

ITHMAAR BANK B.S.C. (c)

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
30 JUNE 2024

ITHMAAR BANK B.S.C. (c)
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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

To the Board of Directors of
Ithmaar Bank B.S.C. (c)
Kingdom of Bahrain

Introduction

We have reviewed the accompanying 30 June 2024 condensed consolidated interim financial information of Ithmaar Bank B.S.C. (c) (the "Bank") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2024;
- the condensed consolidated statement of income for the three-month and six-month periods ended 30 June 2024;
- the condensed consolidated statement of total comprehensive income for the three-month and six-month periods ended 30 June 2024;
- the condensed consolidated statement of income and attribution related to quasi-equity for the three-month and six-month periods ended 30 June 2024;
- the condensed consolidated statement of changes in owners' equity for the six-month period ended 30 June 2024;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2024;
- the condensed consolidated statement of changes in off-balance sheet assets under management for the six-month period ended 30 June 2024; 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 2024 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with FAS 41, "Interim Financial Reporting".



Independent auditors' report (Continued)
Ithmaar Bank B.S.C. (c)

Emphasis of Matter – Basis of going concern

We draw attention to Notes 1.1 and 16 to the condensed consolidated interim financial information, which describes significant judgments and assumptions relevant to the Board of Directors assessment of the appropriateness of the going concern assumption for preparation of the condensed consolidated interim financial information. During the current period, the Board of Directors have agreed to an overall framework of terms from a prospective third-party buyer regarding sale of certain assets and liabilities of the Group's corporate banking business and investment assets. Our conclusion is not modified in respect of this matter.

A handwritten signature in blue ink, appearing to read 'KPMG', with a long horizontal line drawn underneath it.

13 August 2024

Ithmaar Bank B.S.C. (c)

Condensed consolidated statement of financial position

as at 30 June 2024

(Expressed in thousands of Bahraini Dinars unless otherwise stated)

	Note	At 30 June 2024 (Reviewed)	At 31 December 2023 (Audited)
ASSETS			
Cash and balances with banks and central banks		22,699	135,403
Commodity placements with banks, financial and other institutions		20,573	4,908
Financing assets	3	325,288	1,163,742
Investment securities	4	36,505	860,688
Investment in associates		-	2,396
Other assets	5	359	38,106
Investment in real estate		-	3,989
Development properties		-	57,280
Property and equipment		51	57,669
Intangible assets		613	6,617
		406,088	2,330,798
Assets classified as held for sale	16	2,038,592	-
Total assets		2,444,680	2,330,798
LIABILITIES			
Customers' current accounts		79,161	654,158
Due to banks, financial and other institutions		197,834	450,303
Due to investors		-	3,260
Other liabilities		17,899	100,198
		294,894	1,207,919
Liabilities directly associated with assets classified as held for sale	16	991,842	-
Total liabilities		1,286,736	1,207,919
QUASI EQUITY			
- Quasi equity		13,115	1,029,941
- Quasi equity directly associated with assets classified as held for sale	7, 16	1,046,942	-
Total quasi equity		1,060,057	1,029,941
OWNERS' EQUITY			
Share capital	8	100,000	100,000
Reserves	9	(52,986)	(53,304)
Retained earnings / (accumulated losses)		1,158	(6,620)
Total owners' equity		48,172	40,076
Non-controlling interest		518	52,862
Non-controlling interest classified as held for sale	16	49,197	-
Total equity		97,887	92,938
Total liabilities, quasi equity and equity		2,444,680	2,330,798

This condensed consolidated interim financial information was approved by the Board of Directors on 13 August 2024 and signed on its behalf by:


 HRH Prince Amr Mohammed Al-Faisal
 Chairman


 Elham Hassan
 Director


 Maysan Al Maskati
 CEO

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial information.

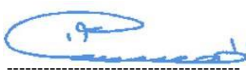
Ithmaar Bank B.S.C. (c)

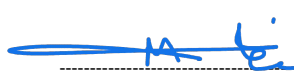
**Condensed consolidated statement of income
for the six months period ended 30 June 2024**

(Expressed in thousands of Bahraini Dinars unless otherwise stated)

	Six months ended		Three months ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
NET RESULTS FROM CONTINUING OPERATIONS				
Income from financing contracts	3,025	3,483	1,512	1,898
(Loss) / income from investments	(319)	765	(745)	360
Other income / (loss)	489	(1,721)	474	1,139
Total income	3,195	2,527	1,241	3,397
Finance expense on placements from financial and non-financial institutions	(1,800)	(1,340)	(997)	(1,175)
Net income	1,395	1,187	244	2,222
Operating expenses	(1,045)	(910)	(98)	(86)
Allowances for impairment and expected credit losses, net	2,242	(417)	2,242	-
Profit / (loss) from continuing operations	2,592	(140)	2,388	2,136
NET RESULTS FROM DISCONTINUED OPERATIONS				
Income from financing contracts	76,260	59,437	38,277	32,995
Income from investments	95,006	56,985	47,491	30,880
Other income - net	9,325	6,870	4,450	3,558
Finance expense on placements from financial and non-financial institutions	(2,236)	(1,143)	(705)	(199)
Net income from jointly financed assets	178,355	122,149	89,513	67,234
Share of profit/(loss) from equity accounted investees	97	(37)	(31)	(37)
Total income	178,452	122,112	89,482	67,197
Operating expenses	(31,109)	(26,728)	(16,070)	(14,613)
Depreciation and amortization	(3,266)	(2,650)	(1,753)	(1,373)
Total expenses	(34,375)	(29,378)	(17,823)	(15,986)
Net operating income before impairment allowances and attribution to quasi equity	144,077	92,734	71,659	51,211
Allowances for impairment and expected credit losses, net	(6,396)	(3,117)	(5,650)	(339)
Profit for the period before attribution to quasi equity	137,681	89,617	66,009	50,872
Less: Net income attributable to quasi-equity	(112,340)	(74,868)	(56,035)	(41,828)
Profit before overseas taxation	25,341	14,749	9,974	9,044
Tax expense	(14,409)	(9,248)	(6,578)	(5,590)
NET RESULTS FROM DISCONTINUED OPERATIONS	10,932	5,501	3,396	3,454
PROFIT FOR THE PERIOD	13,524	5,361	5,784	5,590
Attributable to:				
Equity holders of Ithmaar	7,778	1,564	3,531	3,366
Non-controlling interest	5,746	3,797	2,253	2,224
	13,524	5,361	5,784	5,590


