Strength in Collaboration

Shaping a Better Future

ANNUAL REPORT
2024

Your Partner Bank

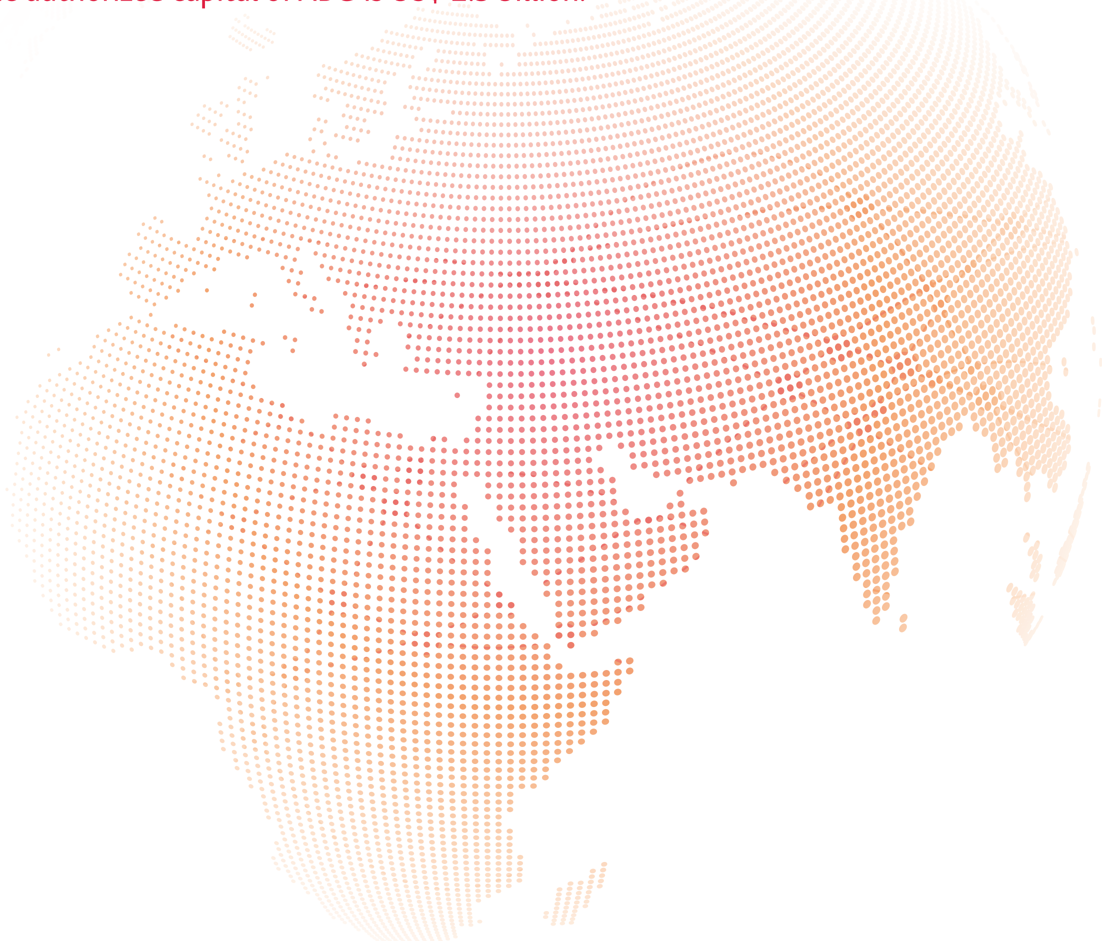
AT AL BARAKA GROUP AND ITS BANKING SUBSIDIARIES, OUR VALUES TAKE PRECEDENCE. THEY DRIVE US BEYOND CORPORATE GROWTH, PRODUCT OFFERINGS, AND DELIVERY, GUIDING US TO CREATE A FUTURE SHAPED BY COLLABORATION AND PURPOSE.

Contents

Al Baraka Group B.S.C. (C) ("ABG" / the "Group") is licensed as an Investment Business Firm – Category 1 (Islamic Principles) by the Central Bank of Bahrain. It is a leading international Islamic financial group providing financial services through its banking subsidiaries in 13 countries offering retail, corporate, treasury and investment banking services, strictly in accordance with the principles of Islamic Shari'a.

The Group has a wide geographical presence with operations in Jordan, Egypt, Tunisia, Bahrain, Sudan, Turkey, South Africa, Algeria, Pakistan, Lebanon and Syria, in addition to two branches in Iraq and a representative office in Libya and provides its services in more than 600 branches. ABG's network serves a population totaling around one billion customers.

The authorized capital of ABG is US$ 2.5 billion.



Vision

To be a global leader in innovative participation finance, offering an agile ethical financial system built for the digital age.

Mission

To fulfill the financial needs of communities across the globe by conducting business through an ethical customer-centric approach tailored for the digital age, based on our core beliefs and aimed at sharing the mutual rewards with our partners in business success: our customers, our employees, our shareholders, and our communities at large.

Through its banking subsidiaries, ABG focuses on building genuine partnerships with customers, grounded in trust.

13

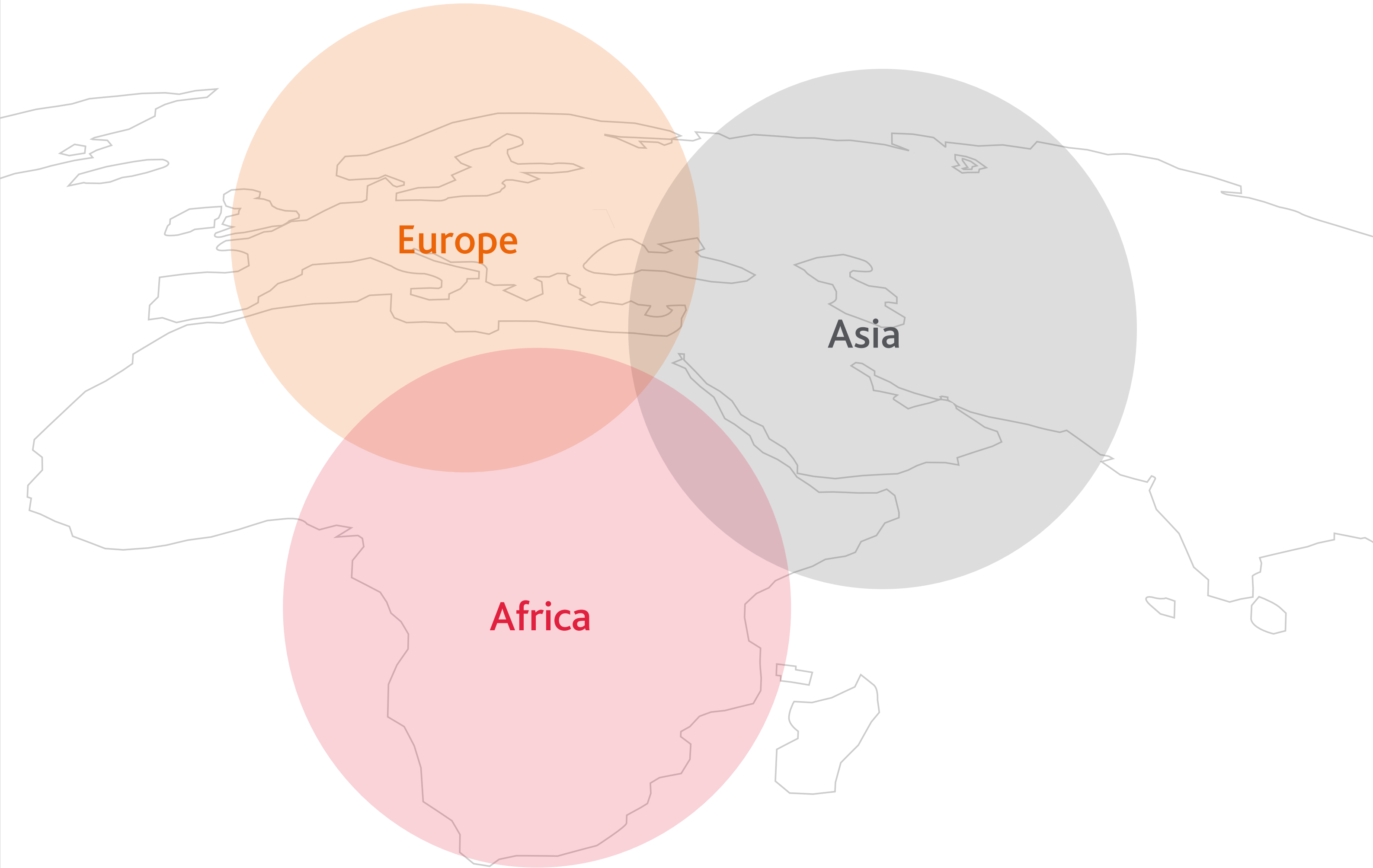
Al Baraka Group has a wide geographical presence in 13 countries.

600+

Al Baraka Group provides its services through more than 600 branches.

3

Al Baraka Group and its Units operate across three continents.


Europe
Asia
Africa

Financial Highlights

	2024	2023	2022	2021 (Restated)	2020 (Restated)
EARNINGS (US$ MILLIONS)					
Total Operating Income	**1,090**	1,140	1,139	993	1,087
Net Operating Income	**486**	598	617	524	534
Net Income	**309**	283	239	157	148
Net Income Attributable to Equity Holders of the Parent	**157**	144	143	94	67
Basic and Diluted Earnings per Share - US Cents*	**10.09**	8.94	9.06	5.17	2.90
FINANCIAL POSITION (US$ MILLIONS)					
Total Assets	**26,187**	25,263	24,982	27,793	27,879
Total Financing and Investments	**19,256**	18,982	19,403	20,983	21,483
Total Customer Accounts	**22,274**	21,331	21,555	24,391	24,107
Total Owners' Equity	**1,997**	1,969	1,967	2,001	2,170
Equity attributable to Parent's Shareholders & Sukuk Holders	**1,245**	1,253	1,263	1,358	1,424
CAPITAL (US$ MILLIONS)					
Authorised	**2,500**	2,500	2,500	2,500	2,500
Subscribed and Fully Paid-up	**1,227.2**	1,227.2	1,227.9	1,227.2	1,225.4
PROFITABILITY RATIOS					
Return on Average Owners' Equity	**16%**	14%	12%	8%	7%
Return on Average Parent's' Equity	**13%**	11%	11%	7%	5%
Return on Average Assets	**1.2%**	1.1%	0.9%	0.6%	0.5%
Operating Expenses to Operating Income	**55%**	48%	46%	53%	51%
FINANCIAL POSITION RATIOS					
Owners' Equity to Total Assets	**8%**	8%	8%	7%	8%
Total Financing and Investments as a Multiple of Equity (times)	**9.6**	9.6	9.9	10.5	9.9
Liquid Assets to Total Assets	**24%**	23%	21%	27%	26%
Net Book Value per Share (US$)*	**0.69**	0.70	0.70	0.80	0.84
OTHER INFORMATION					
Total Number of Employees	**10,322**	10,740	10,663	11,088	11,719
Total Number of Branches	**679**	661	650	673	684

* Adjusted for treasury and bonus shares.

5 Years Financial Summary

(Restated for the years from 2020-2021)

TOTAL ASSETS

US$ - MILLIONS

26,187

2024	26,187
2023	25,263
2022	24,982
2021	27,793
2020	27,879

TOTAL OWNERS' EQUITY

US$ - MILLIONS

1,997

2024	1,997
2023	1,969
2022	1,967
2021	2,001
2020	2,170

TOTAL CUSTOMER ACCOUNTS

US$ - MILLIONS

22,274

2024	22,274
2023	21,331
2022	21,555
2021	24,391
2020	24,107

TOTAL FINANCING & INVESTMENTS

US$ - MILLIONS

19,256

2024	19,256
2023	18,982
2022	19,403
2021	20,983
2020	21,483

TOTAL OPERATING INCOME

US$ - MILLIONS

1,090

2024	1,090
2023	1,140
2022	1,139
2021	993
2020	1,087

NET INCOME

US$ - MILLIONS

309

2024	309
2023	283
2022	239
2021	157
2020	148

TOTAL NUMBER OF BRANCHES

679

2024	679
2023	661
2022	650
2021	673
2020	684

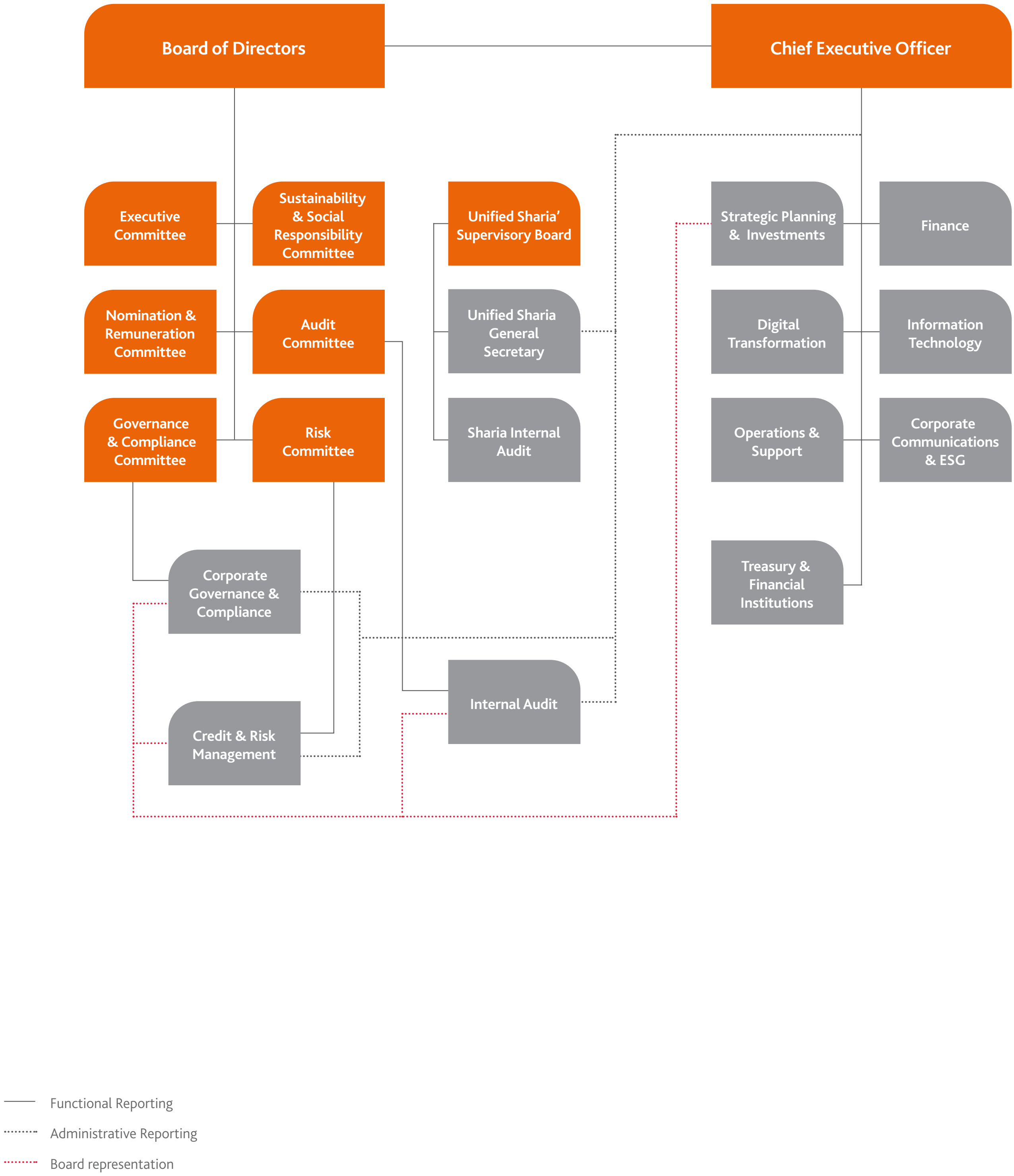
TOTAL NUMBER OF EMPLOYEES

10,322

2024	10,322
2023	10,740
2022	10,663
2021	11,088
2020	11,719

With a future-focused mindset, Al Baraka Group is expanding its reach and creating new opportunities.

Group Organisation Chart



BOARD OF DIRECTORS

Shaikh Abdullah Saleh Kamel ▲
Chairman

Mr. Mohamed Ebrahim Alshroogi ■ ● ▲
Vice Chairman

Mr. Tawfig Shaker Mufti ● ●
Board Member

Mr. Houssem Ben Haj Amor ●
Board Executive Member & Group Chief Executive Officer

Dr. Khaled Abdulla Ateeq ■ ▲ ▲
Board Member

Mrs. Dalia Hazem Khorshid ■ ● ●
Board Member

Dr. Ziad Ahmed Bahaa Eldin ■ ● ●
Board Member

Mr. Saud Saleh Al Saleh ● ●
Board Member

Mr. Abdul Elah Abdul Rahim Sabbahi ● ●
Board Member

Mr. Fahd bin Ibrahim Al Mufarrij ■ ▲
Board Member

Mr. Masood Ahmed Al Bastaki ■ ● ●
Board Member

Mr. Musa Abdel-Aziz Shihadeh ● *
Board Member

Mr. Naser Mohamed Al Nuwais ■ ● ▲
Board Member

Mr. Abdul Malek Mezher
Secretary to the Board

UNIFIED SHARI'A SUPERVISORY BOARD

Shaikh Dr. Saad Bin Nasser Al Shithry
Chairman

Shaikh Dr. Abdullatif Al Mahmood
Vice Chairman

Shaikh Abdulla Bin Sulieman Al Mannea
Member

Shaikh Dr. Al Ayachi Al Saddig Fiddad
Member

Mr. Yousif Hassan Khalawi ●
Member

Dr. Eltigani El Tayeb Mohammed
Secretary of the Unified Shari’a Board and Shari’a Officer

COMMITTEE NAME	COMMITTEE CHAIRMAN	COMMITTEE MEMBER
Board Executive Committee	▲	●
Board Audit Committee	▲	●
Board Nomination & Remuneration Committee	▲	●
Board Risk Committee	▲	●
Board Social & Sustainable Finance Committee	▲	●
Board Compliance and Governance Committee	▲	●
Independent Director		■

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

Executive Management

Mr. Houssem Ben Haj Amor
Board Executive Member & Group Chief Executive Officer

Mr. Azhar Aziz Dogar
Senior Vice President - Head of Credit and Risk Management

Mr. Mohammed Al-Alawi
Senior Vice President - Head of Internal Audit

Mr. Suhail Tohami
Senior Vice President - Head of Treasury & Financial Institutions

Dr. Mohamed Mustapha Khemira
Senior Vice President - Head of Strategic Planning and Investments

Mr. Abdul Malek Mezher
Senior Vice President - Group Head of Compliance, Governance & Board Affairs and MLRO

Mr. Ali asgar Mandasorwala
Senior Vice President - Head of Finance

Mr. Mohsin Dashti
Senior Vice President - Head of Operations & Support

Mr. Mohammed Abdullatif Al Mahmood
First Vice President - Head of Internal Shari'a Audit

Mr. Mohamed Jamsheer
First Vice President - Head of IT

Dr. Eltigani El Tayeb Mohammed
Vice President Shari'a Officer - Secretary of the Unified Shari'a Board

Expanding horizons with strength and agility

Abdullah Saleh Kamel
Chairman

ECONOMIC OUTLOOK

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.

TOTAL OPERATING INCOME

US$ 1.09 Billion

NET INCOME

US$ 309 Million

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

Empowering Growth Through Strategic Vision

Houssem Ben Haj Amor
Group Chief Executive Officer

It is with great pride that we announce that Al Baraka Group (ABG) delivered in 2024 the strongest financial performance in its history, crowning a milestone year of growth and resilience. This achievement came despite significant geopolitical and economic challenges, including rising financing costs, inflation, currency devaluation.

Leveraging our deep market experience, we implemented flexible strategies to overcome challenges, delivering record-breaking returns and reinforcing the strength of our diversified income sources. Our success was fuelled by strong growth of financing and investment income, improved asset quality, the rationalisation of non-performing assets, and expansions in key markets. Our Units in Turkey and Jordan led in volume, while our Unit in Egypt remained a key growth driver, demonstrating resilience despite regional pressures. These results highlight our ability to adapt and seize opportunities across our portfolio.

Additionally, we launched our new Trade Finance Platform to expand the cross-border trade finance business among our subsidiaries and enhance customer services across all the markets in which we operate. This platform simplifies access to trade finance for our customers. It improves integration, and connects businesses, importers, and exporters with trusted partners while reducing fraud risks.

To further diversify our offerings, we introduced cross-border account opening opportunities for our customers in Bahrain and Turkey, allowing customers in both markets to open accounts seamlessly after meeting all regulatory requirements in both jurisdictions. This initiative supports trade and investment while enhancing banking convenience. Following its success, the plan is to expand it to other subsidiaries in 2025 and following years, creating more cross-border sales and business opportunities.

The Group also made significant strides in digital innovation in 2024, enhancing customer experience and operational efficiency. Our subsidiaries launched Digital Channel Customer Migration Programs, driving higher adoption rates and ensuring 24/7 service availability. This shift led to significant growth in digital sales and financial transactions while improving customer satisfaction and engagement.

TOTAL ASSETS

US$ 26.2 Billion

NET INCOME ATTRIBUTABLE TO THE EQUITY HOLDERS

US$ 157 Million

Mindful of evolving digital threats, cybersecurity measures were strengthened to protect customer data and enhance trust. Looking ahead, we plan to leverage more data analytics and artificial intelligence to further personalise services and modernise our core systems to ensure scalability and agility.

Alongside these digital advancements, we continued to enhance our governance frameworks during the year, ensuring adherence to best practices across all subsidiaries. Meanwhile, strengthened oversight by the Board of Directors and management further improved operational efficiency and proactive risk management, supporting our broader goals for sustainable growth and operational resilience.

As a result of these efforts, total net income increased by 9%, reaching US$ 309 million, compared to US$ 283 million in 2023. Net income attributable to the equity holders of the parent company rose by 10% to reach US$ 157 million, compared to US$ 144 million in 2023. Basic earnings per share reached US Cents 10.09 in 2024, compared to US Cents 8.94 in 2023. Total assets grew by 4%, reaching US$ 26.19 billion by the end of 2024, compared to US$ 25.26 billion at the end of 2023. The Return on Equity for the year stood at 15.6% (2023: 14.4%) and the return on assets was 1.2% (2023: 1.1%).

