

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 JUNE 2022 (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 June 2022 and the related interim consolidated statement of income for the three-month and six-month periods ended 30 June 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 six-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.

A stylized, handwritten signature of 'PricewaterhouseCoopers' in blue ink.

PricewaterhouseCoopers M.E Limited
Partner's registration number: 196
Manama, Kingdom of Bahrain
11 August 2022

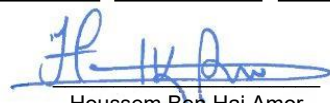
Al Baraka Group B.S.C. (formerly Al Baraka Banking Group B.S.C.)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022 (Reviewed)

		<i>Reviewed</i>	<i>Audited</i>	
		30 June	31 December	1 January
		2022	2021	2021
Notes		US\$ '000	US\$ '000	US\$ '000
			<i>(restated - note 22)</i>	<i>(restated - note 22)</i>
ASSETS				
Cash and balances with banks	3	5,342,823	5,681,353	5,156,577
Receivables	4	10,475,152	10,975,647	11,937,952
Mudaraba and Musharaka financing	5	2,058,519	3,493,107	2,698,516
Ijarah Muntahia Bittamleek	6	2,094,752	2,018,800	1,747,627
Investments	7	4,970,100	4,495,469	5,098,597
Property and equipment		483,566	524,111	468,919
Other assets	8	586,847	604,888	759,466
TOTAL ASSETS		26,011,759	27,793,375	27,867,654
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND EQUITY				
LIABILITIES				
Customer current and other accounts		6,966,784	7,579,275	7,344,227
Due to banks		808,078	1,253,451	1,600,555
Long term financing	9	329,676	286,833	319,364
Other liabilities	10	1,158,394	1,114,895	1,270,981
Total liabilities		9,262,932	10,234,454	10,535,127
EQUITY OF INVESTMENT ACCOUNTHOLDERS				
Financial institutions		658,295	744,793	538,321
Non-financial institutions and individuals		14,063,465	14,813,540	14,624,227
Total equity of investment accountholders	11	14,721,760	15,558,333	15,162,548
EQUITY				
Share capital	14	1,242,879	1,242,879	1,242,879
Treasury shares		(14,923)	(15,655)	(17,462)
Share premium		16,062	16,619	18,084
Reserves		194,051	196,539	183,121
Cumulative changes in fair value		55,011	55,736	32,940
Foreign currency translation reserve	14	(1,052,908)	(940,728)	(800,489)
Retained earnings		469,621	402,874	350,296
Equity attributable to parent's shareholders		909,793	958,264	1,009,369
Perpetual tier 1 capital	15	400,000	400,000	400,000
Equity attributable to parent's shareholders and Sukuk holders		1,309,793	1,358,264	1,409,369
Non-controlling interests		717,274	642,324	760,610
TOTAL EQUITY		2,027,067	2,000,588	2,169,979
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND EQUITY		26,011,759	27,793,375	27,867,654


Abdullah Saleh Kamel
Chairman


Housseem Ben Haj Amor
Acting Group Chief Executive Officer

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three months and six months ended 30 June 2022 (Reviewed)

	Notes	Three months ended		Six months ended	
		30 June 2022 US\$ '000	30 June 2021 US\$ '000 (restated - note 22)	30 June 2022 US\$ '000	30 June 2021 US\$ '000 (restated - note 22)
INCOME					
Net income from jointly financed contracts and investments		333,023	317,117	663,526	635,939
Return on equity of investment accountholders before Group's share as a Mudarib		(271,662)	(261,727)	(545,690)	(526,125)
Group's share as a Mudarib		88,478	85,256	185,112	172,895
Return on equity of investment accountholders		(183,184)	(176,471)	(360,578)	(353,230)
Group's share of income from equity of investment accountholders (as a Mudarib and Rabalmal)		149,839	140,646	302,948	282,709
Mudarib share for managing off-balance sheet equity of investment accountholders		7,554	5,898	9,661	6,043
Net income from self financed contracts and investments		138,917	32,331	229,202	83,412
Fees and commission income		39,253	39,727	79,953	80,772
Other operating income	15	26,774	32,953	62,338	26,295
		362,337	251,555	684,102	479,231
Profit on long term financing		(8,451)	(6,084)	(14,998)	(13,805)
TOTAL OPERATING INCOME		353,886	245,471	669,104	465,426
OPERATING EXPENSES					
Staff expenses		64,655	76,524	133,757	146,976
Depreciation and amortisation		14,126	17,074	28,854	36,362
Other operating expenses		47,827	43,439	96,702	86,279
TOTAL OPERATING EXPENSES		126,608	137,037	259,313	269,617
NET INCOME FOR THE PERIOD BEFORE NET ALLOWANCE FOR EXPECTED CREDIT LOSSES / IMPAIRMENT AND TAXATION					
		227,278	108,434	409,791	195,809
Net allowance for expected credit losses / impairment	16	(121,761)	(57,257)	(206,078)	(82,666)
NET INCOME FOR THE PERIOD BEFORE TAXATION		105,517	51,177	203,713	113,143
Taxation		(31,075)	(18,461)	(66,235)	(41,494)
NET INCOME FOR THE PERIOD		74,442	32,716	137,478	71,649
Attributable to:					
Equity holders of the parent		45,106	19,978	84,638	45,563
Non-controlling interests		29,336	12,738	52,840	26,086
		74,442	32,716	137,478	71,649
Basic and diluted earnings per share - US cents	13	2.42	0.35	5.68	2.46


