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

UNIFIED SHARI'A SUPERVISORY BOARD REPORT, REPORT OF THE BOARD OF DIRECTORS, INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

17 .Shaaban .1446
16 February 2025

In the name of Allah, The Beneficent, The Merciful, Ever Merciful

Unified Shari'a Supervisory Board Report
AlBaraka Group B.S.C.(c)
For the year ended 31 December 2024

Praise be to Allah and peace be upon our Prophet Mohamed, His Apostles and Companions

To: Al Baraka Group Shareholders

May peace and Allah's Mercy and Blessings Be upon You

In accordance with Article (58) of the Articles of Association of Al Baraka Group, we are required to submit the following report:

First: Meetings of the Unified Shari'a and its Executive Committee
The Unified Shari'a and its Executive Committee conducted six meetings during 2024 in which we studied Shari'a audit reports prepared by the Internal Shariah Audit Department and the Shariah Coordination and Implementation Unit - at the Group's head office - on the Group's units for the year ended 31 December 2024. and gave few Shari'a related comments on those reports. The Unified Shariah Board revealed some Shariah observations that were resolved by communicating with those units subject to observation and in coordination with their local Shariah Boards.

Second: Monitoring
Our monitoring team followed up on the principles used in the group, and we have reviewed the 2024 Shari'a reports issued by the Group Units' Shari'a Supervisory Boards. We have also reviewed their financial statements when needed. In addition, we examined the Group's financial position as of 31 December 2024 and Statement of Income and their notes for the year then ended 31 December 2024. We have queried from some of the technicians on the points that need explanation and statement. We have also reviewed the process of calculating Zakah in accordance with the Shari'a Standard number (35) and the Financial Accounting Standard number (39) issued by the Accounting and Auditing Organization for Islamic financial Institutions and according to what was approved by Al Baraka Symposium 1/31 and by the Unified Shari'a Supervisory Board.

Third: Responsibilities of the Unified Shari'a

The Group and Units' management are responsible for the execution and implementation of the Unified Shari'a Supervisory Board resolutions and enabling the Shariah Boards to review the operations and developments that require the issuance of decisions by the Sharia Boards in their judgment. The Unified Shari'a Supervisory Board is responsible for supervising the soundness of the implementation of the resolution from a Shari'a point of view and issue opinion based on the Group and Units' Shari'a reports and financial statements.

The Units' Shari'a Supervisory Boards, as is clear from their reports, planned and performed reviews so as to obtain all the information and explanations they considered necessary in order to provide them with sufficient evidence to provide reasonable assurance that the Group and its Units have not violated Shari'a Rules and Principles.

In our opinion:

1. The Contracts, transactions and dealings entered into by the Group and its Units during the year ended 31 December 2024 carried out in general in compliance with Shari'a Rules and Principles.

2. The allocation of profit and charging of losses relating to investment accounts conform to the basis that have been approved by the Units' Shari'a Supervisory Boards in accordance with Shari'a Rules and Principles.

3. All earnings realized from sources or by means prohibited by Islamic Shari'a Rules and Principles have been committed by the Management to dispose it off to Charitable Causes.

4. The attached Zakah calculation was prepared in accordance with the provisions and principles of Islamic Shari'a according to the Net Invested Fund Method in accordance to the Shari'a Standard number (35) and the Financial Accounting Standard number (39) issued by the Accounting and Auditing Organization for Islamic financial Institutions and according to what was approved by the Unified Shari'a Supervisory Board.

The General Assembly, in its regular meeting held on 22 March 2024, had authorized the executive management of Al Baraka Group to pay an amount of money amounting to US Dollar five hundred and seventy-six thousand, two hundred and fifty-nine (US Dollar 576,259) as Zakat on behalf of all shareholders for the year 2023, where it will be directly deducted from shareholders' profits. This amount was paid to those worthy of Zakah in accordance with Shariah regulations established, approved and certified by the Unified Shariah Board.

The Total Zakah dues for the fiscal year ending on 31 December 2024, after excluding the Zakah of the Units whose Zakah is paid directly, amounting to US Dollar one million four hundred and four thousand (US Dollar 1,404 thousand), at a rate of twelve cents for every 100 shares (12 cents). Paying Zakah requires authorization from shareholders. If they are not authorized, shareholders must pay zakat on their shares themselves, noting that zakat, in the event that the necessary liquidity is not available, can be postponed or part of it so that it becomes a debt until it is available.

Praise be to Allah.

Chairman

Shaikh Dr. Saad Al Shithry

Members

Shaikh Dr. Abdullatif Al Mahmood

Shaikh Dr. Abdulla Al Mannea

Shaikh Yousif Hassan Khilawy

Shaikh Dr.Layachi Feddad

Zakah Calculation for the year ended 31 December 2023

	US$ '000
Equity Attributable to Shareholders	1,244,793
Less: Investment of the parent on the shareholding of Al Baraka Bank Egypt, Al Baraka Bank Sudan and Al Baraka Islamic Bank	(245,806)
Perpetual tier 1 capital	(400,000)
Net Zakatable Equity Attributable to Shareholders	**598,987**
Less:	
Musharaka underlined by unzakatable assets	(54,434)
Investment in Islamic Sukuk underlined by unzakatable assets	(60,164)
Ijarah Muntahia Bittamleek	(174,497)
long-term investment in real estate	(12,239)
Properties and equipment	(147,874)
Intangible assets	(45,914)
Investment in Associates	(9,619)
Prepayments	(17,651)
Deferred tax asset	(50,851)
Add:	
Shareholders share on Zakatable Assets by Associates	9,444
Sale of long-term investment in real estate during the year	655
Deferred tax liability	5,457
Employees' end of services benefit	13,178
Zakatable amount	**54,478**
Zakah Percentage	2.5775%
Total Zakah due	**1,404**
Number of Shares (thousands)	1,211,500
Zakah per share (US$ cents)	**0.12**

Directors Report

Al Baraka Group B.S.C. (c) delivered exceptional results in 2024, with net income jumping 9% to US$308.5 million. This remarkable performance and the steady improvements to the Group's operations reflect our clear vision, robust business model, and adaptive strategies, as well as the high standards of professionalism among our team.

Our performance also highlights our ability to create more value for our shareholders while navigating a challenging global landscape. Rising funding costs, currency devaluation, persistent inflation, and geopolitical tensions posed significant hurdles during the year. Moreover, fluctuating interest rates and volatile currencies across our markets tested our adaptability. In response to these challenges, we implemented strategic measures to expand and restructure operations, streamline processes, and optimize costs.

FINANCIAL PERFORMANCE

Al Baraka Group's total operating income reached US$ 1.1 billion in 2024. The net income for the year was US$ 308.5 million, up by 9% from last year. The net income attributable to the equity holders of the parent amounted to US$ 157.3 million, higher by 10% than the US$ 143.5 million achieved in 2023. The Basic and Diluted Earnings per Share in 2024 was US Cents 10.09 compared to US Cents 8.94 in 2023. The major contributor to the net income in 2024 was our subsidiary in Turkey, in addition to our Banks in Egypt and Jordan. Despite adverse foreign currency movements, the Group performed well, which is evidence of an efficient management of resources and the business in general. Our diversified income streams, particularly from increased financing and investment income, and lower cost of risk, helped stabilize the Group's overall financial performance.

To further strengthen our foundation, we prioritized diversifying our product offerings and enhancing fee income, with a focus on retail financing and low-cost deposits. Our proactive measures to manage inflationary pressures and rising operating costs enabled us to maintain a competitive cost-to-income ratio while delivering consistent value to our customers.

A major highlight of the year was our progress in digital transformation. By enhancing our digital capabilities, forming strategic partnerships with fintech leaders, and launching innovative products, we solidified our position as a leader in Islamic banking. Also, our Trade Finance Platform, now operational across all our markets, has created new opportunities for growth by strengthening connectivity within our network. Additionally, the launch of our cross-border account opening initiative reflects our commitment to delivering seamless financial services and supporting collaboration across our subsidiaries.

Our commitment to sustainability and social responsibility remains a cornerstone of our operations. In 2024, we supported global communities through impactful initiatives, advanced environmental sustainability, and the promotion of financial inclusion. Our soon-to-be-released ESG Report, which is aligned with international standards, will highlight our emphasis on transparency and governance and will reaffirm our commitment to ethical practices.

As we look to 2025, we are focused on accelerating income growth, expanding digital transformation, and enhancing collaboration across our Units. By maintaining disciplined cost management, robust liquidity, and a balanced maturity profile, we aim to ensure sustainable growth, profitability, and resilience in the years ahead.

I would like to express my sincere gratitude to our shareholders, customers, and employees for their ongoing support. The challenges of 2024 have only strengthened our resolve to succeed, and we remain committed to upholding the values set by our founding father, Sheikh Saleh Abdullah Kamel, May Allah Almighty have mercy on him. Together, we will continue our journey of excellence in Islamic finance.

May the peace, mercy, and blessings of Allah be upon you.

On behalf of the Board of Directors,

Abdullah Saleh Kamel
Chairman

First. Board of directors' remuneration details:

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount	Expenses Allowance ******
	Remunerations of the chairman and BOD*	Total allowance for attending Board and committee meetings	Salaries**	Others****	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others *****	Total		(Does not include expense allowance)	
1. Shaikh Abdullah Saleh Kamel	52,212.470	9,048.000	-	-	61,260.470	-	-	-	-	-	-	61,260.470	-
2. Mr. Mohammed Al Shroogi	49,021.579	11,310.000	-	-	60,331.579	-	-	-	-	-	-	60,331.579	4,444.212
3. Mr. Tawfig Shaker Mufti	45,830.689	13,572.000	-	-	59,402.689	-	-	-	-	-	-	59,402.689	-
4. Mr. Houssem Ben Haj Amor	37,321.647	9,048.000	-	-	46,369.647	-	-	-	-	-	-	46,369.647	1,558.218
5. Dr. Khaled Abdulla Ateeq	54,339.731	15,834.000	-	-	70,173.731	-	-	-	-	-	-	70,173.731	1,830.849
6. Mrs. Dalia Hazem Khorshid	40,512.537	11,310.000	-	-	51,822.537	-	-	-	-	-	-	51,822.537	268.673
7. Dr. Ziad Ahmed Bahaaeldin	43,703.428	13,572.000	-	-	57,275.428	-	-	-	-	-	-	57,275.428	577.217
8. Mr. Saud Saleh Al Saleh	39,448.907	9,048.000	-	-	48,496.907	-	-	-	-	-	-	48,496.907	738.671
9. Mr. Abdul Elah Abdul Rahim Sabbahi	40,512.537	9,048.000	-	-	49,560.537	-	-	-	-	-	-	49,560.537	-
10. Mr. Fahd bin Ibrahim Al Mufarrij	49,021.579	12,441.000	-	-	61,462.579	-	-	-	-	-	-	61,462.579	268.673
11. Mr. Masood Ahmed Al Bastaki	45,830.689	15,834.000	-	-	61,664.689	-	-	-	-	-	-	61,664.689	1,830.846
12. Mr. Naser Mohamed Ali Al Nuwais	47,957.949	12,441.000	-	-	60,398.949	-	-	-	-	-	-	60,398.949	2,944.215
13. Mr. Musa Abdel-Aziz Shihadeh ●	19,786.257	5,655.000	-	-	25,441.257	-	-	-	-	-	-	25,441.257	-
Total	**565,500.000**	**148,161.000**	**-**	**-**	**713,661.000**	**-**	**-**	**-**	**-**	**-**	**-**	**713,661.000**	**14,461.574**

Notes:

All amounts stated in Bahraini Dinars.

Remunerations of the chairman and BOD:

* Includes fixed remunerations and remunerations calculated by points system. The remuneration is the proposed amounts and are subject to approval by the Shareholders in the AGM.

Salaries:

** Mr. Houssem Ben Haj Amor's salary is included in the Executive Management remuneration disclosure.

Other remunerations:

*** It includes in-kind benefits – specific amount - remuneration for technical, administrative and advisory works (if any).

**** It includes the board member's share of the profits - Granted shares (insert the value) (if any).

Expenses Allowance:

***** It includes Per-diem, Ticket and Hotel Fees.

● Mr. Musa Abdel-Aziz Shihadeh, a former member of the ABG Board of Directors, deceased on July 4, 2024

Second: Executive management remuneration details

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2024	Aggregate Amount
Top 6 remunerations for executives, including CEO* and Senior Financial Officer**	BHD 1,291,587.646	BHD 866,718.500	BHD 193,316.866	BHD 2,351,623.012

Note: All amounts stated in Bahraini Dinars.

* The highest authority in the executive management of the company, the name may vary: (CEO, President, General Manager (GM), Managing Director...etc.

** The company's highest financial officer (CFO, Finance Director, ...etc)

Abdullah Saleh Kamel
Chairman

Mr. Mohamed Al Shroogi
Vice Chairman

Independent auditor's report to the shareholders of Al Baraka Group B.S.C. (c)

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Al Baraka Group B.S.C. (c) (the "Firm") and its subsidiaries (together the "Group") as at 31 December 2024, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI").

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of income and attribution related to quasi-equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in owners' equity for the year then ended;
- the consolidated statement of changes in off-balance sheet assets under management for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Auditing Standards for Islamic Financial Institutions issued by AAOIFI. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with AAOIFI's Code of Ethics for Accountants and Auditors of Islamic Financial Institutions ("AAOIFI Code") and the ethical requirements that are relevant to our audit of the consolidated financial statements in the Kingdom of Bahrain. We have fulfilled our other ethical responsibilities in accordance with these requirements and the AAOIFI Code.

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Bahrain Financial Harbour, T: +973 17 118800, F: +973 17 540556, www.pwc.com/me, CR no. 47378

Independent auditor's report to the shareholders of Al Baraka Group B.S.C. (c) (continued)

Report on the audit of the consolidated financial statements (continued)

Our audit approach

Overview

Key audit matter	• Allowance for expected credit losses against financing facilities

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Board of Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the shareholders of Al Baraka Group B.S.C. (c) (continued)

Report on the audit of the consolidated financial statements (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How the matter was addressed in our audit
Allowance for expected credit losses against financing facilities Allowance for expected credit losses represents the Board of Directors' best estimate of the credit losses arising. As described in the significant accounting policies to the Group's consolidated financial statements, the allowance for expected credit losses has been determined in accordance with FAS 30. We focused on this area because the Board of Directors makes complex and subjective judgements over amount and timing of recognition of allowance for expected credit losses to capture the recent developments in the financing facilities, such as: • Update factors including GDP and oil prices; • Determining criteria for significant increase in credit risk; • Choosing appropriate models and assumptions for the measurement of Expected Credit Losses (ECL) including Probability of default (PD), Loss Given Default (LGD), and Exposure at Default (EAD); • Adjustments to models based on weighting assigned to base case, upside and downside scenarios; • Establishing groups of similar assets for the purpose of measuring the ECL; and • Determining disclosure requirement in accordance with FAS 30. The Group's financing facilities i.e. receivables,due from banks, participatory investments, and ijarah muntahia bittamleek totalling to USD 14,941 million and the related ECL amounting to USD 721 million as at 31 December 2024 are material to the Group. Information on the credit risk including Group's credit risk management is provided in note 30 to the Group's consolidated financial statements.	Our audit procedures included the following: • We assessed and tested a sample of key controls around origination and approval of financing facilities and monitoring of credit exposure and allowance for expected credit losses calculation; • We evaluated the appropriateness of the Group's accounting policy for allowance for expected credit losses in accordance with the requirements of FAS 30; • We used our experts on a sample basis to independently assess the reasonableness of the ECL methodology developed and applied by the Board of Directors including model risk parameters (PD, LGD, and EAD), forward-looking information, associated weighting, and staging analysis; • We obtained an understanding and on a sample basis tested the completeness and accuracy of the data sets used for the ECL calculation; • We tested a sample of financing facilities to determine the appropriateness and application of staging criteria; • We obtained samples of the latest available credit reviews and checked that they include appropriate assessment and documentation of borrowers' ability to meet repayment obligations (principal, profit, and fees); • We independently assessed the appropriateness of provisioning assumptions on a sample of Stage 3 exposures. An independent view was formed on the levels of provisions recognised, based on the detailed loan and counterparty information available in the credit files; and • We evaluated the adequacy of the consolidated financial statements disclosures to determine if they were in accordance with the requirements of FAS 30.

Independent auditor's report to the shareholders of Al Baraka Group B.S.C. (c) (continued)

Report on the audit of the consolidated financial statements (continued)

Other information

The Board of Directors is responsible for the other information. The other information comprises the Unified Shari'a Supervisory Board Report and the Report of the Board of Directors (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report and the annual report which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of those charged with governance for the consolidated financial statements

These consolidated financial statements and the Group's undertaking to operate in accordance with Islamic Sharia' Rules and Principles are the responsibility of the Board of Directors.

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the FAS and the Bahrain Commercial Companies Law number (21) of 2001, as amended (the "Commercial Companies Law"), the Central Bank of Bahrain ("CBB") Rulebook (Volume 4) and for such internal control as the Board of Directors determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e., the Board of Directors, are responsible for overseeing the Group's financial reporting process.

Independent auditor's report to the shareholders of Al Baraka Group B.S.C. (c) (continued)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Auditing Standards for Islamic Financial Institutions issued by AAOIFI will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Auditing Standards for Islamic Financial Institutions issued by AAOIFI, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's report to the shareholders of Al Baraka Group B.S.C. (c) (continued)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory and Sharia' requirements

As required by the Commercial Companies Law and the CBB Rulebook (Volume 4), we report the following:

I. The Firm has maintained proper accounting records and the consolidated financial statements are in agreement therewith.

II. The financial information contained in the Unified Shari'a Supervisory Board Report and the Report of the Board of Directors is consistent with the consolidated financial statements;

III. Nothing has come to our attention which causes us to believe that the Firm has, during the year, breached any of the applicable provisions of the Commercial Companies Law, the CBB Rulebook (Volume 4), the Central Bank of Bahrain and Financial Institutions Law, and CBB directives or the items of its Memorandum and Articles of Association that would have a material adverse effect on its activities for the year ended 31 December 2024 or its financial position as at that date; and

IV. Satisfactory explanations and information have been provided to us by the Board of Directors in response to all our requests.

Further, we report that the Firm has complied with the Islamic Sharia' Principles and Rules as determined by the Sharia' Supervisory Board of the Group during the year under audit.

