

Al Baraka Group B.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 March 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.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Baraka Group B.S.C. (the "Firm") and its subsidiaries (together the "Group") as at 31 March 2024 and the related interim condensed consolidated statements of income, comprehensive income, income and attribution related to Quasi-Equity, changes in equity, cash flows and changes in off-balance sheet assets under management for the three-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 that reads 'PricewaterhouseCoopers' in a cursive style, with the name 'Elias Abi Nakhoul' written below it in a smaller, simpler font.

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

Al Baraka Group B.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024 (Reviewed)

		<i>Reviewed</i>	<i>Audited</i>
		31 March	31 December
		2024	2023
	<i>Notes</i>	US\$ '000	US\$ '000
ASSETS			
Cash and balances with banks	3	5,131,452	5,130,669
Due from Banks	4	739,563	525,341
Receivables	5	9,650,479	9,788,328
Participatory investments	6	732,843	776,670
Investments	7	4,896,508	5,451,565
Ijarah Muntahia Bittamleek	8	2,461,002	2,477,262
Property and equipment		448,799	464,711
Other assets	9	748,526	648,788
TOTAL ASSETS		24,809,172	25,263,334
LIABILITIES, QUASI-EQUITY AND EQUITY			
LIABILITIES			
Customers current and other accounts		6,369,210	6,403,831
Due to banks		1,718,964	1,129,155
Long term financing	10	806,836	777,006
Other liabilities	11	1,207,742	1,187,211
Total liabilities		10,102,752	9,497,203
QUASI-EQUITY			
Financial institutions		339,724	417,206
Non-financial institutions and individuals		12,494,795	13,380,345
Total quasi-equity	12	12,834,519	13,797,551
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		60,633	62,161
Foreign currency translations reserve	15	(1,344,323)	(1,246,905)
Retained earnings		593,972	558,527
Proposed appropriations	15	-	12,357
Equity attributable to parent's shareholders		777,078	852,948
Sukuk (Tier 1 Capital)		400,000	400,000
Equity attributable to parent's shareholders and Sukuk (Tier 1 Capital) holders		1,177,078	1,252,948
Non-controlling interest		694,823	715,632
TOTAL EQUITY		1,871,901	1,968,580
TOTAL LIABILITIES, QUASI-EQUITY AND EQUITY		24,809,172	25,263,334



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.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the three months ended 31 March 2024 (Reviewed)

	Notes	Three months ended	
		31 March 2024 US\$ '000	31 March 2023 US\$ '000
INCOME			
Income from financing contracts		422,493	317,152
Income from investments		176,713	152,277
Mudarib share for managing off-balance sheet equity of investment accountholders		463	443
Fees and commission income		58,804	38,531
Other income	16	5,506	19,594
		663,979	527,997
Profit paid on financing		(105,005)	(17,466)
TOTAL OPERATING INCOME BEFORE NET INCOME ATTRIBUTABLE TO QUASI-EQUITY		558,974	510,531
Net income attributable to quasi-equity		(299,488)	(207,682)
TOTAL OPERATING INCOME		259,486	302,849
OPERATING EXPENSES			
Staff expenses		78,388	84,634
Depreciation and amortisation		11,738	9,573
Other operating expenses		54,475	52,234
TOTAL OPERATING EXPENSES		144,601	146,441
NET INCOME BEFORE NET ALLOWANCE FOR EXPECTED CREDIT LOSSES / IMPAIRMENT AND TAXATION			
Net allowance for expected credit losses / impairment	17	(5,750)	(56,043)
NET INCOME BEFORE TAXATION		109,135	100,365
Taxation		(32,464)	(27,710)
NET INCOME FOR THE PERIOD		76,671	72,655
Attributable to:			
Equity holders of the parent		39,143	41,434
Non-controlling interest		37,528	31,221
		76,671	72,655
Basic and diluted earnings per share - US cents	14	3.23	3.42



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.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2024 (Reviewed)