While our financial results speak to the strength of our strategy, we believe success also lies in our ability to drive positive societal and environmental impact. In 2024, ABG advanced its ESG efforts by promoting education, sustainability, and community well-being. One key initiative was our alignment with UN Sustainable Development Goal 4 on quality education. On Al Baraka Day, more than 70 employees from the Group and its subsidiaries positively impacted the lives of more than 4,500 students in the countries where we operate.

We also conducted a carbon assessment and took steps to enhance energy and water conservation. Our commitment to ESG is further reflected in our gender diversity achievements, with women representing 34% of the workforce and 8% of the Board of Directors.

ABG also held a milestone event in December 2024 to demonstrate our commitment to managing compliance and sanctions risks and avoiding regulatory violations. The Annual Group Compliance Meeting (AGCM) focused on the latest trends in compliance and Anti-Money Laundering (AML), while also emphasizing the importance of building a strong compliance culture and improving sanctions controls.

This meeting marked a major step in unifying the Group's compliance culture, with plans to make it an annual event for continuous improvement. At ABG, we believe that compliance is not just about following rules, it is a core value that must be embraced at all levels of the organization.

Looking to the future, our strategic focus will centre on expanding digital capabilities and non-financing revenue streams, enhancing operational efficiency, and driving greater collaboration across our subsidiaries. We aim to introduce further innovations, including the expansion of our Trade Finance Portal and Bank-Takaful products. These initiatives reflect our commitment to maintaining our leadership in Islamic finance and delivering long-term value for our stakeholders.

I extend my gratitude to our Board of Directors and Unified Shari'a Supervisory Board for their continued guidance and support, and I thank the subsidiaries' management teams, and all ABG employees for their dedication. I also thank our customers and partners for their trust and loyalty as we continue to grow together.

Houssem Ben Haj Amor
Group Chief Executive Officer

Türkiye

Al Baraka Türk Participation Bank

Establishment Date	Number of Branches
1985	225

Unit Head	Malek Khodr Temsah
Title	Board Member and General Manager
Address	İnkılap Mahallesi, Dr. Adnan Büyükdeniz Caddesi, No. 6, 34768 Ümraniye, Istanbul, Turkey
Tel	+90 216 666 01 01
Fax	+90 216 666 16 00
Website	albaraka.com.tr

The Turkish economy faced significant challenges in 2024 as GDP growth slowed to 2.1% in the third quarter, reflecting the impact of high borrowing costs on domestic demand. This marked a sharp deceleration from Turkey’s historical growth trend of 4%-5% and confirmed a technical recession with back-to-back contractions in the second and third quarters. Declines in household consumption and services sector activity were key drivers of this slowdown.

However, inflation showed steady improvement throughout the year, falling to 44.38% in December—its lowest level since mid-2023—after peaking at 75% earlier. This progress was attributed to the Central Bank of the Republic of Türkiye (CBRT) raising its policy interest rate to 50% by March 2024 to combat inflationary pressures. In a notable shift, the CBRT initiated a 250-basis-point rate cut in December, bringing the rate down to 47.5% and signalling the start of a more accommodative monetary stance as inflationary pressures eased.

The banking sector also underwent significant changes, shaped by regulatory adjustments and a renewed focus on reducing foreign exchange exposure. The CBRT’s efforts to phase out the foreign exchange-protected deposit (KKM) scheme led to balances falling to $34.2 billion by year-end, while the share of Turkish lira deposits rose to 58.6% of total deposits. The CBRT’s roadmap for 2025 emphasizes a sustainable transition to a lira-focused strategy, with plans to phase out the KKM scheme entirely and maintain tight monetary policies to support price stability.

In 2024, Al Baraka Turk, Turkey’s first participation bank (Islamic bank), achieved strong results despite a challenging economic landscape. Total assets grew from TRY 230.7 billion (US$ 7.9 billion) in 2023 to TRY 307.3 billion (US$ 8.8 billion), marking a 33% increase. Operating assets saw a 31% increase, rising from TRY 158.4 billion (US$ 5.4 billion) in 2023 to TRY 207.9 billion (US$ 6.0 billion) in 2024. Total operational income rose 19% YoY to TRY 14.0 billion. Net income reached 4.9 billion TRY in 2024. The Bank also improved asset quality, reducing non-performing assets from 1.2% to 1.0%, staying below the sector average, and kept a strong provision ratio of 84%.

Moreover, Al Baraka Turk advanced its digital transformation, achieving over 50% digital customer acquisition, surpassing participation banking averages and reinforcing its vision of being a digital leader in Islamic finance. With assets of 300 billion TL, it ranks 14th among 42 banks.

During the year, Al Baraka Turk marked many milestones, including strengthened international collaborations through partnerships with ABG banks and negotiations with the International Finance Corporation for risk-sharing support. The Bank expanded its capital markets presence, reaching 76 billion TL in investment funds and securing a $120 million subordinated loan to bolster its capital structure. Al Baraka Turk also facilitated 19 sukuk issuances for corporate clients, totaling 1.625 billion TL.

In 2024, Al Baraka Turk introduced several new products, including BES (Private Pension) Secured Financing, allowing customers to access collateralized financing without affecting their savings. It also launched Fast FX Transactions for corporate clients, enabling quick foreign exchange transactions via mobile banking at competitive rates. The Special Fund Pool Participation Account was introduced, offering profit-and-loss sharing for funds used in specific projects.

Building on the momentum, the albaFX Investment Portal, an interest-free platform for trading foreign stocks, investment funds, and precious metals, was also launched, with plans to add domestic stocks in 2025. Additionally, four new digital insurance products were added to the Bank’s offerings. It also worked on enabling Digital Vehicle Financing transactions via API.

Al Baraka Turk plans to expand its retail business with a digital-first strategy to enhance customer experience and grow Turkish lira deposits. In corporate banking, the focus will be on strengthening customer relationships and increasing trade finance revenues. Additionally, treasury operations will take on a larger role, with plans to expand FX trading and develop the albaFX platform into a comprehensive multi-asset trading hub.

The Bank’s strategy centers on digital transformation, focusing on enhancing online services, leveraging data analytics, and strengthening cybersecurity. It also continues working to streamline operations, fully digitize credit processes, and integrate AI into its systems. Sustainability is another key focus, with initiatives aimed at addressing climate risks and complying with environmental standards.

Al Baraka Turk is dedicated to creating a modern and dynamic workplace. By focusing on employee engagement and encouraging innovation, it is building a strong foundation for future success.

Jordan

Jordan Islamic Bank

Establishment Date	Number of Branches
1978	111

Unit Head	Dr. Hussein Said Saifan
Title	CEO
Address	P.O. Box 926225 Amman 11190 Jordan
Tel	+96 26 5670000
Fax	+96 26 566 6326
Website	jordanislamicbank.com

Jordan's economy demonstrated resilience in 2024, with steady performance across key indicators. The Gross Domestic Product (GDP) grew by 2.2% in the first half of the year, reflecting a moderate recovery despite regional instability. While tourism income declined by 4.4%, reaching $6.2 billion, the country managed to achieve growth in other sectors. Workers' remittances rose by 3.2% to US$2.6 billion, and exports grew by 4.8%, reaching US$10 billion. The inflation rate was contained at 1.54%, and unemployment saw a slight decrease, dropping by 0.8 percentage points to 21.5%. However, public debt increased by 7.3% to US$62.3 billion, reflecting the ongoing challenges of managing fiscal stability.

Total banking sector assets grew by 4.4% as of September 2024, with deposits and credit facilities also increasing by 5.9% and 4.0%, respectively. The Central Bank of Jordan (CBJ) took significant steps to boost liquidity, cutting interest rates twice in September and November, a move that helped maintain stability in the financial system. Additionally, the introduction of the Green Finance Strategy and the Financial Inclusion National Strategy is expected to further strengthen the banking ecosystem in the coming years.

Jordan Islamic Bank (JIB) holds a strong competitive position as the largest Islamic bank in Jordan, commanding 46% of the Islamic banking market's total assets, the largest retail financing portfolio, and ranking 4th among all banks with a 9% market share in total assets, which would rise to 10% and 3rd place if RIA is included.

The total operating income was US$ 262.5 million, reflecting a 5% growth compared to US$ 249.8 million in 2023. The net operating income, after expenses, amounted to US$ 140.2 million, showing a 6% growth from US$ 132.7 million in 2023. Asset quality remained solid, with minimal additional provisioning required, contributing to a net income of US$ 93.2 million, representing a 6% increase compared to US$ 87.9 million in 2023. Total assets at the year-end reached US$ 8.6 billion, compared to US$ 7.9 billion in 2023. Customer accounts increased by 9% to US$ 7.6 billion from US$ 7.0 billion in 2023 and Total financing and investments increased by 7% to reach US$ 7.0 billion by the end of 2024.

JIB continued to perform well and achieved several significant milestones in 2024. It expanded its product offerings, launching new services such as Stocks Murabaha Finance, Salary in Advance, and E-Vouchers. The introduction of Apple Pay and the redesign of its savings accounts prizes were well-received, driving customer engagement and contributing to the positive performance. Additionally, the Bank's strategic initiatives, such as its branch staff incentive campaign and the establishment of a Direct Sales Department, have driven growth in individual financing. The Bank also continued to focus on green finance, with JD 158 million allocated for financing electric and hybrid vehicles.

In line with its strategic goals, JIB aims to enhance profitability, improve digital banking services, and expand its customer base. The Bank is also prioritizing innovation in its banking products and services, ensuring it remains competitive in the market. Noteworthy efforts include the renewal of its Military Trust Fund agreement and expanding its traders' network, which helped increase sales in its Murabaha finance product.

Egypt

Al Baraka Bank Egypt

Establishment Date	Number of Branches
1980	39

Unit Head	Mr. Hazem Hegazy
Title	CEO & Vice Chairman
Address	Plot 29, Road 90, City Center, First Sector, 5th Settlement, New Cairo, P.O. Box: 84, 5th Settlement, Cairo, Egypt
Tel	+202 281 03555
Fax	+202 281 03501, +202 281 03502
Website	albaraka.com.eg

The Egyptian economy faced significant challenges in 2024, mainly due to the ongoing conflict in Gaza and tensions in the Red Sea. Disruptions in the Suez Canal and changes in natural gas trade impacted foreign currency reserves and heightened inflation. These geopolitical struggles cast a shadow over the nation's financial stability, affecting key sectors and fueling economic uncertainty.

Despite these challenges, the government successfully secured the Ras El Hekma mega deal with the UAE, the largest foreign direct investment in Egypt's history. This deal brought in crucial foreign exchange, helped stabilize the Egyptian Pound, and allowed Egypt to complete key reviews under the IMF loan program, securing an US$8 billion extension.

Inflation showed signs of relief, easing from a high of 29.8% in January to 24.06% by December, although the year ended with an average rate of 28.46%, slightly above expectations. Inflation peaked at 35.71% in February, driven by foreign exchange imbalances and the seasonal surge from Ramadan. In response, the Central Bank of Egypt took decisive action, raising interest rates by 8% in the first quarter, bringing key rates to a steep 27.25% to 28.25% by December.

The Ras El Hekma deal and the strategic rate hikes helped stabilize the currency market, leading to a dramatic 63.5% devaluation in the value of the Egyptian Pound (EGP) against the US$, from EGP 30.94 in January to EGP 50.6 by December. This surge in foreign currency inflows saw Egypt's net international reserves rise from US$35.25 billion to US$47.1 billion by year-end. These developments bolstered external finances and improved economic stability, resulting in Fitch Ratings upgrading Egypt's credit rating from "B-" to "B."

The operating environment and banking regulations also underwent significant transformation. In November 2024, the CBE allocated U.S. dollars for letters of credit related to non-essential goods imports, addressing a backlog in foreign currency requests. Additionally, regulations aimed at increasing financial inclusion were introduced, including raising transaction limits for financial inclusion accounts and allowing individuals aged 15 to 21 to open bank accounts without parental consent.

Al Baraka Bank Egypt delivered resilient financial performance, leveraging its strong fundamentals and loyal customer base. It saw robust growth in EGP across all key metrics, despite currency fluctuations impacting US Dollar figures. Total operating income for the year grew by 42% to EGP 7.0 billion (US$ 161.1 million), up from EGP 4.9 billion (US$ 161.8 million) in 2023. Net operating income increased by 37% to EGP 4.7 billion but declined in US Dollars from US$ 111.9 million to US$ 107.8 million due to the devaluation of the EGP. Total net income rose by 38% in EGP to reach EGP 2.7 billion but fell by 3% in US Dollars to reach US$ 63.1 million. Total assets expanded by 27% to EGP 128.2 billion but dropped by 23% in US Dollars to US$ 2.5 billion. Customer accounts grew by 25% in EGP but declined by 24% in US Dollars, while operating assets (financing and investments) increased by 20% in EGP but decreased by 27% in US Dollars.

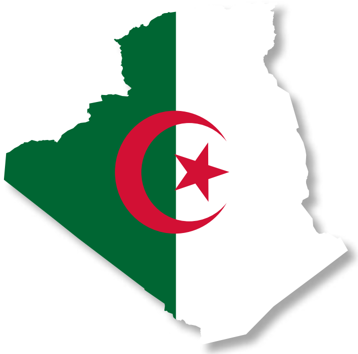
The Bank's financial resilience was complemented by an expansion of its branch network and continued innovation in product offerings. In 2024, Al Baraka Bank Egypt focused on enhancing profitability, customer centricity, and digital transformation. Key achievements included the addition of four new branches and the renovation of four existing ones, bringing the total number of branches to 39.

The Bank also installed 13 new ATMs, expanding the network to 155 ATMs. Digital advancements included the launch of a new mobile banking application and a 43% increase in digitally active customers. SME product growth included a 113% increase in the Medical Program and a 29% rise in the Izdehar Program. The Bank also enhanced complaint management processes and introduced the first US$ Bancassurance Takaful product in the market.

Algeria

Bank Al Baraka D’Algerie S.P.A.

Establishment Date	Number of Branches
1991	34



Unit Head	Mr. Badr-Eddine Benffici *
Title	General Manager
Address	Hai Bouteldja Houidef, Villa No. 1, Rocade Sud, Ben Aknoun, Algiers, Algeria
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Algeria’s economy expanded by 3.9% in the first half of 2024, supported by a resilient agricultural sector despite declining hydrocarbon production. The Fall 2024 World Bank Economic Update showed that inflation moderated to 4.3%, driven by stable food prices, controlled import costs, and a steady exchange rate. However, weaker hydrocarbon exports, rising imports, and increased public spending contributed to a shrinking current account surplus and widening fiscal deficit. Foreign exchange reserves remain robust, covering 16.2 months of imports. Economic growth is expected to accelerate in 2025 with a recovery in hydrocarbon output.

The Algerian banking sector expanded significantly in 2024 with the introduction of a new housing finance-focused institution bringing the total number of banks to 21. Islamic banking continues to grow, and currently accounts for approximately 5% of the market, with over 816 branches offering Islamic finance products.

This growth was further fuelled by increased automobile production and regulatory developments, including government tax incentives and adjustment for Islamic housing loans, incentives for non-hydrocarbon export companies, and provisions in the 2025 Finance Law that enable Algeria’s issuance of sovereign sukuks. The developments have further boosted the growth and retail demand for Islamic financing.

The Bank demonstrated strong financial performance in 2024, with total assets increasing by 2% to US$ 2.3 billion. Customer accounts increased by 4% to US$ 2.0 billion from US$ 1.9 billion in 2023 while operating assets decreased by 7% from US$ 1.0 billion to US$ 0.9 billion. The total operating income declined 4% to US$ 67.0 million. The net operating income increased to US$ 32.9 million from US$ 32.5 million in 2023 while the net income decreased by 11% to US$ 23.0 million due to the increase in the provision charges.

In 2024, the Bank achieved several key milestones, which included partnerships with Stellantis El Djazair to enhance automotive financing, agreements with consumer goods distributors to revitalize retail financing, and collaborations with public institution social organizations to expand employee banking services. In addition, new product launches included Rai’d, a financial management tool for youth entrepreneurs; Dar Al Baraka “Flex&Easy,” a property development financing product; and Dar Al Baraka “Yousr,” a subsidized housing finance product with low margins.

Operational advancements included the testing of mobile digital onboarding, implementation of back-office BPM systems for card management, improved processes for international guarantees and foreign currency trading, and strengthened correspondent banking with BRED Bank France. The Bank also initiated a centralized reporting project to enhance group-related reporting and drafted an agreement with Compagnie Algerienne d’Assurance et de Garantie des Exportations (CAGEX) to support export guarantees.

** Mr. Abdelmouneim Othmani Marabout has been appointed as the General Manager of Al Baraka Bank Algeria, effective January 1, 2025.*

Bahrain

Al Baraka Islamic Bank B.S.C. (C)

Unit Head	Dr. Adel Salem
Title	Chief Executive Officer
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Establishment Date
1984

Number of Branches
4

According to the Ministry of Finance and National Economy’s Bahrain Economic Quarterly Report for Q3 2024, the Kingdom achieved a 2.1% year-on-year growth in real GDP, driven by a 3.9% increase in non-oil activities, which contributed 86.4% to real GDP. Despite an 8.1% contraction in the oil sector, key non-oil sectors performed strongly, with the ICT sector leading at 11.9% growth, followed by business activities (8.1%), public administration (5.9%), financial and insurance activities (5.8%), and manufacturing (4.2%).

Foreign direct investment rose by 3.5% year-on-year, bringing total FDI to BHD 16.5 billion. Bahrain also maintained its position as the freest economy in the Arab world, ranked by the Fraser Institute, and led the GCC in the Basel AML Index for combating money laundering and terrorism financing. Additionally, Bahrain climbed to 30th globally in the IMD World Digital Competitiveness Ranking. These results reflect Bahrain’s ongoing efforts to diversify its economy, strengthen non-oil sectors, and enhance its global competitiveness.

In 2024, Bahrain’s banking sector saw significant changes, driven by new regulations and market priorities. The Central Bank of Bahrain (CBB) introduced open banking regulations, requiring financial institutions to implement frameworks for customer consent, API performance reporting, and collaboration with service providers. The scope was expanded to include legal entities. Additionally, the CBB launched an Environmental, Social, and Governance (ESG) reporting framework to enhance transparency and align Bahrain’s financial sector with global sustainability goals. These changes support Bahrain’s Economic Vision 2030, positioning the country as a competitive player in global financial markets.

In line with these developments, Al Baraka Islamic Bank (ABIB) made major strides in 2024. The Bank successfully implemented a recovery plan for non-performing assets (NPAs), regularized US$ 11 million in financing, and secured US$ 1.6 million in recoveries. Liquidity levels improved dramatically, rising from below US$ 70 million to over US$ 300 million by year-end. ABG also revamped its wholesale operations, acquiring US$ 40 million in new securities, which increased portfolio yields by 20 basis points. Plans to offload low-yielding securities are expected to reduce funding costs further.

Despite a challenging environment, the Bank ended the year with total assets of US$ 1.7 billion, an 11% decline from US$ 1.9 billion in 2023. Customer accounts decreased by 11% to US$ 1.4 billion from US$ 1.6 billion, while operating assets declined from US$ 1.7 billion to US$ 1.5 billion by 10%. Total operating income stood at US$ 11.1 million, down 27% from US$ 15.1 million. A net operating loss of US$ 31.4 million was recorded, compared to a net operating loss of US$ 26.1 million in 2023, resulting in a total loss of US$ 33.8 million.

Amid shifting market conditions, the Bank has continued to focus on growth by launching several innovative products, including the World Elite Credit Card, Branded World Debit Card for VIP Banking customers, rebranded Yusr Personal Finance, and the relaunched Tamweelk Personal Finance. The Bank also introduced Ijara Plus Mortgage Finance and a Call Account for retail customers. The introduction of these new products highlights the Bank’s commitment to diversification, meeting evolving customer needs, and driving market growth.

ABIB made notable advancements in internal processes, IT, and digital support. The Bank streamlined operations by launching a new account opening form, integrating FATCA and CRS compliance, and introducing clear customer rights online. IT achievements included the successful deployment of Robotic Process Automation (RPA), which reduced turnaround times by 30%, and the development of key systems like the AWAL VVIP Lounge portal and operational risk reporting automation. Digital support was further enhanced with the launch of a KYC update feature on the website and integration of key regulatory modules, positioning Al Baraka at the forefront of digital transformation and strengthening its competitive edge in the market.

Pakistan

Al Baraka Bank (Pakistan) Limited

Establishment Date
2010

Number of Branches
185

Unit Head	Mr. Muhammad Atif Hanif
Title	Board Member & CEO
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In 2024, Pakistan experienced a notable economic recovery, with GDP growth rebounding to 2.4%, a significant improvement from 0.3% in 2023. The current account deficit narrowed to US$ 218 million in FY25 (July–October 2024), compared to US$ 1,528 million during the same period the previous year. Additionally, the Pakistani Rupee (PKR) appreciated against the US Dollar, closing at PKR 278/US$ in November 2024 compared to PKR 282/US$ in December 2023.

Foreign exchange reserves also rose to US$ 16.6 billion in November 2024 from US$ 11.5 billion in November 2023, while CPI inflation dropped significantly to 4.9% in November 2024, from 29.2% in November 2023. These positive developments were complemented by a reduction in the policy rate by 250 basis points to 15%, reflecting overall economic stabilization.

The Islamic banking sector continued its double-digit growth trajectory, with assets increasing by 29.6% and deposits by 22.6% year-on-year as of December 2023. Total assets reached PKR 7,229 billion (US$ 25.12 billion), representing 20.2% of the overall banking system, while deposits grew to PKR 5,161 billion (US$ 17.94 billion), accounting for 22% of the total banking deposits. The branch network expanded to 4,396 branches across 129 districts, positioning the sector to achieve the State Bank of Pakistan's (SBP) target of 30% market share in assets and deposits by 2025.

Further boosting this growth, the Federal Sharia Court of Pakistan (FSC) directed the government in 2022 to adopt Sharia-compliant methods for domestic and international borrowing. The FSC established a five-year timeline to transition the economy into one that is equitable, asset-based, and free of interest by the end of 2027. Collectively, these measures are expected to accelerate the growth of Islamic banking, making it an increasingly attractive option for both customers and investors in Pakistan.