PricewaterhouseCoopers

Elias Abi Nakhoul
Partner's registration number: 196
PricewaterhouseCoopers M.E Limited
Manama, Kingdom of Bahrain
19 February 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	**2024 US$ '000**	2023 US$ '000
ASSETS			
Cash and balances with banks	3	**5,673,872**	5,131,650
Due from Banks	4	**742,371**	517,443
Receivables	5	**10,263,735**	9,795,245
Participatory investments	6	**763,338**	776,670
Investments	7	**5,036,541**	5,451,565
Ijarah Muntahia Bittamleek	8	**2,449,568**	2,477,262
Property and equipment	9	**484,443**	464,711
Other assets	10	**772,963**	648,788
TOTAL ASSETS		**26,186,831**	25,263,334
LIABILITIES, QUASI-EQUITY AND OWNERS' EQUITY			
LIABILITIES			
Customers current and other accounts		**6,792,690**	6,403,831
Due to banks		**1,502,386**	1,129,155
Long term financing	11	**775,635**	777,006
Other liabilities	12	**1,140,569**	1,187,211
TOTAL LIABILITIES		**10,211,280**	9,497,203
QUASI-EQUITY			
Financial institutions		**640,320**	417,206
Non-financial institutions and individuals		**13,338,157**	13,380,345
Total quasi-equity	13	**13,978,477**	13,797,551
OWNERS' EQUITY			
Share capital	14	**1,242,879**	1,242,879
Treasury shares	14	**(15,658)**	(15,658)
Share premium		**16,861**	16,873
Reserves		**238,446**	222,714
Cumulative changes in fair values		**80,483**	62,161
Foreign currency translations reserve	14	**(1,375,913)**	(1,246,905)
Retained earnings		**657,695**	558,527
Proposed appropriations	14	**-**	12,357
Equity attributable to parent's shareholders		**844,793**	852,948
Sukuk (Tier 1 Capital)	15	**400,000**	400,000
Equity attributable to parent's shareholders and Sukuk (Tier 1 Capital) holders		**1,244,793**	1,252,948
Non-controlling interest		**752,281**	715,632
TOTAL OWNERS' EQUITY		**1,997,074**	1,968,580
TOTAL LIABILITIES, QUASI-EQUITY AND OWNERS' EQUITY		**26,186,831**	25,263,334

Abdullah Saleh Kamel
Chairman

Houssem Ben Haj Amor
Board member and Group Chief Executive Officer

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2024

	Notes	2024 US$ '000	2023 US$ '000
INCOME			
Income from financing contracts	16	**1,946,329**	1,361,219
Income from investments	17	**736,985**	689,135
Mudarib share for managing off-balance sheet assets under management		**12,695**	13,708
Fees and commission income	19	**257,704**	228,916
Other income	20	**100,339**	107,108
		3,054,052	2,400,086
Profit paid on financing	21	**(448,349)**	(127,399)
TOTAL OPERATING INCOME BEFORE NET INCOME ATTRIBUTABLE TO QUASI-EQUITY		**2,605,703**	2,272,687
Net income attributable to quasi-equity		**(1,515,365)**	(1,132,239)
TOTAL OPERATING INCOME		**1,090,338**	1,140,448
OPERATING EXPENSES			
Staff expenses		**337,168**	308,705
Depreciation and amortisation	22	**48,724**	41,394
Other operating expenses	23	**218,334**	192,782
TOTAL OPERATING EXPENSES		**604,226**	542,881
NET INCOME BEFORE NET ALLOWANCE FOR EXPECTED CREDIT LOSSES/ IMPAIRMENT AND TAXATION		**486,112**	597,567
Net allowance for expected credit losses / impairment	24	**(90,384)**	(193,294)
NET INCOME BEFORE TAXATION		**395,728**	404,273
Taxation		**(87,211)**	(121,010)
NET INCOME FOR THE YEAR		**308,517**	283,263
Attributable to:			
Equity holders of the Parent		**157,324**	143,509
Non-controlling interest		**151,193**	139,754
		308,517	283,263
Basic and diluted earnings per share - US cents	25	**10.09**	8.94

Abdullah Saleh Kamel
Chairman

Houssem Ben Haj Amor
Board member and Group Chief Executive Officer

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	***2024***	*2023*
		US$ '000	*US$ '000*
		Audited	*Unaudited*
Net income for the year		**308,517**	283,263
Other comprehensive income / (loss)			
Items that may not be subsequently classified to consolidated statement of income			
Net change in fair value of property and equipment		**22,253**	-
Items that may subsequently classified to consolidated statement of income			
Foreign currency translations		**(198,146)**	(209,732)
Net change in fair value of equity investments measured at fair value through other comprehensive income		**15,636**	8,321
Net change in fair value of debt instruments measured at fair value through other comprehensive income		**(824)**	-
Related income tax		**(393)**	1,633
Total other comprehensive (loss) / income for the year		**(161,474)**	(199,778)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**147,043**	83,485
Attributable to:			
Equity holders of the Parent		**46,683**	31,410
Non-controlling interest		**100,360**	52,075
		147,043	83,485

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME AND ATTRIBUTION RELATED TO QUASI-EQUITY

For the year ended 31 December 2024

	Notes	***2024***	*2023*
		US$ '000	*US$ '000*
		Audited	*Unaudited*
Total operating income before net income attributable to quasi-equity		**2,605,703**	2,272,687
Adjustments for:			
Less: Income from self-financed assets		**(644,206)**	(608,085)
Less: Group's share of the profit of jointly financed income		**(164,003)**	(179,270)
Less: Expenses attributable to quasi-equity		**(12,344)**	(57,051)
Less: Net allowance for impairment and credit losses - attributable to quasi-equity		**(18,011)**	(7,707)
Total income available for quasi-equity holders		**1,767,139**	1,420,574
Profit equalization reserve - net movement			
Appropriation during the year		**(47,411)**	(171,922)
Amount used during the year		**-**	1,245
Total income attributable to quasi-equity holders (adjusted for reserves)		**1,719,728**	1,249,897
Less: Group's share as Mudarib	18	**(271,336)**	(355,558)
Add: Hiba by Mudarib to the quasi-equity holders		**19,562**	67,223
Net income attributable to quasi-equity holders		**1,467,954**	961,562
Investment risk reserve - net movement			
Appropriation during the year		**(42,640)**	(13,833)
Amount used during the year		**53,224**	30,028
Profit distributable to quasi-equity		**1,478,538**	977,757
Net movement in profit equalization reserve		**47,411**	170,677
Net movement in investment risk reserve		**(10,584)**	(16,195)
Net income attributable to quasi-equity		**1,515,365**	1,132,239
OTHER COMPREHENSIVE INCOME			
Items that may subsequently classified to consolidated statement of income			
Share in the reserve attributable to quasi-equity		**-**	-
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		**-**	-
Total income attributable to quasi-equity		**1,515,365**	1,132,239

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	**2024 US$ '000**	2023 US$ '000
OPERATING ACTIVITIES			
Net income before taxation		**395,728**	404,273
Adjustments for:			
Depreciation and amortisation	22	**48,724**	41,394
Depreciation on Ijarah Muntahia Bittamleek	16.3	**180,739**	146,525
Unrealised gain on equity and debt-type instruments at fair value through statement of income	17	**(225,987)**	(209,123)
Gain on sale of property and equipment	20	**(6,825)**	(11,622)
Gain on sale of investment in real estate	17	**(1,491)**	(5,935)
Gain on sale of equity type instruments at fair value through OCI	17	**(923)**	(668)
Gain on sale of equity and debt-type instruments at fair value through statement of income	17	**(17)**	(208)
Income from associates and joint venture	17	**(11,894)**	(15,071)
Net allowance for expected credit losses / impairment	24	**90,384**	193,294
Operating profit before changes in operating assets and liabilities		**468,438**	542,859
Net changes in operating assets and liabilities:			
Reserves with central banks		**(162,341)**	(382,028)
Receivables		**(541,603)**	191,813
Participatory investments		**(255,074)**	504,921
Ijarah Muntahia Bittamleek		**(150,681)**	(390,991)
Other assets		**(143,541)**	51,944
Customers current and other accounts		**388,859**	(47,231)
Due to banks		**373,231**	157,696
Other liabilities		**(5,567)**	77,187
Quasi-equity		**169,364**	(332,740)
Taxation paid		**(123,139)**	(145,756)
Net cash generated from operating activities		**17,946**	227,674
INVESTING ACTIVITIES			
Net sale / (purchase) of investments		**655,797**	(4,394)
Net purchase of property and equipment		**(47,482)**	(23,565)
Dividends received from associates and joint venture		**773**	3,799
Net movement of investment in associates and joint venture		**15,921**	4,698
Net cash generated from / (used in) investing activities		**625,009**	(19,462)
FINANCING ACTIVITIES			
Long term financing		**(1,371)**	468,969
Dividends paid to equity holders of the parent		**(12,357)**	-
Net movement in treasury shares		**(12)**	156
Profit distributed on perpetual tier 1 capital		**(35,100)**	(35,100)
Movement related to subsidiaries' tier 1 capital		**(5,768)**	(4,714)
Net changes in non-controlling interest		**(45,407)**	(38,610)
Net cash (used in) / generated from financing activities		**(100,015)**	390,701
Foreign currency translation adjustments		**(198,146)**	(209,732)
NET CHANGES IN CASH AND CASH EQUIVALENTS		**344,794**	389,181
Cash and cash equivalents at 1 January		**2,601,444**	2,212,263
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	26	**2,946,238**	2,601,444

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the year ended 31 December 2024

	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*	*Cumulative changes in fair value of investments US$ '000*	*Cumulative changes in fair value of property and US$ '000*	*Foreign currency translations reserve US$ '000*	*Retained earnings US$ '000*	*Proposed appropriat-ions US$ '000*	*Total US$ '000*	*Perpetual tier 1 capital US$ '000*	*Non-controlling interest US$ '000*	*Total equity US$ '000*
Balance at 1 January 2024	1,242,879	(15,658)	16,873	222,714	16,900	45,261	(1,246,905)	558,527	12,357	852,948	400,000	715,632	1,968,580
Movement in treasury shares	-	-	(12)	-	-	-	-	-	-	(12)	-	-	(12)
Comprehensive income / (loss) for the year:													
Net income for the year	-	-	-	-	-	-	-	157,324	-	157,324	-	151,193	308,517
Other comprehensive income / (loss)	-	-	-	-	8,290	10,032	(129,008)	45	-	(110,641)	-	(50,833)	(161,474)
Total comprehensive income / (loss) for the year	-	-	-	-	8,290	10,032	(129,008)	157,369	-	46,683	-	100,360	147,043
Transfer to statutory reserve (note 14)	-	-	-	15,732	-	-	-	(15,732)	-	-	-	-	-
Dividends distributed	-	-	-	-	-	-	-	-	(12,357)	(12,357)	-	-	(12,357)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(30,078)	(30,078)
Zakah paid on behalf of shareholders (note 14)	-	-	-	-	-	-	-	(576)	-	(576)	-	-	(576)
Zakah of subsidiaries	-	-	-	-	-	-	-	(1,025)	-	(1,025)	-	(319)	(1,344)
Profit distributed on perpetual tier 1 capital	-	-	-	-	-	-	-	(35,100)	-	(35,100)	-	-	(35,100)
Movement related to subsidiaries' tier 1 capital	-	-	-	-	-	-	-	(5,768)	-	(5,768)	-	(13,266)	(19,034)
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(20,048)	(20,048)
Balance at 31 December 2024	**1,242,879**	**(15,658)**	**16,861**	**238,446**	**25,190**	**55,293**	**(1,375,913)**	**657,695**	**-**	**844,793**	**400,000**	**752,281**	**1,997,074**

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the year ended 31 December 2024

	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*	*Cumulative changes in fair value of investments US$ '000*	*Cumulative changes in fair value of property and US$ '000*	*Foreign currency translations reserve US$ '000*	*Retained earnings US$ '000*	*Proposed appropriat-ions US$ '000*	*Total US$ '000*	*Perpetual tier 1 capital US$ '000*	*Non-controlling interest US$ '000*	*Total equity US$ '000*
Balance at 1 January 2023	1,242,879	(15,000)	16,059	208,363	9,745	45,261	(1,127,651)	483,571	-	863,227	400,000	703,544	1,966,771
Movement in treasury shares	-	(658)	814	-	-	-	-	-	-	156	-	-	156
Comprehensive income / (loss) for the period:													
Net income for the year	-	-	-	-	-	-	-	143,509	-	143,509	-	139,754	283,263
Other comprehensive income / (loss)	-	-	-	-	7,155	-	(119,254)	-	-	(112,099)	-	(87,679)	(199,778)
Total comprehensive income / (loss) for the year	-	-	-	-	7,155	-	(119,254)	143,509	-	31,410	-	52,075	83,485
Transfer to statutory reserve (note 14)	-	-	-	14,351	-	-	-	(14,351)	-	-	-	-	-
Proposed dividends	-	-	-	-	-	-	-	(12,357)	12,357	-	-	-	-
Dividends of subsidiaries	-	-	-	-	-	-	-	-		-	-	(32,664)	(32,664)
Zakah paid on behalf of shareholders (note 14)	-	-	-	-	-	-	-	(610)	-	(610)	-	-	(610)
Profit distributed on perpetual tier 1 capital	-	-	-	-	-	-	-	(35,100)	-	(35,100)	-	-	(35,100)
Movement related to subsidiaries' tier 1 capital	-	-	-	-	-	-	-	(4,714)	-	(4,714)	-	(12,336)	(17,050)
Effect of change in ownership	-	-	-	-	-	-	-	(1,421)	-	(1,421)	-	1,421	-
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	3,592	3,592
Balance at 31 December 2023	1,242,879	(15,658)	16,873	222,714	16,900	45,261	(1,246,905)	558,527	12,357	852,948	400,000	715,632	1,968,580

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

For the year ended 31 December 2024

	Cash	*Sales receivables*	*Mudaraba financing*	*Investment in real estate*	*Ijarah Muntahia Bittamleek*	*Investments*	*Total*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
Balance at 1 January 2024	**91,780**	**618,926**	**402,931**	**51,275**	**355,282**	**166,612**	**1,686,806**
Deposits	**246,007**	**234,354**	**25,120**	**4,824**	**132,568**	**143,181**	**786,054**
Withdrawals	**(245,017)**	**(315,499)**	**(273,066)**	**(163)**	**(70,811)**	**(55,263)**	**(959,819)**
Income net of expenses	**-**	**33,840**	**3,530**	**636**	**14,373**	**20,786**	**73,165**
Mudarib's share	**-**	**(8,382)**	**-**	**(284)**	**(3,543)**	**(486)**	**(12,695)**
Foreign exchange translations	**(64)**	**(6,836)**	**-**	**-**	**-**	**-**	**(6,900)**
Balance at 31 December 2024	**92,706**	**556,403**	**158,515**	**56,288**	**427,869**	**274,830**	**1,566,611**
Balance at 1 January 2023	51,767	519,725	189,326	48,246	242,560	482,063	1,533,687
Deposits	221,744	318,822	228,647	2,474	148,061	155,528	1,075,276
Withdrawals	(181,731)	(255,565)	(21,543)	(270)	(52,427)	(492,364)	(1,003,900)
Income net of expenses	-	44,248	6,501	825	17,549	21,416	90,539
Mudarib's share	-	(13,239)	-	-	(461)	(8)	(13,708)
Foreign exchange translations	-	4,935	-	-	-	(23)	4,912
Balance at 31 December 2023	91,780	618,926	402,931	51,275	355,282	166,612	1,686,806

1 CORPORATE INFORMATION AND ACTIVITIES

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

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

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

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

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

On 14 November 2023, an extraordinary general assembly meeting was held whereby the main agenda items were approved:
1. The delisting of Al Baraka Group’s shares from Bahrain Bourse;
2. The conversion of the legal form of Al Baraka Group B.S.C. from Public (B.S.C.) to a Closed Shareholding Company (B.S.C.(c)) along with the commercial name change from Al Baraka Group B.S.C. to Al Baraka Group B.S.C.(c). and
3. The amendment and restatement in full of the Memorandum and Articles of Association of the Firm (in the form of the draft circulated to the shareholders) subject to obtaining the necessary approvals and finalisation of the shareholding structure.

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

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

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

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 19 February 2025.

2 ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for investment in real estate, equity and debt-type instruments through statement of income, equity-type and debt-type instruments through other comprehensive income and land occupied by the Group (classified as property and equipment) that have been measured at fair value. The 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.

2 ACCOUNTING POLICIES (continued)

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 IFRS Accounting Standards issued by the International Accounting Standards Board (“IASB”). This framework is referred to as “FAS issued by AAOIFI”.

Regulatory compliance
The CBB, sets and monitors ABG’s capital requirements at Head Office level, while ABG’s banking subsidiaries are directly regulated by their local banking supervisors, which set and monitor their capital adequacy requirements.

The CBB requires each Bahrain-based Investment company under Category 1 of Volume 4 to maintain a minimum capital of BHD 1.0 million and minimum capital adequacy ratio not lower than 110%.

There were no financial penalties imposed by the CBB during the year.

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Firm and its subsidiaries as at and for the year ended 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Firm, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that control ceases. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Non-controlling interest in a subsidiary's net assets is reported as a separate item in the Group's owners' equity. In the consolidated statement of income, non-controlling interest is included in net profit, and shown separately from that of the shareholders.

Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in owners' equity since the date of combination. Statement of income and each component of other comprehensive income "OCI" are attributed to the equity holders of the parent of the Firm and to the non-controlling interests (NCIs), even if this results in the NCIs having a deficit balance.

The following are the principal subsidiaries of the Firm, which form part of these consolidated financial statements:

	Ownership for 2024	*Ownership for 2023*	*Year of incorporation*	*Country of incorporation*	***No. of branches/ offices at 31 December 2024***
Held directly by the Firm					
Banque Al Baraka D’Algerie (BAA)	**55.67%**	55.67%	1991	Algeria	**34**
Al Baraka Islamic Bank - Bahrain (AIB)	**92.82%**	92.82%	1984	Bahrain	**189**
Al Baraka Bank Tunis (ABT)	**78.40%**	78.40%	1983	Tunisia	**42**
Al Baraka Bank Egypt (ABE)	**73.47%**	73.47%	1980	Egypt	**39**
Jordan Islamic Bank (JIB)	**65.82%**	65.82%	1978	Jordan	**111**
Al Baraka Turk Participation Bank (ATPB)	**45.09%**	45.09%	1985	Turkey	**225**
Al Baraka Bank Limited (ABL)	**64.51%**	64.51%	1989	South Africa	**9**
Al Baraka Bank Sudan (ABS)	**75.73%**	75.73%	1984	Sudan	**30**

2 ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

The following are the subsidiaries held indirectly through the principal subsidiaries of the Firm:

	Subsidiary held through	***Effective Ownership for 2024***	*Effective Ownership for 2023*	*Year of incorporation*	*Country of incorporation*
Held indirectly by the Firm					
Al Baraka Bank (Pakistan) Limited	AIB	**54.89%**	54.89%	2010	Pakistan
Al-Omariya School Company	JIB	**65.69%**	65.69%	1987	Jordan
Al-Samaha Real Estate Company	JIB	**65.82%**	65.82%	1998	Jordan
Future Applied Computer Technology Company	JIB	**65.82%**	65.82%	1998	Jordan
Sanable Alkhair for Financial Investment	JIB	**65.82%**	65.82%	2006	Jordan
Al Baraka Properties (Pty) Ltd.	ABL	**64.51%**	64.51%	1991	South Africa
Insha GMBH	ATPB	**45.09%**	45.09%	2018	Germany

Significant accounting policies

The significant accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year, except for the adoption of new standards and interpretations effective as of 1 January 2024:

2.1 Adoption of new and amended standards and interpretations

These 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 2023 except for the new standards, interpretations and amendments issued and effective as of 1 January 2024 which are as follows:

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

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

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

a) Revised conceptual framework is now integral part of the AAOIFI FAS's;
b) Definition of 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; and
k) Presentation and disclosure requirements have been divided into three parts. First part is applicable to all institutions, second part is applicable only to banks and similar IFI's and third part prescribes the authoritative status. effective date an amendments to other AAOIFI FAS's.

2 ACCOUNTING POLICIES (continued)

2.1 Adoption of new and amended standards and interpretations (continued)

FAS 40 - Financial Reporting for Islamic Finance Windows

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

FAS 47 - Transfer of Assets Between Investment Pools

The Firm adopted AAOIFI FAS 47 (issued in 2023). This standard prescribes the financial reporting principles and disclosure requirements applicable to all transfers between investment pools related to (and where material, between significant categories of) owners' equity, quasi-equity and off-balance sheet assets under management of an institution. It requires adoption and consistent application of accounting policies for such transfers in line with Shariah principles and rules and describes general disclosure requirements in this respect.