	<i>Three months ended</i>	
	Reviewed	Unreviewed
	31 March 2024	31 March 2023
<i>Notes</i>	US\$ '000	US\$ '000
Net income for the period	76,671	72,655
Other comprehensive (loss) / income		
Items that may not be subsequently classified to consolidated statement of income		
Net change in fair value of equity investments measured at fair value through other comprehensive income	(1,575)	(816)
Net change in fair value of property and equipment	-	(345)
Related income tax	14	(13)
Items that may subsequently classified to consolidated statement of income		
Foreign currency translations	(142,536)	(93,726)
Net change in fair value of debt instruments measured at fair value through other comprehensive income	(1,163)	-
Net change in fair value of investment in real estate	13	5,432
Related income tax	262	-
Share in the reserve attributable to quasi-equity	772	(5,432)
Total other comprehensive income / (loss) for the period	(144,213)	(94,900)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	(67,542)	(22,245)
Attributable to:		
Equity holders of the parent	(59,803)	(25,274)
Non-controlling interest	(7,739)	3,029
	(67,542)	(22,245)

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

Al Baraka Group B.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME AND ATTRIBUTION RELATED TO QUASI-EQUITY

For the three months ended 31 March 2024 (Reviewed)

	<i>Reviewed</i>	<i>Unreviewed</i>
	31 March	31 March
	2024	2023
	US\$ '000	US\$ '000
Total operating income before net income attributable to quasi-equity	558,974	510,531
Adjustments for:		
Less: Income from self-financed assets	(106,509)	(173,974)
Less: Group's share of the profit of jointly financed income	(46,300)	(46,236)
Less: Expenses attributable to quasi-equity	(11,971)	(11,233)
Less: Net allowance for impairment and credit losses - attributable to quasi-equity	(5,315)	548
Total income available for quasi-equity holders	388,879	279,636
<i>Profit equalization reserve - net movement</i>		
Appropriation during the period	(165)	-
Amount utilized / used during the period	7,326	715
Total income attributable to quasi-equity holders (adjusted for reserves)	396,040	280,351
Less: Group's share as Mudarib	(94,513)	(90,094)
Add: Hiba by Mudarib to the quasi-equity holders	5,122	1,050
Net income attributable to quasi-equity holders	306,649	191,307
<i>Investment risk reserve - net movement</i>		
(Appropriation) / reversal during the period	(10,612)	87
Amount utilized / used during the period	6,369	7,743
Profit distributable to quasi-equity	302,406	199,137
Net movement in profit equalization reserve	(7,161)	715
Net movement in investment risk reserve	4,243	7,830
Net income attributable to quasi-equity	299,488	207,682
OTHER COMPREHENSIVE INCOME		
Items that may subsequently classified to consolidated statement of income		
Share in the reserve attributable to quasi-equity	(772)	5,432
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD	(772)	5,432
Total income attributable to quasi-equity	298,716	213,114

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

Al Baraka Group B.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 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	Sukuk (Tier 1 Capital) US\$ '000	Non- controlling interest US\$ '000	Total equity 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 for the period:</i>														
Net income for the period	-	-	-	-	-	-	-	-	39,143	-	39,143	-	37,528	76,671
Other comprehensive loss	-	-	-	-	-	(1,528)	-	(97,418)	-	-	(98,946)	-	(45,267)	(144,213)
Total comprehensive (loss)/ income for the period	-	-	-	-	-	(1,528)	-	(97,418)	39,143	-	(59,803)	-	(7,739)	(67,542)
Dividends distributed	-	-	-	-	-	-	-	-	-	(12,357)	(12,357)	-	-	(12,357)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(6,598)	(6,598)
Allocation of Zakah	-	-	-	-	-	-	-	-	(576)	-	(576)	-	-	(576)
Movement related to subsidiaries' tier 1 capital	-	-	-	-	-	-	-	-	(3,122)	-	(3,122)	-	(6,498)	(9,620)
Net movement in non- controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	26	26
At 31 March 2024	1,242,879	(15,658)	16,861	222,714	-	15,372	45,261	(1,344,323)	593,972	-	777,078	400,000	694,823	1,871,901

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

Al Baraka Group B.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2023 (Reviewed)

