

**Al Baraka Banking Group B.S.C.**  
**INTERIM CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS**

**31 March 2022**



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

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### *Introduction*

We have reviewed the accompanying interim consolidated statement of financial position of Al Baraka Banking Group B.S.C. (the "Bank") and its subsidiaries (together the "Group") as at 31 March 2022 and the related interim consolidated statement of income for the three month period ended 31 March 2022 and the related interim consolidated statements of cash flows, changes in equity and changes in off-balance sheet equity of investment account holders for the three month period then ended and explanatory notes. The directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the basis of preparation stated in note 2 to these interim condensed consolidated financial statements. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

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### *Scope of review*

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

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### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with the basis of preparation stated in note 2 to these interim condensed consolidated financial statements.

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

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


# Al Baraka Banking Group B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	<b>Reviewed 31 March 2022 US\$ '000</b>	<i>Audited 31 December 2021 US\$ '000</i>
<b>ASSETS</b>			
Cash and balances with banks	3	5,784,462	5,923,878
Receivables	4	10,746,811	10,996,072
Mudaraba and Musharaka financing	5	2,596,381	3,623,315
Ijarah Muntahia Bittamleek	6	2,050,072	2,018,800
Investments	7	4,625,835	4,472,649
Property and equipment		514,239	539,960
Other assets	8	604,554	607,503
<b>TOTAL ASSETS</b>		<b>26,922,354</b>	<b>28,182,177</b>
<b>LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND EQUITY</b>			
<b>LIABILITIES</b>			
Customer's current and other accounts		7,255,947	7,728,895
Due to banks		869,043	1,303,793
Long term financing	9	306,881	286,833
Other liabilities	10	1,273,347	1,205,122
<b>Total liabilities</b>		<b>9,705,218</b>	<b>10,524,643</b>
<b>EQUITY OF INVESTMENT ACCOUNTHOLDERS</b>			
Financial institutions		777,710	744,845
Non-financial institutions and individuals		14,354,702	14,854,562
<b>Total equity of investment accountholders</b>	11	<b>15,132,412</b>	<b>15,599,407</b>
<b>EQUITY</b>			
Share capital	14	1,242,879	1,242,879
Treasury shares		(15,275)	(15,655)
Share premium		16,294	16,619
Reserves		194,051	196,539
Cumulative changes in fair values		59,576	57,404
Foreign currency translation reserve	14	(1,009,545)	(940,728)
Retained earnings		472,759	430,312
<b>Equity attributable to parent's shareholders</b>		<b>960,739</b>	<b>987,370</b>
Perpetual tier 1 capital		400,000	400,000
<b>Equity attributable to parent's shareholders and Sukuk holders</b>		<b>1,360,739</b>	<b>1,387,370</b>
Non-controlling interests		723,985	670,757
<b>TOTAL EQUITY</b>		<b>2,084,724</b>	<b>2,058,127</b>
<b>TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND EQUITY</b>		<b>26,922,354</b>	<b>28,182,177</b>

  
Abdulla Saleh Kamel  
Chairman


  
Mazin Manna  
Member of the Board and Group Chief Executive


The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three month period ended 31 March 2022

		<i>Three months ended</i>	
		<b>31 March</b>	31 March
		<b>2022</b>	2021
<i>Notes</i>		<b>US\$ '000</b>	US\$ '000
<b>INCOME</b>			
Net income from jointly financed contracts and investments		<b>331,833</b>	320,183
Return on equity of investment accountholders before Group's share as a Mudarib		<b>(274,296)</b>	(264,937)
Group's share as a Mudarib		<b>96,747</b>	87,693
Return on equity of investment accountholders		<b>(177,549)</b>	(177,244)
Group's share of income from equity of investment accountholders (as a Mudarib and Rabalmal)		<b>154,284</b>	142,939
Mudarib share for managing off-balance sheet equity of investment accountholders		<b>2,107</b>	145
Net income from self financed contracts and investments		<b>96,728</b>	51,789
Fees and commission income		<b>45,490</b>	47,134
Other operating income (loss)	15	<b>36,671</b>	(5,185)
		<b>335,280</b>	236,822
Profit paid on long term financing		<b>(6,547)</b>	(7,721)
<b>TOTAL OPERATING INCOME</b>		<b>328,733</b>	229,101
<b>OPERATING EXPENSES</b>			
Staff expenses		<b>70,105</b>	71,938
Depreciation and amortisation		<b>13,299</b>	19,483
Other operating expenses		<b>52,446</b>	44,221
<b>TOTAL OPERATING EXPENSES</b>		<b>135,850</b>	135,642
<b>NET INCOME FOR THE PERIOD BEFORE NET ALLOWANCE FOR EXPECTED CREDIT LOSSES / IMPAIRMENT AND TAXATION</b>			
		<b>192,883</b>	93,459
Net allowance for expected credit losses / impairment	16	<b>(84,584)</b>	(27,526)
<b>NET INCOME FOR THE PERIOD BEFORE TAXATION</b>		<b>108,299</b>	65,933
Taxation		<b>(36,599)</b>	(24,953)
<b>NET INCOME FOR THE PERIOD</b>		<b>71,700</b>	40,980
Attributable to:			
Equity holders of the parent		<b>45,566</b>	25,585
Non-controlling interests		<b>26,134</b>	15,395
		<b>71,700</b>	40,980
Basic and diluted earnings per share - US cents	13	<b>3.76</b>	2.11

  
Abdulla Saleh Kamel  
Chairman

  
Mazin Manna  
Member of the board and Group Chief Executive

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

For the three month period ended 31 March 2022 ( Reviewed )