With a presence in Pakistan for over three decades, Al Baraka Bank (Pakistan) Limited has cemented its position as a leading Islamic banking institution, with a workforce of 2,000 professionals and a network of 185 branches. The Bank has established a strong reputation in the sector, ranking 10th in customer deposits and 12th in total financing.

The Bank demonstrated strong financial resilience in 2024 with total assets growing 8% to PKR 271.4 billion, up from 252.2 billion in 2023. Total deposits grew by 7% from PKR 212.3 billion to PRK 228.2 billion. The Bank's current and savings account (CASA) mix improved to 73% compared to 72% at the end of 2023. Total operating income increased by 21% to PKR 18.5 billion (US$ 66.2 million), while net operating income rose 14% to PKR 8.5 billion (US$ 30.7 million), compared to PKR 7.5 billion (US$ 27.2 million) in 2023. Net income saw a remarkable 41% growth, reaching PKR 3.8 billion (US$ 13.6 million), a 40% increase in US Dollars from US$ 9.7 million in 2023. The Bank introduced several impactful initiatives in 2024, including Al Baraka Green Energy Solar Financing, a product designed to support sustainable energy adoption. Other notable product launches included Employee Banking Solutions, tailored for corporate clients, and Diminishing Musharakah Fleet Financing, which addresses the financing needs for multiple vehicles and fleet solutions.

In the area of digitalization, the Bank launched contactless NFC UnionPay Debit Cards, enabling customers to make secure payments with a simple tap. The implementation of RAAST QR payment solutions further enhanced digital transaction capabilities. Additionally, the Bank introduced enhanced security features such as biometric scanning and facial recognition to safeguard digital banking services.

Operational enhancements were also a priority. The Bank upgraded its core banking systems to a microservices and API-based architecture, providing improved agility and efficiency. Advanced cybersecurity measures were deployed, and a Sharia-compliant Pool Management System was implemented to ensure more efficient and compliant profit distribution. Customer engagement was enhanced through initiatives like the launch of digital branches and the development of tailored banking solutions for technology companies and freelancers.

Al Baraka Bank (Pakistan) aims to build on its successes by focusing on low-cost deposit mobilization, enhancing corporate advances, and growing fee-based income streams. The Bank also plans to expand its branch network, improve digital banking services, and continue investing in technological innovation to achieve sustainable growth.

Tunisia

Al Baraka Bank Tunisia

Establishment Date
1983

Number of Branches
42

Unit Head	Mr. Mohamed El Moncer
Title	General Manager
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According to the World Bank's Fall 2024 Economic Monitor of Tunisia, the country's economy showed a modest growth of 0.6% in the first half of the year. However, it is forecast to remain below pre-pandemic levels by year-end, making it the only country in the region projected to do so.

Despite these setbacks, Tunisia's economy showed improvement in other areas, with the trade deficit narrowing to 7.8% of GDP, aided by better trade terms, reduced energy costs, rising olive export prices, and a recovering tourism sector. Inflation eased to 6.7% by September, though food inflation remained elevated at 9.2%. With declining overall inflation and a stable Central Bank policy rate of 8%, the nominal interest rate in August reached its highest level in three years. Additionally, domestic debt reached 51.7% of public debt, straining monetary stability as banks prioritized government financing over private sector loans.

On another front, the banking sector displayed strong liquidity (LCR > 200%) and an 8.1% increase in deposits, but credit growth slowed to 1.8%, and non-performing assets rose to 14%. In 2024, two circulars were introduced to enhance and support financial stability and inclusion. The first, Circular N°03-2024, capped increases in bank commission promoting broader financial inclusion, meanwhile the second, Circular N°04-2024, linked 2023 dividend distributions to compliance with prudential standards. Additionally, the 2025 Finance Law introduced a unified 40% corporate tax rate for banks and incentives for financial restructuring via risk capital companies.

Al Baraka Bank Tunisia maintained a strong position in Islamic finance, competing with Zitouna Bank and Wifak International Bank, while defining its strategy against conventional market leaders like BIAT, BNA, and Attijari Bank. The Bank's focus on innovation and customer-centric services has strengthened its foothold in the evolving financial landscape. Accordingly, total assets increased by 27%, reaching US$ 788.5 million compared to US$ 620.9 million in 2023. Total financing and investments rose by 32% to US$ 687.2 million. Total customer accounts grew by 31% totalling US$ 666.2 million compared to US$ 509.8 million in 2023. Total operating income remained stable at US$ 47.3 million. Net operating income decreased 6% to US$ 21.2 million while net income declined 14% to US$ 14.3 million compared to US$ 16.7 million in 2023.

The Bank's strategic goals for 2024–2025 continues to emphasize on sustained profitability through microfinance expansion and improved SME and corporate offerings. The Bank continues its efforts in optimizing operations by redesigning its product catalogue, digitizing customer experiences, and enhancing agency networks. A focus on customer engagement, CSR initiatives, fintech partnerships, and robust data security underpins its brand differentiation efforts.

Major achievements in 2024 included the opening of 13,293 new accounts, onboarding 7,864 new customers, distributing 10,382 new banking cards, and introducing 2,241 new financial packages. Additionally, the Bank launched self-service banking areas for enhanced convenience and upgraded its mobile app with new features like card activation and real-time transaction statements. Moreover, Operational advancements included workflows for managing regulated accounts and freezing/unfreezing client assets, improved branch procedures, and frameworks for equity security repayments and tax certifications. These measures bolstered internal efficiency and compliance.

South Africa

Al Baraka Bank Limited -South Africa

Establishment Date	Number of Branches
1989	9

Unit Head	Mr. Shabir Chohan
Title	Board Member & CEO
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South Africa entered 2024 with optimism, driven by political stability and the easing of energy crises, including 200 consecutive days without loadshedding. Favorable global conditions, such as rate cuts in major economies, also boosted investment inflows. However, the economy expanded by only 0.5% in the first half, with key sectors like manufacturing and mining underperforming. In contrast, trade, catering, accommodation, and finance showed growth.

Inflation in South Africa continued to decline throughout 2024, with the consumer price index falling from 5.2% in April to 4.4% in August, reaching 3.8% in September and 2.8% in October—the lowest level since June 2020. This decline, driven by a stronger rand, lower fuel prices, and easing food price inflation, brought inflation well below the midpoint of the SARB's 3% to 6% target band. In response, the South African Reserve Bank began its rate-cutting cycle, reducing the repo rate by 25 basis points in mid-September and again in November 2024. However, the third quarter saw challenges as the agricultural sector contracted sharply by 28.8% due to drought, contributing to a 0.3% GDP contraction and leaving growth year-to-date at just 0.4%, significantly below the 1.1% forecast.

Despite this, financial markets reflected renewed optimism. South Africa's sovereign risk premium narrowed to 240 basis points by September, while the 10-year bond yield fell below 10% for the first time in three years. The Johannesburg Stock Exchange recorded its strongest third quarter in over a decade, signaling confidence in the country's economic prospects. Meanwhile, the introduction of the two-pot retirement system in September injected ZAR 21.4 billion into household finances by October, providing a cushion for consumers facing prolonged cost-of-living pressures.

Amidst these conditions, Al Baraka Bank South Africa (ABLSA) performed consistently during the year. Total assets reached South African Rands (“ZAR”) 9.8 billion (US$ 520.4 million), up 7% compared to ZAR 9.2 billion (US$ 498.5 million) in 2023. Customer accounts increased 6% to ZAR 8.4 billion, up from ZAR 7.9 billion in 2023, and operating assets amounted to ZAR 9.0 billion, compared to ZAR 8.1 billion in 2023.

The total operating income for 2024 was ZAR 609.5 million, up 27% compared to ZAR 480.6 million in 2023. In US dollar terms, this amounts to US$ 33.3 million, compared to US$ 26.1 million in 2023. The net operating income for 2024 was ZAR 277.2 million, compared to ZAR 179.1 million in 2023, a 55% increase. In US dollar terms, the net operating income from US$ 9.7 to US$ 15.1 million.

The total net income for 2024 was ZAR 200.5 million, compared to ZAR 122.5 million in 2023, and in US dollars, the total net income for the year was US$ 10.9 million, marking a 64% increase compared to US$ 6.7 million in 2023.

ABSLA continues to set ambitious goals for growth and operational excellence. These include product innovation, enhanced technology adoption such as cloud and cyber resilience, expansion of customer deposits and international banking services, and geographic growth through targeted roadshows and professional market outreach. The Bank also aims to implement loyalty programs and enhance wealth management offerings.

Key achievements in 2024 included hosting 100 events, launching concierge-style digital-first branches in Gauteng and Durban, organizing a national Women in Business summit with over 600 female entrepreneurs, and receiving accolades for community building and professional excellence. The Bank also introduced enhancements to its corporate banking app and prepared new products for launch, including a Foreign Exchange Travel Card and an Islamic insurance product.

ABLSA advanced internal processes by upgrading retail and corporate Banking platforms, adopting robotic process automation, piloting generative AI solutions like employee chatbots, and modernizing IT systems through cloud adoption and technology upgrades. These efforts support the planned launch of innovative products such as the Vivere Forex Travel Card.

With its digital transformation strategies, branchless banking model, and exclusive position as South Africa's only fully Sharia-compliant Bank, ABLSA continues to strengthen its competitive edge while serving a diverse customer base.

Sudan

Al Baraka Bank Sudan

Establishment Date
1984

Number of Branches
30**

Unit Head	Mr. Elrasheed Abdelrahman Ali *
Title	General Manager
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The ongoing conflict in Sudan continues to disrupt economic activity and banking operations, particularly in Khartoum and other affected areas. Challenges such as a declining trade balance from reduced gold exports, currency depreciation, rising inflation, and limited external financing have strained the sector. In response, banking services have relocated to safer regions, leading to intensified competition for branch expansions and advancements in digital services.

To address the economic impact of the conflict, the Central Bank of Sudan introduced measures such as allowing banks to amortize war-related losses over 10 years, extending repayment terms for non-performing loans, and implementing cash withdrawal limits to manage liquidity.

Amid these challenges, the Bank has prioritized expanding its market share, growing its branch and digital network, enhancing governance frameworks, and improving operational efficiency and financial performance. It has also focused on sustaining service continuity, maintaining liquidity stability, reducing non-performing loans, and advancing digital services, including upgrades to its mobile Banking platform.

To further streamline operations, the Bank implemented an Enterprise Content Management Solution for workflow automation, launched a WhatsApp Business Project to enhance customer engagement, and improved reporting and reconciliation tools on employee platforms. While competitor data is unavailable due to the conflict, the Bank continues to emphasize service quality, direct customer communication, and operational enhancements to strengthen its position.

Looking ahead, the Bank is studying new products for a potential 2025 launch and analyzing performance variances to refine its strategies and ensure continued growth and resilience.

** Mr. Abdel Hafez Fahmy has been appointed as the Acting General Manager of Al Baraka Bank Sudan, effective March 1, 2025.*
***Total number of branches are 30 while the operating branches are 9 only.*

Libya

Al Baraka Group - Representative Office

Establishment Date

2011

Unit Head	Mr. Mohamed Elkhazmi
Title	Chief Representative
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Email	admin@albarakabank.ly

Libya's political landscape remains deeply divided, with two rival governments continuing to hamper governance and investor confidence. Despite these challenges, Libya's real GDP grew by 2.4% in 2024, following a strong 10% rebound in 2023, driven by recovering oil production.

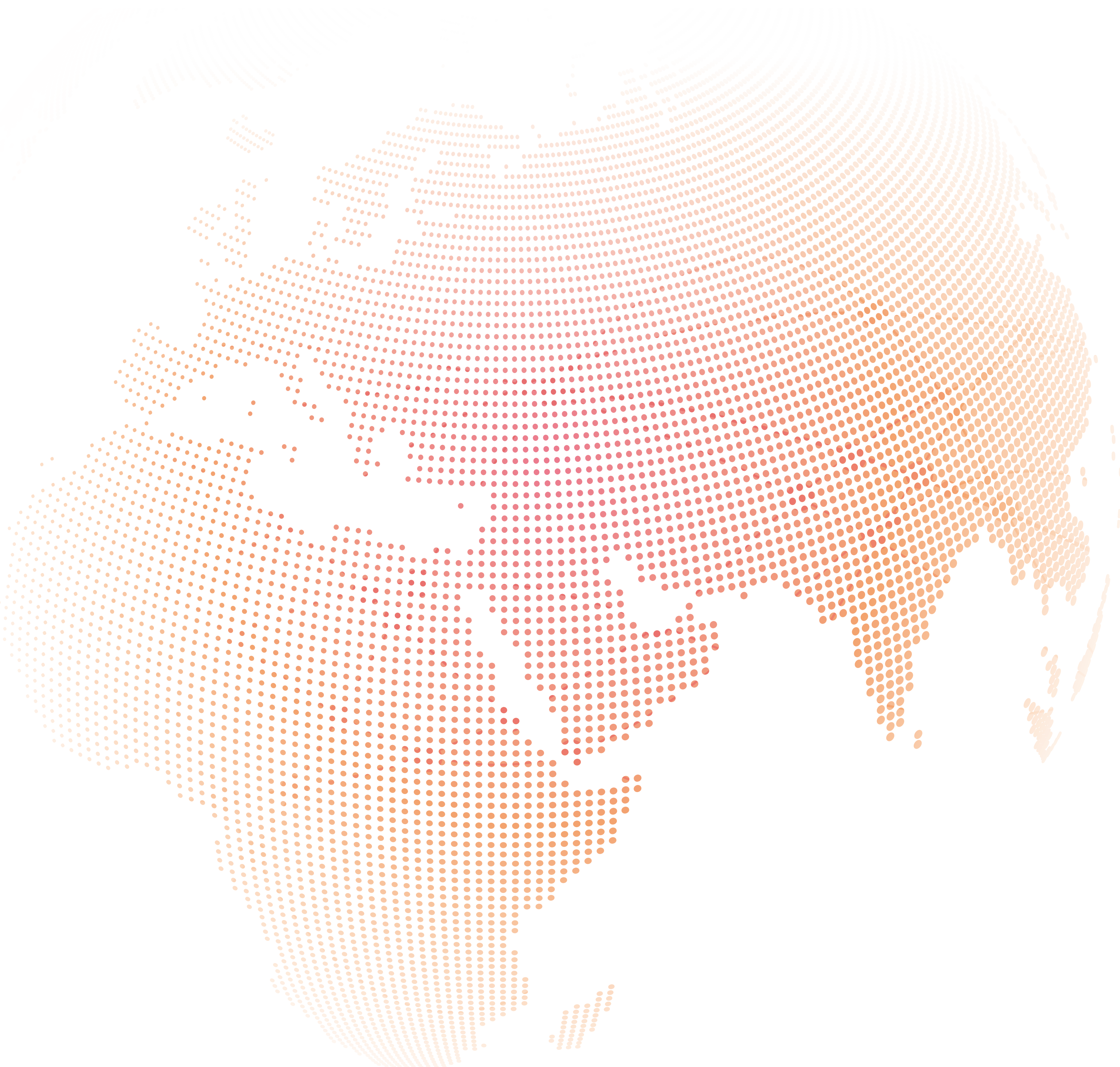
The oil and gas sector remains the backbone of the economy, contributing 60% of GDP and 94% of exports. Inflation stayed low at 2.0% in 2024, supported by price controls, while fiscal balance narrowed to 1.5% of GDP on the back of reduced government revenues due to falling oil prices.

Moreover, Storm Daniel in September 2023 caused US$1.65 billion in losses, worsening vulnerabilities in Libya's poorest regions, and adding to recovery challenges. In response, the Central Bank of Libya (CBL) imposed stricter foreign exchange controls, including a temporary tax on purchases, while also tightening regulations on foreign exchange transactions. These steps, along with ongoing reforms aimed at improving anti-money laundering and counter-terrorism financing measures, are crucial to rebuilding Libya's financial credibility and attracting much-needed investment.

In parallel with these regulatory reforms, the CBL's new leadership, introduced in 2024, has played a key role in stabilizing the banking sector. This positive shift, alongside recovery in the oil sector has instilled greater confidence within the domestic economy.

Established in 2011, our Libyan representative office remains instrumental in building, strengthening and maintaining relationships between ABG with key Libyan financial institutions and the CBL.

Corporate Governance Report 2024



REGULATION

Al Baraka Group (ABG) was established and registered on June 27, 2002, under a license from the Central Bank of Bahrain (CBB). Its first financial year began in 2003, consolidating the financial results of all subsidiary banks according to AAOIFI accounting standards. The Group issued its first consolidated report as of December 31, 2003, in USD. During this stage, control over the subsidiaries was maintained through ownership and management agreements, supported by legal departments and consultants.

In 2006, the Group launched an IPO, raising over $630 million USD and becoming publicly listed on the Bahrain Bourse (formerly Bahrain Stock Exchange) and Nasdaq Dubai (formerly DIFX). Trading on both markets began in September 2006, with founders retaining a 55% stake while 45% was floated on the markets.

In 2017, the Group successfully issued $400 million in Tier-1 Islamic Sukuk, which was subsequently listed on the Irish Stock Exchange for trading. In 2022, the Group transitioned from a "Wholesale Bank" to an "Investment Business Firm – Category 1 (Islamic Principles)" under the regulation of the CBB. Following this, the Group delisted from both markets, based on shareholder resolutions at an Extraordinary General Meeting (EGM), and became a private company with a diversified shareholder portfolio in 2024.

Despite these changes, the Group continues to serve its customers through a network of banks operating in 13 countries with over 600 branches, providing trusted financial services tailored to meet their needs.

ABG views a disciplined corporate governance and risk management culture as a fundamental prerequisite to effective management of the Group to achieve strong yet sustainable financial returns and build consistent shareholder value. The adoption and maintenance, through continual and vigilant review, of the highest standards of corporate governance and risk management have thus been key to building a strong, ethical, responsible organisation. This has been essential for establishing a strong governance structure under which the functions, roles, and responsibilities are clearly delineated between the Board of Directors, Board Committees and Executive Management, officers, and staff of the organisation.

THE BOARD OF DIRECTORS

The Board of Directors (the "Board") is responsible for the establishment and oversight of the Group's business strategy and priorities, for setting its high-level policies and for overall management; and is accountable to the shareholders for the financial and operational performance of the Group. It is responsible for raising and allocating capital, monitoring the Executive Management and its conduct of the Group's operations, making critical business decisions, and building long-term shareholder value. The Board, through approving and monitoring the Group's risk appetite, and identifying and guarding against the longer-term strategic threats to the business, ensures that the Group manages risk effectively.

The Board is also responsible, inter alia, for:

- setting and reassessing periodically the Group's corporate goals and objectives;
- establishing policies to further the achievement of the Group's corporate goals and objectives;
- establishing and regularly reviewing the management structure and responsibilities, and monitoring the effectiveness of the Executive Management, including its ability to plan and execute strategies;
- establishing, along with senior management and the chief risk officer, the Group's risk appetite, considering the Group's strategy, competitive and regulatory landscape, the Group's long-term interests, risk exposure and ability to manage risk effectively, and overseeing the Group's adherence to the risk appetite statement, risk policy and risk limits;
- engaging actively in the affairs of the Group, keeping up with material changes in the Group's business and the external environment and acting in a timely manner to protect the long-term interests of the Group;
- holding the Executive Management accountable for results;
- putting in place adequate policies and processes for approving budgets, and reviewing performance against those budgets and against key performance indicators;
- ensuring that an adequate, effective, comprehensive and transparent corporate governance framework is in place;
- establishing and approving policies and procedures designed to ensure ethical behaviour and compliance with laws and regulations, auditing and accounting standards and the Group's own corporate governance policy;
- ensuring that ABG and its subsidiaries' operations are supported by an appropriate control environment, i.e. that internal audit, compliance, risk management and finance and reporting functions, are well resourced and structured;
- ensuring that the Group's operations are supported by a reliable, sufficient and well-integrated information system;
- recognising and communicating to the Executive Management the importance of the internal audit function at ABG and its subsidiaries, periodically reviewing internal control procedures, and taking measures to enhance the function of internal audit and to act in a timely and effective manner on its findings;
- approving the writing off of credit facilities and investments where appropriate, in accordance with the Group's policies and procedures;
- ensuring that an Anti-Money Laundering framework is in place to manage money laundering risk throughout the Group;
- approving, and overseeing the implementation of the Group's governance framework, risk management framework and all policies, and reviewing the relevant parts of these as well as reviewing key controls in case a new business activity is considered, or in case of material changes to the Group's size, complexity, business strategy, markets or regulatory requirements, or the occurrence of a major failure of controls;
- ensuring that the Anti-bribery and Corruption programme is implemented throughout the Group;
- approving strategic investments by ABG and its subsidiaries;
- monitoring potential conflicts of interest and preventing abusive related party transactions;
- approving material transactions outside the normal course of business or in excess of the limits of approval authority delegated to the Executive Management;
- ensuring the preparation of financial statements, which accurately disclose the Group's financial position, on a regular and consistent basis, and for reviewing and approving for dissemination its periodic financial statements and annual reports;

THE BOARD OF DIRECTORS (continued)

- approving all significant changes in the Group's accounting and reporting policies;
- ensuring compliance at all times with all relevant requirements of Shari'a ("Sharia" or "Shari'a") and Islamic Accounting Standards, issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI);
- ensuring that the Group establishes and maintains an approved employee Code of Conduct and is in compliance with it;
- ensuring that the control environment maintains necessary client confidentiality, and that clients' rights and assets are properly safeguarded;
- ensuring that the Group's Social and Sustainable Finance objectives are attained;
- ensuring that the Senior Management maintains an effective and transparent relationship with the CBB;
- convening and preparing the agenda for shareholder meetings;
- ensuring equitable treatment of all shareholders including minority shareholders;
- considering the legitimate interests of shareholders and other relevant stakeholders in their decision-making process;
- ensuring that there is representation of women on the Group's Board of Directors in accordance with the directives of the Ministry of Industry & Commerce and disclosure in the Corporate Governance report for each fiscal year the percentage component of the Board membership duly classified according to gender (and the lack of or under-representation of any single gender), and non-compliance of the directives in any manner whatsoever;
- performing any other functions required by the Board of Directors under applicable laws and regulations;
- ensuring that no individual or group of directors dominates the Board's decision-making and no individual or group has unfettered powers of decision;
- at minimum, approving the selection and overseeing the performance of the chief executive officer (CEO), chief financial officer and heads of the risk management, compliance and internal audit functions; and
- Actively overseeing the remuneration system's design and operation for approved persons and monitoring and reviewing executive compensation and assessing whether it is aligned with the Group's remuneration policy, risk culture and risk appetite.

