

**Al Baraka Group B.S.C. (formerly known as Al Baraka
Banking Group B.S.C.)**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 September 2022 (UNAUDITED AND REVIEWED)



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

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Al Baraka Group B.S.C. (the "Firm") (formerly Al Baraka Banking Group B.S.C.) and its subsidiary (together the "Group") as at 30 September 2022 and the related interim consolidated statement of income for the three-month and nine-month periods ended 30 September 2022 and the related interim consolidated statements of changes in equity, cash flows and changes in off-balance sheet equity of investment account holders for the nine-month period then ended and the explanatory notes. The directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the basis of preparation stated in note 2 to these interim condensed consolidated financial statements. 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 the basis of preparation stated in note 2 to these interim condensed consolidated financial statements.

Elias Abi Nakhoul

PricewaterhouseCoopers M.E Limited

Partner's registration number: 196

Manama, Kingdom of Bahrain

9 November 2022

Al Baraka Group B.S.C. (formerly Al Baraka Banking Group B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022 (Reviewed)

	Notes	<u>Reviewed</u>	<u>Audited</u>	
		<u>30 September 2022</u>	<u>31 December 2021</u>	<u>1 January 2021</u>
		<u>US\$ '000</u>	<u>US\$ '000</u>	<u>US\$ '000</u>
			<i>(restated - note 22)</i>	<i>(restated - note 22)</i>
ASSETS				
Cash and balances with banks	3	5,207,146	5,681,353	5,156,577
Receivables	4	10,437,740	10,975,647	11,937,952
Mudaraba and Musharaka financing	5	1,868,224	3,493,107	2,698,516
Ijarah Muntahia Bittamleek	6	2,132,814	2,018,800	1,747,627
Investments	7	5,206,459	4,495,469	5,098,597
Property and equipment		476,290	524,111	468,919
Other assets	8	613,920	604,888	759,466
TOTAL ASSETS		25,942,593	27,793,375	27,867,654
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND EQUITY				
LIABILITIES				
Customer current and other accounts		6,811,880	7,579,275	7,344,227
Due to banks		829,317	1,253,451	1,600,555
Long term financing	9	317,327	286,833	319,364
Other liabilities	10	1,100,939	1,114,895	1,270,981
Total liabilities		9,059,463	10,234,454	10,535,127
EQUITY OF INVESTMENT ACCOUNTHOLDERS				
Financial institutions		695,908	744,793	538,321
Non-financial institutions and individuals		14,167,418	14,813,540	14,624,227
Total equity of investment accountholders	11	14,863,326	15,558,333	15,162,548
EQUITY				
Share capital	14	1,242,879	1,242,879	1,242,879
Treasury shares		(14,775)	(15,655)	(17,462)
Share premium		15,951	16,619	18,084
Reserves		194,051	196,539	183,121
Cumulative changes in fair value		54,913	55,736	32,940
Foreign currency translation reserve	14	(1,090,488)	(940,728)	(800,489)
Retained earnings		504,811	402,874	350,296
Equity attributable to parent's shareholders		907,342	958,264	1,009,369
Perpetual tier 1 capital		400,000	400,000	400,000
Equity attributable to parent's shareholders and Sukuk holders		1,307,342	1,358,264	1,409,369
Non-controlling interests		712,462	642,324	760,610
TOTAL EQUITY		2,019,804	2,000,588	2,169,979
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND EQUITY		25,942,593	27,793,375	27,867,654



Abdullah Saleh Kamel
Chairman



Housseem Ben Haj Amor
Group Chief Executive Officer


The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

Al Baraka Group B.S.C. (formerly Al Baraka Banking Group B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three months and nine months ended 30 September 2022 (Reviewed)

	Three months ended		Nine months ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Notes	US\$ '000	US\$ '000 (restated - note 22)	US\$ '000	US\$ '000 (restated - note 22)
INCOME				
Net income from jointly financed contracts and investments	360,044	335,859	1,023,570	971,798
Return on equity of investment accountholders before Group's share as a Mudarib	(289,100)	(271,553)	(834,790)	(797,678)
Group's share as a Mudarib	79,784	95,772	264,896	268,667
Return on equity of investment accountholders	(209,316)	(175,781)	(569,894)	(529,011)
Group's share of income from equity of investment accountholders (as a Mudarib and Rabalmal)	150,728	160,078	453,676	442,787
Mudarib share for managing off-balance sheet equity of investment accountholders	915	536	10,576	6,579
Net income from self financed contracts and investments	74,868	31,431	304,070	114,843
Fees and commission income	54,418	40,403	134,371	121,175
Other operating income	31,226	(5,168)	93,564	21,127
	15			
	312,155	227,280	996,257	706,511
Profit on long term financing	(7,072)	(7,287)	(22,070)	(21,092)
TOTAL OPERATING INCOME	305,083	219,993	974,187	685,419
OPERATING EXPENSES				
Staff expenses	65,887	68,771	199,644	215,747
Depreciation and amortisation	13,532	14,974	42,386	51,336
Other operating expenses	43,633	38,068	140,335	124,347
TOTAL OPERATING EXPENSES	123,052	121,813	382,365	391,430
NET INCOME FOR THE PERIOD BEFORE NET ALLOWANCE FOR EXPECTED CREDIT LOSSES / IMPAIRMENT AND TAXATION				
	182,031	98,180	591,822	293,989
Net allowance for expected credit losses / impairment	(84,039)	(30,913)	(290,117)	(113,579)
	16			
NET INCOME FOR THE PERIOD BEFORE TAXATION	97,992	67,267	301,705	180,410
Taxation	(28,233)	(20,769)	(94,468)	(62,263)
NET INCOME FOR THE PERIOD	69,759	46,498	207,237	118,147
Attributable to:				
Equity holders of the parent	41,335	33,868	125,973	79,431
Non-controlling interests	28,424	12,630	81,264	38,716
	69,759	46,498	207,237	118,147
Basic and diluted earnings per share - US cents	13	3.41	2.80	9.09
		5.26		


Abdullah Saleh Kamel
Chairman


Housseem Ben Haj Amor
Group Chief Executive Officer

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

Al Baraka Group B.S.C. (formerly Al Baraka Banking Group B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2022 (Reviewed)

