



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31st March 2025

GiB

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Independent auditor's report on review of condensed interim consolidated financial statements

To the Board of Directors of
Gulf International Bank B.S.C.
Kingdom of Bahrain

Introduction

We have reviewed the accompanying 31 March 2025 condensed interim consolidated financial statements of Gulf International Bank B.S.C. (the "Bank") and its subsidiaries (together the "Group"), which comprises:

- the condensed interim consolidated statement of financial position as at 31 March 2025;
- the condensed interim consolidated statement of income for the three-month period ended 31 March 2025;
- the condensed interim consolidated statement of comprehensive income for the three-month period ended 31 March 2025;
- the condensed interim consolidated statement of changes in equity for the three-month period ended 31 March 2025;
- the condensed interim consolidated statement of cash flows for the three-month period ended 31 March 2025; and
- notes to the condensed interim consolidated financial statements.

The Board of Directors of the Bank is responsible for the preparation and presentation of this condensed interim consolidated financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim consolidated financial statements 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 International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2025 condensed interim consolidated financial statements is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 24 February 2025. The condensed interim consolidated financial statements of the Group as at and for the three-month period ended 31 March 2024 were reviewed by the same auditor who expressed an unmodified conclusion on those condensed interim consolidated financial statements on 10 May 2024.

6 May 2025

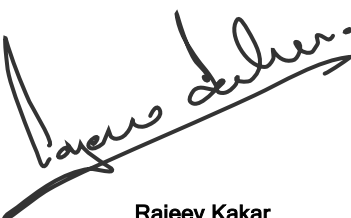
Condensed Interim Consolidated Statement of Financial Position

	Note	31.3.25 US\$ millions	31.12.24 US\$ millions
ASSETS			
Cash and other liquid assets		14,959.0	9,882.6
Securities purchased under agreements to resell		1,067.5	975.4
Placements		5,266.8	7,266.6
Trading securities		335.5	328.4
Investment securities	7	8,064.4	7,279.4
Loans and advances	8	15,659.8	15,402.3
Other assets		1,560.6	1,756.8
Total assets		46,913.6	42,891.5
LIABILITIES			
Deposits from banks		1,780.5	1,665.2
Deposits from customers		32,532.4	28,195.2
Securities sold under agreements to repurchase		1,632.6	1,848.8
Other liabilities		1,560.7	1,692.6
Senior term financing		5,428.2	5,573.9
Subordinated term financing		399.8	399.3
Total liabilities		43,334.2	39,375.0
EQUITY			
Share capital		2,000.0	2,000.0
Reserves	9	224.3	222.9
Retained earnings		300.6	252.6
Equity attributable to the shareholders of the Bank		2,524.9	2,475.5
Non-controlling interest		1,054.5	1,041.0
Total equity		3,579.4	3,516.5
Total liabilities and equity		46,913.6	42,891.5

The condensed interim consolidated financial statements were approved by the Board of Directors on 6th May 2025 and signed on its behalf by:



Abdulla Mohammed Al Zamil
Chairman of the Board



Rajeev Kakar
Chairman of the Board Audit Committee



Abdulaziz A. Al-Helaissi
Group Chief Executive Officer


The notes on pages 6 to 19 form part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statement of Income

		Three months ended 31.3.25 US\$ millions	Three months ended 31.3.24 US\$ millions
	<i>Note</i>		
Interest income		587.3	679.1
Interest expense		459.2	550.4
Net interest income		128.1	128.7
Net fee and commission income	3	30.8	39.9
Trading income	4	3.3	4.1
Foreign exchange income	5	8.4	6.4
Other income		11.0	5.6
Total operating income		181.6	184.7
Staff expenses		70.4	64.6
Premises expenses		4.6	5.0
Other operating expenses		33.8	32.8
Total operating expenses		108.8	102.4
Net income before provisions and tax		72.8	82.3
Provision for expected credit losses	6	(4.9)	(15.6)
Net income before tax		67.9	66.7
Taxation and zakat charges		(7.9)	(8.4)
Net income		60.0	58.3
Attributable to:			
Shareholders of the Bank		48.0	47.5
Non-controlling interest		12.0	10.8
		60.0	58.3