Abdullah Saleh Kamel
Chairman


Housseem Ben Haj Amor
Acting Group Chief Executive Officer

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022 (Reviewed)

	<i>Six months ended</i>	
	30 June 2022 US\$ '000	<i>30 June 2021 US\$ '000 (restated)</i>
OPERATING ACTIVITIES		
Net income for the period before taxation	203,713	113,143
Adjustments for:		
Depreciation and amortisation	28,854	36,362
Depreciation on Ijarah Muntahia Bittamleek	81,936	14,600
Unrealised gain on equity and debt-type instruments at fair value through statement of income	(99,141)	(1,188)
Gain on disposal of property and equipment	(5,852)	(7,954)
Gain on disposal of investment in real estate	(3,227)	(323)
Gain on disposal of equity-type instruments at fair value through equity	(98)	(2,563)
(Gain) / Loss on disposal of equity and debt-type instruments at fair value through statement of income	(5)	85
Net allowance for expected credit losses / impairment	206,078	82,666
Income from associates	(4,690)	(10,298)
Operating profit before changes in operating assets and liabilities	407,568	224,530
Net changes in operating assets and liabilities:		
Reserves with central banks	397,109	(67,431)
Receivables	303,750	75,751
Mudaraba and Musharaka financing	1,431,837	(931,097)
Ijarah Muntahia Bittamleek	(156,919)	(155,668)
Other assets	(20,341)	42,265
Customer current and other accounts	(612,486)	(131,097)
Due to banks	(445,373)	(113,957)
Other liabilities	73,075	(138,925)
Equity of investment accountholders	(836,955)	701,196
Taxation paid	(69,211)	(88,590)
Net cash generated from / (used in) operating activities	472,054	(583,023)
INVESTING ACTIVITIES		
Net purchase of investments	(373,180)	720,957
Net purchase of property and equipment	25,255	(55,771)
Net movement in associates	2,242	1,986
Net disposal of investment in associates	(2,628)	3,352
Net cash (used in) / generated from investing activities	(348,311)	670,524
FINANCING ACTIVITIES		
Net movement in treasury shares	175	(122)
Profit distributed on perpetual tier 1 capital	(15,750)	(15,750)
Profit distributed on perpetual tier 1 capital issued by subsidiaries	(2,622)	3,603
Long term financing	42,843	99,134
Net change in non-controlling interests	97,447	(24,363)
Net cash from financing activities	122,093	62,502
Foreign currency translation adjustments	(187,199)	(130,130)
NET CHANGE IN CASH AND CASH EQUIVALENTS	58,637	19,873
Cash and cash equivalents at 1 January (restated)	2,706,115	2,537,206
CASH AND CASH EQUIVALENTS AT 30 JUNE (note 20)	2,764,752	2,557,079

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 six months ended 30 June 2022 (Reviewed)