	<i>Three months ended</i>	
	<b>31 March</b>	<i>31 March</i>
	<b>2022</b>	<i>2021</i>
	<b>US\$ '000</b>	<i>US\$ '000</i>
<b>OPERATING ACTIVITIES</b>		
Net income for the period before taxation	<b>108,299</b>	65,933
Adjustments for:		
Depreciation and amortisation	<b>13,299</b>	19,483
Depreciation on Ijarah Muntahia Bittamleek	<b>42,163</b>	63,447
Unrealised gain on equity and debt-type instruments at fair value through statement of income	<b>(34,496)</b>	(4,057)
Gain on disposal of property and equipment	<b>(3,082)</b>	(1,597)
Gain on disposal of investment in real estate	<b>(3,212)</b>	-
Gain on disposal of equity-type instruments at fair value through equity	<b>(105)</b>	(2,409)
Gain on disposal of equity and debt-type instruments at fair value through statement of income	<b>(7)</b>	(77)
Net allowance for expected credit losses / impairment	<b>84,586</b>	27,526
Income from associates	<b>(2,617)</b>	(1,470)
Operating profit before changes in operating assets and liabilities	<b>204,828</b>	166,779
Net changes in operating assets and liabilities:		
Reserves with central banks	<b>198,395</b>	(90,629)
Receivables	<b>170,920</b>	380,143
Mudaraba and Musharaka financing	<b>1,026,593</b>	(680,250)
Ijarah Muntahia Bittamleek	<b>(72,198)</b>	(108,288)
Other assets	<b>(15,640)</b>	(47,493)
Customer current and other accounts	<b>(472,936)</b>	(589,824)
Due to banks	<b>(434,750)</b>	197,041
Other liabilities	<b>86,082</b>	(133,511)
Equity of investment accountholders	<b>(466,290)</b>	133,313
Taxation paid	<b>(48,045)</b>	(42,398)
<b>Net cash from (used in) operating activities</b>	<b>176,959</b>	(815,117)
<b>INVESTING ACTIVITIES</b>		
Net purchase of investments	<b>(114,681)</b>	494,707
Net purchase of property and equipment	<b>16,997</b>	23,624
Net movement in associates	<b>1,211</b>	905
Net disposal of investment in associates	<b>581</b>	1,073
<b>Net cash (used in) from investing activities</b>	<b>(95,892)</b>	520,309
<b>FINANCING ACTIVITIES</b>		
Net movement in treasury shares	<b>55</b>	(85)
Profit distributed on perpetual tier 1 capital issued by subsidiaries	<b>(2,772)</b>	(147)
Long term financing	<b>20,047</b>	230,868
Net change in non-controlling interests	<b>12,419</b>	(6,395)
<b>Net cash from financing activities</b>	<b>29,749</b>	224,241
Foreign currency translation adjustments	<b>(51,826)</b>	(100,786)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>58,990</b>	(171,353)
Cash and cash equivalents at 1 January	<b>2,929,757</b>	2,778,177
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH (note 19)</b>	<b>2,988,747</b>	2,606,824

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

**Al Baraka Banking Group B.S.C.**  
**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the three month period ended 31 March 2022 ( Reviewed )

<i>Equity attributable to parent's shareholders and Sukuk holders</i>													
Reserves													
	Share capital	Treasury shares	Share premium	Statutory reserve	Other reserves	Cumulative changes in fair value of investments	Cumulative changes in fair value of property and equipment	Foreign currency translation reserve	Retained earnings	Total	Perpetual tier 1 capital	Non-controlling interests	Total equity
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
At 1 January 2022	1,242,879	(15,655)	16,619	194,051	2,488	10,475	46,929	(940,728)	430,312	987,370	400,000	670,757	2,058,127
Net movement in treasury shares	-	380	(325)	-	-	-	-	-	-	55	-	-	55
Net movement in other reserves	-	-	-	-	(2,488)	-	-	-	-	(2,488)	-	(2,712)	(5,200)
Net movement in cumulative changes in fair values	-	-	-	-	-	2,172	-	-	-	2,172	-	397	2,569
Foreign currency translations	-	-	-	-	-	-	-	(68,817)	-	(68,817)	-	16,991	(51,826)
Net income for the period	-	-	-	-	-	-	-	-	45,566	45,566	-	26,133	71,699
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(6,243)	(6,243)
Allocation of Zakah	-	-	-	-	-	-	-	-	(347)	(347)	-	-	(347)
Movement related to subsidiaries' tier 1 capital	-	-	-	-	-	-	-	-	(2,772)	(2,772)	-	(6,353)	(9,125)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	25,015	25,015
<b>At 31 March 2022</b>	<b>1,242,879</b>	<b>(15,275)</b>	<b>16,294</b>	<b>194,051</b>	<b>-</b>	<b>12,647</b>	<b>46,929</b>	<b>(1,009,545)</b>	<b>472,759</b>	<b>960,739</b>	<b>400,000</b>	<b>723,985</b>	<b>2,084,724</b>

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

**Al Baraka Banking Group B.S.C.**  
**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the three month period ended 31 March 2022 ( Reviewed )