Abdulla Mohammed Al Zamil
Chairman of the Board



Rajeev Kakar
Chairman of the Board Audit Committee



Abdulaziz A. Al-Helaissi
Group Chief Executive Officer

Condensed Interim Consolidated Statement of Comprehensive Income

	Three months ended 31.3.25 US\$ millions	Three months ended 31.3.24 US\$ millions
Net income	60.0	58.3
Other comprehensive income:		
<u>Items that will be reclassified to consolidated statement of income:</u>		
<i>Cash flow hedges:</i>		
Reclassification to the consolidated statement of income	(1.7)	-
<i>Debt instruments at fair value through other comprehensive income (FVOCI):</i>		
Net change in fair value during the period	3.5	0.2
Changes in allowance for expected credit losses	0.2	0.1
	<u>2.0</u>	<u>0.3</u>
<u>Items that will not be reclassified to consolidated statement of income:</u>		
Net change in fair value of equity instruments at FVOCI	1.2	(0.7)
Remeasurement of defined benefit pension fund	(0.2)	(3.0)
Net change in deferred tax reserves	(0.1)	0.8
	<u>0.9</u>	<u>(2.9)</u>
Total other comprehensive income	2.9	(2.6)
Total comprehensive income	62.9	55.7
Attributable to:		
Shareholders of the Bank	49.4	45.2
Non-controlling interest	13.5	10.5
	<u>62.9</u>	<u>55.7</u>

The notes on pages 6 to 19 form part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statement of Changes in Equity

	Equity attributable to the shareholders of the Bank				Non-	Total
	Share	Reserves	Retained	Total	controlling	
	capital		earnings		interest	
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 1st January 2025	2,000.0	222.9	252.6	2,475.5	1,041.0	3,516.5
Net income for the period	-	-	48.0	48.0	12.0	60.0
Other comprehensive income for the period	-	1.4	-	1.4	1.5	2.9
Total comprehensive income for the period	-	1.4	48.0	49.4	13.5	62.9
At 31st March 2025	2,000.0	224.3	300.6	2,524.9	1,054.5	3,579.4
At 1st January 2024	2,000.0	237.3	131.3	2,368.6	1,000.0	3,368.6
Net income for the period	-	-	47.5	47.5	10.8	58.3
Other comprehensive loss for the period	-	(2.3)	-	(2.3)	(0.3)	(2.6)
Total comprehensive (loss) / income for the period	-	(2.3)	47.5	45.2	10.5	55.7
At 31st March 2024	2,000.0	235.0	178.8	2,413.8	1,010.5	3,424.3

The notes on pages 6 to 19 form part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statement of Cash Flows

	Three months ended 31.3.25 US\$ millions	Three months ended 31.3.24 US\$ millions
OPERATING ACTIVITIES		
Net income for the period	60.0	58.3
Adjustments for:		
Depreciation and amortisation	5.5	5.6
Provision for expected credit losses - net	4.9	15.6
Realised gain on debt investment securities	(0.6)	-
Operating income before changes in operating assets and liabilities	69.8	79.5
Changes in operating assets and liabilities:		
Statutory deposits with central banks	(316.5)	(256.5)
Certificates of deposit with original maturities of three months and more	(120.8)	27.7
Derivative valuation margin	(42.2)	115.0
Securities purchased under agreements to resell	(92.1)	(47.7)
Placements with original maturities of three months and more	(1,499.4)	619.9
Trading securities	(7.1)	(15.7)
Loans and advances	(262.9)	273.7
Interest receivable	(32.6)	(21.2)
Other assets	226.0	(105.1)
Deposits from banks	115.3	(76.4)
Deposits from customers	4,337.2	6,562.7
Securities sold under agreement to repurchase	(216.2)	21.6
Interest payable	58.4	65.2
Other liabilities	(189.0)	30.5
Net cash from operating activities	2,027.9	7,273.2
INVESTING ACTIVITIES		
Purchase of investment securities	(1,616.9)	(643.6)
Maturity / sale of investment securities	836.7	218.0
Net increase in premises and equipment	(4.7)	(7.1)
Net cash used in investing activities	(784.9)	(432.7)
FINANCING ACTIVITIES		
Issuance of term financing	8.8	620.3
Maturity of term financing	(154.0)	(525.4)
Net cash (used in) / from financing activities	(145.2)	94.9
Net increase in cash and cash equivalents	1,097.8	6,935.4
Cash and cash equivalents at 1st January	11,950.7	19,126.5
Cash and cash equivalents at 31st March	13,048.5	26,061.9

Cash and cash equivalents at 31st March 2025 excludes statutory deposits with the Central Bank amounting to US\$819.2 million (31st March 2024: US\$470.0 million), certificates of deposit with original maturities of three months or more amounting to US\$798.2 million (31st March 2024: US\$451.5 million) and derivative valuation margin amounting to US\$295.1 million (31st March 2024: US\$168.9 million) and includes placements with original maturities of less than three months amounting to US\$2.0 million (31st March 2024: US\$3,028.0 million).

The notes on pages 6 to 19 form part of these condensed interim consolidated financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTSFor the three months ended 31st March 2025**1 Incorporation and registration**

The parent company, Gulf International Bank B.S.C. ("the Bank"), is a Bahraini Shareholding Company incorporated in the Kingdom of Bahrain by Amiri Decree Law No. 30 dated 24th November 1975 and is registered as a conventional wholesale bank and a conventional retail bank with the Central Bank of Bahrain. The registered office of the Bank is located at Al-Dowali Building, 3 Palace Avenue, Manama, Kingdom of Bahrain.