	<i>Equity attributable to parent's shareholders and Sukuk holders</i>												
	<i>Reserves</i>					<i>Cumulative changes in fair value of investments</i> US\$ '000	<i>Cumulative changes in fair value of property and equipment</i> US\$ '000	<i>Foreign currency translation reserve</i> US\$ '000	<i>Retained earnings</i> US\$ '000	<i>Total</i> US\$ '000	<i>Perpetual tier 1 capital</i> US\$ '000	<i>Non-controlling interest</i> US\$ '000	<i>Total equity</i> US\$ '000
<i>Share capital</i> US\$ '000	<i>Treasury shares</i> US\$ '000	<i>Share premium</i> US\$ '000	<i>Statutory reserve</i> US\$ '000	<i>Other reserves</i> 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	-	732	(557)	-	-	-	-	-	-	175	-	-	175
Net movement in other reserves	-	-	-	-	(2,488)	-	-	-	-	(2,488)	-	(2,873)	(5,361)
Net movement in cumulative changes in fair values	-	-	-	-	-	(725)	-	-	-	(725)	-	(314)	(1,039)
Net movement in cumulative change in fair of property and	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translations	-	-	-	-	-	-	-	(112,180)	-	(112,180)	-	(75,019)	(187,199)
Net income for the period	-	-	-	-	-	-	-	-	84,638	84,638	-	52,840	137,478
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(31,913)	(31,913)
Allocation of Zakah Profit distribution on perpetual tier 1 capital	-	-	-	-	-	-	-	-	(347)	(347)	-	-	(347)
Movement related to subsidiaries' tier 1 capital	-	-	-	-	-	-	-	-	(15,750)	(15,750)	-	-	(15,750)
Effect of change in ownership	-	-	-	-	-	-	-	-	(2,622)	(2,622)	-	(5,628)	(8,250)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	828	828	-	-	828
	-	-	-	-	-	-	-	-	-	-	-	137,857	137,857
At 30 June 2022	1,242,879	(14,923)	16,062	194,051	-	9,750	45,261	(1,052,908)	469,621	909,793	400,000	717,274	2,027,067

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 six months ended 30 June 2022 (Reviewed)

	<i>Restated</i>												
	<i>Equity attributable to parent's shareholders and Sukuk holders</i>												
	<i>Reserves</i>												
	<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	-	822	(239)	-	-	-	-	-	(705)	(122)	-	-	(122)
Net movement in other reserves	-	-	-	-	725	-	-	-	-	725	-	801	1,526
Net movement in cumulative changes in fair values	-	-	-	-	-	3,095	-	-	-	3,095	-	847	3,942
Foreign currency translations	-	-	-	-	-	-	-	(74,572)	-	(74,572)	-	(55,558)	(130,130)
Net income for the period	-	-	-	-	-	-	-	-	45,563	45,563	-	26,086	71,649
transfer to reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(17,969)	(17,969)
Allocation of Zakah	-	-	-	-	-	-	-	-	(1,015)	(1,015)	-	-	(1,015)
Profit distribution on perpetual tier 1 capital	-	-	-	-	-	-	-	-	(15,750)	(15,750)	-	-	(15,750)
Movement related to subsidiaries' tier 1 capital	-	-	-	-	-	-	-	-	3,603	3,603	-	(6,353)	(2,750)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(42)	(42)
At 30 June 2021 (restated)	1,242,879	(16,640)	17,845	182,776	1,070	11,881	24,154	(875,061)	381,992	970,896	400,000	708,422	2,079,318

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 six months ended 30 June 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	11,760	84,341	217,450	227	22,181	253,460	589,419
Withdrawals	(161)	(85,101)	(120,174)	(1,304)	(2,212)	(35,378)	(244,330)
Income net of expenses	-	19,778	1,892	259	7,574	13,292	42,795
Mudarib's share	-	(6,583)	(2,929)	-	(145)	(4)	(9,661)
Foreign exchange translation	-	(15,506)	-	-	-	(205)	(15,711)
At 30 June 2022	79,314	453,151	182,085	52,501	246,810	476,354	1,490,215
At 1 January 2021	72,556	569,572	503,823	48,099	160,352	227,508	1,581,910
Deposits	69,200	457,467	109,666	463	39,284	7,634	683,714
Withdrawals	(91,097)	(384,263)	(375,185)	(928)	2,564	(17,910)	(866,819)
Income net of expenses	-	18,192	931	215	6,853	4,303	30,494
Mudarib's share	-	(5,951)	-	-	(89)	(3)	(6,043)
Foreign exchange translation	-	(10,494)	-	-	-	(8,959)	(19,453)
At 30 June 2021	50,659	644,523	239,235	47,849	208,964	212,573	1,403,803

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 June 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 delisted 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

	Ownership for 30 June 2022	Ownership for 30 December 2021 <i>(restated - note 22)</i>	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) *	92.03%	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) 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 their 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.

** 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 June 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.

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 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 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 six months ended 30 June 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 six months period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

As at 30 June 2022 (Reviewed)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Statement of compliance (continued)

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.

New standards, amendments and interpretations issued but not yet effective

These interim condensed consolidated financial statements have been prepared using accounting policies, which are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards and interpretations effective as of 1 January 2022.

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 2023 with early adoption permitted. The Group is currently evaluating the impact of the standard.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2022 (Reviewed)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

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 11 August 2022.