HRH Prince Amr Mohammed Al-Faisal
Chairman


Elham Hassan
Director


Maysan Al Maskati
CEO

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial information.

Ithmaar Bank B.S.C. (c)

**Condensed consolidated statement of total comprehensive income
for the six months period ended 30 June 2024**

(Expressed in thousands of Bahraini Dinars unless otherwise stated)

	Six months ended		Three months ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Profit for the period	13,524	5,361	5,784	5,590
Other comprehensive income				
Items that will not be classified to statement of income				
Fair value changes on land and building	(326)	(3,299)	108	(3,212)
Attributable to quasi-equity	224	2,196	(65)	2,138
Items that may subsequently be classified to income statement				
Exchange difference arising on translation of foreign operations	394	(22,955)	(901)	687
Fair value changes on investments in real estate	170	2,651	349	2,738
Fair value changes on investments carried at fair value through OCI	(1,942)	(226)	(2,270)	241
Attributable to quasi-equity	525	14,501	1,771	(2,311)
Total other comprehensive income for the year	(955)	(7,132)	(1,008)	281
Total comprehensive income	12,569	(1,771)	4,776	5,871
Attributable to:				
Equity holders of Ithmaar	8,096	1,564	3,849	3,366
Non-controlling interest	4,473	(3,335)	927	2,505
	12,569	(1,771)	4,776	5,871

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial information.

Ithmaar Bank B.S.C. (c)

**Condensed consolidated statement of income and attribution related to quasi-equity
for the six months period ended 30 June 2024**

(Expressed in thousands of United States Dollars unless otherwise stated)

	Six months ended		Three months ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Net operating income before impairment allowances and attribution to quasi equity	221,381	170,603	97,140	83,924
Adjusted for:				
Less: income not attributable to quasi-equity	(104,820)	(62,134)	(52,415)	(35,577)
Add: expenses not attributable to quasi-equity	35,420	30,288	17,921	16,072
Less: institution's share of income for its own/ share of investments	319	(765)	745	(360)
Less: allowance for impairment allowances attributable to quasi-equity	(6,396)	(3,117)	(5,650)	(339)
Total income available for quasi-equity holders	145,904	134,875	57,741	63,720
Fair value reserve – net movement	-	-	-	-
Profit equalization reserve – net movement	-	-	-	-
Total income attributable to quasi-equity holders (adjusted for reserves)	145,904	134,875	57,741	63,720
Less: Mudarib's share	(32,815)	(43,310)	-	(22,065)
Profit distributable to quasi-equity	113,089	91,565	57,741	41,655
Other comprehensive income – attributable to quasi-equity - before recycling to statement of income				
Items that will not be classified to income statement	(224)	(2,196)	65	(2,138)
Items that may subsequently be classified to income statement	(525)	(14,501)	(1,771)	2,311
Add/ (less): net effect of items recycled to income statement	-	-	-	-
Other comprehensive income – attributable to quasi-equity - net of recycling to income statement	112,340	74,868	56,035	41,828
Less: other comprehensive income not subject to immediate distribution	-	-	-	-
Other comprehensive income subject to immediate distribution	-	-	-	-
Total profit attributable to quasi-equity	112,340	74,868	56,035	41,828

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial information.

Ithmaar Bank B.S.C. (c)

**Condensed consolidated statement of changes in owners' equity
for the six months period ended 30 June 2024**

(Expressed in thousands of Bahraini Dinars unless otherwise stated)

	Share capital	Reserves	Accumulated losses	Total owners' equity	Non- controlling interests	Total equity
At 1 January 2024	100,000	(53,304)	(6,620)	40,076	52,862	92,938
Profit for the period	-	-	7,778	7,778	5,746	13,524
Other comprehensive income for the period	-	318	-	318	(1,273)	(955)
Total comprehensive income for the period	-	318	7,778	8,096	4,473	12,569
Movement from dividend distribution by subsidiaries	-	-	-	-	(1,353)	(1,353)
Decrease in shareholding of subsidiary	-	-	-	-	(6,267)	(6,267)
At 30 June 2024 (Reviewed)	100,000	(52,986)	1,158	48,172	49,715	97,887

	Share capital	Reserves	Accumulated losses	Total owners' equity	Non- controlling interest	Total equity
At 1 January 2023	100,000	(53,699)	(10,182)	36,119	43,218	79,337
Profit for the period	-	-	1,564	1,564	3,797	5,361
Other comprehensive income for the period	-	-	-	-	(7,132)	(7,132)
Total comprehensive income for the period	-	-	1,564	1,564	(3,335)	(1,771)
Movement from dividend distribution by subsidiaries	-	-	-	-	(743)	(743)
At 30 June 2023 (Reviewed)	100,000	(53,699)	(8,618)	37,683	39,140	76,823

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial information.

