

Al Baraka Group B.S.C. (c)

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 September 2024 (UNAUDITED AND REVIEWED)



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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Baraka Group B.S.C. (c) (the "Firm") and its subsidiaries (together the "Group") as at 30 September 2024 and the related interim condensed consolidated statements of income, comprehensive income and income and attribution related to Quasi-Equity for the three-month and nine-month periods then ended, and the related interim condensed consolidated statements of changes in equity, cash flows and changes in off-balance sheet assets under management for the nine-month period then ended and other explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with FAS 41, *"Interim Financial Reporting"*. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

A handwritten signature in blue ink, appearing to read 'Elias Abi Nakhoul', is written over a light blue circular stamp.


Elias Abi Nakhoul
PricewaterhouseCoopers M.E Limited
Partner's registration number: 196
Manama, Kingdom of Bahrain
6 November 2024

Al Baraka Group B.S.C. (c)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024 (Reviewed)

		<u>Reviewed</u>	<u>Audited</u>
		<u>30 September</u>	<u>31 December</u>
		<u>2024</u>	<u>2023</u>
	Notes	US\$ '000	US\$ '000
ASSETS			
Cash and balances with banks	3	5,949,324	5,130,669
Due from Banks	4	999,883	525,341
Receivables	5	9,926,552	9,788,328
Participatory investments	6	759,225	776,670
Investments	7	5,042,209	5,451,565
Ijarah Muntahia Bittamleek	8	2,448,838	2,477,262
Property and equipment		463,151	464,711
Other assets	9	751,056	648,788
TOTAL ASSETS		<u>26,340,238</u>	<u>25,263,334</u>
LIABILITIES, QUASI-EQUITY AND EQUITY			
LIABILITIES			
Customers current and other accounts		6,496,585	6,403,831
Due to banks		1,662,496	1,129,155
Long term financing	10	872,468	777,006
Other liabilities	11	1,192,595	1,187,211
Total liabilities		<u>10,224,144</u>	<u>9,497,203</u>
QUASI-EQUITY			
Financial institutions		580,718	417,206
Non-financial institutions and individuals		13,555,686	13,380,345
Total quasi-equity	12	<u>14,136,404</u>	<u>13,797,551</u>
EQUITY			
Share capital	15	1,242,879	1,242,879
Treasury shares		(15,658)	(15,658)
Share premium		16,861	16,873
Reserves		222,714	222,714
Cumulative changes in fair value		77,796	62,161
Foreign currency translations reserve	15	(1,346,655)	(1,246,905)
Retained earnings		658,948	558,527
Proposed appropriations		-	12,357
Equity attributable to parent's shareholders		<u>856,885</u>	<u>852,948</u>
Sukuk (Tier 1 Capital)		400,000	400,000
Equity attributable to parent's shareholders and Sukuk (Tier 1 Capital) holders		<u>1,256,885</u>	<u>1,252,948</u>
Non-controlling interest		722,805	715,632
TOTAL EQUITY		<u>1,979,690</u>	<u>1,968,580</u>
TOTAL LIABILITIES, QUASI-EQUITY AND EQUITY		<u>26,340,238</u>	<u>25,263,334</u>



Abdullah Saleh Kamel
Chairman



Housseem Ben Haj Amor
Board member and Group Chief Executive Officer

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements.

Al Baraka Group B.S.C. (c)

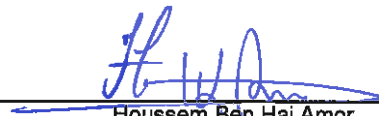
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the nine months ended 30 September 2024 (Reviewed)

	Notes	Three months ended		Nine months ended	
		30 September 2024 US\$ '000	30 September 2023 US\$ '000	30 September 2024 US\$ '000	30 September 2023 US\$ '000
INCOME					
Income from financing contracts		504,192	299,635	1,413,508	953,290
Income from investments		156,777	133,519	479,129	433,766
Mudarib share for managing off-balance sheet assets under management		1,090	807	6,931	7,894
Fees and commission income		58,766	59,054	186,488	157,296
Other income	16	25,662	22,657	78,211	110,712
		746,487	515,672	2,164,267	1,662,958
Profit paid on financing		(106,094)	(27,252)	(356,673)	(69,184)
TOTAL OPERATING INCOME BEFORE NET INCOME ATTRIBUTABLE TO QUASI-EQUITY					
		640,393	488,420	1,807,594	1,593,774
Net income attributable to quasi-equity		(377,254)	(240,317)	(1,021,602)	(714,448)
TOTAL OPERATING INCOME					
		263,139	248,103	785,992	879,326
OPERATING EXPENSES					
Staff expenses		71,860	61,396	225,371	215,793
Depreciation and amortisation		12,474	8,996	35,478	30,192
Other operating expenses		54,586	39,101	164,464	135,929
TOTAL OPERATING EXPENSES					
		138,920	109,493	425,313	381,914
NET INCOME BEFORE NET ALLOWANCE FOR EXPECTED CREDIT LOSSES / IMPAIRMENT AND TAXATION					
		124,219	138,610	360,679	497,412
Net allowance for expected credit losses / impairment	17	(9,236)	(22,374)	(31,744)	(148,305)
NET INCOME BEFORE TAXATION					
		114,983	116,236	328,935	349,107
Taxation		(31,215)	(39,679)	(86,689)	(102,595)
NET INCOME FOR THE PERIOD					
		83,768	76,557	242,246	246,512
Attributable to:					
Equity holders of the Parent		44,981	37,406	123,961	126,175
Non-controlling interest		38,787	39,151	118,285	120,337
		83,768	76,557	242,246	246,512
Basic and diluted earnings per share - US cents	14	2.99	2.36	8.06	8.23



Abdullah Saleh Kamel
Chairman



Housseem Ben Haj Amor
Board member and Group Chief Executive Officer

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements.

Al Baraka Group B.S.C. (c)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME

For the nine months ended 30 September 2024

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>Reviewed</i>	<i>Unreviewed</i>	<i>Reviewed</i>	<i>Unreviewed</i>
	30 September	<i>30 September</i>	30 September	<i>30 September</i>
	2024	<i>2023</i>	2024	<i>2023</i>
<i>Notes</i>	US\$ '000	<i>US\$ '000</i>	US\$ '000	<i>US\$ '000</i>
Net income for the period	83,768	76,557	242,246	246,512
Other comprehensive (loss) / income				
Items that may not be subsequently classified to consolidated statement of income				
Net change in fair value of property and equipment	-	(31)	-	188
Items that may subsequently classified to consolidated statement of income				
Foreign currency translations	(2,109)	(14,627)	(149,396)	(208,343)
Net change in fair value of equity investments measured at fair value through other comprehensive income	19,773	616	18,043	5,923
Net change in fair value of debt instruments measured at fair value through other comprehensive income	458	-	(886)	-
Related income tax	(133)	4	194	(1,366)
Share in the reserve attributable to quasi-equity	89	-	-	-
Total other comprehensive income / (loss) for the period	18,078	(14,038)	(132,045)	(203,598)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	101,846	62,519	110,201	42,914
Attributable to:				
Equity holders of the Parent	63,736	30,322	39,846	9,826
Non-controlling interest	38,110	32,197	70,355	33,088
	101,846	62,519	110,201	42,914

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements.