3 CASH AND BALANCES WITH BANKS

	<i>Reviewed</i> 30 June 2022 <i>US\$ '000</i>	<i>Audited</i> <i>31 December</i> 2021 <i>US\$ '000</i> <i>(restated)</i>
Balances with central banks	3,955,222	4,441,912
Balances with other banks	731,828	570,938
Cash and cash in transit	659,518	672,190
Allowance for expected credit losses	(3,745)	(3,687)
	5,342,823	5,681,353

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 June 2022 (Reviewed)

4 RECEIVABLES

	<i>Reviewed</i> 30 June 2022 US\$ '000	<i>Audited</i> 31 December 2021 US\$ '000 <i>(restated)</i>
Sales (Murabaha) receivables	10,743,513	11,237,522
Ijarah receivables	127,990	140,804
Salam receivables	254,550	259,295
Istisna'a receivables	176,480	198,926
Allowance for expected credit losses	(827,381)	(860,900)
	10,475,152	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> 31 June 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)	2,890,313	166,450	-	3,056,763	3,124,682
Satisfactory (5-7)	5,975,296	1,688,785	-	7,664,081	7,917,584
Default (8-10)	-	-	581,689	581,689	794,281
Less: allowance for expected credit losses	(52,045)	(345,267)	(430,069)	(827,381)	(860,900)
	8,813,564	1,509,968	151,620	10,475,152	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 June 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 six months period ended</i>			<i>For the year ended</i>	
	<i>30 June 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	6,733	94,316	134,284	235,333	323,369
Recoveries / write-backs	-	-	(38,587)	(38,587)	(78,333)
Allocation from (to) investment risk reserve	(8,436)	(18,772)	26,020	(1,188)	(2,590)
Amounts written off	-	-	(210,829)	(210,829)	(41,306)
FX translation / others	(3,447)	(24,058)	9,257	(18,248)	(60,267)
	52,045	345,267	430,069	827,381	860,900

5 MUDARABA AND MUSHARAKA FINANCING

	<i>Reviewed</i>	<i>Audited</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2022</i>	<i>2021</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
		<i>(restated)</i>
Mudaraba financing	1,195,149	2,569,329
Musharaka financing	897,512	958,107
Allowance for expected credit losses	(34,142)	(34,329)
	2,058,519	3,493,107

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2022 (Reviewed)

5 MUDARABA AND MUSHARAKA FINANCING (continued)

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			Total US\$ '000	Audited
	30 June 2022				31 December 2021
	Stage 1 US\$ '000	Stage 2 US\$ '000	Stage 3 US\$ '000	Total US\$ '000	Total US\$ '000 (restated)
Good (1-4)	997,327	37,379	-	1,034,706	1,221,455
Satisfactory (5-7)	871,775	115,885	-	987,660	2,248,117
Default (8-10)	-	-	70,295	70,295	57,864
Less: allowance for expected credit losses	(6,440)	(3,021)	(24,681)	(34,142)	(34,329)
	1,862,662	150,243	45,614	2,058,519	3,493,107

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

	Reviewed			Total US\$ '000	Audited
	For the three months period ended 30 June 2022				For the year ended 31 December 2021
	Stage 1: 12- month ECL US\$ '000	Stage 2: Lifetime ECL not credit- impaired US\$ '000	Stage 3: Lifetime ECL credit- impaired US\$ '000	Total US\$ '000	Total US\$ '000 (restated)
Balance at 1 January	6,460	3,887	23,982	34,329	36,406
Net remeasurement of loss allowance	1,075	(273)	2,355	3,157	838
Recoveries / write-backs	-	-	(406)	(406)	(553)
Allocation from (to) investment risk reserve	(5)	15	16	26	(1,001)
Amounts written off	-	-	-	-	(11,579)
FX translation / others	(1,090)	(608)	(1,266)	(2,964)	10,218
	6,440	3,021	24,681	34,142	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.