During the period ended 30 September 2024, Al Baraka Islamic Bank, a subsidiary of the Group transferred its investment in its subsidiary ('Al Baraka Pakistan Limited') from Owners' equity to Quasi equity at a fair value of USD 54.8 million (valuation based on internal fair valuation exercise using discounted cash flow method), at a fair value gain of USD 17.2 million which was recorded as an intangible asset with a corresponding impact in fair value reserve within “Equity attributable to the Parent’s shareholders”.

However, subsequent to the period ended 30 September 2024, the management reassessed and reversed the transaction. Accordingly, the intangible assets amounting to USD 17.2 million and the related reserves were also reversed.

2.2 New standards, amendments and interpretations issued but not yet effective

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

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

2 ACCOUNTING POLICIES (continued)

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

FAS 43 - Accounting for Takaful: Recognition and Measurement

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

FAS 45 - Quasi-Equity (Including Investment Accounts)

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

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

FAS 46 - Off-Balance Sheet Assets Under Management

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

FAS 49 - Financial Reporting for Institutions Operating in Hyperinflationary Economies

AAOIFI has issued FAS 49 on 19 December 2024. This standard outlines the principles governing financial reporting for the institutions applying AAOIFI FASs operating in hyperinflationary economies, duly considering the relevant Shari'a principles and rules and their unique business models. This standard shall be effective for the financial periods beginning or after 1 January 2026 with early adoption encouraged.

2.3 Summary of significant accounting policies

a. Financial contracts

Financial contracts consist of cash and balances with banks, receivables, Mudaraba (net of deferred profit) and Musharaka financing, Investments - debt type instruments at amortised cost, Ijarah Muntahia Bittamleek (where the estimates of future cash flows dependent on a single customer) and certain other assets. In addition it consist of off-balance sheets exposures such as letter of credit, letter of guaranties and undrawn commitments. Balances relating to these contracts are stated net of allowance for credit losses.

b. Impairment assessment

Impairment of financial assets

The Group applies three-stage approach to measure expected credit losses ("ECL") on financial assets carried at amortised cost. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: twelve months ECL

For exposures where there has not been a Significant Increase in Credit Risk ("SICR"), since initial recognition, a portion of the lifetime ECL's that represent the ECL that result from default events on a financial contract that is possible within 12 months after the reporting date (or a shorter period if the expected life of the financial instrument is less than 12 months) of the lifetime ECL associated with the probability of default events occurring within next twelve months after the reporting date is recognised.

Stage 2: lifetime ECL – not credit impaired

For credit exposures where there has been a SICR since initial recognition but that are not credit impaired, a lifetime ECL is recognised. Lifetime ECL is the loss that results from all possible default events over the expected life of the financial contract.

Lifetime ECL (Stage 2) is a probability-weighted estimate of credit losses and is determined based on the difference between the present value of all cash shortfalls. The cash shortfall is the difference between all contractual cash flows that are due to the Group and the present value of the recoverable amount, for financial assets that are not credit-impaired at the reporting date.

Stage 3: Lifetime ECL – credit impaired

Financial contracts are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

For Stage 3 financial contracts, the provisions for credit-impairment are determined based on the difference between the net carrying amount and the recoverable amount of the financial contract. As this uses the same criteria as under FAS 11, the Group methodology for specific allowance for credit losses remains largely unchanged.

In cases where there are no collaterals or guarantees which the Group can recover its exposure, the past due rules as per Group's policy or local requirements, whichever is more strict, are applied for allowance for credit losses calculation.

2 ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

b. Impairment assessment (continued)

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- probability that the borrower will enter bankruptcy or other financial reorganization; or
- the restructuring of a facility by the Group on terms that the Group would not consider otherwise.

Measurement of ECL
Following are the key inputs into the measurement of ECL:

- Probability of Default (PD);
- Loss Given Default (LGD); and
- Exposure At Default (EAD).

These parameters are generally derived from internally developed models and other historical data. These are adjusted to reflect forward-looking information as described below.

Definition of default
The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as liquidating collateral; or the borrower is past due more than 90 days or any material credit obligation to the Group. In assessing whether a borrower is in default, the Group considers both qualitative factors such as breaches of covenants and quantitative factors such as overdue status and non-payment on another obligation of the same issuer to the Group.

Probability of default
Credit risk grades are a primary input into the determination of the term structure of Probability of Default (PD) for exposures. The Group collects performance and default information about its credit risk exposures analysed by credit risk grading for corporate and days-past-due for retail portfolio. The Group employs statistical models for analysing the data collected and generate estimates of PD of exposures and how these are expected to change as a result of the passage of time. This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors, across various geographies in which the Group operates.

Each component (subsidiary) of the Group uses combination of key macro-economic indicators including, fiscal surplus/deficit as a percentage of GDP, gross domestic product (GDP) growth, oil prices, government spending, stock market volatility, cost of funding, lending rates credit growth, inflation rate and unemployment.

Types of PDs used for ECL computation

- 12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs.
- Lifetime PDs – This is the estimated probability of a default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for ‘stage 2’.

Incorporation of forward - looking information
The Group considers latest available economic forecasts published by the International Monetary Fund (IMF) or other reputed service providers, for 5 years. The Group employs statistical models to incorporate macro-economic factors on historical default rates. In case none of the macro-economic parameters are statistically significant or the results of forecasted PDs are significantly deviated from the present forecast for the economic conditions, quantitative PD overlay shall be used by the management after analyzing the portfolio as per the diagnostic tool.

2 ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

b. Impairment assessment (continued)

Incorporating forward-looking information increases the level of judgment as to how changes in these macroeconomic factors will affect the ECL applicable to the stage 1 and stage 2 exposures which are considered as performing (Stage 3 are the exposures under default category). As per the policy, the methodologies and assumptions involved, including any forecasts of future economic conditions, are required to be reviewed periodically.

Loss Given Default
LGD is a percentage that determine the amount of loss that will arise if the borrower was to default. This is calculated by looking at the collateral and other resources available to the Group that can be used to recover the asset in case of default.

The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties, based on historical data using both internal and external factors. For Estimation of LGD, the Group considers use of any of the following methods:

Internal default history: When data is available units can estimate LGDs using the historical default information and corresponding recovery data.

Basel LGD: local regulatory recommended Basel LGD adjusted depending on the available collateral.

Collateral-based LGD: for secured financing the Group uses collateral-based LGD, where the Group has effective collateral management framework that is able to assess and provide up to date collateral valuation and establish legal charge and enforceability.

Exposure At Default
EAD represents estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, and expected drawdowns on committed facilities.

On-balance sheet EADs
EADs for on-balance sheet items are the amount that is outstanding at the time of default. Outstanding of an on-balance sheet exposure shall be directly taken subject to inclusion of its repayment structure.

Prepayments have to be estimated using previous trends and deducted from EAD while calculating ECL.

Off-balance sheet EADs
Off-balance sheet exposures do not have fixed payout date; thus, the EAD for off-balance sheet is calculated after applying the Credit Conversion Factor (CCF) to the nominal amount of the Off-balance sheet exposure. The Group uses following methods to work out CCF for off- balance sheet EADs.

CCF based on internal data - The Group performs off-balance sheet product based analysis to study the average percentage utilization/conversion over a period of 3- 5 years. Based on the analysis product wide conversion/utilization factors are estimated. For Letters of Credit (LCs) and Letters of Guarantees (LGs) issued, units determines CCF by estimating total amount of LCs/LGs devolved/converted over last 3-5 years as a percentage of total LC/LG issued to arrive at the expected exposure over the future for these off-balance sheet items.

Regulatory CCFs - In absence of internal data, The Group uses same as Basel CCF that are used for calculating the Capital Adequacy Ratio (CAR) as per the CBB regulations. These rates are 20% for exposures with maturity equal to or less than 1 year and 50% for exposures with maturity of more than 1 year.

2 ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

b. Impairment assessment (continued)

Collective ECL computation and staging
ECL on individually large exposures and credit-impaired loans are generally measured individually. For retail exposures and other exposures to small and medium-sized enterprises, where less client-specific information is available, ECL is measured on a collective basis. This incorporates borrower-specific information, such as delinquency, collective historical experience of losses and forward-looking macroeconomic information.

To assess the staging of exposures and to measure a loss allowance on a collective basis, the Group groups its exposures into segments on the basis of shared credit risk characteristics, such as geography, type of customer, industry, rating, date of initial recognition, maturity and collateral value.

Significant Increase in Credit Risk
When determining whether the risk of default on a financial contracts has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost and efforts. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment including forward-looking information.

The assessment is carried out for specific instrument rather than a counterparty. As each instrument may have had different credit risk at initial recognition.

The application of above requirements of SICR to various locations of the Group varies depending on a number of circumstances faced by each location and each location applies a robust risk assessment methodology that is commensurate with the size, complexity, structure, economic significance and risk profile of its portfolio.

Renegotiated financial assets
The accounts which are performing prior to restructuring but restructured due to financial difficulty are categorised under stage 2. The accounts that are non-performing or meet any criteria for classifying as non-performing (prior to restructuring), then such restructured accounts are categorized under stage 3.

Backward transition
FAS 30 staging model is of symmetrical nature as movement across stages is a “Two Way” phenomenon. However, backward movement across stages are not immediate once SICR indicators are no longer triggered. Once such indicators are no longer triggered, movement back to Stage 1 or Stage 2 has to be calibrated and cannot be automatic or immediate. Certain criteria like cooling off period, SICR indicators and payment history are considered for migrating customers to Stage 2 or Stage 1. Following factors including cure period are considered for any backward transition:

From Stage 2 to stage 1
- The criteria to classify the exposure into Stage 2 (criteria covered in SICR section above) is no longer present;
- Up to date payment with no arrears;
- A minimum cool-off/cure period of 6 months for any stage 2 accounts; and
- A minimum cool-off/cure period of 12 months for restructured accounts.

From stage 3 to stage 2
- The criteria to classify the exposure into Stage 3 (criteria covered in default section above) is no longer present.
- Up to date payment with no arrears.
- A minimum cool-off/cure period of 12 months for non-performing and restructured facilities.

2 ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

b. Impairment assessment (continued)

Write-offs
Financing facilities are written-off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

Presentation of allowance for credit losses in the consolidated statement of financial position
Allowance for credit losses are presented in the consolidated statement of financial position as follows:

- financial assets measured at amortised cost, as a deduction from the gross carrying amount of the assets;
- financing commitments and financial guarantee contracts: generally as a provision included in other liabilities; and
- where a financial contract includes both a drawn and undrawn component, and the Group has identified the ECL on the financing commitments/off-balance sheet component separately from those on the drawn component, allowance for credit losses on undrawn component is presented as a provision in other liabilities.

c. Cash and cash equivalents
Cash and cash equivalents as referred to in the consolidated statement of cash flows comprise cash and cash in transit, balances with central banks excluding mandatory reserves and balances with other banks with an original maturity of three months or less.

d. Receivables
Receivables comprise Sales (Murabaha) receivables, Ijarah receivables, Salam receivables and Istisna'a receivables.

Sales (Murabaha) receivables
Sales (Murabaha) receivables consist mainly of murabaha and international commodities stated net of deferred profits and provision for doubtful amount. The Group considers promise made in sales (murabaha) receivables to the purchase orderer as obligatory.

Ijarah receivables
Ijarah receivables is the outstanding rental at the end of the year less any provision for doubtful amount.

Salam receivables
Salam receivables is the outstanding amount at the end of the year less any provision for doubtful amount.

Istisna'a receivables
Istisna'a receivables is the outstanding amount at the end of the year less any provision for doubtful amount.

e. Mudaraba and Musharaka financing
Mudaraba and Musharaka financing are partnerships in which the Group contributes capital. These are stated at the fair value of consideration given less impairment.

f. Investments
Investments comprise equity and debt-type instruments at fair value through statement of income, equity-type instruments at fair value through OCI, debt-type instruments at amortised cost, investment in real estate and investment in associates and joint venture .

2 ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

f. Investments (continued)

Investment in real estate
Properties held for rental, or for capital appreciation purposes, or both, are classified as investment in real estate. Investments in real estate are initially recorded at cost, being the fair value of the consideration given and acquisition charges associated with the property. Subsequent to initial recognition, investments in real estate are re-measured at fair value and changes in fair value (only gains) are recognised as property and equipment fair value reserve in the consolidated statement of other comprehensive income.

Losses arising from changes in the fair values of investment in real estate are firstly adjusted against the property and equipment fair value reserve to the extent of the available balance and then the remaining losses are recognised in the consolidated statement of income. If there are unrealised losses that have been recognised in the consolidated statement of income in the previous financial periods, the current period unrealised gain shall be recognised in the consolidated statement of income to the extent of crediting back such previous losses in the consolidated statement of income. When the property is disposed of, the cumulative gain previously transferred to the property and equipment fair value reserve, is transferred to the consolidated statement of income.

Investment in associates and joint venture
The Group's investment in associates and joint venture is accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Under the equity method, the investment in the associate or joint venture is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint venture. Goodwill relating to an associate or joint venture is included in the carrying amount of the investment and is not amortised. The consolidated statement of income reflects the Group's share of the results of operations of the associate or joint venture. Where there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in owners' equity. Profits and losses resulting from transactions between the Group and the associate or the joint venture are eliminated to the extent of the interest in the associate or the joint venture.

The reporting dates of the associates and joint venture and the Group are identical including the accounting policies which conform to those used by the Group for like transactions and events in similar circumstances.

Equity and debt-type instruments at fair value through statement of income
This includes instruments held for trading purposes to gain profits from market fluctuations in the short term. These are initially recognised at cost, being the fair value of the consideration given excluding acquisition costs. These are subsequently re-measured at fair value. All related realised and unrealised gains or losses are included in the consolidated statement of income.

All other investments are initially recognised at cost, being the fair value of the consideration given including acquisition costs.

Equity-type instruments at fair value through OCI
This includes all instruments that are not covered above. Subsequent to acquisition, investments designated at fair value through OCI are re-measured at fair value with unrealised gains or losses recognised proportionately in OCI and quasi-equity until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in OCI or quasi-equity is recognised in consolidated statement of income.

2 ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

f. Investments (continued)

Debt-type instruments at amortised cost

Debt-type instruments which are managed on a contractual yield basis and are not held for trading and has not been designated at fair value through statement of income are classified as debt-type instruments at amortised cost. Such investments are carried at amortised cost, less provision for impairment in value. Amortised cost is calculated by taking into account any premium or discount on acquisition. Any gain or loss on such investment is recognised in the consolidated statement of income, when the investment is de-recognised or impaired.

g. Ijarah Muntahia Bittamleek

Ijara income is recognised on a time apportioned basis over the Ijara term and is stated net of depreciation. Income related to non-performing Ijara muntahia bittamleek accounts that are non-performing is excluded from the consolidated statement of income.

h. Property and equipment

Property and equipment are initially recognised at cost. Subsequent to initial recognition property and equipment are stated at cost less accumulated depreciation and accumulated impairment in value, except for land which is carried at fair value. The cost of additions and major improvements are capitalised; maintenance and repairs are charged to the consolidated statement of income as incurred. Gains or losses on disposal are reflected in other operating income. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets other than freehold land, which is deemed to have an indefinite life.

The calculation of depreciation is on the following basis:

Buildings	30 - 50 years
Office furniture and equipment	4 - 10 years
Vehicles	3 years
Others	4 - 5 years

Any subsequent change in fair value of land (only gains) are recognised as property and equipment fair value reserve in the consolidated statement of comprehensive income. Losses arising from changes in the fair value of land is first adjusted against the property and equipment fair value reserve to the extent of the available balance and then the remaining losses are recognised in the consolidated statement of income. If there are unrealised losses that have been recognised in the consolidated statement of income in the previous financial periods, the current period unrealised gain shall be recognised in the consolidated statement of income to the extent of crediting back such previous losses in the consolidated statement of income. When the land is disposed of, the cumulative gain previously transferred to the property and equipment fair value reserve, is transferred to the consolidated statement of income.

i. Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability, and the principal or the most advantageous market must be accessible to by the Group.

Fair value is determined for each financial asset individually in accordance with the valuation policies set out below:

(i) For investments that are traded in organised financial markets, fair value is determined by reference to the quoted market bid prices prevailing on the reporting date.

2 ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

i. Fair values (continued)

(ii) For unquoted investments, fair value is determined by reference to recent significant buy or sell transactions with third parties that are either completed or are in progress. Where no recent significant transactions have been completed or are in progress, fair value is determined by reference to the current market value of similar investments. For others, the fair value is based on the net present value of estimated future cash flows, or other relevant valuation methods.

(iii) For investments that have fixed or determinable cash flows, fair value is based on the net present value of estimated future cash flows determined by the Group using current profit rates for investments with similar terms and risk characteristics.

(iv) Investments which cannot be remeasured to fair value using any of the above techniques are carried at cost, less provision for impairment.

j. Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

k. Intangible assets

Intangible assets comprise principally the value of computer software. Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

l. Collateral pending sale

Collateral acquired in settlement of certain financing facilities is stated at the lower of the net realisable value of the related financing facilities and the current fair value of such assets. Gains or losses on disposal, and revaluation losses, are recognised in the consolidated statement of income.

m. Employees' end of service benefits

The Group provides for end of service benefits to its employees. Entitlement to these benefits is based upon the employees' length of service and the completion of a minimum service period. The expected costs of these benefits are accrued for over the period of employment.

n. Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

o. Dividends

Dividends to shareholders are recognised as liabilities in the year in which they are declared.

p. Quasi-equity

All quasi-equity are carried at cost plus accrued profit and related reserves. Investment risk reserves and profit equalisation reserves are made at the Firm or subsidiary level.

2 ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

q. Investment risk reserve

Investment risk reserves are amounts appropriated out of the income of quasi-equity, after allocating the mudarib share, in order to cater against future losses for quasi-equity.

r. Profit equalisation reserve

Profit equalisation reserves are amounts appropriated out of the Mudaraba income, before allocating the mudarib share, in order to maintain a certain level of return on investments for participating stakeholders.

s. Sukuk

Sukuk issued by the Group are treated based on the underlying contracts and structure.

t. Off-balance sheet assets under management

Off-balance sheet assets under management represent funds received by the Group from third parties for investment in specified products as directed by them. These products are managed in a fiduciary capacity and the Group has no entitlement to these products. Third parties bear all of the risks and earn all of the rewards on these products. Off-balance sheet assets under management are not included in the consolidated statement of financial position since the Group does not have the right to use or dispose these products except within the conditions of the contract between the Group and third parties.

u. Treasury shares

Own equity instruments which are reacquired (treasury shares) are deducted from equity of the parent and accounted for at weighted average cost. Consideration paid or received on the purchase, sale, issue or cancellation of the Group’s own equity instruments are recognised directly in equity of the parent. No gain or loss is recognised in consolidated statement of income on the purchase, sale, issue or cancellation of own equity instruments.

v. Revenue recognition

Sales (Murabaha) receivables

Profit from Sales (Murabaha) receivables is recognised when the income is both contractually determinable and quantifiable at the commencement of the transaction. Such income is recognised on time-apportioned basis over the period of the transaction. Where the income from a contract is not contractually determinable or quantifiable, it is recognised when the realisation is reasonably certain or when actually realised. Income related to accounts that are 90 days overdue is excluded from the consolidated statement of income.

Salam and Istisna'a receivables

Income on Salam and Istisna'a is recognised on time-apportioned basis when the income from a contract is contractually determinable or quantifiable.

Mudaraba and Musharaka financing

Income on Mudaraba and Musharaka financing is recognised when the right to receive payment is established or on distribution by the Mudarib. Income related to accounts that are 90 days overdue is excluded from the consolidated statement of income.