In its regular review of the Group's strategy, the Board reviews the Group's business plans and the inherent level of risk in those plans. It also assesses the adequacy of capital to support the business risks of the Group; sets performance objectives; and oversees major capital expenditures, divestitures, and acquisitions.

The Board of Directors is responsible for the Group's internal control system, its effectiveness, and defining standards of accountability to help Executive Management achieve corporate objectives. The Board ensures that senior management implements the systems, controls, processes, and procedures framework in line with board policies and the Group's organisational structure. It also regularly assesses this framework to ensure it aligns with the Group's business needs and associated risks.

Established procedures for identifying, evaluating, and managing significant risks are regularly reviewed by the Board. The Group's internal control system ensures accountability through a documented and auditable trail. This system supports effective and efficient operations, compliance with applicable laws and regulations, and risk management to minimise material errors, losses, and fraud. organisationIn meeting its responsibility to ensure efficient governance in all matters related to ABG, the Board has established a written compliance policy governing the Group's compliance with all laws and regulations; in particular those enunciated by the Central Bank of Bahrain (CBB) and other local regulators.

The Board is also responsible for upholding the highest ethical standards in the conduct of business activities and expects all employees, directors, and associated persons of the Group to abide by the policies and laws including those stipulated by the Bahrain Penal Code. The Board has delegated responsibility for monitoring compliance to the Group Chief Executive Officer in coordination with the Board Compliance & Governance Committee.

This responsibility is carried out through a dedicated Compliance Department, with a mandate to cover all aspects of compliance including: formulation of effective policies and processes for the management of the Group's compliance risk; assisting Executive Management and staff in managing risk; advising on laws and regulations and applicable compliance standards; disseminating compliance policies and providing guidelines to ABG staff members; ensuring an effective compliance methodology; providing periodical reports to the Board in connection with compliance controls; and establishing operational controls and a robust Know Your Customer (KYC), Anti-Money Laundering (AML) and Anti-bribery and Corruption programme ("ABC Programme") frameworks. ABG is continuously enhancing its compliance framework and that of each of its subsidiaries.

The CBB has issued revised requirements of Module HC of its Rulebook under Volume 4, which are met by ABG with respect to corporate governance principles. These requirements are in line with the principles relating to the Corporate Governance Code issued by the Ministry of Industry & Commerce of the Kingdom of Bahrain, international best practice corporate governance standards set by bodies such as the Basel Committee for Banking Supervision, and related high-level controls and policies. ABG conducts annually detailed internal assessments to ensure compliance with these requirements and, in the event that any shortfall is identified, sets specific milestones for implementation of measures to address the shortfall. The CBB, ABG's shareholders, the Board of Directors and the Executive Management are all kept fully aware of such shortfalls, if any, and the measures taken.

ABG continuously ensures that the Group's minority shareholders are well represented on the Board of Directors through the independent directors (who constitute the majority of the Board of Directors), who have additional responsibility to protect of the rights of minority shareholders.

The Board of Directors meets regularly (at least four times a year) and has a formal schedule of matters reserved for 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, risk management and information technology development) and the performance of the Executive Management.

THE BOARD OF DIRECTORS (continued)

All Directors attend all Board meetings whenever possible and, in any event, not less than 75% of meetings in any year, and they maintain informal contact among themselves between meetings. The Chairman is responsible for leadership of the Board and for its efficient functioning. He ensures that all members receive an agenda, minutes of prior meetings, and background information in writing before each Board meeting and between meetings when necessary. The Board and its Committees are supplied with full and timely information to enable them to discharge their responsibilities. In this respect, the Board, its Committees, and all Directors individually have access to the Executive Management, external legal or other professional consultants and advisors at the Group's expense, and to the Board Secretary, who is responsible for ensuring that the Board procedures and applicable rules and regulations are observed. The Board encourages participation by members of the Executive Management at Board meetings, if appropriate, regarding matters, which the Board is considering and where the Group Chief Executive Officer believes management should have exposure to the Board.

Under ABG's Articles of Association, the Board of Directors shall consist of no fewer than five and no more than 13 members. 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 with the approval of the Minister of Industry & Commerce of the Kingdom of Bahrain.

There is no maximum age limit at which a Director must retire from the Board of Directors. Each Director's membership of the Board shall terminate upon the expiry of his/her term, or upon the resolution of the shareholders in General Meeting, or as a result of one of a number of specified events or circumstances, including:

- The original appointment being found to be contrary to the provisions of the Commercial Companies Law (CCL) or ABG's Articles of Association;
- If the member loses any of the qualifying conditions referred to in Article 240 of the CCL;
- If the member abuses his position in carrying on a business that is in competition with ABG or if he causes actual damage to it;
- If the member fails to attend three consecutive Board meetings without presenting a lawfully excused notification in writing to the Board, and the Board shall resolve on this matter as it may deem fit;
- If the member resigns or withdraws from his/her office, provided the foregoing shall be done in an opportune time, otherwise he shall be liable to pay damages to ABG;
- Death of the member; and
- If the member occupies any other office at ABG for which he/she would receive remuneration other than that which the Board of Directors may decide from time to time to remunerate its occupier because of the executive nature of his/her duties.

When an announcement is made requesting nominations for the position of membership of the Board of Directors to replace those members whose three-year term is due to expire, such nominations must be submitted to the Chairman of the Board, within the time frame provided in the announcement, then to the Board Nomination and Remuneration Committee for it to make its recommendations to the Board. As part of the nomination process, each nomination must comply with local rules and regulations, and must be submitted for approval to the CBB in order to ensure compliance with the CBB's "Fit and Proper" criteria. The names of all nominated individuals approved by the CBB are then submitted to the shareholders at the next AGM for consideration and election. Election of ABG Directors takes place in accordance with the rules and procedures set out in the CCL and ABG's Articles of Association.

In line with corporate governance best practice, there is a succession plan for the Executive Management. This is reviewed annually and submitted to the CBB.

Each new Director elected to the Board receives a written appointment letter, detailing the powers, duties, responsibilities and obligations of that Director, and other relevant terms and conditions of his appointment.

As of December 31st 2024, there were 12 Directors on the Board. They have varied backgrounds and experiences and are, individually and collectively, responsible for performing the responsibilities of the Board, and for exercising independent and objective judgement. No individual Director or group of Directors has unfettered powers of decision making or dominates the Board's decision making. The majority of the Directors are non-executive and fully independent of management, and are individually responsible for scrutinizing and challenging management decisions and performance. The posts of Chairman, Vice Chairman and Group Chief Executive Officer are held by different Directors, and the Group Chief Executive Officer has separate, clearly defined responsibilities. The size and composition of the Board and its Committees are regularly assessed, while the effectiveness, contribution and independence of individual Directors are assessed annually in light of interests disclosed and conduct. The independence or non-independence of Directors is, likewise, reviewed annually.

All Directors are remunerated solely by means of an annual retainer fee and sitting fees paid for each meeting attended. Their travel expenses are also reimbursed as appropriate.

The Board of Directors has adopted a formal Code of Business Conduct and Ethics applicable to Directors and Executive Management, officers, employees and agents, consultants and others representing or acting for the Group. Details of the Code are provided in the Additional Public Disclosures section of this report. In line with international best practice and the CBB Rulebook, the Board has instituted corporate governance measures to ensure that the interests of the shareholders are protected, including the appointment to the Board of more than one third of Directors as independent Directors, as defined in the CBB Rulebook.

THE BOARD OF DIRECTORS (continued)

As of December 31st 2024 ABG had the following Board Composition, including classification for gender in accordance with the directives of the Ministry of Commerce & Industry *(for more details regarding the Board Composition please refer to page No 10 of this report):*

		Male	Female
Non-Executive Directors			
1. Shaikh Abdullah Saleh Kamel	*Chairman*	✓	
2. Mr. Tawfig Shaker Mufti		✓	
3. Mr. Saud Saleh Al Saleh		✓	
4. Mr. Musa Abdel-Aziz Shihadeh*		✓	
Independent Directors			
1. Mr. Mohamed Ebrahim Alshroogi	*Vice Chairman*	✓	
2. Dr. Khaled Abdulla Ateeq		✓	
3. Mrs. Dalia Hazem Khorshid			✓
4. Dr. Ziad Ahmed Bahaa-Eldin		✓	
5. Mr. Fahd bin Ibrahim Al Mufarrij		✓	
6. Mr. Masood Ahmed Al Bastaki		✓	
7. Mr. Naser Mohamed Al Nuwais		✓	
Executive Directors			
1. Mr. Houssem Ben Haj Amor	*Group Chief Executive Officer*	✓	
2. Mr. Abdul Elah Abdul Rahim Sabbahi		✓	
Total representation of genders on the Board of Directors	December 31st, 2024	92%	8%
	December 31st, 2023	92%	8%

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

BOARD COMMITTEES

The Board has put in place a number of Board committees, membership of which is drawn from the Board membership and to which it has delegated specific responsibilities. The principal Board committees are (as of December 31st 2024):

Board Executive Committee

The Board Executive Committee is chaired by Shaikh Abdullah Saleh Kamel (Non-Executive Director), and the other members are Mr. Mohamed Ebrahim Alshroogi (Vice Chairman, Independent Director), Mrs. Dalia Hazem Khorshid (Independent Director), Dr. Ziad Ahmed Bahaa-Eldin (Independent Director), Mr. Abdul Elah Abdul Rahim Sabbahi (Executive Director), and Mr. Houssem Ben Haj Amor - Group Chief Executive Officer (Executive Director). The Board Executive Committee comprises of a minimum of four Directors and meets at least four times a year. The Board has delegated to the Board Executive Committee, under a formal written charter adopted by it, the responsibility to make recommendations to the Board, for the Board's approval, concerning the Group's overall strategies and business plan, or any significant change to them, or any major change to its capital or organisation structure, assets or investments.

Board Nomination and Remuneration Committee

The Board Nomination and Remuneration Committee is chaired by Mr. Mohamed Ebrahim Alshroogi (Independent Director), and its other members are Mrs. Dalia Hazem Khorshid (Independent Director) and Mr. Saud Saleh Al Saleh (Non-Executive Director). The Committee operates in accordance with a formal written charter adopted by it and meets at least twice a year and considers all material elements relating to remuneration policy, including, inter alia, the approval of the remuneration of the Directors, based on their attendance at Board and Committee meetings. It also recommends to the Board the level of remuneration of the Executive Management members and other ABG employees under an approved performance-linked incentive structure.

The Committee conducts an annual evaluation of the performance of the Board, Board Committees, and the Group Chief Executive Officer. When an issue relating to the personal interest of a Director is discussed in the Committee, the interested Director withdraws from the meeting and abstains from voting. The Committee is responsible for identifying persons qualified to become members of the Board or the Group Chief Executive Officer, the Chief Financial Officer, the Board Secretary, and other executive officers considered appropriate (except for the Head of the Internal Audit Department), and for making recommendations accordingly. It is also responsible for inducting, educating and orientating new Directors, and for conducting seminars and other training programmes from time to time for members of the Board.

Board Audit Committee

The Board Audit Committee is chaired by Mr. Fahd bin Ibrahim Al Mufarrij (Independent Director). Other members are Mr. Naser Mohamed Al Nuwais (Independent Director), and Mr. Tawfig Shaker Mufti (Non-Executive Director). The Committee is governed by a formal written Charter, adopted by it and approved by the Board. The Committee meets formally at least four times a year. External auditors attend at least one meeting annually; Moreover, external auditors have unrestricted access to the Committee and its Chairman throughout the year.

BOARD COMMITTEES (continued)

The Board of Directors has delegated to the Board Audit Committee the responsibility for ensuring that an effective internal auditing and continuous internal controls monitoring environment, and a sound system of accounting and financial control are in place. The Committee achieves this through regular review of internal audit reporting, external auditors' management letters, central banks' inspection reports, and the Group's accounting and financial policies and practices, financial reporting and disclosure controls and procedures, and the adequacy and effectiveness of the internal control procedures at the Head Office and at ABG's subsidiaries. The Committee considers all matters relating to financial control and reporting, internal and external audits and their scope and results, risk management and compliance with regulatory and legal requirements and accounting standards. It also considers and approves the annual audit plans, ensures coordination between the internal and external auditors, monitors the independence, qualifications, effectiveness and performance of the external auditors, and makes recommendations to the Board regarding the appointment, retirement and remuneration of the external auditors and the appointment of the Head of the Group's Internal Audit Department.

The Committee reviews the Group's annual and interim financial statements to recommend their approval to the Board of Directors, the adequacy of provisions and any reports by external consultants on specific investigative or advisory engagements.

The Committee ensures that there are control systems in place which are appropriate to the business of the Group and the information needs of the Board. These include systems and functions for identifying and monitoring risk, the financial position of the Group and compliance with applicable laws,regulations and best banking practice. The Committee ensures that all such information is produced on a timely basis. The various internal controls and processes are subject to independent review by the Group's Internal Audit Department, which reports directly to the Committee, as stated above, and external auditors and regulators as appropriate. Management letters and other issues of importance raised by external auditors, and inspection reports issued by the CBB's inspectors, or inspectors of any other applicable authorities where ABG or its subsidiaries operate, are reviewed by the Committee once issued. Acting on behalf of the Board, the Committee ensures that appropriate corrective action is taken.

The Board has adopted a 'whistleblower' programme, allowing employees to confidentially raise concerns about possible improprieties in financial or legal matters. Under the programme, concerns may be communicated directly to any member of the Board Audit Committee or, alternatively, to an identified officer or employee who, in turn, reports the matter to the Committee.

Board Risk Committee

The Board Risk Committee is chaired by Dr. Khaled Abdulla Ateeq (Independent Director), with its other members being Mr. Masood Ahmed Al Bastaki (Independent Director) and Mr. Tawfig Shaker Mufti (Non-Executive Director)*.

The Board Risk Committee meets formally at least twice a year but may meet more frequently at the request of the Chairman of the Committee. It can call for the attendance of the Group Chief Executive Officer, Chief Risk Officer and other senior executives of the Group at any of its meetings.

The Group's risk appetite is determined by the Board, based on the recommendations of the Board Risk Committee. The Board Risk Committee is responsible for setting acceptable levels of risks to which the Group may be exposed, for approving management's strategy for the managing of risk and for ensuring that all necessary steps are taken by management to identify, measure, monitor and control risk. The Committee's objective is to oversee the Group's risk management systems, practices and procedures, as well as to ensure effective risk identification, management and compliance with internal guidelines and external requirements. The Committee reviews issues identified by the Internal Audit and Compliance departments of ABG and/or any of its subsidiaries, such as weaknesses or breakdowns in controls.

Board Compliance & Governance Committee

The Board Compliance & Governance Committee is chaired by Dr. Khaled Abdulla Ateeq (Independent Director) and its other members are Mr. Masood Ahmed Al Bastaki (Independent Director) and Dr. Ziad Ahmed Bahaa-Eldin (Independent Director) in addition to Mr. Yousif Hassan Khalawi, who represents the Unified Shari'a Supervisory Board. The Committee meets at least 4 times a year but may meet more frequently at the request of the Chairman.

The Committee's role is to ensure a robust compliance, AML and corporate governance framework and a strong compliance culture across the Group, including ensuring efficient procedures, processes and controls for Anti- money Laundering, Countering Financing of Terrorism, International Sanctions and Foreign Account Tax Compliance Act and Common Reporting Standards. It periodically reviews the governance controls and systems to uncover any weakness, if any, which can be addressed. As the Group is present in many countries, the Committee ensures that the respective local legal legislation and regulatory norms are well-abided with so that compliance standards are maintained at a high level and are compatible with those enunciated by international standards.

Board Social & Sustainable Finance Committee

The Board Social & Sustainable Finance Committee is chaired by Mr. Naser Mohamed Al Nuwais (Independent Director) and the other members are Mr. Abdul Elah Abdul Rahim Sabbahi (Executive Director) and Mr. Saud Saleh Al Saleh (Non-Executive Director).

The Committee leads the Al Baraka Social & Sustainable Finance Programme. It oversees the formulation of policies and strategies by the Executive Management, intended to make ABG and its subsidiaries a model Islamic banking group, offering banking and financial services in a sustainable and socially responsible manner and in conformity with the objectives of Shari'a.

The Committee aims to adhere to the spirit of Islamic finance that identifies Social & Sustainable Finance as a principal feature of Islamic banking and finance. The Committee demonstrates its commitment to the spirit of Social & Sustainable Finance inherent in Islamic finance by setting various quarterly and annual targets for the Executive Management.

All minutes and reports of meetings of the Committee are disseminated to all members of the Board of Directors.

** Mr. Tawfig Shaker Mufti started as a committee member on 21.07.2024, replacing Mr. Musa Abdel Shihadeh*

BOARD COMMITTEES (continued)

Directors' Attendance of Meetings of the Board of Directors and its Committees Meetings in 2024

Name the Board/Committees		Board of Directors BOD			No. of Meetings in 2024			6
No.	Member's Name	1st Meeting 20/02/2024	2nd Meeting 20/03/2024	3rd Meeting 08/05/2024	4th Meeting 07/08/2024	5th Meeting 06/11/2024	6th Meeting 18/12/2024	No. of Meetings Attended
1	Mr. Abdullah Saleh Kamel	✓	✓	✓	✓	✓	✓	6/6
2	Mr. Mohamed Ebrahim Alshroogi	✓	✓	✓	✓	✓	✓	6/6
3	Mr. Tawfig Shaker Mufti	✓	✓	✓	✓	✓	✓	6/6
4	Mr. Houssem Ben Haj Amor	✓	✓	✓	✓	✓	✓	6/6
5	Dr. Khalid Abdulla Ateeq	✓	✓	✓	✓	✓	✓	6/6
6	Mrs. Dalia Hazem Khorshid	✓	✓	✓	✓	✓	✓	6/6
7	Dr. Ziad Ahmed Bahaaeldin	✓	✓	✓	✓	✓	✓	6/6
8	Mr. Saud Saleh Al Saleh	✓	✓	✓	✓	✓	✓	6/6
9	Mr. Abdul Ellah Sabbahi	✓	✓	✓	✓	✓	✓	6/6
10	Mr. Fahd Ibrahim AlMufarrij	✓	✓	✓	✓	✓	✓	6/6
11	Mr. Masood Ahmed AlBastaki	✓	✓	✓	✓	✓	✓	6/6
12	Mr. Musa Abdel-Aziz Shihadeh*	✓	✓	✓	Deceased	/	/	3/6
13	Mr. Naser Mohamed Al Nuwais	✓	✓	✓	✓	✓	✓	6/6

Name the Board/Committees		Board Executive Committee (EXCOM)	No. of Meetings in 2024	2
No.	Member's Name	1st Meeting 26/06/2024	2nd Meeting 27/11/2024	No. of Meetings Attended
1	Mr. Abdullah Saleh Kamel	✓	✓	2/2
2	Mr. Mohamed Ebrahim Alshroogi	✓	✓	2/2
3	Mr. Houssem Ben Haj Amor	✓	✓	2/2
4	Mrs. Dalia Hazem Khorshid	✓	✓	2/2
5	Mr. Abdul Ellah Sabbahi	✓	✓	2/2
6	Dr. Ziad Ahmed Bahaaeldin	✓	✓	2/2

Name the Board/Committees		Board Audit Committee			No. of Meetings in 2024			6
No.	Member's Name	1st Meeting 08/02/2024	2nd Meeting 19/03/2024	3rd Meeting 07/05/2024	4th Meeting 06/08/2024	5th Meeting 10/09/2024	6th Meeting 04/11/2024	No. of Meetings Attended
1	Mr. Fahd Ibrahim Al Muffarrij	✓	✓	✓	✓	✓	✓	6/6
2	Mr. Naser Mohamed Al Nuwais	✓	✓	✓	✓	✓	✓	6/6
3	Mr. Tawfig Shaker Mufti	✓	✓	✓	✓	✓	✓	6/6

Name the Board/Committees		Board Nomination & Remuneration Committee (NRC)	No. of Meetings in 2024	2
No.	Member's Name	1st Meeting 06/02/2024	2nd Meeting 14/11/2024	No. of Meetings Attended
1	Mr. Mohamed Ebrahim Alshroogi	✓	✓	2/2
2	Mrs. Dalia Hazem Khorshid	✓	✓	2/2
3	Mr. Saud Saleh Al Saleh	✓	✓	2/2

Name the Board/Committees		Risk Committee (BRC)		No. of Meetings in 2024		4
No.	Member's Name	1st Meeting 10/03/2024	2nd Meeting 22/05/2024	3rd Meeting 29/09/2024	4th Meeting 24/11/2024	No. of Meetings Attended
1	Dr. Khalid Abdulla Ateeq	✓	✓	✓	✓	4/4
2	Mr. Masood Ahmed AlBastaki	✓	✓	✓	✓	4/4
3	Mr. Musa Abdel-Aziz Shihadeh*	✓	✓	Deceased	/	2/4
4	Mr. Tawfig Shaker Mufti* *	Not a member	Not a member	✓	✓	2/4

Name the Board/Committees		Social & Sustainable Finance Committee	No. of Meetings in 2024	2
No.	Member's Name	1st Meeting 24/04/2024	2nd Meeting 09/12/2024	No. of Meetings Attended
1	Mr. Naser Mohamed Al Nuwais	✓	✓	2/2
2	Mr. Abdul Ellah Sabbahi	✓	✓	2/2
3	Mr. Saud Saleh Al Saleh	✓	✓	2/2

Name the Board/Committees		Compliance & Governance Committee (CGC)		No. of Meetings in 2024		4
No.	Member's Name	1st Meeting 07/02/2024	2nd Meeting 29/05/2024	3rd Meeting 28/08/2024	4th Meeting 26/11/2024	No. of Meetings Attended
1	Dr. Khalid Abdulla Ateeq	✓	✓	✓	✓	4/4
2	Mr. Masood Ahmed AlBastaki	✓	✓	✓	✓	4/4
3	Dr. Ziad Ahmed Bahaaeldin	✓	✓	✓	✓	4/4
4	Mr. Yousef Khalawi	x	✓	✓	✓	3/4

Notes:

** Mr. Musa Abdel-Aziz Shihadeh Deceased on 04/07/2024.*

*** Mr. Tawfig Shaker Mufti (Non-Executive Director) replaced Mr. Musa Abdel-Aziz Shihadeh on 21/07/2024, following his passing away.*

BOARD OF DIRECTORS' PROFILES

Shaikh Abdullah Saleh Kamel
Chairman

Shaikh Abdullah Saleh Kamel is the Chairman of Dallah Al Baraka Holding Company, and the Chairman of the Board of Trustees of Saleh Abdullah Kamel Humanitarian Foundation. He also chairs Dallah Al Baraka Investment Holding Company, Dallah Real Estate, Umm Alqura for Development & Constructions Company, Okaz Press and Publishing Corporation, the General Council for Islamic Banks and Financial Institutions, the Islamic Chamber of Commerce, Industry and Agriculture, and Makkah Chamber of Commerce and Industry. He previously served as Chairman of Aseer company and held various executive positions at Dallah Al Baraka Holding Co, leading to the position of President and Chief Executive Officer.