The Bank and its subsidiaries (together "the Group") are principally engaged in the provision of wholesale commercial, asset management, investment banking and retail consumer banking services. The Group operates through subsidiaries, branch offices and representative offices located in seven countries worldwide. The total number of staff as at 31st March 2025 was 1,443 (31st December 2024: 1,437). The ultimate parent of the Group is the Public Investment Fund (PIF) of Saudi Arabia.

2 Basis of accounting**2.1 Basis of preparation**

The condensed interim consolidated financial statements of the Group are prepared in accordance with International Accounting Standard IAS 34, Interim Financial Reporting ("IAS 34").

The condensed interim consolidated financial statements of the Group do not contain all information and disclosures required for the annual audited consolidated financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended 31st December 2024. 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 financial statements. Further, results for the interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31st December 2025.

2.2 Basis of consolidation

The condensed interim consolidated financial statements include the accounts of Gulf International Bank B.S.C. and its subsidiaries. Subsidiaries are companies and other entities which the Bank controls. The Bank controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The subsidiary's accounts are derecognised from the consolidated financial statements from the point when the control ceases. All intercompany balances and transactions, including unrealised gains and losses on transactions between Group companies, have been eliminated.

2.3 Material accounting policies

The accounting policies have been consistently applied by the Group and are consistent with those of the previous year, as set out in the consolidated financial statements for the year ended 31st December 2024.

The group has not early adopted any new and amended standards and interpretations that are issued but not yet effective and these standards amendments are not expected to have a material impact on the interim condensed consolidated financial statements of the Group.

3 Net fee and commission income

	Three months ended	
	31.3.25	31.3.24
	US\$ millions	US\$ millions
Fee and commission income		
Commissions on letters of credit and guarantee	12.4	11.6
Investment banking and management fees	10.5	10.0
Loan agency, underwriting and distribution fees	3.0	9.5
Loan commitment fees	2.6	2.8
Retail banking fees	1.3	5.3
Other fee and commission income	2.9	2.1
Total fee and commission income	32.7	41.3
Fee and commission expense	(1.9)	(1.4)
Net fee and commission income	30.8	39.9

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTSFor the three months ended 31st March 2025**3 Net fee and commission income (continued)**

Investment banking and management fees comprise fees relating to the provision of investment management and financial services, including asset and fund management, underwriting activities, and services relating to structured financing, privatisations, initial public offerings, and mergers and acquisitions.

Loan agency, underwriting and distribution fees comprise of origination, underwriting, structuring and distribution of financing transactions.

Fee and commission expense principally comprises security custody fees and bank charges and commissions.

4 Trading income

	Three months ended	
	31.3.25	31.3.24
	US\$ millions	US\$ millions
Managed funds	0.7	11.2
Interest rate derivatives	1.5	0.9
FX arbitrage	0.6	(8.0)
Debt securities	0.4	-
Commodity options	0.1	-
	3.3	4.1

Trading income comprises gains and losses arising both on the purchase and sale, and from changes in the fair value of trading instruments, together with the related interest income, interest expense and dividend income. Trading income accordingly incorporates all income and expenses related to the Group's trading activities.

Interest rate derivatives income principally comprises customer-initiated contracts which have been offset in the market with matching contracts. There is no remaining market risk associated with these contracts.

5 Foreign exchange income

Foreign exchange income principally comprises customer-initiated foreign exchange contracts which have been offset in the market with matching contracts. There is no remaining market risk associated with these offset customer-related foreign exchange contracts.

Foreign exchange includes spot and forward foreign exchange contracts, and currency futures and options.

6 Provision for expected credit losses

	31 st March 2025			
	Stage 1	Stage 2	Stage 3	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Loans and advances	0.4	(2.5)	7.5	5.4
Investment securities	0.7	-	-	0.7
Placements	0.1	-	-	0.1
Credit-related financial instruments	(1.0)	(0.2)	(0.1)	(1.3)
	0.2	(2.7)	7.4	4.9

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31st March 20256 Provision for expected credit losses (continued)

	31 st March 2024			
	Stage 1	Stage 2	Stage 3	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Loans and advances	5.2	3.3	3.1	11.6
Investment securities	0.4	-	-	0.4
Placements	0.2	-	-	0.2
Credit-related financial instruments	0.3	0.5	2.6	3.4
	6.1	3.8	5.7	15.6

7 Investment securities7.1 Composition

	31.3.25	31.12.24
	US\$ millions	US\$ millions
<u>Investment securities at amortised cost</u>		
Gross debt securities	7,716.9	7,071.8
Provisions for expected credit losses	(4.1)	(3.6)
Net investment securities at amortised cost	7,712.8	7,068.2
<u>Investment securities at FVOCI</u>		
Debt securities	331.3	190.6
Equity securities	20.3	20.6
Total investment securities at FVOCI	351.6	211.2
Total investment securities	8,064.4	7,279.4

Investment securities include securities that had been pledged as collateral under repurchase agreements.