Al Baraka Group B.S.C. (c)
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME AND
ATTRIBUTION RELATED TO QUASI-EQUITY**

For the nine months ended 30 September 2024

	<i>Three months ended</i>		<i>Nine months ended</i>	
	Reviewed	<i>Unreviewed</i>	Reviewed	<i>Unreviewed</i>
	30 September	<i>30 September</i>	30 September	<i>30 September</i>
	2024	<i>2023</i>	2024	<i>2023</i>
	US\$ '000	<i>US\$ '000</i>	US\$ '000	<i>US\$ '000</i>
Total operating income before net income attributable to quasi-equity	640,393	488,420	1,807,594	1,593,774
Adjustments for:				
Less: Income from self-financed assets	(133,313)	(115,768)	(371,582)	(453,363)
Less: Group's share of the profit of jointly financed income	(65,664)	(53,479)	(126,456)	(127,481)
Less: Expenses attributable to quasi-equity	(30,147)	(14,457)	(40,410)	(40,348)
Less: Net allowance for impairment and credit losses - attributable to quasi-equity	(3,705)	(2,748)	(14,938)	(13,014)
Total income available for quasi-equity holders	407,564	301,968	1,254,208	959,568
<i>Profit equalization reserve - net movement</i>				
Appropriation during the period	(192)	(118)	(545)	(309)
Amount used during the period	4,206	279	5,692	895
Total income attributable to quasi-equity holders (adjusted for reserves)	411,578	302,129	1,259,355	960,154
Less: Group's share as Mudarib	(35,685)	(29,979)	(246,401)	(254,963)
Add: Hiba by Mudarib to the quasi-equity holders	5,375	(31,672)	13,795	9,843
Net income attributable to quasi-equity holders	381,268	240,478	1,026,749	715,034
<i>Investment risk reserve - net movement</i>				
Appropriation during the period	(12,646)	(23,319)	(23,605)	(80,076)
Amount used during the period	2,954	(3,955)	18,407	7,057
Profit distributable to quasi-equity	371,576	213,204	1,021,551	642,015
Net movement in profit equalization reserve	(4,014)	(161)	(5,147)	(586)
Net movement in investment risk reserve	9,692	27,274	5,198	73,019
Net income attributable to quasi-equity	377,254	240,317	1,021,602	714,448
OTHER COMPREHENSIVE INCOME				
Items that may subsequently classified to consolidated statement of income				
Share in the reserve attributable to quasi-equity	(89)	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD	(89)	-	-	-
Total income attributable to quasi-equity	377,165	240,317	1,021,602	714,448

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements.

Al Baraka Group B.S.C. (c)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2024 (Reviewed)

	Equity attributable to parent's shareholders and Sukuk holders													
	Share capital US\$ '000	Treasury shares US\$ '000	Share premium US\$ '000	Reserves			Cumulative changes in fair value of investments US\$ '000	Cumulative changes in fair value of property and equipment US\$ '000	Foreign currency translations reserve US\$ '000	Retained earnings US\$ '000	Proposed appropriat- ions US\$ '000	Total US\$ '000	Sukuk (Tier 1 Capital) US\$ '000	Non- controlling interest US\$ '000
Statutory reserve US\$ '000				Other reserves US\$ '000										
At 1 January 2024	1,242,879	(15,658)	16,873	222,714	-	16,900	45,261	(1,246,905)	558,527	12,357	852,948	400,000	715,632	1,968,580
Net movement in treasury shares	-	-	(12)	-	-	-	-	-	-	-	(12)	-	-	(12)
<i>Comprehensive income / (loss) for the period:</i>														
Net income for the period	-	-	-	-	-	-	-	-	123,961	-	123,961	-	118,285	242,246
Other comprehensive income / (loss)	-	-	-	-	-	15,635	-	(99,750)	-	-	(84,115)	-	(47,930)	(132,045)
Total comprehensive income / (loss) for the period	-	-	-	-	-	15,635	-	(99,750)	123,961	-	39,846	-	70,355	110,201
Dividends distributed	-	-	-	-	-	-	-	-	-	(12,357)	(12,357)	-	-	(12,357)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(30,064)	(30,064)
Allocation of Zakah	-	-	-	-	-	-	-	-	(576)	-	(576)	-	-	(576)
Profit distribution on perpetual tier 1 capital	-	-	-	-	-	-	-	-	(17,550)	-	(17,550)	-	-	(17,550)
Movement related to subsidiaries' tier 1 capital	-	-	-	-	-	-	-	-	(5,414)	-	(5,414)	-	(13,071)	(18,485)
Net movement in non- controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(20,047)	(20,047)
At 30 September 2024	1,242,879	(15,658)	16,861	222,714	-	32,535	45,261	(1,346,655)	658,948	-	856,885	400,000	722,805	1,979,690

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements.

Al Baraka Group B.S.C. (c)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2023 (Reviewed)

	Equity attributable to parent's shareholders and Sukuk holders												
	Reserves					Cumulative changes in fair value of investments	Cumulative changes in fair value of property and equipment	Foreign currency translation reserve	Retained earnings	Total	Sukuk (Tier 1 Capital)	Non-controlling interest	Total equity
	Share capital	Treasury shares	Share premium	Statutory reserve	Other reserves								
At 1 January 2023	1,242,879	(15,000)	16,059	208,363	-	9,745	45,261	(1,127,651)	483,571	863,227	400,000	703,544	1,966,771
Net movement in treasury shares	-	(658)	813	-	-	-	-	-	-	155	-	-	155
<i>Comprehensive income / (loss) for the period:</i>													
Net income for the period	-	-	-	-	-	-	-	-	126,175	126,175	-	120,337	246,512
Other comprehensive income / (loss)	-	-	-	-	-	3,624	188	(120,161)	-	(116,349)	-	(87,249)	(203,598)
Total comprehensive income / (loss) for the period	-	-	-	-	-	3,624	188	(120,161)	126,175	9,826	-	33,088	42,914
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(32,663)	(32,663)
Allocation of Zakah	-	-	-	-	-	-	-	-	(610)	(610)	-	-	(610)
Profit distribution on perpetual tier 1 capital	-	-	-	-	-	-	-	-	(17,550)	(17,550)	-	-	(17,550)
Movement related to subsidiaries' tier 1 capital	-	-	-	-	-	-	-	-	(5,729)	(5,729)	-	(12,265)	(17,994)
Effect of change in ownership	-	-	-	-	-	-	-	-	(1,300)	(1,300)	-	1,300	-
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	2,555	2,555
At 30 September 2023	1,242,879	(15,658)	16,872	208,363	-	13,369	45,449	(1,247,812)	584,557	848,019	400,000	695,559	1,943,578

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements.