Ijarah Muntahia Bittamleek

Income net of depreciation is recognised on a time-apportioned basis over the lease term.

Fee and commission income

Fee and commission income is recognised when earned.

Other income

Other income on investments is recognised when the right to receive payment is established.

Group’s share as a Mudarib

The Group’s share of profit as a Mudarib for managing quasi-equity is based on the terms and conditions of the related mudarib agreements.

2 ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

v. Revenue recognition (continued)

Mudarib's share of off-balance sheet assets under management

The Group shares profit for managing off-balance sheet assets under management based on the terms and conditions of related contracts.

w. Return on quasi-equity

Quasi-equity' share of income is calculated based on the applicable local laws and based on the underlining individual Mudaraba contract. It represents the income generated from joint investment accounts and after deducting other expenses. Other expenses include all expenses incurred by the Group including specific provisions. The Group's share is deducted before distributing such income.

x. Joint and self financed

Investments, financing and receivables that are jointly owned by the Group and the quasi-equity are classified under the caption "jointly financed" in the consolidated financial statements. Investments, financing and receivables that are financed solely by the Group are classified under "self financed".

y. Taxation

There is no tax on corporate income in the Kingdom of Bahrain. Taxation on foreign operations is provided in accordance with the fiscal regulations of the respective countries in which the subsidiaries operate. The Group accounts for its share of associates profit after accounting for corporate taxation. Deferred income tax is provided using the liability method on temporary differences at the financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

z. Shari'a supervisory board

The Group's business activities are subject to the supervision of a Shari'a supervisory board consisting of five members appointed by the general assembly.

aa. Zakah

The article of association of Al Baraka Group is not empowering the Group for paying Zakah on behalf of the shareholders and there is no such law in Kingdom of Bahrain requiring the Group to pay Zakah on behalf of the shareholders, unless there is a direct empowerment from the general assembly to the Group to pay Zakah on the behalf of the shareholders.

ab. Earnings prohibited by Shari'a

The Group is committed to avoid recognising any income generated from non-Islamic source. Accordingly, all non-Islamic income is credited to a charity account where the Group uses these funds for various social welfare activities.

ac. Impairment of financial assets

An assessment is made at each financial position date to determine whether there is objective evidence that a specific financial asset or a group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the assessment by the Group of the estimated cash equivalent value, is recognised in the consolidated statement of income. Specific provisions are created to reduce all impaired financial contracts to their realisable cash equivalent value. Financial assets are written off only in circumstances where effectively all possible means of recovery have been exhausted.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment value was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the consolidated statement of income.

2 ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

ac. Impairment of financial assets (continued)

In addition, the Group maintains a provision to reflect a potential loss that may occur as a result of currently unidentifiable risks in relation to receivables, financings or investment assets. The amount reflects estimated losses affecting these assets attributable to events that have already occurred at the date of the financial statements, and not estimated losses attributable to future events.

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

ad. Assets classified as Held for sale

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

ae. Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. The monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the financial position date. All differences are taken to income statement at the entity level.

Foreign currency translations

As at the reporting date, the assets and liabilities in foreign currencies are translated into the presentation currency of the Group (United States Dollars) at the rate of exchange ruling at the financial position date and their income statements are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken to a separate component of owners' equity through the statement of other comprehensive income.

On disposal of a foreign entity, the deferred cumulative amount recognised in owners' equity relating to that particular foreign entity is recognised in the consolidated statement of income.

af. Fees and commission income

Fees and commission income that is integral to the effective profit rate on a financial asset carried at amortised cost are included in the measurement of the effective profit rate of the financial asset. Other fees and commission income, including account servicing fees, sales commission, management fees, placement and arrangement fees and syndication fees, are recognised as the related services are performed.

2 ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

ag. Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which affects the amounts recognised in the consolidated financial statements:

Classification of investments

Management decides on acquisition of an investment whether it should be classified as equity-type instrument at fair value through statement of income, equity-type instrument at fair value through OCI, debt-type instrument at fair value through statement of income, debt-type instrument at fair value through OCI or debt-type instrument at amortised cost.

The Group determines fair value of equity investments that are not quoted in active markets by using valuation techniques such as discounted cash flows, income approaches and market approaches. Fair value estimates are made at a specific point in time, based on market conditions and information about the investee companies. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore, cannot be determined with precision. There is no certainty about future events (such as continued operating profits and financial strengths). It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the investments. In case where discounted cash flow models have been used to estimate fair values, the future cash flows have been estimated by the management based on information from and discussions with representatives of investee companies and based on the latest available audited and un-audited financial statements.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

ah. Use of estimates in preparation of the consolidated financial statements

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities at the date of the consolidated financial statements. The use of estimates is used primarily to the determination of goodwill impairment and provisions for sales (Murabaha) receivable, mudaraba financing, musharaka financing, equity-type instrument at fair value through OCI, debt-type instrument at amortised cost, ijarah receivable and other assets.

2 ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

ah. Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

(i) the right to receive cash flows from the asset has expired;

(ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of income.

3 CASH AND BALANCES WITH BANKS

	2024			*2023*		
	Self financed US$ '000	***Jointly financed US$ '000***	***Total US$ '000***	*Self financed US$ '000*	*Jointly financed US$ '000*	*Total US$ '000*
Balances with central banks*	**2,554,721**	**1,654,088**	**4,208,809**	2,454,893	1,460,305	3,915,198
Balances with other banks	**864,977**	**49,499**	**914,476**	642,049	82,587	724,636
Cash and cash in transit	**527,594**	**67,097**	**594,691**	467,747	60,388	528,135
Allowance for credit losses (note 24)	**(43,503)**	**(601)**	**(44,104)**	(35,679)	(640)	(36,319)
	3,903,789	**1,770,083**	**5,673,872**	3,529,010	1,602,640	5,131,650

* Balances with central banks include mandatory reserves amounting to US$ 2,771,738 thousand (2023: US$ 2,566,525 thousand). These amounts are not available for use in the Group's day-to-day operations.

4 DUE FROM BANKS

	2024			*2023*		
	Self financed US$ '000	***Jointly financed US$ '000***	***Total US$ '000***	*Self financed US$ '000*	*Jointly financed US$ '000*	*Total US$ '000*
Commodity murabaha	**5,225**	**273,891**	**279,116**	10,135	319,734	329,869
Mudaraba financing	**26,000**	**175,628**	**201,628**	26,000	83,856	109,856
Wakala financing	**24,098**	**247,814**	**271,912**	46,773	50,000	96,773
Allowance for credit losses (note 24)	**(8,018)**	**(2,267)**	**(10,285)**	(7,900)	(11,155)	(19,055)
	47,305	**695,066**	**742,371**	75,008	442,435	517,443

4 DUE FROM BANKS (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.

	31 December 2024			
	Stage 1	***Stage 2***	***Stage 3***	***Total***
	US$ '000	***US$ '000***	***US$ '000***	***US$ '000***
Good (1-4)	**347,540**	**13,000**	**-**	**360,540**
Satisfactory (5-7)	**294,049**	**91,067**	**-**	**385,116**
Default (8-10)	**-**	**-**	**7,000**	**7,000**
Allowance for credit losses	**(1,730)**	**(1,555)**	**(7,000)**	**(10,285)**
	639,859	**102,512**	**-**	**742,371**

	31 December 2023			
	Stage 1	*Stage 2*	*Stage 3*	*Total*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
Good (1-4)	242,754	13,000	-	255,754
Satisfactory (5-7)	140,002	124,276	-	264,278
Default (8-10)	-	-	16,466	16,466
Allowance for credit losses	(697)	(1,943)	(16,415)	(19,055)
	382,059	135,333	51	517,443

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

	31 December 2024			
	Stage 1: 12-month ECL	***Stage 2: Lifetime ECL not credit-impaired***	***Stage 3: Lifetime ECL credit-impaired***	***Total***
	US$ '000	***US$ '000***	***US$ '000***	***US$ '000***
Balance at 1 January	**697**	**1,943**	**16,415**	**19,055**
Net remeasurement of loss allowance	**1,579**	**(347)**	**-**	**1,232**
Allocation to investment risk reserve	**(544)**	**-**	**-**	**(544)**
FX translation / others	**(2)**	**(41)**	**(9,415)**	**(9,458)**
	1,730	**1,555**	**7,000**	**10,285**

	31 December 2023			
	Stage 1: 12-month ECL	*Stage 2: Lifetime ECL not credit-impaired*	*Stage 3: Lifetime ECL credit-impaired*	*Total*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
Balance at 1 January	803	1,349	36,542	38,694
Net remeasurement of loss allowance	(354)	594	23	263
Recoveries / write-backs	-	-	(13,191)	(13,191)
Allocation from investment risk reserve	248	-	-	248
Amounts written off	-	-	(9,164)	(9,164)
FX translation / others	-	-	2,205	2,205
	697	1,943	16,415	19,055

5 RECEIVABLES

	2024	*2023*
	US$ '000	*US$ '000*
Sales (Murabaha) receivables (note 5.1)	**10,281,504**	9,881,471
Ijarah receivables (note 5.2)	**173,322**	160,765
Salam receivables (note 5.3)	**301,040**	315,780
Istisna'a receivables (note 5.4)	**177,540**	139,682
Allowance for credit losses (note 24)	**(669,671)**	(702,453)
	10,263,735	9,795,245

5 RECEIVABLES (continued)

5.1 Sales (Murabaha) receivables

	2024			2023		
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000
Other murabaha	**1,385,057**	**9,702,697**	**11,087,754**	1,081,623	9,913,066	10,994,689
Gross sales (murabaha) receivables	**1,385,057**	**9,702,697**	**11,087,754**	1,081,623	9,913,066	10,994,689
Deferred profits (note 5.1(a))	**-**	**(806,250)**	**(806,250)**	(93,798)	(1,019,420)	(1,113,218)
	1,385,057	**8,896,447**	**10,281,504**	987,825	8,893,646	9,881,471
Allowance for credit losses	**(218,093)**	**(358,909)**	**(577,002)**	(267,020)	(348,562)	(615,582)
Net sales (murabaha) receivables	**1,166,964**	**8,537,538**	**9,704,502**	720,805	8,545,084	9,265,889

	2024 US$ '000	2023 US$ '000
Non-performing	**374,847**	360,872

5.1(a) Murabaha deferred profit movement

	2024 US$ '000	2023 US$ '000
Deferred profit at the beginning of the year	**1,113,218**	928,231
Murabaha sales during the year	**902,359**	2,769,309
Murabaha cost of sales	**(864,807)**	(1,979,339)
	1,150,770	1,718,201
Deferred profit collected during the year	**(264,967)**	(404,227)
Deferred profit settled during the year	**(907)**	(15,162)
Deferred profit waived during the year	**544**	(529)
FX translation	**(79,190)**	(185,065)
Deferred profit at the end of the year	**806,250**	1,113,218

5.2 Ijarah receivables

	2024			2023		
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000
Gross ijarah receivables	**2,507**	**170,815**	**173,322**	3,085	157,680	160,765
Allowance for credit losses	**(108)**	**(56,666)**	**(56,774)**	(83)	(56,774)	(56,857)
Net ijarah receivables	**2,399**	**114,149**	**116,548**	3,002	100,906	103,908

	2024 US$ '000	2023 US$ '000
Non-performing	**138,057**	123,977

5 RECEIVABLES (continued)

5.3 Salam receivables

	2024			2023		
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000
Gross salam receivables	-	301,040	301,040	-	315,780	315,780
Allowance for credit losses	-	(16,838)	(16,838)	-	(14,316)	(14,316)
Net salam receivables	-	284,202	284,202	-	301,464	301,464

	2024 US$ '000	2023 US$ '000
Non-performing	25,407	22,998

5.4 Istisna'a receivables

	2024			2023		
	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000
Gross istisna'a receivables	-	177,540	177,540	-	139,682	139,682
Allowance for credit losses	-	(19,057)	(19,057)	-	(15,698)	(15,698)
Net istisna'a receivables	-	158,483	158,483	-	123,984	123,984

	2024 US$ '000	2023 US$ '000
Non-performing	20,271	17,917

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

	31 December 2024			
	Stage 1 US$ '000	Stage 2 US$ '000	Stage 3 US$ '000	Total US$ '000
Good (1-4)	2,254,064	98,628	-	2,352,692
Satisfactory (5-7)	6,753,599	1,268,533	-	8,022,132
Default (8-10)	-	-	558,582	558,582
Allowance for credit losses	(67,186)	(245,050)	(357,435)	(669,671)
	8,940,477	1,122,111	201,147	10,263,735

	31 December 2023			
	Stage 1 US$ '000	Stage 2 US$ '000	Stage 3 US$ '000	Total US$ '000
Good (1-4)	2,668,148	162,212	-	2,830,360
Satisfactory (5-7)	5,892,932	1,248,642	-	7,141,574
Default (8-10)	-	-	525,764	525,764
Allowance for credit losses	(93,021)	(262,411)	(347,021)	(702,453)
	8,468,059	1,148,443	178,743	9,795,245

5 RECEIVABLES (continued)

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

	31 December 2024			
	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***
Balance at 1 January	**93,021**	**262,411**	**347,021**	**702,453**
Changes due to receivables recognised in opening balance that have:				
- transferred to Stage 1	**4,809**	**(3,293)**	**(1,516)**	**-**
- transferred to Stage 2	**(2,667)**	**6,150**	**(3,483)**	**-**
- transferred to Stage 3	**(142)**	**(14,943)**	**15,085**	**-**
Net remeasurement of loss allowance	**15,125**	**25,427**	**65,938**	**106,490**
Recoveries / write-backs	**-**	**-**	**(28,566)**	**(28,566)**
Allocation (to) / from investment risk reserve	**(4,095)**	**(14,370)**	**7,426**	**(11,039)**
Amounts written off	**-**	**-**	**(21,595)**	**(21,595)**
FX translation / others	**(38,865)**	**(16,332)**	**(22,875)**	**(78,072)**
	67,186	**245,050**	**357,435**	**669,671**

	31 December 2023			
	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*
Balance at 1 January	34,024	281,531	353,115	668,670
Changes due to receivables recognised in opening balance that have:				
- transferred to Stage 1	97,020	(90,366)	(6,654)	-
- transferred to Stage 2	(170,095)	197,180	(27,085)	-
- transferred to Stage 3	(31,591)	(44,066)	75,657	-
Net remeasurement of loss allowance	84,383	2,649	112,879	199,911
Recoveries / write-backs	-	-	(11,342)	(11,342)
Allocation from / (to) investment risk reserve	103,160	(64,050)	(42,836)	(3,726)
Amounts written off	-	-	(56,173)	(56,173)
FX translation / others	(23,880)	(20,467)	(50,540)	(94,887)
	93,021	262,411	347,021	702,453

6 PARTICIPATORY INVESTMENTS

	2024 US$ '000	*2023 US$ '000*
Mudaraba financing (note 6.1)	**124,167**	125,736
Musharaka financing (note 6.2)	**669,591**	687,349
Allowance for credit losses (note 24)	**(30,420)**	(36,415)
	763,338	776,670

6 PARTICIPATORY INVESTMENTS (continued)

6.1 Mudaraba financing

	2024			2023		
	Self financed US$ '000	**Jointly financed US$ '000**	**Total US$ '000**	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000
Gross mudaraba financing	**420**	**123,747**	**124,167**	420	125,316	125,736
Allowance for credit losses	**(420)**	**(14,377)**	**(14,797)**	(420)	(18,472)	(18,892)
Net mudaraba financing	**-**	**109,370**	**109,370**	-	106,844	106,844

	2024 US$ '000	2023 US$ '000
Non-performing	**12,665**	18,544

6.2 Musharaka financing

	2024			2023		
	Self financed US$ '000	**Jointly financed US$ '000**	**Total US$ '000**	Self financed US$ '000	Jointly financed US$ '000	Total US$ '000
Gross musharaka financing	**136,958**	**532,633**	**669,591**	157,184	530,165	687,349
Allowance for credit losses	**(993)**	**(14,630)**	**(15,623)**	(516)	(17,007)	(17,523)
Net musharaka financing	**135,965**	**518,003**	**653,968**	156,668	513,158	669,826

	2024 US$ '000	2023 US$ '000
Non-performing	**20,083**	16,980

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

	31 December 2024			
	Stage 1 US$ '000	**Stage 2 US$ '000**	**Stage 3 US$ '000**	**Total US$ '000**
Good (1-4)	**403,648**	**11,647**	**-**	**415,295**
Satisfactory (5-7)	**241,219**	**104,496**	**-**	**345,715**
Default (8-10)	**-**	**-**	**32,748**	**32,748**
Allowance for credit losses	**(2,496)**	**(8,044)**	**(19,880)**	**(30,420)**
	642,371	**108,099**	**12,868**	**763,338**

	31 December 2023			
	Stage 1 US$ '000	Stage 2 US$ '000	Stage 3 US$ '000	Total US$ '000
Good (1-4)	550,883	13,658	-	564,541
Satisfactory (5-7)	103,065	109,955	-	213,020
Default (8-10)	-	-	35,524	35,524
Allowance for credit losses	(3,601)	(8,269)	(24,545)	(36,415)
	650,347	115,344	10,979	776,670

6 PARTICIPATORY INVESTMENTS (continued)

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

	31 December 2024			
	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***
Balance at 1 January	**3,601**	**8,269**	**24,545**	**36,415**
Changes due to financing recognised in opening balance that have:				
- transferred to Stage 1	**16**	**(13)**	**(3)**	**-**
- transferred to Stage 2	**(53)**	**58**	**(5)**	**-**
- transferred to Stage 3	**(522)**	**(427)**	**949**	**-**
Net remeasurement of loss allowance	**113**	**2,301**	**(916)**	**1,498**
Recoveries / write-backs	**-**	**-**	**(2)**	**(2)**
Allocation from / (to) investment risk reserve	**10**	**2**	**(44)**	**(32)**
Amounts written off	**-**	**-**	**(5,981)**	**(5,981)**
FX translation / others	**(669)**	**(2,146)**	**1,337**	**(1,478)**
	2,496	**8,044**	**19,880**	**30,420**

	31 December 2023			
	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*
Balance at 1 January	3,457	4,474	22,003	29,934
Changes due to financing recognised in opening balance that have:				
- transferred to Stage 1	59	(57)	(2)	-
- transferred to Stage 2	(93)	109	(16)	-
- transferred to Stage 3	(227)	(4)	231	-
Net remeasurement of loss allowance	1,063	4,699	3,342	9,104
Allocation to investment risk reserve	(8)	(2)	(52)	(62)
FX translation / others	(650)	(950)	(961)	(2,561)
	3,601	8,269	24,545	36,415

7 INVESTMENTS

	2024	*2023*
	US$ '000	*US$ '000*
Equity and debt-type instruments at fair value through statement of income (note 7.1)	**479,743**	249,938
Equity-type instruments at fair value through OCI (note 7.2)	**746,375**	572,225
Debt-type instruments at amortised cost (note 7.3)	**3,600,105**	4,405,200
	4,826,223	5,227,363
Investment in real estate (note 7.4)	**158,497**	167,376
Investment in associates and joint venture (note 7.5)	**51,821**	56,826
	5,036,541	5,451,565

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

	2024			*2023*		
	Self financed US$ '000	***Jointly financed US$ '000***	***Total US$ '000***	*Self financed US$ '000*	*Jointly financed US$ '000*	*Total US$ '000*
Quoted investments						
Debt instruments	**18**	**176**	**194**	-	-	-
Equity securities	**472,735**	**2,358**	**475,093**	244,464	3,549	248,013
	472,753	**2,534**	**475,287**	244,464	3,549	248,013
Unquoted investments						
Debt Instruments	**-**	**365**	**365**	-	-	-
Equity securities	**4,091**	**-**	**4,091**	1,925	-	1,925
	4,091	**365**	**4,456**	1,925	-	1,925
	476,844	**2,899**	**479,743**	246,389	3,549	249,938