	<i>Nine months ended</i>	
	30 September 2022 US\$ '000	30 September 2021 US\$ '000 (restated)
OPERATING ACTIVITIES		
Net income for the period before taxation	301,705	180,410
Adjustments for:		
Depreciation and amortisation	42,386	51,336
Depreciation on Ijarah Muntahia Bittamleek	130,940	68,439
Unrealised gain on equity and debt-type instruments at fair value through statement of income	(117,368)	(8,161)
Gain on disposal of property and equipment	(8,341)	(13,295)
Gain on disposal of investment in real estate	(2,787)	(4,096)
Gain on disposal of equity-type instruments at fair value through equity	(103)	(2,646)
Gain on disposal of equity and debt-type instruments at fair value through statement of income	(405)	(117)
Net allowance for expected credit losses / impairment	290,117	113,579
Income from associates	(14,788)	(12,736)
Operating profit before changes in operating assets and liabilities	621,356	372,713
Net changes in operating assets and liabilities:		
Reserves with central banks	275,383	(373,343)
Receivables	272,702	(91,877)
Mudaraba and Musharaka financing	1,621,916	(761,550)
Ijarah Muntahia Bittamleek	(244,567)	(262,638)
Other assets	(49,554)	104,647
Customer current and other accounts	(767,407)	(95,788)
Due to banks	(424,134)	(177,322)
Other liabilities	8,698	(140,524)
Equity of investment accountholders	(693,622)	875,801
Taxation paid	(86,427)	(92,590)
Net cash generated from / (used in) operating activities	534,344	(642,471)
INVESTING ACTIVITIES		
Net (purchase)/sale of investments	(607,321)	839,565
Net sale/(purchase) of property and equipment	25,692	(57,031)
Dividend received from associates	632	2,217
Net movement in associates	789	7,220
Net cash (used in) / generated from investing activities	(580,208)	791,971
FINANCING ACTIVITIES		
Net movement in treasury shares	212	(59)
Profit distributed on perpetual tier 1 capital	(15,750)	(15,750)
Profit distributed on perpetual tier 1 capital issued by subsidiaries	(5,244)	3,831
Long term financing	30,494	131,873
Net change in non-controlling interests	88,085	(29,643)
Net cash from financing activities	97,797	90,252
Foreign currency translation adjustments	(250,700)	(159,828)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(198,767)	79,924
Cash and cash equivalents at 1 January (restated)	2,706,115	2,537,206
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER (Note 19)	2,507,348	2,617,130

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

Al Baraka Group B.S.C. (formerly Al Baraka Banking Group B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2022 (Reviewed)

	Equity attributable to parent's shareholders and Sukuk holders												
	Reserves												
	Share capital US\$ '000	Treasury shares US\$ '000	Share premium US\$ '000	Statutory reserve US\$ '000	Other reserves US\$ '000	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	Perpetual tier 1 capital US\$ '000	Non- controlling interest US\$ '000	Total equity US\$ '000
At 1 January 2022	1,242,879	(15,655)	16,619	194,051	2,488	10,475	46,929	(940,728)	430,312	987,370	400,000	670,757	2,058,127
Restatement (note 22)	-	-	-	-	-	-	(1,668)	-	(27,438)	(29,106)	-	(28,433)	(57,539)
Restated balance as of 1 January 2022	1,242,879	(15,655)	16,619	194,051	2,488	10,475	45,261	(940,728)	402,874	958,264	400,000	642,324	2,000,588
Net movement in treasury shares	-	880	(668)	-	-	-	-	-	-	212	-	-	212
Net movement in other reserves	-	-	-	-	(2,488)	-	-	-	-	(2,488)	-	(627)	(3,115)
Net movement in cumulative changes in fair values	-	-	-	-	-	(823)	-	-	-	(823)	-	(843)	(1,666)
Foreign currency translations	-	-	-	-	-	-	-	(149,760)	-	(149,760)	-	(100,940)	(250,700)
Net income for the period	-	-	-	-	-	-	-	-	125,973	125,973	-	81,264	207,237
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(31,901)	(31,901)
Allocation of Zakah	-	-	-	-	-	-	-	-	(467)	(467)	-	-	(467)
Profit distribution on perpetual tier 1 capital	-	-	-	-	-	-	-	-	(15,750)	(15,750)	-	-	(15,750)
Movement related to subsidiaries' tier 1 capital	-	-	-	-	-	-	-	-	(5,244)	(5,244)	-	(11,256)	(16,500)
Effect of change in ownership	-	-	-	-	-	-	-	-	(2,575)	(2,575)	-	2,575	-
Net movement in non- controlling interests	-	-	-	-	-	-	-	-	-	-	-	131,866	131,866
At 30 September 2022	1,242,879	(14,775)	15,951	194,051	-	9,652	45,261	(1,090,488)	504,811	907,342	400,000	712,462	2,019,804

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

Al Baraka Group B.S.C. (formerly Al Baraka Banking Group B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2022 (Reviewed)

	<i>Restated</i>												
	<i>Equity attributable to parent's shareholders and Sukuk holders</i>												
	<u>Reserves</u>												
	<i>Share capital</i>	<i>Treasury shares</i>	<i>Share premium</i>	<i>Statutory reserve</i>	<i>Other reserves</i>	<i>Cumulative changes in fair value of investments</i>	<i>Cumulative changes in fair value of property and equipment</i>	<i>Foreign currency translation reserve</i>	<i>Retained earnings</i>	<i>Total</i>	<i>Perpetual tier 1 capital</i>	<i>Non-controlling interest</i>	<i>Total 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>	<i>US\$ '000</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>
At 1 January 2021	1,242,879	(17,462)	18,084	182,776	345	8,786	24,154	(800,489)	364,496	1,023,569	400,000	798,825	2,222,394
Restatement (note 22)	-	-	-	-	-	-	-	-	(14,200)	(14,200)	-	(38,215)	(52,415)
Restated balance as of 1 January 2021	1,242,879	(17,462)	18,084	182,776	345	8,786	24,154	(800,489)	350,296	1,009,369	400,000	760,610	2,169,979
Net movement in treasury shares	-	1,204	(558)	-	-	-	-	-	-	646	-	-	646
Net movement in other reserves	-	-	-	-	623	-	-	-	-	623	-	907	1,530
Net movement in cumulative changes in fair values	-	-	-	-	-	1,293	-	-	-	1,293	-	166	1,459
Foreign currency translations	-	-	-	-	-	-	-	(90,963)	-	(90,963)	-	(68,865)	(159,828)
Net income for the period	-	-	-	-	-	-	-	-	79,431	79,431	-	38,716	118,147
Allocation of Zakah Profit distribution on perpetual tier 1 capital	-	-	-	-	-	-	-	-	(1,015)	(1,015)	-	-	(1,015)
Movement related to subsidiaries' tier 1 capital	-	-	-	-	-	-	-	-	(15,750)	(15,750)	-	-	(15,750)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	3,831	3,831	-	(12,706)	(8,875)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(207)	(207)
At 30 September 2021 (restated)	1,242,879	(16,258)	17,526	182,776	968	10,079	24,154	(891,452)	416,793	987,465	400,000	718,621	2,106,086