	Equity attributable to parent's shareholders and Sukuk holders												
	Share capital US\$ '000	Treasury shares US\$ '000	Share premium US\$ '000	Statutory reserve US\$ '000	Other reserves US\$ '000	Cumulative changes in fair value of investments US\$ '000	Cumulative changes in fair value of property and equipment US\$ '000	Foreign currency translation reserve US\$ '000	Retained earnings US\$ '000	Total US\$ '000	Perpetual tier 1 capital US\$ '000	Non-controlling interests US\$ '000	Total equity US\$ '000
At 1 January 2021	1,242,879	(17,462)	18,084	182,776	345	8,786	24,154	(800,489)	364,496	1,023,569	400,000	798,825	2,222,394
Net movement in treasury shares	-	(242)	157	-	-	-	-	-	-	(85)	-	-	(85)
Net movement in other reserves	-	-	-	-	1,499	-	-	-	-	1,499	-	2,774	4,273
Net movement in cumulative changes in fair values	-	-	-	-	-	(2,028)	-	-	-	(2,028)	-	(405)	(2,433)
Foreign currency translations	-	-	-	-	-	-	-	(57,871)	-	(57,871)	-	(42,915)	(100,786)
Net income for the period	-	-	-	-	-	-	-	-	25,585	25,585	-	15,395	40,980
Allocation of Zakah	-	-	-	-	-	-	-	-	(1,015)	(1,015)	-	-	(1,015)
Movement related to subsidiaries' tier 1 capital	-	-	-	-	-	-	-	-	(147)	(147)	-	(6,353)	(6,500)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(42)	(42)
At 31 March 2021	1,242,879	(17,704)	18,241	182,776	1,844	6,758	24,154	(858,360)	388,919	989,507	400,000	767,279	2,156,786

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

## Al Baraka Banking Group B.S.C.

### INTERIM STATEMENT OF CHANGES IN OFF-BALANCE SHEET EQUITY OF INVESTMENT ACCOUNTHOLDERS

For the three month period ended 31 March 2022 ( Reviewed )

	Cash US\$ '000	Sales receivable US\$ '000	Mudaraba financing in real estate US\$ '000	Investment in real estate US\$ '000	Ijarah Muntahia Bifitamliek US\$ '000	Investments US\$ '000	Total US\$ '000
At 1 January 2022	67,715	456,222	85,846	53,319	219,412	245,189	1,127,703
Deposits	53,025	101,228	174,612	43	16,146	253,117	598,171
Withdrawals	(21,335)	(141,805)	(36,415)	-	(6,199)	(3,855)	(209,609)
Income net of expenses	-	6,569	994	89	2,503	6,206	16,361
Mudarib's share	-	(462)	(1,571)	-	(72)	(2)	(2,107)
Foreign exchange translation	-	(4,865)	-	-	-	(207)	(5,072)
<b>At 31 March 2022</b>	<b>99,405</b>	<b>416,887</b>	<b>223,466</b>	<b>53,451</b>	<b>231,790</b>	<b>500,448</b>	<b>1,525,447</b>
At 1 January 2021	72,556	569,572	503,823	48,099	160,352	227,508	1,581,910
Transfer on adoption of FAS 31	-	(15,001)	(68,433)	-	-	-	(83,434)
Deposits	46,891	151,370	30,705	-	19,362	4,380	252,708
Withdrawals	(17,430)	(253,799)	(374,700)	-	(17,705)	(17,262)	(680,896)
Income net of expenses	-	6,177	549	-	3,722	2,286	12,734
Mudarib's share	-	(99)	-	-	(44)	(2)	(145)
Foreign exchange translation	-	(13,825)	-	-	-	(8,725)	(22,550)
At 31 March 2021	102,017	444,395	91,944	48,099	165,687	208,185	1,060,327

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.



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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2022 ( Reviewed )

**1 ACTIVITIES**

Al Baraka Banking Group B.S.C. ("ABG") is a joint stock company incorporated in the Kingdom of Bahrain on 27 June 2002, under Commercial Registration ("CR") number 48915. ABG is engaged in banking activities through its subsidiaries in the Middle East, Europe, North African and South African region. The address of the ABG's registered office is Bahrain Bay, P.O. Box 1882, Manama, Kingdom of Bahrain. ABG is listed on Bahrain Bourse. On 30 March 2022, ABG approved the delisting from the NASDAQ Dubai and the last day of trading will be 12 May 2022 at which time the shares will be transferred to the ABG were operating under an Islamic wholesale banking license issued by the Central Bank of Bahrain (the "CBB") however on 30 November 2020, the shareholders of ABG resolved in an extra-ordinary meeting to change the license of the ABG from Wholesale Banking to "Investment Business Firm - Category 1" which the CBB approved vide its letter dated 22 March 2022. Furthermore, the shareholders also resolved to change the name of ABG from Al Baraka Banking Group B.S.C. to Al Baraka Group B.S.C. subject to the approval of Ministry of Industry, Commerce and Tourism ("MOICT"). The change in the name and the license are still in process and have not yet been approved and the Bank's CR is not

The principal activities of the ABG and its subsidiaries (the "Group") comprise of international and commercial banking, financing, treasury and investment activities. The Bank is supervised and regulated by the CBB under its Rule Book Volume 4 - Investment Business and Volume 6 - Capital Markets.

**2 BASIS OF PREPARATION AND ACCOUNTING POLICIES**

**2.1 Basis of preparation**

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

**2.2 Statement of compliance**

The interim condensed consolidated financial statements/information of the Group have been prepared in accordance Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation of Islamic Financial Institutions (AAOIFI). In accordance with the AAOIFI framework, for matters not covered by FAS, the Group uses the requirements of the relevant International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). This framework is referred to as "FAS issued by AAOIFI".

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2022 ( Reviewed )

**2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)**

**Statement of compliance (continued)**

The interim condensed consolidated financial statements of the Group have been prepared in accordance with the guidance provided by International Accounting Standard(IAS) 34 – ‘Interim Financial Reporting’.

The accounting policies used in the preparation of annual audited consolidated financial information of the Group for the year ended 31 December 2020 and 2021 were in accordance with FAS as modified by CBB. Since the CBB modifications were specific to the financial year 2020 and no longer apply to both current and comparative periods presented, the Group’s interim financial information for the three months ended 31 March 2022 had been prepared in accordance with FAS issued by AAOIFI (without any modifications).