With over 30 years of experience in key business positions, he is also involved in public and charitable initiatives through his membership in many organisations and associations. He has served the Jeddah Chamber of Commerce Board for two terms and is a member of the Friends of Saudi Arabia Association. Shaikh Abdullah Saleh Kamel is a Saudi national.

Mr. Mohammed Ebrahim AlShroogi
Vice Chairman

Mr. Mohamed Ebrahim AlShroogi is Vice Chairman of Al Baraka Group and serves on several prominent boards, including Wisayah (Saudi Aramco's Pension Fund), The Health Insurance Fund, L'azurde Company for Jewelry (as Chairman), the GCC Board Directors Institute (as Chairman), APM Terminals for port management, and Investcorp GCC.

Previously, Mr. AlShroogi was Co-Chief Executive Officer of global investment group, Investcorp, which he joined in 2009 as President of Gulf Business. During his tenure, he played a key role in the firm's recovery from the global financial crisis. He also led the expansion of Investcorp's Corporate Investment Franchise in the GCC and Turkey and positioned the firm as one of the most active private equity investors in Saudi Arabia.

Before Investcorp, Mr. AlShroogi had a 33-year career at Citigroup, where he served as Division Executive for the Middle East and North Africa region and CEO for the UAE. Among his many achievements, he established Citibank Bahrain as a major trading hub between Asia and Europe.

Mr. AlShroogi holds a degree from Kuwait University (1971) and completed the Executive Management Programme at Harvard Business School in 1988.

Mr. Tawfig Shaker Mufti
Board Member

Mr. Tawfig Shaker Mufti has over 25 years of business experience, having held various leadership roles across multiple sectors. He served as Group Treasurer for a multinational Middle Eastern conglomerate and has been CEO and board member of several companies, both within and outside the group.

His career also includes roles as a Financial Institutions Executive in Corporate & Investment Banking and Private Banking, as well as positions such as Group Compliance Officer, Corporate Clients Relationship Officer, and Listed Equity/Relationship Officer. Additionally, Mr. Mufti worked in the big five accounting firms in the areas of Corporate Finance and Financial Planning.

Mr. Mufti has over 25 years' experience in business dynamics, overcoming significant professional challenges in several changing business environments. He holds a Bachelor of Science degree in International Business from the University of Bridgeport, Connecticut, USA.

Mr. Houssem Ben Haj Amor
Board Executive Member & Group Chief Executive Officer

Mr. Houssem Ben Haj Amor became a Board Member and Group Chief Executive Officer of Al Baraka Group (ABG) on October, 2022. He is also the Chairman of Al Baraka Bank Turkey and a Board Member of Al Baraka Bank's subsidiaries in Jordan, Egypt, Algeria and Bahrain.

With more than 25 years of experience in the finance industry across the Middle East, Europe and North Africa, Mr. Amor has held key leadership roles in banking and financial institutions. Before his current role, he served as ABG's Deputy CEO and Head of Business Development and Investments. In these roles, he developed products and business initiatives across the Group, oversaw commercial banking and treasury functions, and managed the Group's strategy department.

Dr. Khaled Abdulla Ateeq
Board Member

Dr. Khaled Abdulla Ateeq is the Chairman of Al Baraka Bank Sudan a Board member of Al Baraka Turk Participation Bank, Al Baraka Islamic Bank Bahrain, and The Family Microfinance House in Bahrain. He previously served as the Chief Executive Officer of the Family Microfinance House in Bahrain, and the Executive Director of Banking Supervision at the Central Bank of Bahrain (CBB). In this role, he was responsible for the licensing, inspection and supervision of financial institutions, ensuring compliance with CBB regulations for banks operating or incorporated in Bahrain. Additionally, he has held senior posts with various financial institutions, including Deputy CEO at Venture Capital Bank.

He has over 40 years of experience in Banking, Finance, Auditing, and Accounting. Before joining the CBB, Dr. Ateeq was an Assistant Professor at the University of Bahrain. He holds a PhD in Philosophy in Accounting from Hull University, U.K.

Mrs. Dalia Hazem Khorshid
Board Member

Mrs. Dalia Hazem Khorshid is the Chief Executive Officer and Managing Director at Beltone Financial Holding (BTFH.CA) – a leading, full-fledged investment bank in the MENA region. With over 25 years of global experience in the banking and financial sector, she has held various leadership roles and advised on landmark transactions, including private placements, investment strategies, and M&A deals in the region.

Her career spans the private and public sectors. She founded and chaired MASAR Financial Advisory and Eagle Capital for Financial Investment where she advised on fundraising, corporate finance, project finance, M&A advisory, and the management of more than 50 strategic investments and transactions worth approximately USD 44 billion. Mrs. Khorshid also served as Minister of Investment for the Government of Egypt where she spearheaded the development of the country's investment law and successfully launched Egypt's 3-5-year IPO programme.

BOARD OF DIRECTORS' PROFILES (continued)

Prior to her ministerial tenure, Mrs. Khorshid spent 11 years as Executive Vice President & Group Treasurer at Orascom Construction Limited and Head of Investment Banking and Corporate Finance at OCI NV (2008-2016) where she successfully spearheaded the groups' multi-billion-dollar fundraising initiatives. Mrs. Khorshid also served as Vice President of Corporate Finance and Investment Banking at Citibank for the MENA region (1997-2005). Mrs. Khorshid started her corporate career at Commercial International Bank (CIB) (1994- 1996).

In addition, Mrs. Khorshid has held board appointments across local and regional private and public sector organisations. She is the former Chairwoman of the General Authority for Investment and Free Zone (2016-2017), Chairwoman of Egypt's Dispute Resolutions Committee (2016-2017), Chairwoman of the Sovereign Wealth Fund Committee (2016-2017), Founder and Executive Head of the Supreme Investment Counsel (2016-2017), Board Member at the Egyptian General Petroleum Corporation EGPC (2016-2017), Board Member at New Cairo Urban Communities Authority NUCA (2016-2017), Board Member at the Industrial Development Authority (2016-2017), Board Member at the Agricultural Development Authority ADA (2016-2017), and Board Member at the General Authority for Suez Canal Economic Zone (2016-2017).

In recognition of her impact across the market, Mrs. Khorshid was recognised by Forbes Magazine as one of the most powerful Arab women in 2017. She holds a BA in Business Administration from the American University in Cairo (AUC).

Dr. Ziad Ahmed Bahaaeldin
Board Member

Dr. Ziad Ahmed Bahaaeldin is an Egyptian lawyer and expert on financial, investment and corporate law, governance, compliance, and economic legislation. He serves as the Managing Partner of Bahaa-Eldin Law Office in Cooperation with BonelliErede, and as Senior of Counsel for Thebes Consultancy. He also holds various boards positions.

He is the Non-Executive Chairman of Bank of Alexandria (the Egyptian subsidiary of the IntesaSanpaolo Group), and a non-executive member on the boards of directors of AXA Egypt, Allam Holding, MTI Egypt, Maridive Group, Samcrete for Industrial Development, , and Al Salam Hospital, in addition to the boards of advisors of Al-Futteim Group Egypt, and Arkan Group.

Dr. Bahaaeldin previously held several prominent positions in Egypt including Deputy Prime Minister for Economic Development and Minister of International Cooperation, Member of Parliament, and Chairman of the Financial Regulatory Authority and of the General Authority for Investment and Free Zones. He was also previously a member of the board of directors of the Central Bank of Egypt.

Alongside his public postings, he is a weekly economic commentator in El-Masry El-Yom newspaper. He has taught law at Cairo University and was a visiting lecturer at the Schengen School of Transnational Law in China. He is a member of the Board of Trustees of the Cairo Regional Centre for International Commercial Arbitration.

He received his Ph.D. in Financial Law from the London School of Economics and Political Sciences, an LL.M. in International Business Law from King's College London, a BA in Economics from the AUC Cairo, and a Bachelor of Law from Cairo University. He is a graduate of the Jesuites High School in Cairo.

Mr. Saud Saleh Al Saleh
Board Member

Mr. Saud Al Saleh is a Board Member of Emaar, The Economic City (ECC). He has held several prominent positions, including Head of the Board of Trustees of the Riyadh Economic Forum, Chairman of SAIB-BNP Paribas Assets Management Company, and Vice Chairman of American Express (Kingdom of Saudi Arabia) Limited (ASAL).

He has also served on the boards of Saudi Arabian General Investment Authority (SAGIA), General Organisation for Social Insurance (GOSI), Higher Education Fund, Saline Water Conversion Corporation (SWCC), Saudi Orix Leasing Company (SOLC), Boeing Industrial Technology Group L.P. (BITG), AMLAK International for Real Estate Development and Mortgage Finance and The Mediterranean & Gulf Cooperative Insurance & Reinsurance Co. (MEDGULF).

With over 33 years of banking experience, Mr. Al Saleh began his career at the Arab National Bank in Riyadh. He then held managerial positions at Saudi Investment Bank, where he eventually became General Manager. Later, he was appointed to the position of General Secretary of the Supreme Economic Council of the Kingdom of Saudi Arabia at the ministerial level.

A Saudi national, he holds a Bachelor of Science degree in Business Administration from Portland State University, Oregon, USA and an M.A. in Economics from the University of Rhode Island, USA. He has also completed many advanced courses in the finance and legal fields.

Mr. Abdul Elah Abdul Rahim Sabbahi
Board Member

Mr. Abdul Elah Abdul Rahim Sabbahi is the Chief Executive Officer of Dar Saleh, Kingdom of Saudi Arabia. He also serves as Chairman of Al Baraka Bank Tunisia, Al Baraka Bank Algeria, and Société Al Buhaira de Development et d'Investissement, Tunisia. Additionally, he holds board and chairmanship positions with several other international companies.

With over 40 years of experience in International Banking and Business, Mr. Sabbahi spent the last three decades with the Dallah AlBaraka Group in the Kingdom of Saudi Arabia, where he was the Executive Vice President of Finance and Human Resources. A Saudi national, he holds a Bachelor of Science Degree in Accounting from King Abdulaziz University, Saudi Arabia.

Mr. Fahd bin Ibrahim Al Mufarrij
Board Member

Mr. Fahd bin Ibrahim Al Mufarrij is a member of the Board of Directors of The Saudi Printing and Packaging Company, and serves as Vice Chairman of Yaqeen Financial Company, one of the first investment companies in the Kingdom of Saudi Arabia.

With more than 30 years of experience in banking supervision, Mr. Al Mufarrij previously served as a Board Member of Samba Financial Group, the Social Development Bank, and the Saudi Moroccan Investment Company. He also held the position of Director of Banking Supervision at the Central Bank of Saudi Arabia until 2012.

Throughout his career, Mr. Al Mufarrij has been an active member of various high-profile committees, including the Basel Committee on Banking Supervision, the Basel Coordination Group, and other supervisory committees. He also participated in extensive training with many international bodies such as the International Monetary Fund,

BOARD OF DIRECTORS' PROFILES (continued)

the World Bank, the British Financial Services Authority, the Singapore Monetary Agency, the Toronto Centre for Executive Leadership, and others.

He holds a Bachelor's degree in Administrative Sciences from King Abdulaziz University.

Mr. Masood Ahmed Al Bastaki
Board Member

Mr. Masood Ahmed Al Bastaki is a Board Member at Al Baraka Islamic Bank Bahrain and an accomplished executive banker with more than 35 years of experience in Banking and International Business. His expertise spans Conventional Banking, Islamic Banking, and International Investment Banking.

Throughout his career, Mr. Al Bastaki has been involved in various banking activities across the Middle East, North Africa, the USA, and Latin America, as well as in Europe and Asia. He previously held key positions at prominent financial institutions, including, the Bank of Bahrain and Kuwait (BBK), ABC Islamic Bank, JPMorgan Chase Bank, BMI Bank and Venture Capital Bank. Notably, he served as Head of Financial Institutions at JPMorgan Chase Bank, Head of Islamic Banking Department at BMI Bank, and Chief Placement Officer at Venture Capital Bank. He is currently a Board Member of Family Microfinance House in Bahrain.

Beyond banking, Mr. Al Bastaki's experience extends through the aviation industry where he held the position of founding partner and CEO of Aerolease Aircraft and Equipment Leasing Company. He was also the Founding Partner and Managing Director of Two Seas Equity Consulting Company.

He holds a Bachelor's Degree in Business Administration and a Postgraduate Diploma in Business and Finance from the University of Bahrain.

Mr. Naser Mohamed Ali Al Nuwais
Board Member

Mr. Naser Mohamed Ali Naser Al Nuwais serves as the Chairman of the Board of Directors of Rotana Hotel Management Corporation PJSC and Aswaq Management & Services, a position he has held since the inception of Aswaq in 1999. Both companies are based in Abu Dhabi, UAE.

Previously, Mr. Al Nuwais was the Director General of the Abu Dhabi Fund for Development and held leadership roles, including as Chairman of the Arab Insurance Group in Manama, Bahrain, and a Board Member of Dana Gas in Sharjah, UAE, from 2009 to 2019.

With over 40 years of experience in business, insurance, and real estate development, Mr. Al Nuwais has earned multiple accolades for his contributions to the industry, including a Lifetime Achievement Award at the Arabian Hotel Investment Conference in 2011, the Pioneer in the Tourism Industry in the Arab World Award (Arab World Travel & Tourism Exchange - AWTTE) in 2003, and Hotel Innovator of the Year by DEPA Middle East Hotel Awards in 2004.

Mr. Al Nuwais holds a BA degree in Business & Public Administration from New York University in 1974.

UNIFIED SHARI'A SUPERVISORY BOARD

The Unified Shari'a Supervisory Board of Al Baraka Group ("Shari'a Board" or "USSB") is elected for a three year term by the shareholders based on recommendations from the Board of Directors. The USSB Board has a central authority for issuing fatwas and Shari'a decisions and monitoring fatwas issued by local Shari'a boards. The Shari'a Board has the following responsibilities:

- Overseeing the operations and activities of the Group to ensure compliance with Islamic Shari'a principles
- Monitoring and reviewing transactions to ensure full compliance with the Board's decisions
- Reviewing files, records, and group documents at any time. The Shari'a Board can also request any information deemed necessary and approves all relevant documents relating to new products and services including contracts, agreements, marketing and promotional material, or other legal documents used in the Group's operations.

The Shari'a Board operates in accordance with its internal regulations, which clarify its policies, procedures, and responsibilities. In carrying out its duties, the Shari'a Board has the right to communicate with the Board of Directors, the Executive Management, and the management and staff of the subsidiary Units in addition to reviewing and advising on Shari'a compliance in all products and services.

SHARI'A COMPLIANCE

ABG places great importance on Shari'a compliance, whether in the transactions of the ABG head office or of its subsidiaries. The compliance policy is in accordance with the Shari'a rules and principles stipulated in the standards of the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and the decisions of the Centralized Shari'a Supervisory Board. All Units of ABG are committed to complying with Shari'a standards issued by the AAOIFI, and fatwas and decisions circulated by the Shari'a Board to the extent that they do not conflict with local laws.

SHARI'A BOARD'S MEETINGS

The Shari'a Board meets at least 6 times a year. An annual retainer fee is paid to the members of the Board, in addition to a sitting fee for the members of the Board for each meeting attended, with compensation for travel expenses as required. No remuneration associated with the performance of the Group shall be paid to members of the USSB.

THE UNIFIED SHARI'A SUPERVISORY BOARD'S PROFILES

Shaikh Dr. Saad bin Nasser Al Shithry *
Chairman

Shaikh Dr. Saad bin Nasser Al Shithry holds a PhD. from the College of Shari'a at Imam Muhammad bin Saud Islamic University in Riyadh. He is a Member of the Council of Senior Scholars in the Kingdom of Saudi Arabia and advisor to the Royal Court. Throughout his career at the College of Shari'a, he progressed from teaching assistant to lecturer, assistant professor, and then associate professor. Shaikh Dr. Al Shithry has also authored 65 books on comparative jurisprudence and the principles of jurisprudence, along with numerous scientific research papers.

* Shaikh Dr. Al Shithry was appointed as Chairman of the Unified Shari'a Supervisory Board on 12th September 2024

THE UNIFIED SHARI'A SUPERVISORY BOARD'S PROFILES (continued)

Shaikh Dr. Abdullatif Mahmood Al Mahmood
Vice Chairman

Shaikh Dr. Abdullatif Mahmood Al Mahmood has a PhD in Shari'a Politics from Ez-Zitouna University's Higher Institute of Theology. He also earned a Master's degree in Comparative Jurisprudence and a Bachelor's degree in Shari'a from Al-Azhar University's College of Shari'a and Law, along with a Diploma in Education from Ain Shams University in Cairo. Dr. Al Mahmood served as Head of the Department of Arabic Language and Islamic Studies at the University of Bahrain from 2001 to 2004. Since 1985, he has been an Associate Professor of Islamic Studies at the university.

He is an active member of several Shari'a supervisory boards at Islamic financial institutions, including Bahrain Islamic Bank, Takaful International Company, and ABC Islamic Bank. He also serves on the Supreme Council for Islamic Affairs in Bahrain.

Shaikh Abdulla Bin Sulaiman Al Mannea
Member

Shaikh Abdulla Bin Sulieman Al Mannea holds a Master of Arts degree in Jurisprudence and Economics from the College of Finance in the Kingdom of Saudi Arabia. He is a member of the Permanent Committee for Scholarly Research and Ifta in the Kingdom of Saudi Arabia, a committee that includes several other prominent scholars. He is also a member of a number of prestigious Islamic jurisprudential councils, including the International Islamic Fiqh Academy in Jeddah and the Muslim World League Islamic Fiqh Academy in Makkah, Kingdom of Saudi Arabia. He previously held the position of Chief Justice of the Supreme Court of Makkah, and is a member of the Shari'a Council of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in the Kingdom of Bahrain. He also holds memberships in several Shari'a councils at Islamic financial institutions in the Kingdom of Saudi Arabia and the GCC.

Shaikh Dr. Al Ayachi Al Saddig Fiddad
Member

Shaikh Dr. Al Ayachi Al Saddig Fiddad holds a range of qualifications from Umm Al-Qura University in Makkah Al-Mukarramah, including a PhD in Islamic Economics with honours, a Master's degree in the same specialty, and a Bachelor's degree in Islamic law, majoring in jurisprudence and fundamentals, from the university's College of Shari'a.

He has 27 years of experience with the Islamic Development Bank Group in Jeddah, where he held a number of positions within the Islamic Institute for Research and Training, most recently as Acting Director of the Consulting Services Division.

He has also been a member of several Shari'a councils, including the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in Bahrain, the International Islamic Rating Agency, and the Themar Fund of United Gulf Company. In addition, he served as an expert advising the International Islamic Fiqh Academy in Jeddah. He is currently a member of the Shari'a Standards Committee of the Accounting and Auditing Organization for Islamic Financial Institutions.

Mr. Yousif Hassan Khalawi
Member

Mr. Yousif Hassan Khalawi is a specialist in Shari'a, its principles, and international law. Graduating with honours from the College of Shari'a at Imam Muhammad bin Saud Islamic University, he holds a Master's degree in the principles of jurisprudence with a specialised focus on comparative law, international investment, arbitration and conflict resolution. He also received legal training at global law firms in Frankfurt, Geneva and London and later established a specialised legal group in London, which has branches in several countries. Mr. Khalawi has also held a teaching position at the College of Shari'a at Imam Muhammad bin Saud Islamic University in Riyadh.

Since 2000, he has established several Islamic portfolios and investment funds as well as numerous companies owned by investors across more than 70 countries. He serves on the boards of several global companies, including the Saudi Center for Commercial Arbitration, Riyadh. Additionally, he is a member of the Board of Trustees of the Accounting and Auditing Organization for Islamic Financial Institutions.

Dr. Eltigani El Tayeb Mohammed
Shari'a Officer, Secretary of Unified Shari'a Board

Dr. El Tigani El Tayeb Mohammed has over 15 years' experience in Islamic banking and finance, specializing in Islamic Banking law. He joined Al Baraka Group in November 2007. Dr. Mohammed is a Certified Shari'a Advisor and Auditor (CSAA) from the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). He holds a Doctorate degree in the principles of Islamic jurisprudence from the University of Khartoum, Sudan, and a Master of Business Administration degree in the principles of Islamic jurisprudence from Omdurman Islamic University, Sudan. He previously served as a member of the Shari'a Board of Itqan Capital and was a professor at Sultan Zainal Abidin Religious College (KUSZA) and the International Islamic University (HUM) in Malaysia.