All debt securities were classified under stage 1 as at 31st March 2025 and 31st December 2024.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTSFor the three months ended 31st March 2025**7 Investment securities (continued)****7.1 Composition (continued)**

The credit rating profile of investment securities, based on the lowest rating assigned by the major international rating agencies, was as follows:

	31.3.25		31.12.24	
	US\$ millions	%	US\$ millions	%
AAA to A- / Aaa to A3	6,675.0	83.0	6,335.0	87.3
BBB+ to BBB- / Baa1 to Baa3	245.1	3.0	111.4	1.5
BB+ to B+ / Ba1 to B1	1,124.0	14.0	812.4	11.2
Total debt securities	8,044.1	100.0	7,258.8	100.0
Equity securities	20.3		20.6	
	8,064.4		7,279.4	

Investment securities principally comprised investment-grade rated debt securities issued by major international financial institutions and government-related entities.

Investment securities rated BB+ to B+ / Ba1 to B1 at 31st March 2025 and at 31st December 2024 principally comprised GCC sovereign debt securities.

7.2 Provisions for expected credit losses

The movements in the provisions for expected credit losses for investment securities at amortised cost were as follows:

	31 st March 2025				31 st March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 1 st January	3.6	-	-	3.6	3.1	-	-	3.1
Net remeasurement of ECL allowance	0.5	-	-	0.5	0.4	-	-	0.4
Exchange rate movements	-	-	-	-	(0.1)	-	-	(0.1)
At 31 st March	4.1	-	-	4.1	3.4	-	-	3.4

The allowance for expected credit losses for debt securities at FVOCI amounted to \$0.6 million (31st December 2024: \$0.4 million).

The above provisions reflect the probability-weighted estimate of expected credit losses. The provisions comprise both quantitative and qualitative information and analysis, based on the Group's historical experience and taking into consideration both internal and external indicators and including forward-looking information.

8 Loans and advances**8.1 Composition**

	31.3.25	31.12.24
	US\$ millions	US\$ millions
Gross loans and advances	15,898.0	15,703.9
Provisions for expected credit losses	(238.2)	(301.6)
Net loans and advances	15,659.8	15,402.3

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31st March 20258 Loans and advances (continued)8.1 Composition (continued)

	31 st March 2025				31 st December 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Gross loans and advances	14,947.3	776.9	173.8	15,898.0	14,660.0	876.4	167.5	15,703.9
ECL allowance	(80.7)	(70.7)	(86.8)	(238.2)	(80.4)	(102.5)	(118.7)	(301.6)
Net loans and advances	14,866.6	706.2	87.0	15,659.8	14,579.6	773.9	48.8	15,402.3

8.2 Provisions for expected credit losses

The stage 1 and stage 2 provisions reflect the probability-weighted estimate of expected credit losses under IFRS 9. The provisions comprise both quantitative and qualitative information and analysis, based on the Group's historical experience and taking into consideration both internal and external indicators and includes forward-looking information.

The Group calculates PIT PD estimates under three scenarios, a base case, negative case and positive case. A probability weighted ECL is then calculated by assigning probabilities, based on current market conditions, to each scenario. The probabilities assigned to the base case, negative case and positive case scenarios are 50:45:05, respectively (31st December 2024: 50:45:05).

Stage 3 provisions reflect credit-impaired provisions based on the difference between the net carrying amount and the recoverable amount of the loan.

The movements in the provisions for expected credit losses during the periods ended 31st March 2025 and 31st March 2024 are as follows:

	31 st March 2025				31 st March 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
At 1st January	80.4	102.5	118.7	301.6	91.3	68.2	179.4	338.9
Transfer to stage 2	(0.1)	0.9	(0.8)	-	(1.3)	1.3	-	-
Transfer to stage 3	-	(30.2)	30.2	-	(0.6)	(2.1)	2.7	-
Exchange rate movements	-	-	0.2	0.2	-	-	(0.1)	(0.1)
Net remeasurement of ECL allowance	0.4	(2.5)	7.5	5.4	5.2	3.3	3.1	11.6
Write-offs	-	-	(69.0)	(69.0)	-	-	(3.0)	(3.0)
At 31st March	80.7	70.7	86.8	238.2	94.6	70.7	182.1	347.4