	Reviewed			Total US\$ '000	Audited
	30 June 2022				31 December 2021
	Stage 1 US\$ '000	Stage 2 US\$ '000	Stage 3 US\$ '000	Total US\$ '000	Total US\$ '000 (restated)
Good (1-4)	1,685,580	5,593	-	1,691,173	575,864
Satisfactory (5-7)	196,072	218,805	-	414,877	1,455,911
Default (8-10)	-	-	10	10	13
Less: allowance for expected credit losses	(2,215)	(9,091)	(2)	(11,308)	(12,988)
	1,879,437	215,307	8	2,094,752	2,018,800

Al Baraka Group B.S.C. (formerly Al Baraka Banking Group B.S.C.)
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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As at 30 June 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 three months period ended</i>			<i>For the year ended</i>	
	<i>30 June 2021</i>			<i>31 December 2021</i>	
	<i>Stage 1: 12- month ECL US\$ '000</i>	<i>Stage 2: Lifetime ECL not credit- impaired US\$ '000</i>	<i>Stage 3: Lifetime ECL credit- impaired US\$ '000</i>	<i>Total US\$ '000</i>	<i>Total US\$ '000 (restated)</i>
Balance at 1 January	2,351	10,633	4	12,988	23,850
Net remeasurement of loss allowance	37	(1,006)	(1)	(970)	(9,763)
Allocation to (from) investment risk reserve	(8)	-	-	(8)	53
FX translation / others	(165)	(536)	(1)	(702)	(1,152)
	2,215	9,091	2	11,308	12,988

7 INVESTMENTS

	<i>Reviewed 30 June 2022 US\$ '000</i>	<i>Audited 31 December 2021 US\$ '000 (restated)</i>
Equity and debt-type instruments at fair value through statement of income (7.1)	69,404	52,688
Equity-type instruments at fair value through equity (7.2)	715,137	479,223
Debt-type instruments at amortised cost (7.3)	3,938,154	3,710,737
	4,722,695	4,242,648
Investment in real estate (7.4)	178,540	186,767
Investment in associates	68,865	66,054
	4,970,100	4,495,469

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2022 (Reviewed)

7 INVESTMENTS (continued)

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

	<i>Reviewed 30 June 2022 US\$ '000</i>	<i>Audited 31 December 2021 US\$ '000 (restated)</i>
Quoted investments		
Debt instruments	15,789	33,653
Equity securities	47,961	12,165
Unquoted investments		
Equity securities	5,654	6,870
	69,404	52,688

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

	<i>Reviewed 30 June 2022 US\$ '000</i>	<i>Audited 31 December 2021 US\$ '000 (restated)</i>
Quoted investments		
Equity securities	42,247	45,306
Managed funds	16,854	14,528
Sukuk	494,579	388,266
	553,680	448,100
Unquoted investments		
Equity securities	29,477	25,372
Managed funds	8,446	9,578
Sukuk	129,922	3,506
	167,845	38,456
Provision for impairment	(6,388)	(7,333)
	715,137	479,223

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2022 (Reviewed)

7 INVESTMENTS (continued)

7.3 Debt-type instruments at amortised cost

	<i>Reviewed</i> 30 June 2022 US\$ '000	<i>Audited</i> 31 December 2021 US\$ '000 <i>(restated)</i>
Quoted investments		
Sukuk and similar items	3,407,390	3,029,712
Unquoted investments		
Sukuk and similar items	540,100	688,593
Allowance for expected credit losses	(9,336)	(7,568)
	3,938,154	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.

	<i>Reviewed</i> 30 June 2022				<i>Audited</i> 31 December 2021 US\$ '000 <i>(restated)</i>
	<i>Stage 1</i> US\$ '000	<i>Stage 2</i> US\$ '000	<i>Stage 3</i> US\$ '000	<i>Total</i> US\$ '000	
Good (1-4)	3,411,357	796	-	3,412,153	3,095,671
Satisfactory (5-7)	517,167	15,605	-	532,772	620,069
Default (8-10)	-	-	2,565	2,565	2,565
Less: allowance for expected credit losses	(6,726)	(45)	(2,565)	(9,336)	(7,568)
	3,921,798	16,356	-	3,938,154	3,710,737

7.3 Debt-type instruments at amortised cost

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

	<i>Reviewed</i> For the three months period ended 31 March 2022				<i>Audited</i> For the year ended 31 December 2021
	<i>Stage 1: 12-month ECL</i> US\$ '000	<i>Stage 2: Lifetime ECL not credit-impaired</i> US\$ '000	<i>Stage 3: Lifetime ECL credit-impaired</i> US\$ '000	<i>Total</i> US\$ '000	<i>Total</i> US\$ '000 <i>(restated)</i>
Balance at 1 January	4,966	37	2,565	7,568	8,256
Net remeasurement of loss allowance	2,791	11	-	2,802	94
Allocation (to) from investment risk reserve	(45)	-	-	(45)	(620)
FX translation / others	(986)	(3)	-	(989)	(162)
	6,726	45	2,565	9,336	7,568

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2022 (Reviewed)