Attendance at the meetings of the Unified Shari'a Supervisory Board

The Shari'a Board held 6 meetings in 2024. Below are the details of membership and the number of meetings attended:

Name	Position	Number of meetings attended
Shaikh Dr. Saad bin Nasser Al Shithry	Chairman	6
Shaikh Dr. Abdullatif Mahmood Al Mahmood	Vice Chairman	6
Shaikh Abdulla Bin Sulieman Al Mannea	Member	6
Shaikh Dr. Al Ayachi Al Saddig Fiddad	Member	6
Shaikh Yousif Hassan Khalawi	Member	6

EXECUTIVE MANAGEMENT

The Board of Directors has delegated to the Group's Executive Management team the primary responsibility of implementing the strategy of the Group, identifying and evaluating significant risks to the business of the Group and for the design and operation of appropriate internal controls. Its other responsibilities include: ensuring that resolutions of the Board of Directors are carried out; ensuring that the Group operates at all times in accordance with the principles of Shari'a and that the decisions and recommendations of the Unified Shari'a Supervisory Board are carried out; providing the Board of Directors with analysis, assessments, and recommendations regarding the Group's activities and supplying the CBB with all information required under the CBB Law and relevant regulations. The Executive Management disseminates to the Group Units strategic and other central decisions taken at the parent level, and ensures the implementation of Group wide policies and common operational processes and procedures.

As of the end of 2024, the Executive Management Team consisted of the Group Chief Executive Officer, and the Heads of Credit & Risk Management, Internal Audit, Treasury & Financial Institutions, Corporate Communications & ESG, Strategic Planning & Investments, Shari'a Internal Audit, Group Compliance, Governance & Board Affairs and MLRO, Finance, Information Technology, Operations & Support, Shari'a Officer and Chief Digital Officer. The Executive Management exercises control via several committees with specific responsibilities, among which are:

Executive Management Committee

The Executive Management Committee's role is to secure the performance and execution of the strategic objectives of the Group, implementing the operational and other decisions of the Board of Directors in addition to any other matters that are delegated to the Group management by the Board of Directors or by the Group Chief Executive Officer. The Committee is chaired by the Group Chief Executive Officer with the remaining membership comprising of the Heads of Credit & Risk Management, Treasury & Financial Institutions, Finance, Compliance, Governance & Board Affairs and MLRO, Strategic Planning & Investments, Information Technology, Operations & Support, Corporate Communications & ESG, Shari'a Officer, Chief Digital Officer and Human Resources Manager; with Head of Internal Audit and Head of Shari'a Internal Audit as Observers.

Asset and Liability Committee

The committee's mandate is to monitor the structure of the Group's Head Office assets, liabilities, and off-balance sheet exposures to maximize shareholder value, safeguard and protect client assets, improve profitability, enhance capital, and protect against adverse financial conditions. Liquidity risk, profit rate risk, market risk and capital adequacy are monitored through the committee and decisions to mitigate such risks are executed by the Treasury and Financial Institutions Department.

The committee also ensures that the Group Head Office maintains adequate liquidity and appropriate funding arrangements to meet business needs, expansion plans and regulatory requirements.

The committee is chaired by the Group Chief Executive Officer and its members are the Head of Credit & Risk Management, Head of Treasury and Financial Institutions, Head of Strategic Planning & Investments and Head of Finance.

Head Office Credit Committee

The Head Office Credit Committee "HOCC" is the authority that approves Country and Financial Institution limits / credit exposures. The Committee is chaired by the Group Chief Executive Officer with the remaining membership being drawn from among the Executive Management, which includes the Head of Credit & Risk Management..

Risk, Compliance & Audit Committee

The Risk, Compliance & Audit Committee's mandate is to ensure appropriate oversight is provided and that proper actions are taken in the areas of risk, compliance, and audit in line with the Central Bank of Bahrain (the "CBB") and Board of Directors / Board Committees requirements and best practices.

The Committee is chaired by the Group Chief Executive Officer and composed of several members of ABG's executive management which includes the Head of Credit & Risk Management, Head of Internal Audit, Head of Shari'a Internal Audit and Head of Compliance, Governance & Board Affairs and MLRO.

Non-Performing Assets & Provisions Committee

The Non-Performing Assets "NPA" & Provisions Committee mandate is to promote best banking practices for reviewing and monitoring different types of Credit Portfolios (i.e. Corporate, Commercial, SMEs, Retail, etc.) within ABG and its subsidiaries, with additional focus on the delinquent exposures, past due exposures, restructured exposures and related provisioning.

The Committee is chaired by the Group Chief Executive Officer and composed of several members of ABG's executive management which includes Head of Credit & Risk Management, Head of Finance and representatives from both Credit & Risk Management and Finance departments.

Digitalisation, IT & Information Security Committee

The Digitalisation, IT & Information Security Committee governs and oversees ABG's digitalisation, IT and information security strategies across the head office and subsidiaries, ensuring alignment with Group and local business objectives. It reviews and approves key projects, monitors cybersecurity, and standardizes IT tools. The Committee also supports digital transformation initiatives, while ensuring business continuity and modernizing core systems. Regular reporting to ABG's Board ensures strategic alignment and risk management.

The Committee is chaired by the Group Chief Executive Officer, with the remaining membership comprising of the Head of Credit and Risk Management, Head of Strategic Planning, Head of Finance, Head of Information Technology and the Chief Digital Officer.

Zakat and Donations Committee

The Zakat and Donations Committee was formed based on the shareholders' authorization to the Executive Management to distribute the Zakat on their behalf. In accordance with the mandate assigned to this committee, the oversight and governance of donations also fall under its responsibilities. The management took into account several important considerations in forming this committee that will enhance governance mechanisms and maintain transparency in the distribution process assigned to it while adhering to Shari'a and procedural controls that provide strong oversight and standards characterized by integrity, transparency and sound management.

EXECUTIVE MANAGEMENT (continued)

The committee is chaired by the Group Chief Executive Officer with additional members including the Shari'a Officer, representatives from the Compliance department, Treasury department & Finance department. In addition to an observer member from the Internal Shari'a Audit department.

Other Committees

The Executive Management also forms ad hoc committees, as and when required, to address specific initiatives in which the Group may be engaged from time to time.

EXECUTIVE MANAGEMENTS' PROFILES

Mr. Houssem Ben Haj Amor
Board Executive Member & Group Chief Executive Officer

Mr. Houssem Ben Haj Amor became a Board Member and Group Chief Executive Officer of Al Baraka Group (ABG) on October, 2022. He is also the Chairman of Al Baraka Bank Turkey and a Board Member of Al Baraka Bank's subsidiaries in Jordan, Egypt, Algeria and Bahrain.

With more than 25 years of experience in the finance industry across the Middle East, Europe and North Africa, Mr. Amor has held key leadership roles in banking and financial institutions. Before his current role, he served as ABG's Deputy CEO and Head of Business Development and Investments. In these roles, he developed products and business initiatives across the Group, oversaw commercial banking and treasury functions, and managed the Group's strategy department.

Mr. Azhar Aziz Dogar
Senior Vice President – Head of Credit and Risk Management

Mr. Azhar Aziz Dogar has over 30 years of banking experience across the Middle East, Africa, GCC, and Asia, with short assignments in the UK, Netherlands, and the US. His expertise spans corporate and investment banking as well as credit and risk management functions covering all business segments, including corporate/investment banking, commercial/middle market, and private and retail banking.

In addition to risk management, he has been involved in corporate strategy and buy-side due diligence for financial sector acquisitions. He began his career in Citigroup's investment banking division and later moved to ABN AMRO Bank, taking on a variety of leadership roles, including Deputy Regional Risk Manager for MENA and Regional Head of Credit Portfolio Management.

He has held senior risk management positions throughout his career, including Chief Risk Officer for DIB Capital (wholly owned subsidiary/ investment banking arm of Dubai Islamic Bank), Chief Risk Officer for SAMBA Capital in Saudi Arabia, and Chief Risk Officer for the National Bank of Abu Dhabi's (NBAD) corporate and investment banking business. Before joining Al Baraka Group, he served as the Chief Credit Officer for NBAD's Wholesale & International Banking division. He has also been a board member of Dubai Islamic Bank in Pakistan.

Mr. Dogar has worked across all three lines of defense in banking – risk taking, risk oversight and risk assurance – working for both conventional and Islamic banks. He holds a Bachelor's degree from the University of Pennsylvania and a Master's degree in Economics from Brown University, where his thesis focused on Islamic Finance.

Mr. Mohammed Al-Alawi
Senior Vice President - Head of Internal Audit

Mr. Mohammed Alawi Al-Alawi has over 27 years of external and internal audit experience, primarily with Islamic banks. He reports directly to the Audit Committee of ABG's Board of Directors and also acts as its Secretary. Additionally, he participates as an observer member in Audit Committee meetings for ABG's subsidiaries. Before joining ABG, Mr. Al-Alawi served as an Internal Audit Manager at Ithmaar Bank and previously worked for leading audit firms such as PricewaterhouseCoopers and Ernst & Young. Mr. Al-Alawi is a Fellow of the Association of Chartered Certified Accountants (FCCA), U.K. and a member of the Institute of Chartered Accountants in England & Wales (ICAEW).

Mr. Suhail Tohami
Senior Vice President - Head of Treasury & Financial Institutions

Mr. Suhail Tohami has more than 27 years of experience in both conventional and Islamic banking as well as in a range of other businesses. He is directly responsible for managing ABG's liquidity, enhancing profitability, and managing cash flows while enhancing relationships with banks and other financial institutions. He is also responsible for the Group's business development, with a focus on enhancing trade finance across its units.

He previously served as SVP - Head of Treasury & Placement at Seera Investments, Bahrain where he spent almost 12 years having established, developed, and managed the Treasury department. In this role, he also managed Shareholder and Investor relations. Prior to Seera, he spent more than seven years at Bank of Bahrain and Kuwait (BBK), Bahrain with exposure to all Treasury functions, including fixed income portfolio management, FX and interest-rate trading, and heading the money market and liquidity management function.

Mr. Tohami is a member of the CFA Institute and a holder of the Chartered Financial Analyst (CFA) designation. He also holds a Certified Public Accountant (CPA) designation from the University of Illinois and is a member of the American Institute of Certified Public Accountants. Mr. Tohami holds an Executive MBA degree with distinction and first-class honors as well as a Bachelor's degree in Accounting with distinction from the University of Bahrain.

Dr. Mohammed Mustapha Khemira
Senior Vice President – Head of Strategic Planning and Investments

Dr. Mohamed Mustapha Khemira has over 28 years of experience, primarily in Islamic finance and banking services, in addition to management consulting and education. He joined the Strategic Planning Department at ABG in 2017 and was appointed as Head of Strategic Planning in November 2019. Alongside his role as Head of Strategic Planning and Investments, he represents ABG as a member of the Boards of Directors and related Board Committees of Al Baraka Bank Algeria, Al Baraka Bank Tunisia, and Al Baraka Bank Limited South Africa.

Prior to joining ABG, Dr. Khemira worked in different managerial positions with prominent global and GCC-based institutions. He served as the Head of Shari'a Structuring and Coordination at Emirates Islamic Bank for more than eight years. Before that, he co-founded Taaleem PJSC and Beacon Education LLC in Dubai, and served as Chief Operating Officer of Taaleem for a year. Earlier, he worked with McKinsey & Company for three years at the firm's Dubai office.

EXECUTIVE MANAGEMENTS' PROFILES (continued)

Dr. Khemira started his career in Islamic banking with Faysal Islamic Bank of Bahrain in the mid-1990s, where he served in various capacities, the last being Vice President, Corporate & Investment Banking. He holds a Ph.D. and an M.Sc. in Mechanical Engineering from the Massachusetts Institute of Technology (MIT) in Cambridge, MA, USA, with a minor in Management. He completed his B.Sc. in Mechanical Engineering from the University of Minnesota, Minneapolis, USA in 1986.

In 2019, he successfully completed a Professional Certificate program from MIT in "Digital Transformation from AI and IoT to Cloud, Blockchain and Cybersecurity".

Mr. Abdul Malek Mezher

Senior Vice President - Group Head of Compliance, Governance & Board Affairs and MLRO

Mr. Abdul Malek Mezher joined ABG in November 2019 and has over 20 years of experience in Compliance, AML/CTF, Operational Risk, Corporate Governance, and Board Secretariat in the banking and asset management sectors. Before joining ABG, he worked for Alistithmar Capital, a subsidiary of Saudi Investment Bank, as Head of Corporate Governance, Board Secretariat and Affairs. Mr. Mezher serves on the Board of ABG's subsidiaries in Bahrain, Pakistan and Sudan.

Mr. Mezher holds a BA in Accounting from the University of Jordan alongside several professional certifications in Compliance, AML/CTF and Governance. He also holds the ICGC-International Corporate Governance Certificate, and Governance, Risk and Compliance Professional (GRCP) certification, in addition to the Certified Shari'a Advisor & Auditor (CSAA) designation.

Mr. Ali Asgar Mandasorwala

Senior Vice President – Head of Finance

Mr. Ali Asgar Mandasorwala has over 30 years of experience in finance and accounting, including more than two decades in the financial services sector across the UAE and Bahrain. He joined Al Baraka Group in 2008 and is a key member of the Group's Executive Management.

Mr. Mandasorwala leads and manages the Finance department of the Group; oversees the financial operations of subsidiaries; and supports top management, the Board, and Board Committees on financial matters. In this role, he is in-charge of budgets and budgetary control; and performance reporting to the ABG Board and Executive Management. He is also responsible for regulatory reporting to the Central Bank of Bahrain, financial statement preparation for the Group, and monitoring the financial performance of its subsidiaries.

Mr. Mandasorwala has played a crucial role in due diligence for subsidiary acquisitions and capital-raising initiatives at both the Group and subsidiary levels. His additional responsibilities included the implementation of appropriate controls and processes in the Finance department.

Before joining ABG, Mr. Mandasorwala was a Management Accountant (Derivatives & Hedge Funds) at Abu Dhabi Investment Authority, UAE.

Mr. Mohsin Dashti

Senior Vice President – Head of Operations & Support

Mr. Mohsin Dashti has over 22 years of experience in Islamic and Investment Banking as well as in auditing. He began his career with KPMG in 2002 in Audit and Advisory Services before joining Al Baraka Group in 2005 as part of the Finance Department. From 2007 to 2010, he worked at Seera Investment Bank in Financial Control. He has also served as a board member and audit committee member at Itqan Capital in the Kingdom of Saudi Arabia.

Mr. Dashti held several leadership roles at Al Baraka Group before being appointed as the Head of the Operations & Support Department. Currently, he also serves as a board member at Al Baraka Capital for Islamic Financial Investments in Egypt.

He is a Fellow Chartered Certified Accountant (FCCA) from the United Kingdom, Certified Islamic Public Accountant (CIPA) and holds a Bachelor of Science degree in Accounting with honors from the University of Bahrain.

Mr. Mohammed Abdullatif Al Mahmood

First Vice President - Head of Internal Shari'a Audit

Mr. Mohammed Abdullatif Al Mahmood has more than fifteen years of experience in Internal Shari'a Audit. He joined ABG in August 2007 and was responsible for establishing the Internal Shari'a Audit function and auditing its subsidiaries. He previously worked as Research and Teaching Assistant at the University of Bahrain and practiced law at a local firm where he was licensed to appear before all Bahraini courts for over four years. Additionally, he was appointed as a member of a working group tasked with formulating an AAOIFI standard. Mr. Al Mahmood is a Certified Shari'a Advisor and Auditor (CSAA) and holds a Master's degree in Islamic Jurisprudence and its foundations from Jordan University as well as a Bachelor of Arts degree in Shari'a and Law from Al-Azhar University.

Mohammed Jamsheer

First Vice President – Head of IT

Mr. Mohammed Jamsheer is a seasoned executive with over 21 years of experience in IT and banking. As the Head of Information Technology at Al Baraka Group, he drives the implementation of the Group's technologies and the development of its IT infrastructure, ensuring improved services and an enhanced customer experience. Mr. Jamsheer is also a Board Member of Al Baraka Bank Algeria and the Vice Chairman of the Board of FACT, a subsidiary of Jordan Islamic Bank

Before joining Al Baraka Group, Mr. Jamsheer held several roles at Arcapita Bank, the Labour Market Regulatory Authority (LMRA), and Electronic Data Systems (EDS), where he developed and implemented IT governance, oversaw project management, and improved IT operations.

Mr. Jamsheer holds an MBA from the New York Institute of Technology (NYIT) and a BSc in Computer Information Systems from Strayer University in Washington DC, USA, as well as leading industry certifications, such as CISA, CGEIT, and PMP.

Dr. El Tigani El Tayeb Mohammed

Vice President Shari'a Officer, Secretary of Unified Shari'a Board

Dr. El Tigani El Tayeb Mohammed has over 15 years' experience in Islamic banking and finance, specializing in Islamic Banking law. He joined Al Baraka Group in November 2007.

Dr. Mohammed is a Certified Shari'a Advisor and Auditor (CSAA) from the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). He holds a Doctorate degree in the principles of Islamic jurisprudence from the University of Khartoum, Sudan, and a Master of Business Administration degree in the principles of Islamic jurisprudence from Omdurman Islamic University, Sudan. He previously served as a member of the Shari'a Board of Itqan Capital and was a professor at Sultan Zainal Abidin Religious College (KUSZA) and the International Islamic University (HUM) in Malaysia.

COMPLIANCE, POLICIES AND PROCEDURES

Group Compliance

The Group is committed to complying with ever-increasing international regulatory requirements. Group Compliance supports the Group Units, updating and reviewing compliance related policies on an ongoing basis and formulating framework. There is a continual drive to enhance the compliance culture through investment in advanced systems, controls, developing staff skill sets and awareness.

The Group has consistently displayed a bold commitment in refraining from engaging in any business ventures that could potentially compromise adherence to relevant laws, regulations, and regulatory standards.

The Group Compliance ("GC") department has formulated a Group compliance Management Programmeme for implementation throughout the Group. They reflect the following core principles and practices which are firmly embedded in ABG and all its subsidiaries:

- comply with both the text and the spirit of all applicable laws, rules and regulatory standards;
- conduct business strictly in accordance with all regulatory and ethical standards;
- encourage a strong compliance culture, with every individual held personally responsible for compliance;

ABG and its subsidiaries continue to enhance compliance related policies, procedures, and frameworks. Staff skills are upgraded by providing current and targeted training in all areas of financial crime compliance requirements. Systems and automated tools are being introduced, as required, to improve compliance standards throughout the Group.

An Independent Function

Group Compliance at ABG is an independent function responsible for:

- proactively identifying and evaluating compliance risks;
- developing and implementing compliance policies, programmes and plans;
- monitoring, managing, mitigating and reporting compliance risks;
- monitoring, investigating, and reporting compliance breaches, incidents and risks; and
- advising management and staff on compliance and regulatory matters.

The GC reports to the Board Compliance & Governance Committee and provides independent oversight on behalf of the Board of Directors. It has access to the Board of Directors whenever deemed necessary. In addition, the GC has the right and the authority to contact the Central Bank of Bahrain (CBB), as and when considered necessary.

The GC is supported by dedicated compliance teams in all ABG subsidiaries. At the Group level, the GC is responsible for coordinating the identification and management of the Group's financial crime compliance risks, in collaboration with local Heads of Compliance in each of the subsidiaries.

Throughout its network of offices, ABG has issued written guidelines for staff, which describe the appropriate implementation of laws, regulations, rules and standards through policies and procedures, including the overarching Group Compliance Policy. This policy requires officers and staff from all subsidiaries to comply with relevant laws, rules, regulations and standards of best market practices.

In ABG, compliance risks fall broadly into the following categories:

- Regulatory Compliance, Foreign Account Tax Compliance Act and Common Reporting Standard (FATCA/CRS);
- Anti-Money Laundering, Countering Financing of Terrorism and countering proliferation finance; and
- International Sanctions;

Regulatory Compliance and Corporate Governance

At the Group level, policies are continuously developed for managing compliance risks in all the above categories. These policies are systematically cascaded down to the Units, which adapt and implement them in accordance with local regulatory requirements. ABG has a strict Code of Conduct in place that all employees must adhere to at all times. The Code sets out to deter wrongdoing and to promote ethical conduct and fair treatment of customers. It outlines the responsibilities of all members of ABG, its officers and staff, who are expected to read, understand and uphold these standards and principles at all times.

ABG also has a Whistleblowing policy in place, which provides a formal channel for staff to report any unethical conduct, gross mismanagement or corporate wrongdoing. Staff members are encouraged to report their concerns through specified secure communication channels which protect their identities, without fear of reprisal or victimization.

ABG has in place a Group Compliance Policy for application of FATCA/CRS reporting throughout the Group. ABG Units have implemented their own procedures, processes, and systems for FATCA reporting in each location, subject to local regulatory requirements and models. ABG has made substantial investments in enhancing systems and training employees to ensure that a proper framework is in place. The Group compliance policy is also in place for CRS reporting. Reporting on relevant persons is done in accordance with the respective deadlines.

Anti-Money Laundering, Countering Financing of Terrorism, and Countering Proliferation Financing (AML/CFT/CPF)

Risks relating to financial crime are proactively managed at the Group and unit levels. ABG is committed to complying with AML/CFT/CPF laws and regulations, as well as the recommendations of the Basel Committee and Financial Action Task Force (FATF) along with the international best practices. These laws, regulations and recommendations are reflected in the AML/CFT/CPF policies of ABG and each of its Units. The Group has strict Know Your Customer (KYC) policies, which include detailed requirements for identifying and verifying customers. These policies preclude the operating units from establishing new business relationships until all relevant parties to the relationship have been identified and verified, and the nature of the business they expect to conduct has been clearly established.

In line with the requirements of the CBB and the Group AML/CFT/CPF Policy, suitably qualified Money Laundering Reporting Officers (MLROs) are appointed in all Units. The MLROs are responsible for ensuring compliance with all relevant laws, regulations and policies in respect of AML/CFT/CPF. They also have the responsibility of reviewing and monitoring customers and transactions, and reporting to their respective host regulators any suspicions concerning them.

At the Group level, ABG has appointed a Group MLRO, who is responsible for formulating and implementing ABG's AML/CFT/CPF strategies and policies on an ongoing basis. The Group MLRO coordinates the activities of each subsidiary's MLRO, overseeing appropriate AML/CFT/CPF training for all relevant staff, and reporting to the Board Compliance and Governance Committee and the Board of Directors on all critical money laundering issues.

COMPLIANCE, POLICIES AND PROCEDURES (continued)

International Sanctions

Owing to the raft of sanctions imposed by local and international regulatory bodies, sanctions compliance is one of the primary challenges faced by banks today, particularly those operating across multiple geographies. Breaches of sanctions expose banks to significant regulatory, reputational and commercial risks, including potential financial losses. As evidenced by the large number of cases reported and the very sizeable fines imposed, sanctions risk has become one of the most serious risks faced by banks worldwide.