The interim condensed consolidated financial statements do not contain all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements as at 31 December 2021. In addition, results for the three month period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of annual audited consolidated financial statements of the Group for the year ended 31 December 2021 except for the changes due to adoption of new and amended standards as set out below.

**2.3 New standards, interpretations and amendments adopted by the Group**

During the period, the Group applied the following standards and amendments to standards in preparation of these interim condensed consolidated financial statements. The adoption of the below standards and amendments to standards did not result in changes to previously reported net profit or equity of the Group, however, may result in additional disclosures at year end.

**2.3.1 FAS 38 - Wa'ad, Khiyar and Tahawwut**

AAOIFI has issued FAS 38 in 2020. The objective of this standard is to set out the principles for measurement, recognition and disclosure in relation to Shari'ah compliant Wa'ad (promise), Khiyar (option) and Tahawwut (hedging) arrangements for Islamic financial institutions. This standard is effective for the financial statements beginning on or after 01 January 2022. The Group has adopted the standard and the adoption did not result any material impact on the interim condensed consolidated financial statements of the Group.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2022 ( Reviewed )

**2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)**

**2.4 New standards, amendments and interpretations issued but not yet effective**

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

AAOIFI has issued revised FAS 1 in 2021. The revised FAS 1 supersedes the earlier FAS 1 General Presentation and Disclosures in the Financial Statements of Islamic Banks and Financial Institutions and introduces the concepts of quasi-equity, off-balance-sheet assets under management and other comprehensive income to enhance the information provided to the users of the financial statements. This standard shall be effective for the financial periods beginning on or after 1 January 2023 with early adoption permitted. The Group is currently evaluating the impact of the above standards.

**2.4.2 FAS 39 - Financial Reporting for Zakah**

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

**2.5 Use of judgements and estimates**

Preparing the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial statements, significant judgments made by the directors in applying the accounting policies and key source of estimation of uncertainty were the same as those applied to the audited financial statements as at and for the year ended 31 December 2021. In addition, with particular reference to consolidation of subsidiaries in which the Group has less than 50% shareholding, the directors have applied significant judgement and considered factors to determine whether the Group has control and the power to govern the financial and operating policies of the subsidiary with the objective of obtaining benefits from its operations. These include, among other factors, existing shareholder agreements, nominee agreements, management agreements, Board representation at subsidiary level (including any members that are representing the Group through nominee agreements) and voting patterns of existing Board representatives.

**Approval of the Interim Condensed Consolidated Financial Statements**

These interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 11 May 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2022 ( Reviewed )

**3 CASH AND BALANCES WITH BANKS**

	<i>Reviewed</i> <b>31 March</b> <b>2022</b> <i>US\$ '000</i>	<i>Audited</i> <b>31 December</b> <b>2021</b> <i>US\$ '000</i>
Balances with central banks	4,308,535	4,572,189
Balances with other banks	644,429	646,835
Cash and cash in transit	835,233	708,578
Less: allowance for expected credit losses	(3,735)	(3,724)
	<b>5,784,462</b>	<b>5,923,878</b>

**4 RECEIVABLES**

	<i>Reviewed</i> <b>31 March</b> <b>2022</b> <i>US\$ '000</i>	<i>Audited</i> <b>31 December</b> <b>2021</b> <i>US\$ '000</i>
Sales (Murabaha) receivables	11,088,243	11,279,456
Ijarah receivables	146,558	140,805
Salam receivables	256,994	259,295
Istisna'a receivables	200,624	198,926
Less: allowance for expected credit losses	(945,608)	(882,410)
	<b>10,746,811</b>	<b>10,996,072</b>

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

	<i>Reviewed</i> <b>31 March 2022</b>				<i>Audited</i> <b>31 December</b> <b>2021</b>
	<i>Stage 1</i> <i>US\$ '000</i>	<i>Stage 2</i> <i>US\$ '000</i>	<i>Stage 3</i> <i>US\$ '000</i>	<i>Total</i> <i>US\$ '000</i>	<i>Total</i> <i>US\$ '000</i>
Good (1-4)	2,878,532	158,955	-	3,037,487	3,140,174
Satisfactory (5-7)	6,101,048	1,781,405	-	7,882,453	7,931,046
Default (8-10)	-	-	772,479	772,479	807,262
Less: allowance for expected credit losses	(62,764)	(337,019)	(545,825)	(945,608)	(882,410)
	<b>8,916,816</b>	<b>1,603,341</b>	<b>226,654</b>	<b>10,746,811</b>	<b>10,996,072</b>

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

	<i>Reviewed</i> <b>For the three months period ended</b> <b>31 March 2022</b>				<i>Audited</i> <b>For the year ended</b> <b>31 December 2021</b>
	<i>Stage 1: 12-month ECL</i> <i>US\$ '000</i>	<i>Stage 2: Lifetime ECL not credit-impaired</i> <i>US\$ '000</i>	<i>Stage 3: Lifetime ECL credit-impaired</i> <i>US\$ '000</i>	<i>Total</i> <i>US\$ '000</i>	<i>Total</i> <i>US\$ '000</i>
Balance at 1 January	59,970	305,981	516,459	882,410	755,235
Net remeasurement of loss allowance	643	61,080	35,584	97,307	327,887
Recoveries / write-backs	-	-	(18,965)	(18,965)	(78,333)
Allocation from (to) investment risk reserve	8	(19,789)	21,641	1,860	(2,590)
Amounts written off	-	-	(22,779)	(22,779)	(41,305)
FX translation / others	2,143	(10,253)	13,885	5,775	(78,484)
	<b>62,764</b>	<b>337,019</b>	<b>545,825</b>	<b>945,608</b>	<b>882,410</b>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2022 ( Reviewed )