Ithmaar Bank B.S.C. (c)
Condensed consolidated statement of cash flows
for the six months period ended 30 June 2024
(Expressed in thousands of Bahraini Dinars unless otherwise stated)

	Six months ended	
	30 June 2024	30 June 2023
	(Reviewed)	(Reviewed)
OPERATING ACTIVITIES		
Net profit before taxation from:		
Continuing operations	3,455	12
Discontinued operations	25,341	14,749
Adjustments for:		
Depreciation and amortization	3,266	3,220
Share of loss from equity accounted investees	(97)	37
Provision for impairment - net	4,154	3,497
Income from investment securities	(94,687)	(57,712)
Finance cost on net ijarah liability	1,133	895
Loss on sale of property and equipment	(21)	(14)
Operating loss before changes in operating assets and liabilities	(57,456)	(35,316)
Net changes in operating assets and liabilities:		
Balances with banks maturing after 90 days including central banks balances relating to minimum reserve requirement	1,374	(8,191)
Financing assets	(6,433)	(100,001)
Other assets	(11,678)	(44,369)
Customers' current accounts	23,867	74,106
Due to banks, financial and other institutions	47,977	50,770
Due to investors	(3,289)	(6,999)
Other liabilities	1,930	44,235
Quasi equity	20,659	95,233
Taxes paid	(19,019)	(12,141)
Net cash generated from operating activities	(2,068)	57,327
INVESTING ACTIVITIES		
Net changes in:		
Assets acquired for leasing	84	-
Investment securities	46,218	9,109
Property and equipment	(7,347)	(5,353)
Net cash (used in) / generated from investing activities	38,955	3,756
FINANCING ACTIVITY		
Repayment of net Ijarah liability	(2,051)	(1,850)
Net cash used in financing activity	(2,051)	(1,850)
Foreign currency translation adjustments	866	(7,791)
Net increase in cash and cash equivalents	35,702	51,442
Cash and cash equivalents at the beginning of the period	122,814	125,656
Cash and cash equivalents at the end of the period	158,516	177,098
Details of cash and cash equivalents:		
Cash and balances with banks and central banks	22,699	151,744
Commodity and other placements with banks, financial and other institutions	20,573	44,043
Add: Assets classified as held for sale	131,393	-
Less: Placements with original maturing after 90 days and balances with central banks relating to minimum reserve requirement	(16,149)	(18,689)
Cash and cash equivalents at the end of the period	158,516	177,098

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial information.

Ithmaar Bank B.S.C. (c)

**Condensed consolidated statement of changes in off-balance-sheet assets under management
for the six months period ended 30 June 2024**

(Expressed in thousands of Bahraini Dinars unless otherwise stated)

	Shamil Bosphorus Modaraba*	European Real Estate Placements*	US Real Estate Placements*	Total
Balance at 1 January 2024	2,356	4,065	9,514	15,935
Additions	-	-	-	-
Foreign exchange movements	-	(212)	-	(212)
Recoveries/ disposals/ maturities	-	-	-	-
Net increase/ (decrease)	-	(212)	-	(212)
Net income	-	-	-	-
Mudarib's share	-	-	-	-
Fixed agency fee	-	-	-	-
Variable agency fee	-	-	-	-
Total Bank's management share	-	-	-	-
Distributions/ withdrawals	-	-	(7,739)	(7,739)
Balance at 30 June 2024	2,356	3,853	1,775	7,984

	Shamil Bosphorus Modaraba*	European Real Estate Placements*	US Real Estate Placements*	Total
Balance at 1 January 2023	2,356	3,942	9,514	15,812
Additions	-	-	-	-
Foreign exchange movements	-	(17)	-	(17)
Recoveries/ disposals/ maturities	-	-	-	-
Net increase/ (decrease)	-	(17)	-	(17)
Net income	-	-	-	-
Mudarib's share	-	-	-	-
Fixed agency fee	-	-	-	-
Variable agency fee	-	-	-	-
Total Bank's management share	-	-	-	-
Distributions/ withdrawals	-	-	-	-
Balance at 30 June 2024	2,356	3,925	9,514	15,795

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

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial information.

Ithmaar Bank B.S.C. (c)**Notes to the condensed consolidated interim financial information
for the six months period ended 30 June 2024****1 REPORTING ENTITY**

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

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

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

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

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

The Group carries out its business activities through Ithmaar's its head office in Bahrain and its following principal subsidiaries:

	% owned		Country of Incorporation	Principal business activities
	30 June 2024	31 December 2023		
Faysal Bank Limited (Note 1)*	67	67	Pakistan	Banking
Dilmunia Development Fund I L.P.*	92	92	Cayman Islands	Real estate
Sakana Holistic Housing Solutions B.S.C. (c) (Sakana) [under Voluntary Liquidation]	50	50	Kingdom of Bahrain	Mortgage finance

*These investments are disclosed as held for sale as at 30 June 2024.

Note 1: The Group owns 67% stake in FBL, through a direct legal ownership of 57% and 10% of indirect ownership of DMIT, held for the beneficial interest of the Bank.

- 1.1** As of 30 June 2024, the consolidated equity of the Group stood at BD48.2 million (2023: BD40.1 million), which is below the minimum regulatory shareholder equity of BD100 million required by the CBB as per LR module of Volume 2 rulebook.

The Group's management has also assessed liquidity and equity projections of the remaining entity post implementation of the Transaction (refer note 16) for the next twelve months from reporting date of these condensed consolidated interim financial information. Management's assessment includes the following significant assumptions:

- No change in status of sanctioned liabilities and accordingly no repayments;
- Reduction in operating expenses resulting from a leaner entity post Transaction;
- Proceeds from sale of core and non-core assets as per Asset Sale plan;
- Recoveries from non-performing financings;
- Share of profits from real estate and other investments in the remaining entity;
- Stressing the expected behavioral outflows of the liabilities and expected behavioral inflows from assets; and
- Putting in place the necessary liquidity lines in the form of medium term interbank liquidity support facilities.