	Equity attributable to parent's shareholders and Sukuk holders												
	Reserves					Cumulative changes in fair value of investments US\$ '000	Cumulative changes in fair value of property and equipment US\$ '000	Foreign currency translation reserve US\$ '000	Retained earnings US\$ '000	Total US\$ '000	Sukuk (Tier 1 Capital) US\$ '000	Non-controlling interest US\$ '000	Total equity US\$ '000
	Share capital US\$ '000	Treasury shares US\$ '000	Share premium US\$ '000	Statutory reserve US\$ '000	Other reserves US\$ '000								
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	-	(252)	88	-	-	-	-	-	-	(164)	-	-	(164)
<i>Comprehensive income for the period:</i>													
Net income for the period	-	-	-	-	-	-	-	-	41,434	41,434	-	31,221	72,655
Other comprehensive loss	-	-	-	-	-	(290)	(345)	(66,073)	-	(66,708)	-	(28,192)	(94,900)
Total comprehensive (loss)/ income for the period	-	-	-	-	-	(290)	(345)	(66,073)	41,434	(25,274)	-	3,029	(22,245)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(6,512)	(6,512)
Allocation of Zakah	-	-	-	-	-	-	-	-	(610)	(610)	-	-	(610)
Movement related to subsidiaries' tier 1 capital	-	-	-	-	-	-	-	-	(2,746)	(2,746)	-	(5,697)	(8,443)
Effect of change in ownership	-	-	-	-	-	-	-	-	(1,521)	(1,521)	-	-	(1,521)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	2,094	2,094
At 31 March 2023	1,242,879	(15,252)	16,147	208,363	-	9,455	44,916	(1,193,724)	520,128	832,912	400,000	696,458	1,929,370

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

Al Baraka Group B.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 March 2024 (Reviewed)

	<i>Three months ended</i>	
	31 March 2024 US\$ '000	<i>31 March 2023 US\$ '000</i>
OPERATING ACTIVITIES		
Net income for the period before taxation	109,135	100,365
Adjustments for:		
Depreciation and amortisation	11,738	9,573
Depreciation on Ijarah Muntahia Bittamleek	60,711	35,272
Unrealised gain on equity and debt-type instruments at fair value through statement of income	(35,621)	(37,685)
Gain on sale of property and equipment	(280)	(3,544)
Gain on sale of investment in real estate	-	(790)
Gain on sale of equity-type instruments at fair value through other comprehensive income	(70)	(10)
Gain on sale of equity and debt-type instruments at fair value through statement of income	(32)	(5)
Net allowance for expected credit losses / impairment	5,750	56,043
Income from associates	(4,105)	(5,895)
Operating profit before changes in operating assets and liabilities	147,226	153,324
Net changes in operating assets and liabilities:		
Mandatory reserves with central banks	(66,636)	(79,848)
Receivables	172,286	(206,393)
Participatory investments	(245,650)	298,417
Ijarah Muntahia Bittamleek	(43,360)	(110,777)
Other assets	(124,035)	124,011
Customer current and other accounts	(34,619)	(213,653)
Due to banks	589,810	44,224
Other liabilities	47,284	214,294
Quasi-equity	(962,516)	(656,337)
Taxation paid	(37,440)	(66,008)
Net cash used in operating activities	(557,650)	(498,746)
INVESTING ACTIVITIES		
Net proceeds from sale of investments	569,101	175,619
Net proceeds / (purchase) from sale of property and equipment	7,344	(9,023)
Net movement in investment in associates	20,239	1,243
Net cash generated from investing activities	596,684	167,839
FINANCING ACTIVITIES		
Dividends paid to equity holders of the parent	(12,357)	-
Long term financing	29,830	173,974
Net movement in treasury shares	(12)	(164)
Movement related to subsidiaries tier 1 capital	(3,122)	(2,746)
Net change in non-controlling interest	(13,221)	(12,176)
Net cash generated from financing activities	1,118	158,888
Foreign currency translation adjustments	(142,536)	(93,726)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(102,384)	(265,745)
Cash and cash equivalents at 1 January	2,601,444	2,212,263
CASH AND CASH EQUIVALENTS AT 31 MARCH (Note 20)	2,499,060	1,946,518

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

Al Baraka Group B.S.C.