5 MUDARABA AND MUSHARAKA FINANCING

	<b>Reviewed</b> <b>31 March</b> <b>2022</b> <b>US\$ '000</b>	<b>Audited</b> <b>31 December</b> <b>2021</b> <b>US\$ '000</b>
Mudaraba financing	<b>1,655,359</b>	2,698,975
Musharaka financing	<b>974,133</b>	958,669
Less: allowance for expected credit losses	<b>(33,111)</b>	(34,329)
	<b>2,596,381</b>	3,623,315

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

	<b>Reviewed</b> <b>31 March 2022</b>				<b>Audited</b> <b>31 December</b> <b>2021</b>
	<b>Stage 1</b> <b>US\$ '000</b>	<b>Stage 2</b> <b>US\$ '000</b>	<b>Stage 3</b> <b>US\$ '000</b>	<b>Total</b> <b>US\$ '000</b>	<b>Total</b> <b>US\$ '000</b>
Good (1-4)	1,019,348	50,517	-	1,069,865	1,273,586
Satisfactory (5-7)	1,373,610	114,920	-	1,488,530	2,325,911
Default (8-10)	-	-	71,097	71,097	58,147
Less: allowance for expected credit losses	<b>(6,384)</b>	<b>(3,176)</b>	<b>(23,551)</b>	<b>(33,111)</b>	(34,329)
	<b>2,386,574</b>	<b>162,261</b>	<b>47,546</b>	<b>2,596,381</b>	3,623,315

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

	<b>Reviewed</b> <b>For the three months period ended</b> <b>31 March 2022</b>				<b>Audited</b> <b>For the year ended</b> <b>31 December 2021</b>
	<b>Stage 1: 12-month ECL</b> <b>US\$ '000</b>	<b>Stage 2: Lifetime ECL not credit-impaired</b> <b>US\$ '000</b>	<b>Stage 3: Lifetime ECL credit-impaired</b> <b>US\$ '000</b>	<b>Total</b> <b>US\$ '000</b>	<b>Total</b> <b>US\$ '000</b>
Balance at 1 January	6,461	3,883	23,985	34,329	36,406
Net remeasurement of loss allowance	370	(444)	1,095	1,021	838
Recoveries / write-backs	-	-	(680)	(680)	(553)
Allocation from (to) investment risk reserve	(4)	19	8	23	(1,001)
Amounts written off	-	-	-	-	(11,579)
FX translation / others	(443)	(282)	(857)	(1,582)	10,218
	<b>6,384</b>	<b>3,176</b>	<b>23,551</b>	<b>33,111</b>	34,329

# Al Baraka Banking Group B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2022 ( Reviewed )

### 6 IJARAH MUNTAHIA BITTAMLEEK

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

	<i>Reviewed</i>				<i>Audited</i>
	<i>31 March 2022</i>				<i>31 December</i>
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Good (1-4)	588,803	5,232	-	594,035	575,864
Satisfactory (5-7)	1,238,132	229,297	-	1,467,429	1,455,911
Default (8-10)	-	-	13	13	13
Less: allowance for expected credit losses	(2,763)	(8,639)	(3)	(11,405)	(12,988)
	<b>1,824,172</b>	<b>225,890</b>	<b>10</b>	<b>2,050,072</b>	<b>2,018,800</b>

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

	<i>Reviewed</i>				<i>Audited</i>
	<i>For the three months period ended</i>				<i>For the year ended</i>
	<i>31 March 2021</i>				<i>31 December 2021</i>
	<i>Stage 1: 12-month ECL</i>	<i>Stage 2: Lifetime ECL not credit-impaired</i>	<i>Stage 3: Lifetime ECL credit-impaired</i>	<i>Total</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Balance at 1 January	2,351	10,633	4	12,988	23,850
Net remeasurement of loss allowance	500	(1,736)	(1)	(1,237)	(9,763)
Allocation to (from) investment risk reserve	-	-	-	-	53
FX translation / others	(88)	(258)	-	(346)	(1,152)
	<b>2,763</b>	<b>8,639</b>	<b>3</b>	<b>11,405</b>	<b>12,988</b>

### 7 INVESTMENTS

	<i>Reviewed</i>	<i>Audited</i>
	<i>31 March 2022</i>	<i>31 December 2021</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Equity and debt-type instruments at fair value through statement of income (7.1)	<b>96,448</b>	52,688
Equity and debt-type instruments at fair value through equity (7.2)	<b>491,715</b>	479,223
Debt-type instruments at amortised cost (7.3)	<b>3,814,768</b>	3,710,737
	<b>4,402,931</b>	4,242,648
Investment in real estate	<b>178,641</b>	186,767
Investment in associates	<b>44,263</b>	43,234
	<b>4,625,835</b>	4,472,649

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2022 ( Reviewed )

**7 INVESTMENTS (continued)**

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

	<i>Reviewed 31 March 2022 US\$ '000</i>	<i>Audited 31 December 2021 US\$ '000</i>
<b>Quoted investments</b>		
Debt instruments	14,264	33,653
Equity securities	76,689	12,165
<b>Unquoted investments</b>		
Equity securities	5,495	6,870
	<u>96,448</u>	<u>52,688</u>

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

	<i>Reviewed 31 March 2022 US\$ '000</i>	<i>Audited 31 December 2021 US\$ '000</i>
<b>Quoted investments</b>		
Equity securities	45,744	45,306
Managed funds	15,855	14,528
Sukuk	394,110	388,266
	<u>455,709</u>	<u>448,100</u>
<b>Unquoted investments</b>		
Equity securities	28,946	25,372
Managed funds	9,236	9,578
Sukuk	4,467	3,506
	<u>42,649</u>	<u>38,456</u>
Provision for impairment	(6,643)	(7,333)
	<u>491,715</u>	<u>479,223</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2022 ( Reviewed )

7 INVESTMENTS (continued)

7.3 Debt-type instruments at amortised cost

	<i>Reviewed</i> <b>31 March</b> <b>2022</b> <i>US\$ '000</i>	<i>Audited</i> <b>31 December</b> <b>2021</b> <i>US\$ '000</i>
<b>Quoted investments</b>		
Sukuk and similar items	<b>3,211,680</b>	3,029,712
	<b>3,211,680</b>	3,029,712
<b>Unquoted investments</b>		
Sukuk and similar items	<b>611,820</b>	688,593
Less: allowance for expected credit losses	<b>(8,732)</b>	(7,568)
	<b>3,814,768</b>	3,710,737

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

The Group's investments in Sukuk and similar items held at amortised cost have fair values amounting to US\$ 4,139 (31 December 2021: US\$ 4,483 million).