7 INVESTMENTS (continued)

7.2 Equity-type instruments at fair value through OCI

	2024			*2023*		
	Self financed US$ '000	***Jointly financed US$ '000***	***Total US$ '000***	*Self financed US$ '000*	*Jointly financed US$ '000*	*Total US$ '000*
Quoted investments						
Equity securities	**255,669**	**309,723**	**565,392**	19,862	24,667	44,529
Managed funds	**494**	**-**	**494**	1,494	19,961	21,455
Sukuk	**-**	**-**	**-**	224,378	209,026	433,404
	256,163	**309,723**	**565,886**	245,734	253,654	499,388
Unquoted investments						
Equity securities	**11,268**	**93,412**	**104,680**	13,328	34,097	47,425
Managed funds	**48,778**	**33,328**	**82,106**	-	11,197	11,197
Sukuk	**-**	**-**	**-**	-	19,711	19,711
	60,046	**126,740**	**186,786**	13,328	65,005	78,333
Provisions for impairment	**(5,621)**	**(676)**	**(6,297)**	(5,231)	(265)	(5,496)
	310,588	**435,787**	**746,375**	253,831	318,394	572,225

7.3 Debt-type instruments at amortised cost

	2024			*2023*		
	Self financed US$ '000	***Jointly financed US$ '000***	***Total US$ '000***	*Self financed US$ '000*	*Jointly financed US$ '000*	*Total US$ '000*
Quoted investments						
Sukuk and similar items	**1,806,233**	**1,517,136**	**3,323,369**	2,059,116	1,122,837	3,181,953
	1,806,233	**1,517,136**	**3,323,369**	2,059,116	1,122,837	3,181,953
Unquoted investments						
Sukuk and similar items	**-**	**287,453**	**287,453**	80,403	1,156,669	1,237,072
Allowance for credit losses	**(1,318)**	**(9,399)**	**(10,717)**	(1,075)	(12,750)	(13,825)
	1,804,915	**1,795,190**	**3,600,105**	2,138,444	2,266,756	4,405,200

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

	31 December 2024			
	Stage 1 US$ '000	***Stage 2 US$ '000***	***Stage 3 US$ '000***	***Total US$ '000***
Good (1-4)	**3,026,081**	**8,396**	**-**	**3,034,477**
Satisfactory (5-7)	**544,971**	**28,809**	**-**	**573,780**
Default (8-10)	**-**	**-**	**2,565**	**2,565**
Allowance for credit losses	**(7,725)**	**(427)**	**(2,565)**	**(10,717)**
	3,563,327	**36,778**	**-**	**3,600,105**

7 INVESTMENTS (continued)

7.3 Debt-type instruments at amortised cost (continued)

	31 December 2023			
	Stage 1 US$ '000	*Stage 2 US$ '000*	*Stage 3 US$ '000*	*Total US$ '000*
Good (1-4)	3,844,126	-	-	3,844,126
Satisfactory (5-7)	557,265	15,069	-	572,334
Default (8-10)	-	-	2,565	2,565
Allowance for credit losses	(10,868)	(392)	(2,565)	(13,825)
	4,390,523	14,677	-	4,405,200

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

	31 December 2024			
	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***
Balance at 1 January	**10,868**	**392**	**2,565**	**13,825**
Changes due to instruments recognised in opening balance that have:				
- transferred to Stage 1	**-**	**-**	**-**	**-**
- transferred to Stage 2	**-**	**-**	**-**	**-**
- transferred to Stage 3	**-**	**-**	**-**	**-**
Net remeasurement of loss allowance	**421**	**40**	**-**	**461**
Allocation to investment risk reserve	**(77)**	**-**	**-**	**(77)**
FX translation / others	**(3,487)**	**(5)**	**-**	**(3,492)**
	7,725	**427**	**2,565**	**10,717**

	31 December 2023			
	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*
Balance at 1 January	5,872	275	2,565	8,712
Changes due to instruments recognised in opening balance that have:				
- transferred to Stage 1	-	-	-	-
- transferred to Stage 2	(30)	30	-	-
- transferred to Stage 3	-	-	-	-
Net remeasurement of loss allowance	6,187	346	-	6,533
Allocation to investment risk reserve	(109)	(260)	-	(369)
FX translation / others	(1,052)	1	-	(1,051)
	10,868	392	2,565	13,825

7 INVESTMENTS (continued)

7.4 Investment in real estate

	2024			2023		
	Self financed US$ '000	***Jointly financed US$ '000***	***Total US$ '000***	*Self financed US$ '000*	*Jointly financed US$ '000*	*Total US$ '000*
At cost	**13,985**	**146,976**	**160,961**	14,010	152,390	166,400
At fair value	**8,270**	**150,227**	**158,497**	9,183	158,193	167,376

Investment in real estate at fair value at 31 December consist of the following:

	2024			2023		
	Self financed US$ '000	***Jointly financed US$ '000***	***Total US$ '000***	*Self financed US$ '000*	*Jointly financed US$ '000*	*Total US$ '000*
Land	**544**	**85,814**	**86,358**	1,457	91,174	92,631
Buildings	**7,726**	**64,413**	**72,139**	7,726	67,019	74,745
	8,270	**150,227**	**158,497**	9,183	158,193	167,376

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

	2024 US$ '000	*2023 US$ '000*
Beginning balance of the year	**167,376**	172,708
Acquisitions	**-**	1,036
Net (loss) / gain from fair value adjustments	**(1,752)**	6,210
Disposals	**(6,211)**	(12,506)
Impairment	**(899)**	-
Foreign exchange translation / others - net	**(17)**	(72)
	(8,879)	(5,332)
Ending balance of the year	**158,497**	167,376

7 INVESTMENTS (continued)

7.5 Investment in associates and joint venture

Investment in associates and joint venture comprise of the following:

	2024			
	Self financed US$ '000	***Jointly financed US$ '000***	***Total US$ '000***	***Market value US$ '000***
Quoted associates and joint venture	**-**	**17,734**	**17,734**	**12,999**
Unquoted associates and joint venture	**34,087**	**-**	**34,087**	
	34,087	**17,734**	**51,821**	

	2023			
	Self financed US$ '000	*Jointly financed US$ '000*	*Total US$ '000*	*Market value US$ '000*
Quoted associates and joint venture	-	13,171	13,171	11,236
Unquoted associates and joint venture	43,655	-	43,655	
	43,655	13,171	56,826	

The investment in associates and joint venture are net of impairment of US$ 23,000 thousand (2023: US$ 23,000 thousand).

Summarised financial information of associates and joint venture that have been equity accounted for in these consolidated financial statements, not adjusted for percentage of ownership held by the Group:

	2024 US$ '000	*2023 US$ '000*
Total assets	**938,803**	933,660
Total liabilities	**722,824**	743,646
Total revenues	**69,044**	94,819
Total net profit	**23,777**	19,595

Investment in associates and joint venture comprise of:

Name of associate	**Ownership %**	**Country of incorporation**	**Nature of business**
The Islamic Insurance Company	**33.5%**	Jordan	Insurance activities
Jordan International Trading Centre	**28.4%**	Jordan	Trading activities
katılım finans kefalet a.ş	**15.0%**	Turkey	Financial services
Takaful for Pension and Life Insurance	**50.0%**	Turkey	Insurance activities
Danaat AlBaraka*	**51.0%**	Bahrain	Real estate development
Al Baraka Bank Syria	**29.0%**	Syria	Banking
El Amana Takaful	**29.8%**	Tunis	Insurance activities
Best Lease	**23.6%**	Tunis	Islamic leasing
Sunnah Al-Tamayuz**	**49.0%**	Saudi Arabia	Banking

*This is classified as investment in joint venture.

**Dallah Al-Baraka Holding Company (DBHC), a related party to the Firm's Parent Company that is based in Jeddah, Saudi Arabia, incorporated a company "Sunnah Al-Tamayuz" in the Kingdom of Saudi Arabia with an objective to expand its banking activities in the Kingdom of Saudi Arabia. The share capital of Sunnah Al-Tamayuz is owned 51% by DBHC and 49% by the Firm. The Firm has made an assessment to determine if it controls Sunnah Al-Tamayuz and concluded that it does not control Sunnah Al-Tamayuz and has, accordingly, classified the investment as "investment in associate".

8 IJARAH MUNTAHIA BITTAMLEEK

	2024			*2023*		
	Self financed US$ '000	***Jointly financed US$ '000***	***Total US$ '000***	*Self financed US$ '000*	*Jointly financed US$ '000*	*Total US$ '000*
Land and building						
Cost	**-**	**2,775,975**	**2,775,975**	-	2,730,486	2,730,486
Accumulated depreciation	**-**	**(623,761)**	**(623,761)**	-	(532,717)	(532,717)
Allowance for credit losses	**-**	**(5,950)**	**(5,950)**	-	(8,248)	(8,248)
Net book value	**-**	**2,146,264**	**2,146,264**	-	2,189,521	2,189,521
Equipment						
Cost	**35,670**	**352,175**	**387,845**	36,629	320,951	357,580
Accumulated depreciation	**(10,230)**	**(80,783)**	**(91,013)**	(10,096)	(62,647)	(72,743)
Allowance for credit losses	**(41)**	**(5,152)**	**(5,193)**	(54)	(5,482)	(5,536)
Net book value	**25,399**	**266,240**	**291,639**	26,479	252,822	279,301
Others						
Cost	**-**	**15,275**	**15,275**	-	11,000	11,000
Accumulated depreciation	**-**	**(3,358)**	**(3,358)**	-	(2,391)	(2,391)
Allowance for credit losses	**-**	**(252)**	**(252)**	-	(169)	(169)
Net book value	**-**	**11,665**	**11,665**	-	8,440	8,440
TOTAL						
Cost	**35,670**	**3,143,425**	**3,179,095**	36,629	3,062,437	3,099,066
Accumulated depreciation	**(10,230)**	**(707,902)**	**(718,132)**	(10,096)	(597,755)	(607,851)
Less: allowance for credit losses (note 24)	**(41)**	**(11,354)**	**(11,395)**	(54)	(13,899)	(13,953)
Net book value	**25,399**	**2,424,169**	**2,449,568**	26,479	2,450,783	2,477,262

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

	31 December 2024			
	Stage 1 US$ '000	***Stage 2 US$ '000***	***Stage 3 US$ '000***	***Total US$ '000***
Good (1-4)	**659,215**	**4,204**	-	**663,419**
Satisfactory (5-7)	**1,591,934**	**205,610**	-	**1,797,544**
Default (8-10)	**-**	**-**	-	**-**
Allowance for credit losses	**(2,677)**	**(8,718)**	-	**(11,395)**
	2,248,472	**201,096**	**-**	**2,449,568**

8 IJARAH MUNTAHIA BITTAMLEEK (continued)

	31 December 2023			
	Stage 1 US$ '000	*Stage 2 US$ '000*	*Stage 3 US$ '000*	*Total US$ '000*
Good (1-4)	710,942	6,560	-	717,502
Satisfactory (5-7)	1,541,412	232,301	-	1,773,713
Default (8-10)	-	-	-	-
Allowance for credit losses	(2,187)	(11,766)	-	(13,953)
	2,250,167	227,095	-	2,477,262

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

	31 December 2024			
	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***
Balance at 1 January	**2,187**	**11,766**	**-**	**13,953**
Changes due to ijarah muntahia bittamleek recognised in opening balance that have:				
- transferred to Stage 1	**-**	**-**	**-**	**-**
- transferred to Stage 2	**-**	**-**	**-**	**-**
- transferred to Stage 3	**-**	**-**	**-**	**-**
Net remeasurement of loss allowance	**585**	**(2,950)**	**-**	**(2,365)**
FX translation / others	**(95)**	**(98)**	**-**	**(193)**
	2,677	**8,718**	**-**	**11,395**

	31 December 2023			
	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*
Balance at 1 January	1,926	11,326	2	13,254
Changes due to ijarah muntahia bittamleek recognised in opening balance that have:				
- transferred to Stage 1	2	-	(2)	-
- transferred to Stage 2	-	-	-	-
- transferred to Stage 3	-	-	-	-
Net remeasurement of loss allowance	304	258	-	562
FX translation / others	(45)	182	-	137
	2,187	11,766	-	13,953

9 PROPERTY AND EQUIPMENT

	Buildings	*Lands*	*Office furniture and equipment*	*Vehicles*	*Others*	*Right of use asset*	*Total*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
Cost:							
At 1 January 2023	224,701	163,407	211,557	5,920	41,674	76,492	723,751
Additions	39,150	13,462	18,269	23,769	10,485	23,772	128,907
Disposals	(23)	(47)	(3,492)	(212)	(23,627)	(2,100)	(29,501)
Foreign exchange translations	(25,909)	(6,421)	(10,516)	(4,399)	(22,856)	(20,384)	(90,485)
At 31 December 2023	237,919	170,401	215,818	25,078	5,676	77,780	732,672
Additions	**30,693**	**273**	**11,424**	**1,892**	**6,829**	**29,472**	**80,583**
Disposals	**(298)**	**(653)**	**(1,946)**	**(972)**	**(163)**	**(1,159)**	**(5,191)**
Foreign exchange translations	**(16,099)**	**(8,388)**	**(16,813)**	**(3,573)**	**14,428**	**(8,288)**	**(38,733)**
At 31 December 2024	**252,215**	**161,633**	**208,483**	**22,425**	**26,770**	**97,805**	**769,331**
Accumulated Depreciation:							
At 1 January 2023	51,621	-	177,075	4,503	2,782	26,298	262,279
Charged during the year (note 22)	7,866	-	11,596	1,705	1,431	9,349	31,947
Relating to disposals	(15)	-	(3,245)	(107)	(1,189)	(2,082)	(6,638)
Foreign exchange translations	(4,378)	-	(5,925)	(375)	(2,107)	(6,842)	(19,627)
At 31 December 2023	55,094	-	179,501	5,726	917	26,723	267,961
Charged during the year (note 22)	**8,012**	**-**	**10,306**	**4,000**	**1,388**	**10,869**	**34,575**
Relating to disposals	**(195)**	**-**	**(1,308)**	**(831)**	**(97)**	**(2,486)**	**(4,917)**
Foreign exchange translations	**(3,834)**	**-**	**(11,952)**	**(731)**	**4,699**	**(913)**	**(12,731)**
At 31 December 2024	**59,077**	**-**	**176,547**	**8,164**	**6,907**	**34,193**	**284,888**
Net book values:							
At 31 December 2024	**193,138**	**161,633**	**31,936**	**14,261**	**19,863**	**63,612**	**484,443**
At 31 December 2023	182,825	170,401	36,317	19,352	4,759	51,057	464,711

* The total property and equipment is self-financed.

10 OTHER ASSETS

	2024	*2023*
	US$ '000	*US$ '000*
Bills receivables	**158,711**	175,726
Goodwill and intangible assets (note 10.2)	**82,554**	72,455
Collateral pending sale*	**299,768**	183,470
Good faith qard (10.1)	**37,778**	39,916
Deferred taxation	**121,390**	120,996
Prepayments	**45,516**	32,784
Others	**62,045**	54,762
	807,762	680,109
Impairment / allowance for credit losses	**(34,799)**	(31,321)
	772,963	648,788

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

** The jointly financed portion of other assets amounts to US$ 129,209 thousand (2023: US$ 86,482 thousand).

10.1 Good faith qard

The following shows the movement in Good faith qard:

	Qard fund receivable US$ '000	***Qard fund available US$ '000***	***Total US$ '000***
2024			
Opening balance	**39,916**	**48,599**	**88,515**
Sources of qard fund			
Advances settled	**(37,350)**	**37,350**	**-**
Contribution / (withdrawal) by the Group	**-**	**(2,796)**	**(2,796)**
Others	**-**	**(10,264)**	**(10,264)**
Total Sources during the year	**(37,350)**	**24,290**	**(13,060)**
Uses of qard fund			
Marriage	**438**	**(438)**	**-**
Medical Treatment	**344**	**(344)**	**-**
Education	**561**	**(561)**	**-**
Settlement of current accounts	**29,585**	**(29,585)**	**-**
Others	**4,284**	**(4,284)**	**-**
Total uses during the year	**35,212**	**(35,212)**	**-**
Ending balance	**37,778**	**37,677**	**75,455**
2023			
Opening balance	59,106	61,201	120,307
Sources of qard fund			
Advances settled	(48,296)	48,296	-
Contribution / (withdrawal) by the Group	-	(5,956)	(5,956)
Others	-	(25,836)	(25,836)
Total Sources during the year	(48,296)	16,504	(31,792)
Uses of qard fund			
Marriage	496	(496)	-
Medical Treatment	523	(523)	-
Education	675	(675)	-
Settlement of current accounts	23,129	(23,129)	
Others	4,283	(4,283)	-
Total uses during the year	29,106	(29,106)	-
Ending balance	39,916	48,599	88,515

10 OTHER ASSETS (continued)

10.2 Goodwill and intangible assets

	2024			*2023*		
	Goodwill US$ '000	Intangible assets US$ '000	Total US$ '000	Goodwill US$ '000	*Intangible assets US$ '000*	*Total US$ '000*
At 1 January	**36,195**	**36,260**	**72,455**	40,438	33,023	73,461
Additions	**-**	**27,975**	**27,975**	2,541	19,053	21,594
Amortisation charge for the year (note 22)	**-**	**(14,149)**	**(14,149)**	-	(9,447)	(9,447)
Impairment loss for the year (note 24)	**-**	**-**	**-**	(1,500)	-	(1,500)
Foreign exchange translations	**(655)**	**(3,072)**	**(3,727)**	(5,284)	(6,369)	(11,653)
At 31 December	**35,540**	**47,014**	**82,554**	36,195	36,260	72,455

Goodwill acquired through business combinations with indefinite lives have been allocated to four individual cash-generating units. The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	2024 US$ '000	*2023 US$ '000*
Al Baraka Turk Participation Bank	**768**	1,318
Al Barak Bank Egypt	**311**	511
Jordan Islamic Bank	**26,646**	26,646
Al Baraka Bank (Pakistan) Limited	**7,815**	7,720
	35,540	36,195

The recoverable amounts of the cash-generating units were determined based on value in use calculation using cash flow projections from financial budgets covering a five year period or market capitalisation approved by the Group's senior management. For cashflow projections, management determined budgeted spreads based on the cash-generating units' past performance and its expectation of market development.

11 LONG TERM FINANCING

	2024 US$ '000	*2023 US$ '000*
Murabaha financing	**361,960**	436,728
Subordinated financing obtained by a subsidiary	**413,675**	340,278
	775,635	777,006

12 OTHER LIABILITIES

	2024	*2023*
	US$ '000	*US$ '000*
Payables	**348,818**	325,558
Cash margins	**237,769**	260,060
Accrued expenses	**125,745**	106,682
Managers' cheques	**98,531**	102,906
Current taxation *	**92,860**	120,301
Net Ijarah liability	**63,632**	54,471
Deferred taxation *	**12,340**	20,434
Charity fund (12.1)	**8,283**	9,689
Zakah fund (12.2)	**2,130**	1,947
Others	**110,402**	126,400
Allowance for credit losses (note 24)	**40,059**	58,763
	1,140,569	1,187,211

*In view of the operations of the Group being subject to various tax jurisdictions and regulations, it is not practical to provide a reconciliation between the accounting and taxable profits together with details of effective tax rates.