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

For the three months ended 31 March 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	40,493	38,065	599	-	33,142	169,272	281,571
Withdrawals	(21,201)	(108,423)	(261,894)	(3,977)	(8,597)	(19,551)	(423,643)
Income net of expenses	-	11,356	402	-	-	4,529	16,287
Mudarib's share	-	(627)	-	-	-	(2)	(629)
Foreign exchange translation	-	(3,539)	-	-	-	-	(3,539)
At 31 March 2024	111,072	555,758	142,038	47,298	379,827	320,860	1,556,853
At 1 January 2023	51,767	519,725	189,326	48,246	242,560	482,063	1,533,687
Deposits	124,296	89,118	168,912	213	56,882	133,338	572,759
Withdrawals	(100,033)	(55,038)	(165,429)	-	(13,145)	(214,367)	(548,012)
Income net of expenses	-	11,023	2,566	64	3,812	6,389	23,854
Mudarib's share	-	(345)	-	-	(96)	(2)	(443)
Foreign exchange translation	-	4,688	-	-	-	(23)	4,665
At 31 March 2023	76,030	569,171	195,375	48,523	290,013	407,398	1,586,510

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

For the three months ended 31 March 2024 (Reviewed)

1 CORPORATE INFORMATION AND ACTIVITIES

Al Baraka Group B.S.C., (the "Firm" or "ABG") is a Bahrain 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 and Volume 6 - Capital Markets.

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.

As of 8 January 2024, an announcement was made with respect to the updated timetable of principal events and completion of the final offer period. The delisting and conversion dates are yet to be announced. As of the date of issuing these interim condensed consolidated financial statements, the conversion process is underway in compliance with the requirements of the Ministry of Industry and Commerce, following which a formal application to delist the Group from the Bahrain Bourse will be made to the CBB and Bahrain Bourse.

The interim condensed consolidated financial statements were approved by the Board of Directors on 8 May 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 three month period ended 31 March 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 changes due to adoption of new and amended standards as set out below.

For the three months ended 31 March 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, it may result in additional disclosures at year end.

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.

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.

For the three months ended 31 March 2024 (Reviewed)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

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

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).

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 on or after 1 January 2026 and supersedes the earlier FAS 21 "Disclosure on Transfer of Assets".

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2024 (Reviewed)

3 CASH AND BALANCES WITH BANKS

	<i>Reviewed</i> 31 March 2024 US\$ '000	<i>Audited</i> 31 December 2023 US\$ '000
Balances with central banks*	3,786,865	3,915,198
Balances with other banks	718,474	724,636
Cash and cash in transit	661,454	528,135
Allowance for expected credit losses	(35,341)	(37,300)
	5,131,452	5,130,669

* Balances with central banks include mandatory reserves amounting to US\$ 2,667,733 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> 31 March 2024 US\$ '000	<i>Audited</i> 31 December 2023 US\$ '000
Commodity murabaha	252,847	329,870
Mudaraba financing	252,343	109,856
Wakala financing	245,581	96,773
Allowance for expected credit losses	(11,208)	(11,158)
	739,563	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> 31 March 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)	337,785	13,000	-	350,785	255,755
Satisfactory (5-7)	177,319	206,521	-	383,840	264,278
Default (8-10)	-	-	16,146	16,146	16,466
Less: allowance for expected credit losses	(1,036)	(821)	(9,351)	(11,208)	(11,158)
	514,068	218,700	6,795	739,563	525,341

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 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 three month period ended</i>			<i>For the year ended</i>	
	<i>31 March 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	631	1,111	9,416	11,158	17,490
Net remeasurement of loss allowance	212	(290)	-	(78)	379
Allocation (to) / from investment risk reserve	(16)	-	-	(16)	248
Amounts written off	-	-	-	-	(9,164)
FX translation	208	-	(64)	144	2,205
	1,035	821	9,352	11,208	11,158

5 RECEIVABLES

	<i>Reviewed</i>	<i>Audited</i>
	<i>31 March</i>	<i>31 December</i>
	<i>2024</i>	<i>2023</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Sales (Murabaha) receivables	9,699,543	9,881,470
Ijarah receivables	173,499	160,765
Salam receivables	295,230	315,780
Istisna'a receivables	140,165	139,682
Allowance for expected credit losses	(657,958)	(709,369)
	9,650,479	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>31 March 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)	2,388,142	162,306	-	2,550,448	2,830,359
Satisfactory (5-7)	6,020,834	1,148,888	-	7,169,722	7,141,574
Default (8-10)	-	-	588,267	588,267	525,764
Less: allowance for expected credit losses	(57,285)	(244,961)	(355,712)	(657,958)	(709,369)
	8,351,691	1,066,233	232,555	9,650,479	9,788,328