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

	<i>Reviewed</i> <b>31 March 2022</b>			<i>Total</i> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2021</b> <i>Total</i> <i>US\$ '000</i>
	<i>Stage 1</i> <i>US\$ '000</i>	<i>Stage 2</i> <i>US\$ '000</i>	<i>Stage 3</i> <i>US\$ '000</i>		
Good (1-4)	3,209,015	-	-	3,209,015	3,095,671
Satisfactory (5-7)	600,363	11,557	-	611,920	620,069
Default (8-10)	-	-	2,565	2,565	2,565
Less: allowance for expected credit losses	(6,064)	(103)	(2,565)	(8,732)	(7,568)
	<b>3,803,314</b>	<b>11,454</b>	<b>-</b>	<b>3,814,768</b>	<b>3,710,737</b>

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

	<i>Reviewed</i> <b>For the three months period ended</b> <b>31 March 2022</b>			<i>Total</i> <b>US\$ '000</b>	<i>Audited</i> <b>For the year ended</b> <b>31 December 2021</b> <i>Total</i> <i>US\$ '000</i>
	<i>Stage 1: 12-month ECL</i> <i>US\$ '000</i>	<i>Stage 2: Lifetime ECL not credit-impaired</i> <i>US\$ '000</i>	<i>Stage 3: Lifetime ECL credit-impaired</i> <i>US\$ '000</i>		
Balance at 1 January	4,966	37	2,565	7,568	8,256
Net remeasurement of loss allowance	2,046	68	-	2,114	94
Allocation (to) from investment risk reserve	(15)	-	-	(15)	(620)
FX translation / others	(933)	(2)	-	(935)	(162)
	<b>6,064</b>	<b>103</b>	<b>2,565</b>	<b>8,732</b>	<b>7,568</b>



Al Baraka Banking Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2022 ( Reviewed )

**7 INVESTMENTS (continued)**

**7.4 Investment in real estate**

	<i>Reviewed</i> <b>31 March</b> <b>2022</b> <i>US\$ '000</i>	<i>Audited</i> <b>31 December</b> <b>2021</b> <i>US\$ '000</i>
Land	97,788	102,545
Buildings	80,853	84,222
	<b>178,641</b>	<b>186,767</b>

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

	<i>Reviewed</i> <b>31 March</b> <b>2022</b> <i>US\$ '000</i>	<i>Audited</i> <b>31 December</b> <b>2021</b> <i>US\$ '000</i>
Beginning balance of the period / year	186,767	176,136
Acquisition	1,073	33,113
Net loss from fair value adjustments	-	(6,843)
Disposal	(9,104)	(11,467)
Foreign exchange translation - net	(95)	(4,172)
	<b>(8,126)</b>	10,631
	<b>178,641</b>	<b>186,767</b>

**8 OTHER ASSETS**

	<i>Reviewed</i> <b>31 March</b> <b>2022</b> <i>US\$ '000</i>	<i>Audited</i> <b>31 December</b> <b>2021</b> <i>US\$ '000</i>
Bills receivable	189,531	214,699
Goodwill and intangible assets	76,328	76,026
Collateral pending sale	123,071	114,751
Good faith qard fund	88,591	97,675
Deferred taxation	68,692	79,451
Prepayments	44,119	27,396
Others	42,128	24,885
	<b>632,460</b>	<b>634,883</b>
Less: allowance for expected credit losses	<b>(27,906)</b>	<b>(27,380)</b>
	<b>604,554</b>	<b>607,503</b>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2022 ( Reviewed )

**9 LONG TERM FINANCING**

	<i>Reviewed</i> <b>31 March</b> <b>2022</b> <i>US\$ '000</i>	<i>Audited</i> <i>31 December</i> <b>2021</b> <i>US\$ '000</i>
Murabaha financing	<b>30,546</b>	15,889
Subordinated financing obtained by a subsidiary	<b>276,335</b>	270,944
	<b>306,881</b>	286,833

**10 OTHER LIABILITIES**

	<i>Reviewed</i> <b>31 March</b> <b>2022</b> <i>US\$ '000</i>	<i>Audited</i> <i>31 December</i> <b>2021</b> <i>US\$ '000</i>
Payables	<b>424,646</b>	407,696
Ijarah liability	<b>57,674</b>	60,791
Cash margins	<b>308,376</b>	280,934
Managers' cheques	<b>106,109</b>	89,928
Current taxation	<b>67,965</b>	84,269
Deferred taxation	<b>21,490</b>	27,391
Accrued expenses	<b>79,459</b>	84,987
Charity fund	<b>27,845</b>	25,640
Others	<b>97,649</b>	57,715
Allowance for expected credit losses on unfunded exposures	<b>82,134</b>	85,771
	<b>1,273,347</b>	1,205,122