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31st March 20259 Reserves

	Compulsory reserve US\$ millions	Cash flow hedge reserve US\$ millions	Investment securities revaluation reserve US\$ millions	Defined pension reserve US\$ millions	Deferred tax and other reserve US\$ millions	Total US\$ millions
At 1st January 2025	226.6	1.9	(13.5)	10.5	(2.6)	222.9
<u>Net fair value changes:</u>						
Securities at FVOCI	-	-	3.2	-	-	3.2
ECL on debt securities at FVOCI	-	-	-	-	0.2	0.2
Transfers to retained earnings	-	-	-	-	-	-
Other movements during the period	-	(1.7)	-	(0.2)	(0.1)	(2.0)
Net (decrease) / increase	-	(1.7)	3.2	(0.2)	0.1	1.4
At 31st March 2025	226.6	0.2	(10.3)	10.3	(2.5)	224.3
At 1st January 2024	213.1	-	(9.1)	44.4	(11.1)	237.3
<u>Net fair value changes:</u>						
Securities at FVOCI	-	-	(0.2)	-	-	(0.2)
Other movements during the period	-	-	-	(3.0)	0.9	(2.1)
Net (decrease) / increase	-	-	(0.2)	(3.0)	0.9	(2.3)
At 31st March 2024	213.1	-	(9.3)	41.4	(10.2)	235.0

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTSFor the three months ended 31st March 2025**10 Derivatives and foreign exchange instruments**

The notional amounts of derivatives and foreign exchange instruments were as follows:

	Trading	Hedging	Notional amounts Total
	US\$ millions	US\$ millions	US\$ millions
At 31st March 2025			
Foreign exchange contracts:			
Unmatured spot, forward and futures contracts	6,244.6	838.6	7,083.2
Options purchased	429.2	-	429.2
Options written	429.2	-	429.2
	7,103.0	838.6	7,941.6
Interest rate contracts:			
Interest rate swaps	17,473.7	6,519.5	23,993.2
Cross currency swaps	393.3	-	393.3
Futures	108.2	-	108.2
Options, caps and floors purchased	2,862.9	-	2,862.9
Options, caps and floors written	2,862.9	-	2,862.9
	23,701.0	6,519.5	30,220.5
Equity and commodity contracts:			
Options and swaps purchased	93.8	-	93.8
Options and swaps written	93.8	-	93.8
	187.6	-	187.6
Credit default swaps:			
Protection purchased	34.7	-	34.7
Protection sold	34.7	-	34.7
	69.4	-	69.4
	31,061.0	7,358.1	38,419.1
			Notional amounts Total
	Trading	Hedging	
	US\$ millions	US\$ millions	US\$ millions
At 31st December 2024			
Foreign exchange contracts:			
Unmatured spot, forward and futures contracts	8,289.1	594.1	8,883.2
Options purchased	424.1	-	424.1
Options written	424.1	-	424.1
	9,137.3	594.1	9,731.4
Interest rate contracts:			
Interest rate swaps	17,138.7	6,800.4	23,939.1
Cross currency swaps	401.8	-	401.8
Futures	107.6	-	107.6
Options, caps and floors purchased	2,878.0	-	2,878.0
Options, caps and floors written	2,878.0	-	2,878.0
	23,404.1	6,800.4	30,204.5
Equity and commodity contracts:			
Options and swaps purchased	60.5	-	60.5
Options and swaps written	60.5	-	60.5
	121.0	-	121.0
Credit default swaps:			
Protection purchased	28.7	-	28.7
Protection sold	28.7	-	28.7
	57.4	-	57.4
	32,719.8	7,394.5	40,114.3

There is no credit risk in respect of options written as they represent obligations of the Group.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTSFor the three months ended 31st March 2025**11 Credit-related financial instruments****11.1 Composition**

	31.3.25		31.12.24	
	Notional principal amount US\$ millions	Risk- weighted exposure US\$ millions	Notional principal amount US\$ millions	Risk- weighted exposure US\$ millions
Direct credit substitutes	1,323.0	1,293.9	1,379.1	1,264.3
Transaction-related contingent items	4,051.5	1,718.2	4,017.0	1,698.9
Short-term self-liquidating trade-related contingent items	972.2	192.4	893.3	175.9
Commitments, including undrawn loan commitments and underwriting commitments under note issuance and revolving facilities	2,494.4	1,238.1	2,326.7	1,142.0
	8,841.1	4,442.6	8,616.1	4,281.1

The notional principal amounts reported above are stated gross before applying credit risk mitigants, such as cash collateral, guarantees and counter-indemnities. At 31st March 2025, the Group held cash collateral, guarantees, counter-indemnities or other high quality collateral in relation to credit-related contingent items amounting to US\$491.3 million (31st December 2024: US\$479.9 million).