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 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>Audited</i>
	<i>For the three month period ended</i>				<i>For the year ended</i>
	<i>31 March 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	91,771	263,246	354,352	709,369	688,893
Net movement between stages	(79,140)	46,305	32,835	-	-
Net remeasurement of loss allowance	3,361	(1,558)	11,070	12,873	199,796
Recoveries / write-backs	-	-	(7,080)	(7,080)	(24,533)
Allocation from / (to) investment risk reserve	77,292	(51,965)	(16,691)	8,636	(3,726)
Amounts written off	-	-	(1,440)	(1,440)	(56,173)
FX translation	(35,999)	(11,067)	(17,334)	(64,400)	(94,888)
	57,285	244,961	355,712	657,958	709,369

6 PARTICIPATORY INVESTMENTS

	<i>Reviewed</i>	<i>Audited</i>
	<i>31 March</i>	<i>31 December</i>
	<i>2024</i>	<i>2023</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Mudaraba financing	98,814	125,736
Musharaka financing	667,122	687,349
Allowance for expected credit losses	(33,093)	(36,415)
	732,843	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>Audited</i>
	<i>31 March 2024</i>				<i>31 December</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)	507,585	67,767	-	575,352	564,541
Satisfactory (5-7)	94,221	60,934	-	155,155	213,020
Default (8-10)	-	-	35,429	35,429	35,524
Less: allowance for expected credit losses	(2,882)	(6,706)	(23,505)	(33,093)	(36,415)
	598,924	121,995	11,924	732,843	776,670

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 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 three month period ended</i>				<i>For the year ended</i>
	<i>31 March 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	(292)	77	215	-	-
Net remeasurement of loss allowance	149	46	(2,012)	(1,817)	9,104
Allocation from / (to) investment risk reserve	2	4	5	11	(62)
FX translation	(578)	(1,690)	752	(1,516)	(2,561)
	2,882	6,706	23,505	33,093	36,415

7 INVESTMENTS

	<i>Reviewed</i>	<i>Audited</i>
	<i>31 March</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)	277,987	249,938
Equity-type instruments at fair value through other comprehensive income (7.2)	660,003	572,225
Debt-type instruments at amortised cost (7.3)	3,750,175	4,405,200
	4,688,165	5,227,363
Investment in real estate (7.4)	167,560	167,376
Investment in associates	40,783	56,826
	4,896,508	5,451,565

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2024 (Reviewed)

7 INVESTMENTS (continued)

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

	<i>Reviewed</i> 31 March 2024 <i>US\$ '000</i>	<i>Audited</i> 31 December 2023 <i>US\$ '000</i>
Quoted investments		
Equity securities	276,271	248,013
Unquoted investments		
Equity securities	1,716	1,925
	<u>277,987</u>	<u>249,938</u>

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

	<i>Reviewed</i> 31 March 2024 <i>US\$ '000</i>	<i>Audited</i> 31 December 2023 <i>US\$ '000</i>
Quoted investments		
Equity securities	35,339	44,529
Managed funds	494	21,455
Sukuk	506,251	433,404
	<u>542,084</u>	<u>499,388</u>
Unquoted investments		
Equity securities	87,949	47,425
Managed funds	14,941	11,197
Sukuk	19,834	19,711
	<u>122,724</u>	<u>78,333</u>
Net allowance for impairment	(4,805)	(5,496)
	<u>660,003</u>	<u>572,225</u>

7.3 Debt-type instruments at amortised cost

	<i>Reviewed</i> 31 March 2024 <i>US\$ '000</i>	<i>Audited</i> 31 December 2023 <i>US\$ '000</i>
Quoted investments		
Sukuk and similar items	2,823,582	3,181,953
Unquoted investments		
Sukuk and similar items	939,340	1,237,072
Allowance for expected credit losses	(12,747)	(13,825)
	<u>3,750,175</u>	<u>4,405,200</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 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>31 March 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)	3,092,371	-	-	3,092,371	3,844,126
Satisfactory (5-7)	664,931	3,055	-	667,986	572,334
Default (8-10)	-	-	2,565	2,565	2,565
Less: allowance for expected credit losses	(9,908)	(274)	(2,565)	(12,747)	(13,825)
	3,747,394	2,781	-	3,750,175	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 three month period ended</i>				<i>For the year ended</i>
	<i>31 March 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	3,089	(117)	-	2,972	6,533
Allocation from / (to) investment risk reserve	72	-	-	72	(369)
FX translation	(4,121)	(1)	-	(4,122)	(1,051)
	9,908	274	2,565	12,747	13,825