Being mindful of such risks, ABG has formulated a strategy and policy for managing sanctions risk at the Group level and implemented it across all Units. The Group is increasing staff awareness of sanctions compliance and investing in appropriate screening systems to manage and minimise sanctions risk. A Group Sanctions Policy is implemented throughout its network to ensure uniform standards of adherence to all relevant sanctions orders. This policy sets out various restrictions and prohibitions relating to customers and transactions subject to sanctions. These restrictions sometimes extend beyond the strict requirements of applicable laws to safeguard ABG's reputation and standing.

Group Disclosure Policy

The Group communication strategy aims to keep the market informed of material information in a timely, accurate and balanced manner. The Group's communications with the market ensures compliance with the CBB's rules as detailed in the CBB Disclosure Standards as specified under the CBB Capital Markets Regulations. Following the Annual General Meeting and approval from the Central Bank of Bahrain (CBB), ABG was officially delisted from the Bahrain Bourse (BHB) in July 2024. As of this date, the company is no longer subject to disclosure requirements or Capital Markets Regulations.

Material information is any information, financial or non- financial, relating to the business and affairs of ABG, or any of ABG's subsidiaries that results in, or would reasonably be expected to result in, a significant change in the market price of the ABG's shares or in the decision of a prudent investor to sell, buy or hold the ABG's shares or cause to change a prudent investor's decision to transact or refrain from transacting with the ABG or its subsidiaries. Material information consists of, but is not limited to, both material facts and material changes relating to the business and affairs of the Group and ABG's subsidiaries.

In order for the Group to comply fully with the CBB disclosure requirements as specified in the CBB Rulebook, the Group will disclose all the required information in its published quarterly reviewed financial statements, and its annual audited financial statements, and any applicable ad hoc information requirement of the CBB from time to time. After the delisting, the Group is no longer required to publish quarterly review financial statements, from July 2024 onward.

ABG was previously listed on the BHB and adhered to all periodic information disclosure requirements, as outlined in its regulations and directives. However, since the company officially delisted, the BHB's regulations and directives are no longer applicable to us as of July 2024.

Additionally, the Group will publicly disclose and broadly disseminate material information immediately upon becoming aware of circumstances or events that underlie such material information, or when a decision to implement a material change is made by the Board of Directors or the Executive Management. While a listed company, ABG adheres to a strict policy, which delegates to certain specific individuals the authority to issue press releases or make announcements to the public, financial or non-financial, about the Group. After delisting from BHB in July 2024, the regulatory requirement is no longer applicable.

In the event that any of the authorised individuals is requested to make statements relating to the financial statements, financial indicators or general financial performance of the Group, that person will consult and/or confirm with the Head of Finance with regard to the accuracy, timeliness and reliability of the information prior to making any public announcements.

The Group distributes its Financial Statements and Prudential Returns to the CBB on a quarterly and an annual basis. Then the Group makes this information available on its website.

Press releases are posted on ABG's website and published in Arabic and English. Persons authorised by the Group to make public disclosures will not make any announcement on a one-to-one basis before disseminating the information on the Group's website or in local newspapers as appropriate. The Group has decided to continue with the press release, and will continue to follow the Public Disclosure standards and obtain CBB approval prior to publishing.

ABG has in place an effective framework for dealing with complaints received from its shareholders and other stakeholders. Different channels have been established to enable communication with investors, including through the offices of the Registrar, an online enquiry centre on ABG website and dedicated telephone and email addresses. All complaints received are transmitted to the concerned department, the Executive Management and the Board. In accordance with the CBB's disclosure requirements, the Group maintains at least the previous three years' financial performance information on its website.

Regulations

ABG complies with all the regulatory requirements governing Investment Firms issued by the CBB, which include, inter alia, regulations governing ABG's capital adequacy, asset quality and risk management, liquidity and fund management and corporate governance.

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.

Related Party Transactions

Dealings with persons or entities connected with the Group (including directors and shareholders) are called "related party transactions". The Group treats all such transactions at arm's length and requires that they have the specific approval of the Board. If a director is an interested party, he is required to abstain from voting on the respective matter. The Related Party Transactions pertaining to 2024 are reflected in Note 27 to the Consolidated Financial Statements.

Related Party Transactions apply to Directors, Key Management Personnel, Approved Persons, Management, and Staff, including transactions between the Group and its subsidiaries. These transactions encompass credit facilities granted, purchases made, joint ventures, and business agreements. Additionally, each Approved Person must inform the entire Board of a potential conflict of interest arising from their activities or commitments to other organisations.

COMPLIANCE, POLICIES AND PROCEDURES (continued)

All Approved persons must declare in writing all of their other interests in other enterprises or activities (whether as a shareholder of above 5% of the voting capital of a company, a Shari'a supervisory board member (SSB), a manager, or other form of significant participation) to the Board or (the responsible committees).

Employment of Relatives

ABG maintains a board-approved policy on the employment of immediate family members or other relatives of employees. The policy prohibits the employment and internal transfers where applicable, of first and second-degree relatives. However, the policy permits third- and fourth-degree relatives to be employed in positions other than where there is an actual, potential or perceived conflict of interest, or an opportunity for collusion. The Human Resources department is responsible for examining potential applications for employment to check whether there is likely to be an actual or potential conflict of interest as defined by the Group's policies, with particular reference to the code of conduct and conflict of interest policies.

The Group CEO annually discloses to the Board of Directors, the relatives of any approved persons occupying controlled functions within the company.

The Group has a special policy regarding the appointment of accredited employees who are related to the members of the Shari'a Board. The policy states that the appointment of any individual who is related to an accredited employee or to a member of the Shari'a Board must take place after it is declared to the Board of Directors or to the Shari'a Board, depending on the circumstances. The Shari'a Board member must refrain from participating or voting on any decision related to the accountability, judgement of behaviour, appointment, or specification of the dues of an accredited employee if he is related to one of them in the first or second degree.

Code of Business Conduct and Ethics

The Group adopts a Code of Business Conduct and Ethics and other internal policies and guidelines to comply with the laws, rules and regulations that govern the Group's business operations. The Code of Business Conduct and Ethics applies to all employees of the Group as well as to Directors. The Group ensures that all approved persons submit their conflict-of-interest declarations annually. The annual declaration is updated in the Code of conduct.

ABG complaint handling procedures are in place. All complaints are handled according to CBB requirements.

Anti-bribery & Corruption ("ABC") Programme

The Group values its reputation and has a commitment to upholding the highest ethical standards in the conduct of business activities. The Group views bribery as prohibited and expects all staff, Directors, and associated persons to adopt high standards of conduct and ensure compliance with this policy and the Bahrain Penal Code. These standards are the minimum requirements based on legal and regulatory rules applicable to the Group.

All employees of the Group are expected to have complete familiarity with the contents of the ABC Programme be fully aware of their roles and responsibilities and should always act in the spirit rather than just the letter of the Programme. Any non-compliance shall trigger personal liability such as fines and imprisonment, or disciplinary action.

Units are required to develop their own ABC programme, which must incorporate the requirements of the Group ABC programme as a minimum, adding additional requirements in accordance with local laws, regulations and practices. Wherever local regulations are higher than the requirements set in this Programme, the higher standards must be applied. If any applicable laws conflict with this Programme, the relevant unit must consult their local legal department and the Head of Group of Compliance to resolve the conflict and as applicable, report the same to ABG Compliance & Governance Committee.

The Group's ABC Programme does not tolerate breaches of any of the following:

- applicable laws, rules & regulations;
- generally accepted practices and standards in relation to anti-corruption;
- fines or other enforcement actions in regard to anti-corruption.

The Group views combating bribery and corruption as an integral part of its risk management strategy, and not merely a stand- alone requirement imposed by the regulatory authorities.

Any material or systemic breaches shall be reported to the Board's Compliance & Governance Committee. The Group ABC Programme aims to set out the basic framework to detect, prevent and suppress acts of bribery and corruption at the Group. The Board of Directors has adopted this policy which demonstrates the Group's adherence to applicable ABC legal and regulatory requirements and the highest of professional standards.

REMUNERATION POLICY AND RELATED DISCLOSURES

The Group's total compensation approach, which includes the variable remuneration policy, sets out the Group's policy on remuneration for Directors and senior management and the key factors that are taken into account in setting the policy.

Through the remuneration framework summarized below, the Group aims to comply with the CBB's regulations concerning Sound Remuneration Practices and Article 188 of the Bahrain Commercial Companies law, 2001.

Remuneration Strategy

The Group's core compensation philosophy is to provide a competitive level of total compensation to attract and retain qualified employees. The strategy is designed to align employee interests with those of the Group's shareholders and to support the achievement of the Group's objectives.

The commitment and quality of all employees are fundamental to the Group's success. Therefore, the Group seeks to attract, retain, and motivate top talent who are dedicated to advancing the long-term interests of its shareholders.

The Group's reward package is comprised of the following key elements:

1. Fixed pay;
2. Benefits;
3. Annual performance bonus; and

A robust and effective governance framework ensures that the Group operates within clear parameters of its compensation strategy. All

REMUNERATION POLICY AND RELATED DISCLOSURES (continued)

compensation matters are overseen by the Board Nomination & Remuneration Committee (BNRC) and subsequently approved by the Board of Directors.

To align compensation with business strategy, the Group assesses individual performance against both financial and non-financial objectives. This evaluation considers adherence to the Group's values and compliance measures, emphasizing integrity in all actions. Performance is judged not only on results but also on how those results are achieved, reflecting the BNRC's belief in the importance of sustainable business practices.

Board Nomination and Remuneration Committee ("BNRC") Role and Focus

The BNRC has oversight of all reward policies for the Group's employees. The BNRC is the supervisory and governing body for compensation policy, practices and plans. It is responsible for setting the principles and governance framework for all compensation decisions. The BNRC ensures that all persons must be remunerated fairly and responsibly. The remuneration policy is reviewed on a periodic basis to reflect changes in market practices, the business plan and risk profile of the Group.

The responsibilities of the BNRC, as stated in its mandate, include, but are not limited to:

- Approving, monitoring, and reviewing the remuneration system to ensure the system operates as intended;
- Approving the remuneration amounts for each Approved Person, taking into account the total remuneration including salaries, fees, expenses, bonuses and other employee benefits;
- Recommending Board members' remuneration based on their attendance and performance, and in compliance with Article 188 of the Bahrain Commercial Companies law; and
- Ensuring disclosure of all the remunerations received by the Chairman and members of the Board of Directors, each separately, during the fiscal year, including any benefits, privileges, share of profits, attendance allowance, representation allowance, expenses, etc. The disclosure should include what the members received as employees, administrators, technical works, or administrative, advisory or any other works, using the forms prepared by the Ministry of Industry& Commerce.

As required by the Ministry of Industry & Commerce, the Board of Directors' Report is required to disclose the total amounts received by the top six managers (including the GCEO and the Senior Financial Officer) who received the highest remunerations during the fiscal year, including any salaries, benefits, shares, and a share in the profits, as applicable.

Scope of Application of the Remuneration Policy

The remuneration policy has been adopted on a Group-wide basis.

Board Remuneration

The Board of Directors' remuneration is determined in line with the provisions of Article 188 of the Bahrain Commercial Companies law, 2001. Board remuneration is subject to approval of the shareholders in the Annual General Meeting. Remuneration of non-executive Directors does not include performance-related elements such as grants of shares, share options or other deferred stock-related incentive schemes, bonuses, or pension benefits.

Variable Remuneration for Staff

Variable remuneration is performance related and consists primarily of the annual performance bonus award. As a part of the staff's variable remuneration, the annual bonus rewards delivery of operational and financial targets set each year, the individual performance of the employees in achieving those targets, and their contribution to delivering the Group's strategic objectives.

The Group has adopted a Board-approved framework to develop a transparent link between variable remuneration and performance. The framework is designed on the basis of both meeting satisfactory financial performance and the achievement of other non-financial factors that will, all other things being equal, deliver a target bonus pool for employees, prior to consideration of any allocation to business lines and employees individually.

Key performance metrics at the Group level include a combination of short-term and long-term measures, and include profitability, solvency, liquidity, and growth indicators. The performance management process ensures that all goals are appropriately cascaded down to respective business units and employees.

Remuneration of Control Functions

The remuneration level of staff in the control and support functions is maintained at a level, which enables the Group to attract and thus employ qualified and experienced personnel in these functions. The Group ensures that the mix of fixed and variable remuneration for control and support function personnel is weighted in favour of fixed remuneration. The variable remuneration of control functions is based on function-specific objectives and is not determined by the financial performance of the business areas they monitor.

The Group's performance management system plays a major role in deciding the performance of the support and control units on the basis of the objectives set for them. Such objectives are more focused on non-financial targets that include risk, control, compliance, and ethical considerations as well as the market and regulatory environment, apart from value-adding tasks, which are specific to each unit.

Variable Compensation for Business Units

The variable remuneration of the Business Units is primarily determined by key performance objectives set through the performance management system of the Group. Such objectives contain financial and non-financial targets, including risk control, compliance, and ethical considerations, as well as market and regulatory requirements. The consideration of risk assessments in the performance evaluation of individuals ensures that any two employees who generate the same short-run profits but take different amounts of risk on behalf of the Group are treated differently by the remuneration system.

Details of remuneration paid

a) 1. Board of Directors

	US$ '000	
	2024*	2023
Sitting Fees	393	483
Remuneration*	1,500	1,500
Other	38	23

The category 'Other' includes the reimbursement of air fares and payment of per diem allowances for attending Board of Directors and Board Committees' meetings.

** Subject to approval by AGM in March 2025.*

REMUNERATION POLICY AND RELATED DISCLOSURES (continued)

COMPLIANCE, POLICIES AND PROCEDURES (continued)

Details of remuneration paid (continued)

a) 2. 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, passed away on July 4, 2024

Details of remuneration paid (continued)

b) 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))

c) Unified Shari'a Supervisory Board

	US$ '000	
	2024	2023
Shari'a Committee Members fee and remuneration	246,897	187,425

RISK MANAGEMENT

The Group is committed to complying with internationally established principles and policies in relation to risk management. Risk management is an integral part of the Group's decision-making process. The Board of Directors, acting on recommendations made by the Board Risk Committee defines and sets the Group's overall risk strategy, risk appetite, risk diversification and asset allocation strategies. This includes the policies regarding credit, market, liquidity and operational risks amongst others.. Asset & Liability Committee (ALCO), Head Office Credit Committee (HOCC) and other executive committees guide and assist with management of the Group's balance sheet risks. The Group manages exposure by adhering to limits approved by the Board of Directors or under delegated authorities approved/extended by the Board/ Board Committees to Management Committees. Risk policies and processes to mitigate the risks are regularly reviewed on an ongoing basis.

To ensure the effectiveness of ABG's Risk Management Framework, the Board and Senior Management need to be able to rely on adequate line functions including monitoring and assurance functions within ABG. Therefore, as part of its overall governance and risk management framework, the Group endorses the "Three Lines of Defense (LOD)" model as a way of explaining the relationship between these functions and as a guide to how responsibilities are assigned:

1 **The first line of defense (Risk Taking):** Functions that own and manage risk. Under this line of defense, business management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks. These primarily include functions or departments engaged in the front office / client facing roles responsible for risk taking activities like financing (e.g. corporate banking).

2. **The second line of defense (Risk Oversight):** Functions that oversee or specialize in risk management and compliance. This line of defense consists of activities covered by several components of the internal governance framework (Compliance, Risk Management, Finance, Legal, Operations, Internal Controls, Human Resources, Information Technology and other such departments). Furthermore, it monitors and facilitates the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk related information within ABG. The Shari'a coordination and implementation function ensures all products, transactions and activities undertaken by ABG are in line with Islamic principles.

3. **The third line of defense (Risk Assurance):** Functions that provide independent assurance i.e. internal audit, which forms the third line of defense. An independent internal audit function, through a risk-based approach to its work, provides assurance to the bank's Board of Directors and Senior Management. This assurance covers how effectively the bank assesses and manages its risks and includes assurance on the effectiveness of the first and second lines of defense. It encompasses all elements of the bank's risk management framework (from risk identification, risk assessment and response, to communication of risk-related information) and all categories of organisational objectives: strategic, ethical, operational, reporting and compliance. In addition, an Independent Shari'a Internal Audit Department is an important pillar of the third line of defense.

In combination, this approach permits ABG to grow its business without taking undue risks that could impact its capital adequacy, shareholder returns and ultimately its brand and reputation.

The main roles and responsibilities of ABG's Risk Management include the following:

- To develop and implement Group risk management framework, policies and procedures aligned with regulatory directives.
- To ensure that the risk management function is sufficiently equipped with policies, processes, systems, methodologies and expertise for identification, measurement, control, reporting and monitoring of risk adequately and efficiently at the Head Office level. Primary responsibilities however rest with the individual subsidiaries and their boards given the current governance framework.
- To develop ABG's Risk Appetite Statement as well as Risk Management Guidelines for ABG Units/Subsidiaries.
- To regularly review, monitor and report consolidated risk limits (as defined in the Group Risk Appetite Policy) to Board Risk Committee.
- To provide oversight on ABG Units' risk management and take into consideration the statutory, legal and governance requirements that apply to the Units individually.

RISK MANAGEMENT (continued)

- To monitor exposures both at the head office and consolidated Group levels in terms of risk concentrations.
- To review and analyse the Group's credit portfolio in terms of asset quality including concentrations to detect risk and concentrations and alert and advise Board Risk Committee accordingly.
- To centrally review, process and approve credit applications for the Financial Institutions (FI) segment covering all subsidiaries.
- To promote a robust risk culture (including risk training and development) within the Group's existing operating model and governance framework.

ABG Units are governed by their respective Boards of Directors. The Units follow documented credit and risk policies and procedures which reflect Group-wide policies and thereby ensure that sound risk management is in place.

A risk management framework has been established which outlines the major categories of risk that the Group is exposed to while carrying out its business. These are: Credit, Liquidity, Market, Strategic, Operational, Reputational, Regulatory Compliance, Financial Crime, Climate and Shari'a Compliance. Each of these major risks have sub-risks that are part of ABG's risk taxonomy. These major risks are discussed below.

Credit Risk

Credit risk is the risk that one party to a financial contract fails to discharge an obligation and causes the other party to incur a financial loss. It applies to the Group in its management of the financing exposures arising out of receivables and leases (for example, Murabaha and Ijarah) and working capital and other financing transactions (Salam, Istisna'a, Musharaka or Mudaraba). Each Group subsidiary has in place a framework for credit risk management that includes identification, measurement, monitoring, reporting, and control of credit risks. Each subsidiary controls credit risk through the process of initial approval and granting of credit, subsequent monitoring of counterparty creditworthiness and the active portfolio management of credit exposures. Authority to approve credits is delegated by the subsidiary's Board committees entrusted with the task of credit assessment and evaluation, under specific credit policies and operational procedures in place in that subsidiary. Mitigation of credit risk is primarily achieved through (a) customer's financial and credit due diligence including willingness and ability/capacity to repay, (b) appropriate structuring of credit facilities and its pricing and (c) obtaining various forms of collateral as necessary.

Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal or stressed circumstances.

ABG and its subsidiaries each has in place a liquidity management framework, taking into account its liquidity exposures in respect of its current and savings accounts, deposits from banks and other financial institutions, and its restricted and unrestricted investment accounts. This ensures that it maintains liquid assets at prudential levels so that cash can quickly be made available to honor all its obligations. Liquidity management also recognises the impact of potential cash outflows arising from irrevocable commitments to fund new assets, as well as the potential risk impact of withdrawals by large single depositors, ensuring that ABG does not rely excessively on one customer or small group of customers. In addition to its own internal liquidity management policies, each subsidiary is further required to maintain cash deposits with its respective central bank equal to a percentage of its deposits as directed by that central bank. Each Subsidiary is also responsible for regularly monitoring its Liquidity coverage ratios (LCR) and Net Stable Funding ratios on an ongoing basis.

Market Risk

Market risk arises from a change in value in on- and off- balance-sheet positions arising from movements in market prices, including profit rates, exchange rates, commodity prices and equity values. Profit rate, equity price, and foreign exchange are the main sub-risks covered under Market risk. The Group has developed policies and periodic reporting mechanisms to track and manage these risks.

Strategic Risk

Strategic Risk refers to the risk to the organisation's earnings and profitability arising from strategic decisions, changes in the business conditions and improper implementation of decisions. Strategic Risk arises dues to external causes, arising out of adopting wrong strategies and choices that could cause loss to ABG in the form of reduction in shareholder value, loss of earnings, etc. Strategic risk for the subsidiaries is evaluated through their respective ICAAP process under the oversight of the ABG.

Operational Risk

Operational risk is the risk of financial loss or damage resulting from inadequate or failed internal processes, people, and systems, or from external events.

The Group manages operational risks through internal procedures, as well as monitoring and control mechanisms. Legal risks are addressed through effective consultation with both internal and external legal counsel. Other kinds of operational risk are managed by ensuring that trained and competent people - and appropriate infrastructure, processes, controls and systems - are in place to ensure the identification, assessment and management of all substantial risks.

As mentioned above, Group policy dictates that the operational functions of booking, recording, and monitoring transactions are carried out by staff independent of the staff initiating the transactions. Group subsidiaries have primary responsibility for identifying and managing their own operational risks. Each subsidiary is guided by policies, procedures and controls that are relevant for each function. Internal control policies and procedures dictate the segregation of duties, delegation of authorities, exceptions reporting, exposures management and reporting, and reconciliations, and are based on the submission of timely and reliable management reporting.

Separate and independent Internal Control units carry out ongoing monitoring of day-to-day procedures and ensure adherence to key control functions.

The Group continues to enhance its management of information and Cyber Security Risk. It has assessed the risks, identified controls and is implementing solutions. The Group already has comprehensive IT security policy and procedures, which are in line with leading industry practices.

RISK MANAGEMENT (continued)

Reputational Risk

Reputational risk is defined as the risk of indirect losses arising from a decline in the organisation's reputation amongst one or multiple stakeholders. This can expose an organisation to litigation, financial loss or damage to its reputation. Reputation is a collection of perceptions and beliefs, both past and present, which reside in the consciousness of the bank stakeholders – its customers, business partners, employees, investors, analysts, communities, regulators, government, non-governmental organisations, and the public at large. These perceptions and beliefs are often built over a period of many years; every contact, every media mention, every rumor, every leak, every piece of gossip will play its part in forming an overall impression of the bank's standing.