12.1 Charity fund

The following shows the movement in Charity fund:	***2024***	*2023*
	US$ '000	*US$ '000*
Sources of Charity fund		
Balance as at beginning of year	**9,689**	8,218
Non-Islamic income	**4,582**	6,193
Donations	**-**	-
Others	**4,358**	3,320
Total charity fund available for distribution	**18,629**	17,731
Uses of Charity fund		
Charity for the poor and needy	**610**	-
Charity for medical	**226**	-
Charity for philanthropic societies	**15**	-
School sponsorship	**429**	716
Charity for new converts to Islam	**-**	-
Others	**9,066**	7,326
Total uses of Charity fund	**10,346**	8,042
Undistributed charity fund as at end of the year	**8,283**	9,689

12 OTHER LIABILITIES (continued)

12.2 Zakah fund

The following shows the movement in Zakah fund:	***2024*** ***US$ '000***	*2023* *US$ '000*
Sources of Zakah		
Balance as at beginning of year	**1,947**	1,590
Zakah due from bank	**2,223**	1,005
Zakah due from account holders	**-**	-
Voluntary Zakah	**-**	-
Others	**-**	-
Total Zakah available for distribution	**4,170**	2,595
Uses of Zakah fund		
Zakah for the poor and needy	**1,343**	100
Zakah for medical	**68**	-
Zakah for philanthropic societies	**-**	-
Zakah for education	**171**	13
Zakah for the cause of Allah	**27**	-
Others	**431**	535
Total uses of Zakah fund	**2,040**	648
Undistributed Zakah fund as at end of the year	**2,130**	1,947

13 QUASI-EQUITY

	2024 ***US$ '000***	*2023* *US$ '000*
Equity of investment accountholders*	**13,688,867**	13,534,471
Profit equalisation reserve (note 13.1)	**198,913**	183,760
Investment risk reserve (note 13.2)	**80,901**	80,474
Cumulative changes in fair value attributable to equity of investment accountholders - net (note 13.3)	**9,796**	(1,154)
	13,978,477	13,797,551

**Subordinated Mudaraba*

This includes unsecured, sub-ordinated and privately placed unrestricted mudaraba sukuk amounting to US$ 6,261 thousand (2023: US$ 11,976 thousand) issued by Al Baraka Bank (Pakistan) Limited (ABPL) during 2021 and will mature in 2031. The issuance of sukuk is intended to comply with regulatory requirements related to capital adequacy ratio of ABPL. The principal repayment, started after six months of the drawdown date and is being made semi-annually on a straight line basis.

13 QUASI-EQUITY (continued)

The following table summarises the breakdown of IAH as of:

	2024 US$ '000	*2023 US$ '000*
IAH - Financial institutions	**640,320**	417,206
IAH - Non-financial institutions and individuals	**13,338,157**	13,380,345
	13,978,477	13,797,551

The following table summarises the breakdown of equity of investment accountholders by type:

	2024 US$ '000	*2023 US$ '000*
Accounts on demand	**1,852,700**	1,061,225
Accounts on a contractual basis	**11,836,167**	12,473,246
	13,688,867	13,534,471

13.1 Profit equalisation reserve

The following shows the movement in profit equalisation reserve:

	2024 US$ '000	*2023 US$ '000*
Balance at 1 January	**183,760**	66,501
Amount apportioned from income allocable to equity of investment accountholders	**47,411**	171,922
Amount used during the year	**-**	(1,245)
Foreign exchange translations / others	**(32,258)**	(53,418)
Balance at 31 December	**198,913**	183,760

13 QUASI-EQUITY (continued)

13.2 Investment risk reserve

The following shows the movement in investment risk reserve:

	2024 US$ '000	*2023 US$ '000*
Balance at 1 January	**80,474**	98,768
Amount appropriated from provision (note 24)	**11,692**	3,908
Amount apportioned from / (to) income allocable to equity of investment accountholders	**(10,584)**	(16,167)
Foreign exchange translations / others	**(681)**	(6,035)
Balance at 31 December	**80,901**	80,474

13.3 Cumulative changes in fair value attributable to equity of investment accountholders - net

	2024 US$ '000	*2023 US$ '000*
Balance at 1 January	**(1,154)**	1,382
Change in fair values during the year	**(612)**	347
Realised gain transferred to consolidated statement of income	**-**	(2,301)
Deferred taxation effect	**11,563**	(586)
Transfer to shareholders' equity	**(1)**	4
Balance at 31 December	**9,796**	(1,154)
Attributable to investment in real estate	**(150)**	3,187
Attributable to equity-type instruments at fair value through OCI	**9,946**	(4,341)
	9,796	(1,154)

14 EQUITY

	2024 US$ '000	*2023 US$ '000*
Share capital		
Authorised: 2,500,000,000 (2023: 2,500,000,000) ordinary shares of US$ 1 each	**2,500,000**	2,500,000
Issued and fully paid up:		
At beginning of the year 1,242,879,755 (2023: 1,242,879,755) shares of US$1 each	**1,242,879**	1,242,879
At end of the year 1,242,879,755 (2023: 1,242,879,755) shares of US$1 each	**1,242,879**	1,242,879

14 EQUITY (continued)

Treasury shares

	Number of shares ('000)	***2024 US$ '000***	*2023 US$ '000*
At 1 January	**31,380**	**15,658**	15,000
Purchase of treasury shares	**-**	**-**	814
Sale of treasury shares	**-**	**-**	(156)
At 31 December	**31,380**	**15,658**	15,658

Additional information on shareholding pattern

i) Names and nationalities of the major shareholders and the number of shares in which they have an interest of 5% or more of outstanding shares:

At 31 December 2024

Names	***Nationality / Incorporation***	***Number of shares***	***% holding***
Dallah AlBaraka Holding Company B.S.C. (c)	Bahrain	**784,882,224**	**63.15%**
Altawfeek Company For Investment Funds	Cayman Islands	**240,173,054**	**19.32%**
Abdulla AbdulAziz AlRajihi	Saudi	**87,313,197**	**7.03%**

At 31 December 2023

Names	*Nationality / Incorporation*	*Number of shares*	*% holding*
Dallah AlBaraka Holding Company B.S.C. (c)	Bahrain	680,431,667	54.75%
Altawfeek Company For Investment Funds	Cayman Islands	240,173,054	19.32%
Abdulla AbdulAziz AlRajihi	Saudi	87,313,197	7.03%

ii) The Firm has only one class of shares and the holders of these shares have equal voting rights.

iii) Distribution schedule of shares, setting out the number and percentage of holders in the following categories:

At 31 December 2024

	Number of shares	***Number of shareholders***	***% of total outstanding shares***
Less than 1%	**75,775,063**	**980**	**6.10%**
1% up to less than 5%	**54,736,217**	**3**	**4.40%**
5% up to less than 10%	**87,313,197**	**1**	**7.03%**
10% up to less than 20%	**240,173,054**	**1**	**19.32%**
20% up to less than 50%	**-**	**-**	**0.00%**
More than 50%	**784,882,224**	**1**	**63.15%**
	1,242,879,755	**986**	**100.00%**

14 EQUITY (continued)

Additional information on shareholding pattern (continued)

At 31 December 2023

Categories:	*Number of shares*	*Number of shareholders*	*% of total outstanding shares*
Less than 1%	107,790,867	1,073	8.67%
1% up to less than 5%	127,170,970	5	10.23%
5% up to less than 10%	87,313,197	1	7.03%
10% up to less than 20%	240,173,054	1	19.32%
20% up to less than 50%	-	-	0.00%
More than 50%	680,431,667	1	54.75%
	1,242,879,755	1,081	100.00%

a. Share premium / Equity transaction cost

Amounts collected in excess of the par value of the issued share capital during any new issue of shares, net of issue costs, are treated as share premium. This amount is not available for distribution, but can be utilised as stipulated in the Bahrain Commercial Companies Law (BCCL).

Equity transaction cost, represent costs incurred by the Firm that are directly related to raising capital and have been incurred in cash.

b. Statutory reserve

In accordance with the BCCL and the Firm's articles of association, 10% of the parent's share of the net income for the year is transferred to the statutory reserve until such time as the reserve reaches 50% of the Bank's paid-up share capital. The reserve is not distributable except in such circumstances as stipulated in the Bahrain Commercial Companies Law. During the year US$ 15,732 thousand (2023: US$ 14,351 thousand) was transferred to statutory reserve.

c. Cumulative changes in fair values

This represents the net unrealised fair value gains and losses relating to the equity of the parent on equity-type instruments at fair value through OCI, investment in real estate and land occupied by the Group (classified as property and equipment).

d. Foreign currency translations

The foreign currency translations are used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

The following table summarises the subsidiary wise foreign currency translation reserve as at 31 December:

Subsidiary	***Currency***	***2024 US$ '000***	*2023 US$ '000*
Banque Al Baraka D'Algerie (BAA)	Algerian Dinar	**71,145**	69,803
Al Baraka Bank (Pakistan) Limited	Pakistani Rupees	**57,209**	57,636
Al Baraka Bank Egypt (ABE)	Egyptian Pound	**382,716**	284,794
Al Baraka Turk Participation Bank (ATPB)	Turkish Lira	**596,846**	570,601
Al Baraka Bank Limited (ABL)	South African Rand	**28,557**	27,441
Al Baraka Bank Sudan (ABS)	Sudanese Pound	**134,944**	134,944
Al Baraka Bank Tunis (ABT)	Tunisian Dinar	**39,599**	36,789
Al Baraka Bank Syria (ABBS)	Syrian Pound	**64,897**	64,897
		1,375,913	1,246,905

14 EQUITY (continued)

Additional information on shareholding pattern (continued)

e. Other reserves

Other reserves mainly consist of general banking risk reserves maintained by the subsidiaries in accordance with local regulations.

f. Zakah paid on behalf of shareholders

The General Assembly in its annual meeting conducted on 20 March 2024 empowered the Executive Management of Al Baraka Group to pay an amount of US$ 576 thousand as Zakah on behalf of the shareholders deducted from the retained earnings for the financial year of 2023. The Group has paid and distributed to those who are entitled to receive Zakah as per Shari'a boundaries and as approved by the Unified Shari'a Board.

	2024	*2023*
	US$ '000	*US$ '000*
Zakah to be paid on behalf of shareholders for the year	**576**	610
Uses of Zakah:		
Zakah for the poor and needy	**412**	316
Zakah for medical	**18**	-
Scholarships	**100**	150
Total uses	**530**	466
Remaining Zakah to be paid	**46**	144

g. Net movement in non-controlling interest

This mainly includes the effect of changes in capital of subsidiaries, buying (selling) by the non-controlling interest from (to) the Group.

Non-controlling interest

Non-controlling interest constitutes equity in a subsidiary not attributable, directly or indirectly, to a parent. This includes the portion of the Tier 1 Mudaraba Sukuk amounted to US$ 145 million (31 December 2023: US$ 165 million) issued by the Group's subsidiary in February 2018 which is not subscribed by the parent.

h. Proposed appropriations

The Board of Directors did not propose appropriation of dividends for the year 2024 (2023: US$ 12,357 thousand).

15 SUKUK (TIER 1 CAPITAL)

On 31 May 2017, the Firm completed an issuance of US$ 400 million Additional Tier 1 Mudaraba Sukuk in compliance with CBB regulations; listed on Irish Stock Exchange. Profit shall be payable subject to and in accordance with terms and conditions on the outstanding nominal amount of the Sukuk at an expected profit of 8.775% per annum, payable on semi-annual basis. These Sukuks are recognised under equity in the consolidated statement of financial position and the corresponding profit payable on those Sukuk are accounted as appropriation of profits. Expenses relating to the issuance have been included in the retained earnings. As per the terms and conditions, the Sukuk holders will not have a right to claim the profit and such event of non-payment of profit will not be considered as event of default. The Sukuk can be redeemed only at the option of ABG.

16 INCOME FROM FINANCING CONTRACTS

	2024	2023
	US$ '000	US$ '000
Receivables (note 16.1)	**1,586,077**	1,076,593
Participatory investments (note 16.2)	**162,934**	114,838
Ijarah Muntahia Bittamleek (note 16.3)	**197,318**	169,788
	1,946,329	1,361,219

16.1 Receivables

	2024	2023
	US$ '000	US$ '000
Sales (Murabaha) receivables	**1,548,744**	1,058,609
Salam receivables	**20,101**	15,654
Istisna'a receivables	**17,232**	2,330
	1,586,077	1,076,593

16.2 Participatory investments

	2024	2023
	US$ '000	US$ '000
Mudaraba financing	**95,410**	47,963
Musharaka financing	**67,524**	66,875
	162,934	114,838

16.3 Ijarah Muntahia Bittamleek

	2024	2023
	US$ '000	US$ '000
Income from Ijarah Muntahia Bittamleek	**378,057**	316,313
Depreciation on Ijarah Muntahia Bittamleek	**(180,739)**	(146,525)
	197,318	169,788

17 INCOME FROM INVESTMENTS

	2024	2023
	US$ '000	US$ '000
Equity-type instruments at fair value through OCI	**98,688**	13,591
Debt-type instruments at amortised cost	**396,464**	444,193
Unrealised gain on equity and debt-type instruments at fair value through statement of income	**225,987**	209,123
Gain on sale of equity-type instruments at fair value through OCI	**923**	668
Gain on sale of equity and debt-type instruments at fair value through statement of income	**17**	208
Income from investment in real estate	**1,521**	346
Income from associates and joint venture	**11,894**	15,071
Gain on sale of investment in real estate	**1,491**	5,935
	736,985	689,135

18 GROUP'S SHARE AS A MUDARIB

Group's share as a Mudarib is determined at the level of each subsidiary and is based on the terms and conditions of the related agreements.

19 FEES AND COMMISSION INCOME

	2024	*2023*
	US$ '000	*US$ '000*
Banking fees and commissions	**223,996**	198,079
Letters of credit	**12,250**	10,052
Guarantees	**20,124**	19,563
Acceptances	**1,334**	1,222
	257,704	228,916

20 OTHER INCOME

	2024	*2023*
	US$ '000	*US$ '000*
Foreign exchange gain	**93,514**	95,486
Gain on sale of property and equipment	**6,825**	11,622
	100,339	107,108

21 PROFIT PAID ON FINANCING

	2024	*2023*
	US$ '000	*US$ '000*
Profit paid on long term financing (note 21.1)	**102,431**	51,040
Profit paid on short term financing	**345,918**	76,359
	448,349	127,399

21.1 Profit paid on long term financing

	2024	*2023*
	US$ '000	*US$ '000*
Murabaha financing	**17,970**	7,259
Subordinated financing obtained by a subsidiary	**49,772**	33,973
Sukuk	**34,689**	9,808
	102,431	51,040

22 DEPRECIATION AND AMORTISATION

	2024	*2023*
	US$ '000	*US$ '000*
Property and equipment depreciation (note 9)	**34,575**	31,947
Intangible assets amortisation (note 10.2)	**14,149**	9,447
	48,724	41,394

23 OTHER OPERATING EXPENSES

	2024	*2023*
	US$ '000	*US$ '000*
General and administration expenses	**148,437**	129,400
Professional and business expenses	**33,919**	25,732
Premises related expenses	**35,978**	37,650
	218,334	192,782

The audit and non-audit fees for the year ended 31 December to the PwC and its network firms are as follows:

	2024	*2023*
	US$ '000	*US$ '000*
Audit fees	**1,801**	1,192
Non - Audit fees	**604**	419
	2,405	1,611

24 NET ALLOWANCE FOR EXPECTED CREDIT LOSSES / IMPAIRMENT

2024	Cash and balances with banks US$ '000 (note 3)	Due from Banks US$ '000 (note 4)	Receivables US$ '000 (note 5)	Participatory investments US$ '000 (note 6)	Investments US$ '000 (note 7.2 & 7.3)	Ijarah Muntahia Bittamleek US$ '000 (note 8)	Other assets US$ '000 (note 10)	Other liabilities US$ '000 (note 12)	Total US$ '000
Allowance at 1 January	**36,319**	**19,055**	**702,453**	**36,415**	**19,321**	**13,953**	**31,321**	**58,763**	**917,600**
Charged during the year	**852**	**1,232**	**106,490**	**1,498**	**1,551**	**(2,365)**	**4,117**	**6,397**	**119,772**
Written back / recovered during the year	**-**	**-**	**(28,566)**	**(2)**	**(317)**	**-**	**(104)**	**(1,292)**	**(30,281)**
	852	**1,232**	**77,924**	**1,496**	**1,234**	**(2,365)**	**4,013**	**5,105**	**89,491**
	37,171	**20,287**	**780,377**	**37,911**	**20,555**	**11,588**	**35,334**	**63,868**	**1,007,091**
Written off during the year	**-**	**-**	**(21,595)**	**(5,981)**	**-**	**-**	**-**	**-**	**(27,576)**
Amount appropriated to investment risk reserve (note 13.2)	**-**	**(544)**	**(11,039)**	**(32)**	**(77)**	**-**	**-**	**-**	**(11,692)**
Foreign exchange translations/others - net	**6,933**	**(9,458)**	**(78,072)**	**(1,478)**	**(3,464)**	**(193)**	**(535)**	**(23,809)**	**(110,076)**
Allowance at 31 December	**44,104**	**10,285**	**669,671**	**30,420**	**17,014**	**11,395**	**34,799**	**40,059**	**857,747**

During the year, an impairment loss of US$ 893 thousand and US$ Nil (2023: US$ 2.1 Million and US$ 1.5 Million) was charged against investments and goodwill respectively.

An amount of US$ 6,297 thousand (2023: US$ 5,496 thousand) is related to provision of equity type instruments at fair value through OCI.

2023	Cash and balances with banks US$ '000 (note 3)	Due from Banks US$ '000 (note 4)	Receivables US$ '000 (note 5)	Participatory investments US$ '000 (note 6)	Investments US$ '000 (note 7.2 & 7.3)	Ijarah Muntahia Bittamleek US$ '000 (note 8)	Other assets US$ '000 (note 10)	Other liabilities US$ '000 (note 12)	Total US$ '000
Allowance at 1 January	36,120	38,694	668,670	29,934	15,392	13,254	32,479	62,871	897,414
Charged during the year	232	263	199,911	9,104	7,186	562	(563)	548	217,243
Written back/recovered during the year	-	(13,191)	(11,342)	-	(602)	-	(158)	(2,256)	(27,549)
	232	(12,928)	188,569	9,104	6,584	562	(721)	(1,708)	189,694
	36,352	25,766	857,239	39,038	21,976	13,816	31,758	61,163	1,087,108
Written off during the year	-	(9,164)	(56,173)	-	(1,262)	-	(309)	-	(66,908)
Amount appropriated from / (to) investment risk reserve	-	248	(3,726)	(62)	(368)	-	-	-	(3,908)
Foreign exchange translations / others - net	(33)	2,205	(94,887)	- (2,561)	(1,025)	137	(128)	(2,400)	(98,692)
Allowance at 31 December	36,319	19,055	702,453	36,415	19,321	13,953	31,321	58,763	917,600

24 NET ALLOWANCE FOR CREDIT LOSSES / IMPAIRMENT (continued)

The provisions relate to the following geographical areas:

2024	***Cash and balances with banks US$ '000 (note 3)***	***Due from Banks US$ '000 (note 4)***	***Receivables US$ '000 (note 5)***	***Participatory investments US$ '000 (note 6)***	***Investments US$ '000 (note 7.2 & 7.3)***	***Ijarah Muntahia Bittamleek US$ '000 (note 8)***	***Other assets US$ '000 (note 10)***	***Other liabilities US$ '000 (note 12)***	***Total US$ '000***
Middle East	**26,345**	**8,084**	**291,818**	**15,126**	**12,684**	**106**	**29,136**	**31,258**	**414,557**
North Africa	**9,483**	**2,182**	**90,996**	**77**	**3,024**	**10,946**	**4,587**	**1,682**	**122,977**
Europe	**8,275**	**-**	**211,541**	**989**	**265**	**341**	**303**	**2,619**	**224,333**
Others	**1**	**19**	**75,316**	**14,228**	**1,041**	**2**	**773**	**4,500**	**95,880**
Total	**44,104**	**10,285**	**669,671**	**30,420**	**17,014**	**11,395**	**34,799**	**40,059**	**857,747**
2023									
Middle East	25,279	14,977	308,422	19,253	15,970	106	25,709	50,860	460,576
North Africa	462	4,043	94,603	16	2,255	13,602	4,282	1,779	121,042
Europe	10,578	-	233,439	513	1	243	607	1,982	247,363
Others	-	35	65,989	16,633	1,095	2	723	4,142	88,619
Total	36,319	19,055	702,453	36,415	19,321	13,953	31,321	58,763	917,600

The fair value of collateral the Group holds relating to non-performing facilities as at 31 December 2024 amounts to US$ 373 million (2023: US$ 325 million). The collateral consists of cash margin, securities and properties. The utilisation of the collaterals will be on customer by customer basis and will be limited to the customer's total exposure.