Al Baraka Group B.S.C. (c)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2024 (Reviewed)

	<i>Nine months ended</i>	
	30 September 2024	<i>30 September 2023</i>
	US\$ '000	<i>US\$ '000</i>
OPERATING ACTIVITIES		
Net income before taxation	328,935	349,107
Adjustments for:		
Depreciation and amortisation	35,478	30,192
Depreciation on Ijarah Muntahia Bittamleek	133,873	100,308
Unrealised gain on equity and debt-type instruments at fair value through statement of income	(89,587)	(94,329)
Gain on sale of property and equipment	(4,989)	(7,535)
Gain on sale of investment in real estate	(1,072)	(1,990)
Gain on sale of equity-type instruments at fair value through other comprehensive income	(711)	(144)
Gain on sale of equity and debt-type instruments at fair value through statement of income	(20)	(228)
Net allowance for expected credit losses / impairment	31,744	148,305
Income from associates	(9,826)	(13,098)
Operating profit before changes in operating assets and liabilities	423,825	510,588
Net changes in operating assets and liabilities:		
Mandatory reserves with central banks	(165,333)	(52,966)
Receivables	(241,717)	415,158
Participatory investments	(413,076)	401,905
Ijarah Muntahia Bittamleek	(103,597)	(323,845)
Other assets	(140,732)	(1,633)
Customer current and other accounts	92,755	(324,264)
Due to banks	533,341	152,082
Other liabilities	54,650	143,472
Quasi-equity	341,015	(730,340)
Taxation paid	(113,513)	(112,590)
Net cash generated from operating activities	267,618	77,567
INVESTING ACTIVITIES		
Net proceeds from sale of investments	528,977	15,086
Net purchase of property and equipment	(18,922)	(18,839)
Dividend received from associates	773	3,799
Net movement in investment in associates	(10,360)	3,924
Net cash generated from investing activities	500,468	3,970
FINANCING ACTIVITIES		
Dividends paid to equity holders of the parent	(12,357)	-
Long term financing	95,462	352,644
Net movement in treasury shares	(12)	155
Profit distributed on perpetual tier 1 capital	(17,550)	(17,550)
Movement related to subsidiaries tier 1 capital	(5,414)	(5,729)
Net change in non-controlling interest	(61,467)	(41,438)
Net cash (used in) / generated from financing activities	(1,338)	288,082
Foreign currency translation adjustments	(149,396)	(208,343)
NET CHANGE IN CASH AND CASH EQUIVALENTS	617,352	161,276
Cash and cash equivalents at 1 January	2,601,444	2,212,263
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER (Note 20)	3,218,796	2,373,539

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements.

Al Baraka Group B.S.C. (c)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OFF-BALANCE SHEET ASSETS UNDER MANAGEMENT

For the nine months ended 30 September 2024 (Reviewed)

	<i>Cash</i> <i>US\$ '000</i>	<i>Sales</i> <i>receivable</i> <i>US\$ '000</i>	<i>Mudaraba</i> <i>financing</i> <i>US\$ '000</i>	<i>Investment</i> <i>in real estate</i> <i>US\$ '000</i>	<i>Ijarah Muntahia</i> <i>Bittamleek</i> <i>US\$ '000</i>	<i>Investments</i> <i>US\$ '000</i>	<i>Total</i> <i>US\$ '000</i>
At 1 January 2024	91,780	618,926	402,931	51,275	355,282	166,612	1,686,806
Deposits	184,829	261,351	102,683	798	100,935	144,927	795,523
Withdrawals	(169,806)	(329,459)	(349,202)	(3,237)	(53,877)	(52,608)	(958,189)
Income net of expenses	-	12,341	2,856	-	10,058	15,778	41,033
Mudarib's share	-	(4,218)	-	-	(2,680)	(61)	(6,959)
Foreign exchange translation	92	3,775	-	-	-	-	3,867
At 30 September 2024	106,895	562,716	159,268	48,836	409,718	274,648	1,562,081
At 1 January 2023	51,767	519,725	189,326	48,246	242,560	482,063	1,533,687
Deposits	278,430	179,684	21,730	510	56,311	300,452	837,117
Withdrawals	(243,944)	(67,006)	(183,763)	-	(4,195)	(229,986)	(728,894)
Income net of expenses	-	10,644	5,109	-	-	14,484	30,237
Mudarib's share	-	(7,888)	-	-	-	(6)	(7,894)
Foreign exchange translation	-	(1,425)	-	-	-	(23)	(1,448)
At 30 September 2023	86,253	633,734	32,402	48,756	294,676	566,984	1,662,805

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements.

For the nine months ended 30 September 2024 (Reviewed)

1 CORPORATE INFORMATION AND ACTIVITIES

Al Baraka Group B.S.C. (c), (the "Firm" or "ABG") is a Bahrain closed shareholding company incorporated in the Kingdom of Bahrain on 27 June 2002, under Commercial Registration ("CR") number 48915. The Firm is engaged in investment firm activities in the Middle East, Europe, and African region. The address of the Firm's registered office is Bahrain Bay, P.O. Box 1882, Manama, Kingdom of Bahrain.

The principal activities of the ABG and its subsidiaries (the "Group") comprise of international and commercial banking, financing, treasury and investment activities. The Firm is supervised and regulated by the CBB under its Rule Book Volume 4 - Investment Business.

On 20 July 2023, an announcement was made on Bahrain Bourse website regarding a potential conditional exit offer which was provided by the Group's major shareholder, Dallah Al Baraka Holding Company B.S.C. (c) ("Dallah"), to other ABG's shareholders that are not connected to Dallah. Dallah's direct and indirect shareholdings in ABG currently stand at 74%.

On 3 October 2023, ABG's Board of Directors (the "Board") announced that it received the firm intention to make the exit offer as well as the offer document from Dallah. The offer was subject to receipt of approvals or confirmations from ABG's shareholders and various regulatory authorities for the conversion of ABG into a closed Bahraini shareholding company and its subsequent delisting from the Bahrain Bourse.

On 24 October 2023, a circular was issued by the Board to the shareholders and published on Bahrain Bourse in relation to the above.

On 14 November 2023, an extraordinary general assembly meeting was held whereby the main agenda items were approved:

1. The delisting of Al Baraka Group's shares from Bahrain Bourse;
2. The conversion of the legal form of Al Baraka Group B.S.C. from Public (B.S.C.) to a Closed Shareholding Company (B.S.C.(c)) along with the commercial name change from Al Baraka Group B.S.C. to Al Baraka Group B.S.C.(c). and
3. The amendment and restatement in full of the Memorandum and Articles of Association of the Firm (in the form of the draft circulated to the shareholders) subject to obtaining the necessary approvals and finalisation of the shareholding structure.

On 30 November 2023, ABG announced the termination of its market making activities effective 31 December 2023, noting that such activities will remain suspended thereto.

On 10 June 2024, the Firm has fulfilled all requirements in relation to the conversion of its legal form. Consequently, the Firm's legal status was successfully converted to a Closed Bahraini Shareholding Company on 11 June 2024.

On 4 July 2024, the Firm officially announced completion of legal formalities relating to the delisting of its shares on Bahrain Bourse.

The interim condensed consolidated financial statements were approved by the Board of Directors on 6 November 2024.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for investment in real estate, equity and debt-type instruments through statement of income, equity-type and debt-type instruments through other comprehensive income and land occupied by the Group (classified as property and equipment) that have been measured at fair value. The interim condensed consolidated financial statements are presented in United States Dollars ("US\$") being the functional and presentational currency of ABG. All values are rounded to the nearest US\$ thousand ("US\$ '000") unless otherwise indicated.

Statement of compliance

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

The interim condensed consolidated financial statements do not contain all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023. In addition, results for the nine months period ended 30 September 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of annual audited consolidated financial statements of the Group for the year ended 31 December 2023 except for the adoption of new standards and interpretations effective as of 1 January 2024 and early adoption of FAS 47 - Transfer of Assets Between Investment Pools.