The Board of Directors has reviewed the above assumptions and events, along with mitigating factors and concluded that there are no material uncertainties related to these events and conditions that may cast significant doubt on the Group's ability to continue as a going concern. Accordingly, the Board of Directors believed that the Group will be able to continue its business without any significant curtailment of operations and will be able to meet its obligations for the next twelve months from the date of reporting of these condensed consolidated interim financial information. Accordingly, this condensed consolidated interim financial information has been prepared on a going concern basis.

Ithmaar Bank B.S.C. (c)
Notes to the condensed consolidated interim financial information
for the six months period ended 30 June 2024

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 2023. 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 2023. Further, results for the interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

The consolidated financial statements are presented in Bahraini Dinars (BD), being the presentation currency of the Bank. All values are rounded to nearest thousand [BD '000] unless otherwise indicated. The functional currency of the Bank is Bahraini Dinars and that of one subsidiary is Pakistani Rupees. Items included in the financial statements of each entity are measured using respective functional currency.

Comparatives

The condensed consolidated interim financial information is reviewed, not audited. The comparatives for the condensed consolidated statement of financial position have been extracted from the audited consolidated financial statements for the year ended 31 December 2023 and comparatives for the condensed consolidated income statement, changes in owners' equity, cash flows and changes in off-balance-sheet assets under management have been extracted from the reviewed condensed consolidated interim financial information for the six months period ended 30 June 2023.

The comparative period balances in the condensed consolidated statement of income has been reclassified to include those operations that have been classified as discontinued in the current period presentation (refer note 16).

2.1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation applied by the Group in the preparation of the condensed consolidated interim financial information are the same as those used in preparation of the Group's last audited consolidated financial statements as at and for the year ended 31 December 2023, except for those changes arising from adoption of the following standards and amendments to the standards effective from 1 January 2024.

A. Relevant new standards, amendments, and interpretations issued and effective for annual periods beginning on or after 1 January 2024

(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. Following are significant changes relevant to the Group:

- a) Definition of Quasi equity is introduced;
- b) Concept of comprehensive income has been introduced;
- c) Disclosure of Zakah and Charity have been relocated to the notes to the financial statements;

During the period, the Group has adopted FAS 1 revised. As a result of this adoption following changes were made to the primary statements of the Group. Below is a summary of the new primary statements:

Primary statements introduced

Statement of other comprehensive income
Statement of income and attribution related to quasi-equity
Statement of changes in off-balance-sheet assets under management

Primary statements discontinued

Statement of sources and uses of good faith qard fund
Statement of sources and uses of zakah and charity fund

As a result of the adoption certain of the prior year figures have been represented and regrouped to be consistent with the current year presentation. Such grouping did not affect previously reported net profit, total assets, total liabilities and total equity of the Group. The Group elected to present statement of income and a statement of other comprehensive income, presented as two separate statements.

2 BASIS OF PREPARATION AND PRESENTATION (continued)

2.1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) FAS 45: Quasi-Equity (Including Investment Accounts)

AAOIFI has issued Financial Accounting Standard (FAS) 45 "Quasi-Equity (Including Investment Accounts)" during 2023. The objective of this standard is to establish the principles for identifying, measuring, and presenting "quasi-equity" instruments in the financial statements of Islamic Financial Institutions "IFIs".

The standard prescribes the principles of financial reporting to participatory investment instruments (including investment accounts) in which an IFI controls underlying assets (mostly, as working partner), on behalf of the stakeholders other than owner's equity. This standard provides the overall criteria for on-balance sheet accounting for participatory investment instruments and quasi-equity, as well as, pooling, recognition, derecognition, measurement, presentation and disclosure for quasi-equity.

This standard shall be effective for the financial reporting periods beginning on or after 1 January 2026 with an option to early adopt.

The Group does not expect any significant impact on the adoption of this standard.

(iii) FAS 46: Off-Balance-Sheet Assets Under Management

AAOIFI has issued Financial Accounting Standard ("FAS") 46 "Off-Balance-Sheet Assets Under Management" during 2023. The objective of this standard is to establish principles and rules for recognition, measurement, disclosure, and derecognition of off-balance-sheet assets under management, based on Shari'a and international best practices. The standard aims to improve transparency, comparability, accountability, and governance of financial reporting related to off-balance-sheet assets under management.

This standard is applicable to all IFIs with fiduciary responsibilities over asset(s) without control, except for the following:

The participants' Takaful fund and / or participants' investment fund of a Takaful institution; and
An investment fund managed by an institution, being a separate legal entity, which is subject to financial reporting in line with the requirements of the respective AAOIFI FAS.

The Group does not expect any significant impact on the adoption of this standard.

(iv) FAS 47: Transfer of Assets Between Investment Pools

AAOIFI has issued Financial Accounting Standard ("FAS") 47 "Transfer of Assets Between Investment Pools" during 2023. The objective of this standard is to establish guidance on the accounting treatment and disclosures for transfers of assets between investment pools that are managed by the same institution or its related parties. The standard applies to transfers of assets that are not part of a business combination, a disposal of a business, or a restructuring of an institution.

The standard defines an investment pool as a group of assets that are managed together to achieve a common investment objective, such as a fund, a portfolio, or a trust. The standard also defines a transfer of assets as a transaction or event that results in a change in the legal ownership or economic substance of the assets, such as a sale, a contribution, a distribution, or a reclassification.

The transfer of assets between investment pools should be accounted for based on the substance of the transaction and the terms and conditions of the transfer agreement. The standard classifies transfers of assets into three categories: transfers at fair value, transfers at carrying amount, and transfers at other than fair value or carrying amount. The standard also specifies the disclosure requirements for transfers of assets between investment pools.