7.4 Investment in real estate

	<i>Reviewed</i>	<i>Audited</i>
	<i>31 March 2024</i>	<i>31 December 2023</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Land	91,992	92,631
Buildings	75,568	74,745
	167,560	167,376

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 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> 31 March 2024 <i>US\$ '000</i>	<i>Audited</i> <i>31 December</i> 2023 <i>US\$ '000</i>
Beginning balance of the period / year	167,376	172,708
Acquisition	825	1,036
Net gain from fair value adjustments	-	6,210
Disposal	(624)	(12,506)
Foreign exchange translation - net	(17)	(72)
	184	(5,332)
	167,560	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> 31 March 2024			<i>Total</i> US\$ '000	<i>Audited</i> <i>31 December</i> 2023 <i>Total</i> <i>US\$ '000</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>	<i>Total</i> <i>US\$ '000</i>
Good (1-4)	695,382	10,881	-	706,263	717,502
Satisfactory (5-7)	1,550,287	217,240	-	1,767,527	1,773,713
Default (8-10)	-	-	-	-	-
Less: allowance for expected credit losses	(2,307)	(10,481)	-	(12,788)	(13,953)
	2,243,362	217,640	-	2,461,002	2,477,262

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 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 three month period ended 31 March 2024</i>			<i>For the year ended 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	2,187	11,766	-	13,953	13,254
Net movement between stages	-	-	-	-	-
Net remeasurement of loss allowance	162	(1,254)	-	(1,092)	562
Allocation from investment risk reserve	-	-	-	-	-
FX translation	(42)	(31)	-	(73)	137
	2,307	10,481	-	12,788	13,953

9 OTHER ASSETS

	<i>Reviewed</i>	<i>Audited</i>
	<i>31 March 2024</i>	<i>31 December 2023</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Collateral pending sale*	296,655	183,470
Bills receivable	154,113	175,726
Deferred taxation	97,966	120,996
Goodwill and intangible assets	77,908	72,455
Good faith qard	40,239	39,962
Prepayments	55,077	32,784
Others	55,419	54,716
	777,377	680,109
Allowance for expected credit losses	(28,851)	(31,321)
	748,526	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 three months ended 31 March 2024 (Reviewed)

10 LONG TERM FINANCING

	<i>Reviewed</i> 31 March 2024 US\$ '000	<i>Audited</i> 31 December 2023 US\$ '000
Murabaha financing	489,500	436,728
Subordinated financing obtained by a subsidiaries	317,336	340,278
	806,836	777,006

11 OTHER LIABILITIES

	<i>Reviewed</i> 31 March 2024 US\$ '000	<i>Audited</i> 31 December 2023 US\$ '000
Payables	425,384	322,861
Cash margins	256,479	260,060
Managers' cheques	91,594	102,906
Current taxation	101,920	120,301
Accrued expenses	95,471	106,682
Deferred taxation	10,809	20,434
Charity fund	11,294	14,333
Net Ijarah liability	55,919	54,471
Others	118,232	126,400
Allowance for expected credit losses	40,640	58,763
	1,207,742	1,187,211

12 QUASI-EQUITY

	<i>Reviewed</i> 31 March 2024 US\$ '000	<i>Audited</i> 31 December 2023 US\$ '000
Investment accountholders*	12,599,311	13,534,471
Profit equalisation reserve (note 12.1)	160,987	183,760
Investment risk reserve (note 12.2)	76,502	80,474
Cumulative changes in fair value attributable to quasi-equity - net (note 12.3)	(2,281)	(1,154)
	12,834,519	13,797,551

* *Subordinated Mudaraba*

This includes unsecured, sub-ordinated and privately placed unrestricted mudaraba sukuk amounting to US\$ 12,164 thousand (31 December 2023: US\$ 11,976 thousand) issued by Al Baraka Bank (Pakistan) Limited (ABPL) during 2014 and 2021 and will mature in 2024 and 2031 respectively. 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 three months ended 31 March 2024 (Reviewed)

12 QUASI-EQUITY (continued)

The following table summarises the breakdown of IAH as of:

	<i>Reviewed</i> 31 March 2024 US\$ '000	<i>Audited</i> 31 December 2023 US\$ '000
Investment accounts - Financial institutions	339,724	417,206
Investment accounts - Non-financial institutions and individuals	12,494,795	13,380,345
	<u>12,834,519</u>	<u>13,797,551</u>