7 INVESTMENTS (continued)

7.4 Investment in real estate

	<i>Reviewed</i> 30 June 2022 US\$ '000	<i>Audited</i> 31 December 2021 US\$ '000 <i>(restated)</i>
Land	97,702	102,545
Buildings	80,838	84,222
	178,540	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 June 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	1,047	33,113
Net gain / (loss) from fair value adjustments	115	(6,843)
Disposal	(9,161)	(11,467)
Foreign exchange translation - net	(228)	(4,172)
	(8,227)	10,631
	178,540	186,767

8 OTHER ASSETS

	<i>Reviewed</i> 30 June 2022 US\$ '000	<i>Audited</i> 31 December 2021 US\$ '000 <i>(restated)</i>
Bills receivable	178,557	194,046
Goodwill and intangible assets	74,084	76,013
Collateral pending sale	121,478	114,751
Prepayments	45,564	26,215
Deferred taxation	66,828	90,720
Good faith qard fund	78,724	97,675
Others	49,161	32,764
	614,396	632,184
Allowance for expected credit losses	(27,549)	(27,296)
	586,847	604,888

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2022 (Reviewed)

9 LONG TERM FINANCING

	<i>Reviewed</i> 30 June 2022 <i>US\$ '000</i>	<i>Audited</i> 31 December 2021 <i>US\$ '000</i> <i>(restated)</i>
Murabaha financing	26,169	15,889
Subordinated financing obtained by a subsidiary	303,507	270,944
	329,676	286,833

10 OTHER LIABILITIES

	<i>Reviewed</i> 30 June 2022 <i>US\$ '000</i>	<i>Audited</i> 31 December 2021 <i>US\$ '000</i> <i>(restated)</i>
Payables	438,033	400,401
Ijarah liability	55,257	60,488
Cash margins	225,979	226,820
Managers' cheques	73,102	73,997
Current taxation	63,377	84,269
Deferred taxation	13,884	19,859
Accrued expenses	78,807	80,359
Charity fund	25,338	25,636
Others	102,368	57,669
Allowance for expected credit losses on unfunded exposures	82,249	85,397
	1,158,394	1,114,895

11 EQUITY OF INVESTMENT ACCOUNTHOLDERS

	<i>Reviewed</i> 30 June 2022 <i>US\$ '000</i>	<i>Audited</i> 31 December 2021 <i>US\$ '000</i> <i>(restated)</i>
Equity of investment accountholders	14,647,629	15,490,994
Profit equalisation reserve	4,510	3,152
Investment risk reserve	67,821	62,005
Cumulative changes in fair value attributable to equity of investment accountholders - net	1,800	2,183
	14,721,760	15,558,334

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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12 COMMITMENTS AND CONTINGENCIES

	Reviewed	Audited
	30 June	31 December
	2022	2021
	US\$ '000	US\$ '000
		<i>(restated)</i>
Letters of credit	715,725	877,971
Guarantees	1,511,755	1,587,388
Acceptances	101,834	130,561
Undrawn commitments	761,509	1,067,056
Sharia'a compliant promise contracts	311,510	516,793
	3,402,333	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>Six months ended</i>	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
		<i>(restated)</i>		<i>(restated)</i>
Net income attributable to the equity holders of the parent for the period - US\$ '000	45,106	19,978	84,638	45,563
Less: Profit distributed on perpetual tier 1 capital	(15,750)	(15,750)	(15,750)	(15,750)
Net income attributable to the shareholders	29,356	4,228	68,888	29,813
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)	(30,185)	(32,333)	(29,999)	(32,542)
Weighted number of shares outstanding (in thousands)	1,212,694	1,210,546	1,212,880	1,210,337
Earnings per share - US cents	2.42	0.35	5.68	2.46

14 EQUITY

	Reviewed	Audited
	30 June	31 December
	2022	2021
	US\$ '000	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 June 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

Component	Currency	Reviewed	Audited
		30 June 2022	31 December 2021
		US\$ '000	US\$ '000 <i>(restated)</i>
Banque Al Baraka D'Algerie	Algerian Dinar	79,909	74,184
Al Baraka Bank (Pakistan) Limited	Pakistani Rupees	44,688	37,615
Al Baraka Bank Egypt	Egyptian Pound	166,821	116,329
Al Baraka Turk Participation Bank*	Turkish Lira	510,101	475,106
Al Baraka Bank Limited	South African Rand	23,248	22,674
Al Baraka Bank Sudan	Sudanese Pound	133,946	128,790
Al Baraka Bank Tunis	Tunisian Dinar	37,945	33,046
Al Baraka Bank Syria**	Syrian Pound	55,716	53,267
BTI Bank	Moroccan Dirham	534	(283)
		1,052,908	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>Six months ended</i>	
	30 June 2022	30 June 2021
	US\$ '000	US\$ '000 <i>(restated)</i>
Foreign exchange gain	55,562	18,380
Gain on sale of property and equipment	6,776	7,915
	62,338	26,295