For the nine months ended 30 September 2024 (Reviewed)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

New standards, interpretations and amendments adopted by the Group

During the period, the Group applied the following standards and amendments to standards in preparation of these interim condensed consolidated financial statements. The adoption of the below standards and amendments to standards did not result in changes to previously reported net income or equity of the Group. However, the adoption of these standards has resulted in certain adjustments, additional disclosures and re-classification of previously reported financial statements and notes.

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

AAOIFI has issued FAS 1 (Revised 2021) - General Presentation and Disclosures in the Financial Statements (FAS 1) in 2021. The revised FAS 1 supersedes the earlier FAS 1 General Presentation and Disclosures in the Financial Statements of Islamic Banks and Financial Institutions and introduces the concepts of quasi-equity, off-balance-sheet assets under management and other comprehensive income to enhance the information provided to the users of the financial statements. The Firm has adopted this standard effectively from 1 January 2024. The adoption of this standard does not have any significant impact on recognition and measurement.

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

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

- a) Revised conceptual framework is now integral part of the AAOIFI FAS's;
- b) Definition of Quasi equity is introduced;
- c) Definitions have been modified and improved;
- d) Concept of comprehensive income has been introduced;
- e) Institutions other than Banking institutions are allowed to classify assets and liabilities as current and non-current;
- f) Disclosure of Zakah and Charity have been relocated to the notes;
- g) True and fair override has been introduced;
- h) Treatment for change in accounting policies, change in estimates and correction of errors has been introduced;
- i) Disclosures of related parties, subsequent events and going concern have been improved;
- j) Improvement in reporting for foreign currency, segment reporting; and
- k) Presentation and disclosure requirements have been divided into three parts. First part is applicable to all institutions, second part is applicable only to banks and similar IFI's and third part prescribes the authoritative status, effective date and amendments to other AAOIFI FASs.

FAS 40 - Financial Reporting for Islamic Finance Windows

AAOIFI has issued FAS 40 in 2021. The objective of this revised standard is to establish financial reporting requirements for Islamic finance windows and applicable to all conventional financial institutions providing Islamic financial services through an Islamic finance window. This standard improves upon and supersedes FAS 18 "Islamic Financial Services Offered by Conventional Financial Institutions". This standard is effective for the financial periods beginning on or after 1 January 2024 with early adoption permitted. As per the Group evaluation, the implementation of this standard will not have any impact on its financial statements.

FAS 47 - Transfer of Assets Between Investment Pools

AAOIFI has issued FAS 47 in 2023. This standard prescribes the financial reporting principles and disclosure requirements applicable to all transfers between investment pools related to (and where material, between significant categories of) owners' equity, quasi-equity and off-balance sheet assets under management of an institution. It requires adoption and consistent application of accounting policies for such transfers in line with Shari'ah principles and rules and describes general disclosure requirements in this respect. This standard shall be effective for the financial periods beginning or after 1 January 2026 and supersedes the earlier FAS 21 "Disclosure on Transfer of Assets". The Group has early adopted this standard effectively from 30 September 2024.

More specifically, the Group considered the guidance provided in the following standards:

1. FAS 47 - Transfer of Assets between Investment Pools
2. Governance Standard - Governance and Management of Investment Accounts (exposure draft)

The transfer of assets from "Owner's Equity Pool" to "Quasi Equity Pool" by way of exchange, sale, hiba, investments is held by adhering core business principles of fairness, justice and equity between the stakeholders (in line with the fiduciary responsibilities of the Bank) and in accordance with underlying terms and conditions of Mudaraba or Wakala or other agreements.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

New standards, interpretations and amendments adopted by the Group (continued)

FAS 47 - Transfer of Assets Between Investment Pools (continued)

Such transfer will be carried at fair value and any gains or losses arising on transfer of such assets will be recorded in accordance with relevant accounting policy related to such assets given as follows:

- a. Such gains or losses resulting from the transfer be accurately allocated between the Quasi Equity and the Owner's equity, based on their respective investment proportions.
- b. The resulting gain or loss arising on such transfer due to difference between fair value and the carrying value, does not give rise to a gain or loss in the consolidated statement of income for the current period, considering the combined effect of accounting for different investment pools as a whole. Accordingly, such gain or loss routed directly through respective equity (or quasi-equity). The assets, liabilities and quasi-equity of the subsidiary shall continue to be subject to a line by line full consolidation.

Such intangible assets and fair value reserves, resulted from transfer of such investment, will be systematically amortized over 10 years. In case of disposal/backward movement, these reserves and intangible assets will be duly adjusted against each other.

New standards, amendments and interpretations issued but not yet effective

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

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

FAS 43 - Accounting for Takaful: Recognition and Measurement

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

FAS 45 - Quasi-Equity (Including Investment Accounts)

AAOIFI has issued FAS 45 in 2023. This standard prescribes the principles of financial reporting related to the participatory investment instruments (including investment accounts) in which an Islamic financial institution controls the underlying assets (mostly, as a working partner), on behalf of the stakeholders other than the owners' equity. Such instruments (including, in particular, the unrestricted investment accounts) normally qualify for on-balance-sheet accounting and are reported as quasi-equity. This standard also 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. It further addresses financial reporting related to other quasi-equity instruments and certain specific issues. This standard shall be effective for the financial reporting periods beginning on or after 1 January 2026.

The concept of quasi-equity has been introduced in FAS 1 "General Presentation and Disclosures in the Financial Statements (Revised 2021)". The Group shall address the requirements of FAS 45 "Quasi-Equity (Including Investment Accounts)" on the effective date of the standard.

FAS 46 - Off-Balance Sheet Assets Under Management

AAOIFI has issued FAS 46 in 2023. This standard prescribes the criteria for characterisation of off-balance sheet assets under management, and the related principles of financial reporting in line with the "AAOIFI Conceptual Framework for Financial Reporting". The standard encompasses the aspects of recognition, derecognition, measurement, selection and adoption of accounting policies, related to off-balance-sheet assets under management, as well as certain specific aspects of financial reporting such as impairment and onerous commitments by the institution. The standard also includes the presentation and disclosure requirements particularly aligning the same with the requirements of the revised FAS 1 "General Presentation and Disclosures in the Financial Statements" in respect of the statement of changes in off-balance sheet assets under management. This standard, along with, FAS 45 "Quasi-Equity (Including Investment Accounts)", supersedes the earlier FAS 27 "Investment Accounts". This standard shall be effective for the financial periods beginning on or after 1 January 2026 and shall be adopted at the same time of adoption of FAS 45 - Quasi-Equity (Including Investment Accounts).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2024 (Reviewed)

3 CASH AND BALANCES WITH BANKS

	<i>Reviewed</i> 30 September 2024 US\$ '000	<i>Audited</i> 31 December 2023 US\$ '000
Balances with central banks*	4,357,577	3,915,198
Balances with other banks	924,626	724,636
Cash and cash in transit	712,336	528,135
Allowance for expected credit losses	(45,215)	(37,300)
	5,949,324	5,130,669

* Balances with central banks include mandatory reserves amounting to US\$ 2,775,743 thousand (31 December 2023: US\$ 2,566,525 thousand). These amounts are not available for use in the Group's day-to-day operations.