**11 EQUITY OF INVESTMENT ACCOUNTHOLDERS**

	<i>Reviewed</i> <b>31 March</b> <b>2022</b> <i>US\$ '000</i>	<i>Audited</i> <i>31 December</i> <b>2021</b> <i>US\$ '000</i>
Equity of investment accountholders	<b>15,059,703</b>	15,530,827
Profit equalisation reserve	<b>4,629</b>	3,597
Investment risk reserve	<b>66,838</b>	62,800
Cumulative changes in fair value attributable to equity of investment accountholders - net	<b>1,242</b>	2,183
	<b>15,132,412</b>	15,599,407

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2022 ( Reviewed )

**12 COMMITMENTS AND CONTINGENCIES**

	<i>Reviewed</i> <b>31 March</b> <b>2022</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2021</b> <b>US\$ '000</b>
Letters of credit	908,288	877,971
Guarantees	1,536,356	1,587,388
Acceptances	119,085	130,561
Undrawn commitments	716,087	1,067,056
Sharia'a compliant promise contracts	255,457	516,793
	<b>3,535,273</b>	<b>4,179,769</b>

**13 BASIC AND DILUTED EARNINGS PER SHARE**

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

	<i>Three months ended</i>	
	<b>31 March</b> <b>2022</b> <b>US\$ '000</b>	<b>31 March</b> <b>2021</b> <b>US\$ '000</b>
Net income attributable to the equity holders of the parent for the period - US\$ '000	45,566	25,585
Less: Profit distributed on perpetual tier 1 capital	-	-
Net income attributable to the shareholders	<b>45,566</b>	<b>25,585</b>
Weighted number of shares outstanding without the effect of treasury shares (in thousands)	1,242,879	1,242,879
Treasury shares effect (in thousands)	(30,576)	(32,522)
Weighted number of shares outstanding (in thousands)	<b>1,212,303</b>	<b>1,210,357</b>
Earnings per share - US cents	<b>3.76</b>	<b>2.11</b>

**14 EQUITY**

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

# Al Baraka Banking Group B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2022 ( Reviewed )

### 14 EQUITY (continued)

#### Foreign currency translation reserve

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 loss balance.

<i>Subsidiary</i>	<i>Currency</i>	<i>Reviewed</i>	<i>Audited</i>
		<i>31 March</i>	<i>31 December</i>
		<i>2022</i>	<i>2021</i>
		<i>US\$ '000</i>	<i>US\$ '000</i>
Banque Al Baraka D'Algerie	Algerian Dinar	<b>76,985</b>	74,184
Al Baraka Bank (Pakistan) Limited	Pakistani Rupees	<b>39,687</b>	37,615
Al Baraka Bank Egypt	Egyptian Pound	<b>159,513</b>	116,329
Al Baraka Turk Participation Bank	Turkish Lira	<b>492,673</b>	475,106
Al Baraka Bank Limited	South African Rand	<b>19,325</b>	22,674
Al Baraka Bank Sudan	Sudanese Pound	<b>133,342</b>	128,790
Al Baraka Bank Tunis	Tunisian Dinar	<b>34,638</b>	33,046
Al Baraka Bank Syria	Syrian Pound	<b>53,267</b>	53,267
BTI Bank	Moroccan Dirham	<b>115</b>	(283)
		<b>1,009,545</b>	940,728

### 15 OTHER OPERATING INCOME (LOSS)

	<i>Three months ended</i>	
	<i>31 March</i>	<i>31 March</i>
	<i>2022</i>	<i>2021</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Foreign exchange gain (loss)	<b>33,589</b>	(6,782)
Gain on sale of property and equipment	<b>3,082</b>	1,597
	<b>36,671</b>	(5,185)

### 16 NET ALLOWANCE FOR EXPECTED CREDIT LOSSES / IMPAIRMENT

	<i>Three months ended</i>	
	<i>31 March</i>	<i>31 March</i>
	<i>2022</i>	<i>2021</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Cash and balances with banks	<b>30</b>	(13)
Receivables	<b>78,342</b>	19,449
Mudaraba and Musharaka financing	<b>341</b>	3,128
Ijarah Muntahia Bittamleek	<b>(1,237)</b>	641
Investments	<b>1,973</b>	187
Other assets	<b>1,033</b>	(770)
Other liabilities	<b>4,102</b>	4,904
	<b>84,584</b>	27,526

## Al Baraka Banking Group B.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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#### 17 RELATED PARTY TRANSACTIONS AND BALANCES

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

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

	<i>Directors and key</i>			<i>Other related parties</i>	<i>Three months ended</i>	
	<i>Associated companies</i>	<i>Major shareholders</i>	<i>management personnel</i>		<i>31 March 2022</i>	<i>31 March 2021</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	
Net income from jointly financed contracts and investments	278	-	28	-	306	858
Return on equity of investment accountholders	184	555	230	-	969	1,011
Fees and commission income	66	-	-	36	102	94

The significant balances with related parties were as follows:

	<i>Directors and key</i>			<i>Other related parties</i>	<i>Reviewed 31 March 2022</i>	<i>Audited 31 December 2021</i>
	<i>Associated companies</i>	<i>Major shareholders</i>	<i>management personnel</i>			
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>Assets</b>						
Receivables	637	-	1,212	-	1,849	1,109
Mudaraba and Musharaka financing	-	-	1,972	-	1,972	1,433
Investments	21,777	-	-	-	21,777	46,726
Other assets	69	-	795	-	864	275
<b>Liabilities</b>						
Customer's current and other accounts	9,001	593	3,852	3	13,449	7,693
Due to banks	5	10	-	-	15	23
Other liabilities	2	4	1	96	103	52
Equity of investment accountholders	10,435	1,737	12,974	21	25,167	37,130
Off-balance sheet equity of investment accountholders	14,245	8,567	2,116	-	24,928	29,266