11.2 Provisions for expected credit losses

	31 st March 2025				31 st March 2024			
	Stage 1 US\$ millions	Stage 2 US\$ millions	Stage 3 US\$ millions	Total US\$ millions	Stage 1 US\$ millions	Stage 2 US\$ millions	Stage 3 US\$ millions	Total US\$ millions
At 1 st January	9.4	3.8	39.9	53.1	6.9	6.2	36.5	49.6
Transfer to stage 2	-	-	-	-	(0.1)	0.1	-	-
Exchange rate movements	-	-	0.2	0.2	-	-	-	-
Net remeasurement of ECL allowance	(1.0)	(0.2)	(0.1)	(1.3)	0.3	0.5	2.6	3.4
At 31 st March	8.4	3.6	40.0	52.0	7.1	6.8	39.1	53.0

12 Fair value of financial instruments

The Group's financial instruments are accounted for under the historical cost method with the exception of trading securities, equity investment securities and derivative financial instruments, which are accounted for at fair value. The fair value represents the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Differences therefore can arise between book values under the historical cost method and fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms. Generally accepted methods of determining fair value include reference to quoted prices (level 1 measurement) or to the pricing prevailing for similar financial instruments (level 2 measurement) and the use of unobservable inputs in estimation techniques such as discounted cash flow analysis (level 3 measurement).

The valuation methodologies applied are outlined below.

12.1 Trading securities

The fair values of trading securities are based on quoted prices (level 1) or valuation techniques (level 2 or 3).

12.2 Investment securities

The fair values of equity investment securities are based on quoted prices (level 1) or valuation techniques (level 2 or 3). The fair values of debt investment securities are based on quoted market prices (level 1) and are not materially different from the carrying values at 31st March 2025 and 31st December 2024.

12.3 Loans and advances

The fair values (level 2) of loans on a floating interest rate basis are principally estimated at book value. The fair values (level 3) of impaired loans are estimated at the recoverable amount, measured as the present value of expected future cash flows discounted based on the interest rate at the inception of the loan. The fair values of fixed rate loans are estimated on a discounted cash flow basis utilising discount rates equal to prevailing market rates of interest in the respective currencies for loans of similar residual maturity and credit quality. At 31st March 2025 and 31st December 2024, the fair values (level 2) approximate the carrying values.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTSFor the three months ended 31st March 2025**12 Fair value of financial instruments (continued)****12.4 Term financing**

The fair value of term financing is based on observable market data, including quoted market prices for debt instruments issued by similarly rated financial institutions and with similar maturities, or estimated on a discounted cash flow basis utilising currently prevailing spreads for borrowings with similar maturities. At 31st March 2025 and 31st December 2024, the fair values (level 2) of senior and subordinated term financing approximate the carrying values.

12.5 Other on-balance sheet items

The fair values of foreign exchange and derivative financial instruments are based on market prices, discounted cash flow techniques or option pricing models as appropriate. At 31st March 2025 and 31st December 2024, the fair values of all other on-balance sheet assets and liabilities approximate their respective book values due to their short-term nature.

12.6 Credit-related contingent items

There was no material fair value excess or shortfall in respect of credit-related off-balance sheet financial instruments, which include commitments to extend credit, standby letters of credit and guarantees, as the related future income streams reflected contractual fees and commissions actually charged at the balance sheet date for agreements of similar credit standing and maturity. Impairment provisions made in respect of individual transactions where a potential for loss has been identified are included in provisions for the impairment of other liabilities.

12.7 Valuation basis

The valuation basis for financial assets and financial liabilities carried at fair value was as follows:

	Quoted prices (level 1) US\$ millions	Valuation based on observable market data (level 2) US\$ millions	Other valuation techniques (level 3) US\$ millions
At 31st March 2025			
Financial assets:			
Trading securities	335.0	0.5	-
Investment securities - FVOCI	336.1	-	15.5
Derivative financial instruments	-	697.2	-
Financial liabilities:			
Derivative financial instruments	-	547.1	-
At 31st December 2024			
Financial assets:			
Trading securities	327.9	0.5	-
Investment securities - FVOCI	195.7	-	15.5
Derivative financial instruments	-	869.0	-
Financial liabilities:			
Derivative financial instruments	-	644.4	-

Quoted prices include prices obtained from lead managers, brokers and dealers. Investment securities valued based on other valuation techniques comprise private equity investments that have been valued based on price / earnings and price / book ratios for similar entities, discounted cash flow techniques or other valuation methodologies.

No transfers out of the level 3 measurement classification occurred during the periods ended 31st March 2025 and 31st March 2024. Similarly, no transfers between level 1 and level 2 measurement classifications were made during the periods ended 31st March 2025 and 31st March 2024.