4 DUE FROM BANKS

	<i>Reviewed</i> 30 September 2024 US\$ '000	<i>Audited</i> 31 December 2023 US\$ '000
Commodity murabaha	365,206	329,870
Mudaraba financing	229,118	109,856
Wakala financing	408,326	96,773
Allowance for expected credit losses	(2,767)	(11,158)
	999,883	525,341

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and stage classification.

	<i>Reviewed</i> 30 September 2024				<i>Audited</i> 31 December 2023
	<i>Stage 1</i> US\$ '000	<i>Stage 2</i> US\$ '000	<i>Stage 3</i> US\$ '000	<i>Total</i> US\$ '000	<i>Total</i> US\$ '000
Good (1-4)	379,402	13,000	-	392,402	255,755
Satisfactory (5-7)	495,537	107,711	-	603,248	264,278
Default (8-10)	-	-	7,000	7,000	16,466
Less: allowance for expected credit losses	(2,207)	(560)	-	(2,767)	(11,158)
	872,732	120,151	7,000	999,883	525,341

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2024 (Reviewed)

4 DUE FROM BANKS (continued)

The below table shows the movement in allowance for expected credit losses by stage:

	<i>Reviewed</i>			<i>Audited</i>	
	<i>For the nine months period ended</i>			<i>For the year ended</i>	
	<i>30 September 2024</i>			<i>31 December 2023</i>	
	<i>Stage 2:</i>				
	<i>Stage 1: 12-month ECL</i>	<i>Lifetime ECL not credit-impaired</i>	<i>Stage 3: Lifetime ECL credit-impaired</i>	<i>Total</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Balance at 1 January	631	1,111	9,416	11,158	17,490
Net remeasurement of loss allowance	1,575	(569)	-	1,006	379
Allocation from investment risk reserve	1	-	-	1	248
Amounts written off	-	-	-	-	(9,164)
FX translation	-	18	(9,416)	(9,398)	2,205
	2,207	560	-	2,767	11,158

5 RECEIVABLES

	<i>Reviewed</i>	<i>Audited</i>
	<i>30 September</i>	<i>31 December</i>
	<i>2024</i>	<i>2023</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Sales (Murabaha) receivables	9,931,925	9,881,470
Ijarah receivables	183,234	160,765
Salam receivables	285,348	315,780
Istisna'a receivables	165,683	139,682
Allowance for expected credit losses	(639,638)	(709,369)
	9,926,552	9,788,328

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and stage classification.

	<i>Reviewed</i>				<i>Audited</i>
	<i>30 September 2024</i>				<i>31 December</i>
	<i>2024</i>				<i>2023</i>
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Good (1-4)	1,165,679	165,810	-	1,331,489	2,830,359
Satisfactory (5-7)	7,395,509	1,244,978	-	8,640,487	7,141,574
Default (8-10)	-	-	594,214	594,214	525,764
Less: allowance for expected credit losses	(59,918)	(206,448)	(373,272)	(639,638)	(709,369)
	8,501,270	1,204,340	220,942	9,926,552	9,788,328

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2024 (Reviewed)

5 RECEIVABLES (continued)

The below table shows the movement in allowance for expected credit losses by stage:

	<i>Reviewed</i>			<i>Total</i> <i>US\$ '000</i>	<i>Audited</i>
	<i>For the nine months period ended</i> <i>30 September 2024</i>				<i>For the year ended</i> <i>31 December 2023</i>
	<i>Stage 1: 12-month ECL</i> <i>US\$ '000</i>	<i>Stage 2: Lifetime ECL not credit-impaired</i> <i>US\$ '000</i>	<i>Stage 3: Lifetime ECL credit-impaired</i> <i>US\$ '000</i>		<i>Total</i> <i>US\$ '000</i>
Balance at 1 January	91,771	263,246	354,352	709,369	688,893
Net movement between stages	(208)	(3,064)	3,270	(2)	-
Net remeasurement of loss allowance	12,665	(14,991)	44,822	42,496	199,796
Recoveries / write-backs	-	-	(20,656)	(20,656)	(24,533)
Allocation (to) / from investment risk reserve	(7,608)	(27,696)	22,782	(12,522)	(3,726)
Amounts written off	-	-	(13,033)	(13,033)	(56,173)
FX translation	(36,702)	(11,047)	(18,265)	(66,014)	(94,888)
	59,918	206,448	373,272	639,638	709,369

6 PARTICIPATORY INVESTMENTS

	<i>Reviewed</i> <i>30 September</i> <i>2024</i> <i>US\$ '000</i>	<i>Audited</i> <i>31 December</i> <i>2023</i> <i>US\$ '000</i>
Mudaraba financing	125,519	125,736
Musharaka financing	667,187	687,349
Allowance for expected credit losses	(33,481)	(36,415)
	759,225	776,670

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and stage classification.

	<i>Reviewed</i>			<i>Total</i> <i>US\$ '000</i>	<i>Audited</i>
	<i>30 September 2024</i>				<i>31 December</i> <i>2023</i>
	<i>Stage 1</i> <i>US\$ '000</i>	<i>Stage 2</i> <i>US\$ '000</i>	<i>Stage 3</i> <i>US\$ '000</i>		<i>Total</i> <i>US\$ '000</i>
Good (1-4)	400,356	16,606	-	416,962	564,541
Satisfactory (5-7)	204,532	133,827	-	338,359	213,020
Default (8-10)	-	-	37,385	37,385	35,524
Less: allowance for expected credit losses	(1,510)	(7,405)	(24,566)	(33,481)	(36,415)
	603,378	143,028	12,819	759,225	776,670

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2024 (Reviewed)

6 PARTICIPATORY INVESTMENTS (continued)

The below table shows the movement in allowance for expected credit losses by stage:

	<i>Reviewed</i>			<i>Audited</i>	
	<i>For the nine months period ended</i>			<i>For the year ended</i>	
	<i>30 September 2024</i>			<i>31 December 2023</i>	
	<i>Stage 1: 12-month ECL</i>	<i>Stage 2: Lifetime ECL not credit-impaired</i>	<i>Stage 3: Lifetime ECL credit-impaired</i>	<i>Total</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Balance at 1 January	3,601	8,269	24,545	36,415	29,934
Net movement between stages	(52)	(392)	444	-	-
Net remeasurement of loss allowance	(1,077)	1,469	(685)	(293)	9,104
Allocation to investment risk reserve	(10)	(1)	(3)	(14)	(62)
Amounts written off	-	-	(216)	(216)	-
FX translation	(952)	(1,940)	481	(2,411)	(2,561)
	1,510	7,405	24,566	33,481	36,415

7 INVESTMENTS

	<i>Reviewed</i>	<i>Audited</i>
	<i>30 September</i>	<i>31 December</i>
	<i>2024</i>	<i>2023</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Equity and debt-type instruments at fair value through statement of income (7.1)	324,286	249,938
Equity-type instruments at fair value through other comprehensive income (7.2)	647,439	572,225
Debt-type instruments at amortised cost (7.3)	3,832,651	4,405,200
	4,804,376	5,227,363
Investment in real estate (7.4)	161,787	167,376
Investment in associates and joint venture*	76,046	56,826
	5,042,209	5,451,565

* Investment in associates and joint venture includes USD 17,553 thousand relating to Danat-ul-Barakat SPC, a joint venture of Al Baraka Islamic Bank. On 10 July 2024, the shareholders of "Danat-ul-Barakat SPC", in an extraordinary general meeting, resolved to liquidate the company after the completion of all legal formalities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2024 (Reviewed)