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18 SEGMENTAL INFORMATION

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

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

Middle East  
North Africa  
Europe  
Others

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

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

Segment	Reviewed 31 March 2022			Audited 31 December 2021		
	Assets US\$ '000	Liabilities US\$ '000	Equity of investment accountholders US\$ '000	Assets US\$ '000	Liabilities US\$ '000	Equity of investment accountholders US\$ '000
Middle East	14,311,310	3,530,821	9,330,850	15,327,597	3,893,707	10,041,898
North Africa	2,699,676	1,475,531	950,683	2,734,389	1,498,991	943,683
Europe	7,928,637	4,055,146	3,668,129	8,051,980	4,428,389	3,400,171
Others	1,982,731	643,720	1,182,750	2,068,211	703,556	1,213,655
	<b>26,922,354</b>	<b>9,705,218</b>	<b>15,132,412</b>	<b>28,182,177</b>	<b>10,524,643</b>	<b>15,599,407</b>

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

Segment	Three months ended 31 March 2022			Three months ended 31 March 2021		
	Total operating income US\$ '000	Net income before ECL, impairment and tax US\$ '000	Net income US\$ '000	Total operating income US\$ '000	Net income before ECL, impairment and tax US\$ '000	Net income US\$ '000
Middle East	147,069	78,838	48,552	125,464	66,279	32,410
North Africa	26,561	8,186	3,702	25,224	11,408	9,314
Europe	127,658	93,450	10,882	49,885	767	(6,001)
Others	27,445	12,409	8,564	28,528	15,005	5,257
	<b>328,733</b>	<b>192,883</b>	<b>71,700</b>	<b>229,101</b>	<b>93,459</b>	<b>40,980</b>

19 CASH AND CASH EQUIVALENTS

	Three months ended	
	31 March 2022 US\$ '000	31 March 2021 US\$ '000
Balances with central banks excluding mandatory reserve	1,509,085	1,441,116
Balances with other banks	644,429	309,846
Cash and cash in transit	835,233	855,862
	<b>2,988,747</b>	<b>2,606,824</b>

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

At 31 March 2022 (Reviewed)

**20 FINANCIAL RISK MANAGEMENT**

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2021 except for the changes mentioned below:

**Credit risk**

The spread of COVID-19 pandemic has very vast and pervasive impacts almost on all segments of society and economy. Although it is still difficult to assess the degree of impact faced by each sector, the main industries impacted are hospitality, manufacturing, tourism, leisure, airlines transportation, retailers, contracting, real estate and wholesale trading. Further, the multiple waves of pandemic and fiscal burden created as result of fiscal stimulus initiatives introduced by governments remained barriers in achieving the broad based recoveries.

Considering this evolving situation, the Group has taken pre-emptive measures to mitigate credit risk by adopting more cautious approach for credit approvals thereby tightening the criteria for extending credit to impacted sectors. Payment holidays have been extended to customers, including private and SME sector, in line with the instructions of regulatory authorities. These measures may lead to lower disbursement of financing facilities, resulting in lower net financing income and decrease in other revenue.

The risk management department has also enhanced its monitoring of financing portfolio by reviewing the performance of exposures to sectors expected to be directly or indirectly impacted by COVID-19 to identify potential Significant Increase in Credit Risk (SICR). The Group has updated its inputs and assumptions for computation of Expected Credit Losses (ECL). In this regards, the ECL were estimated based on a range of forecast economic conditions as at that date and considering that the situation is fast evolving, the Group has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

Scenario analysis has been conducted with various stress assumptions taking into consideration all model parameters i.e. probability weighting of economic scenarios, probability of default, loss given default, exposure at default and period of exposure. Furthermore, a comprehensive assessment of all corporate clients has been undertaken covering all relevant factors including but not limited to financial standing, industry outlook, facility structure, depth of experience, shareholder support etc. Each industry under the portfolio has a wide spectrum of clients, ranging from clients vulnerable to the outbreak to clients having strong financial standing to withstand the downturn and the qualitative adjustments have been considered accordingly.

**Liquidity risk**

The effects of COVID-19 on the liquidity and funding risk profile of the banking system are evolving and are subject to ongoing monitoring and evaluation. The CBB has announced various measures to combat the effects of COVID-19 and to ease the liquidity in banking sector. Following are some of the significant measures that had an impact on the liquidity risk and regulatory capital profile of the Group through its subsidiaries:

- Payment holiday to eligible customers with and without additional profit;
- Reduction of cash reserve ratio from 5% to 3%;
- Reduction of LCR and NSFR ratio from 100% to 80%; and
- Aggregate of modification loss and incremental ECL provision for stage 1 and stage 2 from March to December 2020 to be added back to Tier 1 capital for the two years ending 31 December 2020 and 31 December 2021 and thereby to deduct this amount proportionately from Tier 1 capital on an annual basis for three years ending 31 December 2022, 31 December 2023 and 31 December 2024.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (Reviewed)

**20 FINANCIAL RISK MANAGEMENT (continued)**

**Liquidity risk (continued)**

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

**Operational risk**

In response to COVID-19 outbreak, there were various changes in the working model, interaction with customers, digital modes of payment and settlement, customer acquisition and executing contracts and carrying out transactions with and on behalf of the customers. The management of the Group has enhanced its monitoring to identify risk events arising out of the current situation and the changes in the way business is conducted. The operational risk department has carried out a comprehensive review of the existing control environment which includes controls over effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes and the use of internal audit to prevent and detect risks. While these risks cannot be completely eliminated, the operational risk department has considered whether to update the risk registers by identifying potential loss events based on their review of the business processes in the current environment. As of 31 March 2022, the Group did not have any significant issues relating to operational risks.

**21 COMPARATIVE FIGURES**

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