25 BASIC AND DILUTED EARNINGS PER SHARE

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

	2024	*2023*
	US$ '000	*US$ '000*
Net income attributable to the equity shareholders of the parent for the year - *US$ '000*	**157,324**	143,509
Profit distributed on perpetual tier 1 capital - *US$ '000*	**(35,100)**	(35,100)
	122,224	108,409
Number of shares outstanding at the beginning of the year (in thousands)	**1,242,879**	1,242,879
Treasury shares effect (in thousands)	**(31,380)**	(30,151)
Weighted average number of shares outstanding at the end of the year (in thousands)	**1,211,499**	1,212,728
Earnings per share - US cents	**10.09**	8.94

26 CASH AND CASH EQUIVALENTS

	2024	*2023*
	US$ '000	*US$ '000*
Balances with central banks excluding mandatory reserve	**1,437,071**	1,348,673
Balances with other banks	**914,476**	724,636
Cash and cash in transit	**594,691**	528,135
	2,946,238	2,601,444

27 RELATED PARTY TRANSACTIONS

Related parties comprise major shareholders, directors of the Group, entities owned or controlled, jointly controlled or significantly influenced by them, 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 related parties were as follows:

	Associated companies US$ '000	***Major shareholders US$ '000***	***Directors and key management personnel US$ '000***	***Other related parties US$ '000***	***Total 2024 US$ '000***	*Total 2023 US$ '000*
Income from financing contracts and investments	**2,253**	**-**	**-**	**-**	**2,253**	1,645
Net income attributable to quasi-equity	**431**	**336**	**198**	**-**	**965**	1,536
Fees and commission income	**66**	**-**	**-**	**-**	**66**	17

Compensation of key management personnel of the Firm, included in consolidated statement of income, is as follows:

	2024 US$ '000	*2023 US$ '000*
Short term benefits	**7,009**	4,071
Long term benefits	**589**	680

Short term benefits includes basic salaries, bonuses, allowances and other benefits paid during the year and long term benefits includes indemnity, social insurance benefits and investment scheme.

Director's remuneration accrued for the year ended 31 December 2024 amounted to US$ 1.5 million (2023: US$ 1.5 million).

27 RELATED PARTY TRANSACTIONS (continued)

The balances with related parties at 31 December were as follows:

	Associated companies US$ '000	***Major shareholders US$ '000***	***Directors and key management personnel US$ '000***	***Other related parties US$ '000***	***Total 2024 US$ '000***	*Total 2023 US$ '000*
Assets:						
Receivables	**1,865**	**-**	**-**	**-**	**1,865**	1
Investments	**98,613**	**-**	**-**	**-**	**98,613**	58,965
Other assets	**9,201**	**1**	**312**	**-**	**9,514**	10,349
Liabilities:						
Customer current and other accounts	**79,953**	**1,264**	**448**	**9**	**81,674**	43,620
Other liabilities	**-**	**-**	**-**	**-**	**-**	21
Quasi-Equity	**34,969**	**166**	**4,779**	**-**	**39,914**	53,005
Off-Balance sheet assets under management	**117,230**	**8,567**	**423**	**-**	**126,220**	123,683

All related party exposures are performing and are free of any specific provision for credit losses.

Details of Directors' and Executive Management's direct and indirect interests in the Firm's shares as at the end of the year were:

Name of directors	***Position***	***Nationality***	***2024 Number of shares***	***Transaction Number of shares***
Abdulla Saleh Kamel	**Chairman**	**Saudi**	**338,598**	**-**
Abdul Elah Sabbahi	**Board Member**	**Saudi**	**225,899**	**-**

Name of directors	*Position*	*Nationality*	*2023 Number of shares*	*Transaction Number of shares*
Abdulla Saleh Kamel	Chairman	Saudi	338,598	-
Abdul Elah Sabbahi	Board Member	Saudi	225,899	-
Musa Abdel-Aziz Shihadeh	Board Member	Jordanian	968,590	-

28 COMMITMENTS AND CONTINGENCIES

	2024	*2023*
	US$ '000	*US$ '000*
Letters of credit	**626,604**	570,135
Guarantees	**1,534,004**	1,380,579
Acceptances	**43,914**	40,015
Commitments	**1,060,874**	1,070,021
Sharia’a compliant promise contracts	**992,605**	1,142,002
	4,258,001	4,202,752

29 SEGMENTAL ANALYSIS

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 the Group's 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 consolidated financial statements as set out in Note 2. Transactions between segments are conducted at estimated market rates on an arm's length basis.

No business segment is presented as that is not applicable to the Group.

Segment assets, liabilities and equity of investment accountholders were as follows:

	2024			*2023*		
	Assets	***Liabilities***	***Quasi-equity***	*Assets*	*Liabilities*	*Quasi-equity*
	US$ '000	***US$ '000***	***US$ '000***	*US$ '000*	*US$ '000*	*US$ '000*
Segment						
Middle East	**12,840,863**	**2,939,362**	**8,617,136**	13,114,451	3,113,933	8,696,520
North Africa	**3,088,749**	**1,635,718**	**1,159,657**	2,883,733	1,531,106	1,050,041
Europe	**8,611,934**	**5,143,967**	**3,178,554**	7,718,467	4,334,505	3,127,574
Others	**1,645,285**	**492,233**	**1,023,130**	1,546,683	517,659	923,416
	26,186,831	**10,211,280**	**13,978,477**	25,263,334	9,497,203	13,797,551

Segment operating income, net operating income and net income were as follows:

	2024			*2023*		
	Total operating income	***Net operating income***	***Net income / (loss)***	*Total operating income*	*Net operating income*	*Net income / (loss)*
	US$ '000	***US$ '000***	***US$ '000***	*US$ '000*	*US$ '000*	*US$ '000*
Segment						
Middle East	**441,506**	**203,496**	**100,715**	444,592	207,286	105,702
North Africa	**111,907**	**51,049**	**34,213**	116,853	54,060	36,192
Europe	**435,434**	**183,793**	**151,671**	497,692	299,435	156,140
Others	**101,491**	**47,774**	**21,918**	81,311	36,786	(14,771)
	1,090,338	**486,112**	**308,517**	1,140,448	597,567	283,263

30 RISK MANAGEMENT

Risk management is an integral part of the Group's decision-making process. Various Committees including Assets & Liability Management Committee (ALCO) guide and assist with overall management of the Group's balance sheet risks. In addition, on a holistic basis, all risks that the Group is exposed to are reviewed and assessed by the Group's Board Risk Committee (BRC). The Group manages exposures by setting limits approved by the Board of Directors. These risks and the processes to mitigate these risks have not significantly altered from the previous year.

The most important types of risk are liquidity risk, credit risk, concentration risk, market risk and other operational risk. Market risk includes profit rate risk, equity price risk and foreign exchange risk.

a) Liquidity risk

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

The table next page summarises the maturity profile of the Group's assets and liabilities based on contractual repayment arrangements. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the financial position date to the contractual maturity date and do not take account of the effective maturities as indicated by the Group's retention history of its investment account holders and the availability of bank lines.

30 RISK MANAGEMENT (continued)

a) Liquidity risk (continued)

The maturity profile at 31 December 2024 was as follows:

	Up to 1 month US$ '000	*1 to 3 months US$ '000*	*3 to 6 months US$ '000*	*6 months to 1 year US$ '000*	*1 to 3 years US$ '000*	*3 to 5 years US$ '000*	*5 to 10 years US$ '000*	*10 to 20 years US$ '000*	*20 years and above US$ '000*	*Undated US$ '000*	*Total US$ '000*
Assets											
Cash and balances with banks	2,646,371	-	10,297	-	-	340,430	-	-	-	2,676,774	5,673,872
Due from Banks	400,686	227,488	74,496	4,220	29,659	1,817	4,005	-	-	-	742,371
Receivables	1,284,870	1,635,417	1,470,322	1,720,477	2,372,262	1,378,462	342,633	35,207	7,801	16,284	10,263,735
Participatory investments	285,437	3,579	6,206	59,398	134,059	132,723	92,646	46,656	2,634	-	763,338
Investments	765,764	128,705	114,240	374,078	1,781,852	756,314	267,471	157,791	229	690,097	5,036,541
Ijarah Muntahia Bittamleek	36,242	44,397	62,446	136,425	517,721	414,424	572,861	602,289	62,763	-	2,449,568
Property and equipment	-	-	-	-	-	-	-	-	-	484,443	484,443
Other assets	250,274	20,386	28,574	85,312	38,077	21,422	224	-	-	328,694	772,963
Total assets	5,669,644	2,059,972	1,766,581	2,379,910	4,873,630	3,045,592	1,279,840	841,943	73,427	4,196,292	26,186,831
Liabilities											
Customer current and other accounts	6,792,690	-	-	-	-	-	-	-	-	-	6,792,690
Due to banks	1,001,132	358,656	8,788	17,965	2,769	-	-	113,076	-	-	1,502,386
Long term financing	10,633	51,767	17,324	303,519	178,539	213,853	-	-	-	-	775,635
Other liabilities	307,085	99,590	66,546	70,073	19,297	68,872	1,954	476,073	-	31,079	1,140,569
Total liabilities	8,111,540	510,013	92,658	391,557	200,605	282,725	1,954	589,149	-	31,079	10,211,280
Quasi-Equity	4,473,644	1,275,233	858,783	1,155,083	2,474,626	844,723	2,018,371	877,900	114	-	13,978,477
Total liabilities and Quasi-Equity	12,585,184	1,785,246	951,441	1,546,640	2,675,231	1,127,448	2,020,325	1,467,049	114	31,079	24,189,757
Net liquidity gap	(6,915,540)	274,726	815,140	833,270	2,198,399	1,918,144	(740,485)	(625,106)	73,313	4,165,213	1,997,074
Cumulative net liquidity gap	(6,915,540)	(6,640,814)	(5,825,674)	(4,992,404)	(2,794,005)	(875,861)	(1,616,346)	(2,241,452)	(2,168,139)	1,997,074	
Off-balance sheet assets under management	7,369	995	1,997	1,359,969	689	1,293	1,292	193,007	-	-	1,566,611

30 RISK MANAGEMENT (continued)

a) Liquidity risk (continued)

The maturity profile at 31 December 2023 was as follows:

	Up to 1 month US$ '000	*1 to 3 months US$ '000*	*3 to 6 months US$ '000*	*6 months to 1 year US$ '000*	*1 to 3 years US$ '000*	*3 to 5 years US$ '000*	*5 to 10 years US$ '000*	*10 to 20 years US$ '000*	*20 years and above US$ '000*	*Undated US$ '000*	*Total US$ '000*
Cash and balances with banks	2,908,755	-	-	-	-	255,881	-	23,119	-	1,943,895	5,131,650
Due from Banks	297,948	146,136	47,856	2,711	19,052	1,167	2,573	-	-	-	517,443
Receivables	1,177,685	1,532,913	1,419,382	1,529,179	2,333,338	1,356,472	327,002	103,138	13,442	2,694	9,795,245
Participatory investments	154,425	4,812	23,415	16,943	210,399	182,000	118,206	62,842	3,628	-	776,670
Investments	1,225,962	504,647	301,958	242,167	1,391,295	938,813	342,560	21,879	8,144	474,140	5,451,565
Ijarah Muntahia Bittamleek	36,629	43,948	78,474	162,152	533,491	420,429	571,830	547,794	82,515	-	2,477,262
Property and equipment	-	-	-	-	-	-	-	-	-	464,711	464,711
Other assets	283,521	11,707	(42,273)	63,967	27,205	32,866	12,723	1,591	-	257,481	648,788
Total assets	6,084,925	2,244,163	1,828,812	2,017,119	4,514,780	3,187,628	1,374,894	760,363	107,729	3,142,921	25,263,334
Liabilities											
Customer current and other accounts	6,403,831	-	-	-	-	-	-	-	-	-	6,403,831
Due to banks	637,480	45,714	300,984	79,132	11,284	460	6,485	47,616	-	-	1,129,155
Long term financing	-	-	20,008	271,890	99,298	116,613	269,197	-	-	-	777,006
Other liabilities	346,053	120,419	67,069	78,719	27,353	61,418	995	432,336	-	52,849	1,187,211
Total liabilities	7,387,364	166,133	388,061	429,741	137,935	178,491	276,677	479,952	-	52,849	9,497,203
Quasi-Equity	1,925,808	3,165,979	1,281,389	1,498,838	2,666,853	794,995	1,800,390	663,299	-	-	13,797,551
Total liabilities and Quasi-Equity	9,313,172	3,332,112	1,669,450	1,928,579	2,804,788	973,486	2,077,067	1,143,251	-	52,849	23,294,754
Net liquidity gap	(3,228,247)	(1,087,949)	159,362	88,540	1,709,992	2,214,142	(702,173)	(382,888)	107,729	3,090,072	1,968,580
Cumulative net liquidity gap	(3,228,247)	(4,316,196)	(4,156,834)	(4,068,294)	(2,358,302)	(144,160)	(846,333)	(1,229,221)	(1,121,492)	1,968,580	
Off-balance sheet assets under management	204,893	198,481	39,674	1,186,330	27,383	28,361	1,684	-	-	-	1,686,806

30 RISK MANAGEMENT (continued)

b) Credit risk

Credit risk is the risk that one party to a financial contract will fail to discharge an obligation and cause the other party to incur a financial loss. The Group controls credit risk by monitoring credit exposures, and continually assessing the creditworthiness of counterparties.

The Group continues to assess the impact of economic developments on individual customers, segments or portfolios. As credit conditions change, the Group takes mitigating actions, including the revision of risk appetites or limits and tenors, as appropriate. In addition, continues to manage credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

Type of credit risk

Financing contracts mainly comprise Sales (Murabaha) receivables, Salam receivables, Istisna'a receivables, Mudaraba financing, Musharaka financing and Ijarah Muntahia Bittamleek.

Sales (Murabaha) receivables

The Group finances these transactions through buying a commodity which represents the object of the Murabaha and then resells this commodity to the murabeh (beneficiary) at a profit. The sale price (cost plus the profit margin) is repaid in instalments by the murabeh over the agreed period. The transactions are secured at times by the object of the Murabaha (in case of real estate finance) and other times by a total collateral package securing all the facilities given to the client.

Salam receivables

Salam is a contract whereby the Group makes an immediate payment to a seller for the future delivery of a commodity. To protect itself from risk associated with the commodity the Group simultaneously enters into Parallel Salam contract whereby it sells the commodity for deferred delivery for immediate payment.

Istisna'a receivables

Istisna'a is a sale agreement between the Group as the seller and the customer as the ultimate purchaser whereby the Group undertakes to have manufactured (or acquire) goods and sell it to the customer for an agreed upon price on completion at future date.

Mudaraba financing

The Group enters into Mudaraba contracts by investing in funds managed primarily by other banks and financial institutions for a definite period of time.

Musharaka financing

An agreement between the Group and a customer to contribute to a certain investment enterprise, whether existing or new, or the ownership of a certain property either permanently or according to a diminishing arrangement ending up with the acquisition by the customer of the full ownership. The profit is shared as per the agreement set between both parties while the loss is shared in proportion to their shares of capital or the enterprise.

Maximum exposure to credit risk before collateral held or other credit enhancements

	Maximum exposure	
	2024	*2023*
	US$ '000	*US$ '000*
Balances with central banks	**4,208,809**	3,915,198
Balances with other banks	**914,476**	724,636
Due from Banks	**742,371**	517,443
Receivables	**10,263,735**	9,795,245
Participatory investments	**763,338**	776,670
Investments	**5,036,541**	5,451,565
Ijarah Muntahia Bittamleek	**2,449,568**	2,477,262
Other assets	**223,735**	239,083
Total	**24,602,573**	23,897,102
Commitments and contingencies	**4,258,001**	4,202,752
	28,860,574	28,099,854

30 RISK MANAGEMENT (continued)

b) Credit risk (continued)

Credit quality by type of Islamic financing contracts

The table below shows the credit quality by type of Islamic financing contracts, based on the Group's credit rating system as of:

	31 December 2024			
Type of Islamic financing contracts	***Neither past due nor non performing US$ '000***	***Past due but performing US$ '000***	***Non performing islamic financing contracts US$ '000***	***Total US$ '000***
Receivables	**9,093,574**	**1,281,250**	**558,582**	**10,933,406**
Due from Banks	**745,656**	**-**	**7,000**	**752,656**
Participatory investments	**743,489**	**17,521**	**32,748**	**793,758**
Ijarah Muntahia Bittamleek	**2,423,339**	**37,624**	**-**	**2,460,963**
Other assets	**247,797**	**2,352**	**8,385**	**258,534**
	13,253,855	**1,338,747**	**606,715**	**15,199,317**

	31 December 2023			
Type of Islamic financing contracts	*Neither past due nor non performing US$ '000*	*Past due but performing US$ '000*	*Non performing islamic financing contracts US$ '000*	*Total US$ '000*
Receivables	9,555,930	416,004	525,764	10,497,698
Due from Banks	520,032	-	16,466	536,498
Participatory investments	770,629	6,932	35,524	813,085
Ijarah Muntahia Bittamleek	2,475,560	15,655	-	2,491,215
Other assets	250,785	1,453	18,166	270,404
	13,572,936	440,044	595,920	14,608,900

Ageing analysis of past due but performing Islamic financing contracts

The following table summarises the ageing of past due but performing Islamic financing contracts as of:

	31 December 2024			
Type of Islamic Financing Contracts	***Less than 30 days US$ '000***	***31 to 60 days US$ '000***	***61 to 90 days US$ '000***	***Total US$ '000***
Receivables	**752,704**	**245,314**	**283,232**	**1,281,250**
Participatory investments	**6,711**	**1,134**	**9,676**	**17,521**
Ijarah Muntahia Bittamleek	**23,439**	**4,559**	**9,626**	**37,624**
Other assets	**1,099**	**945**	**308**	**2,352**
	783,953	**251,952**	**302,842**	**1,338,747**

	31 December 2023			
Type of Islamic Financing Contracts	*Less than 30 days US$ '000*	*31 to 60 days US$ '000*	*61 to 90 days US$ '000*	*Total US$ '000*
Receivables	114,430	95,322	206,252	416,004
Participatory investments	3,602	1,779	1,551	6,932
Ijarah Muntahia Bittamleek	10,922	3,881	852	15,655
Other assets	803	462	188	1,453
	129,757	101,444	208,843	440,044

30 RISK MANAGEMENT (continued)

b) Credit risk (continued)

The following table summarises the total past due, non performing and neither past due nor non performing Islamic financing contracts and aging of non performing Islamic financing contracts disclosed by counterparty type as of 31 December 2024:

					Aging of non performing Islamic financing contracts		
	Total US$ '000	*Neither past due nor non performing US$ '000*	*Past due but performing US$ '000*	*Non performing Islamic financing contracts US$ '000*	*90 days to 1 year US$ '000*	*1 year to 3 years US$ '000*	*Over 3 years US$ '000*
Sovereign	**3,355,069**	**3,186,148**	**106,138**	**62,783**	**3,590**	**55,603**	**3,590**
Bank	**2,414,813**	**2,385,328**	**-**	**29,485**	**29,485**	**-**	**-**
Investment Firms	**930**	**930**	**-**	**-**	**-**	**-**	**-**
Corporates	**2,259,743**	**1,060,391**	**882,546**	**316,806**	**92,882**	**161,800**	**62,124**
Retail	**7,168,762**	**6,621,058**	**350,063**	**197,641**	**62,513**	**85,606**	**49,522**
	15,199,317	**13,253,855**	**1,338,747**	**606,715**	**188,470**	**303,009**	**115,236**

The following table summarises the total expected credit loss (ECL) on stage 3 disclosed by counterparty type as of 31 December 2024:

	Opening Balance US$ '000	*Charged during the year US$ '000*	*Write-back during the year US$ '000*	*Write-offs during the year US$ '000*	*Foreign Exchange translation/ Others-net US$ '000*	*Balance at the end of the year US$ '000*
Bank	**16,577**	**-**	**-**	**-**	**(9,422)**	**7,155**
Corporates	**313,569**	**59,471**	**(24,895)**	**(12,066)**	**(22,117)**	**313,962**
Retail	**68,632**	**5,551**	**(3,673)**	**(15,510)**	**8,198**	**63,198**
	398,778	**65,022**	**(28,568)**	**(27,576)**	**(23,341)**	**384,315**

30 RISK MANAGEMENT (continued)

b) Credit risk (continued)

Credit risk mitigation
To mitigate credit risks on financing, the Group uses collateral where possible. The collateral is of various types such as cash, securities, guarantees, real estate, receivables, inventories and other non-financial assets as needed.