12.1 Profit equalisation reserve

The following shows the movement in profit equalisation reserve:

	<i>Reviewed</i> 31 March 2024 US\$ '000	<i>Audited</i> 31 December 2023 US\$ '000
Balance at 1 January	183,760	66,501
Amount apportioned (to) / from income allocable to equity of investment accountholders	(7,161)	171,922
Amount used during the period / year	-	(1,245)
Foreign exchange translations	(15,612)	(53,418)
Balance at period / year	<u>160,987</u>	<u>183,760</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2024 (Reviewed)

12 EQUITY OF INVESTMENT ACCOUNTHOLDERS (continued)

12.2 Investment risk reserve

The following shows the movement in investment risk reserve:

	Reviewed	<i>Audited</i>
	31 March	31 December
	2024	2023
	US\$ '000	US\$ '000
Balance at 1 January	80,474	98,768
Amount appropriated (to) / from provision	(8,702)	3,908
Amount apportioned from / (to) income allocable to equity of investment accountholders	4,243	(16,167)
Foreign exchange translations	487	(6,035)
Balance at period / year	76,502	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	<i>Audited</i>
	31 March	31 December
	2024	2023
	US\$ '000	US\$ '000
Balance at 1 January	(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	(514)	(586)
Transfer (to) / from shareholders' equity	(1)	4
Balance at period end / year end	(2,281)	(1,154)
Attributable to investment in real estate	3,259	3,187
Attributable to equity-type instruments at fair value through other comprehensive income	(5,540)	(4,341)
	(2,281)	(1,154)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2024 (Reviewed)

13 COMMITMENTS AND CONTINGENCIES

	<i>Reviewed</i> 31 March 2024 US\$ '000	<i>Audited</i> 31 December 2023 US\$ '000
Letters of credit	529,649	570,135
Guarantees	1,279,979	1,380,579
Acceptances	20,378	40,015
Undrawn commitments	1,059,469	1,070,021
Sharia'a compliant promise contracts	1,866,295	1,142,002
	4,755,770	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>	
	31 March 2024 US\$ '000	31 March 2023 US\$ '000
Net income attributable to the equity holders of the parent for the period - US\$ '000	39,143	41,434
Less: Profit distributed on perpetual tier 1 capital	-	-
Net income attributable to the shareholders	39,143	41,434
Weighted number of shares outstanding without the effect of treasury shares (in thousands)	1,242,879	1,242,879
Treasury shares effect (in thousands)	(31,380)	(30,117)
Weighted number of shares outstanding (in thousands)	1,211,499	1,212,762
Basic and diluted earnings per share - US cents	3.23	3.42

15 EQUITY

	<i>Reviewed</i> 31 March 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 three months ended 31 March 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 (gain) / loss balance.

Component	Currency	Reviewed	<i>Audited</i>
		31 March	<i>31 December</i>
		2024	<i>2023</i>
		US\$ '000	<i>US\$ '000</i>
Banque Al Baraka D'Algerie	Algerian Dinar	70,053	69,803
Al Baraka Bank (Pakistan) Limited	Pakistani Rupees	56,997	57,636
Al Baraka Bank Egypt	Egyptian Pound	368,358	284,794
Al Baraka Turk Participation Bank	Turkish Lira	582,505	570,601
Al Baraka Bank Limited	South African Rand	28,500	27,441
Al Baraka Bank Sudan	Sudanese Pound	134,944	134,944
Al Baraka Bank Tunis	Tunisian Dinar	38,069	36,789
Al Baraka Bank Syria	Syrian Pound	64,897	64,897
		1,344,323	1,246,905

16 OTHER INCOME

	<i>Three months ended</i>	
	31 March	<i>31 March</i>
	2024	<i>2023</i>
	US\$ '000	<i>US\$ '000</i>
Foreign exchange gain	5,226	16,050
Gain on sale of property and equipment	280	3,544
	5,506	19,594

17 NET ALLOWANCE FOR EXPECTED CREDIT LOSSES / IMPAIRMENT

	<i>Three months ended</i>	
	31 March	<i>31 March</i>
	2024	<i>2023</i>
	US\$ '000	<i>US\$ '000</i>
Cash and balances with banks	389	151
Receivables	5,715	52,244
Participatory investments	(1,817)	684
Ijarah Muntahia Bittamleek	(1,092)	(1,269)
Investments	3,192	7,496
Other assets	(2,200)	(2,796)
Other liabilities	1,563	(467)
	5,750	56,043