Regulatory Compliance Risk

Regulatory compliance risk is defined as the risk of legal or regulatory sanctions, material or financial loss or loss to reputation that a bank may suffer as a result of its failure to comply with laws, regulations, rules, reporting requirements, codes of conduct and standards. The landscape of compliance is evolving constantly. As a result, ABG and its subsidiaries are continuously enhancing their compliance risk management framework.

Financial Crime Risk

Financial crime risk is the risk that ABG's products and services will be exploited for criminal activity. This includes fraud, bribery and corruption, tax evasion, sanctions and export control violations, money laundering, terrorist financing, and proliferation financing. The products undergo thorough governance to ensure their suitability and susceptibility to any criminal activity. There are detailed policies and procedures around various aspects of combating financial crime and ensuring compliance of the same.

Climate Risk

Climate risk relates to the financial and non-financial impacts that may arise as a result of climate change and the move to a greener economy. The physical and transition sub-risks are the key drivers of climate risk. This risk category is still at an evolutionary stage and is dependent upon governmental policies and direction, hence it is currently being assessed and frameworks around the same will be developed in due course as required.

Shari'a Compliance Risk

Shari'a compliance risk arises from the failure to comply with the rules and principles of Shari'a and, in this respect, is akin to reputation risk. It also includes the risk of legal or regulatory sanctions that the Group or its subsidiaries may suffer as a result of failure to comply with laws and regulations. As mentioned above, the Group has a Compliance Policy in place that provides for the assessment of compliance risks, the implementation of appropriate controls, monitoring of effectiveness, and correction and eradication of exceptions. Group subsidiaries have systems and controls, including their respective Shari'a Supervisory Boards, in place to ensure compliance with all Shari'a rules and principles. In accordance with CBB regulations and AAOIFI Standards, the Group has, been certified by the Unified Shari'a Supervisory Board to be in compliance with Shari'a Standards and Principles.

CAPITAL MANAGEMENT/CAPITAL ADEQUACY

The CBB requires each Bahrain-based Investment company under Category 1 to maintain a minimum capital of BHD 1.0 million and a minimum capital adequacy ratio not lower than 110%. The Regulatory capital must be calculated for all Bahrain-based Investment firms based on the shareholders' Equity. The investment firm also must maintain adequate human, financial and other resources sufficient to run the business in an ordinary manner.

DIGITALISATION, IT, AND INFORMATION SECURITY COMMITTEE

The Digitalisation, IT, and Information Security Committee governs and supports digitalisation, IT, and information security strategies, policies, projects and initiatives across ABG HO and subsidiaries, and ensures that they are consistent with the Group's strategic aims as well as each subsidiary's local strategy. The Group periodically monitors these strategies across all ABG subsidiaries to ensure that they enable the Group business strategy and strategic objectives.

All ABG subsidiaries are implementing their Digital Transformation strategies that align with industry best practices and address current market needs. As part of their ongoing journey, they are rolling out new solutions and features, such as advanced mobile banking apps, digital wallets, customer onboarding tools, back-office automation, chatbots, various open banking initiatives, and digital branches.

Meanwhile, several subsidiaries have successfully replaced their legacy core banking systems with modern core banking systems. The subsidiaries are now introducing new solutions in areas such as automation, compliance, risk management, and cyber security as well as exploring new technologies related to Artificial Intelligence and Robotic Process Automation.

Each subsidiary has a Business Continuity Plan and Disaster Recovery centres that are up to date and regular audited and testing.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS OF CBB UNDER HC MODULE

With reference to the disclosure of the non-compliance events (Comply or Explain Principle), as per the independent compliance assessment undertaken to cover the year 2024, the Al Baraka (ABG) is in full compliance with the Corporate Governance requirements outlined under Central Bank of Bahrain's HC Module, in its Rulebook, with the exception of the following:

The audit committee must meet: (a) At least four times a year. (b) At least twice a year with the external auditor. (c) At least once a year in the absence of the CEO and any executive management, but in presence of the Head of Compliance, Internal Auditor and CRO.	All requirements have been met. For item (c), the Head of Risk and Head of Internal Audit complied in 2024. A meeting with the Head of Compliance was held in December 2023, with plans to extend an invitation for the December 2024 meeting. However, due to the Audit Committee's crowded agenda, the meeting was postponed and is scheduled for February 2025.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS OF CBB UNDER HC MODULE (continued)

The shareholders more than 5% are:

Sr.	Shareholder Name	Shareholder Type	Nationality / Registration	Shareholding As of 31/12/2024	Percentage of capital As of 31/12/2024
1	Dallah Albaraka Holding Company B.S.C	Company	Bahrain	784,882,224	63.15%
2	Altawfeek Company For Investment Funds	Company	Cayman Islands	240,173,054	19.32%
3	Abdullah A.Aziz AlRajhi	Company	Saudi	87,313,197	7.03%
	Others Individuals and corporate shareholders (all less than 5%)		--	130,511,280	10.50%
				1,242,879,755	100.00%

ESG AND SUSTAINABLE FINANCE

Al Baraka Group (ABG) fully embraces its ESG responsibilities across the regions where it operates. In 2024, the Group made significant progress in advancing ESG initiatives by further integrating ESG and Sustainability programmes and strengthening its commitment to ethical and sustainable development, both locally and globally.

Education remains a major area of focus. The Group celebrated its third annual Al Baraka Day, aligning its efforts with the United Nations Sustainable Development Goal (SDG) 4: "Quality Education." Through various programmes, ABG positively impacted over 4,500 students by establishing libraries, donating educational tools, providing scholarships in underserved areas, and supporting learning opportunities for communities in need.

In line with its commitment to sustainability, ABG took steps to address climate change and resource conservation. The Group conducted a carbon assessment to better understand its environmental footprint and introduced energy management initiatives, such as motion-sensor lighting and upgraded HVAC systems, which resulted in significant energy savings.

The Group's global network was active in social responsibility efforts. In Turkey, the Group supported earthquake-affected communities, while in Pakistan, it organized awareness sessions on sustainable development. Additionally, the Group worked to promote education, healthcare, and disaster relief, showcasing its dedication to global community well-being. Through the Al Baraka Social Responsibility Programme, the Group supports microfinance initiatives, educational advancements, and community development, reinforcing its alignment with Islamic principles.

ABG prioritised ESG awareness in 2024 through targeted training sessions conducted via the Al Baraka Academy, covering key topics like Shari'a compliance products, governance, and compliance to equip employees with essential knowledge. This focus on education was further reinforced during the inaugural Annual Group Compliance Meeting, which emphasised ethical practices, anti-money laundering, and knowledge sharing across the organisation.

Building on these efforts, ABG enhanced its governance practices by introducing advanced systems and automated tools to strengthen compliance across operations. The Group also invested in continuous staff development, providing specialised training in ethics, risk management, and compliance. Additionally, ABG communicated its anti-corruption policies and procedures to all employees, ensuring adherence at all levels through regular training and awareness sessions.

Transparency and accountability remain key pillars of ABG's ESG approach. The Group adopted comprehensive data collection processes and adhered to globally recognised standards, including the UN SDGs and Islamic principles. ESG metrics were meticulously tracked, and the findings will be shared through the ESG Report 2024, which aligns with the Central Bank of Bahrain's disclosure guidelines. This report will keep stakeholders informed about ABG's sustainability performance and governance practices.

In 2024, ABG reported a 34% overall gender diversity across the Group, with women making up 8% of its Board of Directors. The Group remains committed to enhancing female representation at leadership levels, recognising diversity as a critical driver of innovation and strategic growth. Initiatives are in place to support inclusive workplace practices and the advancement of women within the organisation.

Looking ahead to 2025, ABG's priorities include promoting gender diversity, enhancing community engagement through impactful CSR initiatives, and leveraging technology to strengthen compliance and governance frameworks. As part of our ESG journey, we are assessing and evaluating our impact on both internal and external stakeholders to develop a comprehensive framework that aligns with our values and long-term sustainability goals. Additionally, we remain committed to social and sustainable finance, prioritising projects that deliver tangible value to communities, improve living conditions, and enhance quality of life in the local communities we serve.

External Auditors

For the year 2024, annual audit and quarterly review services amounted to US$ 210,000, other attestation services amounted to US$ 45,150.

Unified Shari'a Supervisory Board Report

For the year ended 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 Shari'a Audit Department and the Shari'a 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 Shari'a Board revealed some Shari'a observations that were resolved by communicating with those units subject to observation and in coordination with their local Shari'a 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 Shari'a 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 Shari'a regulations established, approved and certified by the Unified Shari'a 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

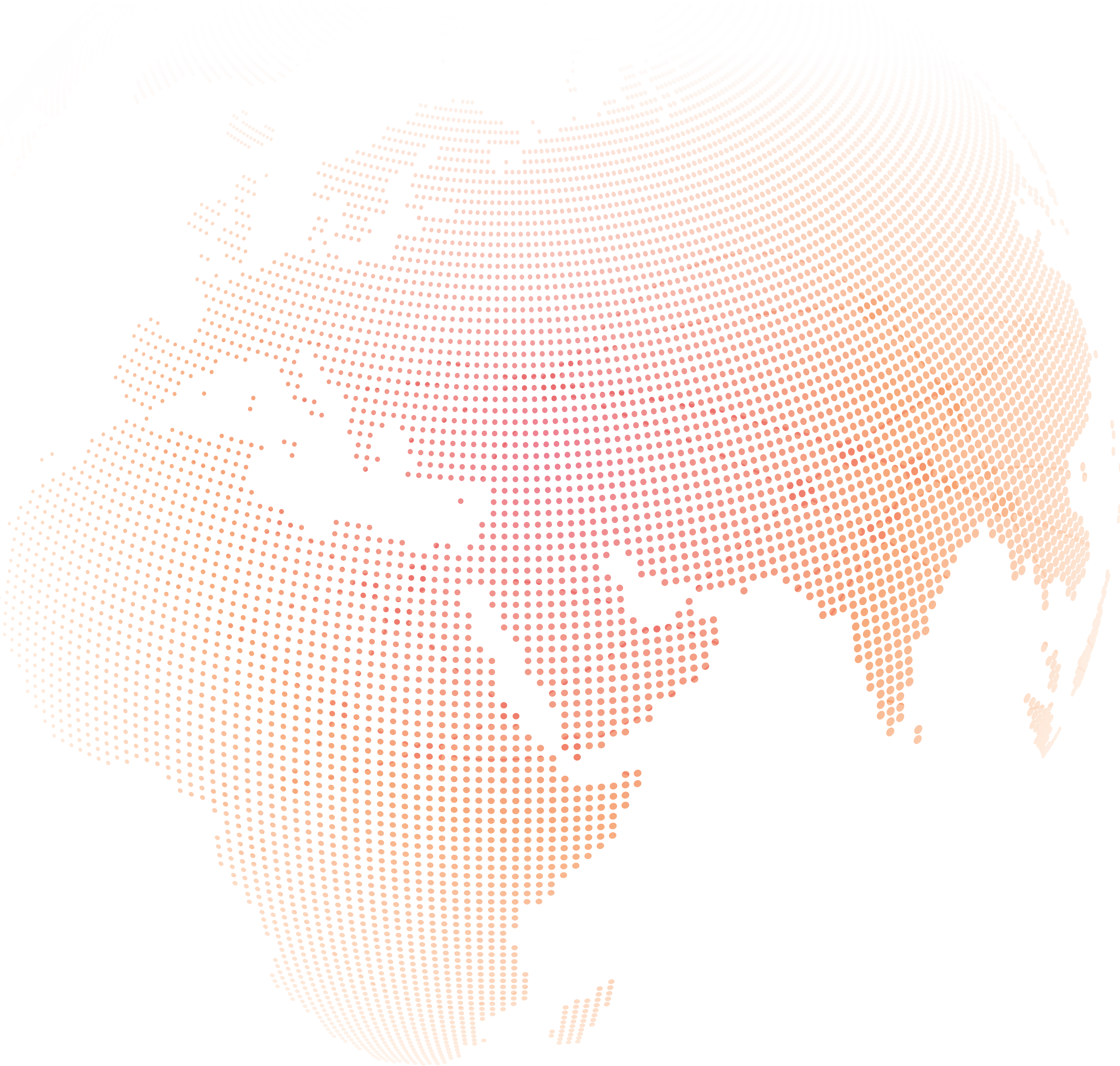
Shaikh Dr. Saad Al Shithry

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 2024

	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**



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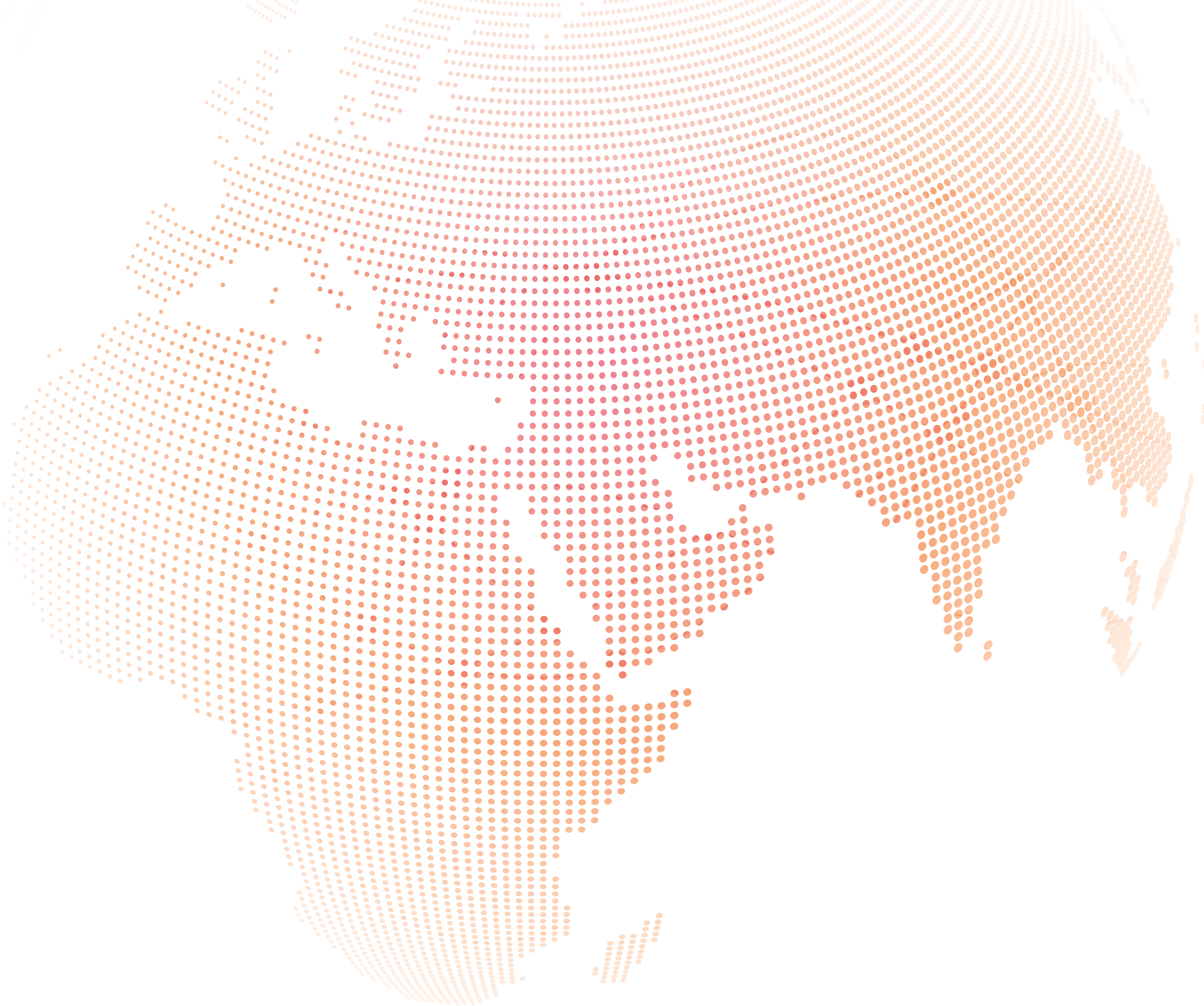

Independent Auditors' Report
to the Shareholders of Al Baraka Group B.S.C.(c)

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.

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.

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.

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.

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

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.

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.

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 the audit of the consolidated financial statements (continued)

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.

The engagement partner on the audit resulting in this independent auditor's report is Elias Abi Nakhoul.

PricewaterhouseCoopers

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 US$ '000	2023 US$ '000
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 US$ '000	2023 US$ '000
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	Treasury shares	Share premium	Statutory reserve	Cumulative changes in fair value of investments	Cumulative changes in fair value of property and equipment	Foreign currency translations reserve	Retained earnings	Proposed appropriat-ions	Total	Perpetual tier 1 capital	Non-controlling interest	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
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**

	Equity attributable to parent's shareholders and Sukuk holders												
				Reserves									
	Share capital	Treasury shares	Share premium	Statutory reserve	Cumulative changes in fair value of investments	Cumulative changes in fair value of property and equipment	Foreign currency translations reserve	Retained earnings	Proposed appropriat-ions	Total	Perpetual tier 1 capital	Non-controlling interest	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
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 year:													
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

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

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

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

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.

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.

2. ACCOUNTING POLICIES (continued)

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 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

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

2. ACCOUNTING POLICIES (continued)

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.

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.

2. ACCOUNTING POLICIES (continued)

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

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.

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.

2. ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

b. Impairment assessment (continued)

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.

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.

2. ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

b. Impairment assessment (continued)

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.

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.

2. ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

d. Receivables (continued)

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.

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 the Group are identical and the associates accounting policies 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.

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.

2. ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

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 changes in owners' equity. 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.

(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.

2. ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

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.

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.

2. ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

v. Revenue recognition (continued)

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.

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.

2. ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

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.

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.

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.

2. ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

ag. Judments (continued)

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 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.

ai. 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 expected credit losses	(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 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)	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)	(10,863)
	639,859	102,512	-	742,371

	31 December 2023			
	Stage 1 US$ '000	Stage 2 US$ '000	Stage 3 US$ '000	Total 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 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	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 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	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 US$ '000	2023 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

5.1 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. RECEIVABLES (continued)

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

5.3 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

5. RECEIVABLES (continued)

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

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

5. RECEIVABLES (continued)

	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 (to) / from 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

6.1 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. PARTICIPATORY INVESTMENTS (continued)

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 US$ '000	2023 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

7.2 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. INVESTMENTS (continued)

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

	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

7. INVESTMENTS (continued)

7.3 Debt-type instruments at amortised cost (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	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

7.4 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

7. INVESTMENTS (continued)

7.4 Investment in real estate (continued)

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

7.5 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
Danat AlBahrain*	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

7. INVESTMENTS (continued)

7.5 Investment in associates and joint venture (continued)

*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 US$ '000	Lands US$ '000	Office furniture and equipment US$ '000	Vehicles US$ '000	Others US$ '000	Right of use asset US$ '000	Total 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 US$ '000	2023 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. OTHER ASSETS (continued)

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 asset

	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 US$ '000	2023 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. OTHER LIABILITIES (continued)

12.1 Charity fund

The following shows the movement in Charity fund:

	2024 US$ '000	2023 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

12.2 Zakah fund

The following shows the movement in Zakah fund:

	2024 US$ '000	2023 US$ '000
Sources of Charity fund		
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.

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)
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%

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%

14. EQUITY (continued)

Additional information on shareholding pattern (continued)

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

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.

14. EQUITY (continued)

Additional information on shareholding pattern (continued)

	2024 US$ '000	2023 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 US$ '000	2023 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 US$ '000	2023 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. INCOME FROM FINANCING CONTRACTS (continued)

16.2 Participatory investments

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

16.3 Ijarah Muntahia Bittamleek

	2024 US$ '000	2023 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 US$ '000	2023 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 US$ '000	2023 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 US$ '000	2023 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 US$ '000	2023 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 US$ '000	2023 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 US$ '000	2023 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 US$ '000	2023 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 US$ '000	2023 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 EXPECTED 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 US$ '000	2023 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 US$ '000	2023 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).

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.

27. RELATED PARTY TRANSACTIONS (continued)

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

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

			2023	Transaction
Name of directors	*Position*	*Nationality*	Number of shares	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 US$ '000	2023 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.

29. SEGMENTAL ANALYSIS (continued)

Segment assets, liabilities and quasi-equity were as follows:

	2024			2023		
	Assets US$ '000	Liabilities US$ '000	Quasi-equity US$ '000	Assets US$ '000	Liabilities US$ '000	Quasi-equity 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 US$ '000	Net operating income US$ '000	Net income / (loss) US$ '000	Total operating income US$ '000	Net operating income US$ '000	Net income / (loss) 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

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 US$ '000	2023 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			
	Neither past due nor non performing US$ '000	Past due but performing US$ '000	Non performing Islamic financing contracts US$ '000	Total US$ '000
Type of Islamic Financing Contracts				
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			
	Neither past due nor non performing US$ '000	Past due but performing US$ '000	Non performing Islamic financing contracts US$ '000	Total US$ '000
Type of Islamic Financing Contracts				
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			
	Less than 30 days US$ '000	31 to 60 days US$ '000	61 to 90 days US$ '000	Total US$ '000
Type of Islamic Financing Contracts				
Receivable	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			
	Less than 30 days US$ '000	31 to 60 days US$ '000	61 to 90 days US$ '000	Total US$ '000
Type of Islamic Financing Contracts				
Receivable	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

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.

30. RISK MANAGEMENT (continued)

b) Credit risk (continued)

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.

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.

30. RISK MANAGEMENT (continued)

c) Concentration risk (continued)

The distribution of assets, liabilities and quasi-equity 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

30. RISK MANAGEMENT (continued)

d) Market risk (continued)

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.

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 income	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 MOIC.

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 Group Chief Executive Officer, all Directors are non-executive. The posts of Chairman and Group Chief Executive Officer 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.

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.

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:

	Level 1 US$ '000	Level 2 US$ '000	Level 3 US$ '000	Total US$ '000
2024				
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

	Level 1 US$ '000	Level 2 US$ '000	Level 3 US$ '000	Total US$ '000
2023				
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 US$ '000	2023 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.

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