7 INVESTMENTS (continued)

7.1 Equity and debt-type instruments at fair value through statement of income

	<i>Reviewed</i> 30 September 2024 US\$ '000	<i>Audited</i> 31 December 2023 US\$ '000
Quoted investments		
Debt instruments	996	-
Equity securities	321,830	248,013
Unquoted investments		
Debt instruments	367	-
Equity securities	1,093	1,925
	<u>324,286</u>	<u>249,938</u>

7.2 Equity-type instruments at fair value through other comprehensive income

	<i>Reviewed</i> 30 September 2024 US\$ '000	<i>Audited</i> 31 December 2023 US\$ '000
Quoted investments		
Equity securities	33,411	44,529
Managed funds	494	21,455
Sukuk	509,277	433,404
	<u>543,182</u>	<u>499,388</u>
Unquoted investments		
Equity securities	69,047	47,425
Managed funds	38,347	11,197
Sukuk	2,517	19,711
	<u>109,911</u>	<u>78,333</u>
Net allowance for impairment	(5,654)	(5,496)
	<u>647,439</u>	<u>572,225</u>

7.3 Debt-type instruments at amortised cost

	<i>Reviewed</i> 30 September 2024 US\$ '000	<i>Audited</i> 31 December 2023 US\$ '000
Quoted investments		
Sukuk and similar items	2,782,031	3,181,953
Unquoted investments		
Sukuk and similar items	1,062,614	1,237,072
Allowance for expected credit losses	(11,994)	(13,825)
	<u>3,832,651</u>	<u>4,405,200</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2024 (Reviewed)

7 INVESTMENTS (continued)

7.3 Debt-type instruments at amortised cost (continued)

Quoted equity type instruments are investments which are fair valued using quoted prices in active markets for identical instruments and unquoted equity type instruments are investments that are fair valued using directly or indirectly observable inputs.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and stage classification.

	<i>Reviewed</i>				<i>Audited</i>
	<i>30 September 2024</i>				<i>31 December 2023</i>
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Good (1-4)	3,186,326	32,394	-	3,218,720	3,844,126
Satisfactory (5-7)	620,306	3,054	-	623,360	572,334
Default (8-10)	-	-	2,565	2,565	2,565
Less: allowance for expected credit losses	(9,086)	(343)	(2,565)	(11,994)	(13,825)
	3,797,546	35,105	-	3,832,651	4,405,200

The below table shows the movement in allowance for expected credit losses by stage:

	<i>Reviewed</i>				<i>Audited</i>
	<i>For the nine months period ended</i>				<i>For the year ended</i>
	<i>30 September 2024</i>				<i>31 December 2023</i>
	<i>Stage 1: 12-month ECL</i>	<i>Stage 2: Lifetime ECL not credit-impaired</i>	<i>Stage 3: Lifetime ECL credit-impaired</i>	<i>Total</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Balance at 1 January	10,868	392	2,565	13,825	8,712
Net remeasurement of loss allowance	1,776	(50)	-	1,726	6,533
Allocation to investment risk reserve	(44)	-	-	(44)	(369)
FX translation	(3,514)	1	-	(3,513)	(1,051)
	9,086	343	2,565	11,994	13,825

7.4 Investment in real estate

	<i>Reviewed</i>	<i>Audited</i>
	<i>30 September 2024</i>	<i>31 December 2023</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Land	87,953	92,631
Buildings	73,834	74,745
	161,787	167,376

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2024 (Reviewed)

7 INVESTMENTS (continued)

7.4 Investment in real estate (continued)

The following is a reconciliation between the carrying amounts of investment in real estate at the beginning and end of the period / year:

	<i>Reviewed</i> 30 September 2024 US\$ '000	<i>Audited</i> 31 December 2023 US\$ '000
Beginning balance of the period / year	167,376	172,708
Acquisition	-	1,036
Net gain from fair value adjustments	-	6,210
Disposal	(4,734)	(12,506)
Impairment	(899)	-
Foreign exchange translation - net	44	(72)
	(5,589)	(5,332)
	161,787	167,376

8 IJARAH MUNTAHIA BITTAMLEEK

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and stage classification.

	<i>Reviewed</i> 30 September 2024			<i>Audited</i> 31 December 2023
	<i>Stage 1</i> US\$ '000	<i>Stage 2</i> US\$ '000	<i>Stage 3</i> US\$ '000	<i>Total</i> US\$ '000
Good (1-4)	674,819	4,725	-	717,502
Satisfactory (5-7)	1,562,530	219,008	-	1,773,713
Default (8-10)	-	-	-	-
Less: allowance for expected credit losses	(2,521)	(9,723)	-	(13,953)
	2,234,828	214,010	-	2,477,262

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2024 (Reviewed)

8 IJARAH MUNTAHIA BITTAMLEEK (continued)

The below table shows the movement in allowance for expected credit losses by stage:

	<i>Reviewed</i>			<i>Audited</i>	
	<i>For the nine months period ended 30 September 2024</i>			<i>For the year ended 2023</i>	
	<i>Stage 1: 12- month ECL US\$ '000</i>	<i>Stage 2: Lifetime ECL not credit- impaired US\$ '000</i>	<i>Stage 3: Lifetime ECL credit- impaired US\$ '000</i>	<i>Total US\$ '000</i>	<i>Total US\$ '000</i>
Balance at 1 January	2,187	11,766	-	13,953	13,254
Net remeasurement of loss allowance	337	(2,190)	-	(1,853)	562
FX translation	(3)	147	-	144	137
	2,521	9,723	-	12,244	13,953

9 OTHER ASSETS

	<i>Reviewed</i>	<i>Audited</i>
	<i>30 September 2024 US\$ '000</i>	<i>31 December 2023 US\$ '000</i>
Collateral pending sale*	297,225	183,470
Bills receivable	136,015	175,726
Deferred taxation	96,971	120,996
Goodwill and intangible assets	99,216	72,455
Good faith qard	39,277	39,962
Prepayments	42,138	32,784
Others	74,860	54,716
	785,702	680,109
Allowance for expected credit losses	(34,646)	(31,321)
	751,056	648,788

* The nature of the collateral pending sale are mainly residential and commercial real estates.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2024 (Reviewed)

10 LONG TERM FINANCING

	<i>Reviewed</i> 30 September 2024 US\$ '000	<i>Audited</i> 31 December 2023 US\$ '000
Murabaha financing	577,992	436,728
Subordinated financing obtained by a subsidiaries	294,476	340,278
	872,468	777,006

11 OTHER LIABILITIES

	<i>Reviewed</i> 30 September 2024 US\$ '000	<i>Audited</i> 31 December 2023 US\$ '000
Payables	414,643	322,861
Cash margins	262,950	260,060
Managers' cheques	115,634	102,906
Current taxation	77,712	120,301
Accrued expenses	92,711	106,682
Deferred taxation	12,173	20,434
Charity fund	8,153	14,333
Net Ijarah liability	62,648	54,471
Others	106,640	126,400
Allowance for expected credit losses	39,331	58,763
	1,192,595	1,187,211