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

Al Baraka Group B.S.C. (formerly Al Baraka Banking Group B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OFF-BALANCE SHEET EQUITY OF INVESTMENT

For the nine months ended 30 September 2022 (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 2022	67,715	456,222	85,846	53,319	219,412	245,189	1,127,703
Deposits	90,378	213,867	93,320	799	31,875	251,090	681,329
Withdrawals	(36,204)	(192,826)	(42,365)	(6,085)	(11,459)	(90,293)	(379,232)
Income net of expenses	-	30,362	2,543	450	10,344	17,960	61,659
Mudarib's share	-	(6,889)	(3,441)	-	(240)	(6)	(10,576)
Foreign exchange translation	-	(25,010)	-	-	-	(213)	(25,223)
At 30 September 2022	121,889	475,726	135,903	48,483	249,932	423,727	1,455,660
At 1 January 2021	72,556	569,572	503,823	48,099	160,352	227,508	1,581,910
Transfer on adoption of FAS 31	-	(15,001)	(68,433)	-	-	-	(83,434)
Deposits	84,379	250,795	87,526	1,625	49,334	268,238	741,897
Withdrawals	(79,782)	(394,673)	(294,232)	(3,969)	(8,402)	(340,164)	(1,121,222)
Income net of expenses	-	24,800	1,912	1,053	10,509	10,145	48,419
Mudarib's share	-	(6,419)	-	-	(154)	(6)	(6,579)
Foreign exchange translation	-	(14,784)	-	-	-	(8,950)	(23,734)
At 30 September 2021	77,153	414,290	230,596	46,808	211,639	156,771	1,137,257

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

Al Baraka Group B.S.C. (formerly Al Baraka Banking Group B.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2022 (Reviewed)

1 ACTIVITIES

Al Baraka Group B.S.C., formerly Al Baraka Banking 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 - 1. 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. During the period, ABG has been deslisted from NASDAQ Dubai.

ABG were operating under an Islamic wholesale banking license issued by the Central Bank of Bahrain (the "CBB") however on 30 November 2020, the shareholders of ABG resolved in an extra-ordinary meeting to change the license of ABG from Wholesale Banking to "Investment Business Firm - Category 1" which the CBB approved vide its letter dated 22 March 2022. Furthermore, the shareholders also resolved to change the name of ABG from Al Baraka Banking Group B.S.C. to Al Baraka Group B.S.C.. The change in the name and the license have been approved and the Firm's (previously Bank) Commercial Registration is updated with the Ministry of Industry and Commerce to reflect these changes.

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.

The interim condensed consolidated financial statements include the financial statements of the Bank and the following principal subsidiaries:

	Ownership for 30 September 2022	Ownership for 31 December 2021 (restated - note 22)	Year of incorporation	Country of incorporation
Held directly by the Bank				
Banque Al Baraka D'Algerie (BAA)	55.67%	55.67%	1991	Algeria
Al Baraka Islamic Bank - Bahrain (AIB) *	92.82%	92.03%	1984	Bahrain
Al Baraka Bank Tunis (ABT)	78.40%	78.40%	1983	Tunisia
Al Baraka Bank Egypt (ABE)	73.47%	73.47%	1980	Egypt
Al Baraka Bank Lebanon (ABBL)	98.98%	98.98%	1991	Lebanon
Jordan Islamic Bank (JIB)	65.82%	65.82%	1978	Jordan
Al Baraka Turk Participation Bank (ATPB)**	45.09%	38.02%	1985	Turkey
Al Baraka Bank Limited (ABL)	64.51%	64.51%	1989	South Africa
Al Baraka Bank Sudan (ABS)	75.73%	75.73%	1984	Sudan
BTI Bank ***	43.56%	49.00%	2017	Morocco

* The extraordinary general assembly (EGA) held on 28 March 2022 has approved increasing the share capital of AIB by 150,000 shares for the par value of USD 100 and to amend the memorandum and the articles of association. The CBB has approved the request through its letter dated 6 July 2022 where the issued and paid up capital is increased from USD 136,457,800 to USD 151,457,800 with the full amount of USD 15,000,000 allocated to ABG, where it injected the cash relating to the share capital increase on 4 August 2022. The formalities relating to the Ministry of Industry and Commerce around updating of AIB's Commercial Registration are pending finalisation.

** During the quarter ended 30 June 2022, the ownership of Al Baraka Turk Participation bank (ATPB) increased from 38.02% to 45.09%. ATPB did a Rights Issue to increase its capital from TRY 1,350 million to TRY 2,500 million in May 2022. The Group participated into this Rights Issue. The majority of the Rights Issue eligibility of Dallah Al Baraka Holding Company BSC were assigned to ABG. By assigning the subscription of this Rights Issue to ABG, Dallah Al Baraka Holding Company BSC ownership reduced from 15.38% to 8.3%. Dallah Al Baraka through an agreement assigned all their voting power to the Group. On the basis of this agreement and the 45.09% ownership of shares in ATPB the control of ATPB continues to be held by ABG after the Rights Issue.

*** The ownership of BTI decreased from 49% to 43.56%. BTI carried out a rights issue to increase its capital from MAD 400 million to MAD 430 million in September 2022. ABG did not subscribe in this rights issue, which ultimately decreased ABG's ownership to 43.56%. The Group continues to consolidate BTI due to the Group's control through the power to govern their financial and operating policies.

As at 30 September 2022 (Reviewed)

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 equity 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 currency of ABG. All values are rounded to the nearest US\$ thousand ("US\$ '000") unless otherwise indicated.

Statement of compliance

The consolidated financial statements of the Group are prepared in accordance with applicable rules and regulations issued by the 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 International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). This framework is referred to as "FAS issued by AAOIFI".

The interim condensed consolidated financial statements of the Group have been prepared in accordance with the guidance provided by International Accounting Standard 34 – 'Interim Financial Reporting' using FAS issued by AAOIFI.

The accounting policies used in the preparation of annual audited consolidated financial information of the Group for the year ended 31 December 2020 and 2021 were in accordance with FAS as modified by CBB. Since the CBB modifications were specific to the financial year 2020 and no longer apply to both current and comparative periods presented, the Group's interim financial information for the nine months ended 30 September 2022 had been prepared in accordance with FAS issued by AAOIFI.

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 as at 31 December 2021. In addition, results for the nine months period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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 2021 except for the changes due to adoption of new and amended standards as set out below.

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 profit or equity of the Group, however, may result in additional disclosures at year end.