This standard shall be effective for the financial periods beginning on or after 1 January 2026 with an option to early adopt.

The Group does not expect any significant impact on the adoption of this standard.

2.2 ESTIMATES AND JUDGEMENTS

Preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The areas of significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those applied to the audited consolidated financial statements as at and for the year ended 31 December 2023.

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3 FINANCING ASSETS

	30 June 2024	31 December 2023
Murabaha and tawarruq financings	367,843	747,772
Musharaka financing	-	426,675
Istisna financings	-	69,927
Ijarah financing	221	591
	368,064	1,244,965
Less: Allowance for impairment	(42,776)	(81,223)
	325,288	1,163,742

The movement in allowance for impairment is as follows:

	30 June 2024	31 December 2023
At 1 January	81,223	118,078
Classified as held for sale	(34,554)	-
Charge for the period	16,241	12,652
Write back during the period	(8,778)	(7,184)
Utilised during the period	(11,720)	(35,051)
Exchange differences	364	(7,272)
	42,776	81,223

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4 INVESTMENT SECURITIES

	30 June 2024	31 December 2023
Investment securities at fair value through income statement		
Debt-type instruments – unlisted	-	6,259
Equity-type securities – listed	-	1,935
	-	8,194
Investment securities at fair value through equity		
Debt-type instruments – listed	-	55,494
Debt-type instruments – unlisted	-	745,558
Equity-type securities – listed	-	7,510
Equity-type securities – unlisted	-	2,440
	-	811,002
Less: Allowance for impairment	-	(4,155)
	-	806,847
Investment securities carried at amortised cost		
Debt-type instruments – listed	36,505	36,332
Debt-type instruments – unlisted	-	11,205
	36,505	47,537
Less: Allowance for impairment	-	(1,890)
	36,505	45,647
	36,505	860,688

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4 INVESTMENT SECURITIES (continued)

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

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

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

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

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

Investment securities measured at fair value

	Level 1	Level 2	Level 3	Total
At 30 June 2024				
Investment securities at fair value through income statement				
Debt-type instruments	-	-	-	-
Equity-type securities	-	-	-	-
Investment securities at fair value through equity				
Debt-type instruments	-	-	-	-
Equity-type securities	-	-	-	-
Investment securities carried at amortised cost				
Debt-type instruments	33,974	-	-	33,974
	Level 1	Level 2	Level 3	Total
At 31 December 2023				
Investment securities at fair value through income statement				
Debt-type instruments	6,259	-	-	6,259
Equity-type securities	1,935	-	-	1,935
Investment securities at fair value through equity				
Debt-type instruments	-	800,149	-	800,149
Equity securities	5,849	144	705	6,698
	14,043	800,293	705	815,041
Investment securities carried at amortised cost				
Debt-type instruments	33,653	9,330	-	42,983

Ithmaar Bank B.S.C. (c)
Notes to the condensed consolidated interim financial information
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5 OTHER ASSETS

	30 June 2024	31 December 2023
Accounts receivable	13,229	48,975
Due from related parties (note 10)	18	5,231
Taxes – current	-	21
Assets acquired against claims	-	316
	13,247	54,543
Less: Allowance for impairment	(12,888)	(16,437)
	359	38,106

6 IMPAIRMENT ALLOWANCE

Loss allowance

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

30 June 2024

	Stage 1	Stage 2	Stage 3	Total
Commodity placements with banks, financial and other institutions				
Gross exposure	20,600	-	-	20,600
Less: expected credit loss	(27)	-	-	(27)
Net exposure	20,573	-	-	20,573
Financing assets				
Gross exposure	322,026	221	45,817	368,064
Less: expected credit loss	(24,649)	-	(18,127)	(42,776)
Net exposure	297,377	221	27,690	325,288
Other assets				
Gross exposure	359	-	12,888	13,247
Less: expected credit loss	-	-	(12,888)	(12,888)
Net exposure	359	-	-	359
Total gross exposure	342,985	221	58,705	401,911
Less: Total allowance for impairment	(24,676)	-	(31,015)	(55,691)
Total Net exposure	318,309	221	27,690	346,220

	30 June 2024	31 December 2023
At 1 January	139,157	173,178
Charge for the period*	16,456	17,922
Write back during the period	(12,302)	(9,073)
Utilised during the period	(11,720)	(35,051)
Exchange differences	153	(7,819)
	131,744	139,157

*Provision charge for the period includes an amount of BD11.6 million resulting from modification loss from restructuring of a sovereign exposure of a subsidiary.

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6 IMPAIRMENT ALLOWANCE (continued)

31 December 2023

	Stage 1	Stage 2	Stage 3	Total
Commodity placements with banks, financial and other institutions				
Gross exposure	4,935	-	-	4,935
Less: expected credit loss	(27)	-	-	(27)
Net exposure	4,908	-	-	4,908
Financing assets				
Gross exposure	1,053,280	117,266	74,419	1,244,965
Less: expected credit loss	(28,477)	(10,175)	(42,571)	(81,223)
Net exposure	1,024,803	107,091	31,848	1,163,742
Other assets				
Gross exposure	13,210	25,649	15,684	54,543
Less: expected credit loss	(678)	(75)	(15,684)	(16,437)
Net exposure	12,532	25,574	-	38,106
Total gross exposure	1,071,425	142,915	90,103	1,304,443
Less: Total allowance for impairment	(29,182)	(10,250)	(58,255)	(97,687)
Total Net exposure	1,042,243	132,665	31,848	1,206,756

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

7 QUASI EQUITY CLASSIFIED AS HELD FOR SALE

Quasi equity classified as held for sale comprise:

	30 June 2024	31 December 2023
Modaraba accounts - corporates	596,076	-
Modaraba accounts - financial institutions	205,672	-
Modaraba accounts - individuals	256,105	-
Wakala from financial institutions	-	-
Fair value & foreign exchange translation movement from investments attributable to quasi equity (i)	(10,911)	-
	1,046,942	-

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

	30 June 2024	31 December 2023
Cash and balances with banks and central banks	131,280	-
Commodity and other placements with banks, financial and other institutions	90	-
Financing assets	827,394	-
Other assets	-	-
Investments in equity (i)	88,178	-
	1,046,942	-

Ithmaar Bank B.S.C. (c)

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7 QUASI EQUITY CLASSIFIED AS HELD FOR SALE (continued)

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

The movement in reserves attributable to quasi equity as follows:

	30 June 2024				
	Investments fair value reserve	Fixed assets fair value reserve	Investment in real estate fair value reserve	Foreign currency translation reserve	Total
At 1 January 2024	4,964	(84)	(167)	(14,875)	(10,162)
Movement in fair value of investment securities	(1,322)	-	-	-	(1,322)
Movement in fair value of investment in real estate	-	-	9	-	9
Movement in fair value of land and building	-	(224)	-	-	(224)
Foreign currency translation adjustments	30	7	104	647	788
At 30 June 2024 (Reviewed)	3,672	(301)	(54)	(14,228)	(10,911)

	31 December 2023				
	Investments fair value reserve	Fixed assets fair value reserve	Investment in real estate fair value reserve	Foreign currency translation reserve	Total
At 1 January 2023	4,624	-	-	-	4,624
Movement in fair value of investment securities	-	1,869	-	-	1,869
Movement in fair value of land and building	340	(1,953)	(167)	(14,875)	(16,655)
Foreign currency translation adjustments	4,964	(84)	(167)	(14,875)	(10,162)
At 31 December 2023 (Audited)	4,964	(84)	(167)	(14,875)	(10,162)

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8 SHARE CAPITAL

	30 June 2024	31 December 2023
Authorised (7.54 billion share @BD 0.100 each)	754,000	754,000
Issued and fully paid (1 billion share @BD 0.100 each)	100,000	100,000

9 RESERVES

	30 June 2024	31 December 2023
Statutory reserve	1,004	1,004
Investments fair value reserve	1,787	1,787
Fixed assets fair value reserve	9,981	9,981
Investment in real estate fair value reserve	951	951
Foreign currency translation reserve	(66,709)	(67,027)
	(52,986)	(53,304)

10 RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

Significant balances with related parties comprise:

	30 June 2024				
	Shareholders & affiliates	Associated companies and other investments	Directors and related entities	Senior management	Total
Assets					
Financing assets*	322,754	-	-	-	322,754
Other assets	-	-	-	18	18
Assets classified as held for sale	-	10,040	-	-	10,040
Liabilities					
Customers' current accounts	9,253	-	-	-	9,253
Due to banks, financial and other institutions	4,429	-	-	-	4,429
Other liabilities	39	-	-	-	39
Liabilities classified as held for sale	4,724	3,103	-	-	7,827
Quasi equity	10,776	-	-	-	10,776
Quasi equity classified as held for sale	2,446	-	-	-	2,446

*Financing assets are gross of ECL general provisions of BD25 million

Income:

Return to quasi equity	(347)	-	-	-	(347)
Income from financing contracts	2,492	-	-	-	2,492
Share of results after tax from associates	-	256	-	-	256
Profit paid to banks, financial and other institutions	(436)	-	-	-	(436)
Other income - Management fees	(104)	-	-	-	(104)

Expenses:

General and administrative expenses	(85)	-	(42)	-	(127)
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Ithmaar Bank B.S.C. (c)

**Notes to the condensed consolidated interim financial information
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10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	31 December 2023				
	Shareholders & affiliates	Associated companies and other investments	Directors and related entities	Senior management	Total
Assets:					
Financing assets*	322,550	-	-	-	322,550
Other assets	5,176	-	-	55	5,231
Liabilities:					
Customers' current accounts	9,092	314	-	-	9,406
Due to banks, financial and other institutions	15,484	4,904	-	-	20,388
Other liabilities	9	-	-	-	9
Quasi equity	3,351	-	-	-	3,351

*Financing assets are gross of ECL general provisions of BD25 million

	30 June 2023				
Income:					
Return to quasi equity	(138)	-	-	-	(138)
Income from financing contracts	2,662	-	-	-	2,662
Profit paid to banks, financial and other institutions	(461)	(205)	-	-	(666)
Other income - Management fees	(198)	-	-	-	(198)
Expenses:					
General and administrative expenses	(85)	-	(42)	-	(127)

11 CONTINGENT LIABILITIES AND COMMITMENTS CLASSIFIED AS HELD FOR SALE

Contingent liabilities

	30 June 2024	31 December 2023
Acceptances and endorsements	11,403	17,638
Guarantees and letters of credit	217,101	175,890
Customer and other claims	40,176	39,316
	268,680	232,844

Commitments

	30 June 2024	31 December 2023
Undrawn facilities, financing lines and other commitments to finance	493,220	457,687

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12 SEGMENT REPORTING

The Group constitutes of two main business segments, namely;