12 QUASI-EQUITY

	<i>Reviewed</i> 30 September 2024 US\$ '000	<i>Audited</i> 31 December 2023 US\$ '000
Investment accountholders*	13,909,703	13,534,471
Profit equalisation reserve (note 12.1)	155,446	183,760
Investment risk reserve (note 12.2)	75,183	80,474
Cumulative changes in fair value attributable to quasi-equity - net (note 12.3)	(3,928)	(1,154)
	14,136,404	13,797,551

* *Subordinated Mudaraba*

This includes unsecured, sub-ordinated and privately placed unrestricted mudaraba sukuk amounting to US\$ 6,620 thousand (31 December 2023: US\$ 11,976 thousand) issued by Al Baraka Bank (Pakistan) Limited (ABPL) during 2021 and will mature in 2031. The issuance of sukuk is intended to comply with regulatory requirements related to capital adequacy ratio of ABPL. The principal repayment, started after six months of the drawdown date and is being made semi-annually on a straight line basis.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2024 (Reviewed)

12 QUASI-EQUITY (continued)

The following table summarises the breakdown of Investment accountholders (IAH) as of:

	Reviewed 30 September 2024 US\$ '000	<i>Audited</i> <i>31 December</i> <i>2023</i> <i>US\$ '000</i>
Investment accounts - Financial institutions	580,718	417,206
Investment accounts - Non-financial institutions and individuals	13,555,686	13,380,345
	14,136,404	13,797,551

During the period ended 30 September 2024, Al Baraka Islamic Bank, a subsidiary of the Group, decided to transfer its investment in a subsidiary from Owners' equity to Quasi equity. The management considered the guidance provided by Sharia Supervisory Board, AAOIFI and relevant FAS issued by AAOIFI.

As of 30 September 2024, Al Baraka Islamic Bank conducted a fair valuation exercise internally using discounted cash flow method of its subsidiary (Al Baraka Bank Pakistan Limited) which resulted in a fair value of USD 55.5 million against book value of USD 37.7 million (including goodwill). The resulting gain of USD 17.1 million has been recorded in the interim condensed consolidated financial statements within "owners' equity". A corresponding intangible asset in the form of "core deposits and customer relationships" has been recognized as the fair value of all other assets and liabilities of the subsidiary is approximately equal to their carrying values. The assets, liabilities and quasi-equity of the subsidiary shall continue to be subject to a line by line full consolidation.

12.1 Profit equalisation reserve

The following shows the movement in profit equalisation reserve:

	Reviewed 30 September 2024 US\$ '000	<i>Audited</i> <i>31 December</i> <i>2023</i> <i>US\$ '000</i>
Balance at the beginning of the period / year	183,760	66,501
Amount apportioned (to) / from income allocable to equity of investment accountholders	(5,147)	171,922
Amount used during the period / year	-	(1,245)
Foreign exchange translations	(23,167)	(53,418)
Balance at period end / year end	155,446	183,760

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2024 (Reviewed)

12 QUASI-EQUITY (continued)

12.2 Investment risk reserve

The following shows the movement in investment risk reserve:

	Reviewed 30 September 2024 US\$ '000	<i>Audited</i> <i>31 December</i> <i>2023</i> <i>US\$ '000</i>
Balance at the beginning of the period / year	80,474	98,768
Amount appropriated (to) / from provision	(10,834)	3,908
Amount apportioned from / (to) income allocable to equity of investment accountholders	5,198	(16,167)
Foreign exchange translations	345	(6,035)
Balance at period end / year end	75,183	80,474

The economic environment in Republic of Türkiye is considered hyperinflationary. Unlike IFRS which issued IAS 29 'Financial Reporting in Hyperinflationary Environment' to consider the impact on hyperinflation, the FASs issued by AAOIFI do not have similar requirements and are still under consideration of the AAOIFI Board. IAS 29 requires financial statements that are prepared in the currency of a hyper-inflationary economy to be stated in terms of the purchasing power at the end of the reporting period. This is because money loses purchasing power at such a rate that comparison of amounts from transactions and other events that have occurred at different times, even within the same accounting period, are likely to be misleading without this impact.

12.3 Cumulative changes in fair value attributable to quasi-equity

	Reviewed 30 September 2024 US\$ '000	<i>Audited</i> <i>31 December</i> <i>2023</i> <i>US\$ '000</i>
Balance at the beginning of the period / year	(1,154)	1,382
Change in fair values during the period / year	(612)	347
Realised gain transferred to consolidated statement of income	-	(2,301)
Deferred taxation effect	(2,162)	(586)
Transfer from shareholders' equity	-	4
Balance at period end / year end	(3,928)	(1,154)
Attributable to investment in real estate	2,293	3,187
Attributable to equity-type instruments at fair value through other comprehensive income	(6,221)	(4,341)
	(3,928)	(1,154)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2024 (Reviewed)

13 COMMITMENTS AND CONTINGENCIES

	<i>Reviewed</i> 30 September 2024 US\$ '000	<i>Audited</i> 31 December 2023 US\$ '000
Letters of credit	655,880	570,135
Guarantees	1,409,964	1,380,579
Acceptances	29,975	40,015
Undrawn commitments	1,115,956	1,070,021
Sharia'a compliant promise contracts	453,166	1,142,002
	3,664,941	4,202,752

14 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share amounts are calculated by dividing net income for the period attributable to equity holders of the parent by the number of shares outstanding during the period as follows:

	<i>Three months ended</i>		<i>Nine months ended</i>	
	30 September 2024 US\$ '000	<i>30 September</i> 2023 <i>US\$ '000</i>	30 September 2024 US\$ '000	<i>30 September</i> 2023 <i>US\$ '000</i>
Net income attributable to the equity holders				
of the parent for the period - US\$ '000	44,981	37,406	123,961	126,175
Less: Profit distributed on perpetual tier 1 capital	(8,775)	(8,775)	(26,325)	(26,325)
Net income attributable to the shareholders	36,206	28,631	97,636	99,850
Weighted number of shares outstanding				
without the effect of treasury shares (in thousands)	1,242,879	1,242,879	1,242,879	1,242,879
Treasury shares effect (in thousands)	(31,380)	(30,189)	(31,380)	(30,189)
Weighted number of shares outstanding (in thousands)	1,211,499	1,212,690	1,211,499	1,212,690
Basic and diluted earnings per share - US cents	2.99	2.36	8.06	8.23

15 EQUITY

	<i>Reviewed</i> 30 September 2024 US\$ '000	<i>Audited</i> 31 December 2023 US\$ '000
Share capital		
Authorised:		
Ordinary shares 2,500,000,000 (2023: 2,500,000,000) of US\$ 1 each	2,500,000	2,500,000
Issued and fully paid up:		
1,242,879,755 (2023: 1,242,879,755) shares of US\$1 each	1,242,879	1,242,879

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2024 (Reviewed)

15 EQUITY (continued)**Foreign currency translation reserve**

The foreign currency reserve is used to recognize exchange differences arising from the translation of the financial statements of foreign subsidiaries.