FAS 38 - Wa'ad, Khiyar and Tahawwut

AAOIFI has issued FAS 38 in 2020. The objective of this standard is to prescribe the accounting and reporting principles for recognition, measurement and disclosure in relation to Shari'ah compliant Wa'ad (promise), Khiyar (option) and Tahawwut (hedging) arrangements for Islamic financial institutions. The Group has adopted this standard and the adoption did not result in any material impact on the interim condensed consolidated financial statements of the Group.

As at 30 September 2022 (Reviewed)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

New standards, amendments and interpretations issued but not yet effective

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

AAOIFI has issued revised 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. This standard shall be effective for the financial periods beginning on or after 1 January 2024 with early adoption permitted. The Group is currently evaluating the impact of the standard.

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 Quassi equity is introduced;
- c) Definitions have been modified and improved;
- d) Concept of comprehensive income has been introduced;
- e) Institutions other than Banking institutions are allowed to classify assets and liabilities as current and non-current;
- f) Disclosure of Zakah and Charity have been relocated to the notes;
- g) True and fair override has been introduced;
- h) Treatment for change in accounting policies, change in estimates and correction of errors has been introduced;
- i) Disclosures of related parties, subsequent events and going concern have been improved;
- j) Improvement in reporting for foreign currency, segment reporting;
- k) Presentation and disclosure requirements have been divided into three parts. First part is applicable to all institutions, second part is applicable only to banks and similar IFI's and third part prescribes the authoritative status, effective date an amendments to other AAOIFI FAS's; and
- l) The illustrative financial statements are not part of this standard and will be issued separately.

The Group is assessing the impact of adoption of this standard and expects changes in certain presentation and disclosures in its consolidated financial statements.

FAS 39 - Financial Reporting for Zakah

AAOIFI has issued FAS 39 in 2021. This standard improves upon and supersedes FAS 9 on "Zakah" and aims at setting out the accounting treatment of Zakah in the books of the institutions, including the presentation and disclosure by an Islamic financial institution. The accounting and financial reporting requirements such as recognition, presentation and disclosure requirements of this standard shall apply to institutions that are obliged to pay Zakah on behalf of certain or all stakeholders. Institutions that are not obliged to pay Zakah shall apply the disclosure requirements of this standard for certain or all stakeholders, as relevant. This standard shall be effective for the financial periods beginning on or after 1 January 2023 with early adoption permitted. The Group is currently evaluating the impact of the standard.

Approval of the Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 9 November 2022.

Al Baraka Group B.S.C. (formerly Al Baraka Banking Group B.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2022 (Reviewed)

3 CASH AND BALANCES WITH BANKS

	<i>Reviewed</i> 30 September 2022 US\$ '000	<i>Audited</i> 31 December 2021 US\$ '000 <i>(restated)</i>
Balances with central banks	3,996,417	4,441,912
Balances with other banks	609,981	570,938
Cash and cash in transit	604,492	672,190
Allowance for expected credit losses	(3,744)	(3,687)
	5,207,146	5,681,353

4 RECEIVABLES

	<i>Reviewed</i> 30 September 2022 US\$ '000	<i>Audited</i> 31 December 2021 US\$ '000 <i>(restated)</i>
Sales (Murabaha) receivables	10,727,890	11,237,522
Ijarah receivables	137,067	140,804
Salam receivables	266,613	259,295
Istisna'a receivables	147,526	198,926
Allowance for expected credit losses	(841,356)	(860,900)
	10,437,740	10,975,647

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 2022				<i>Audited</i> 31 December 2021
	<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 (restated)
Good (1-4)	2,911,770	181,975	-	3,093,745	3,124,682
Satisfactory (5-7)	5,863,243	1,766,604	-	7,629,847	7,917,584
Default (8-10)	-	-	555,504	555,504	794,281
Less: allowance for expected credit losses	(61,548)	(374,960)	(404,848)	(841,356)	(860,900)
	8,713,465	1,573,619	150,656	10,437,740	10,975,647

Al Baraka Group B.S.C. (formerly Al Baraka Banking Group B.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2022 (Reviewed)

4 RECEIVABLES (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 2022</i>				<i>31 December 2021</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 (restated)</i>
Balance at 1 January	57,195	293,781	509,924	860,900	720,027
Net remeasurement of loss allowance	20,536	130,392	150,388	301,316	323,369
Recoveries / write-backs	-	-	(36,112)	(36,112)	(78,333)
Allocation from (to) investment risk reserve	(8,354)	(17,927)	27,815	1,534	(2,590)
Amounts written off	-	-	(274,604)	(274,604)	(41,306)
FX translation / others	(7,829)	(31,286)	27,437	(11,678)	(60,267)
	61,548	374,960	404,848	841,356	860,900

5 MUDARABA AND MUSHARAKA FINANCING

	<i>Reviewed</i>	<i>Audited</i>
	<i>30 September 2022</i>	<i>31 December 2021</i>
	<i>US\$ '000</i>	<i>US\$ '000 (restated)</i>
Mudaraba financing	1,085,841	2,569,329
Musharaka financing	815,353	958,107
Allowance for expected credit losses	(32,970)	(34,329)
	1,868,224	3,493,107

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 2022</i>				<i>31 December 2021</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 (restated)</i>
Good (1-4)	834,340	43,897	-	878,237	1,221,455
Satisfactory (5-7)	798,449	161,353	-	959,802	2,248,117
Default (8-10)	-	-	63,155	63,155	57,864
Less: allowance for expected credit losses	(6,108)	(3,750)	(23,112)	(32,970)	(34,329)
	1,626,681	201,500	40,043	1,868,224	3,493,107

Al Baraka Group B.S.C. (formerly Al Baraka Banking Group B.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2022 (Reviewed)

5 MUDARABA AND MUSHARAKA FINANCING (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 nine months period ended</i>				<i>For the year ended</i>
	<i>30 September 2022</i>				<i>31 December 2021</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>
					<i>(restated)</i>
Balance at 1 January	6,460	3,887	23,982	34,329	36,406
Net remeasurement of loss allowance	1,182	777	2,109	4,068	838
Recoveries / write-backs	-	-	(1,101)	(1,101)	(553)
Allocation from (to) investment risk reserve	(12)	19	(32)	(25)	(1,001)
Amounts written off	-	-	-	-	(11,579)
FX translation / others	(1,522)	(933)	(1,846)	(4,301)	10,218
	6,108	3,750	23,112	32,970	34,329

6 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>			<i>Total</i>	<i>Audited</i>
	<i>30 September 2022</i>				<i>31 December 2021</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>
					<i>(restated)</i>
Good (1-4)	639,096	5,554	-	644,650	575,864
Satisfactory (5-7)	1,290,091	210,216	-	1,500,307	1,455,911
Default (8-10)	-	-	-	-	13
Less: allowance for expected credit losses	(2,222)	(9,921)	-	(12,143)	(12,988)
	1,926,965	205,849	-	2,132,814	2,018,800