Sensitivity of the movement in the fair value of financial instruments in the level 3 category is assessed as not significant to other comprehensive income or total equity.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTSFor the three months ended 31st March 2024**12 Fair value of financial instruments (continued)****12.7 Valuation basis (continued)**

The movements in the level 3 category is as follows:

	31.3.25	31.12.24
	US\$ millions	US\$ millions
At 1st January	15.5	16.1
Purchases	-	0.2
Fair value movement	-	(0.8)
	15.5	15.5

13 Segmental information

For financial reporting purposes, the Group is organised into four main operating segments:

- Wholesale banking: the provision of wholesale commercial financing and other credit facilities for corporate and institutional customers.
- Treasury: the provision of a broad range of treasury and capital market products and services to corporate and financial institution clients, money market, proprietary investment and trading activities and the management of the Group's balance sheet, including funding.
- Asset management and investment banking: the provision of asset and fund management services, and of financial advisory services relating to structured financing, privatisations, initial public offerings, and mergers and acquisitions.
- Head office and support units: income arising on the investment of the Group's trading securities and net free capital funds and expenses incurred by support units.

The results reported for the business segments are based on the Group's internal financial reporting systems, which report interest revenue and interest expense on a net basis. The accounting policies of the segments are the same as those applied in the preparation of these condensed interim consolidated financial statements. Transactions between business segments are conducted on normal commercial terms and conditions. Transfer pricing between the business units is based on the market cost of funds.

Segment results, assets and liabilities comprise items directly attributable to the business segments. Liabilities reported for head office and support units comprise senior and subordinated term finance facilities and related accrued interest, the cost of which is recharged to the relevant operating business segments.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31st March 202413 Segmental information (continued)

The business segment analysis is as follows:

	Wholesale banking	Treasury	Asset management and investment banking	Head office and support units	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Three months ended 31st March 2025					
Net interest income	62.2	44.3	0.8	20.8	128.1
Total income	83.4	58.5	10.1	29.6	181.6
Segment result	36.4	28.4	2.2	0.9	67.9
Taxation and zakat charges					(7.9)
Net income after tax					60.0
At 31st March 2025					
Segment assets	15,594.0	30,440.4	163.3	715.9	46,913.6
Segment liabilities	14,118.5	21,552.1	-	7,663.6	43,334.2
Total equity					3,579.4
Total liabilities and equity					46,913.6
Three months ended 31st March 2024					
Net interest income	67.9	37.4	0.2	23.2	128.7
Total income	98.4	43.8	11.7	30.8	184.7
Segment result	41.0	18.3	4.6	2.8	66.7
Taxation and zakat charges					(8.4)
Net income after tax					58.3
At 31st March 2024					
Segment assets	13,207.9	39,730.1	138.9	750.6	53,827.5
Segment liabilities	12,108.6	30,522.7	6.0	7,765.9	50,403.2
Total equity					3,424.3
Total liabilities and equity					53,827.5
At 31st December 2024					
Segment assets	15,296.7	26,692.2	167.6	735.0	42,891.5
Segment liabilities	14,385.6	17,230.6	-	7,758.8	39,375.0
Total equity					3,516.5
Total liabilities and equity					42,891.5

During the previous year, the Group amended its cost allocation policies for intercompany and segment transactions for the year ended 31st December 2024 after conducting a detailed transfer pricing study. Accordingly, the comparative segment results for the three months ended 31st March 2024 have been re-presented in accordance with the revised cost allocation policies.

14 Related party transactions

The Group enters into transactions with major shareholders, senior management and companies which are controlled, jointly controlled or significantly influenced by such parties in the ordinary course of business at arm's length. All the loans and advances to related parties are performing and are subject to ECL assessments.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31st March 202414 Related party transactions (continued)

The income, expense and the period end balances in respect of related parties included in the consolidated financial statements were as follows:

	Shareholders	Affiliates	Directors and senior Management	Total
	US\$ millions	US\$ millions	US\$ millions	US\$ millions
As at 31st March 2025				
Cash and other liquid assets	-	0.4	-	0.4
Placements	-	454.0	-	454.0
Investment securities	-	418.8	-	418.8
Loans and advances	-	2,058.1	21.2	2,079.3
Other assets	-	40.9	-	40.9
Deposits	1,890.3	3,052.2	23.2	4,965.7
Other liabilities	1.8	48.4	-	50.2
Senior term financing	-	980.0	-	980.0
Commitments and contingent liabilities	-	1,409.6	1.9	1,411.5
For the period ended 31st March 2025				
Net interest expense	(15.0)	(10.6)	-	(25.6)
Fee and commission income	0.3	2.0	-	2.3
Trading and foreign exchange income	-	3.5	-	3.5
Short term employee benefits	-	-	(13.6)	(13.6)
Post-employment benefits	-	-	(0.5)	(0.5)
Directors' fees and related expenses	-	-	(0.5)	(0.5)
As at 31st December 2024				
Cash and other liquid assets	-	0.3	-	0.3
Placements	-	1,215.0	-	1,215.0
Investment securities	-	590.0	-	590.0
Loans and advances	-	1,517.0	22.1	1,539.1
Other assets	2.3	199.5	-	201.8
Deposits	2,041.8	3,570.6	21.1	5,633.5
Other liabilities	0.2	50.0	-	50.2
Senior term financing	-	979.9	-	979.9
Commitments and contingent liabilities	-	1,214.5	2.9	1,217.4
For the period ended 31st March 2024				
Net interest expense	(16.5)	(13.4)	-	(29.9)
Fee and commission income	-	1.6	-	1.6
Trading loss	16.5	11.7	-	28.2
Other income	-	(0.1)	-	(0.1)
Short term employee benefits	-	-	(14.2)	(14.2)
Post-employment benefits	-	-	(0.5)	(0.5)
Directors' fees and related expenses	-	-	(1.1)	(1.1)