The following table summarises the subsidiary wise and the direct associate foreign currency translation losses:

Component	Currency	Reviewed	Audited
		30 September	31 December
		2024	2023
		US\$ '000	US\$ '000
Banque Al Baraka D'Algerie	Algerian Dinar	67,697	69,803
Al Baraka Bank (Pakistan) Limited	Pakistani Rupees	56,997	57,636
Al Baraka Bank Egypt	Egyptian Pound	373,578	284,794
Al Baraka Turk Participation Bank	Turkish Lira	588,786	570,601
Al Baraka Bank Limited	South African Rand	24,186	27,441
Al Baraka Bank Sudan	Sudanese Pound	134,944	134,944
Al Baraka Bank Tunis	Tunisian Dinar	35,570	36,789
Al Baraka Bank Syria	Syrian Pound	64,897	64,897
		1,346,655	1,246,905

16 OTHER INCOME

	<i>Nine months ended</i>	
	30 September	30 September
	2024	2023
	US\$ '000	US\$ '000
Foreign exchange gain	73,222	103,177
Gain on sale of property and equipment	4,989	7,535
	78,211	110,712

17 NET ALLOWANCE FOR EXPECTED CREDIT LOSSES / IMPAIRMENT

	<i>Nine months ended</i>	
	30 September	30 September
	2024	2023
	US\$ '000	US\$ '000
Cash and balances with banks	951	158
Receivables	22,846	142,940
Participatory investments	(293)	4,412
Ijarah Muntahia Bittamleek	(1,853)	(302)
Investments	4,060	4,913
Other assets	3,856	(2,298)
Other liabilities	2,177	(1,518)
	31,744	148,305

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2024 (Reviewed)

18 RELATED PARTY TRANSACTIONS AND BALANCES

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

The income and expenses in respect of transactions with related parties were as follows:

	<i>Associated companies US\$ '000</i>	<i>Major shareholders US\$ '000</i>	<i>Directors and key management personnel US\$ '000</i>	<i>Other related parties US\$ '000</i>	<i>Nine months ended</i>	
					<i>30 September 2024 US\$ '000</i>	<i>30 September 2023 US\$ '000</i>
Income from financing contracts and investments	2,157	-	-	-	2,157	1,213
Net income attributable to quasi-equity	356	336	225	-	917	1,680
Fees and commission income	60	-	-	-	60	49

The significant balances with related parties were as follows:

	<i>Associated companies US\$ '000</i>	<i>Major shareholders US\$ '000</i>	<i>Directors and key management personnel US\$ '000</i>	<i>Other related parties US\$ '000</i>	<i>Reviewed 30 September 2024 US\$ '000</i>	<i>Audited 31 December 2023 US\$ '000</i>
Assets						
Receivables	1,918	-	-	-	1,918	1
Investments	102,569	-	-	-	102,569	58,965
Other assets	9,311	1	346	-	9,658	10,349
Liabilities						
Customer current and other accounts	79,859	1,339	569	170	81,937	43,620
Other liabilities	-	-	-	-	-	21
Quasi-Equity	37,513	166	5,355	-	43,034	53,005
Off-balance sheet equity of investment accountholders	116,771	8,567	3,482	-	128,820	123,683

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2024 (Reviewed)

19 SEGMENTAL INFORMATION

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

For financial reporting purposes, the Group is divided into the following geographic segments:

- Middle East
- North Africa
- Europe
- Others

The results reported for the geographic segments are based on the Group's internal financial reporting systems. The accounting policies of the segments are the same as those applied in the preparation of the Group's interim condensed consolidated financial statements as set out in note 2. Transactions between segments are conducted at mutually agreed terms.

Segment assets, liabilities and quasi-equity are as follows:

Segment	<i>Reviewed</i>			<i>Audited</i>		
	<i>30 September 2024</i>			<i>31 December 2023</i>		
	<i>Assets</i>	<i>Liabilities</i>	<i>Quasi-equity</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Quasi-equity</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Middle East	12,940,012	3,078,533	8,562,276	13,114,451	3,113,933	8,696,520
North Africa	3,242,292	1,745,870	1,193,290	2,883,733	1,531,106	1,050,041
Europe	8,505,615	4,926,344	3,333,179	7,718,467	4,334,505	3,127,574
Others	1,652,319	473,397	1,047,659	1,546,683	517,659	923,416
	26,340,238	10,224,144	14,136,404	25,263,334	9,497,203	13,797,551

Segment operating income, net income before ECL, impairment and tax and net income were as follows:

Segment	<i>Nine months ended</i>			<i>Nine months ended</i>		
	<i>30 September 2024</i>			<i>30 September 2023</i>		
	<i>Total operating income</i>	<i>Net income before ECL / impairment and tax</i>	<i>Net income</i>	<i>Total operating income</i>	<i>Net income before ECL / impairment and tax</i>	<i>Net income / (loss)</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Middle East	336,116	155,577	78,100	335,852	158,436	86,271
North Africa	86,102	39,608	30,561	79,600	31,029	21,467
Europe	289,058	129,376	117,652	405,572	282,041	147,678
Others	74,716	36,118	15,933	58,302	25,906	(8,904)
	785,992	360,679	242,246	879,326	497,412	246,512

20 CASH AND CASH EQUIVALENTS

	<i>Reviewed</i>	<i>Reviewed</i>
	<i>30 September 2024</i>	<i>30 September 2023</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Balances with central banks excluding mandatory reserve	1,581,834	1,272,360
Balances with other banks	924,626	530,938
Cash and cash in transit	712,336	570,241
	3,218,796	2,373,539

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2024 (Reviewed)

21 FINANCIAL RISK MANAGEMENT

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

22 CLASSIFICATION OF REPUBLIC OF TÜRKIYE AS A HYPERINFLATIONARY ECONOMY

The Accounting Board (AAB) of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) held its 29th meeting on 25-26 September 2022. During the meeting, AAB considered the recent developments in certain countries that may indicate hyperinflation in those economies. AAB deliberated in detail the resultant Shariah issues in financial reporting in such economies by the Islamic financial institutions (IFIs).

After due deliberations, and considering the views of the AAOIFI Shari'ah Board's relevant committee on the subject, AAB concluded that the application of the generally accepted accounting principles for hyperinflation is not deemed aligned with the AAOIFI Financial Accounting Standards (FASs).

AAB further decided to develop, on priority basis, a dedicated FAS on accounting and financial reporting by IFIs in hyperinflationary economies, duly aligned with the AAOIFI Conceptual Framework for Financial Reporting and related Shari'ah Guidance. AAB advised the IFIs which have adopted AAOIFI FASs as reporting framework to continue preparing and presenting their financial statements without considering the effect of hyperinflation, till the time AAOIFI issues FAS on hyperinflation.

The AAB held meetings on 22 May 2023 and 23 May 2023 during which they issued an exposure draft of financial accounting standard "Financial Reporting for Institutions Operating in Hyperinflationary Economies" and discussed a host of other agenda items. Series of public hearings for the exposure drafts were held during the period and the final standard is expected to be issued within the fourth quarter of 2024.

23 MIDDLE EAST CONFLICT

There is an ongoing conflict in the middle east between Palestine and Israel that may impact the regional economy. The Group has assessed the situation and does not foresee any adverse effects on its operations or on the interim condensed consolidated financial statements. Management will remain vigilant in monitoring and evaluating any potential direct or indirect impact on its business.

24 COMPARATIVE INFORMATION

In the Group's interim condensed consolidated financial statements for the period ended 30 September 2024, certain comparative amounts have been reclassified to conform with the presentation in the current period due to adoption of FAS 1 (Revised 2021) - General Presentation and Disclosures in the Financial Statements (please refer to "New standards, interpretations and amendments adopted by the Group" section of note 2 to these interim condensed consolidated financial statements for description of changes in the presentation). Such reclassification did not affect previously reported net income or total equity.