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2022 (Reviewed)

6 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</i>			<i>For the year ended</i>	
	<i>30 September 2021</i>			<i>31 December 2021</i>	
	<i>Stage 2:</i>				
	<i>Lifetime</i>	<i>Stage 3:</i>			
	<i>ECL not</i>	<i>Lifetime</i>			
	<i>credit-</i>	<i>ECL credit-</i>			
<i>Stage 1: 12-</i>	<i>impaired</i>	<i>impaired</i>	<i>Total</i>		<i>Total</i>
<i>month ECL</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>		<i>US\$ '000</i>
					<i>(restated)</i>
Balance at 1 January	2,351	10,633	4	12,988	23,850
Net remeasurement of loss allowance	30	(415)	-	(385)	(9,763)
Allocation to (from) investment risk reserve	(8)	-	-	(8)	53
FX translation / others	(151)	(297)	(4)	(452)	(1,152)
	2,222	9,921	-	12,143	12,988

7 INVESTMENTS

	<i>Reviewed</i>	<i>Audited</i>
	<i>30 September</i>	<i>31 December</i>
	<i>2022</i>	<i>2021</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
		<i>(restated)</i>
Equity and debt-type instruments at fair value through statement of income (7.1)	80,128	52,688
Equity-type instruments at fair value through equity (7.2)	561,009	479,223
Debt-type instruments at amortised cost (7.3)	4,334,322	3,710,737
	4,975,459	4,242,648
Investment in real estate (7.4)	178,028	186,767
Investment in associates	52,972	66,054
	5,206,459	4,495,469

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2022 (Reviewed)

7 INVESTMENTS (continued)

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

	<i>Reviewed</i> 30 September 2022 US\$ '000	<i>Audited</i> 31 December 2021 US\$ '000 <i>(restated)</i>
Quoted investments		
Debt instruments	-	33,653
Equity securities	75,608	12,165
Unquoted investments		
Equity securities	4,520	6,870
	80,128	52,688

7.2 Equity-type instruments at fair value through statement of equity

	<i>Reviewed</i> 30 September 2022 US\$ '000	<i>Audited</i> 31 December 2021 US\$ '000 <i>(restated)</i>
Quoted investments		
Equity securities	39,976	45,306
Managed funds	16,854	14,528
Sukuk	470,962	388,266
	527,792	448,100
Unquoted investments		
Equity securities	27,946	25,372
Managed funds	9,087	9,578
Sukuk	2,641	3,506
	39,674	38,456
Provision for impairment	(6,457)	(7,333)
	561,009	479,223

Al Baraka Group B.S.C. (formerly Al Baraka Banking Group B.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2022 (Reviewed)

7 INVESTMENTS (continued)

7.3 Debt-type instruments at amortised cost

	Reviewed 30 September 2022 US\$ '000	Audited 31 December 2021 US\$ '000 (restated)
Quoted investments		
Sukuk and similar items	3,518,930	3,029,712
Unquoted investments		
Sukuk and similar items	824,418	688,593
Allowance for expected credit losses	(9,026)	(7,568)
	4,334,322	3,710,737

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 Group's investments in Sukuk and similar items held at amortised cost have fair values amounting to US\$ 4,852 (31 December 2021: US\$ 4,483 million).

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.

	Reviewed 30 September 2022			Total US\$ '000	Audited 31 December 2021 Total US\$ '000 (restated)
	Stage 1 US\$ '000	Stage 2 US\$ '000	Stage 3 US\$ '000		
Good (1-4)	3,639,768	-	-	3,639,768	3,095,671
Satisfactory (5-7)	694,866	6,149	-	701,015	620,069
Default (8-10)	-	-	2,565	2,565	2,565
Less: allowance for expected credit losses	(6,226)	(235)	(2,565)	(9,026)	(7,568)
	4,328,408	5,914	-	4,334,322	3,710,737

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

	Reviewed For the nine months period ended 30 September 2022			Total US\$ '000	Audited For the year ended 31 December 2021 Total US\$ '000 (restated)
	Stage 1: 12-month ECL US\$ '000	Stage 2: Lifetime ECL not credit-impaired US\$ '000	Stage 3: Lifetime ECL credit-impaired US\$ '000		
Balance at 1 January	4,966	37	2,565	7,568	8,256
Net remeasurement of loss allowance	2,283	220	-	2,503	94
Allocation (to) from investment risk reserve	40	-	-	40	(620)
FX translation / others	(1,063)	(22)	-	(1,085)	(162)
	6,226	235	2,565	9,026	7,568

Al Baraka Group B.S.C. (formerly Al Baraka Banking Group B.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2022 (Reviewed)

7 INVESTMENTS (continued)

7.4 Investment in real estate

	<i>Reviewed</i> 30 September 2022 US\$ '000	<i>Audited</i> 31 December 2021 US\$ '000 <i>(restated)</i>
Land	97,575	102,545
Buildings	80,453	84,222
	178,028	186,767

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 2022 US\$ '000	<i>Audited</i> 31 December 2021 US\$ '000 <i>(restated)</i>
Beginning balance of the period / year	186,767	176,136
Acquisition	1,457	33,113
Net gain / (loss) from fair value adjustments	115	(6,843)
Disposal	(10,003)	(11,467)
Foreign exchange translation - net	(308)	(4,172)
	(8,739)	10,631
	178,028	186,767

8 OTHER ASSETS

	<i>Reviewed</i> 30 September 2022 US\$ '000	<i>Audited</i> 31 December 2021 US\$ '000 <i>(restated)</i>
Bills receivable	197,517	194,046
Goodwill and intangible assets	73,114	76,013
Collateral pending sale	127,783	114,751
Prepayments	42,790	26,215
Deferred taxation	64,486	90,720
Good faith qard fund	69,310	97,675
Others	66,731	32,764
	641,731	632,184
Allowance for expected credit losses	(27,811)	(27,296)
	613,920	604,888

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2022 (Reviewed)

9 LONG TERM FINANCING

	<i>Reviewed</i> 30 September 2022 <i>US\$ '000</i>	<i>Audited</i> 31 December 2021 <i>US\$ '000</i> <i>(restated)</i>
Murabaha financing	23,580	15,889
Subordinated financing obtained by a subsidiary	293,747	270,944
	317,327	286,833

