ASBA from 1 April 2023.

The fair value of assets, liabilities, equity interests will have been reported in these disclosures on a provisional basis and will be finalized within a period of 12 months from the date of acquisition. In line with the provisions of IFRS 3 “Business Combinations”, if new information, obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date, identified adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised. Revisions to provisional acquisition accounting will be reflected on a retrospective basis.

**a) Total consideration**

Total cash consideration of BD 18,450 thousand.

**b) Fair value of identifiable assets acquired and liabilities assumed**

The following table summarises the recognised amounts of assets acquired and liabilities assumed

<b>ASSETS ACQUIRED</b>	<i>BD '000</i>
Cash and bank balances with Central Bank of Algeria	297,407
Financing portfolio	479,418
Investment properties	13,683
Other assets	15,034
Intangible assets	24,476
<b>Total assets (A)</b>	<b>830,018</b>
<b>LIABILITIES ASSUMED</b>	
Customer current accounts	401,096
Other liabilities	35,873
<b>Total liabilities</b>	<b>436,969</b>
Equity of investment accountholders	293,422
<b>Total liabilities and equity of investment accountholders (B)</b>	<b>730,391</b>
<b>Total identifiable net assets acquired (C = A-B)</b>	<b>99,627</b>

The fair value of ASBA's intangible assets (banking license and customer relationships) has been measured provisionally.

**c) Gain on bargain purchase**

	<i>BD '000</i>
Consideration	18,450
Non controlling interest based on proportionate of identifiable net assets	31,850
Fair value of existing interest in ASBA	33,767
Fair value of identifiable net assets (C)	99,627
<b>Gain on bargain purchase</b>	<b>15,560</b>

In the three months ended 30 June 2023, ASBA contributed revenue of BD 9,978 thousand and loss of BD 557 thousand net of provisional acquisition adjustments to the Group's results. If the acquisition had occurred on 1 January 2023, management estimates that consolidated revenue would have been BD 20,429 thousand. It is impracticable to determine the profit or loss of the combined entity for the current reporting period assuming the acquisition had occurred on 1 January 2023, due to the impact of acquisition accounting adjustments and foreign exchange differences.

**19 COMPARATIVE FIGURES**

Certain of the prior year figures have been regrouped to conform to the current year presentation. Such grouping did not affect previously reported net profit, total assets, total liabilities and total equity of the Group.