16 NET ALLOWANCE FOR EXPECTED CREDIT LOSSES / IMPAIRMENT

	<i>Six months ended</i>	
	30 June 2022	30 June 2021
	US\$ '000	US\$ '000 <i>(restated)</i>
Cash and balances with banks	81	45
Receivables	196,746	81,032
Mudaraba and Musharaka financing	2,751	1,264
Ijarah Muntahia Bittamleek	(970)	(10,365)
Investments	2,240	381
Other assets	838	6,084
Other liabilities	4,392	4,225
	206,078	82,666

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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>Six months ended</i>	
					<i>30 June 2022</i>	<i>30 June 2021</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>
Net income from jointly financed contracts and investments	618	-	65	-	683	216
Net income from self financed contracts and investments	4,793	1,083	(79)	-	5,797	97
Return on equity of investment accountholders	139	(79)	1,142	-	1,202	1,767
Fees and commission income	150	-	-	25	175	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>30 June 2022</i>	<i>31 December 2021</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>(restated)</i>
Assets						
Receivables	1,706	-	1,074	-	2,780	1,109
Mudaraba and Musharaka financing	-	-	1,429	-	1,429	1,433
Investments	50,365	-	-	-	50,365	46,726
Other assets	9,285	-	277	-	9,562	275
Liabilities						
Customer current and other accounts	4,764	2,207	1,200	4	8,175	7,693
Due to banks	-	-	-	-	-	23
Other liabilities	80	3	49	86	218	52
Equity of investment accountholders	11,295	1,522	16,172	21	29,010	37,130
Off-balance sheet equity of investment accountholders	128,095	8,567	2,186	-	138,848	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 June 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	13,973,578	3,347,008	9,311,013	14,938,795	3,603,522	10,000,824
North Africa	2,474,279	1,266,090	939,509	2,734,389	1,498,991	943,683
Europe	7,657,657	3,996,646	3,364,902	8,051,980	4,428,389	3,400,171
Others	1,906,245	653,188	1,106,336	2,068,211	703,552	1,213,655
	26,011,759	9,262,932	14,721,760	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	Six months ended 30 June 2022			Six months ended 30 June 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	280,720	148,735	76,471	252,018	133,062	57,322
North Africa	50,155	17,428	12,400	56,314	22,907	15,801
Europe	285,289	220,992	33,719	107,214	18,467	(6,635)
Others	52,940	22,636	14,888	49,880	21,373	5,161
	669,104	409,791	137,478	465,426	195,809	71,649

19 CASH AND CASH EQUIVALENTS

	Six months ended	
	30 June 2022 US\$ '000	30 June 2021 US\$ '000 (restated)
Balances with central banks excluding mandatory reserve	1,373,406	1,410,487
Balances with other banks	731,828	317,232
Cash and cash in transit	659,518	829,360
	2,764,752	2,557,079

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 drawdown 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 June 2021, 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 June 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

Reporting in Hyperinflationary Economies" is appropriate as AAOIFI does not contain any similar accounting standard and further evaluated the outcome of the AAOIFI Accounting Board meeting held on 15-16 June 2022. As a result of the meeting, the AAOIFI Accounting Board publicly announced through a press release that "the AAOIFI accounting board considered that there are certain Shari'a issues that need to be addressed before it may be decided as to whether hyperinflationary accounting in line with generally accepted accounting principles shall be addressed under AAOIFI's framework". Therefore, the AAOIFI Accounting Board requested the AAOIFI Secretariat to prepare a working paper and present the conclusions reached to the AAOIFI Accounting Board after obtaining a Shari'a opinion. Based on the Conceptual Framework for Financial Reporting by Islamic Financial Institutions, should AAOIFI guidance be considered insufficient with respect to a particular matter then reference should be made to a generally accepted accounting principle only if the application does not lead to a conflict with the principles of Shari'a. Given the potential Shari'a issues noted in the press release and on further reflection and clarifications, the Group has not adopted hyperinflationary accounting under IAS 29 - "Financial Reporting in Hyperinflationary Economies" until further guidance from AAOIFI Accounting Board is issued in this respect. Upon further guidance issued by AAOIFI, the management will assess the impact and reflect it accordingly. Were IAS 29 to be applied, the financial information of the subsidiary that is operating in a hyperinflationary economy, would have been stated in terms of the measuring unit current at the statement of financial position date.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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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 June 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 31 December 2020	Adjustments	Restated 1 January 2021	Originally reported 31 December 2021	Adjustments	Restated 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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22 Prior year classification and restatement (continued)