10 OTHER LIABILITIES

	<i>Reviewed</i> 30 September 2022 <i>US\$ '000</i>	<i>Audited</i> 31 December 2021 <i>US\$ '000</i> <i>(restated)</i>
Payables	413,801	400,401
Ijarah liability	52,413	60,488
Cash margins	204,425	226,820
Managers' cheques	65,377	73,997
Current taxation	73,368	84,269
Deferred taxation	12,568	19,859
Accrued expenses	78,016	80,359
Charity fund	22,782	25,636
Others	93,862	57,669
Allowance for expected credit losses on unfunded exposures	84,327	85,397
	1,100,939	1,114,895

11 EQUITY OF INVESTMENT ACCOUNTHOLDERS

	<i>Reviewed</i> 30 September 2022 <i>US\$ '000</i>	<i>Audited</i> 31 December 2021 <i>US\$ '000</i> <i>(restated)</i>
Equity of investment accountholders	14,788,738	15,490,993
Profit equalisation reserve	4,935	3,152
Investment risk reserve	69,457	62,005
Cumulative changes in fair value attributable to equity of investment accountholders - net	196	2,183
	14,863,326	15,558,333

Al Baraka Group B.S.C. (formerly Al Baraka Banking Group B.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2022 (Reviewed)

12 COMMITMENTS AND CONTINGENCIES

	<i>Reviewed</i> 30 September 2022 US\$ '000	<i>Audited</i> 31 December 2021 US\$ '000 <i>(restated)</i>
Letters of credit	668,399	877,971
Guarantees	1,460,337	1,587,388
Acceptances	58,113	130,561
Undrawn commitments	710,624	1,067,056
Sharia'a compliant promise contracts	191,499	516,793
	3,088,972	4,179,769

13 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 2022 US\$ '000	<i>30 September</i> <i>2021</i> <i>US\$ '000</i> <i>(restated)</i>	30 September 2022 US\$ '000	<i>30 September</i> <i>2021</i> <i>US\$ '000</i> <i>(restated)</i>
Net income attributable to the equity holders of the parent for the period - US\$ '000	41,335	33,868	125,973	79,431
Less: Profit distributed on perpetual tier 1 capital	-	-	(15,750)	(15,750)
Net income attributable to the shareholders	41,335	33,868	110,223	63,681
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)	(29,833)	(32,373)	(30,073)	(32,429)
Weighted number of shares outstanding (in thousands)	1,213,046	1,210,506	1,212,806	1,210,450
Basic and diluted earnings per share - US cents	3.41	2.80	9.09	5.26

14 EQUITY

	<i>Reviewed</i> 30 September 2022 US\$ '000	<i>Audited</i> 31 December 2021 US\$ '000 <i>(restated)</i>
Share capital		
Authorised:		
Ordinary shares 2,500,000,000 (2021: 2,500,000,000) of US\$ 1 each	2,500,000	2,500,000
Issued and fully paid up:		
1,242,879,755 (2021: 1,242,879,755) shares of US\$1 each	1,242,879	1,242,879

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2022 (Reviewed)

14 EQUITY (continued)

Foreign currency translation reserve

The foreign currency reserve is used to record 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	Audited
		30 September 2022	31 December 2021
		US\$ '000	US\$ '000 (restated)
Banque Al Baraka D'Algerie	Algerian Dinar	76,836	74,184
Al Baraka Bank (Pakistan) Limited	Pakistani Rupees	49,623	37,615
Al Baraka Bank Egypt	Egyptian Pound	176,901	116,329
Al Baraka Turk Participation Bank*	Turkish Lira	526,361	475,106
Al Baraka Bank Limited	South African Rand	26,956	22,674
Al Baraka Bank Sudan	Sudanese Pound	134,149	128,790
Al Baraka Bank Tunis	Tunisian Dinar	41,650	33,046
Al Baraka Bank Syria**	Syrian Pound	56,806	53,267
BTI Bank	Moroccan Dirham	1,206	(283)
		1,090,488	940,728

*Refer to note 21 for further details

**Al Baraka Bank Syria is an associate, refer to note 22 for further details

15 OTHER OPERATING INCOME

	<i>Nine months ended</i>	
	30 September 2022	30 September 2021
	US\$ '000	US\$ '000 (restated)
Foreign exchange gain	85,223	7,832
Gain on sale of property and equipment	8,341	13,295
	93,564	21,127

16 NET ALLOWANCE FOR EXPECTED CREDIT LOSSES / IMPAIRMENT

	<i>Nine months ended</i>	
	30 September 2022	30 September 2021
	US\$ '000	US\$ '000 (restated)
Cash and balances with banks	86	(39)
Receivables	265,204	108,428
Mudaraba and Musharaka financing	2,967	660
Ijarah Muntahia Bittamleek	(385)	(8,956)
Investments	19,301	(371)
Other assets	1,117	5,979
Other liabilities	1,827	7,878
	290,117	113,579

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17 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>Major shareholders</i>	<i>Directors and key management personnel</i>	<i>Other related parties</i>	<i>Nine months ended</i>	
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>30 September 2022</i>	<i>30 September 2021 (restated)</i>
Net income from jointly financed contracts and investments	986	-	95	-	1,081	216
Net income from self financed contracts and investments	4,824	1,535	152	-	6,511	97
Return on equity of investment accountholders	143	152	1,829	-	2,124	1,767
Fees and commission income	223	-	-	27	250	144

The significant balances with related parties were as follows:

	<i>Associated companies</i>	<i>Major shareholders</i>	<i>Directors and key management personnel</i>	<i>Other related parties</i>	<i>Reviewed</i>	<i>Audited</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>30 September 2022</i>	<i>31 December 2021 (restated)</i>
Assets						
Receivables	2,347	-	934	-	3,281	1,109
Mudaraba and Musharaka financing	-	-	1,409	-	1,409	1,433
Investments	47,754	-	-	-	47,754	46,726
Other assets	9,875	-	206	-	10,081	275
Liabilities						
Customer current and other accounts	71,359	2,219	1,249	4	74,831	7,693
Due to banks	-	-	-	-	-	23
Other liabilities	14	3	12	77	106	52
Equity of investment accountholders	12,122	1,423	16,429	21	29,995	37,130
Off-balance sheet equity of investment accountholders	128,668	8,606	2,609	-	139,883	29,266

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18 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 equity of investment accountholders are as follows:

Segment	Reviewed 30 September 2022			Audited 31 December 2021		
	Assets US\$ '000	Liabilities US\$ '000	Equity of investment accountholders US\$ '000	Assets US\$ '000 (restated)	Liabilities US\$ '000 (restated)	Equity of investment accountholders US\$ '000 (restated)
Middle East	14,156,497	3,421,179	9,356,537	14,938,795	3,603,522	10,000,824
North Africa	2,496,105	1,280,973	969,795	2,734,389	1,498,991	943,683
Europe	7,602,999	3,823,871	3,523,228	8,051,980	4,428,389	3,400,171
Others	1,686,992	533,440	1,013,766	2,068,211	703,552	1,213,655
	25,942,593	9,059,463	14,863,326	27,793,375	10,234,454	15,558,333