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

	30 June 2024			30 June 2023		
	Retail & Corporate Banking	Asset Management / Investment Banking	Total	Retail & Corporate Banking	Asset Management / Investment Banking	Total
NET RESULTS FROM CONTINUING OPERATIONS						
Profit/ (loss) from continuing operations	2,592	-	2,592	(140)	-	(140)
NET RESULTS FROM DISCONTINUED OPERATIONS						
Total income	176,967	1,485	178,452	124,706	(2,594)	122,112
Total expenses	(32,476)	(1,899)	(34,375)	(27,974)	(1,404)	(29,378)
Net operating income before impairment allowances and attribution to quasi equity	144,491	(414)	144,077	96,732	(3,998)	92,734
Allowances for impairment and expected credit losses, net	(8,638)	2,242	(6,396)	(2,878)	(239)	(3,117)
Profit for the period before attribution to quasi equity	135,853	1,828	137,681	93,854	(4,237)	89,617
Less: Net income attributable to quasi-equity	(112,340)	-	(112,340)	(74,868)	-	(74,868)
Profit before overseas taxation	23,513	1,828	25,341	18,986	(4,237)	14,749
Tax expense	(14,149)	(260)	(14,409)	(9,248)	-	(9,248)
PROFIT FROM DISCONTINUING OPERATIONS	9,364	1,568	10,932	9,738	(4,237)	5,501
PROFIT/(LOSS) FOR THE PERIOD	11,956	1,568	13,524	9,598	(4,237)	5,361
Attributable to:						
Equity holders of Ithmaar	6,233	1,545	7,778	5,515	(3,951)	1,564
Minority interests	5,723	23	5,746	4,083	(286)	3,797
	11,956	1,568	13,524	9,598	(4,237)	5,361
					31 December 2023	
Total assets	2,282,639	162,041	2,444,680	2,256,529	74,269	2,330,798
Total liabilities, quasi equity and equity	2,304,911	41,882	2,346,793	2,222,916	14,944	2,237,860

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12 SEGMENT REPORTING (continued)

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

	30 June 2024			30 June 2023		
	Middle East	Asia	Total	Middle East	Asia	Total
NET RESULTS FROM CONTINUING OPERATIONS						
Profit/ (loss) from continuing operations	2,592	-	2,592	(140)	-	(140)
NET RESULTS FROM DISCONTINUED OPERATIONS						
Total income	1,149	177,303	178,452	(2,754)	124,866	122,112
Total expenses	(3,939)	(30,436)	(34,375)	(4,064)	(25,314)	(29,378)
Net operating income before impairment allowances and attribution to quasi equity	(2,790)	146,867	144,077	(6,818)	99,552	92,734
Allowances for impairment and expected credit losses, net	-	(6,396)	(6,396)	(267)	(2,850)	(3,117)
Profit for the period before attribution to quasi equity	(2,790)	140,471	137,681	(7,085)	96,702	89,617
Less: Net income attributable to quasi-equity	(4,020)	(108,320)	(112,340)	-	(74,868)	(74,868)
Profit before overseas taxation	(6,810)	32,151	25,341	(7,085)	21,834	14,749
Tax expense	(137)	(14,272)	(14,409)	-	(9,248)	(9,248)
PROFIT FROM DISCONTINUING OPERATIONS	(6,947)	17,879	10,932	(7,085)	12,586	5,501
PROFIT/(LOSS) FOR THE PERIOD	(4,355)	17,879	13,524	(7,225)	12,586	5,361
Attributable to:						
Equity holders of Ithmaar	(4,019)	11,797	7,778	(6,811)	8,375	1,564
Minority interests	(336)	6,082	5,746	(414)	4,211	3,797
	(4,355)	17,879	13,524	(7,225)	12,586	5,361
31 December 2023						
Total assets	525,575	1,919,105	2,444,680	514,147	1,816,651	2,330,798
Total liabilities, quasi equity and equity	559,206	1,787,587	2,346,793	452,274	1,785,586	2,237,860

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13 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2023.

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

LCR is computed as a ratio of Stock of HQLA over the net cash outflows. The average consolidated LCR for six months calculated as per the requirements of the CBB rulebook and guidelines applicable for the Bank, as of 30 June 2024 and 31 December 2023, is as follows:

	30 June 2024	31 December 2023
Stock of HQLA	596,205	517,767
Net cashflows	569,490	510,513
LCR %	105%	101%
Minimum required by CBB	100%	100%

14.2 Capital Adequacy Ratio

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

	30 June 2024	31 December 2023
Tier 1	118,956	108,330
Tier 2	7,415	7,205
Total Capital Base	126,371	115,535
 Total Risk-Weighted Exposures	 834,678	 827,935
 Capital Adequacy Ratio (CAR)	 15.14%	 13.95%

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14.3 NET STABLE FUNDING RATIO (NSFR) (continued)

The consolidated NSFR is calculated in accordance with Liquidity Risk Management Module guidelines issued by the CBB and guideline set for the Bank. The minimum NSFR ratio as per CBB is 100% . The NSFR as at 30 June 2024 is calculated as follows:

No.	Item	Unweighted Values (i.e. before applying relevant factors)				Total weighted value
		No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	
Available Stable Funding (ASF):						
1	Capital:	118,956	-	-	7,415	126,371
2	Regulatory Capital	118,956	-	-	-	118,956
3	Other Capital Instruments	-	-	-	7,415	7,415
4	Retail deposits and deposits from small business customers	-	652,548	47,341	2,502	635,021
5	Stable deposits	-	51,666	687	16	49,752
6	Other wholesale funding	-	600,882	46,654	2,486	585,269
7	Wholesale funding	-	671,726	299,079	360,325	699,243
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	671,726	299,079	360,325	699,243
10	Other liabilities:	-	277,246	-	5,834	5,834
11	NSFR Shari'a-compliant hedging contract liabilities	-	8,579	-	-	-
12	All other liabilities not included in the above categories	-	268,667	-	5,834	5,834
13	Total ASF					1,466,469
Required Stable Funding (RSF):						
14	Total NSFR high-quality liquid assets (HQLA)					39,724
15	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
16	Performing loans and securities:	-	391,389	168,693	649,130	794,901
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	27,678	5,386	7,378	14,222
19	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which	-	363,711	163,307	498,179	686,961
20	- With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	-	-	116,682	75,843
21	Performing residential mortgages, of which					
22	- With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	25,761	16,745
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	1,130	1,130
24	Other assets:	-	262,887	-	-	262,887
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for Shari'a-compliant hedging contracts and contributions to default funds of CCPs	-	-	-	-	-
27	NSFR Shari'a-compliant hedging assets	-	-	-	-	-
28	NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted	-	1,716	-	-	1,716
29	All other assets not included in the above categories	-	261,171	-	-	261,171
30	OBS items	-	597,179	-	-	29,859
31	Total RSF					1,127,371
32	NSFR (%)					130%