Senior management personnel comprise the Group Chief Executive Officer and other executive officers of the Group.

Post-employment benefits principally comprise compensation paid to personnel on retirement or resignation from the services of the Group.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31st March 202415 Liquidity and capital adequacy ratios

The Group is also required to comply with Basel 3 liquidity ratio requirements as stipulated by its lead regulator, the Central Bank of Bahrain (CBB). The LCR is calculated as a ratio of the stock of High Quality Liquid Assets (HQLA) to the net outflows over the next 30 calendar days. The NSFR is calculated as a ratio of 'available stable funding' to 'required stable funding'. At 31st March 2025, the Group's LCR and NSFR were 127.4% and 139.2% respectively, (31st December 2024: 149.4% and 142.8% respectively). The Group's total capital adequacy as of 31st March 2025 is 15.4% (31st December 2024: 15.6%).

	No specified maturity US\$ millions	Within 6 months US\$ millions	6 months to 1 year US\$ millions	Over 1 year US\$ millions	Total unweighted value US\$ millions	Total weighted value US\$ millions
At 31st March 2025						
Available Stable Funding (ASF):						
<u>Capital:</u>						
Regulatory Capital	3,282.8	-	-	-	3,282.8	3,282.8
Other Capital Instruments	296.6	-	-	399.8	696.4	696.4
<u>Retail deposits and deposits from small business customers:</u>						
Less stable deposits	147.3	1,123.0	65.3	-	1,335.6	1,202.1
<u>Wholesale funding:</u>						
Other wholesale funding	16,613.5	16,644.9	2,617.0	4,318.1	40,193.5	15,650.1
Total ASF						20,831.4
Required Stable Funding (RSF):						
<u>Total NSFR high-quality liquid assets (HQLA)</u>						
						1,353.7
<u>Performing loans and securities:</u>						
Performing loans to financial institutions secured by Level 1 HQLA	-	122.6	0.2	-	122.8	12.4
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	973.6	3,350.7	1,762.8	345.5	6,432.6	1,875.5
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	7,457.7	1,824.3	4,767.3	14,049.3	8,693.2
- With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	-	-	1,923.3	1,923.3	1,250.2
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	186.0	15.9	26.7	371.6	600.2	568.1
<u>Other assets:</u>						
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	108.6	-	-	108.6	92.3
NSFR derivative assets	-	231.2	-	-	231.2	231.2
NSFR derivative liabilities before deduction of variation margin posted	-	58.6	-	-	58.6	58.6
All other assets not included in the above categories	255.5	-	-	-	255.5	255.5
OBS items	-	3,198.8	2,225.3	5,999.8	11,423.9	571.2
Total RSF						14,961.9
NSFR (%)						139.2%
At 31st December 2024						
NSFR (%)						142.8%

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**For the three months ended 31st March 2024****16 Taxation**

The Global Anti-Base Erosion Pillar Two Model Rules ("GloBE rules") established by the Organization for Economic Cooperation and Development ("OECD") apply to multinational enterprise ("MNE") groups with total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

In line with the requirements of GloBE rules, the Kingdom of Bahrain has issued and enacted Decree Law No. (11) of 2024 ("Bahrain DMTT law") on 1st September 2024 introducing a domestic minimum top-up tax ("DMTT") of up to 15% on the taxable income of the Bahrain resident entities within the Group for fiscal years beginning on or after 1st January 2025.

As per the Group's assessment of applicability of the Bahrain DMTT law and global anti-base erosion model (GloBE) rules, the tax liability for the fiscal year 2025 is expected to be Nil for the Bahrain resident entities as the group is expected to meet certain conditions for exclusions as specified in the Bahrain DMTT law.

17 Comparatives

Comparatives have been reclassified in order to conform with the presentation for the current period. Such reclassifications do not affect previously reported net income and total equity of the Group.