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

Segment	Nine months ended 30 September 2022			Nine months ended 30 September 2021		
	Total operating income US\$ '000	Net income before ECL, impairment and tax US\$ '000	Net income US\$ '000	Total operating income US\$ '000 (restated)	Net income before ECL, impairment and tax US\$ '000 (restated)	Net income US\$ '000 (restated)
Middle East	425,476	233,330	122,114	381,985	209,040	102,002
North Africa	72,483	23,865	19,750	86,300	38,604	21,182
Europe	404,235	308,573	50,573	142,017	14,134	(17,340)
Others	71,993	26,054	14,800	75,117	32,211	12,303
	974,187	591,822	207,237	685,419	293,989	118,147

19 CASH AND CASH EQUIVALENTS

	Nine months ended	
	30 September 2022 US\$ '000	30 September 2021 US\$ '000 (restated)
Balances with central banks excluding mandatory reserve	1,292,875	1,369,350
Balances with other banks	609,981	338,516
Cash and cash in transit	604,492	909,264
	2,507,348	2,617,130

20 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 2021.

Liquidity risk

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

Operational risk

In response to the COVID-19 outbreak, there were various changes in the working model, interaction with customers, digital modes of payment and settlement, customer acquisition and executing contracts and carrying out transactions with and on behalf of the customers. The management of the Group has enhanced its monitoring to identify risk events arising out of the current situation and the changes in the way business is conducted. The operational risk department has carried out a comprehensive review of the existing control environment which includes controls over effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes and the use of internal audit to prevent and detect risks. While these risks cannot be completely eliminated, the operational risk department has considered whether to update the risk registers by identifying potential loss events based on their review of the business processes in the current environment. As of 30 September 2022, the Group did not have any significant issues relating to operational risks.

The Group continues to review the appropriateness of ECL provisions in light of changes in risk profile as well as any actual and expected increase in credit risk. This assessment includes detailed review of potential impacts of economic situations in the countries that it operates in. The Group considered risk assessment on a portfolio basis in addition to ECL determined on individual accounts to reflect forecasted deterioration in the macroeconomic environment and heightened credit risk within its credit portfolio. As a result, management has applied overlays of during the period ended 30 September 2022, through elevating PD scenarios on certain categories of Al Baraka Turk Participation Bank portfolio.

Russia-Ukraine Conflict

The current ongoing conflict between Russia-Ukraine has impacted the global economy through increased volatility in financial markets and commodity prices. The conflict may affect a broad range of entities across different jurisdictions and industries. Management will continue to closely monitor and assess any direct or indirect impact on its portfolio.

21 Classification of Turkey as a hyperinflationary economy

The Accounting Board (AAB) of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) 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.

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22 Prior year classification and restatement

a. Investments

In these Group's interim condensed consolidated financial statements, investments amounting to USD 389 million at 31 December 2021 were reclassified from "Debt type investments carried at amortized cost" to "Debt type investments carried at fair value through equity" within note 7, in order to comply with FAS 33 "Investment in Sukuk, Shares and Similar Instruments" which became effective from 1 January 2021. This reclassification did not materially impact previously reported net income or owners' equity.

b. Deconsolidation of an investee

The Group holds directly and indirectly 29% of the ordinary share capital of Al Baraka Bank Syria ("ABS" or the "investee"). The Group entered into a management agreement [the "management agreement"] with ABS and provides ABS with technical and management support.

Given the management agreement, the Group concluded it controlled ABS and consequently consolidated ABS within the Group's financial statements.

During the quarter ended 30 June 2022, the Group re-assessed its relationship with ABS in terms of the requirements of FAS 23 - Consolidation. Based on the reassessment, management determined the following:

- The key decisions to direct the financial and operating activities of ABS are made by the Board of Directors and not by decisions provided to the Group in the management agreement.
- The management agreement does not convey power to the Group and is renewable each year by the Board of Directors. Furthermore, the decisions in management agreements are as directed by the Board of Directors and may be changed by the Board of Directors.
- Determination of who has the ability to appoint and remove the majority of the Board of Directors would determine the party which has the ability to direct the financial and operating policies of ABS.
- Pursuant to the constitutional documents, the Board of Directors consists of nine members who are elected by a majority decision of the shareholders. The Group currently only holds 29% of the voting rights and does not have the majority of the voting rights. Furthermore, the Group does not have de facto power considering the voting rights of other shareholders. .

As such, the Group does not have the ability to appoint and remove the majority of the Board of Directors, and as a result does not have the power to direct the financial and operating activities of ABS.

Based on the re-assessment, management has concluded that the Group does not have the unanimous ability to direct the financial and operating policies of ABS and consequently the Group concluded that it does not have control over the investee.

As a result, the management has restated the comparative figures to correct the consolidation error in the interim condensed financial statements for the period ended 30 September 2022 as prior year restatements.

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22 Prior year classification and restatement (continued)

A summary of the impact of the restatement is as follows:

I. Statement of financial position

	Originally reported	Adjustments	Restated	Originally reported	Adjustments	Restated
	31 December 2020		1 January 2021	31 December 2021		31 December 2021
Cash and balances with banks	5,361,444	(204,867)	5,156,577	5,923,878	(242,525)	5,681,353
Receivables	11,945,993	(8,041)	11,937,952	10,996,072	(20,425)	10,975,647
Mudaraba and Musharaka financing	2,854,658	(156,142)	2,698,516	3,623,315	(130,208)	3,493,107
Ijarah Muntahia Bittamleek	1,747,627	-	1,747,627	2,018,800	-	2,018,800
Investments	5,097,189	1,408	5,098,597	4,472,649	22,820	4,495,469
Property and equipment	478,572	(9,653)	468,919	539,960	(15,849)	524,111
Other assets	764,516	(5,050)	759,466	607,503	(2,615)	604,888
Total assets	28,249,999	(382,345)	27,867,654	28,182,177	(388,802)	27,793,375
Customer current and other accounts	7,508,344	(164,117)	7,344,227	7,728,895	(149,620)	7,579,275
Due to banks	1,628,032	(27,477)	1,600,555	1,303,793	(50,342)	1,253,451
Long term financing	319,364	-	319,364	286,833	-	286,833
Other liabilities	1,341,676	(70,695)	1,270,981	1,205,122	(90,227)	1,114,895
Total liabilities	10,797,416	(262,289)	10,535,127	10,524,643	(290,189)	10,234,454
Financial institutions	538,177	144	538,321	744,845	(52)	744,793
Non-financial institutions and individuals	14,692,012	(67,785)	14,624,227	14,854,562	(41,022)	14,813,540
Total equity of investment accountholders	15,230,189	(67,641)	15,162,548	15,599,407	(41,074)	15,558,333
Share capital	1,242,879	-	1,242,879	1,242,879	-	1,242,879
Treasury shares	(17,462)	-	(17,462)	(15,655)	-	(15,655)
Share premium	18,084	-	18,084	16,619	-	16,619
Reserves	183,121	-	183,121	196,539	-	196,539
Cumulative changes in fair value	32,940	-	32,940	57,404	(1,668)	55,736
Foreign currency translation reserve	(800,489)	-	(800,489)	(940,728)	-	(940,728)
Retained earnings	364,496	(14,200)	350,296	430,312	(27,438)	402,874
Equity attributable to parent's shareholders	1,023,569	(14,200)	1,009,369	987,370	(29,106)	958,264
Perpetual tier 1 capital	400,000	-	400,000	400,000	-	400,000
Equity attributable to parent's shareholders and Sukuk holders	1,423,569	(14,200)	1,409,369	1,387,370	(29,106)	1,358,264
Non-controlling interests	798,825	(38,215)	760,610	670,757	(28,433)	642,324
Total equity	2,222,394	(52,415)	2,169,979	2,058,127	(57,539)	2,000,588
Total liabilities, equity of investment accountholders and equity	28,249,999	(382,345)	27,867,654	28,182,177	(388,802)	27,793,375