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14.3 NET STABLE FUNDING RATIO (NSFR) (continued)

The consolidated NSFR is calculated in accordance with Liquidity Risk Management Module guidelines issued by the CBB and guideline set for the Bank. The minimum NSFR ratio as per CBB is 100% . The NSFR as at 31 December 2023 is calculated as follows:

No.	Item	Unweighted Values (i.e. before applying relevant factors)				Total weighted value
		No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	
Available Stable Funding (ASF):						
1	Capital:	108,330	-	-	7,205	115,535
2	Regulatory Capital	108,330	-	-	-	108,330
3	Other Capital Instruments	-	-	-	7,205	7,205
4	Retail deposits and deposits from small business customers:	-	598,126	54,289	2,456	591,311
5	Stable deposits	-	32,919	718	18	31,973
6	Other wholesale funding	-	565,207	53,571	2,438	559,338
7	Wholesale funding:	-	632,948	335,690	318,671	656,738
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	632,948	335,690	318,671	656,738
10	Other liabilities:	-	280,702	-	7,654	7,654
11	NSFR Shari'a-compliant hedging contract liabilities	-	7,876	-	-	-
12	All other liabilities not included in the above categories	-	272,826	-	7,654	7,654
13	Total ASF					1,371,238
Required Stable Funding (RSF):						
14	Total NSFR high-quality liquid assets (HQLA)					42,791
15	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
16	Performing loans and securities:	-	439,782	72,584	620,110	788,751
17	Performing loans to financial institutions secured by Level 1 HQLA	-	9,120	4,848	259,844	263,636
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	430,662	67,736	206,774	424,957
19	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	-	-	129,397	84,108
20	- With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	-	-	22,985	14,940
21	Performing residential mortgages, of which:					
22	- With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	-	-
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	1,110	1,110
24	Other assets:	-	252,640	-	-	252,640
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for Shari'a-compliant hedging contracts and contributions to default funds of CCPs	-	-	-	-	-
27	NSFR Shari'a-compliant hedging assets	-	-	-	-	-
28	NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted	-	1,575	-	-	1,575
29	All other assets not included in the above categories	-	251,065	-		251,065
30	OBS items	-	527,703	-	-	26,385
31	Total RSF					1,110,567
32	NSFR (%)					123%

15 COMPARATIVE FIGURES

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

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16 ASSETS CLASSIFIED AS HELD FOR SALE

During Q1 2024, the Board of Ithmaar Holding and Board of GFH Financial Group B.S.C. ("GFH") have agreed to an overall framework of terms regarding sale of certain assets and liabilities of Ithmaar's corporate banking business in Bahrain and investment assets (the "Transaction"). The Transaction was approved by Ithmaar Holding's shareholders during its Extraordinary General Meeting on 29 May 2024. The Transaction remains subject to regulatory approvals and the signing of definitive agreements. Further, the Transaction is expected to be significant to the overall consolidated financial position of the Group and is expected to yield positive outcomes for all stakeholders of the Group.

Subject to obtaining the required regulatory approvals, Ithmaar and GFH intend for the Transaction value to be calculated based on the value of the assets and liabilities as of 31 March 2024, subject to the agreed upon adjustments, with the Transaction effective date being 1 April 2024.

Based on the Group's assessment of the criteria specified by IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", the assets and disposal group subject to the Transaction have been classified as held for sale in the condensed consolidated interim financial information as at 30 June 2024. The Group's assessment was mainly based on the fact that the Group remains committed to the Transaction (after Board's in-principle approval), assets subject to the proposed transaction were available for immediate sale in present condition and the sale was highly probable as at 30 June 2024.

Accordingly, the following assets and liabilities (the "operations") have been classified as held-for-sale as of 30 June 2024:

Assets classified as held for sale

Description	Amount
Cash and balances with banks and central banks	131,280
Commodity placements with banks, financial and other institutions	88
Financing assets	845,572
Investment securities	882,182
Investment in associates	1,856
Other assets	53,316
Investment in real estate	3,923
Development properties	52,004
Property and equipment	63,494
Intangible assets	4,877
Total assets	2,038,592

Liabilities and Quasi equity classified as held for sale

Description	Amount
Customers' current accounts	604,003
Due to banks, financial and other institutions	302,854
Due to investors	-
Other liabilities	84,985
Total liabilities	991,842

QUASI EQUITY

- Quasi equity classified as held for sale	1,057,853
Fair value & foreign exchange translation movement from investments attributable to quasi equity	(10,911)
Total quasi equity classified as held for sale	1,046,942

Non-controlling interest classified as held for sale 49,197

Total liabilities and quasi equity and non-controlling interest classified as held for sale	2,087,981
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16 ASSETS CLASSIFIED AS HELD FOR SALE (continued)

These operations have been treated as a single disposal group. The net results of the above operations are included in the condensed consolidated statement of income.

The comparative period balances in the condensed consolidated statement of income has been reclassified to include those operations that have been classified as discontinued in the current period presentation.

The net cash flows of the above operations included in condensed consolidated statement of cash flows, are as follows:

Financial lines	30 June 2024	30 June 2023
Net cash from operating activities	(1,737)	48,155
Net cash used by investing activities	32,722	3,155
Net cash movement	30,985	51,310