II. Statement of income

	Originally reported			Originally reported		
	Three months ended	Adjustments	Restated	Six months ended	Adjustments	Restated
	30 June 2021		30 June 2021	30 June 2021		30 June 2021
Net income from jointly financed contracts and investments	316,487	630	317,117	636,670	(731)	635,939
Return on equity of investment accountholders before Group's share as a Mudarib	(260,843)	(884)	(261,727)	(525,780)	(345)	(526,125)
Group's share as a Mudarib	85,314	(58)	85,256	173,007	(112)	172,895
Return on equity of investment accountholders	(175,529)	(942)	(176,471)	(352,773)	(457)	(353,230)
Group's share of income from equity of investment accountholders (as a Mudarib and Rabalmaal)	140,958	(312)	140,646	283,897	(1,188)	282,709
Mudarib share for managing off-balance sheet equity of investment accountholders	5,898	-	5,898	6,043	-	6,043
Net income from self financed contracts and investments	25,113	7,218	32,331	76,902	6,510	83,412
Fees and commission income	39,998	(271)	39,727	87,132	(6,360)	80,772
Other operating income	58,883	(25,930)	32,953	53,698	(27,403)	26,295
	270,850	(19,295)	251,555	507,672	(28,441)	479,231
Profit on long term financing	(6,084)	-	(6,084)	(13,805)	-	(13,805)
Total operating income	264,766	(19,295)	245,471	493,867	(28,441)	465,426
Staff expenses	76,644	(120)	76,524	148,582	(1,606)	146,976
amortisation	17,079	(5)	17,074	36,562	(200)	36,362
Other operating expenses	43,226	213	43,439	87,447	(1,168)	86,279
Total operating expense	136,949	88	137,037	272,591	(2,974)	269,617
Net income for the period before net allowance for expected credit losses/impairment and taxation	127,817	(19,383)	108,434	221,276	(25,467)	195,809
Net allowance for expected credit losses/impairment	(56,180)	(1,077)	(57,257)	(83,706)	1,040	(82,666)
Net income for the period before taxation	71,637	(20,460)	51,177	137,570	(24,427)	113,143
Taxation	(18,835)	374	(18,461)	(43,788)	2,294	(41,494)
Net income for the period	52,802	(20,086)	32,716	93,782	(22,133)	71,649
Attributable to:						
Equity holders of the parent	27,077	(7,099)	19,978	52,662	(7,099)	45,563
Non-controlling interests	25,725	(12,987)	12,738	41,120	(15,034)	26,086
	52,802	(20,086)	32,716	93,782	(22,133)	71,649

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At 30 June 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 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-Jun-21	Adjustments	Restated 30-Jun-21
Net income for the period before taxation	137,570	(24,427)	113,143
Change in cash from operating activities	(575,967)	(7,056)	(583,023)
Change in cash from investing activities	669,945	579	670,524
Change in cash from financing activities	62,502	-	62,502
Net change in cash and cash equivalents	5,628	14,245	19,873
Cash and cash equivalents at 1 January	2,778,177	(240,971)	2,537,206
Cash and cash equivalents at 30 June	2,783,805	(226,726)	2,557,079

V. Basic and diluted earnings per share

	Originally reported 30 June 2021	Adjustments Three months ended 30 June 2021	Restated 30 June 2021	Originally reported 30 June 2021	Adjustments Six months ended 30 June 2021	Restated 30 June 2021
Net income attributable to the equity holders of the parent for the period - US\$ '000	27,077	(7,099)	19,978	52,662	(7,099)	45,563
Less: Profit distributed on perpetual tier 1 capital	(15,750)	-	(15,750)	(15,750)	-	(15,750)
Net income attributable to the shareholders	<u>11,327</u>	<u>(7,099)</u>	<u>4,228</u>	<u>36,912</u>	<u>(7,099)</u>	<u>29,813</u>
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)	(32,333)	-	(32,333)	(32,542)	-	(32,542)
Weighted number of shares outstanding (in thousands)	<u>1,210,546</u>	<u>-</u>	<u>1,210,546</u>	<u>1,210,337</u>	<u>-</u>	<u>1,210,337</u>
Earnings per share - US cents	<u>0.94</u>	<u>(0.59)</u>	<u>0.35</u>	<u>3.05</u>	<u>(0.59)</u>	<u>2.46</u>