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2022 (Reviewed)

22 Prior year classification and restatement (continued)

II. Statement of income

	Originally reported			Originally reported		
	reported	Adjustments	Restated	reported	Adjustments	Restated
	Three months ended			Nine months ended		
	30 September 2021		30 September 2021	30 September 2021		30 September 2021
Net income from jointly financed contracts and investments	336,542	(683)	335,859	973,212	(1,414)	971,798
Return on equity of investment accountholders before Group's share as a Mudarib	(272,737)	1,184	(271,553)	(798,517)	839	(797,678)
Group's share as a Mudarib	95,867	(95)	95,772	268,874	(207)	268,667
Return on equity of investment accountholders	(176,870)	1,089	(175,781)	(529,643)	632	(529,011)
Group's share of income from equity of investment accountholders (as a Mudarib and Rabalmal)	159,672	406	160,078	443,569	(782)	442,787
Mudarib share for managing off-balance sheet equity of investment accountholders	536	-	536	6,579	-	6,579
Net income from self financed contracts and investments	34,953	(3,522)	31,431	111,855	2,988	114,843
Fees and commission income	45,847	(5,444)	40,403	132,979	(11,804)	121,175
Other operating income	(4,023)	(1,145)	(5,168)	49,675	(28,548)	21,127
	236,985	(9,705)	227,280	744,657	(38,146)	706,511
Profit on long term financing	(7,287)	-	(7,287)	(21,092)	-	(21,092)
Total operating income	229,698	(9,705)	219,993	723,565	(38,146)	685,419
Staff expenses	69,667	(896)	68,771	218,249	(2,502)	215,747
amortisation	15,107	(133)	14,974	51,669	(333)	51,336
Other operating expenses	37,406	662	38,068	124,853	(506)	124,347
Total operating expense	122,180	(367)	121,813	394,771	(3,341)	391,430
Net income for the period before net allowance for expected credit losses/impairment and taxation	107,518	(9,338)	98,180	328,794	(34,805)	293,989
expected credit losses/impairment	(31,726)	813	(30,913)	(115,432)	1,853	(113,579)
Net income for the period before taxation	75,792	(8,525)	67,267	213,362	(32,952)	180,410
Taxation	(23,220)	2,451	(20,769)	(67,008)	4,745	(62,263)
Net income for the period	52,572	(6,074)	46,498	146,354	(28,207)	118,147
Attributable to:						
Equity holders of the parent	36,768	(2,900)	33,868	89,430	(9,999)	79,431
Non-controlling interests	15,804	(3,174)	12,630	56,924	(18,208)	38,716
	52,572	(6,074)	46,498	146,354	(28,207)	118,147

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 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2022 (Reviewed)

22 Prior year classification and restatement (continued)

III. Statement of changes in equity

	Originally reported 1 January 2021	Adjustments	Restated 1 January 2021	Originally reported 1 January 2022	Adjustments	Restated 1 January 2022
Equity attributable to parent's shareholders and Sukuk holders						
<i>Cumulative changes in fair value of</i>		-				
<i>property and equipment</i>	24,154		24,154	46,929	(1,668)	45,261
<i>Foreign currency translation reserve</i>	(800,489)	-	(800,489)	(940,728)	-	(940,728)
<i>Retained Earnings</i>	364,496	(14,200)	350,296	430,312	(27,438)	402,874
Total equity attributable to parent's shareholders and Sukuk holders	1,423,569	(14,200)	1,409,369	1,387,370	(29,106)	1,358,264
Non-controlling interests	798,825	(38,215)	760,610	670,757	(28,433)	642,324
Total equity	<u>2,222,394</u>	<u>(52,415)</u>	<u>2,169,979</u>	<u>2,058,127</u>	<u>(57,539)</u>	<u>2,000,588</u>

IV. Statement of cash flows

	Originally reported 30 September 2021	Adjustments	Restated 30 September 2021
Net income for the period before taxation	213,362	(32,952)	180,410
Change in cash from operating activities	(529,607)	(112,864)	(642,471)
Change in cash from investing activities	773,981	17,990	791,971
Change in cash from financing activities	89,013	1,239	90,252
Net change in cash and cash equivalents	147,352	(67,428)	79,924
Cash and cash equivalents at 1 January	2,778,177	(240,971)	2,537,206
Cash and cash equivalents at 30 September	2,925,529	(308,399)	2,617,130

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V. Basic and diluted earnings per share

	Originally reported			Originally reported		
	reported	Adjustments	Restated	reported	Adjustments	Restated
	Three months ended			Nine months ended		
	30 September 2021		30 September 2021	30 September 2021		30 September 2021
Net income attributable to the equity holders of the parent for the period - US\$ '000	36,768	(2,900)	33,868	89,430	(9,999)	79,431
Less: Profit distributed on perpetual tier 1 capital	-	-	-	(15,750)	-	(15,750)
Net income attributable to the shareholders	36,768	(2,900)	33,868	89,430	(9,999)	79,431
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)	(32,373)	-	(32,373)	(32,429)	-	(32,429)
Weighted number of shares outstanding (in thousands)	1,210,506	-	1,210,506	1,210,450	-	1,210,450
Earnings per share - US cents	3.04	(0.24)	2.80	7.39	(0.83)	6.56