All the Group’s subsidiaries, with exposures secured by real estate or other collateral carry out regular and periodic collateral inspection and valuation. This collateral inspection and valuation are conducted by an independent qualified assessor or collateral analyst at the subsidiary. The frequency of such collateral valuation is determined as a part of the credit policy and as per approval process.

Subsidiaries do not accept any assets as collateral if the assets are susceptible to obsolescence or in case the collateral is perishable. Subsidiaries also ensure that these assets are insured in order to be accepted as collateral.

Collaterals listed hereunder may attract capital relief from capital adequacy requirements as per the Central Bank of Bahrain's stipulations:

1) Hamish Jiddiyyah (Good faith deposit): Subsidiaries take this type of collateral in the transactions for which non-binding promises to perform is given by the customer. If a customer does not honor his promise to perform, the subsidiary has recourse to the deposit.

2) Third party guarantee: The subsidiary should have recourse to the guarantor in case of customer’s default. In order to qualify as eligible collateral, the guarantee should be unconditional and irrevocable. The guarantor must be solvent and, if applicable, of investment grade rating.

3) Urbon: This is the amount that should be taken from a purchaser or lessee when a contract is established and it is the first line of defense for the subsidiary if the purchaser or lessee breaches the contract.

4) Underlying assets of the lease contract: The underlying asset must be of monetary value and the subsidiary must have legal access to it, own it and sell it to cover the open exposure with the customers in question. The assets have also to be free of any of any kind of encumbrance.

   Any excess amount resulting from the closure of the pledge by the subsidiary should be returned to the customer (pledger). The subsidiary should conduct at least annual evaluation of the pledged assets and keep adequate documentation of this evaluation.

5) Cash deposit free from any legal encumbrance with the subsidiary either in the form of quasi-equity or off-balance sheet assets under management.

6) Rated and unrated senior Sukuk issued by first class financial institutions or by GCC sovereigns.

Credit quality
Credit Risk Management at the Group will be based upon the creation and maintenance of a Credit Rating System (CRS) for the non-retail business. All the Group’s units are to incorporate into their respective credit policies the CRS as the framework for credit management taking into consideration the methodology requirements of their local central banks, in this respect. The methodology for obligor (issuer) rating will reflect the specifics of the Group’s main business and the geographical diversity of its operations. Ratings of countries, governments and financial institutions are carried out in centralised fashion at the AlBaraka Group Bahrain whereas rating of corporates is done at the subsidiaries level, unless the exposure to the corporate involves cross-border risk, in which case, that rating will also be at the Bank as part of the credit limit approval.

30 RISK MANAGEMENT (continued)

c) Concentration risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry, product or geographical location.

The Group uses a number of controls and measures to minimize undue concentration of exposure in the portfolios. These include portfolio limits, approval and review controls, and stress testing as necessary.

The distribution of assets, liabilities and equity of investment accountholders items by economic sectors was as follows:

	2024			*2023*		
	Assets US$ '000	***Liabilities US$ '000***	***Quasi-equity US$ '000***	*Assets US$ '000*	*Liabilities US$ '000*	*Quasi-equity US$ '000*
Manufacturing	**2,995,360**	**163,608**	**171,652**	2,551,865	189,261	174,280
Mining and quarrying	**66,333**	**1,689**	**124,942**	69,387	6,371	74,417
Agriculture	**294,013**	**16,698**	**13,836**	264,616	18,653	5,407
Construction and real estate	**2,260,532**	**62,993**	**52,191**	2,247,399	83,723	77,926
Financial	**4,585,986**	**1,297,615**	**1,675,993**	3,688,265	1,433,537	1,613,412
Trade	**1,671,505**	**133,918**	**55,961**	1,710,708	178,248	43,900
Personal and consumer finance	**3,946,222**	**5,468,930**	**8,263,415**	3,630,979	5,264,323	9,300,875
Government	**7,467,385**	**78,439**	**305,048**	8,206,575	38,866	255,889
Other Sectors	**2,899,495**	**2,987,390**	**3,315,439**	2,893,540	2,284,221	2,251,445
	26,186,831	**10,211,280**	**13,978,477**	25,263,334	9,497,203	13,797,551

d) Market risk

Market risk arises from fluctuations in profit rates, equity prices and foreign exchange rates. Under Market Risk Policies currently implemented by management of the Group, have set certain limits on the level of risk that may be accepted. This is monitored by local management at the subsidiary level.

Profit rate risk

Profit rate risk is the risk that the Group will incur a financial loss as a result of mismatch in the profit rate on the Group's assets and on quasi-equity. The profit distribution to quasi-equity is based on profit sharing agreements. Therefore, the Group is not subject to any significant profit rate risk.

However, the profit-sharing agreements will result in displaced commercial risk when the Group's results do not allow the Group to distribute profits in line with the market rates.

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The equity price risk exposure arises from the investment portfolio. The Group manages this risk through diversification of investments in terms of geographical distribution and industry concentration.

The Group has total equity portfolio of US$ 1,149,256 thousand (2023: US$ 341,892 thousand) comprising of equity-type instruments at fair value through OCI amounting to US$ 670,072 thousand (2023: US$ 91,954 thousand) and equity-type instruments at fair value through statement of income amounting to US$ 479,184 thousand (2023: US$ 249,938 thousand). Variation of 10% increase or decrease in the portfolio value will not have a significant impact on the Group's consolidated net income or owners' equity.

30 RISK MANAGEMENT (continued)

d) Market risk (continued)

Foreign exchange risk

Foreign exchange risk arises from the movement of the rate of exchange over a period of time. Positions are monitored on a regular basis to ensure positions are maintained within established approved limits.

Following is the Group's exposure to different currencies in equivalent US dollars:

	2024		
	Operational equivalent Long (Short) US$ '000	***Strategic equivalent Long (Short) US$ '000***	***Total equivalent Long (Short) US$ '000***
Currency			
Turkish Lira	**533,230**	**133,564**	**666,794**
Jordanian Dinar	**326,212**	**544,548**	**870,760**
Egyptian Pound	**85,385**	**180,554**	**265,939**
Sudanese Pound	**54,139**	**(6,683)**	**47,456**
Algerian Dinar	**156,206**	**120,984**	**277,190**
Pound Sterling	**1,505**	**-**	**1,505**
Tunisian Dinar	**47,389**	**73,840**	**121,229**
Euro	**210,252**	**-**	**210,252**
South African Rand	**60,136**	**38,257**	**98,393**
Pakistani Rupees	**94,799**	**94,475**	**189,274**
Syrian Pound	**6,846**	**-**	**6,846**
Others	**(91,714)**	**-**	**(91,714)**

	2023		
	Operational equivalent Long (Short) US$ '000	*Strategic equivalent Long (Short) US$ '000*	*Total equivalent Long (Short) US$ '000*
Currency			
Turkish Lira	813,222	69,857	883,079
Jordanian Dinar	317,633	517,732	835,365
Egyptian Pound	149,423	232,031	381,454
Sudanese Pound	49,200	(3,199)	46,001
Algerian Dinar	155,368	118,801	274,169
Pound Sterling	(4,928)	-	(4,928)
Tunisia Dinar	114,627	71,818	186,445
Euro	(29,382)	-	(29,382)
South African Rand	58,757	34,194	92,951
Pakistani Rupees	99,287	94,475	193,762
Syrian Pound	2,717	-	2,717
Others	59,013	-	59,013

The strategic currency risk represents the amount of equity of the subsidiaries.

Foreign currency risk sensitivity analysis

In order to measure its exposures to currency risk, the Group stress tests its exposures following the standard shocks adopted by Derivatives Policy Group in this respect which calculates the effect on assets and income of the Group as a result of appreciation and depreciation in foreign currencies in relation to the reporting currency of the Group. This is done using various percentages based upon the judgement of the management of the Group.

30 RISK MANAGEMENT (continued)

d) Market risk (continued)

Foreign currency risk sensitivity analysis (continued)

Following is the sensitivity analysis that calculates the effect of a reasonable possible movement of the currency exchange rate against the US Dollar with all other variables held constant on the consolidated statement of income and the consolidated statement of owners' equity.

At 31 December 2024

Currency	***Particular***	***Exposures in US$ '000***	***Maximum expected decrease %***	***Change in net income and owners' equity US$ '000***	***Maximum expected increase %***	***Change in net income and owners' equity US$ '000***
Algerian Dinar	Net income	**21,268**	**-15%**	**(2,774)**	**5%**	**1,119**
	Total owners' equity	**218,255**	**-15%**	**(28,468)**	**5%**	**11,487**
Egyptian Pound	Net income	**62,627**	**-20%**	**(10,438)**	**5%**	**3,296**
	Total owners' equity	**244,302**	**-20%**	**(40,717)**	**5%**	**12,858**
Turkish Lira	Net income	**151,671**	**-20%**	**(25,279)**	**5%**	**7,983**
	Total owners' equity	**289,413**	**-20%**	**(48,236)**	**5%**	**15,232**
S.African Rand	Net income	**10,940**	**-15%**	**(1,427)**	**5%**	**576**
	Total owners' equity	**66,056**	**-15%**	**(8,616)**	**5%**	**3,477**
Pakistani Rupees	Net income	**13,595**	**-10%**	**(1,236)**	**5%**	**716**
	Total owners' equity	**69,381**	**-10%**	**(6,307)**	**5%**	**3,652**
Tunisian Dinar	Net income	**12,945**	**-10%**	**(1,177)**	**5%**	**681**
	Total owners' equity	**75,119**	**-10%**	**(6,829)**	**5%**	**3,954**

At 31 December 2023

Currency	*Particular*	*Exposures in US$ '000*	*Maximum expected decrease %*	*Change in net income and owners' equity US$ '000*	*Maximum expected increase %*	*Change in net income and owners' equity US$ '000*
Algerian Dinar	Net income	20,020	-15%	(2,611)	5%	1,054
	Total owners' equity	214,676	-15%	(28,001)	5%	11,299
Egyptian Pound	Net income	57,545	-20%	(9,591)	5%	3,029
	Total owners' equity	316,185	-20%	(52,697)	5%	16,641
Turkish Lira	Net income	156,140	-20%	(26,023)	5%	8,218
	Total owners' equity	256,388	-20%	(42,731)	5%	13,494
S.African Rand	Net income	6,514	-15%	(850)	5%	343
	Total owners' equity	59,786	-15%	(7,798)	5%	3,147
Pakistani Rupees	Net loss	9,707	-10%	(882)	5%	511
	Total owners' equity	53,336	-10%	(4,849)	5%	2,807
Tunisian Dinar	Net income	16,172	-10%	(1,470)	5%	851
	Total owners' equity	87,910	-10%	(7,992)	5%	4,627

30 RISK MANAGEMENT (continued)

e) Operational risk

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

Operational Risk Management Framework

The Group's Operational Risk Appetite is defined as the level of risk which the Group chooses to accept in its identified risk categories. Operational risk appetite is expressed in terms of both impact (direct loss) and the probability of occurrence.

The Group categorizes operational risk loss events into the following categories:

Processing Risk

Process risk arise from inadequate or weak processes within an organization. There are well defined policies and processes in the Group which are reviewed on an ongoing basis.

Human Resource Risk

Human Resource risk arise from result of incompetence, motivational issues or capacity-related considerations. In order to prevent these risks from occurring, the Group has established Group Human Resources Policies and Code of Conduct which entails constructive ways in dealing with mistakes and frauds. Further, the Group has established measures of organizational structure in terms of segregation of duties as well as diverse training measures to reduce human errors and frauds.

Systems Risk

Systems Risk arise from the required technology, software or equipment infrastructure not performing adequately. The risk is mitigated by adequate business continuity procedures as well as an ongoing review of the technology requirements of the Group.

External Event Risk

The external environment can impact the Group's operational performance. The external events and operating environment are evaluated on an ongoing basis with key risks being escalated and discussed at various committees.

30 RISK MANAGEMENT (continued)

f) Corporate governance

Board of Directors

The Board of Directors is responsible for approving the Group's overall business strategy, monitoring its operations and taking critical business decisions. In line with international leading practices, the Board has instituted corporate governance measures to ensure that the interests of the shareholders are protected, including the appointment to the Board of four independent non-executive directors as defined in the Rule Book of the CBB.

The Firm is administered by a Board of Directors consisting of not less than five and not more than fifteen members. However, subject to the provisions of the law, the shareholders at an Ordinary General Meeting may determine that the number of directors shall exceed fifteen in certain circumstances. Members of the Board of Directors hold office for a three-year renewable term, although the term of office may be extended at the request of the Board for a period not exceeding six months by resolution of the MOICT.

There are currently thirteen Directors on the Board, who have varied backgrounds and experience and who individually and collectively exercise independent and objective judgment. Other than the President and Chief Executive, all Directors are non-executive. The posts of Chairman and President and Chief Executive are held by different Directors and each has separate, clearly defined responsibilities.

The Board of Directors meets regularly (usually four times a year) and has a formal schedule of matters reserved to it, considering key aspects of the Group's affairs referred to it for decision. The Board reviews the Group's strategy and financial plans, all proposed material changes to the Group's policies, structure and organisation, reports provided to it on the operations of the Group (with emphasis on organisational development, risk management and information technology development) and the performance of executive management. The Board and its committees are supplied with full and timely information to enable them to discharge their responsibilities. All Directors have access to the advice and services of the secretary, who is responsible for ensuring that the Board procedures and applicable rules and regulations are observed.

The Board of Directors has overall responsibility for the Group's system of internal control and its effectiveness. There are established and ongoing procedures in place for identifying, evaluating and managing significant risks faced by the Group, which are regularly reviewed by the Board. The Group's system of internal control provides for a documented and auditable trail of accountability and applies across its operations, is designed to ensure effective and efficient operation and compliance with all applicable laws and regulations, and seeks to manage risk with a view to avoiding material errors, losses and fraud.

30 RISK MANAGEMENT (continued)

i) Classification of Turkey as a hyperinflationary economy

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

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

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

The final standard was issued on 22 December 2024 and shall be effective for the financial periods beginning on or after 1 January 2026.

31 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the value representing the estimate of the amount of cash or cash equivalent that would be received for an asset sold or the amount of cash or cash equivalent paid for a liability extinguished or transferred in an orderly transaction between a willing buyer and a willing seller at the measurement date.

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 held at amortised cost have fair values amounting to US$ 3,863 million (2023: US$ 4,902 million).

Also included under investments are unquoted equity-type instruments at fair value through OCI amounting to US$ 162,580 thousand (2023:US$ 78,333 thousand) which are carried at net asset value or cost due to lack of other reliable methods for arriving at a reliable fair value for these investments.

The fair values of other on-balance sheet financial instruments are not significantly different from the carrying values included in the consolidated financial statements.

31 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

A hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions.

These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical investments.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the investments, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3 – Inputs for the investments that are not based on observable market data (unobservable inputs).

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy at 31 December:

2024	**Level 1 US$ '000**	**Level 2 US$ '000**	**Level 3 US$ '000**	**Total US$ '000**
Equity and debt-type instruments at fair value through statement of income	**475,287**	**-**	**4,456**	**479,743**
Equity-type instruments at fair value through OCI	**565,886**	**-**	**180,489**	**746,375**
Investment in real estate	**-**	**158,497**	**-**	**158,497**
	1,041,173	**158,497**	**184,945**	**1,384,615**

2023	Level 1 US$ '000	Level 2 US$ '000	Level 3 US$ '000	Total US$ '000
Equity and debt-type instruments at fair value through statement of income	248,013	-	1,925	249,938
Equity-type instruments at fair value through OCI	499,388	-	72,837	572,225
Investment in real estate	-	167,376	-	167,376
	747,401	167,376	74,762	989,539

32 EARNINGS PROHIBITED BY SHARI'A

Earnings realised during the year from transactions that were not permitted by Shari'a amounted to US$ 10 million (2023: US$ 9 million). This amount has been taken to charity.

33 CAPITAL ADEQUACY RATIO

The CBB, sets and monitors ABG's capital requirements at Head Office level, while ABG's banking subsidiaries are directly regulated by their local banking supervisors, which set and monitor their capital adequacy requirements.

The CBB requires each Bahrain-based Investment company under Category 1 to maintain a minimum capital of BHD 1.0 million and minimum capital adequacy ratio not lower than 110%.

The Regulatory capital must be calculated for all Bahrain based Investment firm based on the shareholders' Equity, the investment firm also must maintain adequate human, financial and other resources sufficient to run the business in ordinary manner.

The following table summarizes the calculation of capital adequacy ratio (CBB Volume 4 - Investment Business, Module Capital Adequacy) based on ABG Solo level:

	2024	*2023*
	US$ '000	*US$ '000*
1- Regulatory Capital (A)	**172,074**	198,682
2- Regulatory Requirement (B)	**20,241**	25,485
3- Risk Based Capital Requirement (C)	**20,241**	25,485
4- Minimum Capital Requirement (D)	**2,653**	2,653
5- Ratio of (A) to (B)	**850%**	780%

34 COMPARATIVE INFORMATION

In the Group's consolidated financial statements for the year ended 31 December 2024, certain comparative amounts have been reclassified to conform with the presentation in the current period due to adoption of FAS 1 (Revised 2021) - General Presentation and Disclosures in the Financial Statements (please refer to "New standards, interpretations and amendments adopted by the Group" section of note 2 to these consolidated financial statements for description of changes in the presentation). Such reclassification did not affect previously reported net income or total equity.