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 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	Reviewed 31 March 2024			Audited 31 December 2023		
	Assets US\$ '000	Liabilities US\$ '000	Quasi-equity US\$ '000	Assets US\$ '000	Liabilities US\$ '000	Quasi-equity US\$ '000
Middle East	12,281,633	3,110,824	7,927,799	13,114,451	3,113,933	8,696,520
North Africa	3,137,366	1,613,445	1,241,133	2,883,733	1,531,106	1,050,041
Europe	7,868,344	4,892,528	2,738,265	7,718,467	4,334,505	3,127,574
Others	1,521,829	485,955	927,322	1,546,683	517,659	923,416
	24,809,172	10,102,752	12,834,519	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	Three months ended 31 March 2024			Three months ended 31 March 2023		
	Total operating income US\$ '000	Net income before ECL, impairment and tax US\$ '000	Net income US\$ '000	Total operating income US\$ '000	Net income before ECL, impairment and tax US\$ '000	Net income US\$ '000
Middle East	113,730	50,561	23,554	121,032	51,360	26,618
North Africa	29,038	12,053	10,982	20,924	4,692	(478)
Europe	94,862	42,579	38,754	133,798	88,186	38,471
Others	21,856	9,692	3,381	27,095	12,170	8,044
	259,486	114,885	76,671	302,849	156,408	72,655

20 CASH AND CASH EQUIVALENTS

	Reviewed 31 March 2024 US\$ '000	Reviewed 31 March 2023 US\$ '000
Balances with central banks excluding mandatory reserve	1,119,132	853,989
Balances with other banks	718,474	558,678
Cash and cash in transit	661,454	533,851
	2,499,060	1,946,518

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 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</i> <i>US\$ '000</i>	<i>Major shareholders</i> <i>US\$ '000</i>	<i>Directors and key management personnel</i> <i>US\$ '000</i>	<i>Other related parties</i> <i>US\$ '000</i>	<i>Three months ended</i>	
					<i>31 March 2024</i> <i>US\$ '000</i>	<i>31 March 2023</i> <i>US\$ '000</i>
Income from financing contracts	-	-	-	-	-	1,081
Net income attributable to quasi-equity	53	326	57	-	436	2,124
Fees and commission income	3	-	-	-	3	250

The significant balances with related parties were as follows:

	<i>Associated companies</i> <i>US\$ '000</i>	<i>Major shareholders</i> <i>US\$ '000</i>	<i>Directors and key management personnel</i> <i>US\$ '000</i>	<i>Other related parties</i> <i>US\$ '000</i>	<i>Reviewed</i>	<i>Audited</i>
					<i>31 March 2024</i> <i>US\$ '000</i>	<i>31 December 2023</i> <i>US\$ '000</i>
Assets						
Cash and balances with banks	22,504	-	-	-	22,504	-
Receivables	-	-	-	-	-	1
Investments	56,057	-	-	-	56,057	58,965
Other assets	9,541	-	414	-	9,955	10,349
Liabilities						
Customer current and other accounts	63,615	1,476	667	6	65,764	43,620
Other liabilities	16	-	-	-	16	21
Quasi-Equity	7,631	11,517	4,093	-	23,241	53,005
Off-balance sheet equity of investment accountholders	107,778	9,893	4,207	-	121,878	123,683

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.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on regular basis. Each of the Group's subsidiaries has a documented and implemented domestic and foreign currency liquidity policy appropriate to the nature and complexity of its business. The policy addresses the subsidiaries' goal of protecting financial strength even for stressful events.

The management of the Group has enhanced its monitoring of the liquidity and funding requirements. ALCO meetings are convened more frequently in order to carryout granular assessment of funding requirements with the objective to explore available lines of funding and to drawdown the existing funding lines as and when necessary to maintain enough liquidity at a reasonable cost of funding.

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

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 Shari'ah 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 are currently in progress.

23 PALESTINE AND ISRAEL CONFLICT

There is an ongoing conflict 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 31 March 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 financial statements for description of changes in the presentation). Such reclassification did not affect previously reported net income or total equity.